



# Part 2

2.3

Assessment Tool 5

How to assess the EESE and identifying priorities for reform

## Section 2.3: Assessment tools

### Policy Level Questionnaire

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#### Purpose

The **Policy Level Questionnaire** contains a set of ‘policy-orientated’ interview questions that can be put to key ‘policy actors’ the EO engages with – such as Government Ministries; Government Agencies; other business organizations; academics, and research institutions.

The questions represent a menu that the individual conducting the interviews can choose from and tailor to individual circumstances.

EOs can also use this tool as an ‘internal checklist’ across policy areas to measure their current level of activity.

**All questions are ‘open-ended’ to facilitate an interview-style discussion.**



#### How to use this tool

The tool follows the EESE Framework and is a database of questions across the 17 policy pillars. It is then divided into further categories. The issues listed are policy-orientated ones which an Employers’ Organization could expect to influence.





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## 1. PEACE AND POLITICAL STABILITY

### POLITICAL STABILITY

1. Considering that one of the key issues for investment decisions is stability of governance, as well as continuity and predictability, are these variables present in your country?
2. If not, do you think the country is advancing towards an increased stability that would attract investment?
  - Provide examples of poorly thought through or reactionary policy-making or governance decisions that concerned the business community.

### POLITICAL SYSTEM

3. Do you think that overall the political system is underpinned by accountable and transparent structures that provide investors with sufficient confidence?
4. If not, do you think the political system is advancing towards increased accountability and transparency?
  - Any examples of unaccountable and poorly transparent structures?
5. Are there sufficient checks and balances within the political system to engender confidence from the business community?

- Any examples of ineffective checks and balances?
6. A key component of the market economy model is economic freedom, as it enables individuals in society to make their own choices, is this true of your country?
    - Any examples of where economic freedom is manifestly suppressed?
  7. Political instability damages the credibility of the country as a whole and limits possibilities for both internal growth and foreign investment. Have there been any recent examples where decisions not to invest have been made on the basis of political instability?

## DEMOCRATIC STRUCTURES

8. Is there an independent and robust electoral commission?
9. Is there effective electoral competition?
10. Is there legislation banning those convicted of offences from holding office or running for election?
11. Is there a free press?
12. Is there a public sector ethics programme covering such areas as solicitation, conflict of interest, and political contributions?
13. Do women actively participate in the political process as elected officials?

## POLITICAL CULTURE

14. Is there a culture of short-term political appeal at the expense of seeking to provide the public good, and policies based on growth or poverty reduction impact?
15. Is a system of political patronage widely practiced?
  - Any recent examples to illustrate the extent of the problem?
  - Any examples of how it has negatively impacted on investment decisions?
16. Do any specific groups have undue sway over government, such as unions, particular economic sectors, or ethnic groupings?

## REGIONAL STABILITY

17. Is the region unstable or stable; increasingly stable or increasingly unstable?
18. Are there current regional tensions?
  - Any recent examples of rising tensions in the region?
  - Any examples of how this may have impacted on investment decisions – foreign or domestic?
19. Do regional economic groupings exist?
20. Are such bodies effective in promoting intra-regional trade and security?
21. Are such bodies effective in defusing political disagreements and disputes in the region?



## 2. GOOD GOVERNANCE

### TRUST IN GOVERNMENT

1. From a business perspective, trust in government is a vital factor in the decisions enterprises will take, such as the decision to invest or expand operations. This trust is achieved through consistency over time in the approaches that governments take, in terms of devising and implementing policy. Is this an accurate description of the current situation regarding governance and policy processes?
2. Are there measures and systems to provide timely public reporting on performance and decision-making?

### BRIBERY

3. Are bribery and corruption payments to officials an issue that members have consistently reported to you for action?
  - Is it mainly reported to you by your larger or by your smaller members; by your male or female members?
4. Are bribes widely paid?
  - If so, does this encourage increased bribery activity, less, or makes no difference?
5. Is corruption seen almost as a kind of informal tax?
6. Do effective independent anti-corruption institutions exist?
7. Are there effective measures to prevent conflicts of interests?
8. What channels exist for sharing information or speaking out about wrongdoing?
  - Does the government have a whistle-blowing or ombudsman facility?

### PUBLIC SPENDING

9. In your view is government spending of public monies as efficient as possible?
  - If not, any specific parts of government spending?
  - Any recent examples of wasting of funds that were earmarked for public services or works?
10. Are there tracking mechanisms for public expenditure?
11. Are there appropriate auditing procedures for public administration and the public sector?
12. Are there transparent procedures for privatizations, State projects, State licenses, State commissions, national bank loans, other government guaranteed loans, budget allocations, and tax breaks?
13. Are there systems for access to information about public expenditure?
14. Are there transparent, public, open, non-exclusionary and objective procedures in public procurement contracts?

### FREEDOM OF EXPRESSION

15. Is there a robust and independent media?
16. Is there Freedom of Information legislation?

## LEGISLATIVE PROCESS

17. Is legislation benchmarked against best practice in other jurisdictions?
18. Are there effective impact assessment mechanisms for legislation? Do these mechanisms assess the impact of legislation on small enterprises, and any gender-based impacts?
19. Are there effective review mechanisms for legislation?

## PUBLIC ADMINISTRATION

20. Do you think that overall public administration is sufficiently underpinned by accountable and transparent structures to provide enough confidence by investors?
  - If not, any examples of unaccountable and poorly transparent structures,?
21. Is there effective control of capital, financial and property holdings by civil servants (high level) and politicians (especially candidates for political office)?
22. Are public officials and elected politicians effectively accountable?
23. Is there a declaration of interests' registrar?
24. Is there sufficient training of civil servants?
25. Do politicians overtly divert public revenues from the provision of public services for private patronage?
26. Are there open, transparent, efficient and fair employment systems for public officials to ensure efficiency and good service while avoiding patronage, nepotism, and favouritism?
27. Is there the provision of education, training, supervision, incentive structures and codes of conduct that breed and reward integrity and professionalism for civil servants?
28. Have systems been established to avoid conflicts of interest and improper influence on officials and to provide mechanisms for officials to report such misconduct without endangering their safety and professional status?

