



Organización  
Internacional  
del Trabajo



EESE business,  
create jobs

- ▶ **Review of the implementation of a business environment programme based on the ILO's Enabling Environment for Sustainable Enterprises (EESE) toolkit in Honduras, 2012-19**



**Review of the implementation of a business environment programme based on the ILO's Enabling Environment for Sustainable Enterprises (ESEE) toolkit in Honduras, 2012-19**

Copyright © International Labour Office 2020  
First published 2020

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: [rights@ilo.org](mailto:rights@ilo.org). The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit [www.ifro.org](http://www.ifro.org) to find the reproduction rights organization in your country.

---

ISBN : 978-92-2-032547-6 (print)

978-92-2-032546-9 (web PDF)

---

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: [www.ilo.org/publns](http://www.ilo.org/publns).

---

Printed in Switzerland

## ► Acknowledgements

---

Initiated in 2012 and officially launched in 2014, the Enabling Environment for Sustainable Enterprises (ESEE) programme of the Consejo Hondureño de la Empresa Privada (Honduran Private Enterprise Council; COHEP) has from its inception been a joint and close cooperative endeavour between COHEP, the ILO Bureau for Employers' Activities (ACT/EMP) and the ILO Enterprises Department.

Various ILO officials provided COHEP with technical assistance for the implementation of the programme, including Lorenzo Peláez and Randall Arias, both from ACT/EMP, and Alvaro Ramírez-Bogantes from the ILO Enterprises Department. Their role has been essential in establishing and cementing the COHEP-ILO partnership. On the COHEP side, the programme was able to count on the excellent support and leadership of three successive Presidents of the Council, namely, Aline Flores, Luis Larach and Juan Carlos Sikaffy, and on the dedication and tireless work of Armando Urtecho, Executive Director of COHEP, and Gabriel Molina, Sustainable Enterprises Manager at COHEP. Many other COHEP staff contributed to the programme's activities.

A technical working group for the ESEE programme was assembled by COHEP from among representatives of various member organizations, including Martha Benavides, Thethey Martínez and Rafael Medina; the working group

also included a COHEP official, Santiago Herrera. Ana Cristina Mejía de Pereira and Ramón Medina Luna provided external expert advice to draft the action plan of reforms. Ricardo Romero Gonzales, from the survey firm Le Vote, directed the teams that collected the data of the two enterprise surveys. Dr Mauricio Gallardo Altamirano from the Catholic University of the North (Chile) was responsible for major technical inputs in the design and conduct of the enterprise surveys. External stakeholders and donors were key partners of the programme.

The present review of implementation of the COHEP ESEE programme recognizes the enriching contributions made by all of the above-mentioned individuals and entities. Mario Berrios from the ILO Enterprises Department provided technical assistance for the programme during 2012–19 and is the author of this report. Séverine Deboos and Alvaro Ramírez-Bogantes, both also from the ILO Enterprises Department, made very useful comments during the drafting process. The manuscript was editorially reviewed by Luis Sundkvist. Any errors are the sole responsibility of the author.



# Contents

---

<b>Acknowledgements</b> .....	<b>iii</b>
<b>Executive summary</b> .....	<b>vii</b>
<b>Abbreviations</b> .....	<b>xi</b>
<b>1. Introduction</b> .....	<b>1</b>
Objectives of the EESE toolkit .....	1
Structure of the report .....	1
1.1. Background of the EESE programme in Honduras .....	2
The ILO–COHEP partnership to improve the business environment in Honduras .....	2
The challenges of evaluating business environment interventions .....	2
1.2. Methodology for the review .....	3
<b>2. Main achievements of the EESE programme</b> .....	<b>5</b>
<b>3. Stakeholders’ assessment of the EESE programme</b> .....	<b>7</b>
3.1. Effectiveness of COHEP before and after the launch of the EESE programme .....	7
3.2. Degree of influence on substantive issues .....	8
3.3. Factors contributing to the success of the EESE programme .....	9
<b>4. Lessons learned from implementation of the EESE programme</b> .....	<b>11</b>
<b>A. Starting ground</b> .....	<b>11</b>
4.1. Institutional commitment as a prerequisite .....	11
<b>B. Internal institutional requirements</b> .....	<b>11</b>
4.2. Setting initial milestones .....	11
4.3. Investing in technical capacity .....	12
<b>C. Partnership-building and monitoring of progress</b> .....	<b>13</b>
4.4. Internal and external stakeholders .....	13
4.5. Target groups and monitoring of progress .....	13
<b>D. Driving factors of success</b> .....	<b>14</b>
4.6. A paradigm shift in the initiation of business environment reforms .....	14

4.7. Agents of change .....	14
4.8. Shared responsibility for and dialogue on the business environment .....	15
4.9. Enterprise surveys as a form of evidence-based advocacy .....	15
4.10. An entrepreneurial approach to programme implementation .....	16
4.11. Multi-level and multi-issue interventions .....	17
<b>5. Recommendations .....</b>	<b>19</b>
<b>6. Conclusion .....</b>	<b>21</b>
<b>References .....</b>	<b>25</b>
<b>Appendix I. COHEP: the Honduran Private Enterprise Council .....</b>	<b>27</b>
<b>Appendix II. Background information on Honduras .....</b>	<b>29</b>
<b>Appendix III. Activities of the COHEP ESEE programme .....</b>	<b>31</b>
<b>Appendix IV. Template for interviews with stakeholders .....</b>	<b>35</b>



## ► Executive summary

This report examines the experience of implementing a programme based on the ILO's Enabling Environment for Sustainable Enterprises (ESEE) toolkit<sup>1</sup> in Honduras during 2012–19. The programme was operated by Honduras's national association of employers' organizations: the Consejo Hondureño de la Empresa Privada (Honduran Private Enterprise Council; COHEP). Improving the business environment is a key strategic objective that has guided COHEP in its work for many years.

The focus of this review is on how COHEP's institutional capacity has contributed to, and benefited from, implementation of the ESEE programme. The aim is to identify the factors that have made possible the execution of the programme on

a continuous basis from 2012 to 2019 and enabled it to influence the business environment in Honduras in many positive ways.

A key finding is that building the capacity of the implementing institution (notably through institutional reforms, the recruitment of additional technical staff, periodic evaluation, innovation and partnerships) greatly improves the effectiveness of business environment reform programmes based on the ESEE toolkit. Institutional strengthening maximizes the ability of all the stakeholders to contribute to an enabling business environment. The review has identified the following 11 areas of lessons learned (grouped into four main themes) from the implementation of the ESEE programme in Honduras:

► **Table 1: Lessons learned from implementation of the ESEE programme in Honduras**

<b>STARTING GROUND</b>	
1.	Institutional commitment as a prerequisite
<b>INTERNAL INSTITUTIONAL REQUIREMENTS</b>	
2.	Setting initial milestones
3.	Investing in technical capacity
<b>PARTNERSHIP-BUILDING AND MONITORING OF PROGRESS</b>	
4.	Internal and external stakeholders
5.	Target groups and monitoring of progress
<b>DRIVING FACTORS OF SUCCESS</b>	
6.	A paradigm shift in the initiation of business environment reforms
7.	Agents of change
8.	Shared responsibility for and dialogue on the business environment
9.	Enterprise surveys as a form of evidence-based advocacy
10.	An entrepreneurial approach to programme implementation
11.	Multi-level and multi-issue interventions

1 The ESEE toolkit was designed by the ILO to provide its constituents – governments, employers and workers – with a methodology for evidence-based assessment that they can use to promote an enabling environment for enterprise development and the creation of decent jobs. This unique ILO resource covers a wide range of topics and supports policy action planning through tripartite dialogue. The toolkit combines a variety of assessment methodologies, including literature reviews, enterprise surveys, focus group discussions, statistical analysis and consultation with experts. It also seeks to support the adoption of reforms based on the policy recommendations resulting from the assessment.

The single most important factor underlying the success of the ESEE programme has been COHEP's strong commitment throughout. This commitment has enabled the programme to record significant achievements in three key areas: enterprise and entrepreneurship development projects; reform of business procedures and related laws and policies; and institutional reforms.

The ESEE programme in Honduras has evolved over the years to specialize increasingly in enterprise and entrepreneurship development. Beyond such activities, the programme has contributed to COHEP's traditional involvement in the national debate on major reforms, including reforms of the taxation system, social security, the penal code, legislation on small and medium-sized enterprises (SMEs), and entrepreneurship policy. An enriching synergy has emerged between the programme and COHEP's strategic role in the country's socio-economic development. While the programme initially focused on proposing new measures, in recent years it has been mostly, albeit not exclusively, responding to policy initiatives launched by other (public and private) entities.

Both qualitative and quantitative methods were used for this review. With regard to the collection of quantitative data, Appendix IV outlines the topics covered in interviews with a small sample of stakeholders. As shown by analysis of the responses, stakeholders generally held positive opinions about the programme. There was a broad consensus that it had helped to increase the effectiveness and influence of COHEP in several areas. Among the activities conducted under the programme, the lobbying function was evaluated as being of critical importance. Moreover, the programme was judged to have strengthened COHEP's capacity in relation to tripartite social dialogue, tax policy, bipartite employer-worker dialogue, entrepreneurship programmes, labour issues, wages, employer-government dialogue and business development services. The areas in which the programme was perceived to have had the greatest impact on COHEP's capacity are women's entrepreneurship, entrepreneurship promotion, social security, vocational training and business development services.

The COHEP ESEE programme has made several valuable contributions, but it has also faced a number of challenges and constraints in its efforts to improve the business environment in

Honduras. Executing a business environment reform programme is no easy task. The initial capacity of implementing institutions is often inadequate to tackle the complex technical, financial and organizational issues involved in reforming the business environment.

The various stakeholders' preferences regarding policies and institutional outcomes should be taken into account. These preferences may translate into efficient or inefficient institutional arrangements (Acemoglu, Johnson and Robinson 2005). Institutions striving to introduce effective policies may face either opportunities or obstacles depending on the incentives of those with whom they interact. For example, the COHEP ESEE programme became a strategic partner of Honduras's Network of Business Development Centres for Micro, Small and Medium-sized Enterprises (CDEMIPYME Network), which was able to benefit from the expertise and enthusiasm of the programme's staff when setting up new entrepreneurship centres in different regions of the country. Based on common goals, the ensuing cooperation was very productive and successful. In contrast, weak institutions often resist change, which makes it even harder to reform the business environment.

