

# **The Sustainable Enterprise Programme: STRATEGIC FRAMEWORK**

International Labour Office  
Job Creation and Enterprise Development Department  
Geneva

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## Preface

This document presents the International Labour Office's strategy for the promotion of sustainable enterprises. Based on the concept of decent work and the ILO's Decent Work Agenda, the strategy seeks to implement the *Conclusions concerning the Promotion of Sustainable Enterprises* adopted by the International Labour Conference (ILC) at its 96<sup>th</sup> Session in 2007. It also describes how the ILO will achieve the sustainable enterprise outcomes set out in the Strategic Policy Framework 2010-15.

Enterprise development as a practical and effective way of creating more and better jobs is in high and growing demand by member states and therefore is one of the priorities in the ILO's Strategic Policy Framework. The ILO is widely recognized in the international development community for its work on small and medium enterprise and entrepreneurship development, especially for women and young people. It is also the only UN organization with a dedicated programme for cooperatives and provides guidance and advice on the application of the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

In view of the importance and breadth of ILO's work on enterprise development and the new paradigm resulting from the ILC conclusions, I launched and directed a thorough review of the ILO's Job Creation and Enterprise Development Department strategy.

The strategic review involved staff at headquarters in Geneva, enterprise specialists from the field and external experts and consultants. The review process included a survey of staff experiences and views, along with an assessment of the relevance and utility of existing tools and resources. A workshop involving fifty participants from headquarters and the field was held in May 2009, at which the Department's past and future work priorities were considered.

Headquarters and field staff formed various task teams to examine and prepare papers on their major areas of work and key cross-cutting issues. These were then reviewed by other Departments in the Employment Sector and incorporated into a "Think Piece" reflecting the past five years of the Department's work and the lessons learnt.

Based on the findings of this review, the Department embarked on the formulation of a strategy for the promotion of sustainable enterprises. This was conducted in a highly participatory manner including headquarters, field staff and project managers involved in this programme of work. As a final stage, I convened a high-level advisory panel of internationally recognized leaders in the field of enterprise and entrepreneurship development in August 2009 to review the draft strategy prepared by the Department. The panel provided feedback and guidance based on international best practice. These contributions informed the strategy presented in this document.

I would like to thank all the staff and experts for their active participation. Without their valuable contributions, insights and engagement this review could not have succeeded. Particular thanks are due to David Lamotte, then Director a.i. of the Enterprise Department, for his commitment and leadership throughout the strategy review and formulation process.

I am confident that the strategy outlined in this document will help the ILO and more specifically the Job Creation and Enterprise Development Department to respond more effectively to the demand of our constituents, and in the framework of the 2008 Declaration on Social Justice for a Fair Globalization to enhance our contribution to job creation, the development of sustainable enterprises, and the promotion of decent work for all.

Geneva, May 2010

José Manuel Salazar-Xirinachs  
Executive Director  
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## Acknowledgements

### High-level advisory panel

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Mr. Guido Monge, President of the National Consultative Council of social responsibility in Costa Rica

Mr. Jim Tanburn, Coordinator of the Donor Committee for Enterprise Development

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## Executive Summary

The private sector and enterprises play a key role in delivering social and economic development, as well as in safeguarding the environment. Governments and the social partners need to cooperate to promote the integration of the three components of sustainable development – economic, social and environmental. The ILO is uniquely placed to contribute to sustainable development, because it is at the workplace that these three components come together inseparably.

Given that sustainable enterprises are a principal source of growth, wealth creation, employment and decent work and are fundamental for sustainable development, the International Labour Conference (ILC) in 2007 agreed on a framework for the promotion of sustainable enterprises. This framework comprised the factors conducive to sustainable enterprises and a set of responsible and sustainable enterprise-level practices.

