

Gender sensitive assessment of the enabling environment for sustainable enterprises in Iraq

Methodological Note and call for proposals

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Context and background information

This note proposes the activities and methodology for undertaking a gender-sensitive assessment of the enabling environment of Iraq. The framework and methodology draw primarily from the ILO's Enabling Environment for Sustainable enterprises (EESE) while building on the "Guidance note on how to conduct EESE assessments in fragile contexts" and incorporating dimensions from the "Assessment of the Framework Conditions for Women's Entrepreneurship Development"

EESE: A background. The conclusions of the discussion on promoting sustainable enterprises at the International Labour Conference in 2007 provide guidance on what constitutes an enabling environment for sustainable enterprises, noting that such an environment combines the legitimate pursuit of profit with the need for development that respects human dignity, environmental sustainability and decent work. They underline the principle that sustainable businesses need sustainable societies and that business thrives where societies thrive and vice versa.

The conclusions identify 17 pillars of an enabling environment for the promotion of sustainable enterprises (EESE) and provide guidance to governments and social partners on their respective roles in promoting sustainable enterprises. The 17 pillars are (1) peace and political stability; (2) good governance; (3) social dialogue; (4) respect for universal human rights and international labour standards; (5) enterprise culture; (6) sound and stable macroeconomic policy and management; (7) trade and sustainable economic integration; (8) enabling legal and regulatory environment; (9) rule of law and protection of property rights; (10) fair competition; (11) access to financial services; (12)

physical infrastructure; (13) ICT; (14) education, training and lifelong learning; (15) social justice and social inclusion; (16) adequate social protection; (17) responsible environmental management.

Furthermore, the conclusions lay out the need to strengthen institutions and the governance systems that govern enterprises, as well as the combination of human, financial and natural resources in an equitable and efficient way with the aim of innovating and ensuring better productivity. The guidance also stresses the need to support the transition of operators from the informal to the formal economy and ensuring that laws and regulations cover all enterprises and workers.

More recently, in the 2019 ILO Centenary Declaration on the Future of Work, member States reaffirmed *"the importance of an enabling environment to support the role of the private sector as the main source of economic growth and employment creation by promoting an environment of entrepreneurship and sustainable enterprises, in particular micro, small and medium-sized enterprises, as well as cooperatives and the social and solidarity economy, in order to generate decent work, productive employment and better standards of living for all"*.

The practical application of these guidelines is the EESE methodology, to support ILO constituents to assess the business environment within a wider business environment reform process. The EESE methodology

- enables stakeholders to identify the main constraints to sustainable enterprise development;
- promotes dialogue between workers, employers and governments to arrive at joint policy recommendations
- supports the adoption of effective reforms;
- unleashes entrepreneurial potential, stimulates investment and can generate overall economic growth, create better jobs and reduce poverty

Since its inception, the EESE methodology has been used in more than 60 countries, allowing the ILO and its constituents to develop a solid experience in analysing the business environment and defining and implementing reform plans to improve it.

EESE application to fragile contexts. This methodology has also been implemented in a number of countries with fragile, conflict-affected or disaster-prone contexts. In such contexts, enterprises of all types and of all sizes are often heavily impacted, shaking even more as well vulnerable enterprises such as the ones in the informal economy or women-led enterprises. Conflicts and disasters might have destroyed the local infrastructure, deterred foreign investors and buyers, prevented youth from an education and skills development, and might have put at risk the very survival of enterprises, with catastrophic consequences on employment, job creation, poverty reduction, economic growth, and standards of living.

To overcome these challenges, it is important to support the development of sustainable enterprises in fragile contexts through policies and programmes that promote access to finance, institutional capacity building, infrastructure development, political stability, and human capital development. This can create an environment that is more conducive to private sector growth and sustainability, which can in turn contribute to broader economic development and stability.

For this reason, supporting the creation of an enabling environment for sustainable enterprises in fragile contexts is key to rebuild the foundations of a functioning market infrastructure and institutions, ensuring that the post-conflict enabling environment allows the development of enterprises. In light of Recommendation No. 205 and the UN reform, the ILO published a [Guidance note](#) that incorporates peace-responsiveness and resilience-building elements into the EESE methodology and strives into the specific challenges posed by fragility, conflict, and disaster.