What clearly emerges from this review is the solid progress made in building COHEP's institutional capacity to address various issues of relevance to the business environment. However, even after six years of hard work since its official launch in 2014, the ESEE programme continues to face a number of challenges. First, its initial focus on tackling business environment barriers has diminished, yet the fact is that such barriers still greatly hamper the development of enterprises and the creation of formal jobs in Honduras. While the programme has not abandoned its central goal, it has expanded its activities to cover, in particular, business development services of a non-financial nature. Secondly, during most of its existence, the programme has had to rely on just one COHEP staff member (the Sustainable Enterprises Manager). That staff member has been very skilful in attracting resources and support, but such an arrangement obviously limits the programme's capacity and scope. There is clearly an incongruity between COHEP's adoption of the dynamic ESEE methodology and its limitations to expand staff resources. Thirdly, further investment is required to increase the programme's technical capacity, to train new staff and thereby ensure continuity, and to embark on

a new phase with business environment priorities of strategic importance for the near future. Lastly, as the programme has not yet generated sufficient data for monitoring purposes, COHEP needs to identify suitable indicators and improve

data collection so that it can measure objectively the impact of the programme's various activities.



## ► Abbreviations

---

<b>ACT/EMP</b>	<u>ILO Bureau for Employers' Activities</u>
<b>AHIBA</b>	<u>Asociación Hondureña de Instituciones Bancarias (Honduran Association of Banking Institutions)</u>
<b>AMHON</b>	<u>Asociación de Municipios de Honduras (Association of Honduran Municipalities)</u>
<b>CADERH</b>	<u>Centro Asesor para el Desarrollo de los Recursos Humanos (Advisory Centre for Human Resources Development)</u>
<b>CDE-MIPYME</b>	<u>Centro de Desarrollo Empresarial para la Micro, Pequeña y Mediana Empresa (Business Development Centre for Micro, Small and Medium-sized Enterprises)</u>
<b>CDE-MIPYME Network</b>	<u>Red de Centros de Desarrollo Empresarial para la Micro, Pequeña y Mediana Empresa (Network of Business Development Centres for Micro, Small and Medium-sized Enterprises)</u>
<b>CENPROMYPE</b>	<u>Centro Regional de Promoción para la Micro y Pequeña Empresa (Regional Centre for the Promotion of Micro and Small Enterprises)</u>
<b>CES</b>	<u>Consejo Económico y Social (Economic and Social Council [of Honduras])</u>
<b>COHEP</b>	<u>Consejo Hondureño de la Empresa Privada (Honduran Private Enterprise Council)</u>
<b>EAP</b>	<u>Escuela Agrícola Panamericana (Pan-American Agricultural School)</u>
<b>EESE</b>	<u>Enabling Environment for Sustainable Enterprises</u>
<b>EU</b>	<u>European Union</u>
<b>FENAGH</b>	<u>Federación Nacional de Agricultores y Ganaderos de Honduras (National Federation of Farmers and Ranchers)</u>
<b>FHIA</b>	<u>Fundación Hondureña de Investigación Agrícola (Honduran Foundation for Agricultural Research)</u>
<b>GIZ</b>	<u>Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)</u>
<b>INE</b>	<u>Instituto Nacional de Estadísticas (National Institute of Statistics)</u>
<b>INFOP</b>	<u>Instituto Nacional de Formación Profesional (National Institute for Vocational Training)</u>
<b>MSMEs</b>	<u>Micro, Small and Medium-sized Enterprises</u>
<b>SDG</b>	<u>Sustainable Development Goal</u>
<b>SENPRENDE</b>	<u>Servicio Nacional de Emprendimiento y Pequeños Negocios (National Service for Entrepreneurship and Small Business)</u>
<b>SERNA</b>	<u>Secretaría de Recursos Naturales y Ambiente (Ministry of Natural Resources and the Environment)</u>
<b>SMEs</b>	<u>small and medium-sized enterprises</u>
<b>UNAH</b>	<u>Universidad Nacional Autónoma de Honduras (National Autonomous University of Honduras)</u>
<b>UNDP</b>	<u>United Nations Development Programme</u>



## ▶ 1. Introduction

This report reviews the design and implementation of a programme based on the ILO's Enabling Environment for Sustainable Enterprises (ESEE) toolkit by Honduras's national association of employers' organizations – the Honduran Private Enterprise Council (COHEP)<sup>2</sup> – from 2012 to 2019. The programme as such was made possible by a cooperation partnership between COHEP, the ILO Bureau for Employers' Activities and the ILO Enterprises Department.

The present review discusses the lessons learned from the programme grouped into 11 areas under four main themes. Although the lessons learned are specific to the Honduran programme, there are certain similarities to implementation aspects of ESEE programmes in other countries. The analysis extends beyond day-to-day implementation to cover strategic matters.

The COHEP ESEE programme is based on the ILO's concept of "sustainable enterprises". As explained in ILO (2007, para. 5):

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

### Objectives of the ESEE toolkit

The ILO's ESEE toolkit is designed to improve the environment for sustainable enterprises.<sup>3</sup> It builds on the "Conclusions concerning the promotion of sustainable enterprises", adopted by the International Labour Conference at its 96th Session in June 2007, which stress the importance of a favourable environment for enterprise development and describe basic conditions that are essential to create opportunities for sustainable enterprises (ILO 2007). Accordingly, the ESEE toolkit provides a methodology that can be used to assess and reform the business environment. In particular, use of the ESEE methodology enables stakeholders to identify major barriers to business development, fosters dialogue, supports the adoption of reforms and unlocks entrepreneurial potential.

### Structure of the report

The report is organized as follows. In this introductory chapter, section 1.1 presents the background of the COHEP ESEE programme, while section 1.2 explains the methodology used for the review. Chapter 2 outlines the programme's main achievements. Chapter 3 presents the results of an assessment of the programme based on interviews with stakeholders. Chapter 4 examines the lessons learned from implementation of the programme. Chapter 5 provides recommendations on how to improve certain aspects. Chapter 6 offers some concluding reflections. Lastly, four appendices present: information on COHEP; Honduras's national context; selected examples illustrating the achievements of the programme; and the template for interviews used to collect stakeholders' opinions on the programme.

<sup>2</sup> For more information on COHEP, see Appendix I.

<sup>3</sup> Further information on the ESEE toolkit is available at: <https://www.ilo.org/empent/units/boosting-employment-through-small-enterprise-development/eese/lang--en/index.htm>.

## 1.1. Background of the ESEE programme in Honduras

### The ILO–COHEP partnership to improve the business environment in Honduras

The ESEE programme began as a technical partnership between COHEP and the ILO in 2011. In that year, COHEP and the ILO decided to use the ESEE methodology to evaluate the business environment in Honduras. During the first phase of this cooperation (2012–13) the ESEE evaluation was completed. This exercise involved the largest enterprise survey on business environment issues ever conducted in the country<sup>4</sup> and the drawing up of a reform programme (COHEP and ILO 2013). A new survey conducted in 2016–17 updated COHEP's reform strategy for sustainable enterprises in Honduras (ILO 2017; COHEP 2017a, 2017b). The ESEE programme thus provided the main inputs for COHEP's advocacy efforts on business environment reforms. Since 2014 the COHEP–ILO partnership has concentrated on implementing the recommendations from the ESEE evaluation.

The initial proposals formulated under the COHEP ESEE programme focused on business environment issues, particularly on topics such as customs and trade; access to financial services; legal and regulatory reforms; the judicial system and resolution of commercial disputes; social dialogue; governance; entrepreneurship and innovation; business development services; infrastructure; education, training and learning; and responsible environmental management (COHEP 2013).

When the ESEE evaluation was initiated in 2012, senior staff from COHEP began to participate in it on a mainly ad hoc basis, with no personnel or institutional capacity specifically designated for that work. However, the Council shortly afterwards took the strategic decision to assemble a technical committee made up of five members

drawn from COHEP member organizations to cooperate on the evaluation. Although the committee's main role was to provide liaison with the ILO, its members showed enthusiasm and commitment in attending various meetings and organized to discuss the design of the future ESEE programme. Most of the preliminary work was conducted in technical cooperation with the ILO.

### The challenges of evaluating business environment interventions

Recognizing the challenges and constraints involved in improving the business environment is essential when reviewing programmes based on the ESEE toolkit. To the extent that business environment and institutional reforms provide incentives for investment in enterprises, such reforms can promote business growth. Conversely, failure to reform inadequate business environments contributes to business stagnation or even decline.<sup>5</sup> The COHEP ESEE programme has the ambitious aim of creating the basic institutional conditions for an enabling business environment in Honduras.

However, reforming the business environment in any country tends to be a relatively slow process. Governance and accountability institutions are necessary for reforms to succeed. Enterprise development requires not only the introduction and strengthening of market mediation mechanisms, but also basic governance, implementation capacity and commitment to ensure a continuous process of accumulative and sustainable changes.<sup>6</sup>

The difficulties in implementing reforms are exacerbated by the limited institutional capacity of both private and public entities. These often lack the technical, logistic, financial and organizational resources required to support business environment reforms.

Institutional capacity is normally the first challenge in the design and implementation of business environment reform programmes. This was

4 The survey was conducted between September and December 2012, with a sample size of 2,352 enterprises, of which 1,608 were formal and 744 informal enterprises. The sample was divided into four strata based on size, sector of economic activity, geographical location and formal/informal status. See Gallardo and Berrios (2013) and Berrios (2013) for further details.

5 For a general discussion of the role of institutions in the performance of economies, see North (1991).

6 For a discussion of the role of institutional environment, firms as governance structures, and public policy applications, see Williamson (2000).



also true of the COHEP EESE programme when it was officially launched in 2014. After six years of implementation, although many challenges remain, the programme has nevertheless proved itself to be both effective and resilient.