In addition to outlining the respective roles of governments and of the social partners in the promotion of sustainable enterprises, the Conclusions concerning the promotion of sustainable enterprises, adopted at the same Session of the ILC, instructed the Office to work closely with its constituents to provide demand-led and high-quality support and programmes which are adapted to local conditions. ILO assistance for sustainable enterprises should be aligned with Decent Work Country Programmes (DWCPs) so as to contribute to:

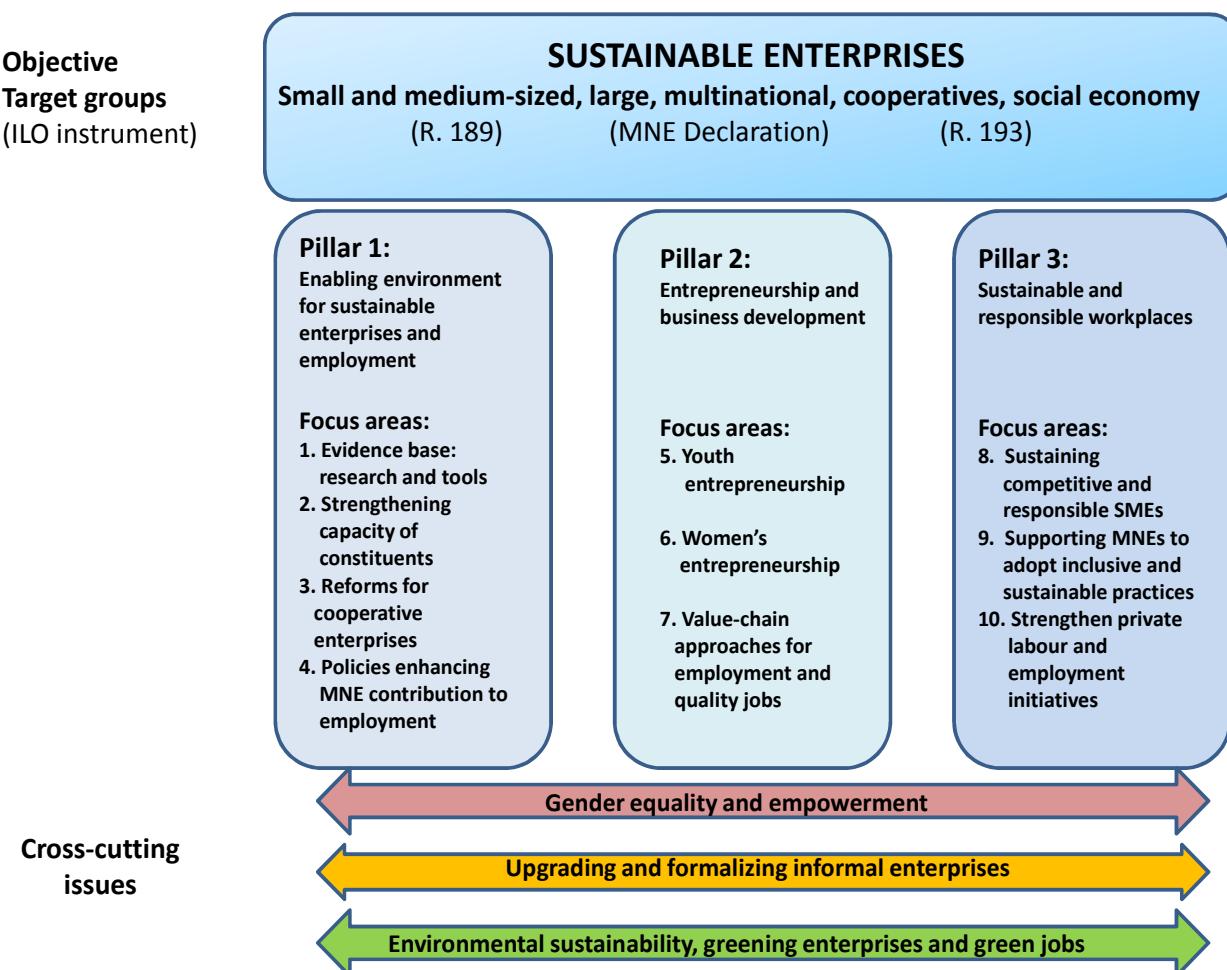
1. Strengthening the capacity of governments and social partners to establish an enabling environment for sustainable enterprises;
2. Value-chain upgrading and clustering;
3. Local economic development;
4. The application of responsible and sustainable workplace practices; and
5. Targeted programmes for specific and marginalized groups, including micro- and small enterprises, women, youth and workers in the informal economy.