Gender dimensions in business environment reform. As presented in recent research commissioned by the ILO, effective and gender inclusive [business environment reform](#) requires not only gendered challenges within core business environment reform policy to be looked at such as access to finance, land and property rights, labour and social policy and business registration and informality, but also how the process of reform is planned and carried out, meaning who is consulted, what actors have the capacities and opportunities to take part in advocacy and actual implementation of reform etc. This may for example mean or require that a greater attention be put on ensuring the voice of those usually with less access to policy dialogue platforms to be heard, including women entrepreneurs' associations or wider women's associations. This study will seek to the extent possible to build bridges and incorporate women entrepreneurs' voices as well as consider the gender dimensions to policy areas.

Private sector development challenges in Iraq. Several factors weaken private sector development and decent work conditions in Iraq despite the availability of business opportunities and a number of economic reform plans. Among the main challenges in Iraq, it is worth highlighting:

Dependence on oil: Iraq's economy is heavily dependent on oil exports, which make up the majority of the country's revenue. This dependence makes Iraq's economy vulnerable to fluctuations in global oil prices, which can cause significant fluctuations in government revenue, balance of payments, and economic growth.

Limited economic diversification: the economy is heavily focused on the oil sector, with other sectors, such as agriculture and manufacturing, being underdeveloped. This limited economic diversification reduces the potential for economic growth and leaves the economy vulnerable to external shocks.

Weak governance and institutions: Iraq's governance and institutional frameworks have been weakened by decades of conflict, political instability, and corruption. This has led to poor public service delivery, weak rule of law, and limited public sector capacity to implement economic policies.

High unemployment: particularly among young people, which is driven by a lack of job opportunities and limited economic diversification.

Low productivity: productivity levels are low, which limits its economic growth potential. Factors contributing to low productivity include poor infrastructure, limited access to finance, and weak human capital.

High public debt: public debt has increased significantly in recent years, reaching unsustainable levels. This limits the government's ability to invest in key areas such as education, health, and infrastructure, and may lead to a fiscal crisis if not addressed.

Security risks: Iraq faces ongoing security risks from terrorism and conflicts, which can have significant economic and social costs, including the destruction of infrastructure, loss of human capital, and displacement of people.

MSMEs represent a large share of the private sector and have the potential to and contribute to economic diversification, jobs creation, women's empowerment and peacebuilding efforts. The ILO is engaged in supporting Iraq to improve the overall business environment for MSMEs and fostering private sector growth and development for decent job creation. The Decent Work Country Programme of Iraq aims at increasing the job creation potential of MSMEs in high-potential sector as well as

enhancing MSMEs operating environment in line with the above (under Outcome 1.2 of the Decent Work Country Programme in Iraq and Output 4.1 of the ILO's Programme and Budget for 2022-2023).

The research will be also done in the framework of the “Towards more and better employment through enhanced support to private sectors in southern Iraq – with a focus on green business” project funded by the Italian Agency for Development Cooperation (AICS) which aims at providing support to the private sector in Iraq for stronger contribution to decent jobs creation through i) Improved business ecosystem for MSMEs in Iraq to grow and thrive through policy options along with national and subnational dialogue amongst key stakeholders in the private sector development; and ii) strengthened institutional capacities to provide business development support through entrepreneurship training and financial education; and iii) Improved financial inclusion of start-up businesses and MSMEs with focus on green economy. At the policy level, the project will contribute to research on the business enabling environment to support the identification of evidence-based policy options for MSMEs development.

Objectives of the project

To support continuous improvements in the business environment under this challenging context, the ILO proposes to conduct a gender-sensitive assessment of the enabling environment for sustainable enterprise development, which takes into account the fragile context in Iraq. The study will furthermore examine more in-depth major bottlenecks and possible solutions in selected policy areas which will be further identified and prioritized by constituents in Iraq, with ILO's support.

The envisaged study will provide an overview of the enabling business environment in Iraq, initially based on existing data and surveys¹ which will point to priority areas for structural change and diversification. The fragility context will receive special attention in terms of the methodology and in the analysis itself, with gender-specific challenges and obstacles highlighted, where applicable. The assessment will be gender-sensitive throughout, providing data and findings disaggregated by women and men, leading to the identification of constraints and opportunities women entrepreneurs face and paying particular attention to policy areas where gendered challenges have been particularly identified in the literature and practice such as access to finance, access to land, access to education and networks etc. When conducting surveys and focus group discussions, researchers will ensure to capture information that may support a gendered analysis of findings and ensure women are represented at every step of the consultation process.

To support policy directions prioritized, the EESE team may offer participatory research and capacity building activities with social partners and relevant stakeholders, where specific barriers identified are investigated for doable solutions. This follow-up step will focus on unlocking key regulatory barriers or extending effective incentives.

Expected final output

Under the technical supervision of ILO's Enterprise and Employers' Specialists in ILO Beirut office and in close collaboration with the EESE and WED specialists in ILO Enterprises in Geneva, this research will produce the following:

¹ This means that the 2021 follow-up analysis will not include a new enterprise survey.

