



REQUEST FOR PROPOSAL (RFP)

TO: Interested Organizations/Firms	DATE: 18 April 2009
	Reference: RFP N° 14/2009 “Review and Profile of the Business Climate for Young Entrepreneurs”

Dear Sir/Madam,

1. We hereby solicit your proposal for provision of services for “Review and Profile of the Business Climate for Young Entrepreneurs”, as per the enclosed Terms of Reference (Annex I).
2. To enable you to submit a proposal, attached are:

General Information:

Terms of Reference	(Annex I)
Instructions to Bidders	(Annex II)
Service Contract & ILO Condition for Service Contracts	(Annex III)
Conclusion Concerning the Promotion of Sustainable Enterprises	(Annex IV)

Forms and Formats:

Operational & Technical Proposal Format	(Attachment I)
Price Schedule	(Attachment II)

3. If you request additional information, please send it to address/e-mail below in writing, latest by 5 May 2009 (17:00 hours Jakarta time):

Contact Person: Rolly Damayanti

Address: International Labour Organization – Jakarta
Menara Thamrin, Level 22
Jalan M.H Thamrin Kav.3
Jakarta 10250
Indonesia

Fax: 021 – 3913117

E-Mail: rolly@ilo.org and cc to jakarta@ilo.org

If you request additional information, we would endeavor to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the submission date of your proposal.

4. Submission of Proposal

Your offer comprising a technical proposal and financial proposal, should reach the address below via courier/hand delivery on or before **Wednesday, 20 May 2009 at 17:00 hours Jakarta time**. Late offers may be rejected. **Please seal the Proposal in one outer and two inner envelopes, mark with RFP name indicate below, and send it to:**

- **Address:**

**International Labour Office - Education & Skill Training (EAST) Project
Menara Thamrin, Level 22
Jalan M.H. Thamrin Kav.3
Jakarta 10250, Indonesia
Attention: Registry/EAST Project – Business Climate Survey**

and,

- **marked with:**

“RFP N° 14/2009: Review and profile of the Business Climate for Young Entrepreneurs”

Both inner envelopes shall indicate the name and address of the Bidder. The first inner envelope shall contain the information specified in the Attachment I (*Operational & Technical Proposal Format*) with the copies duly marked “Original” and “Copy”.

The second inner envelope shall include the information specified in the Attachment II (*Price Schedule*), duly identified as “Price Schedule”.

5. Bidder’s Conference:

Bidder’s conference will be held on:

- **Day/Date: Thursday, 30 April 2009**
- **Time: 10:00 – 11:00 hours Jakarta time**
- **Place: ILO Meeting Room, ILO Office Jakarta
Menara Thamrin, Level 22
Jalan M.H. Thamrin Kav.3
Jakarta 10250, Indonesia**

Bidder’s Conference is held for Bidders to obtain information and clarify question. Arrangements will be made for conference calls with bidders from locations outside Jakarta. Bidder should contact ILO for details.

- 6.** If you request additional information, we would endeavor to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the submission date of your proposal. Any queries should be submitted in writing to the contact person noted in point 3 above, latest by 5 May 2009 (17:00 hours Jakarta time).
- 7.** Please note that at any time prior to the deadline for submission of Proposals, ILO may, for any reason, whether at its own initiatives or in response to a clarification requested by a prospective Bidder, modify the Solicitation Document by amendment, including through provision of supplementary Information

Prospective bidders are therefore advised to regularly check the ILO Indonesia website www.ilo.org/jakarta for amendment.

ANNEX I
TERMS OF REFERENCE

“Review and profile of the Business Climate for Young Entrepreneurs”

RFP N° 14/2009



INTERNATIONAL LABOUR ORGANISATION
EAST & JOY Projects

Terms of Reference for a
Review and profile of the Business Climate for Young Entrepreneurs

1. Introduction

In Indonesia, the development of the private sector has been shaped by the interplay of the major economic challenges and policy responses over recent years. Since the late 1980s, the situation for both domestic and foreign private investors has progressively improved. More recently, the Government of Indonesia has been implementing a “triple track strategy” of pro-growth, pro-employment and pro-poor, and has made solid progress in each of these areas. Because of the improvement, the country has experienced a surge in private investments. Nonetheless, despite robust economic growth in recent years, there remain many challenges in the labour market and in relation to further reducing poverty.

Although between 2005 and 2007, the number of unemployed decreased from 11.2 million to 9.11 million, the youth unemployment rate has remained disproportionately very high. For example, youth unemployment rates were five times higher than adult unemployment rates in 2007 (and young people account for 56.5 percent of Indonesia’s jobless whereas they represent 20.5 percent of its labour force). The high youth unemployment rate in Indonesia is compounded by the low rate of entrepreneurship among young women and men. While many young people are forced to enter self-employment to make ends meet or to bridge periods between jobs, few of them end up building a sustainable business. The proportion of self-employed youth who subsequently employ other people also remains very small. Given that small and medium-size enterprises form the backbone of the Indonesian economy and are responsible for the creation of thousands of new jobs each year, it is important to tackle the root causes of this low rate of entrepreneurship.

The MoMT has initiated programmes for this particular target group, scaling up of which would be supported under the EAST and NICP JOY programme

The proposed research work will contribute to a better understanding of the barriers and constraints, as well as opportunities, for youth entrepreneurship in Indonesia. Ultimately, the study seeks to improve the capacity and knowledge of policy makers and planners as well as ILO constituents and other stakeholders in the field of provincial business climates in Indonesia, especially as it affects youth entrepreneurship and thus young women and men’s access to Decent Work opportunities. The study also seeks to empower participating young entrepreneurs and representative youth and youth business organisations¹ to use its outcomes for advocacy purposes.

¹ Such as The Indonesia Youth Entrepreneurs Association, Indonesian Chamber of Commerce, Indonesia's Employers Association (APINDO), Association of Small Business, Association of Women Small Business Owners

This will be achieved through the implementation of a specifically designed business climate survey. The successful applicant will work with policy makers and planners, young entrepreneurs/small business owners and employers organizations to carry out this study. It is anticipated that a sample size of 400 young entrepreneurs **per province** (stratified into appropriate representative samples to include, for example, recently established enterprises, small scale, survival or necessity oriented enterprises and established, successful enterprises) .

During the assignment, the ILO will provide on-going technical assistance and guidance with regards to the sampling strategy, questionnaire design, focus group discussions, data analysis, report writing as well as facilitation of the dialogue between authorities and small scale businesses.

2. Background

This piece of work is part of a programme of activities supported by the ILO that is concerned with improving the skills and employment, including entrepreneurship, prospects of young people, and more particularly of two projects: Job Opportunities for Youth (ILO JOY) and Education And Skills Training for Youth Employment (ILO EAST).

JOY

This project builds on earlier work undertaken by the ILO, the government and development partners in Indonesia. The project has a dual and mutually reinforcing strategy. On one hand, the programme seeks to build the capacity of tripartite constituents and other agents of change to play a leading role developing and implementing national policies that enhance and sustain employment rich and pro-growth. On the other hand the programme strategy aims to support sub-national policy makers to develop youth employment policies and strategically planned, locally driven partnership and area-based approaches to creating employment and entrepreneurship opportunities for young people in the province of East Java. Central to this process is the creation of an enabling environment to expand employment levels and provide opportunities for entrepreneurship, particularly amongst vulnerable labour market groups, such as youth.

EAST

The four years project aims at promoting decent work for youth and the elimination of child labour in Indonesia, through the provision of an integrated package of skills and education services to youth between 13 and 29 years of age, in order to facilitate their school to work transition. It is funded by the Dutch Government and targets five provinces in eastern Indonesia (Papua, West Papua, Maluku, South Sulawesi, North East Nusa Tenggara) and Aceh. Its seventh component consists of research, advocacy and policy level activities focusing on bringing the concerns of young entrepreneurs to the attention of provincial and national level policy makers (among other focus).

The development of an environment that opens up opportunities for business growth and provides incentives to invest in starting a business is vital for poverty reduction. Reducing the costs and risks of doing business through reducing barriers for micro and small businesses is key to lifting the majority of the Indonesian workforce out of the informal economy and into the formal economy. A good business climate creates opportunities for all businesses regardless of size and offers basic protection for workers. The ILO works with employers' and workers' organisations to create a better investment climate in Indonesia.

The importance of conducive business environment for East Java (for JOY) and East Indonesia (for EAST) cannot be under-estimated. The limited employment available, low quality of human resources due to un-standardized education and training system, low entrepreneurship culture, limited information on job market availability, gender inequality, wage disparity, labour protection that is not optimal, a high percentage of informal economy, contribute to employment problems in the targeted provinces.

One of the ways forward to solving the unemployment problem is to improve the business climate and ensure that it is more conducive to investment and employment creation. A starting point for improving the environment is to understand how the current policy environment affects employment opportunities and entrepreneurship for youth, particularly in relation to the setting up and sustainability of small businesses. This involves working with young entrepreneurs, and with stakeholders and planners to implement a survey in order to help understand the effects of existing laws and regulations on young entrepreneurs, and also to understand what skills they require, ensuring that their businesses are more effective and sustainable over the long term. In order to support these processes, the ILO has developed a number of resources to encourage an environment that is conducive to small enterprise development. This consists mainly of an assessment guide to help policy makers and stakeholders to determine the effect that external influences have on their enterprises².

In addition, a small enterprise guide has been developed to help support the implementation of such a survey. The successful applicant for this work can use this information pack as a background document and resource for their survey. However, the focus of the present survey is:

- youth entrepreneurship rather than small businesses in general;
- it incorporates a special focus on employability and skill issues; and
- it includes capacity building of young entrepreneurs in order for them to be able to advocate for policy change at district, provincial and national level.

3. Focus of the study

The study comprises two interrelated elements

3.1. Undertake a review of the policy, legal and regulatory framework at national, provincial and district level as it affects young entrepreneurs, with particular attention given to:

- a. Micro and small enterprise definitions and promotion policies;
- b. The laws and regulations surrounding the registration, reporting and protection of small enterprises;
- c. Taxation policies, laws and regulations;
- d. Application of labour laws to smaller businesses, including labour standards policies, laws and regulations, monitoring and enforcement;
- e. Trade policies;
- f. Policies and modalities surrounding small enterprises' access to finance and credit, including bankruptcy policies, laws and regulations;
- g. Access to and provision of appropriate physical infrastructure for enterprise development
- h. the institutions at national and provincial level affecting small enterprise operations (i.e. promotion, regulation, monitoring and assessment);

Analyse to what extent these policies are effective, conducive to business growth for youth small enterprises, and contribute to lift the youth from the informal to the formal sector. Furthermore, it is necessary to analyse which particular laws and regulations only apply to micro and small enterprises or those that grant exemptions to micro and small enterprises.