The ILO programme for putting into practice the concept of sustainable enterprise agreed by the ILC, and the role specified for the Office, are guided by a strategic framework for the creation of decent work in sustainable enterprises of all types and sizes. The programme caters for enterprises ranging from micro- and small enterprises to large and multinational ones and from single ownership or listed shareholder companies to cooperatives and social economy enterprises. The strategy aims at:

- creating an enabling environment for sustainable enterprises,
- helping enterprises to establish themselves and thrive in this environment by promoting entrepreneurship and business development; and
- assisting enterprises to adopt sustainable and responsible workplace practices.

These building blocks form the three interrelated and mutually supportive pillars of the ILO strategy. Within each pillar, areas of work are identified on which the Office needs to focus its attention. Gender equity, enterprises in the informal economy and environmental sustainability constitute cross-cutting issues which are embedded in all components of the strategy. Figure 1 provides a schematic overview of the three pillars, the ten focus areas of work and the three cross-cutting issues.

Figure 1: The strategic framework for the ILO Sustainable Enterprise Programme



**Pillar 1: Creating enabling environments for sustainable enterprises and employment** assists member countries in assessing and where necessary adapting policies, laws and regulations. The goal is to encourage investment and entrepreneurship that balance the needs and interests of the enterprise – both workers and employers – with the broader aspirations of society.

The focus areas in this pillar are:

- building an evidence base for reform through research and tools for assessments and implementation;
- strengthening the capacity of constituents to participate in policy-making and reforms aiming at a more enabling environment for sustainable enterprises;
- supporting policy and legal reforms for cooperative enterprises; and
- supporting policies that enhance the contribution of multinational enterprises to employment.

**Pillar 2: Entrepreneurship and business development**, focuses on the role of the entrepreneur and the creation of businesses that lead to more and better jobs, especially for women and young people. It supports member States and the social partners to stimulate entrepreneurship, through tools and programmes for entrepreneurship training, provision of business development services, access to information, technology and finance and by linking enterprises to local development and to value-added chains.

The focus areas in this pillar are:

- youth entrepreneurship, promoting self-employment as a career option;
- women's entrepreneurship, promoting policies and programmes to empower women; and
- promoting business development through value-chains approaches emphasizing employment and job quality.

**Pillar 3: Sustainable and responsible workplaces**, concentrates on conditions of work and the quality of the working environment. This includes promoting social dialogue and collective bargaining, human resource development, measures to raise productivity, to improve energy and material efficiency, to reduce environmental impacts, wages and shared benefits as well as corporate social responsibility, corporate governance and business practices.

The focus areas in this pillar are:

- sustaining competitive and responsible small and medium-sized enterprises;
- supporting multinational enterprises to adopt inclusive and sustainable business practices; and
- strengthening private labour and employment initiatives.

**Three cross-cutting issues** are embedded in all pillars and focus areas:

1. Gender equality and empowerment;
2. Upgrading and formalizing informal enterprises; and
3. Environmental sustainability through the greening of enterprises and the creation of green jobs.

In all pillars, the specific characteristics, needs and strengths of the different types and sizes of enterprises are taken into account. The ILO programme for the promotion of sustainable enterprises is uniquely placed to identify and seize the synergies between various types of enterprises for employment creation, decent work and sustainable development. While the programme is led by the Job Creation and Enterprise Development Department, these synergies and the potential contribution of enterprises to sustainable development can best be realized in partnerships within the ILO, among ILO constituents and with a range of external partners.

The strategy set out in this document is being implemented under the ILO Strategic Policy Framework 2010-15. The ILO strategy and its mandate on the promotion of sustainable enterprises are part of its wider mission to promote decent work for all. For the ILO, enterprise development is not just about unleashing entrepreneurship; it is fundamentally about creating decent jobs.

