



International  
Labour  
Office

# An enabling environment for sustainable enterprises

## Creating a strong environment for business development

Sustainable enterprises do not and cannot exist in a vacuum. All enterprises operate within a political, social and economic context and are subject to regulatory and institutional constraints. While it is important to support enterprise-specific interventions for businesses to grow, it is equally important to look at the external environment in which they operate. Without addressing the issues related to the overall business environment, interventions at the enterprise level alone do not produce optimal results to achieve sustainable development.

The ILO is committed to creating enabling environments that help entrepreneurs to expand their activities and create incentives for them to formalize their businesses. This means encouraging them to innovate, generate employment, and invest in human resources over the long term, thereby boosting economic growth and raising living standards.

## The ILO approach to creating an enabling environment

### Indonesia, Swaziland and Palestine lead way in using EESE:

- The initiative in Indonesia focused on strengthening trade union capacity to do evidence-based advocacy
- Swaziland's assessment contributed to the development of a new strategy for micro enterprises
- The assessment prompted the Palestinian Authority to launch a policy framework for the development of micro, small and medium-sized enterprises (MSMEs).

Read more overleaf.

The ILO has devised its own assessment tool, *Enabling Environment for Sustainable Enterprises* (EESE), as a basis for providing evidence-based recommendations on how to improve the business-enabling environment. This unique tool focuses on the political, economic, social and environmental aspects of doing business. The EESE assessment typically involves the following steps:

**Step 1:** Analysing the existing capacity of governments and social partners (workers' and employers' organizations) to assess the enabling environment, formulate evidence-based reform proposals and carry them out.

**Step 2:** Analysing the prevailing conditions under which enterprises operate. This assessment is done in three ways:

- Primary data is collected through enterprise surveys to understand the main opportunities and challenges businesses face.
- Primary data is also collected through interviews with key ministries and agencies responsible for business promotion to identify areas where policy reforms should be carried out.

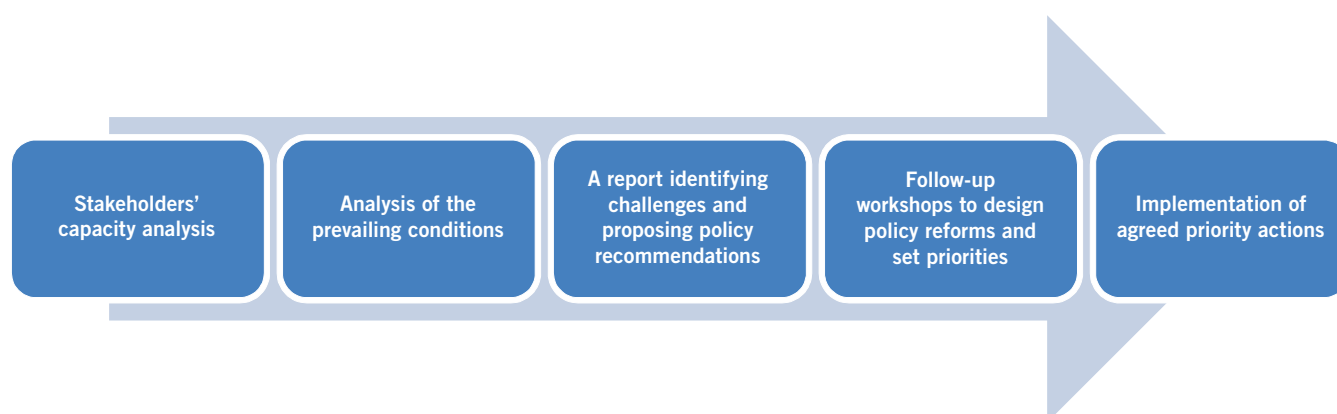
- Secondary data is collected to look at the economic, political, social and environmental conditions within which enterprises operate in a given country. The economic elements relate to macroeconomic, trade and fiscal policies and the legal and regulatory environment. The social elements are the existence of adequate social protection, education and training opportunities, and social inclusion. The political elements relate to overall political stability, good governance and respect for universal human rights and international labour standards. The environmental elements consider the equitable consumption of natural resources.

