

International Labour Organization

Final Internal Evaluation of

**The enabling environment for sustainable enterprises in
Armenia project**

Report

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Disclaimer

The views expressed are those of the evaluator and do not necessarily represent any official view of ILO or the Government and social partners.

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1. List of Acronyms

DWCP	Decent Work Country Programme
DWT/CO	Decent Work Technical Support Team and Country Office
EESE	Enabling Environment for Sustainable Enterprises
EO	Employers' organisation
ESC	Economic-Social Council
EU	European Union
GDP	Gross Domestic Product
ILC	International Labour Conference
ILO	International Labour Organization
LI	Labour Inspection
NCCCB	National tripartite Commission for Consultations and Collective Bargaining
P&B	Programme and Budget
RBSA	Regular Budget Supplementary Account
RUEA	Republican Union of Employers of Armenia
SDGs	Sustainable Development Goals
TA	Technical Assistance
ToRs	Terms of Reference
TU	Trade Unions
UN	United Nations
UNDAF	United Nations Development Assistance Framework
VET	Vocational Education and Training

ASSESSMENT OF THE ENABLING ENVIRONMENT FOR SUSTAINABLE ENTERPRISES IN ARMENIA PROJECT

ILO Responsible Office:

Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia (DWT/CO-Moscow)

Funding source:

ILO Regular Budget Supplementary Account (RBSA)

Country Programme Outcomes & Budget:

ARM 154 Sustainable entrepreneurship is promoted by the constituents through assessments of enabling environment, social dialogue and formulation of evidence-based proposals for its improvement (\$400,000; P&B 2016-2017), and

SMO 127 Support to job creation through development of SME (\$220,000; P&B 2014-15)

Linked to:

ILO Program & Budget 2014-2015 Outcome 3: Sustainable Enterprises

ILO Program & Budget 2016-2017 Outcome 4: Promoting Sustainable Enterprises

Note: the first phase of the RBSA in 2014-2015 had a subregional outreach, while the second part 2016-2017 has a country outreach that is Armenia.

2. Executive summary

The present document is the final internal evaluation report of RBSA-funded project: The enabling environment for sustainable enterprises in Armenia (ESEE project). The evaluation was conducted from July through September 2017.

Project background

Purpose and objectives of ESEE project

Creation of favorable conditions for competitive business environment and promotion of sustainable entrepreneurship is among key priorities in the world economy. These issues remain critical after the global financial crisis and play major role in improving the level of competitiveness of goods and services provided to the customers worldwide. In this regards, following the seventeen conditions identified by the 96th session of International Labour Conference in Geneva in 2007 for an enabling environment, the Oslo Declaration adopted at the 9th European Regional Meeting in April 2013 calls on the ILO to, “*promote policies which build and maintain business confidence, enterprise sustainability, particularly of SMEs, in line with the 2007 ILC resolution on sustainable enterprises.*”

Particular role is given to employers and workers’ organizations to empower entrepreneurship and promote sustainable business development as an important component of social market economy, particularly in post-soviet type of economies and to lobby particular interests at all levels. Enabling environment for sustainable enterprises also requires transformation of previous management expertise, mentality and knowledge into a more competitive one for governments and the social partners to better suite current developments. Therefore, more capacity building and technical assistance is required for trade unions or workers associations.

As stated in the ToRs, despite their limited capacities, it is increasingly recognized by governments as well as the social partners that it is critically important to strengthen the capacities and roles of the real economy players, the employers and the workers and the government, for a dynamic and competitive market based economy. In this context, the importance of an enabling environment for sustainable enterprises development is a strategically important area. There is a demand in the sub-region to build more capacity on the application of tools and procedures that foster conditions conducive to an enabling environment for sustainable enterprises and for improving the competitiveness and productivity of SMEs as main generators of wealth and jobs.

Among other countries of the subregion, Armenia was chosen for the implementation of the ESEE process, which was initiated by the ILO and the Armenian Employers’ Organisation (RUEA). The present Armenian government has initiated a new phase of economic reforms aimed at improving sustainable business operations, and in this context the ESEE methodology has been implemented to collect and analyse all the necessary data and to identify key areas to implement actions aimed at improving the business climate in Armenia. With the help of four focus groups of SMEs, the ESEE methodology identified the most relevant thematic areas in which work will be required to generate improvements in the political, economic, social and environmental dimensions.

Description of interventions

In 2014-2015 and 2016-2017 biennia the ILO DWT CO for Eastern Europe and Central Asia, jointly with the ILO HQ ENTERPRISES department, Europe Regional Office and ACTEMP,

elaborated a set of initiatives aimed at creating a conducive environment for establishment and growth of SMEs by introducing the ILO's approach on Enabling Environment for Sustainable Enterprises (ESEE) in the Caucasus (Armenia, Azerbaijan and Georgia) and Central Asia, as follows.

2014-2015: Promotion of ESEE tool with Employers' Organizations (SMO 127)

The aim of this intervention was to build the awareness and capacity of the Employers' Organizations in the participating countries to use the ILO's methodology and tools on ESEE. ESEE tool is the ILO's response to the need for providing evidence-based recommendations on how to improve the business environment. The ESEE methodology builds on the ILO's comprehensive approach of "sustainable enterprises" as a principal source of growth, wealth creation, employment and decent work. ESEE capitalizes on the ILO's tripartite structure, bringing together government, the private sector, and workers. As such, ESEE is a comprehensive and powerful ILO methodology developed to assess, advocate and reform the environment in which enterprises start up and grow, and therefore:

- allowing stakeholders to identify the major constraints hampering business development;
- fostering dialogue between workers, employers and the government to reach shared policy recommendations;
- supporting the adoption of effective reforms;
- unlocking entrepreneurial potential and boosting investments that can generate overall economic growth, create better jobs and reduce poverty.

With the help of the project national discussions on ESEE and its improvement were initiated on the basis of national assessments of business environment in five countries, including Armenia, and a study on 'The enabling environment for sustainable enterprises in Armenia' was produced (The enabling environment for sustainable enterprises in Armenia. ILO Geneva 2016 http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_465083.pdf).

2016-2017: Sustainable entrepreneurship is promoted by the constituents through assessments of enabling environment, social dialogue and formulation of evidence-based proposals for its improvement in Armenia (ARM 154)

This initiative builds upon the results and lessons learnt during the implementation of the subregional project (SMO127) and is targeted specifically on Armenia. The employers' organization in Armenia (RUEA) has demonstrated a strong leadership in ESEE process and is very interested in its continuation in accordance with its mission and objectives. Based on the discussions at the sub-regional workshop on the enabling environment for SME development organized in the framework of SMO127 in Tbilisi in March 2015 and more detailed consultations with the Armenian constituents afterwards, the first stage of the ESEE implementation started in October 2015.

By the end of 2015 the following results were achieved: primary research (survey of 300 entrepreneurs, focus groups) in December 2015 and secondary research (key statistical resources on business environment) in August 2015. On February 18, 2016 the national ESEE conference took place with ample participation of tripartite constituents and key stakeholders. An intention was expressed to establish a Task Force for ESEE in Armenia which could have several sub-committees on different topics like education and access to finance, at the moment the discussion

is whether an *ad hoc* committee should be created or whether existing committees/commissions should be used for this purpose.

Based on the progress achieved the following milestones were formulated towards the achievement of outcome ARM 154:

1. tripartite constituents have analyzed the enabling environment for sustainable enterprises (by end September 2016)
2. constituents have built up their capacity to lobby for and support development of a policy framework for sustainable enterprises (by end December 2016)
3. constituents have proposed improvement of new policies, regulatory and administrative changes contributing to the enabling environment (by end March 2017)
4. government develops new policies, laws or regulatory and administrative changes contributing to an enabling environment (by end 2017).

Project management arrangements

The activities have been managed by DWT/CO-Moscow under technical guidance and supervision of the Enterprise Specialist in strong collaboration with the Senior Specialist in Employers' Activities (ACTEMP). Other relevant DWT/CO-Moscow Specialists, Technical Cooperation projects and HQ departments (i.e., ACTEMP, ENTERPRISE, Regional Office for Europe and Central Asia) contributed with their resources and expertise.

Assessment background

According to the ToRs, the assessment is conducted in the framework of the regional Monitoring and Evaluation plan for 2016-2017 and in accordance with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation in order to examine the results achieved with RBSA resources and their contribution to broader ILO programming and country cooperation frameworks, including DWCPs.

Purpose

The purpose of this assessment is learning, improving further programming and refining the strategy for further action and the next steps.

The overall objective of the evaluation is to assess what has been implemented so far in the context of the EESE methodology funded by the ILO RBSA, as well as to propose recommendations for the continuation of this intervention. In addition, an attempt is made to work out recommendations aimed at strengthening the capacity of the employers' organization and government structures and the social partners to elaborate and implement effective policies.

It is to:

- Review the work done so far, emphasize the strengths and weaknesses, as well as to develop suggestions for an action plan to improve the overall environment for sustainable enterprises and reach set goals, specifying anticipated outcomes, actors in charge and the dates for each step to be taken.
- Provide practical recommendations to design and establishment of a Task force in charge of implementing the EESE report recommendations in close collaboration with all possible beneficiaries and stakeholders.
- Specify the role of the ILO and other international organizations in relation to improving enabling environment for sustainable enterprises development in Armenia.

- Consider major obstacles to sustainable enterprises and sustainable employment in an attempt to foresee the issues that might turn into major topics for social partnership agenda for the years to come. These insights might be used as technical input for future planning with ILO constituents, i.e. in connection with the implementation of a new DWCP.

Scope and clients of the assessment

The scope of the assessment is considered to be the project in Armenia delivered under ARM154 in 2016-2017, in connection and with due regard to the results accomplished with the Armenian constituents in 2015 under SMO127, specifically the EESE report and recommendations set.

The evaluation will serve the Armenian constituents, ILO management, technical specialists and programming staff in elaboration of new initiatives and concrete follow-up actions aimed to improve enabling environment for sustainable enterprises in Armenia.

While evaluating this project special emphasis is given to the basic components impacting on the enabling environment for sustainable enterprises, which in turn provides essential grounds for sustainable development of Armenia, as follows:

- political component/element
- economic element
- social element
- environmental element

Gender equality is also among the major concerns considered while assessing the project.

Methodology

Interviews, research and “brainstorming” sessions were conducted in July – August 2017 in Yerevan, Armenia, with key actors such as ministries, other government institutions and ILO constituents, experts and legislators.

The following steps were taken while conducting this project evaluation:

- i) desk research, including available literature and materials, documentation review (Enabling Environment for Sustainable Enterprises in Armenia Report), where preliminary material was collected and analysed;
- ii) orientation phase with the ILO DWT-CO management and Senior Specialists;
- iii) designing an action plan and guiding questions to carry out interviews, consulted and validated with ILO Yerevan and Moscow representatives (on-distance);
- iv) field phase and research, including acquisition of relevant data, collection of information, exchange of ideas on project implementation, interviews were held with local stakeholders (representatives of civil society, local and central government, employers’ organization, trade unions, scholars and experts);
- v) report drafting stage with a presentation of main findings;
- vi) drafting proposal on EESE action plan and task force after consulting with RUEA, ILO, government agencies, NGOs and experts;
- vii) making revisions in the report based on observations and remarks from all parties and stakeholders that have been considered, examined and integrated into the findings;
- viii) final phase, including oral debriefing to the project manager/Enterprise Specialist and DWT/CO Moscow representatives on the preliminary findings, conclusions and recommendations.

The main sources of information for the evaluator have been interviews, documents provided by the ILO, literature review, “brainstorming” sessions, meetings and exchange of ideas with key stakeholders and actors.

At general management level, consultations and interviews were held with ILO Offices in Moscow and Yerevan in July – September 2017.

Main findings

Relevance. The project is highly relevant to ILO policies and priorities, and is aligned with the overall strategies indicated in the ILO Strategic Framework. The initiative is also relevant to Armenia’s policies and priorities spelt out in national strategies. This seems to be more apparent in Armenia given the state of enabling environment for sustainable enterprises and the obstacles to reach anticipated environment for participating actors and stakeholders, which, in turn, require more ambitious initiatives for resolving the identified issues. The design of the project could be improved through a more feasible linkage between the project expected results and actions required to reach overall objectives. An extensive survey has taken place, however, trade unions were not much involved to further strengthen project’s position and alignment with national needs.

Effectiveness. One of the achievements of this project is the ability to point out the majority of concerns related to the Enabling Environment for Sustainable Enterprises. Obviously, high level of awareness of the state of affairs had allowed to design proper questions to evaluate the overall business environment and the climate for sustainable enterprise development. Sufficient research and managerial skills were used to conduct the survey with 300 companies in Armenia aimed at stimulating the debate and providing adequate evidence for anticipated policy reforms. Also, secondary data review through several focus groups and discussions with potential beneficiaries provided additional data for further analysis. Although the generated questionnaire and the conducted survey allowed to reveal a number of vital issues and concerns related to the achievement of enabling environment for sustainable enterprises, the secondary information could have been better analysed and the project could be better structured from the sustainability and feasibility points of view. The role of the ILO cannot be overestimated in terms of supporting knowledge sharing and technical support to improve the coordination of interested parties and all possible stakeholders.