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## List of acronyms and abbreviations

ACT/EMP	Employers' Activities, ILO
ACTRAV	Workers' Activities, ILO
BDS	Business development services
COPAC	Committee for the Promotion and Advancement of Cooperatives (UN)
CSR	Corporate social responsibility
DCED	Donor Committee for Enterprise Development
DECLARATION	Programme on Promoting the Declaration, ILO
DIALOGUE	Industrial and Employment Relations Department
DWCP	Decent Work Country Programme, ILO
EE	Enabling environment
EESEE	Enabling Environments for Sustainable Enterprises and Employment
EER	Enabling environment reform
EMP/ENTERPRISE	Job Creation and Enterprise Development Department, ILO
EMP/POLICY	Employment Policy Department, ILO
EMP/SKILLS	Skills and Employability Department, ILO
FAO	Food and Agriculture Organization
ICA	International Co-operative Alliance
IFAP	International Federation of Agricultural Producers
IFC	International Finance Corporation
ILC	International Labour Conference
ILO	International Labour Organization
INTEGRATION	Policy Integration and Statistics Department
KAB	Know About Business, ILO training programme
MATCOM	Materials and Techniques for Cooperative Management Training
MDGs	Millennium Development Goals
MNE	Multinational enterprise
MSE	Micro- and small enterprise
OECD	Organization for Economic Cooperation and Development
SCORE	Sustaining Competitive and Responsible Enterprises Programme, ILO
SIYB	Start and Improve Your Business (ILO training programme)
SME	Small and medium-sized enterprise
SECSOC	Social Security Department
SPF	Strategic Policy Framework, ILO
Turin Centre	International Training Centre, Turin (ILO)
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WED	Women's Entrepreneurship Development, ILO programme
WEDGE	Women's Entrepreneurship Development and Gender Equality
YEP	Youth Employment Programme, ILO



## 1 Introduction

Throughout the world, people are in search of jobs; jobs that provide them and their families with a fair income and social protection; jobs in which they are respected, can organize and have a voice. In short, what they want is decent work.

The concept of decent work has been defined by the International Labour Organization and endorsed by the international community as the opportunity for women and men to obtain productive work in conditions of freedom, equity, security and human dignity.

The ILO Strategic Policy Framework 2010-15 provides the medium-term framework for delivering on the Decent Work Agenda, in response to the needs of the ILO's constituents and in the context of a globalized world shaken by multiple crises. It sets priorities to help constituents deliver on the Decent Work Agenda.

Acknowledging that sustainable enterprises are a principal source of growth, wealth creation, employment and decent work, the Strategic Policy Framework (SPF) identifies the promotion of sustainable enterprises for the creation of productive and decent jobs as one of its 19 desired outcomes.

This document is guided by the ILO's mandate, experience, and comparative advantage within the international multilateral system, and describes how this outcome will be ensured. It situates the Sustainable Enterprise Programme among a wide range of programmes offered by external actors, including other specialist development and donor agencies, and builds on the Organization's comparative advantages and competencies. The document also refers to the ILO's tripartite structure, its connections to the world of work, its culture of social dialogue, and its normative framework as a standard-setting organization.

This is an ILO-wide strategy covering the four strategic objectives of employment, social protection, social dialogue and rights at work, through which the Decent Work Agenda is expressed. Given the emphasis assigned to job creation through entrepreneurship and enterprise development contained in the SPF, the Job Creation and Enterprise Development Department (EMP/ENTERPRISE) will lead the implementation of the Sustainable Enterprise Programme in close consultation with other Departments and units across the ILO.

## 2 The ILO's mandate, guiding principles and comparative advantages in the promotion of sustainable enterprises

The ILO's enterprise development programme is widely recognized throughout the international development community for its work in areas such as: small and medium-sized enterprises (SME); entrepreneurship development; women's and youth entrepreneurship; the promotion of cooperatives; multinationals; and corporate social responsibility (CSR). Its programmes are guided by: the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189); the Promotion of Cooperatives Recommendation, 2002 (No. 193); and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

Today, the enterprise development programme is supported by approximately 20 professional enterprise development specialists at headquarters and a further 15 specialists in ILO field offices. The total regular budget is approximately US\$1 million dollars per year, with more than 28 technical cooperation projects totalling a portfolio of approximately US\$111 million.<sup>1</sup> In addition, the ILO supports a global network of over 300 enterprise development practitioners through training and accreditation programmes.<sup>2</sup>