## POLICY-MAKING STRUCTURES

29. Are policy-making structures able to sufficiently manage policy processes by taking into account overlapping policy areas?
30. Are there established mechanisms to facilitate communication between different ministries?
31. Are policy-making structures sufficiently able to measure the impact and consequences of policy approaches?
32. Are cost benefit analyses a feature of policy-making?
33. Is there sufficient debate on policy and legislative processes? With all options debated before final decisions are taken on a particular course of action?
34. Is business effectively consulted on policy which impacts on the enterprise sector?
35. Are businesswomen routinely invited to participate in the policy dialogue?
36. Is there an "administrative culture" that is well-equipped to consider the consequences of policy options?

## CORPORATE GOVERNANCE

37. Are corporate governance structures effective in creating safeguards against corruption and

mismanagement, limiting insider dealing and cronyism, while promoting the values of a market economy?

38. Do corporations observe basic principles of sound corporate governance, as these are a determinant of investment decisions, influencing the confidence of investors, the cost of capital, the overall functioning of financial markets, and ultimately the development of more sustainable sources of financing?
39. Does the corporate governance framework promote transparent and efficient markets, consistent with the rule of law, and clearly articulate the division of responsibilities among different supervisory, regulatory, and enforcement authorities?
40. Does the corporate governance framework protect and facilitate the exercise of shareholders' rights?
41. Does the corporate governance framework ensure the equitable treatment of all shareholders, including minority and foreign shareholders?
42. Do shareholders have the opportunity to obtain effective redress for violations of their rights?
43. Does the corporate governance framework ensure that timely and accurate disclosure is made on all material<sup>1</sup> matters regarding the corporation, including the financial situation, performance, ownership, and governance of companies?
44. Does the corporate governance framework ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and shareholders?



### 3. SOCIAL DIALOGUE

#### SOCIAL DIALOGUE LANDSCAPE

1. Do you agree that social dialogue as a process of consultation, negotiation and/or exchange of information between employers, workers, and/or their respective organizations is an important element in the smooth-running of workplace relations?
2. At a national level, has social dialogue been a useful means of managing, avoiding, or harmonizing conflicting interests between the social partners?
  - Any recent examples?
3. At an enterprise level, has social dialogue been a useful means of managing, avoiding, or harmonizing conflicting interests between workers and management?
  - Any recent examples?
4. Is there a culture of effective dialogue between business and unions?
  - Any examples of joint union-employer activities or proposals?
5. Do tripartite institutions and tripartite dialogue exist?
  - If not, should they?
6. Are unions fairly cohesive or are they divided/competing?
7. Are unions independent (i.e., free of political interference)?

<sup>1</sup> Material information such as the financial and operating results of the company; company objectives; major share ownership and voting rights.; the remuneration policy for members of the Board and its key executives; and information about board members.

8. Is trade union density increasing, decreasing, or staying the same (both in the private and the public sectors)?
9. Are there any bilateral (trade unions – EOs) dialogue channels or institutions?
  - If not, should they exist?
10. Are there informal bilateral (trade unions – EOs) dialogue channels?
  - Are these effective and widely used?

## GOVERNMENT – EOs DIALOGUE

11. Consultations between government and representative business organizations serve as an important means of ensuring that key industry priorities and business concerns are brought to the attention of government policy makers. Is this the case, as a general rule in your country? Is this also the case for businesswomen's organizations?

## WORKPLACE RELATIONS

12. Is the workplace climate conducive to attracting investment or it seen as a constraint?
13. Are strikes widespread or rare?
14. Do investors cite the workplace environment as a reason to invest or not invest?

## COLLECTIVE BARGAINING

15. Are current bargaining practices in your country an enabler or a constraint on enterprise development?
16. Is collective bargaining a positive way to address competitiveness and productivity issues?
17. Do current agreements vary across different types of workers, e.g. manual/non manual, skilled/unskilled, part-time/full-time, and permanent/temporary?
18. At which level does wage bargaining take place in your country? National level; Regional level; Inter-sectoral level; Sectoral level; Occupational level; Company level; or multiple levels?
19. Do collective agreements provide flexibility in their implementation at the different levels?
20. What trends are noticeable? E.g. increased national, sectoral, or enterprise level bargaining? If so, is this in a positive or negative development?
21. Has collective bargaining been a useful tool for engagement between employers and workers in bridging economic and social considerations in the world of work?
22. Are collective bargaining outcomes extended to non-union members? Is this helpful/unhelpful?
23. Are the issues traditionally covered in collective bargaining arrangements changing? For instance, is there inclusion of new elements such as organizational change?
24. Has the number of collective wage bargaining agreements been increasing or decreasing? (And what is the public/private sector breakdown)?
25. Do collective bargaining arrangements impact on the informal economy?

## CONFLICT RESOLUTION

26. Are there effective mechanisms and institutional bodies for the resolution of workplace issues (e.g. an independent labour court)?

27. Are they seen as impartial and free of political influence?



## 4. RESPECT FOR UNIVERSAL HUMAN RIGHTS

### FUNDAMENTAL RIGHTS AT WORK

1. Is there effective awareness within the business community of fundamental rights at work?
2. Does the business community promote respect for Fundamental Principles and Rights at Work (emphasizing the effective abolition of child labour, the elimination of all forms of forced or compulsory labour, the elimination of discrimination, rights to freedom of association, and recognition of collective bargaining) in national debates?

### RESPONSIBLE BUSINESS CONDUCT

3. Is there an enabling environment which clearly defines the respective roles of government and business; promotes dialogue on norms for business conduct; and supports private initiatives for responsible business conduct?
4. Is there awareness amongst business leadership of enterprises' important role alongside other actors in contributing to the development of the communities in which it operates?
5. Does the EO clearly promote the message that its members must operate within an environment that guarantees values such as freedom, equality, justice, and respect for the rule of law?

### EXPECTATIONS ON BUSINESS

6. Are there too many 'social expectations' on business?
7. Are there examples of what is the traditional role and functions of government being taken on by enterprises (e.g. non-profit provision of basic services)?
  - If so, is this done in partnership with government or as a unilateral initiative?
  - Are there any noticeable trends in this respect?
8. Many enterprises are active in working with suppliers to ensure that their products/services are produced in a manner consistent with local law and their own values. Are there examples whereby that engagement has made them "responsible" for the enforcement of national legal systems?