Part of the set objectives were certainly achieved (i.e., initiation of social dialogue on EESE, identification of political, social, economic and environmental components of EESE), others yet in progress are related to capacity building and trainings of beneficiaries and other stakeholders. Particularly, it should be noted that employers’ associations are by now quite developed, over more than twenty five years of independence (e.g. REUA, SME DNC, other associations), however, in our view, trade unions are still lacking institutional development and proper management. In fact, trade unions are expected to play a major role in creating an enabling environment for sustainable enterprises and investments. Particularly, trade unions are expected to speed up and complete the transition to a free market economy, influencing the economic system, impacting on wage policies, unemployment benefits, as well as maintaining sufficient level of social security. This part will heavily depend on ILO’s professional and technical assistance and the willingness of the government to support the started process. Therefore, the examined project might be considered as a first attempt toward the above-mentioned direction, however, coordinated efforts of all stakeholders in collaboration with international organizations (ILO and other UN based agencies) are needed to achieve an enabling environment for sustainable growth.

Efficiency. Based on our observations this project was implemented with local human resources, with ILO's funding and professional support. This has brought about satisfactory results in term of cost-benefits and use of resources. A high degree of independence was given to REUA to compose the questionnaire on EESE and conduct the survey of entrepreneurs, to choose companies at national level and use proper tools to interview the stakeholders. The same relates to strategic and tactical tools to plan and organize the needed activities. Round table debates and discussions were conducted to explore the opinions of beneficiaries and the general public. Efficient use of local human resources had saved financial resources that would have been otherwise needed to implement this project. The ILO DWT/CO professional support was engaged to use the information obtained and compose the final report on Enabling Environment for Sustainable Enterprises in Armenia.

Sustainability. The project ends up with a set of clearly identified conditions for action, desired results and measures to achieve them. However, most of these do not suggest precise steps or actions to undertake. Most of the recommendations are made from the employers' standpoint, whereas workers' concerns are of not less importance. Namely, social issues are mentioned among others within the analysis of the Social element in the final report (namely, life-long education, business culture, social justice and other), however none of them is mentioned in policy recommendations. Moreover, it does not include an exit strategy that could be recommended to the Ministry of Labour and Social Affairs of Armenia, which can involve the latter in further action and ensure sustainability. Ownership is another issue to work on further. One of the main achievements is the dialogue initiated between the employer's union and other beneficiaries that needs to be further institutionalized to produce more and better results. To better utilize the existing opportunities and advantages of Armenia in creating an enabling environment for sustainable enterprises a workable and feasible task force is required to bring together and harmonize the interests of all possible stakeholders. Sustainability strongly depends on the format of the task force and responsibility of members of the task force. We recommend to include representatives of the government, civil society experts and business community members. Also, precise timelines for each phase of action are required along with the designation of people in charge of each step of implementation of the action plan. Therefore, initially designed action plan also needs to be discussed and approved by prospective task force members and relevant structures (Ministries, NGOs, Unions, etc.). Finally, the role of the ILO cannot be overestimated. ILO's professional and technical assistance will be needed for an effective, efficient and successful implementation of the action plan.

Gender Concerns. Although gender equality remains significant among employment related issues and concerns in Armenia, less attention is paid to these issues in the report produced by the project. As a distinguished international organization, ILO monitors gender equality issues and keeps them under careful attention as a key component of its projects' strategies. On the one hand, women are still among the vulnerable groups in terms of recruitment and employment, on the other hand, they hold enormous potential in Armenia both to be self-employed and to contribute to the overall process of achieving an enabling environment for sustainable enterprises. Therefore, we suggest to include a successful female representative of business community in an anticipated task force to better and more effective coordination of activities.

Knowledge Sharing. Throughout the entire process of designing the questionnaire, interviews and other relevant phases of conducting the survey knowledge sharing plays a significant role. In this particular project, knowledge sharing on enabling environment for sustainable enterprises has been mostly taking place during the workshops, involving beneficiaries and stakeholders. It is worthy to mention that less consideration was given to knowledge sharing with the expert community of Armenia, whereas the mentioned topic is of major and continuous interest for a number of young scientists and prominent scholars. Particularly, knowledge sharing might be useful to examine the

major obstacles for sustainable enterprises, opportunities for employment, tools and channels of disseminating success stories and other means of sharing data and raising awareness. Given this, special attention should be paid to the knowledge that is generated from real life examples, skills and expertise accumulated during project implementation, and developed both in daily activities and acquired through specialized trainings and studies, as well as best practices that can be customized and utilised by different companies in various sectors of the economy.

Conclusions

- The project is aimed at improving the environment for sustainable enterprises. Four major components are chosen to address the major trends and obstacles: economic, social, political and environmental. Social dialogue is important to improve the state of affairs in all four components. Environmental and social components are paid less attention in project analysis compared to economic and political components. The same misbalance is reflected in the recommendations.
- Due to the efforts of participating structures, the main stakeholders were involved in interviews and discussion related to this topic in Armenia.
- The project has been effective in identifying the main issues and concerns related to the Enabling Environment for Sustainable Enterprises. Part of the set objectives were certainly achieved (i.e., initiation of social dialogue on EESE, identification of political, social, economic and environmental components of EESE), others yet in progress are related to capacity building and trainings of beneficiaries and other stakeholders. The project ends up with a set of clearly identified conditions for action, desired results and measures to achieve them. However, most of these do not suggest precise steps or actions to undertake.
- International experience in the mentioned field has not yet been fully analysed and localized in an attempt to indicate key methods of improving existing business environment in Armenia.
- The role of ILO is mostly appreciated in terms of cooperation, technical and professional assistance, as well as raising awareness of civil society on existing issues and spreading benchmarks and success stories from global economy and international labour markets.
- To better utilize the existing opportunities and advantages of Armenia in creating an enabling environment for sustainable enterprises a workable and feasible task force is required to bring together and harmonize the interests of all possible stakeholders.
- The structure and design of the concept note is logical, however there are not sufficient linkages between the bottlenecks of the project and the priorities set in the Strategy for long term economic development of Armenia for 2013-2025. Also, recommendations are expected to be better structured and include more concrete actions to achieve the goals. The role of trade unions is not specified and examined from the standpoint of project topic. Exit strategy is not developed for this project.

Recommendations and next steps

We propose to engage all interested stakeholders in the implementation of the recommendations. Particularly, we suggest to utilize and absorb professional and technical potential of the government, business community and experts/representatives of civil society professional organizations /employers unions, trade unions, think-tanks, consumers unions, etc./, and the ILO (and other international organizations).

Below is a list of the main recommendations:

1. In order to achieve the desired level of enabling environment for sustainable enterprises, issues need to be prioritized.
2. Sufficient linkages between the objectives of the project and the priorities set in the Strategy for long term economic development of Armenia for 2013-2025 need to be established.
3. The dialogue initiated between the employer's union and other beneficiaries needs to be further institutionalized to produce more and better results.
4. More capacity building and technical assistance is required for trade unions or workers associations. Namely, proposed capacity building of trade unions may consider strengthening the bargaining power, improving the ability to lobby employees' interests in executive and legislative branches of power, raising the awareness of workers on their rights and freedoms, enriching the instruments and ability to be more active in a social dialogue and participation in public – private partnership, impacting on wage policies, unemployment benefits, etc.
5. Coordinated efforts of all stakeholders (government agencies, employers unions, NGOs, experts community) in collaboration with international are needed to achieve enabling environment for sustainable growth. Such coordination will allow to better allocate and efficiently use existing human, financial and other resources.
6. ILO's further assistance will be needed for effective, efficient and successful implementation of the action plan. Also, the outcome of mentioned project may also be discussed with other international structures (such as UNIDO, the World Bank, others) that are also concerned about enabling business environment and employment issues according to their mandates, strategy goals and principles.
7. International experience on EESE needs to be further analysed and localized in an attempt to indicate key methods of improving existing business environment in Armenia.
8. An action plan is needed with an indication of people in charge for a specific period of time in terms of implementation, an agreed format and dates of reporting.
9. To better utilize the existing opportunities and advantages of Armenia in enabling environment for sustainable enterprises a workable and feasible task force is required to bring together and harmonize the interests of all possible stakeholders.
10. We recommend to include representatives of the government, civil society experts and business community members into the implementation of the next steps and composition of the task force.
11. We suggest to include a successful female representative of business community in an anticipated task force for better and more effective coordination of activities
12. Special attention should be paid to sharing the knowledge that is generated from real life examples and project objectives, skills and expertise required for project implementation, and developed both in daily activities and acquired through specialized trainings and studies, as well as best practices that can be customized and utilised by different companies in various fields of the economy.

Main Lessons Learned

1. Permanent efforts are needed to reach anticipated goals and utilize the proposed priorities designed in EESE project. Social dialogue has only started. It needs to be continued and improved to assist EESE.
2. More attention needs to be paid to capacity building of trade unions to better protect the rights of employees both in public and private sectors and get more meaningful involvement in the EESE process.

3. Project background

Purpose and objectives of EESE project

Creation of favorable conditions for competitive business environment and promotion of sustainable entrepreneurship is among key priorities in the world economy. These issues remain critical after the global financial crisis and play major role in improving the level of competitiveness of goods and services provided to the customers worldwide. In this regards, following the seventeen conditions identified by the 96th session of International Labour Conference in Geneva in 2007 for an enabling environment, the Oslo Declaration adopted at the 9th European Regional Meeting in April 2013 calls on the ILO to, “*promote policies which build and maintain business confidence, enterprise sustainability, particularly of SMEs, in line with the 2007 ILC resolution on sustainable enterprises.*”

Particular role is given to employers and workers’ organizations to empower entrepreneurship and promote sustainable business development as an important component of social market economy, particularly in post-soviet type of economies and to lobby particular interests at all levels. Enabling environment for sustainable enterprises also requires transformation of previous management expertise, mentality and knowledge into a more competitive one for governments and the social partners to better suite current developments. Therefore, more capacity building and technical assistance is required for trade unions or workers associations.

As stated in the ToRs, despite their limited capacities, it is increasingly recognized by the governments as well as the social partners that it is critically important to strengthen the capacities and roles of the real economy players, the employers and the workers and the government, for a dynamic and competitive market based economy. In this context, the importance of an enabling environment for sustainable enterprises development is a strategically important area. There is a demand in the sub-region to build more capacity on the application of tools and procedures that foster conditions conducive to an enabling environment for sustainable enterprises and for improving the competitiveness and productivity of SMEs as main generators of wealth and jobs.

Among other countries of the subregion, Armenia was chosen for the implementation of the EESE process, which was initiated by the ILO and the Armenian Employers’ Organisation (RUEA). The present Armenian government has initiated a new phase of economic reforms aimed at improving sustainable business operations, and in this context the EESE methodology has been implemented to collect and analyse all the necessary data and to identify key areas to implement actions aimed at improving the business climate in Armenia. With the help of four focus groups of SMEs, the EESE methodology identified the most relevant thematic areas in which work will be required to generate improvements in the political, economic, social and environmental dimensions.

Description of interventions

In 2014-2015 and 2016-2017 biennia the ILO DWT CO for Eastern Europe and Central Asia, jointly with the ILO HQ ENTERPRISES department, Europe Regional Office and ACTEMP, elaborated a set of initiatives aimed at creating a conducive environment for establishment and growth of SMEs by introducing the ILO’s approach on Enabling Environment for Sustainable Enterprises (EESE) in the Caucasus (Armenia, Azerbaijan and Georgia) and Central Asia, as follows.

2014-2015: Promotion of EESE tool with Employers' Organizations (SMO 127)

The aim of this intervention is to build the awareness and capacity of the Employers' Organizations in the participating countries to use the ILO's methodology and tools on EESE. A sub-regional workshop was organized to provide a knowledge and experience-sharing platform on the use of the EESE and ILO technical support to develop national assessment reports and action plans for the implementation of EESE.

EESE tool is the ILO's response to the need for providing evidence-based recommendations on how to improve the business environment. The EESE methodology builds on the ILO's comprehensive approach of "sustainable enterprises" as a principal source of growth, wealth creation, employment and decent work. EESE capitalizes on the ILO's tripartite structure, bringing together government, the private sector, and workers. As such, EESE is a comprehensive and powerful ILO methodology developed to assess, advocate and reform the environment in which enterprises start up and grow, and therefore:

- allowing stakeholders to identify the major constraints hampering business development;
- fostering dialogue between workers, employers and the government to reach shared policy recommendations;
- supporting the adoption of effective reforms;
- unlocking entrepreneurial potential and boosting investments that can generate overall economic growth, create better jobs and reduce poverty.

The following milestones were defined towards the achievement of SMO127 outcome:

1. EOs in Georgia, Armenia, Azerbaijan, Uzbekistan, Tajikistan, Kyrgyzstan, Russian Federation, Kazakhstan and Belarus increased capacities on applying EESE methodology (by end April 2015);
2. National discussions on EESE and its improvement initiated on the basis of national assessments of business environment in five countries: Georgia, Armenia, Uzbekistan, Tajikistan and Kyrgyzstan, as a platform for building up tripartite consensus on the concrete areas of action (by end September 2015).

The following studies/publications were produced with the support of the project:

1. The enabling environment for sustainable enterprises in Armenia. ILO Geneva 2016 http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_465083.pdf
2. The enabling environment for sustainable enterprises in Georgia. ILO Geneva 2016 http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_472659.pdf

Shortly the report on Kyrgyzstan will also be published. Two reports on Uzbekistan and Tajikistan were created and are under the revision by the EOs.

2016-2017: Sustainable entrepreneurship is promoted by the constituents through assessments of enabling environment, social dialogue and formulation of evidence-based proposals for its improvement in Armenia (ARM 154)

This initiative builds upon the results and lessons learnt during the implementation of the subregional project (SMO127) and is targeted specifically on Armenia. The employers' organization in Armenia (RUEA) has demonstrated a strong leadership in EESE process and is very interested in its continuation in accordance with its mission and objectives. On the basis of discussions at the sub-regional workshop on the enabling environment for SME development organized in the framework of SMO127 in Tbilisi in March 2015 and more detailed

consultations with the Armenian constituents afterwards, the first stage of the EESE implementation started in October 2015.