### 2.1 The ILO's mandate in the promotion of sustainable enterprises

The Conclusions concerning the promotion of sustainable enterprises, adopted by the International Labour Conference (ILC) in 2007, provide a coherent and comprehensive approach to a new phase in the ILO's enterprise development programme. They define the components of an enabling environment, a list of enterprise-level sustainable and socially responsible practices, and the roles of governments, the social partners, and the Office. Their objective is to promote sustainable enterprises in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work. The Conclusions provide a powerful vision of enterprise, employment and development in the twenty-first century.

These Conclusions recognize that the creation, growth and maintenance of enterprises on a sustainable basis combine 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.<sup>3</sup>

1. From an **economic perspective**, sustainable enterprises are created in response to customers' demands for products and services. Clearly they must be viable, to be sustainable. Competition in vibrant, dynamic economies will, however, lead some enterprises to contract or fail.

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<sup>1</sup> See Appendix 2.

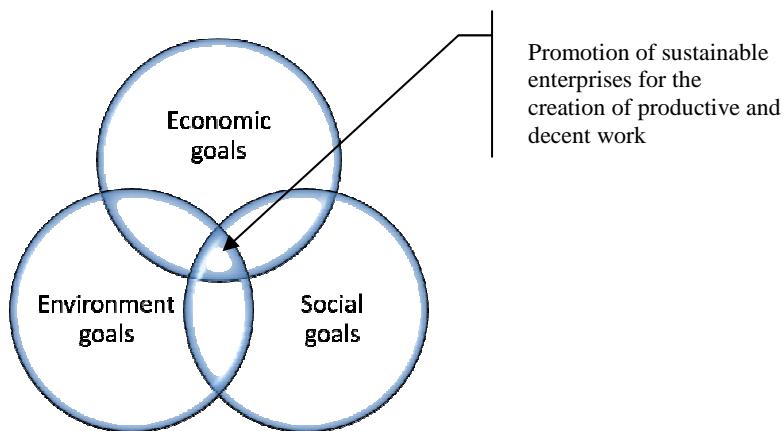
<sup>2</sup> These include Start and Improve Your Business (SIYB) and Know About Business (KAB) Master Trainers.

<sup>3</sup> ILO: *Conclusions concerning the promotion of sustainable enterprises*, ILC, 96<sup>th</sup> Session, Geneva, 2007, para.5.

2. From a **social perspective**, those running sustainable enterprises participate in dialogue with workers and governments, while also acting in a good, socially responsible corporate manner. They recognize and comply with the United Nations Universal Declaration of Human Rights and international labour standards and understand the social implications of being an employer. They contribute to the process of developing a socially inclusive and equitable society.
3. From an **environmental perspective**, those running sustainable enterprises recognize the importance and finite nature of natural resources and the pressure that globalization, urbanization and other development processes have placed on our natural environment regarding, for example, the use of scarce resources and the rapidly emerging challenges of climate change. The promotion of sustainable enterprises therefore includes the challenges of development to the natural environment in its policy advice and programme planning.

The promotion of sustainable enterprises thus combines economic, social and environmental goals in order to support the creation of productive and decent employment for women and men (see figure 2.1)

**Figure 2.1: Sustainable enterprises: Achieving economic, social and environmental goals**



More recently, the ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration), adopted by the ILC at its 97<sup>th</sup> Session in 2008, has institutionalized the concept of decent work – and the Decent Work Agenda – placing it at the heart of the ILO's policies to attain its constitutional objectives. The Social Justice Declaration specifically states that the promotion of sustainable enterprises is central to the ILO's mandate and one of the priority themes shaping the employment strategic objective.