## 5. ENTREPRENEURIAL CULTURE

### FRAMEWORK CONDITIONS

1. Generally-speaking, is entrepreneurial activity more 'demand-driven' (i.e. driven by the pull of a given market demand or promising market opportunity) or is it categorized by high levels of necessity-driven entrepreneurship (i.e. individuals are pushed into entrepreneurship because all other options for work are either absent or unsatisfactory)?

### START UP SERVICES

2. Is there an adequate support system (e.g. information on licensing, etc.) for those seeking to establish business?



3. Is assistance to start up enterprises (such as basic information on legislation, access to credit, business development services, etc.) easily available, and equally so for both women and men?
4. Are there explicit local level strategies to promote entrepreneurial activity in order to enter markets competitively?
5. Are there effective business support agencies at the national, regional, and municipal levels and are they inclusive of women and young entrepreneurs as beneficiaries?
6. Are there 'one stop shops', in terms of information (on laws, regulations) and guidance? Is such information disseminated in an easy to understand format (e.g. in local languages and distributed regionally)?

## EDUCATION SYSTEMS

7. Is the importance of entrepreneurship and the role of business in society effectively communicated in first and second level education systems and through curricula?
8. Are there entrepreneurship education courses in teacher-training institutes?
9. Are there facilitative links between teachers and local companies?
10. Is training in creating or managing small, new, or growing businesses incorporated within the educational and training system at all levels?
11. At primary and secondary school level, is entrepreneurship education training incorporated?

## CREATING THE CONDITIONS FOR INNOVATION

12. Does national policy encourage and foster the cycle of innovation that will lead to more private sector investment in research and development, the development and utilization of new technologies, knowledge spill-overs, increased productivity, and expanded market opportunities that will lead to economic growth?
13. Do you see in entrepreneurs more direct innovation, i.e. entrepreneurs introducing new product-market combinations or innovations that are copied by incumbents?
14. Is there sufficient investment in the basic sciences in universities?
15. Are the use of copyright and patents easy for entrepreneurs to understand?
16. Are there sufficient incentives for strong links between public research organizations and the private sector?
17. Is there collaboration between private enterprises and tertiary institutions?
18. Have national authorities established a support system for supporting innovation-related activities (e.g. technology and innovation centres, technology incubators, innovation funds, etc.) and a national system of awards to recognize new ideas and innovative firms?

## BANKRUPTCY LAWS

19. Are bankruptcy laws sufficient to protect first and foremost, not be punitive towards business failure?
20. Is the 'risk of failure' in terms of monetary costs a significant deterrent to entrepreneurship?
21. Do bankruptcy laws act as a significant barrier to start up?

## INCENTIVE POLICIES

22. Do government procurement procedures explicitly target young enterprises and innovative firms?

23. Would lowering employment protection have a beneficial impact on the rates of entrepreneurial activity?
- Is employment protection legislation seen as a barrier to employment in young firms?
24. Are there legislative barriers that limit the potential of entrepreneurs to develop and expand their businesses? (E.g. women and young people in particular).

## FINANCIAL SUPPORT

25. Are there financial resources, equity, and debt, available for new and growing firms, including grants and subsidies to start ups and young firms?
26. Are women at all disadvantaged in terms of accessing financing for their businesses?
27. Are there microfinance options available?

## GOVERNMENT POLICIES

28. Generally speaking, are new and growing firms prioritized in government policy, including start-ups by women and young people?
29. Are the needs of new and growing firms taken into account in regulation design?

## RESEARCH AND DEVELOPMENT TRANSFER

30. Is national research and development contributing to new commercial opportunities?
31. Do specific opportunities exist in this space for new, small, and growing firms?

## COMMERCIAL AND PROFESSIONAL INFRASTRUCTURE

32. Is there a widespread presence of commercial, accounting, and other legal services and institutions that allow or promote the emergence of new, small, or growing businesses?
33. Is there sufficient competition amongst these providers?

## INTERNAL MARKET OPENNESS

34. Are new firms free to enter existing markets and is there evidence of this?

## ACCESS TO PHYSICAL INFRASTRUCTURE

35. Is there ease of access to available physical resources: communication, utilities, transportation, land, and space – at a price that does not discriminate against new, small, or growing firms?

## CULTURAL AND SOCIAL NORMS

36. Do existing social and cultural norms encourage, or do not discourage, individual actions that may lead to new ways of conducting business or economic activities?
37. Are there social and cultural barriers that limit the potential of entrepreneurs (particularly women and young entrepreneurs) to develop and expand their businesses?
38. Does society place a much higher value on 'job employment' rather than that of entrepreneurship, in that it is seen as 'not a proper job' (in the sense that more value is attached towards becoming an accountant, teacher or doctor)?
39. Is the 'risk of failure' in terms of stigma a significant deterrent to entrepreneurship?



## 6. SOUND AND STABLE MACROECONOMIC POLICY

### FISCAL AND BUDGETARY POLICES

1. Stable public finances and price stability contribute to lower real interest rates and in turn this stimulates investment and economic growth. Are public finances in excessive deficit (i.e. rising debt will result in an increase in interest charges, in turn feeding the deficit and debt)?
2. How active is the EO in its own policy submissions in calling for sound budgetary policies?
3. Is fiscal policy transparent? Is there a well-informed public debate about the design and results of fiscal policy?
4. Has the EO placed an emphasis on improving efficiency in government spending so as to drive improvements in the fiscal situation?
5. Have investors signalled to you that macroeconomic instability has been a chief reason for deferment of investment decisions?
6. Is there a public political commitment to reign in excessive debt (if this is the case)?
7. Are there independent bodies to monitor fiscal spending?
8. Do they play an effective role in assessing fiscal policies and providing sound analysis?
9. Is there a coherent framework for an analysis of the country's fiscal and budgetary situation?
10. Is the IMF's "Code of Good Practices on Fiscal Transparency," utilized as a framework by Government?
11. Is there sufficient provision of impartial information concerning national budgetary processes?
12. Does the Auditor General have a more or less independent role vis-à-vis the executive branch?

### INFLATION AND INTEREST RATES

13. Has inflation been a negative or positive contributing factor to confidence in the business community in terms of expansion plans?
14. What measures have been taken to ensure price stability?
15. Are interest rates enablers or obstacles to business expansion?
16. How stable have interest rates been?
17. Have wage policies impacted negatively on inflation?