- A rigorous evidence-based and gender-sensitive assessment of the enabling environment for sustainable enterprise development in Iraq, especially to promote MSME productivity and development, gender equality, and growth of the formal economy in a context of fragility.
- The consultants will participate in a validation workshop organised by the ILO presenting the findings of the analysis and determining key policy areas for action on business environment reforms. These would address barriers to MSME development with particular attention to women-led and owned MSMEs, productivity growth, structural change and diversification, and transition to the formal economy. A revised version of the policy reform agenda will be submitted based on the inputs received during the validation workshop.

Methodology of the project report

The methodology of the project is based on desk research, focus group discussions with social partners, interviews with relevant stakeholders, and enterprise surveys in selected governorates. The different phases of the work will be done in close cooperation and agreement with the ILO.

Conflict-sensitivity will be key in all phases of work. For example, the data collection methods and processes will need to be sensitive to issues of conflict, identity, women, youth and vulnerable groups, and include all relevant social groups and identities. It will be fundamental to integrate a Peace and Conflict Analysis (PCA) in the assessment (see [Peace and Conflict Analysis, Guidance for ILO's Programming in Fragile and Conflict-affected contexts](#)).

1 – A preparatory phase will consist of literature review and interviews with representatives of workers and employers' organizations, and will produce the following sub-outputs: Literature review, annotated outline and workplan.

The literature review will include a thorough review of the core frameworks: the EESE framework (the base) the “Guidance note on how to conduct EESE assessments in fragile contexts” and “Putting Gender at the Heart of Business Environment reform” and an initial outline of the economic, social and political factors that will be looked at highlighting those to be particularly relevant for a fragile context and a gendered analysis. We also suggest using secondary data available, including from the World Bank and UNDP enterprise surveys (World Bank 2021 Informal sector enterprise survey and 2011 Enterprise survey , UNDP MSME 2020 Survey among others). These surveys include insightful information to identify barriers that arise from an inefficient business environment and can be contrasted and complemented with the information from selected interviews to prepare a proposal of annotated outline.

This outline would also seek to further present how the consultants plan to gather the primary data through key informant interviews, FGD and surveys – offering initial proposals on who, why and what could be covered for each.

Design of focus group discussions – proposed FGD groups and guide questions (note that each FGD group must be homogenous or must contain participants of a similar profile, i.e., socio-economic background, language; at least one FGD must be organised with all-women participants so as to encourage open and candid responses).

A list of key informant interviews will be drafted based on the literature review as well as in discussions with the ILO. Interviews should include at least some informants knowledgeable on barriers and

challenges faced by diverse women entrepreneurs in Iraq, preferably with female Iraqi employer(s), researcher(s), and/or employers' representative leadership. Guide questions for key informant interviews will be submitted to ILO.

2 – Focus group discussions (FGD) and Key Informants Interviews (KIIs) with the following sub-outputs:

- FGD transcripts, recording, summary per group and FGD report.
- KIIs report. The national consultants will organise virtual missions where the ILO and international consultants can interview selected national stakeholders based on a list and according to a timeline that will be agreed upon.

The summary of KII and FGD results should produce the following results:

- Policy areas for subsequent policy studies
- Draft EESE questionnaire, informed by the FGD findings, along with the survey plan (Note that it is possible to carry out a small survey with FGD participants prior to the FGD session, including pre-testing an initial version) At least one FGD should be carried out with women business owners or managers. When conducting mixed FGDs, the researchers shall ensure all participants get an opportunity to participate and discuss.
- Proposal/validation of key policy and regulatory issues to study for possible reforms based on their importance and ability to produce actionable results.

3 – Survey :

A survey targeting selected regions should be developed in agreement with ILO with regard to the scope, approach of the survey, sampling methodology, and questionnaires (including proposed/dummy tables)

It is encouraged to include a separate technical and financial component for the survey in the offer.