In each province, undertake a review of the broader business environment in which small enterprises are required to operate – including, for example, access to skills, access to markets, access to capital, as well as the major constraints, limitations and opportunities facing the sector. The review will analyze how young entrepreneurs are represented at provincial and national levels in policy discussions affecting the sustainability of their businesses;

² Assessing the Influence of the Business Environment on Small Enterprise Development An Assesment Guide, Simon White, Christine Gaignebet and Gerard Reinecke, ILO SEED Working Paper No 71E, 2005

This will involve desktop studies as well as direct consultations with relevant agencies. It will also include a consideration of the social, cultural and attitudinal aspects of the broader business environment in which small enterprises operate.

It is expected that the analysis of the business climate will be undertaken to be consistent with the International Labour Conference Resolution on the Promotion of Sustainable Enterprises (2007) and in particular with the 17 conditions for a conducive environment for sustainable enterprises (see Annex IV).

3.2. Develop a profile of the youth SME sector in the selected provinces.

This will be done by **a) reviewing and synthesize existing literature** (previous studies, research, publications, etc.) concerning self employment for youth and youth small enterprises in Indonesia; **b) design of a statistical profile** (using national census, establishment surveys, household surveys, labour force surveys) to characterize youth entrepreneurship; and **c) an opinion survey of young entrepreneurs**. This should include an assessment of:

- i. The size of the small enterprise sector, i.e. number of establishments based on size (covering the working definition for 'micro' and 'small' enterprises – while paying particular attention to the smaller end of the small enterprise spectrum and the informal market);
- j. The geographical distribution of small enterprises managed by youth at national level and in the targeted provinces with a special focus on the rural/urban divide;
- k. The sector distribution of youth enterprises according to service, trade and major manufacturing sectors;
- l. Profile of self employed and youth small enterprise-owners and managers in terms of gender, and levels of education and literacy;
- m. Contribution of small enterprises to total employment and output (i.e. GDP);
- n. Indicators of job quality within small enterprises – which shall include: A rapid assessment of qualitative aspects of employment in small enterprises (earnings, training, employment tenure, working conditions, occupational safety and health, worker representation and unionization, access to and coverage of social security provisions)
- o. Youth perceptions of problems and constraints related to starting and running a business, taking into account considerations like issues to do with job quality, access to resources, including financial resources and skills, the relevance of actual education, experience and skills for entrepreneurship, the role of the business environment context, and the implementation of policies affecting their businesses, etc...

4. Methodological approach to be used in the assignment

The study will:

- Include the participation of young women and men in the small enterprise sector (partly, though not only, through the implementation of the opinion survey instrument), enabling them to reflect on their perspectives and experiences, and empower them to advocate for policy changes;
- Ensure that young women entrepreneurs' views and experiences in the small enterprise sector are sought and incorporated into the overall findings of the project and its reports, including consideration of gender as a review variable during data collection, analysis and reporting.

Working with provincial counterparts, policy makers and young entrepreneurs, in conjunction with guidance from the ILO programme team, the successful contractor will carry out the following:

- a) One of the first tasks will be to develop a workplan to identify the specific activities, including the roles and responsibilities of different parties, confirmation of what outputs will be produced and the time period in which this will take place.
- b) A literature review will have to be conducted covering studies related to the all Indonesia situation of youth entrepreneurship, as well as information specific to the targeted provinces.
- c) Develop a methodological framework to guide the study. This will consist of organizing, coordinating and facilitating two half day focus group discussions per province with representatives of key organizations, and with youth entrepreneurs on the tentative findings, the quantitative survey instruments (questionnaires) to gather data from young entrepreneurs, and guidance for surveyors gathering qualitative data.

d) The quantitative survey instrument is a vital part of the work and will be designed to sample the opinion of young people, structured around the ILO approach to the promotion of sustainable enterprises (see Annex IV). The content of the questionnaire and guidance for qualitative research will need to be confirmed with ILO prior to implementation. However, it is important to note that each of the questionnaires is piloted prior to being implemented on a large scale. This survey should be stratified to properly cover the sampling frame in each province.

Geographical Area	Target Group	Sample Required
East Java	Young entrepreneurs	400
Papua	Young Entrepreneurs	400
NTT	Young Entrepreneurs	400
Sul. Sel.	Young Entrepreneurs	400

The targeted respondents will cover the members of Indonesia Youth Entrepreneurs Association (HIPMI), Indonesia Chambers of Commerce (KADIN), the EAST SIYB targeted clients.

e) The study must also undertake a series of structured qualitative interviews with policy makers, and at least 4 focus group discussions with young entrepreneurs in each province. This will help understand the difficulties faced by policy makers in creating a favorable environment for youth entrepreneurs, and the challenges faced by young entrepreneurs to comply with the regulatory framework.

f) Once the research tools have been prepared it will be necessary to provide training to those who support the process of gathering data. The successful applicant(s), in conjuncture with technical support from the ILO, will administer the survey instrument.

g) The survey instrument will be piloted, modified and subsequently implemented across each province. The data collection process is anticipated to take around 3 months. This will be followed by a collation process in which the information will put onto spread sheets for analysis.

h) The quantitative data will then be computed, verified and cleaned, with a recognized software (SPSS or ACESS); qualitative data will be edited, and findings will be consolidated;

i) A draft report will have to be produced for feed-back and clearance by the ILO. This report should be no longer than 50 pages and contain policy recommendations that can be used for advocacy;

j) Once the initial report is cleared by ILO, seminars in each of the targeted provinces will allow (a) policy makers, stakeholders and young entrepreneurs to provide feedback and validation, (b) young entrepreneurs to use the findings and recommendations for advocacy purposes.

Past research experience in Indonesia, and current registration of the contractor in Indonesia is compulsory.

5. Outputs

- A synthesis report (max. 50 pages), including executive summary and recommended policy actions
- 4 provincial reports (max 25 pages each), including executive summary and recommended policy actions.
- Power point presentations (max 12 slides) focused on findings and policy responses are shared and validated with policy makers and young entrepreneur's organisations at provincial level.
- Promotional materials illustrating the role of the business environment and of successful young entrepreneurs (including video/multi-media materials).

6. Expected Delivery Date

Six months delivery started from contract signed.

7. Code of Conduct

In conducting research, researcher must comply with the following principles:

- a) Researchers must comply with ethical principles of integrity, respect for persons, justice and beneficence.
- b) The sub-contractor must foster and maintain a research environment of intellectual honesty and integrity, and scholarly and scientific rigour. In particular researchers must: (a) respect the truth and the rights of those affected by their research, (b) manage conflicts of interest so that ambition and personal advantage do not compromise ethical or scholarly considerations, (c) adopt methods appropriate for achieving the aims of each research proposal, (d) follow proper practices for safety and security, (e) cite awards, degrees conferred and research publications accurately, including the status of any publication, such as under review or in press. A clear policy of the sub-contractor on the above mentioned issue should be readily available to the researchers.
- c) The sub-contractor should promote effective mentoring and supervision of researchers. This includes advising on research ethics, research design and methods, and the responsible conduct of research.
- d) Written approval from appropriate ethics committees, and other regulatory bodies must be obtained by the sub-contractor when required.
- e) A researcher who considers that research misconduct may have occurred must act in a timely manner, having regard to the institution's policies.
- f) The sub-contractor must guide researchers in the management of research data and primary materials, including storage, access, ownership and confidentiality. The processes must ensure that researchers are informed of relevant confidentiality agreements and restrictions on the use of research data. Computing systems must be secure, and information technology personnel must understand their responsibilities for network security and access control. Those holding primary material, including electronic material, must understand their responsibilities for security and access. The sub-contractor must provide the same level of care and protection to primary research records, such as notebooks, as to the analysed research data.
- g) Sub-contractors must have a policy for managing conflicts of interest. A range of responses is required, depending on the nature of a conflict. The policy should be clearly written and readily available to all staff. In each conflict of interest case, a full disclosure of the related information is to be encouraged. Where the circumstances constitute a conflict of interest, or may lead people to perceive a conflict of interest, the person concerned must not take part in decision-making processes. A record must be kept of how each conflict is managed in the proceedings, even if confidential information must be omitted. Researchers must be ready to acknowledge conflict of interest and make disclosures as appropriate.

ANNEX II
INSTRUCTIONS TO BIDDERS

“Review and profile of the Business Climate for Young Entrepreneurs”

RFP N° 14/2009

A. INTRODUCTION

1. General

The purpose of this Request for Proposal (RFP) is to select one or several research institutions to undertake business climate survey for youth employment.

The Focus of the study, the methodological approach and the outputs expected are described in the Terms of Reference.

2. Cost of proposal

The Bidder shall bear all costs associated with the preparation and submission of the Proposal, ILO will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the solicitation.

B. SOLICITATION DOCUMENTS

3. Contents of solicitation documents

Proposals must offer services for the total requirement for undertaking the study. Proposals offering only part of the requirement will be rejected. The Bidder is expected to examine all corresponding instructions, forms, terms and specifications contained in the Solicitation Documents. Failure to comply with these documents will be at the Bidder's risk and may affect the evaluation of the Proposal.

4. Clarification of solicitation documents

A prospective Bidder requiring any clarification of the Solicitation Documents may notify the procuring ILO entity³, in writing at the organization's email/ mailing address or fax number indicated in the Request for Proposal (RFP). The relevant ILO representative will respond in writing to any request for clarification of the Solicitation Documents that it receives prior to the deadline for the submission of Proposals, latest by 5 May 2009 (17:00 hours Jakarta time).

5. Amendments of solicitation documents

At any time prior to the deadline for submission of Proposals, ILO may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Bidder, modify the Solicitation Documents by amendment.

Prospective bidders are therefore advised to regularly check the ILO Jakarta website www.ilo.org/jakarta.

All prospective Bidders that have received the Solicitation Documents will be notified in writing of all amendments to the Solicitation Documents.

In order to afford prospective Bidders reasonable time in which to take the amendments into account in preparing their offers, ILO may, at its discretion, extend the deadline for the submission of Proposals.