By the end of 2015 the following results were achieved: primary research (survey of 300 entrepreneurs, focus groups) in December 2015 and secondary research (key statistical resources on business environment) in August 2015. On February 18, 2016 the national EESE conference took place with ample participation of tripartite constituents and key stakeholders. An intention was expressed to establish a Task Force for EESE in Armenia which could have several sub-committees on different topics like education and access to finance, at the moment the discussion is whether an *ad hoc* committee should be created or whether existing committees/commissions should be used for this purpose.

Based on the progress achieved the following milestones were formulated towards the achievement of outcome ARM 154:

1. tripartite constituents have analyzed the enabling environment for sustainable enterprises (by end September 2016)
2. constituents have built up their capacity to lobby for and support development of a policy framework for sustainable enterprises (by end December 2016)
3. constituents have proposed improvement of new policies, regulatory and administrative changes contributing to the enabling environment (by end March 2017)
4. the government develops new policies, laws or regulatory and administrative changes contributing to an enabling environment (by end 2017).

Project management arrangements

The activities are being managed by DWT/CO-Moscow under technical guidance and supervision of the Enterprise Specialist in strong collaboration with the Senior Specialist in Employers' Activities (ACTEMP). Other relevant DWT/CO-Moscow Specialists, Technical Cooperation projects and HQ departments (i.e., ACTEMP, ENTERPRISE, Regional Office for Europe and Central Asia) contributed with their resources and expertise.

Overview of the Project Components

The project and the EESE survey and report in particular pay keen attention to political, economic, social and environmental elements of enabling environment for sustainable enterprises. This helps to consider all possible impacts while implementing reforms to reach the national development goals, i.e. on enterprise development.

Political elements

This aspect of the enabling environment is assessed by indicators commonly used to measure political aspect of reforms. However, aside from acceptable standards, local peculiarities are also considered to understand current realities. Particularly, closed borders with neighbouring Turkey and Azerbaijan create additional burdens for economic progress in Armenia, having its negative impact on enabling environment for sustainable enterprises. From the standpoint of peace and political stability foreign policy of Armenia toward Eurasian Economic Union is analysed along with continuous attempts to improve the overall environment for trade and cooperation with the European Union.

As indicated in observed report, this indicator presents the likelihood that the government could be destabilized by unconstitutional or violent means, including domestic violence and terrorism and estimates governance measured on a scale from -2.5 to 2.5. Higher values correspond to better

governance. Based on World Bank data it is clear that the political situation in Armenia still lags behind such countries like Croatia and Latvia, but in 2013 still better than in Georgia and Macedonia. In 2014, however there were negative trends related to this indicator and the value of this indicator was negative (-0.21) and as a result Armenia was almost on the same level as Georgia and still far behind other comparable countries.

Next is the *indicator of good governance*, the absence of corruption and efficient institutions that commonly foster entrepreneurship and promote private sector growth and development. As shown in some previous reports, corruption is identified as an important problem in Armenia. Corruption Perceptions Index reflects the situation compared with Croatia, Georgia, Latvia and Moldova (it measures perceived levels of public-sector corruption as seen by business people and country analysts in a given country and is a composite index, drawing on different expert and business surveys). As mentioned in observed report, the scores are on a scale from zero (highly corrupt) to ten (highly transparent). This report describes corruption in Armenia as very problematic. All countries taken in comparison perform better than Armenia. But looking at this index for Armenia, it is obvious that the country made improvement from 2010, when the value of this indicator was 2.6. During the period from 2010-2014 Armenia made progress from 2.6 to 3.7 and again recorded a slight drop to 3.5 in 2015.

Another issue raised is *bribery and other forms of corruption*: according to the EESE survey, 17.7% of all respondents stated that bribery and other forms of corrupt payments are issues that consistently impact firms in the country, which is highly worrying. On the other side, 22.3% of the companies state that it never influenced their business operations. Overall, 51.4% of the companies recognize bribery and other forms of corrupt payments, as an issue that consistently impacts on firms.

Control of corruption is an indicator that shows the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “control” of the state by elites and private interests. It is measured on a scale from -2.5 to 2.5 where higher values correspond to better governance. Based on that, the Control of Corruption indicator for Armenia is very low. In 2014 among the countries of comparison only Armenia recorded negative values. Some small improvements of this indicator are recorded in the period 2007-2014 but these improvements are small and authorities in the country need to put more efforts in this area.

The majority of firms are not informed about the existence of effective and independent anti-corruption institutions responsible for handling complaints made by the private sector. It is noted that the main institution involved in control of corruption in Armenia is the Anticorruption Council. Armenia adopted an anti-corruption strategy for 2015-2018 with four targets, namely: combating corruption in healthcare, education, revenue collection and police services. Additionally, E-Democracy is an important step which is in the process of development in Armenia.

As highlighted at the Conference in Yerevan in February 2016, the Government and all other stakeholders should do more to promote the existence of the Council and make its work more transparent and visible. Government’s work within this council needs more support from all the other stakeholders, as the fight against corruption is not the obligation of the Government exclusively. The majority of the stakeholders are not satisfied with the composition of the Council and all want to be members of the Council.

Based on the project survey, as well as other data and when compared to other countries, Armenia performs only slightly better than Macedonia and ranks worse than other comparison countries. Employers believe that the Government doesn’t include all the relevant stakeholders in the process

of drafting Laws. This should be changed and all interested parties, especially trade unions and employers' federations should be involved in all processes of drafting and adopting legislation, especially legislation that targets labour relations and similar issues. One of the most relevant issues is also to what extent are procurement procedures transparent while tendering for public bids. Secondary data reflect improvements in regards to government efficiency in Armenia in recent years.

Social Dialogue is given high priority along with freedom of association and the right to collective bargaining is fundamental for the achievement of effective, equitable and mutually beneficial outcomes for ILO constituents and society at large. It is mentioned that the terms and principles as well as the parties, the system and the forms of Social partnership are defined by the Labour Code of Armenia. Based on the Labour Code, the National (collective) Agreement was signed in April 2009 among the Government, the Confederation of TUs and the Republican Union of Employers of Armenia. Starting from 2007 the ILO has supported a range of workshops and seminars for all three parties of social partnership. The Tripartite Commission, which includes the Ministries of Labour (chair), Finance, Economy, Justice and Health on the Government's side, and the Confederation of Trade Unions of Armenia and the Republican Union of Employers of Armenia on the side of social partners, meets frequently. However, trade unions are not powerful enough to participate in political processes and in effective protection of employees' rights.

Finally, respect for *human rights and international labour standards* is a distinctive feature of societies that have successfully integrated sustainability and decent work. Armenia is the only country of all comparison countries, that adopted all 9 main human rights conventions (Croatia, Georgia, Latvia and Macedonia have all adopted 8 of the 9 main human rights conventions). Furthermore Armenia has ratified 29 technical conventions. The human rights situation in Armenia can also be assessed considering the following indicators. The 'Political Rights Index' measures the level of freedom in the electoral process, political pluralism and participation, and functioning of the government. In a range from 1 to 7, with 1 representing the most free and 7 representing the least free, Armenia has maintained a stable level of 5 between 2012 and 2014 outscoring all countries of comparison. There has been a slight decrease compared to 2008-2011 when the score was 6. The 'Civil Liberties Index' measures freedom of expression, assembly, association and religion. On a scale from 1 to 7, with 1 representing the most free and 7 representing the least free, Armenia performs relatively well with a stable score of 4 between 2006 and 2014. Armenia outperforms the countries of comparison that score 2 and 3 on this indicator. The indicators give a positive view, in relation to other countries, on respect for universal human rights.

Economic elements

Key indicators to assess economic elements of an enabling environment for sustainable enterprises are such as GDP growth rate, export propensity index, FDI net inflow, inflation, trade, labour force participation rate (%), current account balance, gross capital formation, gross domestic savings, paying less attention to the level of competitiveness of Armenian goods and services, anti-trust policies, youth unemployment, national currency's depreciation, and other relevant issues and indicators. It is worthy to consider that in recent years Armenian economy was characterized by decreasing growth of the national economy followed by an increase of the current account deficit. Among the greatest sources of economic vulnerability are infrastructure; lack of domestic market competition; fragile institutional environment; high unemployment rate; and the business environment. Investment in the North-South motorway (Iranian to Georgian frontier) is expected to contribute to growth, as is the expansion of credit, which will boost household consumption. It is presumed that FDI might increase owing to closer relations with the EU, the banking sector is well capitalized thanks to stronger prudential rules. GDP growth and Armenian economic development

lags behind the countries considered in this report (with the exception of Latvia and Croatia).

As a country largely dependent on foreign trade, Armenia is making significant efforts to attract foreign direct investments. The Government has adopted an “open door” policy, with Most Favoured Nation (MFN) and National Treatment regimes in place, and thoroughgoing legal protection to promote foreign investment.

As indicated in EESE report, there is wide agreement that a current account deficit of 8-10 percent of GDP is high, and the higher the current account deficit, the higher the risk for the overall economy. This indicates that Armenia needs to do more to strengthen domestic production to improve the current account balance. This confirms that the Armenian economy is overly dependent on foreign investments. If in the coming period this level of investment decreases even further, it could lead to an economic crisis in the country.

The inflation rate in Armenia has undergone many fluctuations for the past 10 years. Regardless of all the changes, Armenia has not recorded deflation for the past 10 years which indicates a constant increase of prices on the market. When looking into the figures for countries used for comparison, projected inflation in 2015 was the greatest in Armenia followed by Georgia. The issue of the level of inflation is both recognized during focus group meetings held and was also mentioned in direct interviews with companies.

As shown in the analysis, the inflation rate represents one of the biggest issues for the competitiveness of companies in Armenia. For 34.7% of companies the inflation rate is a very significant factor that affects companies’ plans to invest and expand.

Along with influences of the inflation rate, companies identified high interest rates as a problem for conducting business in Armenia. The interest rate is perceived to be an obstacle and a very significant factor affecting the competitiveness of companies in Armenia by 81% of companies.

Finally, the most important challenge for the majority of companies is the volatility of the currency exchange rate and it is affecting the decisions of firms to export. Exchange rate volatility is a very bad signal for foreign investors in Armenia. Almost half of the interviewed companies (44.3%) recognized this factor as very important and very significantly affecting the decision of firms to export. Lower economic activities in Armenia in recent years are also recognized in companies’ expectations about planning and profitability.

However, the report did not mention facilitating positive trends, particularly, relatively stable positions of the national currency – Armenian Dram. It is worthy to mention that both in 2015 and in 2016 Dram was the only currency to stay away from high rates of depreciation and hyperinflation among nearly all post-soviet currencies.

The most prominent obstacle for improvement of productivity of the companies is labour costs. This is reported by 57.1% of companies. The next big impediment for doing business is skills shortage (for 18.2% of companies) followed by negative attitude of employees (for 9.2% of companies).

Trade and sustainable economic integration also impact on the enabling environment for sustainable enterprises, in particular on job creation. Statistic data suggests that Armenia is improving its situation in this sector year by year. This is also reflected in the responses to the EESE survey, where more than 40% of companies think there is an increase in the amount of product they export.

Analysing the absolute value of export in Armenia from 2010, according to National Statistical Service of Armenia, exports have improved year by year.

According to the survey, many of the interviewed companies are not aware of the benefits arising from government incentives such as tax breaks for exporting companies (49.7%). The situation is the same regarding the access to trade finance and credit guarantees. According to The Ease of Doing Business Index, the situation is not so good concerning trading across borders, the biggest costs to export are recorded in Armenia itself. Moreover, with 16 days to export, Armenia is at the bottom of the list when it comes to export time compared to the other comparator countries. In addition, the enterprise survey has shown also that firms that rely exclusively on the domestic market do so because they lack the capacity to export, i.e. dealing with licences, regulations, etc. Almost 50% of the companies share this opinion with just 10% of companies thinking the opposite.

Enabling legal and regulatory environment. Well-designed and clear regulations, including those that uphold labour and environmental standards, are good for the promotion of start-ups and enterprise development. The data show that Armenia has improved in this regard over time, moving from 38 in 2015 to 35 in 2016.

The overlapping of regulatory bodies (agencies, inspections) is a major problem undermining the business environment in Armenia. Along with the size of the tax burden and tax administration, companies in Armenia identified the big potential for simplifying the tax collection process.

Rule of law and secure property rights. According to many international organizations, in Armenia and in a number of the lower-middle income CIS countries the dominant problem is underdeveloped institutions of a market economy which includes security of property rights. From 2009-2013 Armenia has slightly improved on the Rule of law index (-0.5 in 2009 and -0.3 in 2013), but still underperforms with respect to the countries of comparison as for instance Latvia with 0.7 or Croatia with 0.2. As for the Property Rights Indicator by the World Economic Forum, Armenia scores average in this area, higher with 4.2 than Croatia (3.8) and Georgia (3.9) but lower than Latvia (4.6) and Macedonia (4.6).

Fair competition. Focus groups participants do not see SMEs recognized as a priority of the Government but rather standing in the shadow of big companies. In addition, they do not see that the Government supports any kind of activities related to export of goods and services. SMEs feel like they operate in the environment of monopoly, with unfair competitors, who make it hard to compete overall. Armenian companies emphasized that large and foreign owned companies were favoured in comparison to small companies, which according to respondents represents a big problem for the development and the advancement of small companies in Armenia. Even though the data show progress, the business environment in Armenia still needs stronger endeavours in the coming period.