### ECONOMIC INSTITUTIONS

18. Are there independent economic institutions (e.g. A Central Bank)?
19. Are there independent economic research institutes that provide useful independent input on macroeconomic policies?

### EXCHANGE RATE POLICES

20. Is the exchange rate facilitative to business operations?
21. How stable or volatile on financial markets is the national currency?
22. Is the currency pegged to another currency?
  - If not, should it be?

- Would this have favourable implications for enterprises?

## REMITTANCES

23. How important are remittances by migrants living outside the country to the State's economy?

24. How stable have they been during the most recent period?

## COMMODITY PRICES

25. How dependent is the economy on sales of specific commodities?

26. What impact have changes in commodity prices had on broader economic activity?

## OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

27. What percentage of the national budget is reliant on ODA?

28. Have ODA flows remained stable in recent times?

29. What are the immediate expectations for this revenue stream?

# 7.

## TRADE AND SUSTAINABLE ECONOMIC INTEGRATION

### PUBLIC PERCEPTION

1. Is trade perceived largely by the public as positive in terms of cheaper goods and services, or is it seen as a threat to jobs?

### SECTORS

2. Are certain sectors more exposed to competition from overseas competitors?
3. Has the government introduced any sector/industry specific support to shield domestic producers?
4. Have there been calls to introduce protectionist measures in any sectors?

### TRADE FINANCE

5. Is there effective access to trade finance and credit insurance?
6. Do exporting SMEs have access to credit guarantees?

### POLICY ENVIRONMENT

7. What policy work is done in identifying where the economy has comparative advantages which will enable export-driven growth to take hold?
8. Does the EO have the ability to measure performance in different sectors through its sectoral membership?
9. Are there incentives for investment in export diversification such as tax breaks, etc.?
10. How do the following issues impact on exporting/importing sectors?
  - Export taxes;                      Positive                      Negative
  - price controls;                      Positive                      Negative

- import quotas; Positive Negative
- import tariffs; Positive Negative
- import licensing; Positive Negative
- export incentive schemes. Positive Negative

11. Do enterprises have a clear understanding of the trade agreements that are in place between your country and countries you export with?
12. In your view, are many domestic enterprises reliant on the domestic market only because they feel they lack the capacity to export, i.e. dealing with licences, regulations, etc.?
13. What types of bottlenecks do exporters find most constraining?

## INFORMATION FLOWS

14. Is there sufficient information for exporters and importers on trading procedures, tariffs, and duties and taxes?
15. Is there a smooth flow of information pertaining to export and import markets?
16. Is it easy to access up to date information on tariffs applied by receiving countries?
17. Are customs officials fully aware of all trade agreements and their implications? Are there practical ways to keep officials up to date?

## TRANSPARENT PROCEDURES

18. Are there efficient and transparent customs procedures to facilitate importing and exporting enterprises?
19. Is getting the necessary certificates of origin and other essential documentation a straightforward and cost-effective process?
20. Is the time to clear goods (exports and imports) through customs excessive?

## PRODUCT STANDARDS AND CERTIFICATIONS

21. Are product standards and certifications utilized as protectionist measures on key export markets or potential export markets?

## MOBILITY

22. Can foreign business people easily enter the country?
23. Is securing visas to enable business people to travel for commercial purposes difficult?

## INFRASTRUCTURE

24. Is the infrastructure which enables efficient export and import of goods and products sufficient?

## 8. ENABLING LEGAL AND REGULATORY ENVIRONMENT

### REGULATORY FRAMEWORK

1. Are regulatory functions centralized or decentralized at the different levels of government (i.e. state, provinces, municipal)?
  - Is this positive or negative?
  - Does it lead to duplicity or confusion?
2. Do regulatory frameworks enable enterprises to plan with a degree of certainty?
3. Do regulatory frameworks facilitate new market entries by removing disincentives and barriers to investment?
4. Do regulatory frameworks effectively address market failures that inhibit productive investment and reconcile private and public interests?
5. How difficult is regulatory change? Is there an intrinsic “resistance to change” from the government?
6. In relation to the regulatory approach, is there a clear rationale outlined for the introduction of new laws and regulations impacting on business?
  - Is this vigorously tested with business, including with small businesses?
  - Is there a process for measuring the gender impacts of legislation and regulations?
  - With other stakeholders?
7. Are there effective oversight mechanisms for the regulatory framework that have the ability to adjust regulation?
8. Are regulatory frameworks reasonably stable and provide legal certainty, particularly with respect to property rights?
9. Do regulatory frameworks support innovation and promote competition?
  - Any examples?
10. Is the number of permits and approvals, along with other bureaucratic steps that businesses need to cover, together with the time it takes to obtain them, expensive and time consuming - for any area which impacts on business?
11. Is there support at the highest political level, and by the different institutions responsible, for preparing legislation and rules within the framework of a regulatory impact assessment regime?
12. Are regulatory frameworks consistently subject to review?
13. Are there any indications that the implementation of policies, laws, and regulations vary between women and men, or between male-owned enterprises and female-owned enterprises?
14. Are gender-specific needs adequately taken into account? For example, do men have better access to information than women?

### ENTERPRISE START UP

15. How easy is it to register a business (time and costs)? Is it getting easier or harder?
16. Is the minimum capital required to start a business affordable (or not necessary at all)?
17. Are there anti-competitive regulations in product markets such as obstacles to businesses entering new markets?

## TAXATION

18. Businesses from around the world have identified taxation as an area in which they would most like to see their governments improve. Is the taxation system of your country efficient? When were reforms last introduced?
19. Is the size of the tax burden on businesses a major constraint on investment and enterprise growth? Has the situation got better or worse?
20. Are the reporting requirements for enterprise taxation generally too complex, too frequent and/or highly bureaucratic?
21. Are taxes “profit-insensitive”, i.e. taxes are paid regardless of whether the enterprise is making a profit?
22. How high is the tax wedge?<sup>2</sup>
23. If taxes are high and corresponding gains seem low, is there a big incentive for businesses to opt out of the formal sector?
24. Experience shows that economies that make paying taxes easy tend to focus on lower tax rates accompanied by wider tax bases, together with simpler and more efficient tax administration and one tax per tax base? Is this the experience in your country?
25. Are electronic filing and payment systems, which reduce the tax burden for firms, while lightening their administrative requirements, made available?
26. Besides the taxes paid, there are the costs of complying with tax laws. Worldwide, on average, a standard small- to medium-size business spends three working days a month complying with tax obligations. What is the average in your country?