In view of the broader problems of governance and institutional capacity in Honduras,<sup>7</sup> it is clear that the active contribution of entities such as COHEP to the national policy debate is essential. In that respect, COHEP's perseverance and stability have been key to the successful introduction of reforms. The proposals advanced by COHEP in 2013 testify to the Council's proactive attitude and determination to confront the above-mentioned challenges.

The following section provides a summary of the methodology used to review implementation of the COHEP EESE programme.

## 1.2. Methodology for the review

The overarching goal of this review is to identify which factors have enabled COHEP to implement the EESE programme successfully. It takes into account the players involved, the institutional capabilities of COHEP and the economic context in which the programme has taken place so far.

The review is based on both qualitative and quantitative methods. With regard to the collection of quantitative data, Appendix IV presents the template used for semi-structured interviews with managers, team leaders, staff, beneficiaries and other key stakeholders of the programme. The interview questions were descriptive and focused on the relevance, effectiveness and efficiency of the programme. The qualitative information comes from the review of programme-related documentation and the monitoring of the programme during 2012–19. Other reports, materials and secondary data have been used to complement that information.

There are several inherent limitations in this review. While the report is based on extensive documentary evidence, that evidence does not always allow one to understand fully the factors affecting the implementation of the EESE programme. For this reason, the analysis presented

here tends to focus on results reported by stakeholders rather than on evaluating how those results were achieved in the first place (something that is less obvious from the documentary evidence). Additionally, institutional conditions change over time, and it is difficult to capture this in documentary evidence. For the collection of opinion-based data, the review drew on interviews with stakeholders, who may have been naturally biased in favour of the programme. Moreover, the interviews were conducted by someone who was known to COHEP because he had been involved in the provision of ILO technical assistance: while this may have introduced a certain bias in the interviewing, it also enhanced understanding of the issues at stake. The sample size for the interviews was small (ranging from 20 to 30 interviews on any given topic), but the information obtained from these is consistent with the other sources. The review sought to mitigate bias by drawing on a combination of sources that was as wide as possible.

In examining the effectiveness of the programme, both specific and more general findings were taken into account. No attempt has been made to establish causal links between the various factors affecting these findings. It is worth noting that COHEP has not consistently collected data on indicators that could be used to measure objectively the programme's success.

Nevertheless, despite all these limitations, there is sufficient evidence to draw well-founded conclusions about the COHEP EESE programme.

---

<sup>7</sup> It should be recalled that in 2009 Honduras experienced a major political crisis involving the destitution of an elected government, and that social and political conflicts have been recurrent since then.



## ▶ 2. Main achievements of the EESE programme

---

From 2014 onwards, the EESE programme was implemented by a newly established small unit within COHEP that consisted solely of one senior technical manager working together with other COHEP officials to coordinate activities. COHEP's executive director supervised this work directly. Thanks to an internal arrangement it was possible for the Sustainable Enterprises Manager to participate in the weekly meetings of the COHEP management team. The ILO provided technical and financial assistance in the first years of operation of the EESE programme. Subsequently, the programme secured additional funding through internal COHEP resources and from other projects funded by donors.

Appendix III presents some of the achievements of the COHEP EESE programme. The programme provided both direct and indirect support for different areas of COHEP's work. Currently, a significant proportion of the programme's activities have to do with business development services of a nonfinancial nature. The greater emphasis on the latter has come at the expense of the initial focus on tackling barriers related to regulatory and administrative procedures.

The available information indicates that the programme has made positive contributions notably in the following areas:

- ▶ Enterprise and entrepreneurship development projects (non-financial services)
- ▶ Reform of business procedures and related laws and policies
- ▶ Institutional reforms and related initiatives.

As already mentioned, the main thrust of the EESE programme is now on business development projects of a nonfinancial nature. This is largely because there are more opportunities for such projects. In contrast, the more arduous work on tackling business environment barriers requires greater time investment and a higher degree of technical expertise and commitment.

The important initial reforms advocated by the programme contributed to reducing the cost of setting up new businesses (elimination of notarial fees in business registration and of minimum

capital requirements), making administrative procedures more efficient (digital signature, online applications), simplifying tax schemes (single tax), and encouraging lobbying efforts in support of other reforms.

The EESE programme benefited from COHEP's traditional role as a key interlocutor in the discussion of national policies, including policies on taxation, social security, criminal law, small and medium-sized enterprises (SMEs) and entrepreneurship. There has been a fruitful synergy between the programme and COHEP's strategic contributions on a wide range of policy issues. In that respect, it is worth noting that the programme, inasmuch as it has dealt with such issues, has mostly responded to, rather than initiated, policy measures.

In summary, the COHEP EESE programme has contributed to various business environment reforms in Honduras, particularly during its initial phase, but it is now evolving to deal mostly with enterprise development projects. The original focus on tackling business environment barriers has lessened, which should be a cause for concern because such barriers are major obstacles to the expansion of businesses and the creation of formal jobs.



## ▶ 3. Stakeholders' assessment of the EESE programme

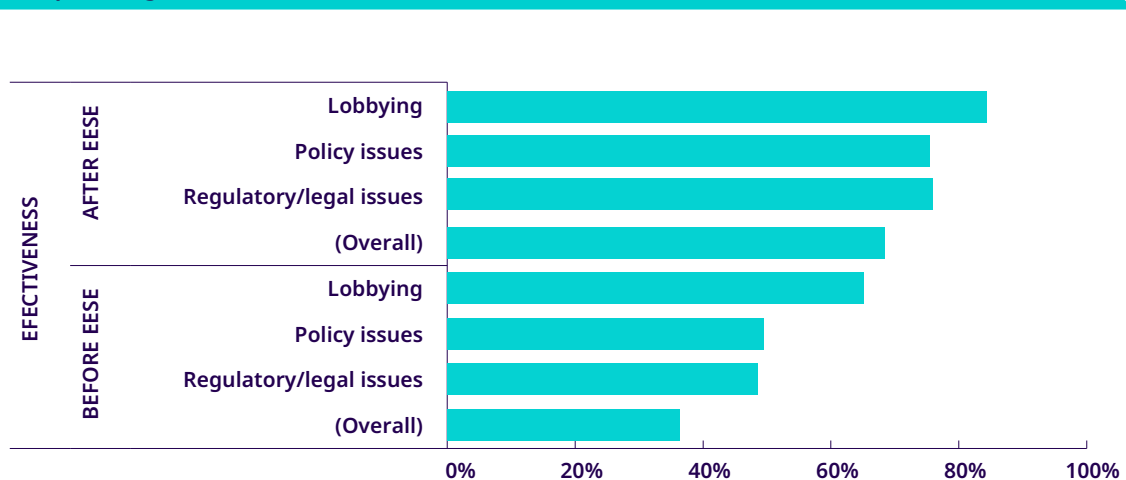
As noted in Chapter 1, the methodology used for this review included a quantitative assessment of the EESE programme through 46 questions posed to a group of stakeholders. Appendix IV presents the list of issues discussed in semi-structured interviews. The interviewees included managers, team leaders, staff, beneficiaries and other stakeholders of the programme. Although the sample size was small, ranging from 20 to 30 interviews on any given topic, the results obtained from these interviews are consistent with other information about the programme.

The interviewees on the whole expressed positive opinions about the programme. The following sections look at stakeholders' perception of (1) the effectiveness of COHEP before and after the launch of the programme; (2) the degree of COHEP's influence on 21 substantive issues before and after the launch of the programme; and (3) the factors that have contributed to the successful implementation of the programme.

### 3.1. Effectiveness of COHEP before and after the launch of the EESE programme

Figure 1 below summarizes the interviewees' responses to questions concerning the institutional effectiveness of COHEP before and after the launch of the EESE programme. There was a clear consensus among stakeholders that the programme had increased the Council's effectiveness in various areas. Three main aspects may be singled out. First, the most significant perceived improvement concerns COHEP's operational capacity as a whole. The interviewees felt that COHEP was now able to address a broader set of issues as a result of having expanded its scope of work through the EESE programme. Secondly, lobbying work was recognized as key to both the EESE programme and COHEP. Thirdly, while the effectiveness of COHEP's work on regulatory, legal and policy issues was rated highly, it was not perceived to be quite as effective as the lobbying work. This suggests that COHEP's technical capacity to address regulatory, legislative and policy reforms needs to be strengthened further.

▶ Figure 1. Rating of COHEP's effectiveness before and after the launch of the EESE programme in 2014 (percentage)



Note: The length of each bar indicates the average of the effectiveness ratings given by all the interviewees.

Source: Author's own calculations based on the interviews conducted for this report.