³ Rolly Damayanti, National Programme Coordinator for Enterprise Development (Fax: 021-3100766, Email: rolly@ilo.org).

C. PREPARATION OF PROPOSAL

6. Language of the proposal

The Proposals prepared by the Bidder and all correspondence and documents relating to the Proposal exchanged by the Bidder and the procuring ILO entity **shall be written in the English language.**

7. Documents comprising the proposal

The Proposal shall comprise the following components:

- (a) Proposal submission cover letter;
- (b) Operational and technical part of the Proposal, including documentation to demonstrate that the Bidder meets all requirements, completed in accordance with Attachment I;
- (c) Price schedule, completed in accordance with Attachment II;
- (d) Past related studies done by the bidder, of relevance to the subject and CVs of proposed researchers;
- (e) Copy of Organization / Firm's Registration Certificate.

8. Proposal Format

The Bidder shall structure the operational and technical part of its Proposal as follows:

(a) Management plan

This section should provide corporate orientation to include the year and state/country of incorporation and a brief description of the Bidder's present activities. It should focus on services related to the Proposal.

This section should also describe the organizational unit(s) that will become responsible for the contract, and the general management approach towards a project of this kind. The Bidder should comment on its experience in similar projects and identify the person(s) representing the Bidder in any future dealing with the procuring ILO entity.

(b) Resource plan

This should fully explain the Bidder's resources in terms of personnel and facilities necessary for the performance of this requirement. It should describe the Bidder's current capabilities/facilities and any plans for their expansion.

(c) Proposed methodology

This section should demonstrate the Bidder's responsiveness to the specification by identifying the specific components proposed, addressing the requirements, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; and demonstrating how the proposed methodology meets or exceeds the specifications.

(d) Proposed Workplan

This section will provide schedule of activities to undertake the study.

The operational and technical part of the Proposal should not contain any pricing information whatsoever on the services offered. Pricing information shall be separated and only contained in the appropriate Price Schedules.

All references to descriptive material and brochures should be included in the appropriate response paragraph, though material/documents themselves may be provided as annexes to the Proposal.

9. Price Schedule

The Bidder shall indicate on an appropriate Price Schedule, an example of which is contained in Terms of Reference (Attachment II), the prices of services it proposes to supply under the contract.

10. Proposal currencies

All prices shall be quoted in **US dollars**.

11. Period of validity of proposals

Proposals shall remain valid for one hundred eighty (180) days after the date of Proposal submission prescribed by ILO, pursuant to the deadline clause. A Proposal valid for a shorter period may be rejected by ILO on the grounds that it is non-responsive.

In exceptional circumstances, ILO may solicit the Bidder's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. A Bidder granting the request will not be required nor permitted to modify its Proposal.

12. Payment

Payment will be made directly by ILO to the selected Firm(s) after acceptance of the invoices submitted by the Firm, based on benchmarks and agreed deliverables in the contract and price proposal submitted by the Organization.

D. SUBMISSION OF PROPOSALS

13. Sealing and marking of proposals

The Bidder shall seal the Proposal **in one outer and two inner envelopes**, as detailed below.

- addressed to:

**International Labour Office - Education & Skill Training (EAST) Project
Menara Thamrin, Level 22
Jalan M.H. Thamrin Kav.3
Jakarta 10250, Indonesia
Attention: Registry/EAST Project – Business Climate Survey**

and,

- marked with:

“RFP N° 14/2009: Review and profile of the Business Climate for Young Entrepreneurs”

Both inner envelopes shall indicate the name and address of the Bidder. The first inner envelope shall contain the information specified in the Attachment I (*Operational & Technical Proposal Format*) with the copies duly marked “Original” and “Copy”.

The second inner envelope shall include the information specified in the Attachment II (*Price Schedule*), duly identified as “Price Schedule”.

14. Deadline for submission of proposals

Proposals must be received by ILO at the address specified under clause *Sealing and marking of Proposals* no later than **Wednesday, 20 May 2009 at 17:00 hours Jakarta time.**

ILO may, at its own discretion extend this deadline for the submission of Proposals by amending the solicitation documents, in which case all rights and obligation of ILO and Bidders previously subject to the deadline will thereafter be subject to the deadline as extended.

15. Late Proposals

Any Proposal received by ILO after the deadline for submission of proposals, pursuant to clause *Deadline for the submission of proposals*, may be rejected.

16. Modification and withdrawal of Proposals

The Bidder may withdraw its Proposal after the Proposal's submission, provided that written notice of the withdrawal is received by the ILO prior to the deadline prescribed for submission of Proposals.

The Bidder's withdrawal notice shall be prepared, sealed, marked, and dispatched in accordance with the provisions of clause *Deadline for Submission of Proposals*. The withdrawal notice may also be sent by telex or fax but followed by a signed confirmation copy.

No Proposal may be modified subsequent to the deadline for submission of proposals.

No Proposal may be withdrawn in the Interval between the deadline for submission of proposals and the expiration of the period of proposal validity specified by the Bidder on the Proposal Submission Form.

E. OPENING AND EVALUATION OF PROPOSALS

17. Opening of proposals

ILO will open the Proposals in the presence of a Committee formed.

18. Clarification of proposals

To assist in the examination, evaluation and comparison of Proposals, ILO may at its discretion, as the Bidder for clarification of its Proposal. The request for clarification and the response shall be in writing or verbally and no change in price or substance of the Proposal shall be sought, offered or permitted.

19. Evaluation and comparison of proposals

Technical Evaluation

The technical proposal is evaluated on the basis of its responsiveness to the Terms of Reference.

Bidders may additionally be requested to provide a presentation to ILO on the proposed services.

Price Evaluation

Price proposals of technically responsive proposals will be reviewed. The price schedule will be reviewed on the basis of overall costs for the delivery of the services.

F. AWARD OF CONTRACT

20. Award criteria, award of contract

ILO reserves the right to accept or reject any Proposal, and to annul the solicitation process and reject all Proposals at any time prior to award of contract, without thereby incurring any liability to the affected Bidder or any obligation to inform the affected Bidder or Bidders of the grounds for ILO's action.

Prior to the expiration of the period of proposal validity, ILO will award the contract to the qualified Bidder whose Proposal, after being evaluated, is considered to be the most responsive to the needs of the organization.

The contract award will be solely based on the combination of a satisfactory technical solution, contractual terms, and the associated price quote for the services requested in this RFP.

ANNEX III
SERVICE CONTRACT AND ILO CONDITIONS FOR SERVICE CONTRACTS

“Review and profile of the Business Climate for Young Entrepreneurs”

RFP N° 14/2009



SERVICE CONTRACT

N° 14/2009

between

THE INTERNATIONAL LABOUR OFFICE

and

.....
with its registered office located at
(fill in town and street address, not only a Post Box number)

The International Labour Office (hereinafter referred to as “the ILO”) intends that certain work and/or services in connection with its project INS/06/15/NET “Review and Profile of the Business Climate for Young Entrepreneurs” be contracted out and (hereinafter referred to as “the Contractor”) has accepted to execute such work and/or services. Therefore the ILO and the Contractor hereby agree as follows:

1. WORK TO BE PERFORMED

- 1.1 The Contractor will perform the work and/or services as described in the Terms of Reference (TOR) attached as Annex 2.
- 1.2 The Contractor shall exercise all reasonable skill, care and diligence in the performance of the work and/or services as above described and hereinafter called the "Work".

2. DETAILS OF WORK IMPLEMENTATION

- 2.1 The Contractor shall commence the Work on expected to start June to November 2009 ...(*day, month/ year*)... and complete it by ...(*day, month/ year*)... (6 months after the start of contract)
- 2.2 ... (*specify place of performance of the Work...*) Jakarta
- 2.3 ... (*qualification of persons assigned or definition of the persons by naming them. Refer to a further Annex if documents, e.g. CVs are to be attached...*)
- 2.4 ... (*arrangements about necessary equipment, materials, workrooms etc. Refer to a further Annex if documents are to be attached ...*)
- 2.5 The Contractor is entirely responsible for obtaining all necessary licenses or authorizations etc. and for paying all taxes, fees, duties, etc. in relation with this Contract.

3. REPORTS

- 3.1.1 months from the date of commencement of the Work, the Contractor shall submit a report on progress made and problems faced.
- 3.1.2 Output of reporting: (as mentioned in the terms of reference)
- 3.1.3 A synthesis report (max. 50 pages), including executive summary and recommended policy actions;
- 3.1.4 4 provincial reports (max. 25 pages each), including executive summary and recommended policy actions;
- 3.1.5 Power point presentations (max. 12 slides) focused on the findings and policy responses are shared and validated with policy makers and young entrepreneurs organisations at provincial level; and
- 3.1.6 Promotional materials illustrating the role of business environment and of successful young entrepreneurs (including video/multi-media materials).
- 3.2 Upon completion of the Work, a final report shall be submitted to the ILO within 40 (forty) days.

- 3.3 All reports shall be submitted to: Rolly Damayanti, International Labour Office - Jakarta, Menara Thamrin, Level 22, Jalan M.H. Thamrin Kav. 3, Jakarta 10250, Indonesia (these are the details of the contact person mentioned in the RFP)

4. PAYMENT AND PAYMENT CONDITIONS

- 4.1 Upon satisfactory completion of the Work, the ILO, in accordance with the provisions below, shall pay the Contractor the amount of representing the total Contract Price and ILO's maximum financial liability under this Contract.
- 4.2 The amount as per sub-clause 4.1 above shall be paid as follows:
- a) 10,000 USD or ten thousand United States Dollars only as advance payment after receipt by ILO of the countersigned Contract;
 - b) 2nd payment not more than 40% of total contract to cover operational cost payable upon submission of actual work-plan;
 - c) 3rd payment upon submission of draft report;
 - d) 20% of the total contract price as final payment within 45 (forty-five) days after completion of the Work and acceptance of the final report by the ILO.
- 4.3 Payments as per 4.2 (b) and (c) will only be made against invoices sent to International Labour Office - Jakarta, Menara Thamrin, Level 22, Jalan M.H. Thamrin Kav. 3, Jakarta 10250, Indonesia *and* which state the portion of the Work that has been completed.
- 4.4 The ILO reserves the right not to make payments if the ILO finds a report or the Work's progress unsatisfactory.
- 4.5 Any reimbursement due to the ILO by the Contractor shall be made in the currency of original payment within a period of 30 (thirty) days from the date of receipt of a written notice by the ILO.
- 4.6 Irrespective of their nature, all claims of the contracting parties, other than warranty claims and claims of the ILO to be defended, held harmless or indemnified by the Contractor against claims of third parties in accordance with the ILO Conditions for Service Contracts, arising from or in any way connected with this Contract, shall be asserted within 6 (six) months after its termination.