## BANKRUPTCY LAWS

27. In your view, are bankruptcy laws clear to even the smallest businesses?
28. Are they applied effectively in practice?
29. Are the costs related to bankruptcy laws reasonable?
30. Is the process overly complex and bureaucratic?

## LABOUR LAW

31. Is the law clear on workers' entitlements?
  - Is it easy to understand?
  - Are laws well-promulgated?
32. Do you consider that current labour legislation is conducive to enterprise growth?
  - If not, which areas are most in need of reform?
33. Have there been any significant changes to statutory worker entitlements in the last five years that have impacted positively on firms' cost base?
34. Are there any exemptions to certain legal requirements based on firm size?
  - If so does this work effectively (i.e., it does not create 'growth traps' whereby the firm does not want to cross a certain size threshold?)

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<sup>2</sup> The difference between before-tax and after-tax wages. The tax wedge measures how much the government receives as a result of taxing the labour force.

## LABOUR ADMINISTRATION

35. An effective labour administration system provides for a stable business climate, as it is a key market-supporting institution that encourages direct national and foreign investment. Can you report any examples where investors have reported to you the importance of a strong labour administration system?
36. Are there institutional relationships between the labour administration and other public and private institutions working in related areas?
37. In today's world market, a poor record of compliance with international core labour standards can generate consumer concerns. Are there any examples in your country of enterprises that have generated adverse attention due to the lack of compliance?

## INFORMAL ECONOMY

38. Approximately what percentage of enterprises operate in the “informal economy” in your country?
39. Are informal enterprises disproportionately represented by women-owned enterprises?
40. What reasons would you attribute to enterprises working ‘informally’ (e.g. inadequate system of property rights; excessive bureaucracy, i.e. cost/time involved in registering a business or staying formal; lack of access to credit; absence of facilitative legal systems; lack of education/skills to function in the formal economy; limited access to market information; labour legislation; low productivity)?
41. Are there imaginative ways of applying the law? (For instance by enabling informal operators to bid for public sector contracts on condition that they initiate formalization).

## COST OF COMPLIANCE

42. Are health and environmental standards workable and practical?
43. Are planning and zoning laws straightforward (including land use planning and zone, city planning policies)?
44. Is compliance with building regulations workable and practical?
45. Is the impact of compliance costs on SMEs explicitly examined?
46. Is the time involved by staff on compliance issues a major cost to enterprises? (E.g. tax-related compliance matters; need to employ out-of-house tax advisers/ agents/intermediaries).

## OCCUPATIONAL HEALTH AND SAFETY (OSH)

47. Are those who create the occupational safety and health risks responsible for managing it?
48. Is OSH an area of effective tripartite cooperation?



## 9.

## RULE OF LAW AND SECURE PROPERTY RIGHTS

### LEGISLATION AND INSTITUTIONS

1. Are the institutions which define property rights and ensure their fulfilment (i.e. the judicial system, property registers) efficient, impartial, and accountable to society?
2. Is selling a property an understandable process and not overly time-consuming or with prohibitive

costs?

3. Does legislation “facilitate” an environment that enables corrupt firms to thrive at the expense of competitive forces?
4. Do formal and informal systems exist side by side? How does this work in practice?
5. Are there alternative dispute resolution systems that provide a substitute for slow and expensive formal courts?
6. Are there specialized debt collection courts?<sup>3</sup>
7. Do courts provide reasons for their decisions based on the law, through some form of due process?
8. Are there any examples that poor governance structures have undermined the rule of law and provided fertile ground for organized crime?

## COMMERCIAL PROTECTION

9. Is contract enforcement reasonably straightforward?
10. Are there laws for key types of disclosure to protect equity investors?
11. Is the debt value to enforce a contract prohibitive in terms of cost?
12. Is it straightforward to register commercial property (in a few procedures)?
13. If debtors become insolvent and enter bankruptcy, do creditors have adequate protection?

## JUDICIAL FRAMEWORK

14. Are there effective contract enforcement and dispute resolution mechanisms in place, in terms of length of court days, etc.?
15. Is the judiciary independently appointed?
16. Is the law applied impartially or open to political interference?
17. Is there extensive use of extra-legal contract enforcement mechanisms?

## PROPERTY RIGHTS

18. Are the institutions that define and enforce property rights – the court system, property registries and law enforcement agencies – effective and well-funded public institutions?
19. Systems that provide little or no confidence that property rights are secure lead to few incentives for individuals to expand operations or develop their businesses and reinvest their profits. Are property rights respected and secure?
20. What are the specific mechanisms through which property rights affect the economy?
21. Are all components of property rights created equally?
22. Do the effects of various components of property rights differ by the country's context?
23. Are there variations in the rights allowing women and men to own property, including holding bank accounts and other transferable forms of property?
24. Are there variations in the procedural requirements for women to own property (e.g., permission from a father or husband)?

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<sup>3</sup> These can resolve claims faster because those who preside over them have more command over the law and have responsibility for the entire debt collection system - from seizure, to the auctioning of property.

## RULE OF LAW

25. The rule of law means that governmental decisions are made according to a set of written laws and rules, which are to be followed by every citizen. Are such rules applied consistently, administered by a professional bureaucracy, and adjudicated by a fair and transparent judiciary that is adequately compensated?
26. Have there been improvements in economic security?
  - How have these contributed to the rise of private investment?
27. Is there trust in the legal system?
28. Are the forces of law and order seen as effective in deterring crime?
29. Is lawlessness and crime a major disincentive to investment?



## 10. FAIR COMPETITION

### COMPETITION

1. Are there entry and exit barriers to new enterprises, such as state monopolies or state licences?
2. Is there a culture of competition?
3. Are there effective anti-trust laws?
4. Does the government effectively promote market competition and avoid protectionist measures?
5. Is there a national competition watchdog?

### TAX POLICY

6. Is taxation used to stimulate one area of economic activity (e.g. through tax incentives) or does it instead limit it (e.g. by putting a duty on imports to reduce foreign competition)?
7. Does taxation policy play an effective role in promoting private sector expenditure and investment in innovation?