## 2.2 The ILO's guiding principles in the promotion of sustainable enterprises

The ILO strategy for the promotion of sustainable enterprises draws upon its tripartite structure, its genuine connection to the world of work through representative employers' and workers' organizations - an established culture of social dialogue - and upon its normative framework as a standard-setting organization. Specifically, it is guided by the following principles:

1. **Responding to constituents' demands and needs** – The Sustainable Enterprise Programme responds to the demands and aspirations of its constituents; it has been designed to support governments and employers' and workers' organizations in their efforts to promote the development of sustainable enterprises.
2. **Achieving maximum employment impact** – The Programme will focus its efforts on achieving high impact in the creation of productive and decent employment and on attaining the Millennium Development Goals (MDGs).
3. **Promoting rights and standards** – The Programme supports workers' rights and international labour standards; it strengthens the rule of law and ensures adequate protection and working conditions for the women and men who work in enterprises, and not just for those who own them.
4. **Promoting representation and social dialogue** – Tripartite and bipartite consultations inform the ILO's promotion of sustainable enterprises; businesswomen and businessmen, and those who work for them in enterprises of all sizes and types, are encouraged to be organized and participate in social dialogue.
5. **Promoting social inclusion and gender equity** – Promoting the development of sustainable enterprises requires development strategies that address the specific concerns, opportunities and constraints of a wide range of economic and social actors (including women who, despite making up half of the population, are often excluded from full participation in the economy), as well as vulnerable and marginalized groups such as young people, minorities and people with disabilities.
6. **Promoting sustainable development outcomes** – Enterprise development interventions need to be sustainable in order to achieve long-term outcomes; ILO-supported interventions will have a continuing influence, creating changes lasting longer than the life of any single programme or project.
7. **Adopting a people-centred approach** – The ILO supports enterprise development that focuses on creating new and better employment opportunities for women and men. This approach responds to the demands of workers, employers and the communities in which enterprises grow, and takes both the qualitative and quantitative aspects of job creation into consideration.

## 2.3 The ILO's comparative advantages in the promotion of sustainable enterprises

The ILO's comparative advantages are two-fold: those stemming from its organizational mandate, structure and strategy; and those occurring in ILO fields specific to enterprise development and job creation.

### ***Relevance of the ILO'S mandate, structure and strategy***

As an international development agency, the ILO can rely and build on the following advantages when promoting the development of sustainable enterprises:

1. The ILO's mandate – to ensure that women and men obtain decent and productive work – creates the opportunity for supporting constituents in their efforts to promote decent work through the promotion of rights at work, employment, social protection, and social dialogue;
2. The global presence and tripartite structure of the ILO provide a powerful, international voice guiding sustainable enterprise development towards the promotion of productive and decent employment. The role of the ILC in adopting international labour standards and setting a direction for the Office, as well as the ILO's direct engagement with member States and employers' and workers' organizations, connect it to the principal actors in the world of work at global, regional, national and sub-national levels; and
3. The ILO's values, as expressed by the decisions of the ILC, present a strong case for supporting enterprise development of a particular quality, with specific economic, social and environmental outcomes. In so doing, emphasis may be laid on the implementation of significant principles, such as social inclusion, gender equality and the importance of regular and structured social dialogue involving all actors. These values inform a people-centred approach to enterprise development and are encapsulated in the 2007 Conclusions concerning the promotion of sustainable enterprises.

### **ILO COMPARATIVE ADVANTAGES**

The ILO employs a significant number of professionals working on enterprise development in Geneva and in the field, who have high levels of competencies in entrepreneurship and enterprise development and are involved in relevant networks at national and regional levels. These professionals are specialists in best practice and have long-standing expertise in enterprise development, labour issues, the informal economy, representation, social dialogue and cooperative development. Most have a background in managing technical assistance projects and are therefore sensitive to the practical needs of programmes.

Throughout its 35 years of practice in enterprise development and job creation, the ILO has built up significant competencies and resources that can be used to promote sustainable enterprises.

In terms of **enabling business environment reform**, the ILO has the following advantages over other international development and donor agencies:

1. A specific mandate to focus on employment issues within the broader business and investment climate, and on the special concerns of businesswomen, informal firms and cooperative enterprises; this is unique to the ILO.
2. A rights-based approach grounded in international labour standards;
3. An emphasis on policy dialogue arising from the broader concept of tripartism, rather than the bipartite public-private approach;
4. A unique business environment reform training programme, developed jointly with the Turin Centre; and
5. A growing body of work on local business environment reform, including reforms affecting rural economies.