### 3.2. Degree of influence on substantive issues

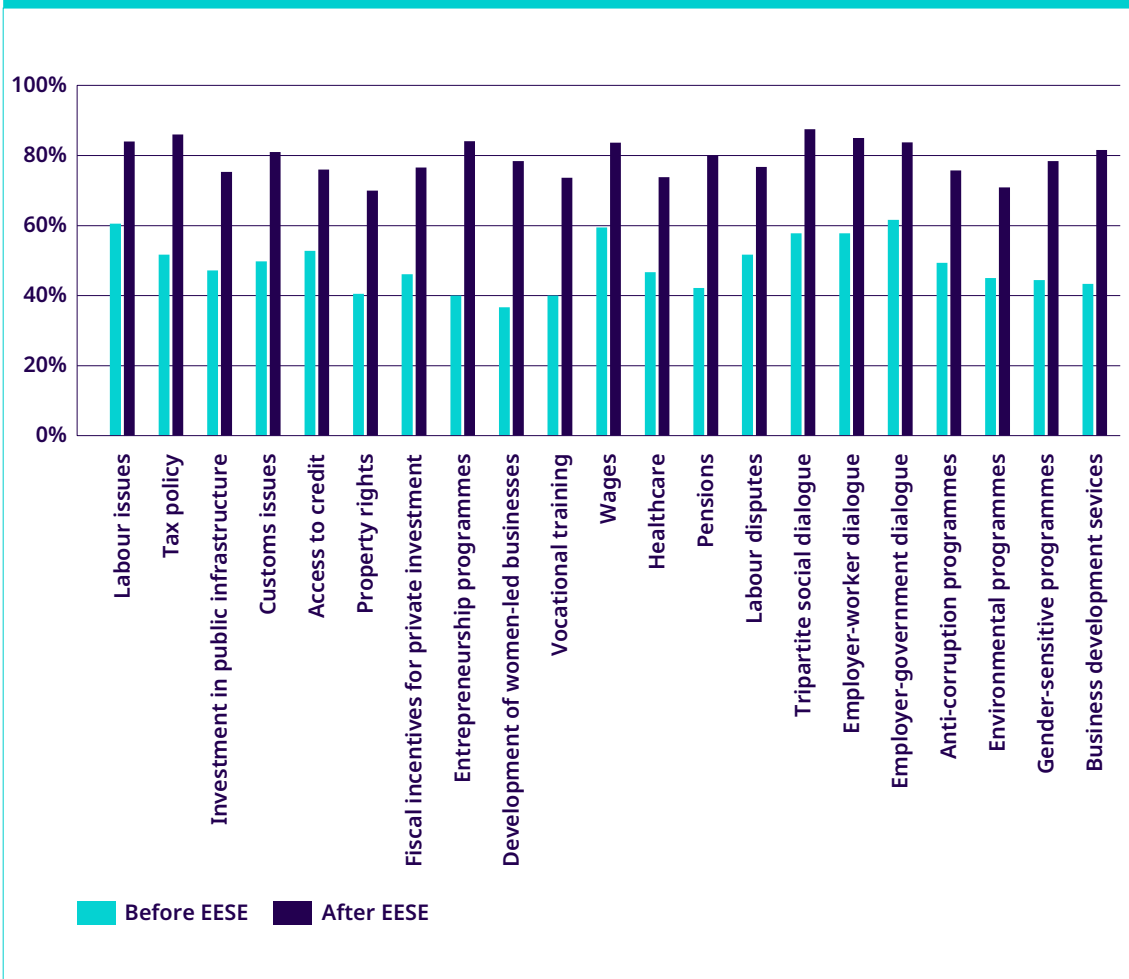
Figure 2 summarizes the interviewees' responses to questions concerning COHEP's influence on 21 substantive issues before and after the launch of the ESEE programme. There was a clear consensus among stakeholders that the programme had increased COHEP's influence on all these issues, though the programme's impact varied depending on the thematic area in question.

The interviewees rated COHEP's current influence highly on matters related, in particular, to tripartite social dialogue, tax policy, bipartite employer-worker dialogue, entrepreneurship programmes, labour issues, wages, bipartite

employer-government dialogue, and business development services. In contrast, COHEP's influence on property rights and environmental issues was perceived to be somewhat lower, even after the launch of the programme.

The most significant increases in COHEP's perceived level of influence as a result of the ESEE programme were in relation to the development of women-led businesses, entrepreneurship programmes, social security, vocational training, business development services and customs issues.

► Figure 2. Rating of COHEP's influence by thematic area before and after the launch of the ESEE programme (percentage)



**Note:** The length of each bar indicates the average of the influence ratings given by all the interviewees.

**Source:** Author's own calculations based on the interviews conducted for this report.

### 3.3. Factors contributing to the success of the EESE programme

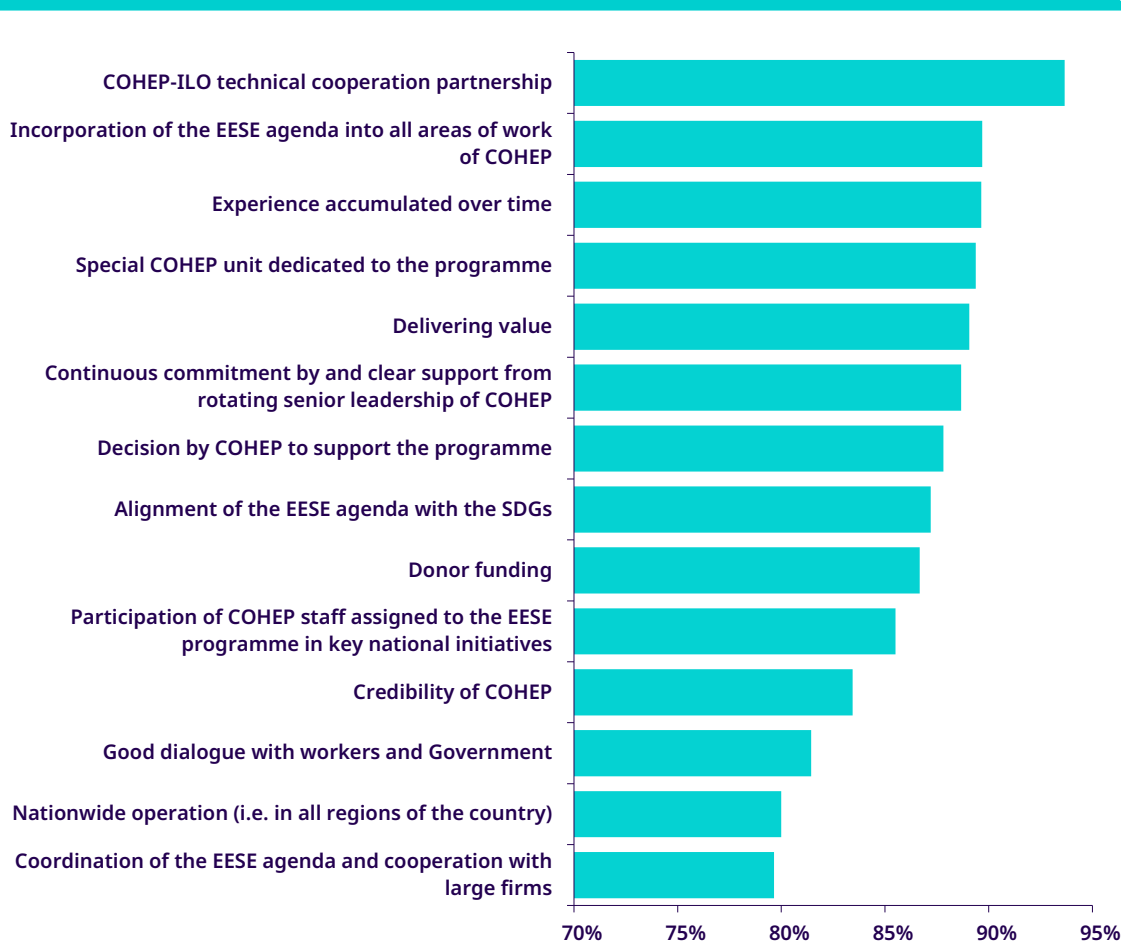
Figure 3 summarizes the interviewees' perceptions of the factors that have contributed to the successful implementation of the EESE programme. A total of 14 factors were considered in the analysis.

The COHEP-ILO technical cooperation partnership was regarded as the single most important factor driving the programme's success. COHEP's strong ownership of the programme made it possible to incorporate the promotion of sustainable enterprises into the Council's regular activities. Cooperation with large firms and the programme's nationwide operation (i.e. in all

regions of Honduras) were also perceived to contribute to the programme's success, albeit to a much lesser extent.

In summary, the stakeholders interviewed for this review on the whole gave a positive assessment of the EESE programme. The programme was seen as an important enhancement of COHEP's institutional capacity. The technical expertise that went into the programme helped to reinforce COHEP's traditional areas of strength. The programme also expanded COHEP's capacity, particularly with regard to the development of women-led businesses, entrepreneurship programmes, vocational training and business development services.

► Figure 3. Factors contributing to successful implementation of the EESE programme



Note: The length of each bar indicates the average of the ratings given by all the interviewees.

Source: Author's own calculations based on the interviews conducted for this report.





## ► 4. Lessons learned from implementation of the EESE programme

---

This chapter presents 11 areas of lessons learned from the implementation of the EESE programme, grouped into four main themes: (a) starting ground; (b) internal institutional requirements; (c) partnership-building and monitoring of progress; and (d) driving factors of success.

### A. Starting ground

#### 4.1. Institutional commitment as a prerequisite

---

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

Already during the initial discussions with the ILO in 2011 on the possibility of applying the EESE methodology in Honduras, COHEP demonstrated great interest in learning about and using the EESE toolkit. However, COHEP's institutional capacity at the time was by no means sufficient to guarantee success. Senior staff became directly involved in technical discussions with the ILO, and this engagement made it possible to initiate EESE activities in Honduras. Adjustments to COHEP's internal procedures, division of labour and strategic priorities were necessary to accommodate the EESE programme. In particular, changes had to be made to COHEP's decision-making practices and the selection of work priorities, which until then had tended to focus on tackling short-term urgencies. These challenges were addressed through a diagnostic assessment of COHEP's institutional capacity conducted in 2012. The assessment was organized by, and benefited from the expertise of, the ILO Bureau for Employers' Activities.

A central recommendation from the institutional assessment was that COHEP should devote more resources to strategic and policy issues. By following through on that recommendation, COHEP

was ultimately able to make a success of the EESE programme. The partnership with the ILO, which provided specialized technical services and the funding for some of the initial activities, was crucial in consolidating COHEP's commitment to the programme.

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

COHEP's senior leaders have acted throughout as powerful agents of change (see section 4.7) and ensured that institutional commitment translated into concrete programmatic activities.

### B. Internal institutional requirements

#### 4.2. Setting initial milestones

---

The business environment assessment conducted in 2012–13 using the EESE methodology resulted in an action plan (including short-, medium- and long-term actions), with specific objectives and milestones (COHEP 2013). Having these milestones helped to set a clear direction for the COHEP EESE programme.

The adoption by COHEP of a long-term horizon for its work on business environment issues had important implications for planning, setting expectations, designing well-balanced activities and maintaining institutional commitment over time. Despite the clear objectives and time frame, there remained many questions about the length of the initial phase (EESE research) and the transition to actual implementation of activities under the programme.

In that respect, the definition of initial milestones was instrumental in getting the EESE programme up and running. The following four milestones

in particular had to be reached before the programme could officially start: (a) finding and hiring a senior and experienced programme manager capable of steering the initial activities; (b) establishing an ESEE unit within COHEP; (c) drawing up the first annual work plan; and (d) securing internal and external budgetary resources to fund the ESEE unit and its initial activities. By early 2014 most of these requirements had been met.