### RESEARCH AND DEVELOPMENT (R&D)

8. Is public investment in R&D a priority (e.g. through tax credits and by promoting investment in R&D in association with public procurement)?
9. Do national enterprise agencies provide particular support to “innovation-oriented” entrepreneurs?
10. Does the government provide assistance to enterprises to maintain R&D?

### INTELLECTUAL PROPERTY RIGHTS

11. To what extent are intellectual property rights defined and respected?

### WAGES

12. Is there currently a national wage policy?
  - What role does the EO play?
13. Do wages reflect labour market realities?

14. Have increases in the cost of labour exceeded productivity growth?
15. Is there minimum wage legislation (MWL) in place?
  - If so, does this play a negative or positive role?
16. Are minimum wages at all times carefully considered with due regard to their impacts on job creation?
17. In terms of entry into the labour market for certain groups of workers (e.g. young workers, disabled workers) does minimum wage legislation act as an incentive?
18. Are there mechanisms in place for adjusting MWL, i.e. regular reviews?
19. Is equal pay legislation in place to guarantee equal pay for work of equal value so as to reduce wage discrimination against women workers?

## PRODUCTIVITY

20. Are there effective institutions that monitor productivity levels and feed related information into the national policy discourse?
21. Are there government assistance programmes to help improve productivity?

## INFORMAL ACTIVITY

22. Are enterprises in the informal sector seen as a major source of unfair competition?
23. Are formal enterprises increasingly adopting 'informal elements' into their mainstream commercial activities?

## SUPPLY CHAINS

24. Are supply chains facilitating productivity gains by the domestic sector?
25. Any examples (for domestic producers) of significant increases in sales, reduced transaction costs, better control of product quality and safety, and better access to technology, capital, and knowledge?



## 11. ACCESS TO FINANCIAL SERVICES

### COMPETITION

1. Is there sufficient competition in the banking sector?
  - How can you tell?
  - Did terms and conditions ease for firms when a new financial service provider appeared on the scene?
2. Are there public or private mechanisms that monitor lending by banks?
3. Is cross-border lending encouraged?
4. Are foreign financial service operators present in the country?
  - Are they having a positive or negative impact on the affordability of financial services and products?
5. Have there been attempts by government to protect domestic credit lines by discouraging cross-border lending?

6. How does government encourage more competition?
  - What should it do in that direction?
7. How does government – including municipal administrations – stifle competition?
8. How do public retail credit institutions discourage private service providers?
  - Have you seen that occur?

## AFFORDABILITY AND ACCESS

9. Are there effective means to get information on financial services to emerging entrepreneurs, including outreach to women and young people?
10. Are microfinance institutions (MFIs) playing a useful intermediary role?
  - What, if any, are the key barriers to their development?
11. Are there credit bureaus that compile the credit ratings of enterprises and provide financial institutions and other lenders with easy access to timely, accurate, and reliable credit information on these enterprises? If so, are they effective?
12. Are financial products adapted to the needs of enterprises of differing sizes, and to youth and women entrepreneurs who may have difficulty meeting the collateral requirements of lending institutions?
13. Do scoring methods for assessing enterprise credit-worthiness provide appropriate discretion so that adequate room would be left for the specificities of the client, as happens with standard banking relationships?
14. Do automatic systems of credit evaluation evaluate the credit risk of enterprises on a company basis rather than on a sectoral basis?
15. Are there regular banking – small business forums?
16. Are there sufficient policy and regulatory incentives to encourage financial institutions to lend to SMEs, including women-owned SMEs and young entrepreneurs?
17. Is information about financial services effectively disseminated to the business community, including through the networks commonly used by women and young entrepreneurs to access information?
18. Is gender sensitivity training of loans officers a common practice of commercial banks?

## SMALL AND MEDIUM ENTERPRISE (SME) FINANCE

19. Are there sufficient policy and regulatory incentives to encourage financial institutions to lend to SMEs, and including women-owned SMEs?
20. Are there financial instruments (e.g, venture capital) to develop innovative enterprises?
21. Are financial products adapted to the needs of SMEs?
22. Is there support targeted to SMEs such as advisory services and programmes to assist them in preparing bankable loan proposals, including women-owned SMEs?
23. Is the information about financial services well disseminated to SMEs?
24. Are there support mechanisms particularly targeted to SMEs, such as advisory services and programmes to assist enterprises in preparing bank loan proposals? Are there any support mechanisms specifically targeting women entrepreneurs for this purpose?
25. Is there are sufficient policy and regulatory incentives to encourage financial institutions to lend to all enterprises, especially SMEs, and including women-owned SMEs?

26. Is there effective and efficient access to short-term financing?
27. Are there collateral share risk schemes for SMEs?
28. If you were running a government department promoting SMEs, what would you do? What would in your view be a good avenue to advance SMEs?



## 12. PHYSICAL INFRASTRUCTURE

### GOVERNMENT PROCESSES AND POLICIES

1. Are there good examples of public investment in areas such as infrastructure, energy supply, education, and health that have directly paved the way for new industries to emerge?
  - Any example of how it has assisted export diversification?
2. Are major infrastructure projects characterized by efficient contracting, open bidding, regulatory credibility, and private and sound managerial capability?
3. Modernizing ports, maintaining and extending the network of highways and railways, increasing the supply of energy and telecommunications are areas in which private investment has or can have an important role in supplying goods and services. Has this been the case in your country?
4. Policy solutions require investment in local infrastructure and services to enable suppliers access domestic markets. However, care needs to be exercised in policy development. If for instance demand is very local, additional production induced by increased access to finance and lower cost of capital will reduce prices locally, undermining profit. Will this only reinforce the intense competition in these crowded markets? Any examples of this happening?
5. Are there any bottlenecks in key materials needed for infrastructure projects (e.g. cement)?
6. Are there sufficient skills available currently for infrastructure projects to proceed?

### PUBLIC PRIVATE PARTNERSHIPS (PPPs)

7. Increasingly, many countries are bypassing the constraints on publicly available funding by exploring private or joint public-private provision of infrastructure facilities. Any examples of effective public-private partnerships, particularly in the provision of such services as energy and water?

### TRANSPORT

8. Is there adequate competition in the sector?
9. Is recent infrastructure development lowering travel time and reducing transport costs?
10. Do major infrastructure projects (new or upgrading existing infrastructure) provide sufficient opportunities for indigenous enterprises?
  - How administratively burdensome are tendering processes?