5. LIQUIDATED DAMAGES

- 5.1 If the Contractor fails to perform in whole or in part the Work or any part thereof within the specified time period(s), the ILO may, without prejudice to its other remedies under the Contract, deduct from the Contract Price, as liquidated damages, a sum equal to 0.2 per cent of the price of the delayed work and/or services for each day of delay until actual performance, up to a maximum deduction of 10 (ten) per cent of the price of the delayed work and/or services.

6. COMMUNICATION

- 6.1 On all matters arising from this Contract, the Contractor shall deal in the first instance with Rolly Damayanti, International Labour Office - Jakarta, Menara Thamrin, Level 22, Jalan M.H. Thamrin Kav. 3, Jakarta 10250, Indonesia.
Written communications on technical issues shall be addressed to:
International Labour Office – Education and Skill Training Unit (EAST) Project, Menara Thamrin, Level 22, Jalan M.H. Thamrin Kav. 3, Jakarta 10250, Indonesia.
with a copy to:
Patrick DARU, Chief Technical Advisor, EAST Project
Rolly DAMAYANTI, National Programme Coordinator for Enterprise Development
Budi MARYONO, National Project Officer for Entrepreneurship
Drying Christensen JENS, Youth Entrepreneurship Specialist (??)
Graeme BUCKLEY, Enabling Business Environment Specialist
- 6.2 Written communications on issues connected with the provisions of the present Contract, its interpretation or any legal aspects related to it, shall be sent to the address given in the ILO Conditions for Service Contracts set out in Annex 1.

7. TAX EXEMPTION AND CURRENCY FLUCTUATION

- 7.1 Section 9 of the Convention on the Privileges and Immunities of the Specialized Agencies provides, *inter alia*, that the ILO is exempt from all direct taxes, including VAT, except charges for utility services, and is exempt from customs duties and charges of similar nature in respect of services and articles imported or exported for its official use. In the

event any government authority refuses to recognize ILO's exemption from such taxes, duties or charges, the Contractor shall immediately consult with the ILO, which will contact the Office of the Legal Adviser (JUR) and the Office of the Treasurer (TR/CF), to determine a mutually acceptable procedure.

- 7.2 Accordingly, the Contractor authorizes ILO to deduct from the Contractor invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with the ILO before the payment thereof and ILO has in each instance specifically authorized the Contractor to pay such taxes. In that event, the Contractor shall provide ILO with written evidence that payment of such taxes, duties or charges has been made.
- 7.3 The amount stated in this contract excludes any adjustment or revision on account of price or currency fluctuations or the actual costs incurred by the Contractor in the performance of this contract.

8. FORMATION OF CONTRACT

- 8.1 Terms of business or conditions of contract or general reservations published or issued by the Contractor or written in any correspondence or documents emanating from the Contractor shall not apply to this Contract unless such terms, conditions or general reservations are specifically accepted by the ILO in writing.
- 8.2 This Contract becomes effective upon its signature by both parties. It shall expire upon fulfilment by the parties of their respective obligations or otherwise in accordance with the provisions herein.

9. ANNEXES

The following documents form an integral part of the present Contract:

- 9.1 Annex 1: the ILO Conditions for Service Contracts
9.2 Annex 2: Request for Proposal N° 14/2009 "Review and profile of the Business Climate for Young Entrepreneurs"
9.3 Annex 3: Contractor's Proposal

For the International Labour Office

For the Contractor

(signature)

(signature)

----- -----
(name in printed letters) (title or position)

----- -----
(name in printed letters) (title or position)

(place) (date)

(place) (date)



ILO CONDITIONS FOR SERVICE CONTRACTS

(rev. April 2007)

1. GENERAL CONDITIONS

- 1.1 In the present Conditions for Service Contracts
 - the term “Contractor” stands for any other term that may be used in the preceding contractual document to designate the party concluding the contract with ILO;
 - the term “Contract” stands for the contractual arrangement independently from any other name given to it in the preceding part.
 - the term “Government” stands for the government of the country concerned by the Project;
 - the term “Donor” stands for the institution financing the Project.
- 1.2 The Contractor shall, for the purposes of this Contract, have the status of an independent contractor.
- 1.3 The ILO will retain overall control of the operations carried out by the Contractor for the Work and will monitor the Contractor's performance and compliance with contractual conditions.
- 1.4 The Contractor shall grant officials of the ILO free access at any time to all places where the Work is being performed and shall make available to them all relevant documents.
- 1.5 The Contractor shall immediately report to the ILO in writing any problems encountered which may endanger the implementation of this Contract.
- 1.6 The Contractor shall not assign, in whole or in part, its obligations under this Contract.
- 1.7 The Contractor shall conform to all applicable laws and regulations of the country or countries concerned by the Contract.
- 1.8 Communications on issues connected with the text of the Contract or its interpretation or any legal aspects related to it shall be addressed to:

International Labour Office,
PROCUREMENT
4 route des Morillons,
CH-1211 Geneva 22,
Switzerland

Facsimile: (41)(22) 798 85 29
Phone: (41)(22) 799 76 02
e-mail: procurement@ilo.org
Telex: 415 647 ILO CH

- 1.9 The language to be used for all communications between the parties is English.

2. LABOUR CLAUSES

- 2.1 The Contractor shall respect the International Labour Standards of the International Labour Organisation. In particular, the Contractor shall in all circumstances respect the basic principles of these standards which are:
 - (a) the freely exercised right of workers, without distinction, to organise, to further and defend their interest as well as the protection of those workers who exercise their right to organise;
 - (b) prohibition of forced or compulsory labour in all its forms;
 - (c) equal remuneration for men and women for work of equal value;
 - (d) prohibition of employment of children below 14 (fourteen) years of age or the minimum age for employment permitted by the law of the country where the Work is carried out or the age of the end of compulsory schooling in that country, whichever is higher;
 - (e) equality of opportunity and treatment in respect of employment and occupation without discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin.
- 2.2 The Contractor shall ensure that wages are paid in legal tender in full and directly to the workers concerned.
- 2.3 The Contractor shall ensure that the wages of its personnel, their hours of work and the other labour conditions including social security are at least as favourable as those established for work of the same character in the trade or industry concerned in the area where the Work is carried out.

3. STAFF

- 3.1 The Contractor's personnel (“the Personnel”) are not ILO officials nor subject to the ILO Staff Regulations. Accordingly, the Contractor will be responsible for all expenditures in connection with the assignment of Personnel, including allowances, insurance, cost of travel arrangements, local transport, etc.
- 3.2 The Contractor shall insure the Personnel against the consequences of the following risks:

- (a) sickness, injury and death;
- (b) incapacity to work due to accident and sickness either during normal working hours or outside working hours.

Time lost as a result of (a) and/or (b) shall not be chargeable to the ILO.

3.3 The Contractor shall replace any of the Personnel who in the opinion of the ILO endanger the timely and correct implementation of the Work, or who grossly infringe the laws or regulations of the country.

3.4 The Contractor shall be fully responsible for acts and omissions of the Personnel. The Contractor shall ensure that the Personnel conform to all applicable laws and regulations of the country concerned and shall take responsibility for the consequences of any action undertaken by Personnel which reflects adversely on the ILO or its relation with the Government or any other institution.

4. VARIATIONS

4.1 The ILO may at any time, by a written notice given to the Contractor, make changes within the general scope of the Work.

4.2 If any such change causes an increase or decrease in the cost of, or the time foreseen for, the Contractor's performance of any part of the Work, an equitable adjustment shall be made in the Contract Price or time schedule, or both, and the Contract shall accordingly be amended.

4.3 Any claim for adjustment under paragraph 4.2 above shall be asserted within 30 (thirty) days from the date of receipt of the ILO's change order.

5. MODIFICATIONS OF THE CONTRACT

5.1 Any modification of this Contract other than changes pursuant to Section 4. above shall be effected by a written amendment executed by the parties to the Contract.

6. TERMINATION OF THE CONTRACT

6.1 The ILO may, without the authorisation of a court or any other authorisation and without prejudice to any other remedy, by written notice to the Contractor, terminate the Contract in whole or in part:

- (a) if the Contractor fails to perform in whole or in part the Work within the specified time period(s) or fails to perform any other

contractual obligation and does not rectify such failure within a period of 20 (twenty) days after receipt of a written notice by the ILO. This right to terminate the Contract may originate from conditions which do not constitute a material breach of contract; or

- (b) if the Contractor becomes bankrupt; otherwise insolvent; or
- (c) if the Contractor is declared undesirable by the Government; or
- (d) if the Government or the Donor terminates the Project before the foreseen date.

In cases of partial termination the Contractor shall continue performance of the Contract to the extent not terminated.

6.2 The Contractor may, by written notice of default sent to the ILO, terminate the Contract:

- a) if the ILO fails to make payments which are due under the Contract and does not rectify such failure within a period of 50 (fifty) days after receipt of the Contractor's written notice of default; or
- b) if the ILO fails in its contractual obligations so as to make it unreasonable for the Contractor to proceed with the performance and does not rectify such failure within a period of 50 (fifty) days after receipt of the Contractor's written notice of default.

6.3 If the ILO terminates the Contract pursuant to paragraph 6.1 (a) to (c), the ILO may procure, upon such terms and in such manner as ILO deems appropriate, work and/or services similar to those not performed and the Contractor shall be liable for any excess costs or damage caused to the ILO by the Contractor's default. The ILO reserves the right to offset costs, incurred by it in relation to the termination of the Contract and/or the replacement of the Contractor, from monies due.

6.4 If the Contract or any part of it is terminated pursuant to paragraph 6.1 above, the Contractor shall not be entitled to any indemnity from the ILO, with the exception of any monies due in respect of work and/or services performed to the satisfaction of the ILO.

6.5 Any termination of the Contract shall not prejudice or affect the accrued rights or claims and liabilities of either party to this Contract.