Information and communication technologies Research suggests that access to information technology (ICT) enhances competitiveness and innovation. By the ICT Development Index that compares developments in information and communication technologies (ICT) in 154 countries over a six-year period from 2007 to 2015, Armenia improved more than 100%. As for the Networked Readiness Index (NRI) there are no substantial differences between the countries compared in the report. According to World Economic Forum's Global Information Technology Report, approximately 46.3% of Armenian citizens use the internet.

Access to financial services. All the survey participants agreed that interest rates were very high

(over 15-25%) and that there were no specialized credit lines for specific sectors. Collateral requirements cause great problems to employers. According to survey findings, the majority of companies in Armenia rely on self-financing in their daily operations. By the Credit Information Index Armenia scored 8 in 2014, meaning that information about financial products was well disseminated.

Physical infrastructure. While it is obvious that roads infrastructure presents one of the most important factors for the development of business in the country, and based on survey participants' answers, physical infrastructure is good but could still be improved, the statement that "the developments in the energy sector are seen as one of the main obstacles for doing business in Armenia", is not always reflecting the state of affairs in all sectors of the economy. This was highlighted by both focus group participants but also by interviewed companies. 34.7% of surveyed companies are of the opinion that there are no competitive options available in the energy provision market, while merely 3.4% thinking these options are available. The latest somehow contradicts the previous statement and puts under a question mark the reliability and awareness of the opinions of some participants.

Social Elements

This section of the report examines indicators assessing social elements of an enabling environment for sustainable enterprises such as: new business density, coverage by health care (% of total health care), public expenditure on health (% of GDP), old age expenditure (% of GDP), education index, labour productivity, labour skills, firms offering formal training (% of firms), extent of staff training, literacy rate, youth total (% of people ages 15+), public social security expenditure (% of GDP), female share of employment, gender inequality index (GII), GINI coefficient, labour force participation rate.

Entrepreneurial culture. The procedure to open a new company in Armenia is very simple as Armenia has done a lot to simplify processes of establishing companies. It can be done within a few minutes and at a low cost. But the closing of a company is perceived as a major problem by the majority of participants. Closing a company takes a long time and is very costly, with the result that a lot of companies do not actually close but rather suspend their activity. After starting a business, entrepreneurs face a whole range of other problems including high interest rates, a great number of duties imposed by the state and local authorities, and unfair competition.

Education, training and lifelong learning. A well-educated and well skilled workforce is the main strength of Armenia where annual public expenditure on education is about 2% of GDP. Armenia lags behind Croatia and Latvia but is ahead of Georgia. Another important indicator is the Education Index that measures educational attainment by the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio. Armenia reached better result than Macedonia but it still lags behind Georgia, Croatia and Latvia. According to survey participants, only 20% of the labour force possess the necessary skills and knowledge to satisfy labour market needs after leaving schools. Based on survey findings, the main missing competences among school leavers today are analytical and conceptual skills (33.7%) followed by communication skills (19%) and interpersonal skills for 10.3%. Skills shortages negatively affect private sector business according to more than 70% of companies. According to survey findings skills shortages have negative effects on new working practices, the introduction of new technologies and the development of new products or services.

Social justice and social inclusion. EESE report suggests that inequality and discrimination hinder the creation and growth of sustainable enterprises, therefore, explicit policies for social justice, social inclusion and equality of opportunities for employment are needed. Armenia has a 'GINI coefficient score of 30.30 which is rather low compared to, for instance, Georgia (with a score of 41.35). The extreme poverty rate is still high, however, for the first time after the crisis the incidence of very poor dropped by 1.7 percentage points against 2008. The capital city Yerevan had the lowest poverty rate in the country (25.2%), which was 1.4 times lower if compared with other urban communities. In 2014, poverty in Yerevan as compared to 2008, grew by 5.1 percentage points, whereas poverty incidence in other urban communities, while still being the highest, dropped by 0.7 percentage points over 2008. In terms of urban/rural distinction of welfare, the majority of the poor (63.6%) were urban residents: In 2014, the lowest rate of very poor was observed in Yerevan and the highest in other urban communities (9.0% and 13.6%, respectively). In terms of urban/rural locations, the majority of the extremely poor (67.9%) were urban residents.

Gender equality. For Gender equality rating Armenia has a stable and positive score of 4.5, which is the same as Georgia. The female share of employment, which with 47.8% in 2013 is in the same range as Latvia and Croatia and considerably better than Macedonia (40%). Finally, on Gender Inequality Index Armenia scores relatively poor compared to other countries with a score of 0.3. Nevertheless, given the value of 0.6 for Armenia in 2008, considerable improvements have been made.

Social protection. This report pays attention also to adequate social protection, public expenditure on health, coverage by health care. The expenditure on old age pensions, 1.68% of GDP seems to be rather low comparing to other countries (Croatia 6.38%, Macedonia 4.08) and also the coverage (80% in 2011) could be improved. However, the latest available data on both indicators is from 2013 and 2011 respectively. Still further improvements can and should be made to ensure adequate social protection. Most of the data do not consider the changes and trends in 2015 and 2016, sometimes – in 2014 and earlier.

Environmental elements

Finally, environmental elements of EESE are examined based on such indicators as environmental performance index, population exposure to pollution levels exceeding WHO guideline value, total ecological footprint, exposure to pollution CO₂ emission, forest area rate. According to the first indicator, Armenia performs better than Macedonia and Georgia but still lags behind Croatia and Latvia. The Forest Area indicator has been recording a constant drop year by year. Armenia is still far behind Croatia and other countries.

Based on the Armenia Development Strategy for 2014-2025, in the target period it is especially important that parallel to the Government's efforts for improving economic growth rates, measures should be taken to reduce as much as possible the associated environmental risks.

Although the Report suggests that recent increased economic activity has put Armenian natural resources under additional pressure, new mining projects, particularly, Amulsar and Teghut, are not even mentioned, whereas ecologists warn of major disasters from them. Overexploitation and use of pastures have also led to erosion and threatened biodiversity. The increasing industrial use of lands and the intensification of new settlements without proper zoning are amplifying the pressure on the scarce and fragile Armenian lands. Pollution poses an increasing problem: Alaverdi (with the copper extraction and processing facility), Ararat and Hrazdan (with cement factories) are the most polluted

cities in the country. The situation of air quality in Yerevan is also poor and affected by transport emissions and dust due to construction works and aggravated by the reduction of green areas in the city. It is also doubtful that the country will achieve its MDG7 (now SDG 17) on use of less polluting solid fuels.

Overview of the overall challenges to EEESE

Despite the tangible progress in improving Armenia's economic performance, investment and business climate (the country moved up 4 ranks in the Doing Business rate between 2015 and 2016), the major issues remain unsolved. Among them:

- Lack of transparency and the implementation of the Armenian regulatory system;
- Application of tax, customs (especially valuation) and regulatory rules (especially in the area of trade) is often inconsistent, creating uncertainty for medium-size businesses and market entrants.
- Significant gap exists between the quality of the laws enacted in Armenia and their implementation by government agencies and courts (poor enforcement of court decisions is also a problem);
- Worsened terms for getting credit, protecting minority investors and resolving insolvency.

According to both the primary and the secondary data the main barriers Armenian employers face are: regulatory framework, access to finance, informal economy and corruption, a mismatch between the education system and labour market needs and energy supply. Another issue is the limited role of trade unions and poor environment for protecting the rights of employees.

There is a need and room for improvement of business environment in the coming period. Based on employers' responses, the most important pillars that need to be improved are:

- good governance and some issues pertaining to political stability
- sound and stable macroeconomic policy and good management of the economy including energy supply
- trade and sustainable economic integration
- enabling legal and regulatory environment
- fair competition
- access to financial services
- education, training and lifelong learning

4. Evaluation background

According to the ToRs, the assessment is conducted in the framework of the regional Monitoring and Evaluation plan for 2016-2017 and in accordance with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation in order to examine the results achieved with RBSA resources and their contribution to broader ILO programming and country cooperation frameworks, including DWCPs.

Purpose

The purpose of this assessment is learning, improving further programming and refining the strategy for further action and the next steps.

The overall objective of the evaluation is to assess what has been implemented so far in the context

of the EESE project funded by the ILO RBSA, as well as to propose recommendations for the continuation of this intervention. In addition, an attempt is made to work out recommendations aimed at strengthening the capacity of the employers' organization and government structures and the social partners to elaborate and implement effective policies.

It is to:

- Review the work done so far, emphasize the strengths and weaknesses, as well as to develop suggestions for an action plan to improve the overall environment for sustainable enterprises and reach set goals, specifying anticipated outcomes, actors in charge and the dates for each step to be taken.
- Provide insights to better define the design and establishment of a Task force in charge of implementing the EESE report recommendations, specifying its purpose, composition, role, main activities and outcomes
- Specify the role of the ILO and other international organizations in relation to improving enabling environment for sustainable enterprises development in Armenia.
- Consider major obstacles to sustainable enterprises and sustainable employment in an attempt to foresee the issues that might turn into major topics for social partnership agenda for the years to come. These insights might be used as technical input for future planning with ILO constituents, i.e. in connection with the implementation of a new DWCP.

Scope and clients of the assessment

The scope of the assessment is considered to be the project in Armenia delivered under ARM154 in 2016-2017, in connection and with due regard to the results accomplished with the Armenian constituents in 2015 under SMO127, specifically the EESE report and recommendations set.

The evaluation will serve the Armenian constituents and Employers' Organization in particular, ILO management, technical specialists and programming staff in elaboration of new initiatives and concrete follow-up actions aimed to improve enabling environment for sustainable enterprises in Armenia.

While evaluating this project special emphasis is given to the basic components impacting on the enabling environment for sustainable enterprises, which in turn provides essential grounds for sustainable development of Armenia, as follows:

- political component/element
- economic element
- social element
- environmental element

Gender equality is also among the major concerns considered while assessing the project.

Direct recipients of the project are social partners, particularly the Republican Employers' organization, line ministries.

The ultimate beneficiaries of the project are employers unions, workers unions (trade unions), government agencies in charge of labour market, employment, business environment, social issues, etc., as well as experts, legislators, representatives of civil society and the enterprises that are to benefit from the reforms in the business climate and environment.

The main *clients* of this analysis will be ILO management, technical specialists, staff and tripartite constituents, Employers' Organization in particular. It is expected that the findings will be used by

the ILO and national stakeholders in elaboration of new initiatives aimed at supporting entrepreneurship and SMEs development.

Timeframes

The present evaluation was conducted from July to September 2017.

5. Methodology

Criteria and questions

The assessment applies the key OECD/DAC criteria of relevance, effectiveness, efficiency, sustainability, and provides recommendations on key actions to be undertaken further.

The assessment seeks answers to the following questions:

Relevance

- To what extent is the project approach for sustainable entrepreneurship promotion through EESE relevant to the constituents' needs and present country context?

Effectiveness

- What have been the major results and lessons learned during the RBSA projects implementation in Armenia?
- Have there been any changes in constituents' capacity to lobby for and support development of policy framework for sustainable enterprises?
- Does EESE potentially support concrete changes in business environment? What are the expectations of RUEA and key actors in the government? What are the main constraints for EESE to be successful (both in terms of methodology and context)?
- What is the most effective and efficient way to put in place a task force to provide technical support and follow up to the implementation of the EESE recommendations?

Efficiency

- Have resources available (time, funds, partnerships, knowledge, expertise and tools/know-how) been used efficiently?

Sustainability and impact potential

- Are the results achieved likely to continue after the end of the interventions?
- How to ensure that the Task Force and its work will be sustainable?
- Is it likely that the government will develop new policies, laws, regulations contributing to an enabling environment? Are they likely to produce longer term effects and benefits to the target groups?
- What action might be needed to bolster the longer term effects and to come to real policy measures generating a positive change in the EESE?

Recommendations and next steps

- What are the next steps to be undertaken? Which actors and which way should be engaged in the implementation of the EESE recommendations?
- What is the best way to proceed in order to put in place an EESE task force? What is the right structure to be implemented?

Evaluation Approach

The guiding principle in conducting the evaluation exercise has been wherever possible the use of participatory approaches, where relevant stakeholders are involved in the identification of main issues evaluated, which constitute the evaluation foci. The tight timing of the research and the unavailability of some stakeholders have to some extent posed a limitation in the implementation of this approach.

Steps

The following steps were taken while conducting Project evaluation:

1. desk research, including available literature and materials, documentation review (Enabling Environment for Sustainable Enterprises in Armenia Report), where preliminary material was collected and analysed;
2. orientation phase with the ILO DWT-CO management and Senior Specialists;
3. designing an action plan to carry out interviews, consulted and validated with ILO Yerevan and Moscow representatives (on-distance);
4. field phase and research, including acquisition of relevant data, collection of information, exchange of ideas on project implementation, interviews were held with local stakeholders (representatives of civil society, local and central government, employers' organization, trade unions, scholars and experts);
5. drafting stage with a presentation of main finding in an assessment report;
6. designing the action plan to come up and implement precise actions to reach set goals;
7. drafting proposal on task force after consulting with ILO, government agencies, NGOs and experts;
8. further work on observations and remarks from all parties and stakeholders to be considered, studied, examined and integrated into main findings;
9. final phase, including oral debriefing to the project manager/Enterprise Specialist and DWT/CO Moscow representatives on the preliminary findings, conclusions and recommendations.

The main *sources of information* for the evaluator have been interviews, literature review, field visits, "brain storming" sessions, meetings and exchange of ideas with key stakeholders and actors.