### RURAL-URBAN LINKAGES

11. If there is a large agricultural sector, are there effective rural-urban linkage strategies?
12. Farms and rural enterprises frequently serve very local, restricted, and typically low-income markets. Does the infrastructure in place (or planned) enable them to reach out to richer and larger urban markets, on national or international scales? Are there national policy discussions on this issue? Are small farm operators and agri-producers, including women, involved in these national policy discussions?"

## GEOGRAPHY

13. If the country is landlocked, are transport linkages with neighbouring countries with seaports good?
14. Does infrastructure delay increased regional integration?
15. Are there any regional bodies dealing with these issues?

## ELECTRICITY

16. Are enterprises reporting major losses due to power outages?
17. Is there competition in the sector?
18. How efficient are procedures for obtaining an electricity connection, along with the time and cost of completing them?

## BASIC UTILITIES

19. Are there difficulties in getting basic utilities - a telephone landline, obtaining water connections, waste disposal, etc.?
20. Are fees for utility connections affordable?



## 13. INFORMATION AND COMMUNICATIONS TECHNOLOGY

### TELECOMS

1. Is there sufficient competition in the mobile telephone operators sector?
2. Are licences regularly reviewed?
3. Are tendering processes competitive and transparent?
4. Is there a reliable electricity supply to power mobile networks' base stations?
5. Is infrastructure-sharing prevalent amongst mobile operators (e.g., metal towers on which antennae are mounted)?
6. Are mobile-based (i.e., text messages) services such as agricultural information, etc., increasingly prevalent?
7. Do mobile banking services exist?

### ICT INDUSTRY

8. Are there any labour-intensive high-tech service industries?
9. Is government actively seeking investors in this sector?

### NEW TECHNOLOGIES AND INVESTMENT PRACTICES

10. Any examples of how technology has been diffused to local suppliers through foreign investment?
11. Any examples from your members of how ICT has lowered transaction costs by reducing information asymmetries and opened up market possibilities?

## BROAD BAND DIFFUSION

12. Is broad band diffusion a significant obstacle to operations?
13. Is its extension a national priority?
14. Are broad band costs high?



## 14. EDUCATION AND TRAINING AND LIFELONG LEARNING

### EDUCATION POLICY

1. Is there a sufficient focus on sound basics, such as literacy and numeracy, at the primary school level?
2. Is policy under constant review and is it regularly tested, to ensure high standards?
3. Are education standards consistent?
4. Are education enrollment rates for girls and boys at par?
5. Are there sufficient efforts to raise the qualitative levels of education providers?
6. Do education and training policies enable all people to access jobs that match the education, skills, and experience they have attained?
7. Do education and training policies attempt to broaden girls' exposure to non-traditional areas, such as in engineering, science, etc.?
8. Is policy demand-driven, accessible, relevant, adaptable, and specifically-aligned to changing labour market needs?
9. Are education and training policies underpinned by open competition principles that diversify the supply of training and enhance the 'user choice' principle?
10. Are there adult education opportunities?
11. Are there fees for 1st and 2nd level education?
  - Is this at a reasonable level to enable widespread access?
12. Is there a major issue with teacher absenteeism?

### SKILLS

13. How effective is training infrastructure?
  - Is it characterized by excessive bureaucracy?
  - Is it tuned to the changing needs of the labour market?
14. Do skills development policies focus first on the basic skills of literacy, language, and numeracy?
15. Are skills development policies predicated on a short-, medium- and long-term analysis of the economy and on the identification of leading and growing sectors in which individuals can find employment opportunities?
16. Are there policies that encourage people to improve their skills during their whole career and adapt to changing labour market requirements? Is training directed at enhancing the skills of women in areas of high employment demand to better prepare them for "good jobs"?

17. Are there schemes that encourage people to improve their skills during their whole career?

## ALMPs

18. Is improving productivity a significant factor in developing training systems?

19. Are labour market activation policies focused on preventing the long-term unemployed from becoming detached from the labour market?

20. Is there a focus on improving the quality of labour market activation policies? , including those affecting the integration of women and young people into employment or self-employment

## THIRD LEVEL

21. Is there a need to raise the number of university graduates?

- Raise the quality of university graduates?
- Improve the workplace relevance of graduates?
- Raise the number of PhD graduates?
- Encourage higher rates of tertiary education enrollment amongst girls and women?

22. Are there strong research links between third level institutions and firms?

## MOBILITY

23. Is there sufficient national budgetary support for skills development, and measures to improve worker mobility?

24. Is mobility promoted?

25. Is there a standardized national qualifications framework (NQF)?

26. Are there Brain drain issues?

27. Are there any platforms that help link skilled migrants in the country's diaspora with suitable employment at home?

## EMPLOYMENT SERVICES

28. Do labour market policies seek to increase employability and 'employment security' rather than through the traditional approach of protecting jobs through legislation?

29. Do Public employment services contract the services of private employment agencies?

30. Do public employment services place emphasis on providing job-search assistance to the most employable workers who have lost their jobs, together with training opportunities, as well as greater use of targeted hiring and work experience subsidies and public-sector job-creation slots for the most hard-to-place unemployed?

## PRIVATE SECTOR ROLE

31. Do national training systems work with private sector trainers?

## ENTERPRISE LEVEL TRAINING SCHEMES

32. Can enterprises easily access government funding for training?

33. Are there adequate apprenticeship structures?
34. To the extent that apprenticeship structures exist, do they encourage the participation of women in the various trades?
35. Do training systems promote training opportunities that lead to sustainable work upon completion?
36. Are training systems regularly audited to ensure that they are free of excessive bureaucracy and can be accessed widely and immediately?
37. Are private sector resources utilized to support active labour market programmes?
38. Is there funding to assist enterprises in increasing worker training?
39. Can enterprises identify their needs and gaps in skills easily?

## VOCATIONAL

40. Is there a need to raise the level of technical skills?
41. Are there effective vocational and technical training systems?
42. Do they provide for entrepreneurial skills development, especially for unemployed youth and women?