An additional important factor was continuation of the practice of open and constructive consultations between COHEP and the Government. This ongoing dialogue made it easier for COHEP to lobby for ESEE reforms. Thanks to the support and cooperation of other COHEP staff, the ESEE programme went ahead in 2013 and 2014, its short-term priority being the pursuit of reforms aimed at facilitating business registration, recognizing collateral assets in support of access to credit, and simplifying administrative procedures.

In retrospect, the initial activities benefited from the momentum generated by the ESEE assessment, and they proved critical to getting the programme off to a good start. This testifies to the importance of identifying and completing initial milestones during the early stages of a business environment reform programme. The favourable conditions prevailing during those early stages may not last long because of the diversity of stakeholders' incentives and also because of subsequent changes to the circumstances of the implementing institution.

However, the initial headway made by the ESEE programme was on its own not sufficient to ensure a smooth path for all subsequent implementation. In due course the programme had to set new priorities and adjust its activities in order to achieve enduring and substantial improvements to the business environment in Honduras. For it is no easy task to reform institutional, economic and policy settings. Moreover, the incentives of the various stakeholders can change over time.

In its early stages the programme faced three additional challenges: (a) initial overambition and overoptimism due to the lack of practical experience in the implementation of business environment reforms; (b) difficulty in retaining the first manager of the programme in view of its novelty

and inherent uncertainties; and (c) the temptation to use a new programme as an additional fount of resources for urgent work in other areas. COHEP demonstrated great resilience in overcoming these and other challenges.

---

### 4.3. Investing in technical capacity

---

One of COHEP's key decisions was to establish a small technical unit specifically designated for implementation of the ESEE programme, with its own manager and institutional support from other units within COHEP. Finding an experienced and senior-level manager for the new unit was not easy, but once a suitable candidate was recruited in early 2014, this helped to jump-start the implementation of activities. In general, selecting the right technical personnel is critical at the early stage of ESEE programme implementation. Beyond technical skills, it is important to ensure that new staff fit in well in the institutional setting, commit themselves for a reasonable period of time, and are able to engage actively in the programme from the very start.

The first Sustainable Enterprises Manager left after one year. Her capable successor rapidly made headway on promoting reforms and initiating new projects. However, it was not until 2019, that is, five years after the official launch of the programme, that the ESEE unit was expanded to include one junior technical staff member. Despite its small size, establishing (and maintaining) this new unit was one of the most important enhancements to COHEP's technical capacity in recent years. The unit has already accumulated sufficient experience to enable ESEE activities to be consolidated as a regular area of work for COHEP. The Sustainable Enterprises Manager received on-the-job training; additional technical support was provided through discussions and interaction with ILO officials.

The institutional challenges faced by COHEP before the launch of the ESEE programme greatly restricted its ability to make a weightier contribution on business environment issues. In that respect, the programme served as an incentive for COHEP's leadership to tackle those challenges.

## C. Partnership-building and monitoring of progress

### 4.4. Internal and external stakeholders

The EESE programme has developed extensive linkages with partners and stakeholders, both internally within COHEP and externally. These linkages have helped to widen the “exposure” of the programme and to make it relevant for a larger number of partners.

At the internal level, the EESE programme ties in well with the other areas of work of COHEP.<sup>8</sup> The internal links are of both a programmatic and a logistic nature. Thus, the EESE programme provides arguments, information and technical inputs for the other areas of work of COHEP, and vice versa. In logistic terms, the programme is run by a dedicated unit within COHEP and the Sustainable Enterprises Manager is a member of the Council’s management team.

The anchoring of the EESE programme within COHEP illustrates how a new programme concerned with business environment issues can be incorporated into the implementing institution’s regular work. The alternative would have been to put in place ad hoc arrangements for a programme with a narrower scope and of shorter duration. Given the ambitious nature of the COHEP EESE programme, an integrated approach has proved more appropriate and effective.

The external partners of the programme include private sector organizations, enterprises, various governmental entities, the National Congress (for legislative issues), donors and international agencies, universities and research centres, local governments and non-governmental organizations. Synergies and complementarities have thus been established with a wide range of partners.

Although this wide outreach is important, there is a risk of the EESE programme spreading itself too thin. Over time, it has managed to become more selective, particularly with regard to the number and priorities of new projects. By promoting linkages with a broad set of stakeholders

and activities, the programme has improved its public visibility.

### 4.5. Target groups and monitoring of progress

The COHEP EESE programme initially identified two main target groups: (a) government agencies with which the programme could cooperate on reform processes; and (b) enterprises and their associations. The objectives of the programme vis-à-vis these two groups were focused, respectively, on promoting legal and regulatory reforms and supporting enterprises and business associations.

Additional target groups emerged as the programme unfolded: in particular, local organizations, international and national cooperation partners, and other business environment stakeholders. By working with these groups, the programme was able to generate additional activities aimed at promoting enterprise growth in the competitive field of private sector development.

Working with a variety of partners has been demanding. A single presentation is not sufficient to explain all the features and scope of the programme. Moreover, constant interventions are necessary to raise awareness of the programme among COHEP’s members and beyond and to demonstrate its usefulness.

The programme derives its credibility from the conduct of activities and the delivery of products and services. The background materials on the programme (notably the report on the EESE assessment, the national enterprise surveys and the action plan) were instrumental in establishing its technical credentials at the outset. Its credibility was subsequently consolidated through the approval of various reforms, the implementation of projects, the provision of regular information about the programme, and presentation of the programme at important events.

There has been less success in tracking progress and measuring the programme’s impact. A simple and practical colour-based system (green, yellow, red) was introduced to indicate whether progress on the main areas of the EESE programme

<sup>8</sup> These other areas are: economic policy and analysis; trade policy, negotiations and facilitation; technical standards; market intelligence; investment; and legal advisory services.

is on track. The results of this monitoring are presented on the ESEE online platform of the COHEP website,<sup>9</sup> but they are not updated regularly.

The arrangements for tracking the programme's progress need to be improved in at least three ways. First, the results of such monitoring should be updated regularly. Secondly, the evaluation of the progress made should fall under the responsibility not of the ESEE unit but of a different entity, so as to ensure more objective assessments and improve accountability. Thirdly, it is important to define more clearly what is being evaluated (short- vs long-term goals, short-term projects vs strategic legal reforms, etc.). The overhaul of the system used to track progress should start by identifying more appropriate indicators and collecting data regularly to measure how the programme's activities are helping to improve the business environment in Honduras.

## D. Driving factors of success

### 4.6. A paradigm shift in the initiation of business environment reforms

Through the ESEE programme, COHEP has established itself as a powerful advocate of business environment reforms and related measures to foster business development. In the past, responsibility for business environment reforms in Honduras was typically understood to rest mainly with the Government.

The reform proposals advanced by COHEP in 2013 served as a catalyst for: (a) providing an integrated vision of key reforms needed in Honduras; (b) establishing a new basis for the discussion of business environment issues; and (c) changing the traditional view on how business environment reforms should be promoted in Honduras.

With hindsight, COHEP's reform proposals heralded an important shift in the promotion of business environment reforms. Thanks to the additional institutional capacity acquired by COHEP through the ESEE programme, the new approach was consolidated. This was important both for

COHEP and for the wider context of policy debate in Honduras.

The ESEE programme not only enabled COHEP to proactively intervene in the discussion of business environment issues, but also marked a departure from the traditional notion of the Government always leading the way on reforms in that area.

### 4.7. Agents of change

The COHEP ESEE programme benefited from strong leadership by various "agents of change" who embraced and supported the programme from its inception.

Two groups in particular championed the programme during 2012–19:

- ▶ COHEP's senior leadership, including three successive Presidents<sup>10</sup> and the Executive Director. They acted as enablers of the process whereby COHEP transformed itself and developed the ESEE programme as a tool for addressing the challenges of enterprise development in Honduras. Without their support, the programme could not have been implemented.
- ▶ The Sustainable Enterprises Manager and other COHEP staff who cooperated on the programme. With great enthusiasm and energy they implemented its activities and executed annual work plans. The internal and external partners acknowledged their strong commitment to the programme.

Together, these two groups undertook technical work, secured political and financial support, and persevered despite the many challenges involved in implementing the programme. They helped to make COHEP itself an agent of change.

However, these agents of change faced a number of challenges, particularly at the operational level, which under certain conditions impaired their effectiveness. For example, despite the continuous expansion of the programme's activities, for many years most of the work had to be performed by the Sustainable Enterprises Manager on his own, though he was sometimes able to

<sup>9</sup> See: <http://www.cohep.com/micrositio/>.

<sup>10</sup> The three Presidents of COHEP during 2012–19 were Aline Flores, Luis Larach and Juan Carlos Sikaffy.

enlist the assistance of other COHEP staff. The EESE unit finally recruited a junior staff member in July 2019 to provide operational support. A more judicious selection of activities could improve the programme's impact. Thus, in recent years many of the activities have involved promotional exercises, the signing of agreements and the organization of large and small events, all of which consume much energy and time. At the same time, the original focus on tackling business environment barriers has diminished.

Given the complexity of some of the issues relating to the business environment, it is necessary to obtain more external technical advice. Accordingly, a network of external experts should be established to provide support, particularly on business environment reforms.

Some of these challenges call for urgent attention. For example, lightening the administrative burden of the Sustainable Enterprises Manager would increase the time available for strategic work. Additionally, COHEP could be more proactive in sharing its experience of implementing the EESE programme: this would attract further potential agents of change, including external partners.

---

#### **4.8. Shared responsibility for and dialogue on the business environment**

---

From the very start it was clear to the organizers of the COHEP EESE programme that the private sector should have a shared responsibility in helping to reform the business environment (see section 4.6). Accordingly, the EESE action plan identified specific activities in which the private sector was to be directly involved. A central principle of the programme is that partnerships and collaborative action are key to transforming the business environment.