Evaluation limitations

The main limitations of this assessment is the period of work coinciding with the summer holidays of a number of stakeholders, as well as the overlapping schedule of many government structures, such as the Ministry of Integration and Economic Reforms, Ministry of Economic Development and Investments, Ministry of Labour and Social Affairs and others, as well as lack of relevant data on positive experience of post-Soviet countries on mentioned topic, limited time for more extended research and analysis. In addition, only two interviews were conducted with the representatives of trade unions, which in turn, does not allow to make proper conclusions and generalizations related to EESE.

Norms and standards

The assessment has been carried out in adherence with the ILO evaluation policy guidelines, UN Evaluation Group (UNEG) Norms and Standards and OECD/DAC criteria for evaluating development assistance. Ethical considerations were taken into account in the process as requested by the UNEG Norms and Standards. The gender dimension was considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation.

6. Main findings

Relevance.

The project is highly relevant to ILO policies and priorities, and is aligned with the overall strategies indicated in the ILO Strategic Framework. We may conclude that the project approach for sustainable entrepreneurship promotion through EESE is to a great extent relevant to the constituents' needs and present country context. The initiative is also relevant to Armenia's policies, in particular with regard to DWCP and to the priorities spelt out in national strategies. This seems to be more apparent in Armenia given the state of the environment for sustainable enterprises and the obstacles to reach anticipated environment for participating actors and stakeholders, which, in turn, require more ambitious initiatives for resolving the above mentioned issues. The design of the project could be improved through a more strong linkage between the project expected results and actions required to reach overall objectives. An extensive survey has taken place, however, trade unions were not much involved to strengthen project's alignment with national needs¹.

Effectiveness.

With the support of the project the Republican Union of Employers of Armenia applied the EESE methodology to assess the Armenian business environment; a national EESE report was developed and launched in January 2016. The report contains concrete recommendations and measures to inform and guide the national policy design. The project supported policy dialogue on enabling business environment in Armenia by organizing a high-level conference in Yerevan with the participation of the Ministry of Labour and Social Affairs of Armenia, Ministries of Economy, Finance, Education, RUEA, Trade Unions, NGOs, SME associations and entrepreneurs to discuss the findings of the EESE report in the form of the national dialogue on these issues in February 2016. One of the achievements of the project is the ability to point out the majority of concerns related to Enabling Environment for Sustainable Enterprises. Obviously, a high level of awareness of the state of affairs had allowed to design proper questions to evaluate the overall business environment and the climate for sustainable enterprise development. Sufficient managerial skills were used to conduct a survey of 300 companies in Armenia aimed at stimulating the debate and providing adequate evidence for anticipated policy reforms. Also, secondary data review through several focus groups and discussions with potential beneficiaries provide additional data for further analysis.

Part of the set objectives, such as initiation of social dialogue, disclosure of political, social, economic and environmental components of EESE, productive survey, were certainly achieved; others related to capacity building and trainings of beneficiaries and other stakeholders are yet in progress. Particularly to be noted, employers' associations are quite developed by now, over more than twenty-five years of independence (e.g. REUA, SME DNC, other associations); however, the trade unions are still lacking institutional development and proper management. In fact, trade unions are expected to play a major role in creating enabling environment for sustainable enterprises and investments. Particularly, trade unions are expected to speed up and effectively support the transition to a free market economy, influencing the economic system, impacting on wage policies, unemployment benefits, as well as maintaining sufficient level of social security. Based on our observations and the conclusions of experts, we believe that more attention is required to the role and capacity of the trade unions. This part will heavily depend on the ILO's professional and technical assistance and the willingness of the government to support the started process. Therefore, the examined project might be considered as a first attempt toward mentioned direction, however, coordinated efforts of all stakeholders in collaboration with international organizations (ILO and

¹ Based on personal observations and opinions of participants of the brainstorming sessions.

other UN agencies) are needed to achieve an enabling environment for sustainable growth of enterprises.

It should be noted that some experts and partners representatives were not aware of the national EESE conference held on February 18, 2016, therefore more publicity needs to be considered for such forums in the future.

One of the main outputs of the project is the survey of enterprises, based on relevant questionnaire to collect data on EESE. In addition, key indicators and indexes are used to measure various aspects and real progress or drawbacks in all four elements (political, economic, social and environmental) of EESE.

Although no essential changes were present in constituents' capacity to lobby for and support development of policy framework for sustainable enterprises, the existing resources were properly allocated to examine the obstacles to improve the EESE in Armenia.

The EESE process definitely supports the formalization of the informal economy through pointing out the need to improve taxation and customs in Armenia, as well as emphasizing critical issues related to corruption and changes in legislation and law enforcement.

We believe EESE supports concrete changes in business environment in different ways. First, it pays special attention to Doing Business and trying to improve Armenia's position year after year. Second, the conducted survey clearly demonstrates solid will and professional ability to reveal the main obstacles to improving enabling environment for sustainable enterprises. Third, in proposed recommendations EESE report suggests fair competition, access to financial resources and other, aimed at positive changes in business environment.

In order to be successful, the EESE methodology suggests to assess, advocate and reform the environment in which enterprises start up and grow. Particularly, as mentioned earlier, it allows stakeholders to identify the major constraints hampering business development, fosters dialogue between workers, employers and the government to reach shared policy recommendations, supports the adoption of effective reforms, unlocks entrepreneurial potential and boosts investments that can generate overall economic growth, create better jobs and reduce poverty. However, a more comprehensive analysis and involvement of experts in EESE could be more productive and allow to come up with more feasible and concrete steps to reach set goals.

As far as the future steps are concerned, one of the most effective ways to put in place a workable task force is to clarify the goals and objectives of EESE and coordinate/integrate them with country's development strategies priorities with the Government (high unit lead by the Prime Minister). Having commitment on synchronized objectives and priorities, a task force consisting of appointed contact persons of Government agencies (Ministries), representatives of employers and employees unions, ILO (and other international organizations, if needed) officials, legislators, experts may be able to provide technical support and follow up to the implementation of the EESE recommendations.

Efficiency.

Based on our observations the time and funds, as well as knowledge, know-how and other tools of ILO and RUEA have been used properly. The project was implemented with local human resources, with ILO's funding and professional assistance. This has brought about highly satisfactory results in

terms of cost-benefits and use of resources, and has also allowed for a good degree of independence that was given to REUA to compose the questionnaire and conduct the survey, to choose companies at national level and use proper tools to interview the stakeholders. The same relates to strategic and tactical tools to plan and organize the needed activities. Round table debates and discussions were conducted to consider the opinions of beneficiaries and the general public. Efficient use of local resources had saved financial resources that would have been otherwise needed to implement this project. Nevertheless, ILO DWT/CO professional support was demanded to use the information gathered and compose the final report on Enabling Environment for Sustainable Enterprises.

Sustainability.

The project ends up with conditions for action, desired results and measures to achieve them. However, most of them do not suggest feasible and precise steps or actions to undertake. Most of the recommendations are made from the employers' stand point, whereas employees concerns are of not less importance. Namely, social issues are mentioned among others within the Social element in this report (namely, life-long education, business culture, social justice and others), however, none of them is mentioned in policy recommendations. Moreover, it does not include an exit strategy, that could be recommended to the Ministry of Labour and Social Affairs of Armenia, which can involve the latter in further actions and sustainability. Ownership is another issue to work on further. One of the main achievements is the initiated dialogue between the employers' union and other beneficiaries that needs to be further institutionalized to produce more and better results.

There is high probability that the results achieved may continue after the end of the interventions in case of the adoption of a feasible action plan and by forming an effective Task Force. To better utilize the existing opportunities and advantages of Armenia in enabling environment for sustainable enterprises a workable and feasible task force is required to bring together and harmonize the interests of all possible stakeholders. Sustainability strongly depends on the format and responsibility of the members of the task force. To ensure sustainability and efficiency of the Task Force the key players interested and responsible for the implementation of the Action Plan need to be present with a clear indication of dates, people in charge, precise actions and the use of checks and balances, as well as concrete timelines of reporting for each action. We recommend to include into the task force representatives of the government, civil society experts and business community members. Therefore, the initially designed action plan also needs to be discussed and approved by prospective task force members and relevant structures (Ministries, NGOs, Unions, etc.). Finally, the role of ILO cannot be overestimated. ILO's professional and technical assistance will be needed for effective, efficient and successful implementation of the action plan.

Sustainable and predictable economic growth, commitment of the government to reduce poverty, fight monopolies, strengthen control against corruption, to build a more competitive economy based on knowledge and fair competition, as well as the adoption of the long-term strategy of Armenia for 2013-2025 increase the likelihood that the government will develop new policies, laws, regulations contributing to an enabling environment. In the meantime, the probability of producing longer term effects and benefits to the target groups depends also on the participation of the mentioned target groups in decision making process and monitoring the overall process of reforms aimed at EESE. Coordination of actions and efficient use of human and other resources allocated by the government, private sector and civil society may serve as an important milestone to bolster the longer term effects and to come to real policy measures generating a positive change in the EESE.

Gender Concerns.

Although gender equality remains significant among employment related issues and concerns in Armenia, less attention is paid to them in observed report. As a distinguished international

organization, ILO monitors gender equality issues and keeps them under careful attention as a key component of its projects' strategies. On one hand, women are still among the vulnerable groups in terms of recruitment and employment, on the other hand, they hold enormous potential in Armenia both to be self-employed and to contribute to the overall process of achieving enabling environment for sustainable enterprises. Therefore, we suggest to include a successful female representative of business community in an anticipated task force to better and more effective coordination of activities.

Knowledge Sharing

Throughout the entire process of designing the questionnaire, interviews and other relevant phases of conducted survey knowledge sharing plays significant role. In this particular project, knowledge sharing on enabling environment for sustainable enterprises has been mostly used during the workshops, involving possible beneficiaries and stakeholders. It is worthy to mention that less consideration was given to knowledge sharing with the expert society of Armenia, whereas mentioned topic is of major and continuous concern for a number of young scientists and prominent scholars. Particularly, knowledge sharing might be useful to examine the major obstacles for sustainable enterprises, opportunities for employment, tools and methods of spreading success stories and other means of sharing data and awareness raising. Given this, special attention should be paid to the knowledge that is generated from real life examples and project objectives, skills and expertise required for project implementation, and developed both in daily activities and acquired through specialized trainings and studies, as well as best practices that can be customized and utilised by different companies in various fields of the economy.

7. Conclusions and recommendations

7.1. Conclusions

- The project is aimed at improving the environment for sustainable enterprises. The project has been effective in identifying the main issues and concerns related to the Enabling Environment for Sustainable Enterprises.
- Based on the ILO's methodology, four major components were chosen to address the major trends and obstacles: economic, social, political and environmental. Environmental and social components are paid less attention in the project analysis as compared to economic and political components. The same misbalance is reflected in the recommendations.
- Social dialogue is important to improve the state of affairs in all four components. Due to the efforts of participating structures, the main stakeholders were involved in interviews and discussion related to mentioned topic in Armenia.
- The data obtained represents approaches and opinions of many stakeholders, representatives of 300 companies, however, most of the answers are based on the level of awareness of respondents, not the real trends and facts.
- In all four segments the data obtained from the conducted survey have been used with some economic indicators and statistic data from Armenia compared to some other countries. Some indicators are not updated. New trends have emerged in the last two - three years. So, a more comprehensive economic analysis is required to reveal current trends and developments.

- The structure and design of the concept note is logical, however there are no sufficient linkages between the objectives of the project and the priorities set in the Strategy for long-term economic development of Armenia for 2013-2025. The report does not take into consideration the priorities designed by the Government of Armenia (Government action plan 2016, 2017), as well as the Long term development strategy, reports and analysis of a number of think-tanks and international structures (such as UNIDO Youth employment project and others). Also, the recommendations are expected to be better structured and include more concrete actions to achieve the goals. The role of trade unions is not specified and examined from the standpoint of project topic. An exit strategy is not developed for this project.
- Part of the set objectives of the project were certainly achieved (i.e., initiation of social dialogue on EESE, identification of political, social, economic and environmental components of EESE), others yet in progress are related to capacity building and trainings of beneficiaries and other stakeholders. The project ends up with a set of clearly identified conditions for action, desired results and measures to achieve them. However, most of these do not suggest precise steps or actions to undertake.
- International experience in the mentioned field has not yet been fully analysed and localized in an attempt to indicate key methods of improving the existing business environment in Armenia.
- The role of ILO is mostly appreciated in terms of cooperation, technical and professional assistance, as well as raising awareness of the constituents and civil society on existing issues and spreading benchmarks and success stories from the global economy and international labour markets.
- The project justifies the need to take targeted action toward EESE.
- To better utilize the existing opportunities and advantages of Armenia in creating an enabling environment for sustainable enterprises a workable and feasible task force is required to bring together and harmonize the interests of all possible stakeholders.
- There is willingness and flexibility from the government side in order to implement an action plan aiming at improving the business environment
- Social dialogue is required to improve the overall business environment.
- As for many other relevant projects, reporting may consider result-based principles, reflecting the tangible progress and achieved goals in accordance with the implementation plan.

7.2. Recommendations and next steps

We propose to engage all interested stakeholders in the implementation of the EESE recommendations. Particularly, we suggest to engage and absorb professional and technical potential of the government, business community and experts/representatives of civil society professional organizations /employers unions, trade unions, think tanks, consumers' unions, etc., and the ILO (and other international organizations). Below is a list of recommendations:

1. In order to achieve the desired level of enabling environment for sustainable enterprises, issues need to be **prioritized**.
2. **Sufficient linkages between the objectives of the project and the priorities set in the**

Strategy for long-term economic development of Armenia for 2013-2025 need to be established.