## 15. SOCIAL JUSTICE AND SOCIAL INCLUSION

### SOCIAL STABILITY

1. Are there high levels of inequality, which preclude large segments of society from participating effectively in economic activity?
2. Are policy frameworks predicated on promoting equality of opportunity, in terms of access to markets, resources, and an unbiased regulatory environment for businesses and individuals?
3. Does national policy in real terms aim to improve access for all citizens' participation in the market, either as entrepreneurs or employees, i.e. through economic opportunities?
4. What impact does labour legislation have on certain groups of workers (e.g., young, female, older, disabled)?

### VULNERABLE GROUPS

5. Is the labour legislative framework facilitative of maximum labour market participation?
6. Is there discriminatory legislation or practices that serve to exclude certain groups from labour market activity?

### EFFECTIVE LABOUR MARKET PARTICIPATION: WOMEN

7. Is there effective legislation to combat gender discrimination in the labour market?
8. Are there any of the following obstacles to female participation in the labour market?
  - Lack of child care (state-run, private operators, etc.);
  - Working time legislation;
  - Culture in the workplace;
  - Anti-discrimination legislation;

- Training to assist re-entry of returning women to labour market;
- Leadership from the business community;
- Maternity or paternity leave (paid or unpaid).

## EFFECTIVE LABOUR MARKET PARTICIPATION: YOUTH

9. What will motivate young people to seek productive employment?
10. Are they informed about the job possibilities of today and what employment and the world of work requires of them?
11. Do they know of the linkages between education and employment, and the return they can achieve from that linkage?
12. Are those linkages relevant to industry's needs of young people as prospective employees today, and in the future?
13. Is there a minimum wage for young people?
  - Does it impact positively on hiring decisions for young people?

## EFFECTIVE LABOUR MARKET PARTICIPATION: OLDER WORKERS

14. Are there measures to increase the participation of older workers in the labour market?
15. Are any of the following acting as obstacles:
  - "Early retirement" culture;
  - Age of retirement too low;
  - Skills gaps of older workers;
  - Limited pension portability;
  - Cultural attitudes to older workers;
  - Taxation structures;
  - Legislation?
16. Is there effective legislation to combat discrimination in the labour market?
17. Is the age of retirement too low? Are there different compulsory retirement age cut-offs for male and female workers (would be discriminatory)?
18. Are there tax/pension incentives/disincentives towards working past the age of retirement?
19. Are there measures to facilitate the integration of older workers, particularly those re-entering the labour market?
20. Are 'actuarially neutral pensions' the norm? - Meaning that if people retire later in life (and contribute more) their pensions will be increased accordingly. Are the rules of pension schemes the same for both male and female workers?
21. Are there policies to promote personal savings and retirement plans for individuals, for women and men alike?
22. Do strict employment protection measures lead to lower hiring of older workers, and thus make it more difficult for older people to find a job?

## EFFECTIVE LABOUR MARKET PARTICIPATION: MIGRANTS

23. Do the facilities exist for the appropriate recognition of overseas qualifications and skills of migrants?

24. Is there effective legislation to combat discrimination against migrant workers in the labour market?
25. Are there effective policies in place to better integrate migrants in society, as well as second-generation migrants, such as legislation and measures preventing discrimination in hiring?

## EFFECTIVE LABOUR MARKET PARTICIPATION; DISABLED WORKERS

26. Is there effective legislation to combat discrimination against the disabled in the labour market?



## 16. ADEQUATE SOCIAL PROTECTION

### STRATEGIC APPROACH

1. Do social security systems aim to provide coverage to the maximum amount of citizens, while remaining within affordable fiscal boundaries?
2. Is social spending targeted actively at supporting employability and re-entry to the workforce as soon as possible?
3. Is government 'buy-in' unambiguously assured?
4. Is social security a policy response largely driven by donors and NGOs?
5. To what extent does government use infrastructure projects as a means of income support for low-income groups?
6. Are social protection interventions targeted at those most in need?
7. Are social protection interventions effectively planned in a strategic fashion and do not place an unfair burden on the current and future working population?
8. Have schemes like conditional cash transfer (CCTs) programmes proven to be efficient and effective responses?

### SOCIAL SECURITY COSTS

9. Are social security systems and policies a barrier to employment, or a burden on the competitiveness of businesses?
10. Should improved governance, administration, and management of social protection systems be a priority?
11. Do poor administrative and financial management of social security systems lead to leakages and corruption?

### CHOICE

12. Does national policy provide citizens with a choice between individual responsibility and solidarity, and additionally provide a broad variety of instruments and means of delivery – public, private, informally, and community based?

### EFFICIENCY

13. Is there evidence of social protection duplication (particular types of beneficiaries being targeted by two or more different agencies) and exclusion (deserving individuals and families being missed entirely from all types of social transfer)?

14. Does the so-called 'elite capture', whereby social transfers are steered towards relatives and friends of political leaders rather than the most needy, exist?
15. Are there innovative approaches to providing social security to those in the informal economy, without placing the cost burden solely on the formalized economy?

## EXTERNAL PRESSURES

16. What will demographic changes mean for social security systems?
17. What pressures will it place on existing systems?
18. What new responses will be needed?
19. What pressures do sudden changes in commodity prices (like fuel and food) place on social security systems?



## 17. RESPONSIBLE STEWARDSHIP OF THE ENVIRONMENT

### GOVERNMENT RESPONSE

1. Climate change has become an economic issue for governments. Does public policy reflect that shift?
2. Do national climate change policies serve the dual objectives of reducing greenhouse gas emissions while ensuring economic development, so that communities do not regress in terms of living standards?
3. Has the government responded to climate change as an economic issue?

### LABOUR

4. Has climate change been utilized as an issue in labour agreements?

### SKILLS

5. Has government committed the time and money to meet the skill demands of changing labour market needs?
6. In order to provide the skill profile for occupations in the year 2020 and beyond, work on the issue must begin now. Is there evidence of this?
7. Occupational licensing authorities, health and safety regulators, technical standards and qualifications authorities all need to become active to ensure the skilled workforce is ready. Is this happening?

### SECTORS

8. Is there current evidence of the adverse affects of climate change on certain sectors?

### TRADE

9. Differentiated policies and markets will mean an impact on competitiveness. Some countries wish to "level the playing field" through trade measures such as border tax adjustments, or by labelling the "carbon footprint" of a product or service. Is there evidence that environmental factors are being utilized as trade barriers?

10. Are there any trade measures such as border tax adjustments, or labelling of the “carbon footprint” of a product or service?