The EESE programme itself serves as a “communication channel” enhancing mutual understanding among the stakeholders. Departure from the traditional top-down model for the delivery of reforms and support programmes means that COHEP and other stakeholders have to act in concert on business environment issues.

During implementation of the programme, regular meetings have taken place between COHEP and various government agencies, particularly the business registration offices and the entities responsible for small business, taxes and trade.

These meetings include technical discussions and lobbying among parliamentarians. Although the initiative was taken by COHEP, these meetings have been galvanized by a sense of joint partnership.

The above-mentioned approaches have helped to foster an environment of dialogue. As can be seen in Appendix III, the EESE programme has raised numerous proposals for discussion. In addition to initiatives involving government agencies, partnerships are in place with trade unions, donors and other local partners, covering such areas as governance, regional customs procedures, minimum wages, social security, SME policy, family businesses, sector- and product-specific initiatives, enterprises and human rights, digitalization, innovation and entrepreneurship.

Despite the progress made, some cooperation efforts have been broken off. For example, the complexity of business environment barriers calls for long-term commitment if they are to be tackled successfully. However, weak public institutions and government programmes of limited duration are unable to provide such commitment. To overcome that situation, it is important to continue advancing solid arguments and proposals for reform.

There have also been constant calls for stepping up efforts to build the capacity of public institutions. Since capacity-building is a long-term endeavour, more innovative and pragmatic approaches are required – for example, exchanges of staff between public institutions and private sector organizations to help the former follow through on the implementation of reforms. However, such exchanges require financial resources, which tend to be limited in private sector organizations as well. The model of shared responsibility for business environment reforms is nevertheless an important catalyst of action and helps to ensure the participation of a broad group of stakeholders.

---

#### **4.9. Enterprise surveys as a form of evidence-based advocacy**

---

Certain technical achievements stand out in the track record of the COHEP EESE programme. In particular, the programme was responsible for the two largest enterprise surveys on business environment issues ever conducted in Honduras. By providing COHEP with unique and original

empirical evidence, the surveys changed the very way in which the Council exchanged information, opinions and proposals with many interlocutors.

The first survey, conducted in 2013, was a high-water mark in the organization of enterprise surveys in Honduras. Its sample size included 2,352 enterprises covering all sectors of economic activity and size classes; moreover, the sample included both formal and informal enterprises and covered the country's principal regions (Gallardo and Berrios 2013). The survey results became the key theme at the 2013 National Convention of Enterprises. The second survey (2017) was also a solid technical exercise and featured improved data collection. Conducted to mark the 50th anniversary of COHEP, the 2017 survey helped to update the Council's ESEE programme for the period 2017–20 (COHEP 2017a).

The conduct of the two surveys was a significant achievement for various reasons. First, the surveys demonstrated COHEP's capacity to become involved in the design and delivery of high-quality technical services. The first survey opened up a new technical working area for COHEP, while the second consolidated the experience accumulated since then. This increased the Council's confidence, technical knowledge, reputation and visibility. Secondly, the two surveys provided COHEP with unique empirical evidence that helped to change the terms of engagement with its partners: discussions that had traditionally focused on general arguments now moved on to a consideration of concrete facts. This helped to enhance the dialogue on business environment issues. Thirdly, the survey results could be used widely for the formulation of proposals, analysis and dialogue. Fourthly, these results helped COHEP to make a tangible contribution to the advocacy of business environment reforms. The surveys strengthened recognition of the importance of evidence-based projects in Honduras.

The experience of carrying out these surveys has provided some important lessons for future exercises of this type:

- ▶ What matters most is not necessarily the production of a survey per se, but the definition of clear objectives for the survey.
- ▶ COHEP needs to identify the different types of survey that it requires for its work, ranging from basic opinion surveys among a small sample of enterprises, through surveys

focusing on specific issues, to larger surveys seeking to gauge, by means of a representative sample, the overall opinion of businesses in the country.

- ▶ Since building (and maintaining) in-house capacity for the conduct of surveys is costly and difficult, it is important to consider drawing on external technical expertise.
- ▶ Conducting surveys requires significant logistic and financial resources, which means that good planning is vital.

#### 4.10. An entrepreneurial approach to programme implementation

COHEP made the strategic choice of hiring an experienced senior manager for its ambitious ESEE programme – a manager equipped with entrepreneurial skills that could be applied to the programme in terms of identifying new opportunities and adapting its implementation to the circumstances. In particular, the programme expanded its principal activities to pursue concrete short-term achievements, which has resulted in less emphasis on the potential longer-term gains from more arduous technical work on regulatory and other reforms.

Flexibility to adapt and propose new activities is a distinctive feature of the programme's implementation. The programme manager has been given ample room to be entrepreneurial and to take risks not only in identifying the best ways of carrying out planned activities, but also in searching for and exploiting unforeseen opportunities, in accordance with the spirit of the ILO's ESEE approach.

In line with that approach, openness to new opportunities and risk-taking have increased the confidence of those responsible for the ESEE programme, helped to raise its public profile and expanded the scope of COHEP's interventions.

Risk-taking and an entrepreneurial attitude in the implementation of the programme go hand in hand with the establishment of networks and linkages, as discussed in section 4.4.

The launching of new projects requires careful testing beforehand. In that respect, the success rate of activities undertaken by the ESEE programme has been remarkable. One notable example is the effective coordination established

with the Government's initiative to set up 11 entrepreneurship centres across the country.

The programme would have benefited from being able to draw on a larger pool of service providers. Honduras needs to increase the availability of qualified experts offering services and products related to business environment issues.

As noted in section 4.3, one main shortcoming of the EESE programme has been the insufficient expansion of the number of its technical staff. There is a mismatch between the dynamic approach adopted by the programme and its working capacity. However, any plans to increase the number of staff working for the programme had to take into account the available resources and be coordinated with the other areas of work of COHEP.

Finally, it is worth emphasizing that limitations in the number and expertise of staff lead in turn to limited innovation in data collection and processing, outreach and communication.

#### **4.11. Multi-level and multi-issue interventions**

In view of the large number of business environment barriers, COHEP decided to identify several areas in which reforms were required. A road map was drawn up outlining the various problems and the urgency of tackling them. As can be seen in Appendix III, the EESE programme has addressed a wide range of business environment issues. Instead of focusing on a few specific reforms, it has embarked on such varied activities as the provision of business development services, conferences and technical meetings, institutional

reforms, active social dialogue and participation in debates on national economic issues, and interventions at the local and regional level.

This is not to deny the merits of a more focused approach. Indeed, such an approach may be appropriate in certain circumstances and it is often more effective in delivering concrete results quickly. However, it is important to bear in mind the risks of concentrating on only a few specific issues and shutting out the wider reality of inter-related factors that contribute to the business environment. Focused interventions tend to be less sustainable and fail to develop synergies with other programmes and partners. In the context of Honduras's business environment, the COHEP EESE programme can truly be said to be well connected.

On the other hand, as already noted, a wide-ranging approach has some shortcomings. For example, during certain periods the EESE programme became involved in too many initiatives and interactions, which put great strain on the capacity of the small unit within COHEP responsible for its implementation.

Nevertheless, it is important to note that the EESE programme looked beyond the original main goal of reforming laws and regulations, recognizing that business environment barriers are not restricted to a single dimension. Tackling them requires interventions at different levels – from the macro level (i.e. laws, policies and procedures) to the micro level (tackling e.g. poor labour skills, low business productivity, problems of scale, uncompetitive prices) – and direct interaction with businesses through the promotion of entrepreneurship.





## ► 5. Recommendations

---

The preceding chapters have presented evidence of the enriching experience gained from implementation of the COHEP EESE programme in Honduras and also of the challenges faced so far. This chapter pinpoints key challenges that need to be addressed in implementing the programme further. Alongside the 11 areas of lessons learned that were identified in Chapter 4, the following recommendations should be taken into consideration by those responsible for the programme.

- **Restore the programme's focus on tackling procedural, administrative, regulatory and other business environment barriers.** In recent years, the programme has tended to concentrate on enterprise development initiatives, somewhat at the expense of activities aimed at tackling business environment barriers. It would be worth refocusing on those barriers.
- **Concentrate on barriers hindering the growth and productivity of the self-employed and of microenterprises.** A new strategic focus of the programme would benefit this large group of economic units that provide most of the employment in Honduras. It is also in this segment that the country's main challenges related to productive transformation reside.
- **Intensify cooperation and partnerships with government agencies.** The experience to date testifies to effective interaction between the programme and various government agencies. The programme should now seek to develop new strategic partnerships, particularly to support mutual capacity-building on business environment issues.
- **Expand tripartite dialogue on business environment issues.** Building on the good dialogue that COHEP maintains with the Government and trade unions, a new phase of the programme could draw on greater inputs from such tripartite dialogue to achieve even farther-reaching business environment improvements.
- **Prioritize issues of relevance to future developments.** Major ongoing economic and technological transformations should be reflected in new priorities for the programme, notably with regard to business productivity, skills, innovation, productive transformation, the transition to a digital economy, and new business models and conditions in the context of the recovery from the COVID19 crisis.
- **New approaches to policymaking and advocacy.** The programme should explore new and innovative approaches to policymaking and advocacy with a view to promoting investment and the creation of formal jobs.
- **New approaches to the implementation of activities.** The programme should modernize the approaches and methods it uses to implement projects and activities.
- **Review the relative weighting of short-, medium- and long-term projects.** This review process should take into account future priorities as well as the progress achieved so far.
- **Reach a "critical mass" of priority interventions.** An important strategic goal should now be to identify the top three to five priorities in improving the business environment in Honduras, so that the programme is able to develop relevant interventions.
- **Enhance the expertise and capacity of the EESE unit.** The technical expertise and staff capacity of the EESE unit within COHEP should be expanded to ensure not only the execution of work plans but also the renewal of the unit's leadership, notably through the training of future leaders.



## ▶ 6. Conclusion

This report has examined the experience gained from implementation of the COHEP EESE programme in Honduras during 2012–19, with an

emphasis on the institutional capacity required to address business environment issues.