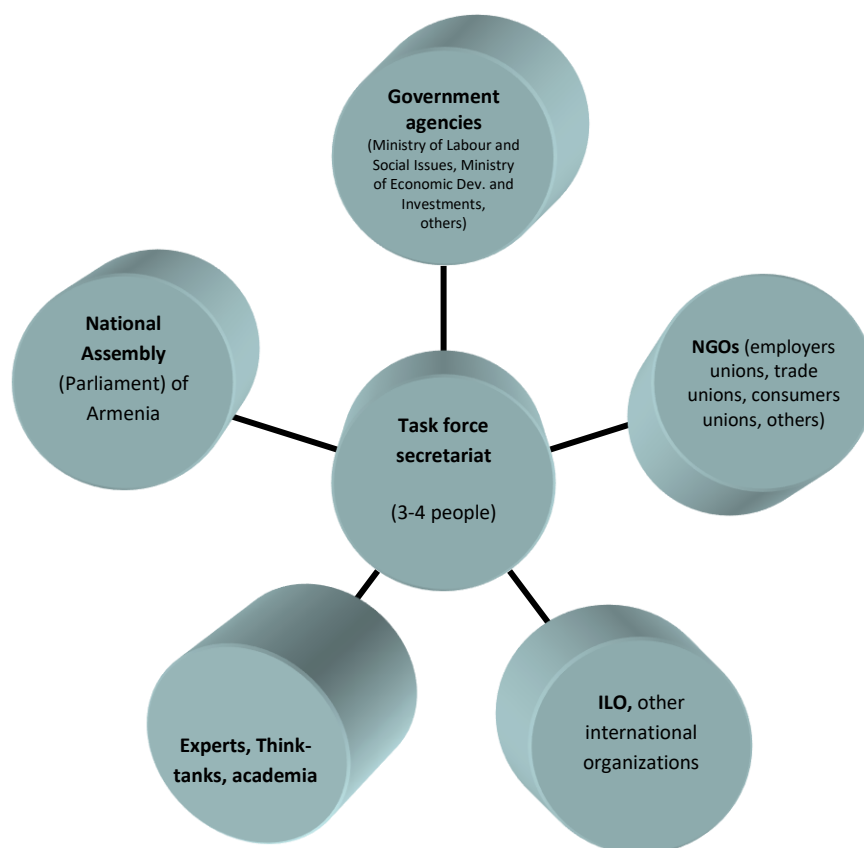
3. The initiated **dialogue** between the employers' union and other beneficiaries needs to be further institutionalized to produce more and better results.
4. More **capacity building and technical assistance is required for trade unions** or workers associations. Namely, proposed capacity building of trade unions may consider strengthening the bargaining power, improving the ability to lobby employees' interests in executive and legislative branches of power, raising the awareness of workers on their rights and freedoms, enriching the instruments and ability to be more active in a social dialogue and participation in public – private partnership, impacting on wage policies, unemployment benefits, etc.
5. **Coordinated efforts of all stakeholders** (government agencies, employers unions, NGOs, expert community) in collaboration with international organizations are needed to achieve enabling environment for sustainable growth. Such coordination will allow to better allocate and efficiently use the existing human, financial and other resources.
6. The **role of ILO** is mostly appreciated in terms of cooperation, technical and professional assistance, as well as raising awareness of civil society on existing issues and spreading benchmarks and success stories from global economy and international labour markets.
7. **ILO's further assistance** will be needed for an effective, efficient and successful implementation of the action plan. Also, the outcome of the project may be discussed with **other international structures** (such as UNIDO, the World Bank, others) that are also concerned about enabling business environment and employment issues according to their mandates, strategy goals and principles.
8. **International experience** on EESE needs to be further analysed and localized in an attempt to indicate key methods of improving the existing business environment in Armenia.
9. An **action plan** is needed with a designation of people in charge (task force) for specific periods of time in terms of implementation and agreed format and dates of reporting.
10. To better utilize existing opportunities and advantages of Armenia in enabling environment for sustainable enterprises a workable and feasible **task force** is required to bring together and harmonize the interests of all possible stakeholders. Sustainability strongly depends on the format and responsibility of members of the task force.
11. We recommend to **include representatives** of the government, civil society experts and business community members into the task force.
12. **Precise dates for each phase** of action are required along with the people in charge of each step of project implementation action plan. Therefore, the initially designed action plan also needs to be discussed and approved by prospective task force members and relevant structures (Ministries, NGOs, Unions, etc.).
13. We suggest to include a successful **female representative** of business community in an anticipated task force to better and more effective coordination of activities
14. Special attention should be paid to the **knowledge** that is generated from real life examples and project implementation, skills and expertise acquired during project implementation, and developed both in daily activities and acquired through specialized trainings and studies, as well as good practices that can be customized and utilised by different companies in various fields of the economy.
15. It might be useful to analyse international experiences positively linking labour inspection and competitiveness/productivity.

7.3. Lessons Learned and Good Practices

1. Permanent work is needed to reach anticipated goals and utilize the proposed priorities designed in EESE project.
2. Social dialogue has only started. It needs to be continued and improved to assist EESE.
3. More attention needs to be paid on capacity building of trade unions to better protect the rights of employees both in public and private sectors and get more meaningful involvement in the EESE process.
4. More experts need to be involved to deepen economic analysis related to EESE and make it more impartial and balanced for all stakeholders.
5. The role of ILO will increase in terms of providing technical and professional assistance in coordination, knowledge sharing, trainings, spreading success stories across borders and in better management of all operations related to more efficient implementation of the action plan. Particularly, ILO is expected to provide training to constituents (Ministry of Labour, Ministry of Economic Development and Investments, Employers Organization and Trade Unions) on how to deal with complexity, how to include the global picture when designing employment policies and enabling business environment reforms. Also, the ILO may provide technical support through background research based on good practices of other countries.
6. Improvement of project structure may allow to better present key issues and be result-oriented. A more justified process of structuring interventions may also make the process of monitoring and implementation more efficient.
7. Armenia's passage to a parliamentary system requires adequate reforms in all areas related to enabling environment for sustainable enterprises, therefore all actions need to be harmonized with the legislation and close work with the National Assembly of Armenia.

7.4. Suggestions on the way forward with the establishment of a task force on EESE

Figure 1. Task force composition.



One of the most effective ways to put in place a workable task force is to clarify the objectives of EESE, coordinate/integrate them with country's development strategies priorities and with the Government (high-level unit led by the Prime Minister) and get a signed document on intended activities and goals. The proposed Task Force will be in charge of leading the actions to implement reforms to improve the business climate in the country. We do not believe a new structure needs to be created, however, a limited number (3-4) of people in charge of all operations might be considered to be compensated for their time and activities (further specified in a separate document) with a facility used for coordinating, monitoring and implementing the steps mentioned in the Action Plan. The main activities indicated in Table 1 below, as well as the suitable profile of the Task Force members need to be discussed and adopted by all participating stakeholders and subject to complete performance and reporting in details. We suggest that the working group (3-4) should work on a daily basis (subject to funding availability), and the broader Task Force team should meet not less than once in three months for information sharing, key issues debate and further coordination of activities.

Having commitment on synchronized objectives and priorities, a task force consisting of the appointed contact persons of Government agencies and Ministries (e.g., Ministries of Social affairs, Economic development and Investments, Environmental protection, Education, Finance, as well as

Committees of the Parliament), representatives of employers and employees unions, ILO (and other international organizations, if needed) officials, legislators, experts may be able to provide technical support and follow up to the implementation of the EESE recommendations. The Task Force structure will depend on and serve clear objectives of EESE. Finally, the proposed Task Force should provide a space for a) dialogue, b) coordination, and c) technical inputs/capacity building.

It is anticipated that facilitating social dialogue should be one of the priorities for the newly formed task force. This will allow to provide a more favourable climate to implement the project aimed at EESE. Among the major challenges in putting in place the task force, one shall consider the appointment of capable, creative and disciplined people who may take responsibility for the actions leading to the set objectives for EESE. Monitoring, reporting and careful consideration of the existing and emerging concerns should be among the priorities of the acting task force.

From the measures proposed in the EESE report we believe that the steps toward good governance, education, training and lifelong learning, enabling legal and regulatory environment along with the fair competition may be positive to tackle informality across the country.

Table 1. Proposed action plan for EESE

Anticipated results	What actions or changes will occur	Who will carry out these changes	By when they will take place, and for how long	What (human, financial) resources are needed to carry out these changes	Communication (who should know what?)	Reporting
Enabling legal and regulatory environment under parliamentary system	<ul style="list-style-type: none"> -Further improvement of tax and labor laws and their enforcement; -Increase the efficiency of regulatory agencies -Create equal starting conditions for all; -Reduce the number of inspections for SMEs; 	National Assembly of Armenia, Ministry of Finance, Ministry of Economic Development and Investments	By 2020 and will be subject to further improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders

Professional, efficient, transparent and accountable business environment improving government	- use of new approaches to assess the performance of civil servants, provide motivation for effective work through bonuses and other forms of adequate compensation for better work, better monitor corruption risks, Consider business ombudsman Services, provide more electronic services, increase efficiency of e-government, Increase the level of government's responsibility; monitoring over the public resources spent by the state, improve the transparency of the public procurement process.	Central and local governments, all ministries	By 2020 and will be subject to further improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders
High level of economic security on individual, micro and macro levels	- Identify economic threats in all areas (i.e. financial, energy, food, etc.);	All government agencies, National Assembly, experts	Continuous work	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government	Quarterly progress reports to the government, ILO and other

	<ul style="list-style-type: none"> - Coordinated work to ensure adequate level of economic security; - Adoption of law on economic security. 				t agencies, NGOs, legislators and experts	stakeholders
Incentives and advantages for youth employment	<ul style="list-style-type: none"> - Analysis of best practices; - Providing tax advantages and low interest loans to young families to start business - Amendment to existing laws; - Providing privileges to young people residing and working in rural areas. 	ILO, National Assembly, Ministry of Finance, Ministry of Labor and Social Issues, Ministry of Economic Development and Investments	By 2020	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders
Encouraging self-employment	<ul style="list-style-type: none"> - Analysis of institutional framework; - Providing profit tax holidays (3-5) years to those who start a micro business; - Providing licenses for specific fields and industries; - Professional assistance and trainings for new starters. 	National Assembly, Ministry of Finance, Ministry of Labor and Social Issues, Ministry of Economic Development and Investments, ILO	By 2020	Available resources of government, National Assembly, and experts		Quarterly progress reports to the government, ILO and other stakeholders

Empowering green, competitive and innovative economy	<ul style="list-style-type: none"> - Identify green economy challenges: economic, social, environmental - Providing advantages for the use of technologies for green economy - Encouraging innovations for green economy development 	ILO, National Assembly, Ministry of Education, Ministry of Environmental Protection, Ministry of Economic Development and Investments, Think-tanks	By 2020 and further work for improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders
More influential trade unions	<ul style="list-style-type: none"> - Analysis of needs, strengths and weaknesses of trade unions; - Providing targeted trainings aimed at capacity building of trade unions; - involvement in decision making process 	ILO, Ministry of Education, Confederation of Trade Unions, Ministry of Labor and Social Issues	By 2020 for first success stories and further work	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders

Utilizing educated, skilled labour	<ul style="list-style-type: none"> -Improve communication between universities and private sector; -Advocate for more active participation of employers in education planning and curricula design; -Work on the promotion of university-business links in the fields of research and innovation; -Incorporate a business skills component in schools curriculum to enable students to start businesses 	National Assembly , Ministry of Education , ILO, Ministry of Labor and Social Issues, Ministry of Economic Development and Investments, Employers unions	By 2020 and further work for improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders
Knowledge improvement, knowledge sharing	<ul style="list-style-type: none"> -Arranging info graphics, executive summaries, conferences; -Improve financing of education trainings by companies and Government; -Link current education with future forecasted skills needs; - Find a better balance between theoretical and practical 	ILO, National Assembly , Ministry of Education , Ministry of Labor and Social Issues, Ministry of Economic Development and Investments, Think-tanks, experts	By 2020 and further work for improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders

	content and modernize installations of schools.					
Gradual reduction of urban and rural inequalities for EESE	<ul style="list-style-type: none"> - Identify inequalities in economic growth - Specify sources of income for rural population - Assistance in creating jobs, starting new businesses - Providing tax and other advantages to those who live in rural areas 	National Assembly, Ministry of Agriculture, Ministry of Education, Ministry of Labor and Social Issues, Ministry of Economic Development and Investments, Think-tanks, experts	Continuous work	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders
Access to basic social benefits (stop extreme poverty)	<ul style="list-style-type: none"> - Target extremely poor groups - Provide support to get or improve housing - Provide access to health care services - Provide access to education - Provide trainings to find jobs - Provide 	National Assembly, Ministry of Labor and Social Issues, Ministry of Education, Ministry of Economic Development and Investme	By 2020 and further work for improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders

	consultancy to start a small business	nts, experts				
Environmental protection (including targeted actions toward responsible mining²) for sustainable entrepreneurship	<ul style="list-style-type: none"> - Identify projects that harm the nature and people's health - Identify reasons of mass pollution, essential damages to surrounding environment - Adopt and implement more strict rules and regulations, fines for better protection of environment - Careful examination of mining projects 	National Assembly, Ministry of Environmental protection, ILO, Ministry of Energy and Natural Resources, Think-tanks, experts	By 2020 and further work for improvement	Available resources of government, National Assembly, and experts	Close work and coordination of activities among government agencies, NGOs, legislators and experts	Quarterly progress reports to the government, ILO and other stakeholders

² Mining is one of the growing industries, constituting essential part of GDP and export from Armenia

8. Appendices

- Appendix 1. Terms of Reference
 - Appendix 2. Data collection instruments
 - Appendix 3. List of persons or organizations interviewed
 - Appendix 4. List of publications used and cited
 - Appendix 5. List of existing problems and improvement measures
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8.1. Appendix 1. Terms of Reference

ILO DWT/CO-Moscow

Terms of Reference

Sustainable Enterprises in Armenia:

ASSESSMENT OF RBSA-FUNDED OUTCOMES 2016-2017

ILO Responsible Office: Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia (DWT/CO-Moscow)

Funding source: ILO Regular Budget Supplementary Account (RBSA)

Country Programme Outcomes & Budget:

ARM 154 Sustainable entrepreneurship is promoted by the constituents through assessments of enabling environment, social dialogue and formulation of evidence-based proposals for its improvement (\$400,000; P&B 2016-2017), and

SMO 127 Support to job creation through development of SME (\$220,000; P&B 2014-2015)

Linked to: ILO Program & Budget 2014-2015 Outcome 3: Sustainable Enterprises
ILO Program & Budget 2016-2017 Outcome 4: Promoting Sustainable Enterprises

I. Intervention background and description

The Oslo Declaration adopted at the 9th European Regional Meeting in April 2013 calls on the ILO to, “promote policies which build and maintain business confidence, enterprise sustainability, particularly of SMEs, in line with the 2007 ILC resolution on sustainable enterprises.”