7. COPYRIGHT

- 7.1 Copyrights resulting from the Work to be performed under this Contract shall be vested in the ILO including, without any limitation, the rights to use, publish, sell, or distribute, privately or publicly, any item or part thereof. **The Contractor is not permitted to use, publish, sell or distribute, privately or publicly, any item or part thereof, copyrights resulting from the Work, without the prior express written approval of the ILO.**
- 7.2 The Contractor shall defend and hold the ILO, its employees and agents, free from any liability whatsoever, for or on account of the Contractor's use or infringement of any copyright, patent, trade name, personal and private right or the right of any corporation or association in connection with this Contract.

8. LIABILITY

- 8.1 The Contractor hereby indemnifies and holds the ILO harmless from and against any and all responsibilities, claims, demands, suits, judgments, damages and losses, including the costs, fees and expenses in connection therewith or incident thereto for:
- (a) any injury to Personnel and to third parties, including death;
 - (b) any loss of, damage to, or destruction of his property or of any property of third parties, arising out of, or in any way connected with the performance of the Work under this Contract.

9. CONFIDENTIALITY

- 9.1 The Contractor shall not, while performing the Work or at any time thereafter, utilize in any manner prejudicial to or incompatible with the interests of the ILO any information of a restricted or confidential nature which may come to the Contractor's knowledge in connection with the performance of this Contract.
- 9.2 The Contractor agrees to return any confidential materials in its possession at the end of the contract.

10. PRIVILEGES AND IMMUNITIES

- 10.1 Nothing in this Contract or relating thereto shall be construed as constituting a waiver of privileges or immunities of the International Labour Organisation.

11. RESOLUTION OF DISPUTES

- 11.1 The ILO and the Contractor shall make every effort to resolve amicably by direct informal negotiations any disagreement or dispute arising between them under or in connection with this Contract.
- 11.2 Any dispute, controversy or claim arising out of or relating to this Contract, or the breach, termination or invalidity thereof which cannot be resolved by mutual agreement within 60 (sixty) days or any claim thereof shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules as at present in force.
- 11.3 The number of arbitrators shall be 3 (three).
- 11.4 Each party shall appoint 1 (one) arbitrator. The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal.
- 11.5 If within 30 (thirty) days after their appointment the two arbitrators have not agreed on the choice of the presiding arbitrator, the presiding arbitrator shall be appointed by the International Chamber of Commerce in Paris.
- 11.6 The place of arbitration shall be Geneva.
- 11.7 The language to be used in the arbitral proceedings shall be English.

12. EXEMPTIONS

- 12.1 A party is not liable for a failure to perform any of its obligations if the party proves that the failure was due to an impediment beyond its control which rendered the performance of the obligations impossible and that the party could not reasonably be expected to have taken the impediment into account at the time of the signature of the Contract or to have avoided or overcome the impediment or its consequences.
- 12.2 In the case of partial inability to perform the contractual obligations the parties shall continue to perform their obligations as far as reasonably practical by all reasonable available means.
- 12.3 The party which fails to perform shall immediately notify the other party specifying which of its obligations it is being prevented from complying with and shall give an estimate of the period during which it is likely to remain prevented from complying with the said obligation(s).
If the notice is not received by the other party within a reasonable time after the party who fails to perform knew or ought to have known of the impediment, the failing party is liable for

damages resulting from such non-receipt, except where the impediment also prevents transmission of the notice.

- 12.4 The exemption provided by the present section of the Conditions has effect only for the period during which the impediment exists.
- 12.5 Where the impediment persists beyond 4 (four) months, either party shall be entitled to terminate, without the obligation to pay damages, the part of its obligations affected by the impediment and shall so inform the other party.

13. FRAUD OR CORRUPTION

13.1 The Office expects participants in its bidding procedures to observe the very highest ethical standards during the process of adjudication and/or execution of contracts.

13.2 To this end, the Office:

(a) has provided definitions of the following terms:

(i) “corrupt practices” are understood to be the offering, giving, receiving or solicitation, directly or indirectly, of any advantage, in order to influence the actions of an official during the process of adjudication and/or execution of a contract;

(ii) “fraudulent practices” are understood to be the false presentation of the facts, or the failure to mention certain facts, in order to influence the process of adjudication and/or execution of a contract;

(iii) “collusive practices” are understood to be any conduct or agreement between two or more bidders, the purpose of which is to set prices at an artificial level or in a non-competitive manner;

(iv) “coercive practices” are understood to be the use or threat of coercion, directly or indirectly, with regard to individuals or their property, in order to influence the outcome of the process of adjudication and/or execution of a contract;

(b) shall reject any bid, if it is shown that the supplier who submitted the winning bid has, directly or indirectly, employed corrupt, fraudulent, collusive or coercive practices with regard to the bid concerned;

(c) shall penalize an enterprise or an individual, by disqualifying them for a specified or indefinite period from participating in the bidding procedures of the Office, if it is shown that the

enterprise or individual has, directly or indirectly, employed corrupt, fraudulent, collusive or coercive practices with regard to bidding procedures or the adjudication of a contract;

(d) reserves the right to request participants in bidding procedures, and their contractors, suppliers and consultants, to authorize access to their accounts, records and other documents related to the submission of the bids, as well as to the contracts, so that they may, if necessary, be examined by one or more auditors duly appointed by the Office.

ATTACHMENT I
OPERATION AND TECHNICAL PROPOSAL FORMAT

“Review and Profile of the Business Climate for Young Entrepreneurs”

RFP N° 14/2009

BID FORM ILO	
BID REF:	
LOCATION:	INVITBID DATE:..... CLOSING DATE:.....
NAME OF ORGANIZATION/FIRM:	
ADDRESS:	
NAME OF CONTACT PERSON FOR THIS PROPOSAL:	
TOTAL PRICE:	
PROPOSAL VALIDITY: 180 Days	
DELIVERY TIME (MONTHS): 6 Months	
This Proposal has been prepared in accordance with “ILO SERVICE CONTRACT INCLUDING ILO CONDITION FOR SERVICE CONTRACTS”	
NAME AND TITLE:	SIGNATURE:

SECTION A: MANAGEMENT PLAN

--

SECTION B: RESOURCE PLAN

--

SECTION C: PROPOSED METHODOLOGY

--

SECTION C: PROPOSED WORKPLAN

--

ATTACHEMENT II
PRICE SCHEDULE

“Review and Profile of the Business Climate for Young Entrepreneurs”

RFP/ILO-EAST/01/2009

1. The Price Schedule must provide **a detailed cost breakdown for each item** and submit it along with the project budget sheet.
2. The components comprising the total price must provide sufficient detail to allow ILO to determine compliance to offer with specifications as per Scope of Work and Technical Specifications of this RFP.
3. All price/rates quoted must be exclusive of all taxes, since United Nations, including its subsidiary organs, is exempt from taxes.
4. The Format shown on the following page shall be used as a model in preparing the Price Schedule. The format used should include specific expenditures.
5. In case of discrepancy between unit price and total price, the unit price shall prevail.

Item	No. of units	Cost per unit	Total costs
Management Costs:		USD	USD
Project Manager			
Researchers			
Direct Costs:			
Workshops			
(To be detailed)			
Administrative support			
Questionnaires			
Travel costs			
Production of reports			
Total			

ANNEX IV
**CONCLUSION CONCERNING THE PROMOTION OF SUSTAINABLE
ENTERPRISES**

“Review and profile of the Business Climate for Young Entrepreneurs”

RFP/ILO-EAST/01/2009

Conclusions concerning the promotion of sustainable enterprises

International Labour Conference, June 2007

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First published 2007

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ISBN 978-92-2-120131-1 (print)
ISBN 978-92-2-120132-8 (web pdf)

enterprise development/sustainable development/environmental protection/employment creation. 03.04.5
ILO Cataloguing in Publication Data

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

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Formatted by TTE: reference Confrep-ILC96-VI-2007-06-0147-2
Printed by the International Labour Office, Geneva, Switzerland

Foreword

Sustainable development is the most widely endorsed framework for national and international discussions on development issues. Commitments to promote the integration of the three components of sustainable development – social, economic and environmental – have been made at a number of international forums, including the Johannesburg World Summit on Sustainable Development in September 2002. Although some progress has been made, effectively implementing a well-balanced approach to sustainable development, at the national and international levels, and in terms of private sector investment and enterprise growth, remains an overarching challenge. But there is now a heightened global awareness and public concern regarding key drivers of sustainability, its social and environmental dimensions, the nature and impact of climate change, the role of governments, private enterprises, trade unions and other players.

As I argued in my Report to the 2007 International Labour Conference *Decent work for sustainable development* in the ILO, we need to anchor the vision of sustainable development as the overarching paradigm within which the Decent Work Agenda can make its key contribution to progress and development. An essential part of the Decent Work Agenda is the promotion of full and productive employment and, of course, the private sector as the engine of growth plays a crucial role in this as well as in poverty reduction efforts.

The discussion on the promotion of sustainable enterprises at the International Labour Conference, 2007, was therefore particularly timely. The conclusions of this discussion provide an important contribution agreed by the ILO's tripartite constituency of governments, employers' and workers' organizations on how to promote enterprise development in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work.

Promoting sustainable enterprises is about strengthening the institutions and governance systems which nurture enterprises – strong and efficient markets need strong and effective institutions. It is also about ensuring that human, financial and natural resources are combined equitably and efficiently in order to achieve innovation and enhanced productivity. This calls for new forms of cooperation between government, business, labour and society at large to ensure that the quality of present and future life and employment is maximized whilst safeguarding the sustainability of the planet.

As these conclusions show, the ILO is able to inject an essential impetus to the drive for an integrated approach to sustainable development because it is in workplaces that the social, economic and environmental dimensions come together inseparably. Furthermore, to ensure the progress of the Decent Work Agenda, it is necessary to situate it more clearly in a framework of sustainable development. The conclusions, arrived at through tripartite discussion, provide guidance on what is meant by an environment conducive to sustainable enterprises, on responsible and sustainable enterprise-level practices and on the roles of the Office and constituents in working

towards making real the goal of sustainable development through the promotion of sustainable enterprises.

I believe that these conclusions are useful to policy-makers as a vision to frame policies for enterprise development, for entrepreneurs in companies of all sizes to develop their competitive strategies, and for workers to put into perspective the social, economic and environmental dimensions of the world of work. These conclusions will provide guidance to the ILO's work over the coming years and will help enhance policy coherence at the national and international levels, including for the work of the entire UN system and also the Bretton Woods institutions, through increased recognition of the value of tripartism and the centrality of decent work to sustainable development.