Eleven areas of lessons learned (grouped into four themes) were identified as follows:

▶ **Table 2: Lessons learned from implementation of the EESE programme in Honduras**

<b>Starting ground</b>	Institutional commitment as a prerequisite
<b>Internal institutional requirements</b>	Setting initial milestones Investing in technical capacity
<b>Partnership-building and monitoring of progress</b>	Internal and external stakeholders Target groups and monitoring of progress
<b>Driving factors of success</b>	A paradigm shift in the initiation of business environment reforms Agents of change Shared responsibility for and dialogue on the business environment Enterprise surveys as a form of evidence-based advocacy An entrepreneurial approach to programme implementation Multi-level and multi-issue interventions

The single most important factor underlying the successful implementation of the programme is COHEP's strong and continuous commitment. Such institutional commitment accounts to a great extent for the programme's achievements and sustainability.

The programme has contributed, both directly and indirectly, to various areas of COHEP's work, particularly enterprise and entrepreneurship development projects; reform of business procedures and related laws and policies; and institutional reforms. The programme has evolved over the years, its main focus currently lying on enterprise and entrepreneurship development projects.

The programme has benefited from its exposure to discussions on major policy and reform issues, since COHEP plays a key part in the national debate on economic and social matters. There is a fruitful synergy between the programme and COHEP's strategic contributions to that national dialogue.

The present review has also looked at stakeholders' views on the programme. These have been positive on the whole, particularly regarding the programme's contribution to increasing COHEP's effectiveness and scope of work. Lobbying was perceived by stakeholders to be a central strand of the programme and of COHEP's work in general. It was generally felt that the programme had helped to enhance COHEP's influence on various substantive topics, notably on tripartite social dialogue, tax policy, bipartite employer–worker dialogue, entrepreneurship programmes, labour issues, wages, bipartite employer–government dialogue, and business development services. Moreover, the programme was considered to have increased COHEP's capacity to address issues pertaining to women's entrepreneurship, entrepreneurship programmes, social security, vocational training and business development services.

The programme has achieved various positive results, but it has also faced challenges and constraints in its efforts to improve the business

environment in Honduras. Implementing a business environment reform programme is no easy task. In addition to the complexity of the issues demanding attention, institutional capacity – particularly the capacity of private but also of public institutions – is often inadequate to meet the technical, logistic, financial and organizational requirements entailed by business environment reforms.

As it stands, the focus of the ESEE programme needs to be recalibrated, particularly so as to accord higher priority to tackling business environment barriers. In order to achieve an even greater impact, the technical expertise available to the programme needs to be enhanced, as does its strategic planning. The programme has great potential to be proactive in formulating and proposing new policies to reform the business environment – policies that the Government urgently needs to adopt.

The ongoing cooperation between the COHEP ESEE programme and the ILO has been highly productive. It has evolved from an arrangement for direct technical and financial contributions by the ILO into a genuine partnership based on the exchange of ideas and technical discussions. The cooperation has been open to broad participation by other partners. Maintaining this openness is important to ensure that even wider networks are established in the future.

In summary, what emerges from this review is solid progress in establishing a resilient programme that enhances COHEP's institutional capacity. However, even after six years of hard work since the official launch of the programme in 2014, it continues to face various challenges. First, the initial focus on removing business environment barriers has diminished as the programme has expanded to cover, in particular, enterprise development projects and related activities. Secondly, during most of those six years, the programme had only one staff member (the Sustainable Enterprises Manager), which restricted its ability to deal with a wide range of issues. The programme therefore needs to continue investing in the expansion of its technical capacity and to train new staff to ensure continuity. A new phase of the programme should be launched, taking into account strategic business environment priorities. In addition, it is important to collect data on relevant indicators to measure the programme's impact.

Some possible areas of improvement and future directions for this important programme are listed below.

---

### Business environment reform:

---

- ▶ Increase the focus on removing procedural, administrative, regulatory and related business environment barriers. This should be reinstated as the main goal of the programme. It would be particularly relevant during the recovery from the COVID19 crisis.

---

### Outreach:

---

- ▶ Increase the participation of the self-employed and of microenterprises in programme activities.
- ▶ Intensify cooperation with government agencies under existing and new arrangements.

---

### New substantive issues:

---

- ▶ Focus on critical issues of relevance to the business environment in the near future, including enterprise productivity and innovation.
- ▶ Develop new approaches to policymaking and advocacy.

---

### Planning and monitoring:

---

- ▶ Establish a more satisfactory balance between short-, medium- and long-term goals and projects.
- ▶ Increase the expertise and working capacity of the ESEE unit within COHEP.
- ▶ Identify a small number of highly relevant indicators on which data can be collected regularly with a view to measuring the programme's impact.

---

### Social dialogue:

---

- ▶ Given that COHEP is a member of Honduras's Economic and Social Council, the programme should continue to deepen its involvement in existing and new tripartite initiatives on business environment issues and on key priorities related to wage policies and regulations, employment, social security, vocational training and business productivity, among other areas.
-



## ▶ References

---

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2005. "Institutions as a Fundamental Cause of Long-Run Growth." In *Handbook of Economic Growth*, edited by Philippe Aghion and Steven N. Durlauf. Vol. 1A. 385–472. Amsterdam: Elsevier.

Berrios, Mario. 2013. *Evaluación del entorno para empresas sostenibles: Honduras 2013*. ILO.

COHEP (Honduran Private Enterprise Council). 2013. *Estrategia Nacional de Empresa Sostenible en Honduras: Una propuesta a la sociedad*.

———. 2017a. *X Encuentro Nacional Empresarial 2017: Estrategia de Empresas Sostenibles en Honduras*.

———. 2017b. *Memoria Anual 2017*.

——— and ILO. 2013. *Estrategia para el desarrollo de empresas sostenibles en Honduras: Una propuesta a la sociedad*.

Gallardo, Mauricio, and Mario Berrios. 2013. *Encuesta empresarial de Honduras 2012: Análisis de resultados*. ILO.

ILO. 2007. *Conclusions concerning the promotion of sustainable enterprises*, International Labour Conference, 96th Session.

———. 2017. *Encuesta Empresarial de Honduras 2017: Análisis de Resultados*.

North, Douglass C. 1991. "Institutions." *Journal of Economic Perspectives* 5 (1): 97–112.

Williamson, Oliver E. 2000. "The New Institutional Economics: Taking Stock, Looking Ahead." *Journal of Economic Literature* 38 (3): 595–613.



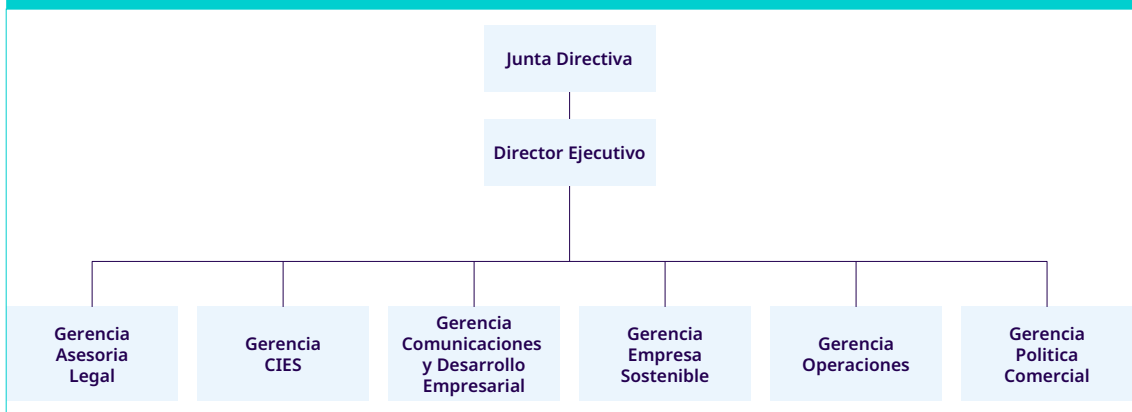


## ► Appendix I. COHEP: the Honduran Private Enterprise Council

The Consejo Hondureño de la Empresa Privada (Honduran Private Enterprise Council; COHEP) is the principal business organization in Honduras. It brings together 70 employers' organizations representing all productive sectors of the Honduran economy. It was established in 1967 with the objective of promoting the private sector's contribution to the socio-economic development of the country. COHEP has an ISO-certified quality management system (ISO standard 9001:2008), which enables the Council to improve continuously the services it offers and enhance their value.<sup>11</sup>

The Council focuses on providing its members with economic, legal and trade information. As part of the implementation of the Enabling Environment for Sustainable Enterprises (ESEE) programme, initiated in 2012 and officially launched in 2014, COHEP has expanded its technical functions to include ESEE activities under the aegis of a dedicated Sustainable Enterprises Unit (Gerencia Empresas Sostenibles), as shown in the organizational chart below.

► Figure 4. Organizational structure of COHEP



11 See: <http://cohep.com/>.



## ► Appendix II. Background information on Honduras

---

The development challenges faced by Honduras are strongly linked to unequal income distribution, a high poverty rate, political polarization and institutional weaknesses. While the country has been able to achieve considerable economic growth in recent decades and attract foreign investment (mostly to free-trade zones), a “fragile stability” has been the norm. Established in 1967, the Honduran Private Enterprise Council (COHEP) has played and continues to play a key role as an interlocutor on various issues related to Honduras’s socio-economic development, even though its main goal is to serve as the voice of the private sector in the country.

Macroeconomic conditions in Honduras have improved over the past few years, with average growth rates hovering around 3 per cent. However, this growth has not been accompanied by an appreciable increase in the creation of formal employment and the elimination of poverty. There continue to be fundamental problems, notably the high levels of poverty and inequality; informality; weak institutions and governance; public insecurity; a deficient business environment; fragile public finances; and vulnerability to external shocks.

Successive governments have maintained a strong commitment to macroeconomic stability, thereby providing a solid basis for the promotion of investment. There has also been a firm commitment to introducing economic and institutional reforms, but these have not always been successful because of the fragile institutional, social and political conditions. In line with external commitments made vis-à-vis international financial and development institutions, the country’s economic policy priorities continue to be fiscal policy reforms; maintaining policy space for investment and social spending; strengthening monetary policy and national financial institutions so that they are able to buffer shocks; reforms to improve the business environment and governance; and strengthening institutional and policy frameworks. In addition, the response to the current covid-19 shock emergencies is priority.