4 – Draft report: A gender-sensitive assessment of the enabling environment for sustainable enterprises in Iraq, with consideration of the following issues, as appropriate, both in general and with respect to women:

- Current baseline assessment of the current business demography and the state of sustainable enterprise in Iraq.
- Economic factors limiting enterprise development: Macroeconomic policies; labour and multifactor productivity growth, skills development, structural change and diversification, trade and investment policies and customs regulations; access to finance, among others. This should include a separate analysis on specific obstacles faced by women in the Enterprise Enabling Environment.
- Political factors limiting enterprise development: legal and regulatory environment; good governance
- Decent work and social compliance: Responsible business conduct and promotion of Fundamental Principles and Rights and Work
- Environmental sustainability drivers: policies and practices that can be used to promote sustainable production and consumption patterns.
- Conflict and disaster considerations: How enterprises are affected by (potential) conflict and crises arising from disasters; how enterprise-related policies and practices can mitigate the negative impacts of (potential) crises; how enterprise-related policies and practices can

contribute to peace and resilience. Recommendations on key policy themes to investigate for possible actionable reforms in the short and medium term and based on stakeholder views on their urgency and feasibility. To the extent possible, gendered dimensions and challenges within the factors will be explored. Guidance on what those dimensions may be found in the “Putting Gender at the Heart of Business Environment Reform”. In addition, the recommendations made should be conflict-sensitive and peace-responsive and contribute to disaster resilience.

5 – Validation workshop (organized by the ILO). The consultants are expected to present their findings during a validation workshop organised by the ILO for relevant stakeholders. The Consultants must then submit a revised version of the policy reform agenda based on the inputs provided in the validation workshop.

Timeline and deliverables

The work will take 6 months to complete, from the selection of the thematic policy focus to the final validation workshops. Close consultation will be held with ILO backstopping team at key stages of research design and findings.

The following are the expected outputs:

Gender-Sensitive EESE Assessment

- 1) Proposed workplan
- 2) Report on the preparatory phase, consisting of:
 - a. Literature review
 - b. Annotated outline of the research
 - c. KII and FGD plan (proposed groups, guide questions, timeline)
 - d. Review of EESE survey tools
- 3) FGD and KII reports:
 - a. KII and FGD report, including transcripts of FGD sessions
 - b. Survey plan, including methodology and questionnaires, dummy tables
 - c. Proposal/validation of three key policy and regulatory issues to study for possible reforms
- 4) Survey report:

Survey results, in table form, for discussion with ILO team
- 5) A full 40-45 pages draft of the EESE assessment along with an executive summary for review and validation with constituents
- 6) PPT and presentation at the validation workshop
- 7) Submission of revised/final report incorporating comments from ILO and inputs received from stakeholders during the workshop.

Budget

Based on submissions to the Call for Proposals

Contact people

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CONTRACTUAL PERIOD AND PAYMENT SCHEDULE

A detailed proposal quoted in USD inclusive of VAT and linked to deliverables must be submitted. Proposals under the amount of 30,000 USD will receive additional points during the review.

Payment schedule:

1. First payment of 20% of total contract lumpsum upon submission of workplan and report for the preparatory phase (deliverable 1).
2. Second payment of 30% upon submission of draft report for FGD, KIIs and survey reports (deliverables 2 and 3)
3. Third payment 30% upon submission of full draft of EESE report (deliverable 4).
4. Third and final payment of 20% upon submission of presentation, participation in the validation workshop and final report to the full satisfaction of the ILO (deliverable 5).

APPLICATION PROCESS

Application must be submitted in PDF format by e-mail to Badra Alawa (alawa@ilo.org) and Jad Yassin (yassinj@ilo.org) by 23 April 2023.

The application must include a technical and financial proposal highlighting the following:

- i. Why service provider is well suited to undertake the assignment and the relevant expertise
- ii. Proposed methodology, work plan and timeline
- iii. Presentation of team (if more than one) and CVs of all team members
- iv. Detailed budget
- v. References for or samples of similar work performed

Applications will be assessed and scored based on :

- i. Service provider profile and relevant expertise
- ii. Understanding of assignment and methodology to be used
- iii. Experience of similar or related work
- iv. References provided for previous work
- v. Value for money

Annex: Initial considerations for the EESE assessment and the thematic studies

The conclusion drawn from the recent literature on business environment reforms (BER) is that in fragile and conflict-affected contexts, BER need to be grounded in a solid understanding of (i) how firms actually do business in these contexts, (ii) what types of firms operate in which sectors and industries, and (iii) what role state authorities (or equivalent non-state territorial authorities) play in granting or safeguarding the conditions that allow firms to thrive.

The overarching advice this literature provides is that BER ought to be designed and implemented in a strategic, opportunistic, targeted and iteratively responsive manner, and from bottom-up rather than top-down. The pre-requisite for such BER is a solid understanding of the broader context and proactive engagement with the private sector and those political interests that are responsive to reforms. In addition, based on the recognition that climate change related disaster risks pose a threat also to jobs, and the continuity of businesses and livelihoods, BER must also consider these factors in their design.