Serious reform efforts are needed in the sub-region of Eastern Europe and Central Asia in order to pave the ground for sustainable business operations. However, governments and social partners often lack knowledge about the concrete policies and tools to apply. Especially, the sub-region’s employers’ organizations (EOs) struggle with acquiring the needed expertise. EOs did not exist in the sub-region in Soviet times; the first ones were created during the transition of the early 1990s. While all countries now have some form of a national employers’ organization, their influence and membership coverage in the private sector enterprises especially remain weak. In addition, their experience in and capacity for – in financial and human terms – servicing the needs and interests of the enterprises are limited. Their advocacy and service portfolio is often limited to few and relatively narrow economic issues. The role of employers promoting sustainable business development adequately in policy fora on economic and social development, including in labour market development issues, therefore also is limited. As a result, the voice of the employers is often inadequately reflected in national, regional and local policy development for sustainable business and decent work. In order for the national employers’ organizations to expand and improve their representation, “voice” and service provision to their members, more capacity building and technical assistance is required.

Despite their limited capacities it is increasingly recognized by governments as well as the social partners that it is critically important to strengthen the capacities and roles of the real economy players, the employers and the workers and the government, for a dynamic and competitive market based economy to develop. In this context, the importance of an enabling environment for sustainable enterprise development is an area identified as strategically important. There is a demand in the sub-region to build more capacity on the application of tools and procedures that foster conditions conducive to an enabling environment for sustainable enterprises and for improving the competitiveness and productivity of SMEs.

Description of interventions

In 2014-2015 and 2016-2017 biennia the ILO DWT CO for Eastern Europe and Central Asia, jointly with the ILO HQ ENTERPRISES department, Europe Regional Office and ACTEMP, elaborated a set of initiatives aimed at creating a conducive environment for establishment and growth of SMEs by introducing the ILO’s approach on Enabling Environment for Sustainable Enterprises (ESEE) in Caucasus (Armenia, Azerbaijan and Georgia) and Central Asia, as follows.

2014-2015: Promotion of ESEE tool with Employers’ Organizations (SMO 127)

The aim of this intervention is to build the awareness and capacity of the Employers’ Organizations in the participating countries to use the ILO’s methodology and tools on ESEE. A sub-regional workshop was organized to provide a knowledge and experience sharing platform on the use of the ESEE and ILO technical support will be provided to develop national assessment reports and action plans for the implementation of ESEE.

EESE tool is the ILO's response to the need for providing evidence-based recommendations on how to improve the business environment. The EESE methodology builds on the ILO's comprehensive approach of "sustainable enterprises" as a principal source of growth, wealth creation, employment and decent work. EESE capitalizes on the ILO's tripartite structure, bringing together government, the private sector, and workers. As such, EESE is a comprehensive and powerful ILO methodology developed to assess, advocate and reform the environment in which enterprises start up and grow:

- allowing stakeholders to identify the major constraints hampering business development;
- fostering dialogue between workers, employers and the government to reach shared policy recommendations;
- supporting the adoption of effective reforms;
- unlocking entrepreneurial potential and boosting investments that can generate overall economic growth, create better jobs and reduce poverty.

The following milestones were defined towards the achievement of SMO127 outcome:

1. EOs in Georgia, Armenia, Azerbaijan, Uzbekistan, Tajikistan, Kyrgyzstan, Russian Federation, Kazakhstan and Belarus increased capacities on applying EESE methodology (by end April 2015);
2. National discussions on EESE and its improvement initiated on the basis of national assessments of business environment in five countries: Georgia, Armenia, Uzbekistan, Tajikistan and Kyrgyzstan, as a platform for building up tripartite consensus on the concrete areas of action (by end September 2015).

The following studies/publications were produced with the support of the project:

3. The enabling environment for sustainable enterprises in Armenia. ILO Geneva 2016
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_465083.pdf
4. The enabling environment for sustainable enterprises in Georgia. ILO Geneva 2016
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_472659.pdf

Shortly the report on Kyrgyzstan will also be published. Two reports on Uzbekistan and Tajikistan were created and are under the revision of the EOs.

2016-2017: Sustainable entrepreneurship is promoted by the constituents through assessments of enabling environment, social dialogue and formulation of evidence-based proposals for its improvement in Armenia (ARM 154)

This initiative builds upon the results and lessons learnt during the implementation of the subregional project (SMO127) and is targeted specifically on Armenia. The employers' organization in Armenia

(RUEA) has shown strong leadership in EESE process and is very interested in its continuation in accordance with its mission and objectives.

On the basis of discussions at the sub-regional workshop on the enabling environment for SME development organized in the framework of SMO127 in Tbilisi in March 2015 and more detailed consultations with the Armenian constituents afterwards, the first stage of the EESE implementation started in October 2015. By the end of 2015 the following results were achieved: primary research (survey of 300 entrepreneurs, focus groups) in December 2015 and secondary research (key statistical resources on business environment) in August 2015. On February 18, 2016 the national EESE conference took place with ample participation of tripartite constituents and key stakeholders. An intention was expressed to establish a Task Force for EESE in Armenia which could have several sub-committees on different topics like education and access to finance, at the moment the discussion is whether an ad hoc committee should be created or whether existing committees/commissions should be used for this purpose.

Based on the progress achieved the following milestones have been formulated towards the achievement of the outcome ARM 154³:

5. tripartite constituents have analyzed the enabling environment for sustainable enterprises (by end September 2016)
6. constituents have built up their capacity to lobby for and support development of a policy framework for sustainable enterprises (by end December 2016)
7. constituents have proposed improvement of new policies, regulatory and administrative changes contributing to the enabling environment (by end March 2017)
8. government develops new policies, laws or regulatory and administrative changes contributing to an enabling environment (by end 2017).

Management arrangements

The activities are being managed by DWT/CO-Moscow under technical guidance and supervision of the Enterprise Specialist in strong collaboration with the Senior Specialist in Employers' Activities (ACTEMP). Other relevant DWT/CO-Moscow Specialists, Technical Cooperation projects⁴ and HQ departments (i.e., ACTEMP, ENTERPRISE, Regional Office for Europe and Central Asia) contributed with their resources and expertise.

II. Assessment background and purpose

The assessment is conducted in the framework of the regional Monitoring and Evaluation (M&E) plan for 2016-2017 and in accordance with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to

³ This evaluation will focus only on milestones 1 and 2 which are scheduled for 2016.

⁴ Decent and Safe Jobs project 2014-2015, G20 Skills project 2013-2016

evaluation in order to examine the results achieved with RBSA resources and their contribution to broader ILO programming and country cooperation frameworks, including DWCPs⁵.

The purpose of this assessment is learning and programme improvement. It will:

- Assess the work done so far and define an action plan in order to inform the next steps, the actors involved and improve further programming in the area of enterprise development.
- Provide insights to better define the design and establishment of a Task force in charge of implementing the EESE report recommendations, specifying its purpose, composition, role, main activities and outcomes.
- Provide technical inputs aimed at better defining the role of the ILO in relation to enterprises development in the target country (Armenia).

These insights will be used as technical input for future planning with ILO constituents, i.e. in connection with the elaboration of the new DWCP.

The main clients of this analysis will be ILO management, technical specialists, staff and tripartite constituents, Employers' Organization in particular. It is expected that the findings will be used by the ILO and national stakeholders in elaboration of new initiatives aimed at supporting entrepreneurship and SMEs development.

III. Scope of the assessment

The scope of the assessment will be the project in Armenia delivered under ARM154 in 2016-2017 in connection and with due regard to the results accomplished with the Armenian constituents in 2015 under SMO127, specifically the EESE report and recommendations set. Interviews research will be conducted in Armenia with key actors such as ministries, other government institutions and ILO constituents.

Gender equality will be addressed as a cross-cutting consideration throughout the methodology and deliverables. To the extent possible data collection and analysis will be disaggregated by gender.

IV. Criteria and questions

The assessment will apply the key OECD/DAC criteria of relevance, effectiveness, efficiency, sustainability, and will provide recommendations in the definition of the key actions to be undertaken. Impact potential will be assessed to the extent possible given the limited scope and duration of the intervention.

⁵ While there has been no formally signed DWCP during the period of project implementation, a new DWCP for Armenia is presently under elaboration in consultations with the tripartite constituents, to be discussed at the DWCP development workshop in Yerevan on June27, 2017

The assessment will seek answers to the following questions:

Relevance

- To what extent is the project approach for sustainable entrepreneurship promotion through EESE relevant to the constituents' needs and present country context?

Effectiveness

- What have been the major results and lessons learned during the RBSA projects implementation in Armenia?
- Have there been any changes in constituents' capacity to lobby for and support development of policy framework for sustainable enterprises?
- Does EESE process support or have the potential to support formalization of the informal economy?
- Does EESE potentially support concrete changes in business environment? What are the expectations of RUEA and key actors in the government? What are the main constraints for EESE to be successful (both in terms of methodology and context)?
- What is the most effective and efficient way to put in place a task force to provide technical support and follow up to the implementation of the EESE recommendations?

Efficiency

- Have resources available (time, funds, partnerships, knowledge, expertise and tools/know-how) been used efficiently? What can be done to improve efficiency?

Sustainability and impact potential

- Are the results achieved likely to continue after the end of the interventions?
- How to ensure that the Task Force and its work will be sustainable?
- Is it likely that the government will develop new policies, laws, regulations contributing to an enabling environment? Are they likely to produce longer term effects and benefits to the target groups?
- What action might be needed to bolster the longer term effects and to come to real policy measures generating a positive change in the EESE?

Recommendations and next steps

- What are the next steps to be undertaken? Which actors and which way should be engaged in the implementation of the EESE recommendations?
- What is the best way to proceed in order to put in place an EESE task force? What is the right structure to be implemented? How should it operate? Should it be a new structure or add to existing ones, as for instance the committee for development of SMEs? What would be the main issues to tackle? What should be the main activities performed? How often the members of the task force should meet? What would be the most suitable profile of the members of the task force?

- What would be the role of the task force in facilitating social dialogue? What are the main challenges in putting in place the task force mentioned?
- What measures proposed in the EESE report would be positive to tackle informality across the country?

The list of questions can be adjusted by the consultant prior to field research in coordination with the ILO evaluation manager and Enterprise Specialist.

Based on the analysis of the findings this study will aim at providing practical recommendations on the immediate next steps and technical assistance needs that could be incorporated into the design of future initiatives.

V. Methodology

The evaluation consultant will review the available literature and materials. Then the consultant will set an action plan to carry out interviews, the action plan will be validated through an orientation meeting (on-distance) with the ILO DWT-CO management and Senior Specialists.

It will be followed by research in Armenia including meetings with the ILO staff, National Coordinator and tripartite constituents, i.e. the government, trade unions and employers' organization, and other relevant government institutions such as the Ministry of Economic development and Investments of Armenia. Information will be collected by means of group and individual interviews with key actors. Interviews may be arranged both face-to-face and/or on-distance depending on feasibility. Stakeholders' survey questionnaire might be also applied if relevant and appropriate. Upon completion of the interviews, a presentation of preliminary findings might be organized by the ILO.

Upon completion of desk and field research, the consultant will provide an oral debriefing (possibly on-distance) to the project manager/Enterprise Specialist and DWT/CO Moscow representatives on the preliminary findings, conclusions and recommendations.

VI. Main deliverables/outputs

The consultant will provide a draft report in English (preferably up to 30 pages in length, without annexes). The report will follow the format recommended by the ILO Evaluation Office⁶ and include:

- ✓ Executive Summary with key findings, conclusions and recommendations
- ✓ project background
- ✓ assessment methodology
- ✓ findings
- ✓ conclusions and recommendations

⁶ Please refer to the ILO Evaluation Office Checklist #5 Preparing Evaluation Reports at http://www.ilo.org/eval/Evaluationguidance/WCMS_165967/lang--en/index.htm

- ✓ lessons learnt and good practices
- ✓ annexes will include a list of those consulted

The draft report will be circulated by the evaluation manager and shared for comments with the stakeholders. Further to receipt of combined comment from the evaluation manager, the evaluator will prepare a final report that will be subject to approval by the ILO.