Juan Somavia,
Director-General,
ILO.

Preface

In June 2007, the International Labour Conference discussed the promotion of sustainable enterprises. The challenge was to take stock of the international debate on the role of the private sector and sustainable enterprise in overall social and economic development; to assess the relevance and implications of recent trends for the implementation of the Decent Work Agenda; to provide an ILO contribution to the debate; and to provide guidance to the Office with respect to its work in this area.

The conclusions of the discussion on the promotion of sustainable enterprises reproduced in this publication provide detailed guidance on what constitutes a conducive environment for sustainable enterprises, noting that such an environment combines the legitimate quest for profit with the need for development which respects human dignity, environmental sustainability and decent work. It underscores the principle that sustainable enterprises need sustainable societies and that business tends to thrive where societies thrive and vice versa. The conclusions identify and elaborate on 17 pillars of such a conducive environment; outline six enterprise-level characteristics of a sustainable enterprise; and provide guidance to governments, the social partners and the ILO on their roles in promoting sustainable enterprises.

The conclusions recognize that, in addressing the challenges of promoting sustainable enterprises, it is important to ground policy in the instruments which guide the ILO's wider Decent Work Agenda and in the guidance outlined in the Global Employment Agenda which provides a set of policies, including enterprise development policies, aimed at achieving full and productive employment and decent work for all. The conclusions also place the promotion of sustainable enterprises in the broader policy coherence context, including through Decent Work Country Programmes and wider UN reform.

These conclusions are forward looking, they draw on the latest thinking on sustainable development, private sector development and good corporate citizenship. Therefore, they add real value and guidance. Policy-makers, employers' and workers' organizations, companies of all sizes as well as anyone concerned with addressing the multidimensional sustainability challenges that face us should find the guidance provided by the document very relevant and useful.

José Manuel Salazar-Xirinachs,
Executive Director,
Employment Sector,
ILO.

The conclusions at a glance

Committee on Sustainable Enterprises International Labour Conference, 2007

Conditions for a conducive environment for sustainable enterprises

1. Peace and political stability
2. Good governance
3. Social dialogue
4. Respect for universal human rights
5. Entrepreneurial culture
6. Sound and stable macroeconomic policy
7. Trade and sustainable economic integration
8. Enabling legal and regulatory environment
9. Rule of law and secure property rights
10. Fair competition
11. Access to financial services
12. Physical infrastructure
13. Information and communications technology
14. Education, training and lifelong learning
15. Social justice and social inclusion
16. Adequate social protection
17. Responsible stewardship of the environment

Role of government in the promotion of sustainable enterprises

1. Facilitating and participating in social dialogue
2. Labour law enforcement through efficient labour administration, including labour inspection
3. Encouragement of voluntary concept of corporate social responsibility
4. Promotion of socially and environmentally responsible public procurement, lending and investment
5. Promoting sectors and value chains
6. Flexibility and protection to manage change
7. Targeted programmes
8. Research and innovation
9. Access to information and business and financial services
10. Policy coordination and coherence
11. International policies
12. Production and consumption patterns
13. Supporting skills development

Enterprise-level principles for sustainable enterprises

1. Social dialogue and good industrial relations
2. Human resource development
3. Conditions of work
4. Productivity, wages and shared benefits
5. Corporate social responsibility
6. Corporate governance

Role of the social partners in the promotion of sustainable enterprises

1. Advocacy
2. Representation
3. Services
4. Implementation of policies and standards

Conclusions concerning the promotion of sustainable enterprises

Introduction

1. There is a broad and wide-ranging international debate on the important role of the private sector and sustainable enterprises in social and economic development, including employment creation and decent work and environmental protection. Therefore, the Governing Body of the International Labour Office decided to include the item of the promotion of sustainable enterprises on the agenda of the 96th Session of the International Labour Conference as a means to achieve decent work within the wider framework of sustainable development.
2. At the Johannesburg World Summit in 2002, a commitment was made to promote the integration of the three components of sustainable development – social and economic development and environmental protection – as interdependent and mutually reinforcing pillars. Poverty eradication, changing unsustainable patterns of production and consumption, and protecting and managing the natural resource base of economic and social development are overarching objectives of, and essential requirements for, sustainable development. The international system, including the ILO, has not yet built strong synergies between social, environmental and economic sustainability. As a result, little progress has been made in terms of policy convergence and practical results.
3. Wealth creation depends on the productive interactions of all parts of society. Sustainable enterprises are a principal source of growth, wealth creation, employment and decent work. The promotion of sustainable enterprises is, therefore, a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time. Governments and the social partners need to cooperate to promote the integration of the three components of sustainable development – economic, social and environmental – as interdependent and mutually reinforcing pillars. The ILO is uniquely placed to contribute to sustainable development through the promotion of decent work because it is in workplaces that the social, economic and environmental dimensions come together inseparably.
4. In addressing the challenges of sustainable enterprise promotion, it is important to recall instruments which guide the ILO's wider Decent Work Agenda. The ILO Constitution, including the Declaration of Philadelphia, as well as the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, 1998, emphasize that economic and social policies are essential and mutually reinforcing components in order to create broad-based sustainable development and promote social justice. The ILO's Global Employment Agenda adopted by the ILO's Governing Body provides a set of policies, including enterprise development policies, aimed at achieving full and productive employment and decent work for all.

5. Promoting sustainable enterprises is about strengthening the rule of law, the institutions and governance systems which nurture enterprises, and encouraging them to operate in a sustainable manner. Central to this is an enabling environment which encourages investment, entrepreneurship, workers' rights and the creation, growth and maintenance of sustainable enterprises by balancing the needs and interests of enterprise with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability.
6. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably in order to achieve sustainable innovation, enhanced productivity and other development needs of the enterprise, the benefits of which will be shared equitably within the enterprise and the wider society. This calls for new forms of cooperation between government, business, workers and society to ensure that the quality of present and future life and employment is maximized, while safeguarding the sustainability of the planet. Tripartism, including social dialogue and collective bargaining, is a vital element in this regard.
7. Sustainable enterprises need sustainable societies: business tends to thrive where societies thrive and vice versa. This requires social and economic inclusiveness, as well as equity in the distribution and access to resources. Women's economic empowerment is crucial for sustainable societies. It requires equal access to entrepreneurship opportunities, financial services and labour markets. Fostering social and economic opportunities for disadvantaged groups is particularly important, including the need to support youth. Sustainability also entails confidence in public policies and regulatory frameworks to deliver on the promise of prosperous, stable and equitable societies.
8. Enterprises need to be viable in order to be sustainable, but this does not deny the fact that in vibrant, dynamic economies some enterprises will inevitably contract or fail and there is an ongoing process of entry and exit. The principles and values of decent work provide as much guidance in the case of enterprises which contract or fail as they do in those which succeed and grow. In this regard, active labour market policies and social protection are very important for managing efficient and socially just transitions that take into account national circumstances.
9. The goals of the Decent Work Agenda are universally applicable. However, there is no one-size-fits-all solution to the design and implementation of policies to promote sustainable enterprises. Policies need to recognize diversity of country situations in line with the level of development, resources and institutional capacity of countries without undermining the importance of labour and environmental standards. Similarly, the diversity in size and types of enterprises and their place in the value chain requires a range of differentiated interventions, while recognizing that small and medium-sized enterprises (SMEs) are one of the main instruments of job creation. The promotion of sustainable enterprises also needs to place particular emphasis on supporting the transition of informal economy operators to the formal economy and ensuring that laws and regulations cover all enterprises and workers.

An environment conducive to sustainable enterprises

10. An environment conducive to the creation and growth or transformation of enterprises on a sustainable basis combines the legitimate quest for profit – one of the key drivers of economic growth – with the need for development that respects human dignity, environmental sustainability and decent work.

11. The enabling environment for sustainable enterprise development comprises a large array of factors, the relative importance of which may vary at different stages of development and in different cultural and socio-economic contexts. However, there are some basic conditions that are generally considered to be essential. These interconnected and mutually reinforcing conditions are the following:

- (1) *Peace and political stability.* Peace and political stability are basic preconditions to nurture the formation and growth of sustainable enterprises while war and civil conflict are major deterrents of investment and private sector development.
- (2) *Good governance.* 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.
- (3) *Social dialogue.* Social dialogue based on freedom of association and the right to collective bargaining, including through institutional and regulatory frameworks, is essential for achieving effective, equitable and mutually beneficial outcomes for governments, employers, workers and wider society.
- (4) *Respect for universal human rights and international labour standards.* Competitiveness should be built on values. Respect for human rights and international labour standards, especially freedom of association and collective bargaining, the abolition of child labour, forced labour and all forms of discrimination, is a distinctive feature of societies that have successfully integrated sustainability and decent work.
- (5) *Entrepreneurial culture.* Governmental and societal recognition of the key role of enterprises in development and strong support, both public and private, to entrepreneurship, innovation, creativity and the concept of mentorship, particularly for start-ups, small enterprises and targeted groups such as women and youth, are important determinants of a conducive business environment. Respect for workers' rights should be embedded in programmes targeting entrepreneurial culture.
- (6) *Sound and stable macroeconomic policy and good management of the economy.* Monetary, fiscal and 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. In the case of developing and least developed countries, achieving sound macroeconomic conditions usually requires the decisive support of the international community through debt relief and official development assistance.
- (7) *Trade and sustainable economic integration.* The varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets. Efficiency gains caused by trade integration can lead to positive employment effects either in terms of quantity or quality of jobs or a combination of both. However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, measures must be taken by governments in consultation with the social partners, to better assess and address the employment and decent work impact of trade policies. Actions are also needed

at regional and multilateral levels to remove trade distortions and to assist developing countries in building their capacity to export value-added products, manage change and develop a competitive industrial base.