Business demography in Iraq: Introductory considerations on the enabling environment for sustainable enterprises in Iraq

An EESE assessment study should provide an overview of the business demography in Iraq by sector and firm size, including average levels of labour productivity (either in terms of GDP per person employed or value added per person employed, depending on data availability). If data is available, it would also aim to provide an overview of the performance of enterprises of the country and will include the potential impact of the past – recent – crisis on this performance.

Data for this section may come from a range of sources, where available. Among them: i) national statistics; ii) the ILO Stat; iii) the World Bank Enterprise Survey and the World Bank Pulse Survey (for the impact of COVID-19 on the financial risk and operations of local companies); The Conference Board.

Main bottlenecks for sustainable Enterprises development

The study may capture constituents' priority core conditions for sustainable enterprise development, with an emphasis on women's priorities (as well as other pertinent vulnerable groups) so that responses may be disaggregated. Suggested conditions are listed as follows:

- On the economic pillar: macroeconomic and trade policies and customs regulations; access to finance; enabling legal and regulatory environment; and adequate infrastructure.
- On the political pillar: good governance
- On the social pillar: Responsible business conduct and promotion of Fundamental Principles and Rights and Work
- Specific thematic focus: Women-led enterprises is a focal point of analysis; hence, it may be valuable to take a 365-degree analysis of their constraints.

Economic pillar

Monetary, fiscal, trade and investment, exchange rate policies should guarantee stable and predictable economic conditions. Sound economic management should balance the twin objectives of creating more and better jobs with combating inflation and provide for policies and regulations that stimulate long-term productive investment. Attention should also be given to increasing aggregate demand as a source of economic growth contingent on national conditions.

The study will provide an analysis on the overall management of the economy by the State and private sector perceptions and views on it. Additionally, it may assess FDI and trade facilitation policies and propose possible policy propositions to enhance the export potential of SMEs, especially female-owned firms, and build stronger linkages with the global investment and value chain.

The study will also look a number of other economic factors. A well-functioning financial system provides the lubricant for a growing and dynamic private sector. Making it easier for SMEs, including cooperatives and start-ups, to access financing, for example, credit, leasing, venture capital funds or similar or new types of instruments, creates appropriate conditions for a more inclusive process of enterprise development. The study will highlight the gaps between companies credit needs with a focus on MSMEs, especially women-owned, and existing credit facilities. The study will tackle the availability and quality of business development services to see if and how there are financial services tailored to the different realities women and men face when accessing finance. Reliable and quality access to physical infrastructure could also be a critical success factor for enterprises.

Enabling legal and regulatory environment. Poorly designed regulations and unnecessary bureaucratic burdens on businesses limit enterprise start-ups and the ongoing operations of existing companies, and lead to informality, corruption and efficiency costs. The study will map the most pressing regulatory reforms and the process for its implementation which might have quick and impactful effects on business. Regulatory restrictions faced by women in accessing financial services will be studied for actionable reforms. Where women are restricted from accessing bank programmes or incentives for SMEs will further be identified.

Political pillar

Democratic political institutions, transparent and accountable public and private entities, effective anti-corruption measures and responsible corporate governance, are key conditions for making market economies and enterprises perform in superior ways and be more responsive to the values and long-term goals of society. The study will assess private sector perceptions on good governance but with caution for purposes of a study that aims to achieve doable reforms.

Social pillar

The study will look at the links between enterprise development and entrepreneurial culture; education, training and lifelong learning; social justice and social inclusion; adequate social protection. It will look specifically at factors related to responsible business conduct and promotion of decent work, in particular Fundamental Principles and Rights and Work.

Environmental pillar

Appropriate regulations and incentives, tax incentives and regulations including public procurement, and sustainable investment and practices can be used to promote production patterns compatible with environmental sustainable development into which the study will look.

Spotlight on Women led- enterprises

To the extent possible, gendered dimensions and challenges within the factors will be explored. Guidance on what those dimensions may be found in the “Putting Gender at the Heart of Business Environment Reform”.

If needed and of added value, there may be a 365-analysis of the constraints faced by women-led and owned enterprises. In general, women-led businesses tend to be smaller than those run by men, are concentrated in sectors with limited potential for value addition and are over-represented in the informal economy.

These challenges are compounded by women’s care responsibilities, which create additional pressure on women entrepreneurs’ time, workload and wellbeing, as well as by unfavourable institutional environments that can result in uneven access to land and decision-making roles, and inadequate social protection coverage.

Such reality may be more stark in certain countries due to cultural and historical context. It is therefore important to focus on this dimension of the enabling environment, and explore a nuanced and evidence-based understanding of women’s differential constraints to “doing business” as female entrepreneurs, female business owners, and female workers.