Essential parts of the report might be translated into Armenian for the constituents' use (to be arranged by the ILO).

VII. Management arrangements and professional requirements

The assignment will be conducted by an external consultant who will report to the evaluation manager appointed by the ILO. The assignment will require approximately 23 working days, tentatively in June - August 2017. The ILO will cover the consultancy fee.

Timelines

A tentative timeline can be found below:

TASK	TIME	# DAYS
Desk review	June	4
Orientation meeting (possibly, on distance)	June	1
Meetings/interviews	July	6
Data analysis and draft report	July	8
Circulation of the draft report for comments (by the evaluation manager)	July – August	(two weeks)
Final report	July - August	4
Total		23

Requirements:

- University degree in social sciences or economics
- understanding of the ILO's tripartite foundations and standards
- expertise in the issues of entrepreneurship development
- knowledge of the country context and the region

- knowledge of assessment methods, qualitative and quantitative research skills
- analytical skills
- fluency in English
- knowledge of Armenian an advantage

VIII. Norms and standards

The assessment will be carried out in adherence with the ILO evaluation policy guidelines, UN Evaluation Group (UNEG) Norms and Standards and OECD/DAC criteria for evaluating development assistance.

Ethical considerations will be taken into account in the process. As requested by the UNEG Norms and Standards , the consultant will be sensitive to beliefs, manners and customs, act with integrity and honesty in the relationships with all stakeholders.

The gender dimension should be considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. In terms of this assessment, this implies involving both men and women in the consultation, analysis. Moreover the consultant should review data and information that is disaggregated by gender (if available) and assess the relevance and effectiveness of gender-related strategies and outcomes to improve lives of women and men. All this information should be accurately included in the report.

8.2. Appendix 2. Data Collection Instruments (Evaluation Matrix)

DAC Criteria	Evaluation Questions	Indicators	Method of data collection
Relevance	<p>To what extent is the design of the project relevant to the strategy outlined in the P&B?</p> <p>To what extent is the project responding to national priorities and needs?</p> <p>To what extent is the design ensuring that project results and activities are achieved?</p>	<p>Degree of compliance of the project with ILO strategic priorities at regional and country level</p> <p>Degree of compliance of the project to national priorities</p>	<p>Desk review</p> <p>Interviews with local stakeholders</p>

Coherence	To what extent are the various activities in the project's implementation strategy coherent and complementary within the ILO's Strategic Framework and principles? Which was the level of coordination with other stakeholders involved in the sector / country?	Alignment of the project with ILO reference documents Adherence to ILO principles Existence of donor coordination mechanisms at country level on skills, TVET and labour issues	Desk reviews Interviews
Effectiveness	Have the project outputs been effective in supporting the achievement of the project objectives and results?	Project status with regard to the achievement of immediate objectives (results) Level of achievements (at implementation and results levels) compared to plans To what extent project objectives/outcomes are realistic; To what extent risks and assumptions in the project document are true To what extent project objectives/outcomes have been modified over time	Analysis of project document Interviews
Efficiency	How well is the availability of means managed? How well is the implementation of activities managed? How well are outputs achieved?	Efficiency of the management arrangements Degree of interaction and coordination among stakeholders Ratio input / output	Documents review Interviews with stakeholders
Impact	What are the direct impact prospects of the project at overall objective level? To what extent will the project have indirect impact at social and economic level? Are the project impact indicators realistic and measurable?	Preliminary analysis of foreseen impact against baselines Examples of impact/results in the field	Document review Interviews
Sustainability	What is the level of ownership by all stakeholders? Will project outcomes/outputs embedded in national institutions? What is the level of policy support, and the interaction	Degree of participation of stakeholders in decision making processes Pro-activeness of stakeholders in contributing to project outputs Policy support at country level	Desk review Interviews

	between project and policy level?	Commitment of stakeholders to ensuring that project outcomes are further developed and embedded Absorption capacity	
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8.3. Appendix 3. List of persons and organizations interviewed

Date	Place	Person	Organisation	Comments
6/07	Yerevan	Gagik Makaryan	REUA	Exchange of views on EESE
10/07	Yerevan	Vardan Bostanjyan	National Assembly of Armenia	Exchange of views on EESE, knowledge sharing, life-long education laws
12/07	Yerevan	Arman Martirosyan, Margarita Yeghiazaryan	Research Center ALTERNATIVE	Discussion and exchange of views on EESE
19/07	Yerevan	Artem Asatryan	Minister of Labour and Social Issues	EESE findings review
22/07	Yerevan	Eric Grigoryan	Center for Strategic Studies, Government	Exchange of views on EESE, government priorities, other related Issues
21/07	Yerevan	Artak Baghdasaryan	Ministry of Economic Development and Investments	Skype
	Yerevan	Ara Petrosyan	Deputy Minister of Labour and Social Issues	Exchange of views on social security, EESE, other related Issues
12/07	Yerevan	Samvel Avetisyan, Mikayel Mikayelyan, Hovsep Aghajanyan	Research Center ALTERNATIVE	Discussion and exchange of views on implementing actions to strengthen EESE
26/07	Yerevan	Gagik Makaryan	REUA	Exchange of views on EESE
27/07	Yerevan	Khosrov Harutyunyan	National Assembly of Armenia	Exchange of views on EESE supporting business laws
7/08	Yerevan	Fredy Guayacan Gagik Makaryan	REUA	Exchange of views on implementing recommendations from EESE report
12/08	Yerevan	Artem Asatryan	Minister of Labour and Social Issues	Exchange of views on proposed Task

				Force structure and prospective actors
15/07	Yerevan	Eric Grigoryan	Center for Strategic Studies, Government	Exchange of views on EESE, government priorities, other related Issues
19/08	Yerevan	Zhora Sargsyan	Ministry of Labour and Social Issues	
24/08	Yerevan	Levon Mkrtchyan	Minister of Education and Science	Exchange of views on proposed Task Force structure, life-long learning, trainings and
29/08	Yerevan	Albert Babayan	Ministry of Economic Development and Investments	Exchange of views on proposed Task Force and Business environment improvement
4/09	Yerevan	Mariam Babayan	GIZ	Exchange of views on assessment of businesses support organizations
5/09	Yerevan	Levon Mntsakanyan	SME DNC	Exchange of views on SME supporting council and created synergies
6/09	Yerevan	Levon Mkrtchyan	Minister of Education and Science	Exchange of views on proposed Task Force structure, life-long learning, trainings and
7/09	Yerevan	Aram Sargsyan	National Assembly of Armenia	Exchange of views on current business environment and economic reforms

8.4. Appendix 4. List of publications used and cited

Document Title	Status
ILO policy guidelines for results based evaluation	Downloaded from Internet
Results-based strategies 2011–15: Evaluation strategy – Strengthening the use of evaluations	Downloaded from Internet
ILO Strategic Policy Framework 2010 - 2015	Downloaded from Internet
ILO Programme and budget for the Biennium 2014-2015	Downloaded from Internet
ILO Programme and budget for the Biennium 2016-19	Downloaded from Internet
ILO Gender Equality Policy	received
Project Concept Note	received
EESE Report 2015	received
European forum for Democracy and Solidarity	Downloaded from Internet
World Bank, Worldwide Governance Indicators	Downloaded from Internet
World Economic Forum Global Competitiveness report	Downloaded from Internet
Transparency International reports in 2000-2016	Downloaded from Internet
Project documents: mission reports, statistical studies, studies on informal economies in target countries, monitoring plans	received
Rules Of Procedure For The Anti-Corruption Council, Expert Task Force And Anticorruption Programmes Monitoring Division Of The Staff Of The Government Of The Republic Of Armenia	Downloaded from Internet
International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child, the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, the International Convention for the Protection of All Persons from Enforced Disappearance, and the Convention on the Rights of Persons with Disabilities. Freedom house database	Downloaded from Internet
World Bank national accounts data (World Development Indicators Online).	Downloaded from Internet
International Monetary Fund, World Economic Outlook Database, April 2014.	Downloaded from Internet
World Bank. (2015). World Development Indicators. GDP growth annual %), World Bank national accounts data, and OECD National Accounts data files. IMF (2015). World Economic and Financial	Downloaded from Internet

Surveys. World Economic Outlook Database. World Bank. (2015). World Development Indicators. Inflation, consumer prices (annual %), International Monetary Fund, International Financial Statistics and data files. IMF. (2015). World Economic and Financial Surveys. World Economic Outlook Database.	
World Bank national accounts data (World Development Indicators Online)	Downloaded from Internet
World Bank national accounts data, and OECD national accounts data files (World Development Indicators Online).	Downloaded from Internet
World Bank. (2015). World Development Indicators. Trade (% of GDP), World Bank national accounts data, and OECD National Accounts data files. World Economic Forum. (2010), (2012), (2014). The Global Enabling Trade Report. Geneva.	Downloaded from Internet
World Economic Forum Executive Opinion Survey, Global Competitiveness Report.	Downloaded from Internet
International Telecommunication Union. (2014). Measuring the Information Society Report. Geneva; World Economic Forum. (2015). The Global Competitiveness Report 2015–2016. Geneva.	Downloaded from Internet
International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates (World Development Indicators Online).	Downloaded from Internet
PWC, 2011, <i>Guide to doing business and investing in Armenia</i>	Downloaded from Internet
World Bank's Entrepreneurship Survey (World Development Indicators Online). United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics (World Development Indicators Online).	Downloaded from Internet
International Labour Organization “Women Entrepreneurship Development – Assessment in Armenia”.	Downloaded from Internet
Government of Armenia “Armenia Development Strategy for 2014-2025”	Co-author
Social Watch, 2012, <i>Armenia: Undermining the environment,</i>	Downloaded from Internet
Yale University's Yale Center for Environmental Law and Policy (YCELP) and Columbia University's Center for International Earth Science Information Network (CIESIN).	Downloaded from Internet
Food and Agriculture Organization, electronic files and web site.	Downloaded from Internet
United Nations Development Assistance Framework 2010-2015. Armenia.	Downloaded from Internet
Productive work for youth in Armenia, UNIDO. 2017	Co-author
Transparency International, 2016, Corruption Perceptions Index 2016	Downloaded from Internet
Government of Armenia, 2015, Rules of procedure for the anti-corruption council, expert task force and anticorruption programmes	Downloaded from Internet

monitoring division of the staff of the government of the republic of Armenia	
European Training Foundation, 2010, Education and business study: Armenia	Downloaded from Internet
Republican Union of Employers of Armenia (RUEA) -2015, The main business obstacles in Armenia. SME situational comprehensive survey at macro and micro levels (2015)	Downloaded from Internet
Republican Union of Employers of Armenia (RUEA) -2015, STUDY on Corporate Social Responsibilities in VET Collegial Management Boards,	Downloaded from Internet
Government Program for Economic Development of Armenia. 2017	Downloaded from Internet
Policy Paper on EESE. REUA. 2017	received
Business membership organizations (BMO) development initiative in Armenia. GIZ 2017	received

8.5. Appendix 5. List of existing problems and improvement measures (based on EESE report)

CONDITION FOR ACTION	DESIRED RESULTS	CONCRETE MEASURES
Good governance	Better and effective public administration, lower level of corruption	<ul style="list-style-type: none"> - Strengthen institutional capacities for tackling bribery and corruption; - Strengthen the Council for Fight against Corruption, include representatives of civil society, RUEA a.o. - Institute a business ombudsman - Intensify the promotion of the anti-corruption measures; - Improve the efficiency of public administration through good management, better organization and higher level of responsibility; - Improve control and monitoring over the public resources spent by the state
Education, training and lifelong learning	Education system matches the needs of businesses; Increased importance of HRD	<ul style="list-style-type: none"> -Improve communication between universities and private sector; -Advocate for more active participation of employers in education planning and curricula design; -Improve financing of education trainings by companies and also by Government -Work on the promotion of university-business links in the fields of research and innovation; -Link current education with future forecasted skills needs -Incorporate a business skills component in schools curriculum to enable students to start businesses -Find a better balance between theoretical and practical courses and modernize installations of schools.
Enabling legal and regulatory environment	Reduced costs of doing business; Acceleration and simplification of procedures; Higher level of legal security and predictability both for citizens and companies:	<ul style="list-style-type: none"> -Improve labour legislation; -Improve the work of regulatory bodies and decrease number of overlapping bodies -Improve the work of inspection and make the environment same for all participants; -Reduce the costs of tax burden and improve work of the tax administration.

Access to financial services	Favourable loans for SMEs with reduced collateral	<ul style="list-style-type: none"> -Improve financial products so that it is available to all companies in each stage of their evolution -Increase access to long-term capital so that SMEs can com -Create credit lines with better interest rate and less demand collateral.
Fair competition	Reduced informal economic activities and monopolistic practice	<ul style="list-style-type: none"> -Improve policies on formalization of the informal economy -Analyse taxation policies to stimulate formalization -Create policies and targeted actions against monopolistic practices in certain sectors, especially in trade -Improve knowledge and awareness of all segments of society about informal economy; -Improve the work of anti-monopoly bodies.
Trade and sustainable economic integration	Improved process of standardization and certification; Accelerated process of getting the necessary documents for	<ul style="list-style-type: none"> -Reduce the time to export/import in Armenia also reducing number of documents necessary for export/import -Improve the promotion of electronic system for submission documents; -Improve the quality of work of customs administration.
Infrastructure, focusing on energy	Improve quality of energy supply	<ul style="list-style-type: none"> -Make energy market more competitive; -Reduce the price of energy; -Improve the quality of energy.