- (8) *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. Well-designed transparent, accountable and well-communicated regulations, including those that uphold labour and environmental standards, are good for markets and society. They facilitate formalization and boost systemic competitiveness. Regulatory reform and the removal of business constraints should not undermine such standards.
- (9) *Rule of law and secure property rights.* A formal and effective legal system which guarantees all citizens and enterprises that contracts are honoured and upheld, the rule of law is respected and property rights are secure, is a key condition not only for attracting investment, but also for generating certainty, and nurturing trust and fairness in society. Property is more than simply ownership. Extending property rights can be a tool for empowerment and can facilitate access to credit and capital. They also entail the obligation to comply with the rules and regulations established by society.
- (10) *Fair competition.* It is necessary to establish, for the private sector, competition rules that include universal respect for labour and social standards, and to eliminate anti-competitive practices at national level.
- (11) *Access to financial services.* 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. Financial institutions, particularly multilateral and international ones, should be encouraged to include decent work in their lending practices.
- (12) *Physical infrastructure.* Enterprise sustainability and human development critically depend on the quality and quantity of the physical infrastructure available, such as physical facilities for enterprises, transportation systems, schools and hospitals. Reliable and affordable access to water and energy also remains a major challenge, especially in developing countries. Enterprises are also particularly assisted by local access to supporting industries such as service providers, and machinery suppliers and producers.
- (13) *Information and communication technologies.* Expanding access to information and communication technologies (ICTs) is another crucial challenge in the era of the knowledge economy. The use of ICTs is, therefore, fundamental to the development of sustainable enterprises and must be fully utilized in this regard. Affordable broad-band technology is also of extreme importance to countries and enterprises and should be facilitated.
- (14) *Education, training and lifelong learning.* Human talent is the single most important productive factor in today's economy. Focusing on the development of a skilled workforce and the expansion of human capabilities through high-quality systems of education, training and lifelong learning is important for helping workers to find good jobs and enterprises to find the skilled workers they need.

Financial support should also be made available to enhance access of poor workers to training and skills upgrading. In this way, society can achieve the twin goals of economic success and social progress.

- (15) *Social justice and social inclusion.* Inequality and discrimination are incompatible with sustainable enterprise development. Explicit policies for social justice, social inclusion and equality of opportunities for employment are needed. Effective exercise of the right to organize and bargain collectively is also an effective means to ensure fair distribution of productivity gains and adequate remuneration of workers.
- (16) *Adequate social protection.* Sustainable tax-based or other national models of universal social security that provide citizens with access to key services such as quality health care, unemployment benefits, maternity protection and a basic pension, are key to improving productivity and fostering transitions to the formal economy. Protecting workers' health and safety at the workplace is also vital for sustainable enterprise development.
- (17) *Responsible stewardship of the environment.* In the absence of appropriate regulations and incentives, markets can lead to undesirable environmental outcomes. Tax incentives and regulations, including public procurement procedures, should be used to promote consumption and production patterns that are compatible with the requirements of sustainable development. Private market-based solutions, such as the use of environmental criteria in assessing credit risk or investment performance, are also effective means to tackle this challenge.

Responsible and sustainable enterprise-level practices

12. At the enterprise level, sustainability means operating a business so as to grow and earn profit, and recognition of the economic and social aspirations of people inside and outside the organization on whom the enterprise depends, as well as the impact on the natural environment. Long-term viability implies that the management of enterprises should be based on the three pillars of sustainability: economic, social and environmental. This allows enterprises to create wealth and decent work.

13. Sustainable enterprises should innovate, adopt appropriate environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets. They should also apply workplace practices based on full respect for fundamental principles and rights at work and international labour standards, and foster good labour–management relations as important means of raising productivity and creating decent work. The following principles are applicable to all enterprises:

- (1) *Social dialogue and good industrial relations.* Sustainable enterprises engage in social dialogue and good industrial relations, such as collective bargaining and worker information, consultation and participation. These are effective instruments to create win-win situations, as they promote shared values, trust and cooperation, and socially responsible behaviour. Social dialogue includes examples at international level, such as the conclusion of International Framework Agreements between multinational enterprises and global union federations in different industrial sectors. Social dialogue supports the adoption of long-term and socially responsible investment strategies. It can contribute to higher productivity and

innovation, health and safety in the workplace, as well as equity, fairness and the development of skills that meet the needs of enterprises and the need of workers for recognized and transferable skills.

- (2) *Human resource development.* Human resource development in sustainable enterprises should be based on social dialogue and workers' participation. Sustainable enterprises view skilled workers as a major source of competitive advantage and view employees both as assets and agents for change. The development of relevant skills and competencies and their effective use ensure high productivity and competitiveness of enterprises. Enterprises need to identify and determine the skills they require, invest in training of workers and managers, promote a culture of lifelong learning and innovation, encourage workplace learning and facilitate knowledge sharing. Workers should make use of education, training and lifelong learning opportunities. The development of skills and competencies ensures employability of workers and their ability to adjust to changing technologies and work organization. Sustainable enterprises integrate human resource development into their business strategy that respects genuine employment relationships and gives equal treatment to men and women workers in developing their skills, competencies and productivity.
- (3) *Conditions of work.* Sustainable enterprises offer conditions of work that provide a safe and motivating working environment and mutually beneficial flexible work organization. They adopt workplace practices that are free of discrimination, harassment and intimidation. They promote gender equality and equal opportunity and treatment of vulnerable groups. They apply workplace practices that maintain a sustainable balance between work, life and family, and recognize the role of women in sustainable development. Good workplaces are safe and healthy, and allow workers to contribute to changes and improvements. Sustainable enterprises also respect the relevant labour standards including minimum age for employment, reject the worst forms of child labour, reject forced labour and, where relevant, address tuberculosis, malaria, HIV/AIDS and other chronic and life-threatening diseases. In this context, the ILO code of practice *HIV/AIDS and the world of work* is a useful point of reference. They recognize that such practices improve productivity and strengthen the innovativeness and competitiveness of enterprises.
- (4) *Productivity, wages and shared benefits.* Workers need to be able to participate in the success of enterprises and to gain a fair share in the benefits of economic activities and increased productivity. This helps to contribute to a more equitable distribution of income and wealth. Important vehicles for achieving this are through collective bargaining and social dialogue.
- (5) *Corporate social responsibility (CSR).* Sustainable enterprises can use CSR to complement their pursuit of sustainable strategies and outcomes. CSR is a business-driven voluntary initiative and refers to activities that are considered to exceed compliance with the law. CSR cannot substitute for legal regulation, law enforcement and collective bargaining. However, where CSR is transparent and credible and based on genuine partnership, it can provide workers and other stakeholders with further opportunities to engage enterprises on the social and environmental impact of their activities. In this regard, ethical and fair trade initiatives help promote CSR in value chains. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the OECD Guidelines for Multinational Enterprises provide guidance on good corporate behaviour and citizenship.

- (6) *Corporate governance and business practices.* Good corporate governance and business practices are based on values such as accountability, fairness and transparency, respect for the rule of law and for fundamental principles and rights at work. The principles of sustainable enterprises should be promoted along supply chains. Sustainable enterprises adopt responsible business practices and standards which take into account economic, social and environmental objectives, ensure appropriate management incentives, systems and responsibilities, and workplace consultation.
14. Sustainable enterprises should be firmly committed to abide by the laws that affect their operations and those governing their relationship with the rest of society. They contribute to society's efforts to remove corruption and improve transparency.

Role of government

15. The role of governments in the promotion of sustainable enterprises is threefold:
 - (1) creating an enabling environment by ensuring the basic conditions for sustainable enterprise development listed earlier, including through the implementation and enforcement of labour and environmental standards;
 - (2) going beyond these basic conditions by proactively establishing programmes and policies to create incentives for enterprises to develop and behave in a responsible and sustainable way, for instance, through the dissemination of examples of best practice; and
 - (3) behaving as sustainable enterprises, both as employers and procurers of goods and services where applicable.
16. Government can act as regulator, facilitator and promoter of sustainable enterprises through a range of policies and practices, such as:
 - (1) *Facilitating and participating in social dialogue.* Social dialogue, freedom of association and the right to collective bargaining are relevant tools in the promotion of sustainable enterprises and should be expanded to cover all sectors of the economy.
 - (2) *Labour law enforcement through efficient labour administration, including labour inspection systems.* Well-designed labour legislation and policies are important to the development of sustainable enterprises. Governments should implement and enforce labour legislation through well-resourced systems of labour administration and labour inspection. Experience gained from implementation and enforcement of legislation should inform reviews. Special attention should be given to extending coverage of labour law to all workers, in particular to women and men in the informal economy or workers in disguised employment relationships.
 - (3) *Encouraging the voluntary concept of corporate social responsibility (CSR).* Governments should promote, facilitate and raise awareness of CSR, taking into account the specific needs of SMEs, and support efforts of the social partners to jointly address issues of CSR.
 - (4) *Promotion of socially and environmentally responsible public procurement, lending and investment.* Governments should promote social and environmental standards in public procurement and investment programmes and in lending policies, including at the bilateral and multilateral levels. They should strengthen

and reinforce a culture of respect for workers' rights by setting a strong example, as well as promoting sound environmental practices.

- (5) *Promoting sectors and value chains.* Governments often promote investment in specific sectors and engage in industrial policy initiatives which are important to increase the employment content of growth. These policies should fully incorporate social and environmental objectives, take into account the whole of the value chain and not hinder or stifle domestic investment initiatives, nor weaken workers' rights.
- (6) *Flexibility and protection to manage change.* Sustainable enterprises and economies must develop the ability to adapt to rapidly changing conditions in the marketplace. In order to support enterprises and their workers to cope with such challenges, governments should develop a legal and institutional framework, including labour regulation, social protection, active labour market policies and efficient employment services which also support enterprises' capacity to adapt. Such policies should be developed in full consultation with the social partners.
- (7) *Targeted programmes.* Governments should promote sustainable enterprise development programmes and encourage a culture of sustainable entrepreneurship within specific groups, such as women, youth and disadvantaged groups, and in specific sectors and areas.
- (8) *Research and innovation.* Governments should facilitate investment in research and development to promote academic partnerships, technology transfer and innovation in sustainable enterprise development. Furthermore, all enterprises are assisted by good access to research institutions to assist them in growth through innovation.
- (9) *Access to information, and business and financial services.* Governments should provide appropriate mechanisms and frameworks for compiling and disseminating relevant information and provide services for employers and workers, thereby reducing barriers to information. This should include information and services designed to aid understanding of regulations and procedures for enterprises and of workers' rights, and to facilitate access to credit and other financial services, particularly for micro-, small and medium-sized enterprises. Information should include examples of best practice in achieving decent work objectives.
- (10) *Policy coordination and coherence.* There is a need for policy coherence and collaboration within government, as sustainable enterprises have needs which transcend line ministry boundaries. Good governance calls for effective intra-government coordination and collaboration.
- (11) *International policies.* There is an important international dimension to the promotion of sustainable enterprises. This calls for the formulation of effective policies at the international level in the areas of trade, finance, debt relief, investment, labour migration, and the social and environmental dimensions of globalization, as well as in terms of the coherence between these policies.
- (12) *Production and consumption patterns.* Governments have a role in implementing policies to encourage more sustainable forms of production and consumption.
- (13) *Supporting skills development.* In a rapidly globalizing world, governments' increased investment in human capital, through non-discriminatory, high-quality education and training systems and lifelong learning is essential in order to

facilitate entry and re-entry into the labour market for all groups, and to increase levels of productivity and quality of employment. Skills acquired should be recognized and respond to continuously changing and demanding needs of the labour market and contribute to personal development, access to culture and active citizenship. The involvement of the social partners is important. Vocational training also facilitates mobility of workers, which is important in light of new evolving structures of production and work. Reforming vocational education and training systems and, in this context, the development of school-to-work schemes, could function as a driving force for the cultivation of entrepreneurial culture. Governments should invest in and create the conditions to reduce illiteracy and to enhance education and training at all levels and continuously upgrading the education system.