The ILO is the lead UN agency in **entrepreneurship promotion**. This includes women and youth entrepreneurship, as well as the promotion of an entrepreneurial culture. The ILO also has substantial experience with the Know About Business (KAB) training programme, which can be built upon, as can the Office's previous work in awareness-raising of entrepreneurship and the promotion of entrepreneurial role models.

In **business development**, the ILO is internationally known for its Start and Improve Your Business (SIYB) business-management training programme; this exists in 90 member States and has trained 1.2 million people, leading to the creation of 1.4 million jobs over the past 15 years.

In the field of **value-chain and cluster development**:

1. The ILO's tools and training programmes on value-chain development are in high demand by development programmers and practitioners around the world;
2. The ongoing collaboration between EMP/ENTERPRISE and the Turin Centre creates a valuable foundation for knowledge sharing and the joint development of future programmes and tools. The Turin Centre offers a unique distance-learning programme, which is the only training programme focusing on the implementation of value-chain development programmes;
3. The ILO value-chain seminars and the Donor Committee for Enterprise Development (DCED) websites that originated from the ILO are widely recognized; and
4. The ILO's focus on employment with respect to value-chain development, its links to local economic development and other local-level programmes, and its social dialogue and engagement with SME associations, are all unique and highly sought-after areas of expertise.

As regards **access to finance**, the ILO has the following comparative advantages:

1. The Turin Centre provides one of the best-known microfinance training schemes: the Boulder Microfinance Training Programme;

2. The Turin Centre also offers a successful and unique middle-management training programme for microfinance institutions, “Making microfinance work”, which operates in more than 30 countries; it includes training on linkages to non-financial and business services; and
3. The ILO Social Finance Programme offers valuable experience and models for the development of social and micro-finance.

The ILO’s longstanding and groundbreaking work on the **informal economy** is widely recognized, especially its work on issues concerning informal workers. The formalization and upgrading of informal firms, as distinct from the general informal economy, represents a major opportunity for initiatives by EMP/ENTERPRISE.

The ILO is internationally recognized for its expertise in the field of **women’s entrepreneurship** promotion. Through such initiatives as the Women’s Entrepreneurship Development and Gender Equality (WEDGE) programme, the ILO has led bilateral and multilateral programmes that have spearheaded the use of innovative tools and processes. The ILO’s commitment to social inclusion has created a strong theoretical and practical framework for this work, along with its broader experience in entrepreneurship and business development.

Concerning **representation and dialogue**, the ILO has the mandate for and long experience of social dialogue. The ILO’s direct engagement with employers’ and workers’ organizations has endowed it with considerable experience, resources and positioning, thus adding value to its work in this field. However, there is a need to extend social dialogue to include SME associations and other forms of business organisation, where relevant.

The ILO is one of the few international development agencies working on the improvement of **sustainable and responsible workplace practices**, including improvements of job quality. The Sustaining Competitive and Responsible Enterprises (SCORE) programme provides a unique practice-based programme for future technical cooperation.

The ILO’s tripartite engagement with **large and multinational enterprises** gives it a more balanced view and greater credibility concerning the role of business in society. International labour standards and the MNE Declaration are recognized as authoritatively expressing what can reasonably be expected of multinational enterprises (MNEs).<sup>4</sup> The MNE Declaration is unique in emphasizing the separate roles of the State and private enterprise. This feature is essential for ensuring that all workers are protected, not only those sourcing to MNEs; and it clearly distinguishes the responsibilities of companies and those of the State. It is within this context that the ILO situates its support for **corporate social responsibility** (CSR) initiatives, notably those focusing on labour issues. The MNE Declaration also encourages policy coherence between the objective of protecting workers’ rights and other policies concerning, *inter alia*, employment promotion and attracting foreign direct investment (FDI). At the enterprise level, the ILO encourages a “triple bottom line” approach (balancing people, planet and profit) to business strategy, as well as to policies and practices.