**Step 3:** Preparing a country report based on the information gathered. The report outlines the main policy challenges facing enterprises, diagnoses stakeholders' capacity for reform, and makes policy recommendations.

**Step 4:** Organizing a high-level national policy dialogue based on the report. The aim of the workshop is to help stakeholders designing policy reforms by presenting various policy options and setting priorities for action along with a timeline.

**Step 5:** Supporting stakeholders in implementing the priority actions agreed upon.

The various steps involved in carrying out a typical EEE assessment can be summarized as follows:



## The ILO in action: Early results from EEE assessments

The EEE assessment tool has been fully operational since 2011. Preliminary results demonstrate that fact-based assessments of the conditions in which enterprises operate can be effective in identifying the reforms needed to create enabling business environments:

- **Indonesia:** The EEE assessment was a joint collaboration between the ILO and the four main trade union confederations in Indonesia. The explicit goal of this work was to strengthen the capacity of trade unions to undertake research using the enabling environment assessment methodology. It is hoped that this form of collaboration will become an institutionalized platform for a common trade union voice on important socio-economic matters.



- **Swaziland:** The EESE assessment has contributed to the implementation of the national investment roadmap and the new national strategy on the promotion of micro, small and medium-sized enterprises (MSMEs) as well as a national framework for women's entrepreneurship. The work has also yielded broader benefits in terms of promoting social dialogue in Swaziland.
- **Occupied Palestinian territory:** As a result of the EESE assessment, the Palestinian Authority has launched a policy framework for the development of MSMEs. The policy presents a coherent and integrated response to the challenges and opportunities facing existing and emerging MSMEs.

Governments and social partners from other countries, including Barbados, Kyrgyzstan, Jordan, Egypt, Oman and Saudi Arabia, have asked for EESE assessments. These are currently under way.

## The ILO and Sustainable Enterprises

The ILO Sustainable Enterprise Programme helps create more and better jobs through enterprise development. It connects business growth and competitiveness with the needs of people to make a decent living in a healthy environment - today and in the future. Anchored in the ILO's mission to create decent work for all women and men, this programme is centred on three pillars:

- An enabling environment for enterprises - Creating the right framework that enables businesses to start, grow and create decent jobs;
- Entrepreneurship and business development - Helping entrepreneurs, in particular youth, women and marginalized groups, to start and build successful enterprises;
- Sustainable and responsible workplaces - Demonstrating the link between productivity gains and improved working conditions, good industrial relations and good environmental practices.

The programme combines evidence-based policy development with capacity building and enterprise support services, delivered at the international and country levels, through advisory services and a large portfolio of technical cooperation. It works with governments, employers' and workers' organizations, in partnership with other UN agencies, financial and academic institutions, donors and others.

## Further reading

ILO: Enabling environment homepage - <http://www.ilo.org/eese>  
ILO: Conclusions concerning the Promotion of Sustainable Enterprise Development (International Labour Conference, 2007) - [http://www.ilo.org/global/resources/WCMS\\_093970/lang-en/index.htm](http://www.ilo.org/global/resources/WCMS_093970/lang-en/index.htm)  
ITC/ILO: The Summer Academy on Sustainable Enterprise development - <http://www.itcilo.org/enterpriseacademy>  
ILO: Swaziland EESE Assessment Report - [http://www.ilo.org/employment/Whatwedo/Publications/WCMS\\_151259/lang-en/index.htm](http://www.ilo.org/employment/Whatwedo/Publications/WCMS_151259/lang-en/index.htm)  
World Bank: Doing Business - <http://www.doingbusiness.org/>  
DCED: Guidance and resources on Business Environment Reform - <http://www.businessenvironment.org>

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