Role of social partners

17. Employers, workers and their organizations have a vital role to play in supporting governments in the development and implementation of policies to promote sustainable enterprises, as outlined above. Tripartism, bipartism and effective social dialogue are fundamental to sustainable enterprise development. Social partners can play an effective role through:

- (1) *Advocacy.* Recalling the mutually reinforcing relationship between decent work, sustainable development and the promotion of sustainable enterprises, social partners should participate in national processes to advocate and design appropriate policies and regulations in order to encourage sustainable enterprise development.
- (2) *Representation.* Social partners have a vital role to play in reaching out to workers and owners of enterprises and in particular those of SMEs and the informal economy, and in general, increasing the representation of their membership to ensure deeper and broader benefits of association, representation and leadership, including in the field of public policy advocacy, its formulation and implementation.
- (3) *Services.* Social partners provide a variety of important services to their members that can have a significant impact on the formation and growth of sustainable enterprises including knowledge management, training, awareness-raising, advice and guidance on how to access public and private services, links to research and consultancy resources, and advice on innovative practices at the workplace. Furthermore, they have a role in providing information on good practice in collective bargaining and in sharing information about CSR.
- (4) *Implementation of policies and standards.* Social partners have a fundamental role to play in giving effect to decent work, including in relation to the implementation of labour standards and policies on human resources development. For example, social partners have an important role to play in promoting occupational safety and health at the national as well as the enterprise level, including developing and implementing policies related to HIV/AIDS in the world of work.

Role of the ILO

18. The ILO's work in promoting sustainable enterprises must be guided by its mandate, budget and comparative advantage, and be firmly grounded in its unique

standard-setting role and in the Decent Work Agenda. In this respect, it should draw fully on its tripartite structure, its genuine connections to the actual world of work through representative organizations of employers and workers, an established culture of social dialogue and a normative framework as a standard-setting organization.

19. The ILO should promote the ratification and application of the international labour Conventions, and promote the application of the Recommendations, relevant to the promotion of sustainable enterprises (see annex).

20. The Office should work closely with ILO constituents on an ongoing basis to assess its current practice with reference to these conclusions including:

- (1) the centrality of the Decent Work Agenda to this practice;
- (2) the need to enhance the quality of programme delivery and outcomes;
- (3) the alignment of sustainable enterprise programmes to DWCPs to ensure that they address local priorities and conditions;
- (4) the field structure review which should provide the opportunity to enhance the delivery and quality of sustainable enterprise programmes; and
- (5) the importance of full participation of constituents in the ILO activities.

In its interventions, the ILO needs to focus on practical and demand-driven responses such as tools, methodologies and knowledge sharing that are of practical value to the social partners in their activities.

21. Creation of sustainable enterprise is a key element to achieving decent work outcomes. The ILO's work on sustainable enterprise development is based on the Global Employment Agenda which, as the employment pillar of the Decent Work Agenda, provides guidance for the attainment of full and productive employment and decent work for all. In this respect, it must be coordinated with the three other strategic objectives: rights at work, social protection and social dialogue.

22. The goal of decent work is universal, but bearing in mind that policy and practice in the promotion of sustainable enterprises will vary between countries having different levels of development, the ILO has to provide situation-specific practical support and tools to governments and social partners. Training programmes need to be developed and delivered in collaboration with the International Training Centre of the ILO. The Centre should focus its work in the area of enterprise promotion programmes on the key elements of sustainability and decent work.

23. The ILO should undertake research and policy development to promote employment and decent work and cooperate with relevant international organizations so that it brings to bear its expertise on the relationship between employment and macroeconomic and trade issues. The ILO should also support developing countries to develop and implement policies on industrial development to create sustainable enterprises.

24. The DWCPs are the main mechanism for ILO's cooperation with constituents throughout the world. Each DWCP organizes ILO cooperation in a coherent framework that effectively enables a member State to make progress towards achieving decent work. The Office's work on sustainable enterprises development should provide direct and relevant support to the strategies contained within DWCPs. This support needs to contribute to:

- (1) *Strengthen capacity of governments and social partners to establish an enabling environment for sustainable enterprises.* The ILO needs to support governments to establish policies and regulations which contribute to an enabling environment for sustainable enterprise creation, which contributes to growth in the formal economy and ensures respect for workers' rights and gender equality. In this regard, the ILO should support governments and social partners by:
 - (a) developing information resources, tools and methodologies to support enterprises to make sustainable decisions based on an increased understanding of labour market and economic and social conditions, particularly in the developing world;
 - (b) providing guidance on ways that policies and regulations can support improved working conditions, an enabling business environment for sustainable enterprises, the transition of informal economy operators to the formal economy and economic and social development;
 - (c) providing guidance and technical assistance to member States to enable them to produce more accurate and reliable statistics to help them in evaluating the achievement of decent work through sustainable enterprise;
 - (d) gathering and disseminating information on the relationship between policies responding to cross-cutting social issues, such as gender and the need to empower women, and the development of sustainable enterprises;
 - (e) providing support to employers' and workers' organizations to promote workers' rights, to close the representational gap and improve their capacity to analyse the dynamics of their business and labour environment so that they are able to advocate for the development of sustainable enterprises; and
 - (f) providing technical assistance to support start-ups, micro- and small and medium-sized enterprises to become sustainable through, for example, networking, developing workers' capabilities and competencies, and upgrading regional and global value chains and clusters.
- (2) *Value-chain upgrading and clustering.* The ILO needs to support governments and social partners to develop and upgrade clusters/sectors that have the potential to create sustainable enterprises and decent work. Specifically, the ILO should undertake research and analysis to inform the identification of sectors with decent employment creation potential and the development of strategies to take advantage of these opportunities.
- (3) *Local development strategies.* The ILO should provide support through research, training, knowledge sharing and technical cooperation projects to governments and social partners in the design and implementation of strategies at subnational levels that contribute to the creation of sustainable enterprises and decent work. Such strategies are particularly relevant in regions where major economic sectors and traditional industries are under competitive and environmental pressures, and new opportunities for growth and employment creation are needed, as well as in post-crisis situations.
- (4) *Application of responsible and sustainable workplace practices.* The ILO should support the documentation, dissemination and replication of good workplace practices at national, sectoral and enterprise levels and use its expertise to assist enterprises with unsustainable practices to achieve sustainability. Specific guidance

should be provided to enterprises to promote responsible workplace practices along their supply chains, including through the use of the MNE Declaration. This would include the integration of the concept of decent work, the role of employers' and workers' organizations, the importance of workers' rights and the business case for sustainable practices into broader enterprise development programmes. The ILO should contribute its expertise on fostering labour–management relations and partnerships for improved productivity and working conditions. Such programmes need to include trainers and materials designed for enterprise managers and representatives and workers to improve their engagement in social dialogue and collective bargaining, and ensure that entrepreneurs are introduced to the concept of decent work, the role of trade unions and the importance of respect for workers' rights in the ILO's enterprise start-up and training programmes.

- (5) *Targeted programmes for specific and marginalized groups.* Particular attention needs to be given to micro-, small and medium-sized sustainable enterprise development, promotion of cooperatives, youth employability and employment, and entrepreneurship (including in-school curricula), women's empowerment and entrepreneurship, and entrepreneurship programmes for disadvantaged groups. Specific attention is required regarding the informal economy. The ILO could provide guidance on the relationship between regulation and informality, working conditions and economic growth, and the development of programmes that support the transition of informal economy operators to the formal economy.

25. In undertaking the above work, it is important that the ILO leverage its comparative advantage to achieve greater success by forging partnerships to promote the Decent Work Agenda with other United Nations agencies and bodies (particularly in the context of UN reforms), including the World Health Organization and the United Nations Environment Programme, to ensure consistency and avoid duplication of effort. It should also work with the Bretton Woods institutions and other international and regional financial institutions, the Organisation for Economic Co-operation and Development, the World Trade Organization, academia and other relevant partners involved in the promotion of sustainable enterprises and decent work. It should work with international, multilateral and bilateral institutions in order to ensure sustainable procurement and lending practices that demonstrate an understanding and application of the principles contained in international labour standards and the MNE Declaration. Additionally, the ILO should consider working together with other agencies and bodies in the UN family and external organizations to develop modules on decent work, social and environmental issues, to be included in tool kits for business start-ups.

26. Due to increasing proliferation of different private standards of CSR, the ILO should promote further discussion with constituents on how to achieve a coherent approach.

27. Furthermore, within the parameters of the programme and budget, the Office should build its knowledge base on emerging issues (for example, through research in such areas as the link between sustainability, impact of climate change on enterprises and employment), facilitate the sharing of knowledge and practice across countries (through, for example, web sites and databases on such subjects as collective agreements and industrial relations and the enabling environment for sustainable enterprises) and strengthen its technical cooperation programmes.

Annex

Instruments of the International Labour Organization that relate to the promotion of sustainable enterprises including:

I. Conventions

- Labour Inspection Convention, 1947 (No. 81)
- Labour Clauses (Public Contracts) Convention, 1949 (No. 94)
- Workers' Representatives Convention, 1971 (No. 135)
- Maternity Protection Convention, 2000 (No. 183)

II. Recommendations

- Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)
- Promotion of Cooperatives Recommendation, 2002 (No. 193)
- Human Resources Development Recommendation, 2004 (No. 195)
- Employment Relationship Recommendation, 2006 (No. 198)