In this context, it is of strategic importance to support Honduras’s efforts to bring about enabling conditions for investment and the creation

of decent jobs. This is key to the attraction of increased investment, the achievement of higher growth and the reduction of poverty. Enhancing the business environment therefore remains a priority area for the ILO’s cooperation with Honduras.



## ► Appendix III. Activities of the COHEP EESE programme

The following two tables present illustrative examples of activities carried out by the Honduran Private Enterprise Council (COHEP) under its

Enabling Environment for Sustainable Enterprises (EESE) programme.

► Table 3: Activities carried out by COHEP - Business Environment Reform

Main area	Specific issue	Type of contribution	Result	Year
<b>Support for micro and small enterprises</b>	Negotiation and achievement of consensus on new law to support micro and small enterprises	Participated in the negotiation committee	Adoption and promulgation of the Micro and Small Business Act (Decree No. 145-2018) in the <i>Official Gazette</i> on 28 November 2018	2018
<b>Electronic signature</b>	Facilitation of business transactions through the use of electronic and digital signatures	Participated in technical discussions and lobbying in support of the new law	Adoption and promulgation of the Electronic Signature Act (Decree No. 149-2013) in the <i>Official Gazette</i> on 11 December 2013	2013
<b>Business registration and minimum capital requirements</b>	Amendment of the compulsory use of notarial services for the registration of new businesses, and elimination of minimum capital requirements	Participated in discussions and lobbying to make the use of a notary public for business registration optional, and to eliminate minimum capital requirements	Adoption and promulgation of the Act on Employment Generation, Entrepreneurship Promotion, Business Formalization and Protection of Investors' Rights (Decree No. 284-2013) in the <i>Official Gazette</i> on 5 June 2014	2014
<b>Entrepreneurship</b>	Institutional reorganization of SENPRENDE, the public entity in charge of MSMEs	Participated in the commission set up to discuss the restructuring of SENPRENDE on the basis of COHEP's proposal	Adoption and promulgation of Executive Decree No. PCM-034-2019 in the <i>Official Gazette</i> on 18 July 2019, establishing SENPRENDE as a decentralized entity	2019

► Table 4: Activities carried out by COHEP - Other Activities

Main area	Specific issue	Type of contribution	Result	Year
<b>Sustainable development</b>	Implementation of SDGs through SME support activities	Concluded an agreement with UNDP to facilitate implementation of the 2030 Agenda for Sustainable Development, specifically through the promotion of SMEs	Agreement on promoting new entrepreneurial activities	2018
<b>Vocational training</b>	Modernization of the National Institute for Vocational Training (INFOP)	Prepared a proposal with funding and technical support from GIZ	The reform proposal was approved by the Economic and Social Council (CES) and submitted to the National Congress for discussion	2016–19
<b>Economic and social issues</b>	Tripartite social dialogue	Participated in tripartite discussions within CES on several laws and public policies	Development and adoption of several laws, policies and other initiatives	2014–19
<b>Enterprises and human rights</b>	Various activities related to enterprises and human rights in value-added chains	Developed guidelines on human rights using United Nations frameworks	Diagnostic studies; workshops in Tegucigalpa and San Pedro Sula; drafting of COHEP's policy and guidelines on this topic	2019
<b>Labour market and sector issues</b>	Memorandum of understanding between COHEP and IMPAQ within the framework of the project "Labour supply and demand in the Northern Triangle region"	Provided technical support for the preparation of the survey conducted by IMPAQ	Agreement between IMPAQ and the hotel industry in Honduras	2018
<b>Promotion of entrepreneurship</b>	Tool for young entrepreneurs	COHEP, SENPRENDE, CDEMIPYME Network and Impact Hub held seven <i>empredetones</i> ("entrepreneurship marathons"); the funding came from COHEP	Seven national-level events on entrepreneurship, attended by over 1,000 people	2019
<b>Promotion of entrepreneurship</b>	"Héroes Fest", a festival to promote entrepreneurship; includes conferences, concerts and workshops	Participated in the organization of the most recent event	November 2019 festival	2019
<b>Small business awards</b>	Monthly recognition awards to individual small businesses	Cooperated with Creator, the organizer of the awards	45 small businesses from seven different sectors received awards	2019

Main area	Specific issue	Type of contribution	Result	Year
<b>Business development services</b>	CDE-MIPYME Network operates a trust fund offering business development services to SMEs	COHEP chairs one of the centres in the CDE-MIPYME Network and participates in the technical committee of the trust fund	CDE-MIPYME Network brings together 14 centres and 215 partners; services were provided to 16,446 MSMEs; 158 fairs were held, benefiting 2,085 MSMEs; 1,077 new entrepreneurial initiatives; 10,055 new jobs created	ongoing
<b>Family businesses</b>	Business development services for Honduran family businesses	Contributed to the design and delivery of business development services	Assessment on family businesses; drafting of a proposal for a new support initiative; events in San Pedro Sula and Tegucigalpa, with the participation of 500 firms	n/a
<b>Promotion of entrepreneurship</b>	Entrepreneurship curricula	Contributed to the review of such curricula	Formulation of strategy to promote entrepreneurship; agreement with Ministry of Education on vocational training in the tourism sector	ongoing
<b>Testing, inspection and certification sector</b>	Internships for university graduates	Designed the internship programme and concluded agreements with several firms	Placement of interns with firms operating in the testing, inspection and certification sector	ongoing
<b>Promotion of entrepreneurship</b>	Business incubators	Contributed to the design of the programme and forged alliances with several organizations	Coordination of activities with the 14 active development centres	ongoing
<b>Analysis of and support for entrepreneurship</b>	SME observatory	Concluded an agreement with UNAH and ministry responsible for MSMEs	Agreement with UNAH and ministry responsible for MSMEs	ongoing
<b>Household data</b>	Data on SMEs	Concluded an agreement with INE	Agreement with INE	ongoing
<b>Mapping of support programmes</b>	SME support programmes	Concluded an agreement with Taiwan, China and CENPROMYPE	Agreement with Taiwan, China and CENPROMYPE	ongoing
<b>Remittances</b>	Use of remittances for investment in MSMEs	Drafted a proposal on this topic together with AHIBA and AMHON	Proposal formulated	n/a
<b>Agriculture</b>	Provision of technical services on entrepreneurship in agriculture	Concluded an agreement with FENAGH and FHIA	Agreement with FENAGH and FHIA	n/a

Main area	Specific issue	Type of contribution	Result	Year
<b>Coaching</b>	Coaching	Concluded an agreement with large firms for coaching of smaller ones	Various large firms have agreed to coach smaller ones	ongoing
<b>Business development services</b>	Certification of business development service competencies	Prepared a study on this subject together with CADERH	Joint CADERH-COHEP study	n/a
<b>Entrepreneurial leadership</b>	Entrepreneurial leadership	Contributed to the design of a Global Shapers programme	Global Shapers programme	ongoing
<b>Export promotion</b>	Export promotion	Concluded an implementation agreement with the EU and the Eko Bootcamp programme to help SMEs export to EU	Implementation agreement	n/a
<b>Migrants</b>	Opportunities for migrants	Formulated a proposal, targeting 300 enterprises, on how to improve opportunities for migrants	n/a	n/a
<b>Environment</b>	Agro-processing waste	Helped to raise public awareness of the risks faced by enterprises operating in the agro-processing sector	SERNA standard was disseminated	2015
<b>Environment</b>	Good practices of enterprises	Helped to raise awareness of environmental issues among enterprises	Dissemination of guidelines on good practices for enterprises	2015
<b>Environment</b>	Good practices in the agricultural sector, particularly with regard to organic products	Participated in a public awareness campaign	Agreement between COHEP and EAP on extension services	ongoing



## ► Appendix IV. Template for interviews with stakeholders

		Before the launch of the ESEE programme in 2014 Rating: 0–100% or n/a	After the launch of the ESEE programme Rating: 0–100% or n/a
<b>Effectiveness of COHEP</b>	Overall		
	Regulatory and legal issues		
	Policy		
	Lobbying		
<b>Influence of COHEP on issues in several thematic areas</b>	Labour issues		
	Tax policy		
	Investment in public infrastructure		
	Customs issues		
	Access to credit		
	Property rights		
	Fiscal incentives for private investment		
	Entrepreneurship programmes		
	Development of women-led businesses		
	Vocational training		
	Wages		
	Healthcare		
	Pensions		
	Labour disputes		
	Other labour issues: which?		
	Tripartite social dialogue		
Employer–worker dialogue			

<p><b>Influence of COHEP on issues in several thematic areas</b></p>	<ul style="list-style-type: none"> <li>Employer–government dialogue</li> <li>Anti-corruption programmes</li> <li>Environmental programmes</li> <li>Gender-sensitive programmes</li> <li>Business development services</li> <li>Other: which?</li> </ul>		
<p><b>Factors contributing to successful implementation of the ESEE programme</b></p>	<ul style="list-style-type: none"> <li>Special COHEP unit dedicated to the programme</li> <li>Delivering value</li> <li>Experience accumulated over time</li> <li>Decision by COHEP to support the programme (organizational resources, budget, staff, etc.)</li> <li>Donor funding</li> <li>Nationwide operation (i.e. in all regions of the country)</li> <li>COHEP–ILO technical cooperation partnership</li> <li>Good dialogue with workers and government</li> <li>Continuous commitment by and clear support from rotating senior leadership of COHEP</li> <li>Incorporation of the ESEE agenda into all areas of work of COHEP</li> <li>Alignment of the ESEE agenda with the SDGs</li> <li>Coordination of the ESEE agenda and cooperation with large firms (links, funding, etc.)</li> <li>Credibility of COHEP</li> <li>Participation of COHEP staff assigned to the ESEE programme in key national initiatives, including chairing and leading the initiatives</li> </ul>		

<b>Priority areas for future work</b>	Enterprise productivity Promoting digital firms Further institutional development Human capital accumulation Promotion of environmentally sustainable enterprises Other: which?		
---------------------------------------	--	--	--