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<sup>4</sup> The ILO is the unique body within the United Nations system entrusted with setting standards concerning job creation and the protection of workers’ and employers’ rights. It is therefore best positioned to provide advice on how to interpret and realize international labour standards and to ensure that the appropriate meaning is given to them.

In **cooperative enterprise development**, the ILO's work with the Committee for the Promotion and Advancement of Cooperatives (COPAC – a UN interagency committee bringing together the Food and Agriculture Organization (FAO), the International Federation of Agricultural Producers (IFAP), the ILO and the International Co-operative Alliance (ICA)) has led to improved bilateral relations with each of its members and a strengthened partnership with the UN system's work on cooperatives. Whereas the UN and the FAO have partial mandates, the ILO is the only international organization with an overall mandate to promote cooperatives, and it has a unique expertise based on 90 years of experience. Moreover, the ILO's core policy aims are congruent with cooperative values and principles.

### **3 The global context and constituents' needs: Meeting the challenges of job creation through the promotion of sustainable enterprises**

The ILO's task to promote the development of sustainable enterprises is part of a "global and integrated strategy for decent work".<sup>5</sup> This strategy requires the ILO to ensure that its work remains relevant in an increasingly globalized economy and to better understand and respond to its constituents' needs within such a context.

#### **3.1 The global context: The challenge of job creation in a more integrated world economy**

The current **global, financial and economic crisis** presents governments in developing countries with a number of critical challenges with respect to their efforts to create and retain jobs and to promote sustainable enterprises. Job losses from large firms are making headlines, but many micro-enterprises and SMEs are also severely affected by the global economic downturn.

The ILO's response to the crisis has two aspects. The first deals with the immediate effects of the crisis: responding to job layoffs, and the need to restructure enterprises and address the limited access firms have to credit. The second identifies the lessons to be learned from the crisis with respect to the role of public policy and institutions, and the importance of people-centred approaches to development.

In 2009, the ILC adopted the Global Jobs Pact in response to the global financial crisis. It recognized the need for coordinated global policy options to strengthen national and international efforts centred on jobs, sustainable enterprises and quality public services, protecting people whilst safeguarding rights and promoting voice and participation.<sup>6</sup> Assisting constituents to implement the Global Jobs Pact therefore forms a key element of the Sustainable Enterprise Programme.

The Sustainable Enterprise Programme supports a decent work response to the crisis and encourages fairer globalization, a greener economy, and the creation of productive and decent employment and of sustainable enterprises, while respecting workers' rights, promoting gender equality, and protecting vulnerable people. This involves: the use of tools and processes to rapidly identify and assess the constraints felt by enterprises, including cooperatives, as a result of the crisis; advice to policy-makers on public procurement and other ways of stimulating a greater economic demand within the enterprise sector; advice and training on business development services, with a particular emphasis on

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5 ILO: *ILO Declaration on Social Justice for a Fair Globalization*, ILC, 97<sup>th</sup> Session, Geneva, 2008.

6 ILO: *Recovering from the crisis: A Global Jobs Pact*, ILC, 98<sup>th</sup> Session, Geneva, 2009.

entrepreneurship and enterprise management training; and advice and training to help SME associations respond to the crisis.<sup>7</sup>

### 3.2 Constituents' needs addressed through the strategy

The needs of the ILO constituents are expressed in a great variety of ways: at global level, through documents such as the 2007 Conclusions concerning the promotion of sustainable enterprises and Governing Body decisions; at regional level, through tripartite meetings held every four or five years, as mandated in the ILO Constitution, at which constituents make commitments and set priorities for Office support; and at national level, by means of Decent Work Country Programmes (DWCPs) that specify the ILO's intended results within a defined time period for each country. Decent Country Work Programmes obtain results through better-coordinated ILO and constituents' efforts that focus on the achievement of well-defined country priorities. These processes contribute to the Office's Programme and Budget. The 2010-11 Programme and Budget reflects the following regional demands for enterprise support:

In **Africa** constituents have requested assistance with:

- a) the informal economy – an integrated approach which includes upgrading enterprises;
- b) rural enterprises – raising productivity and promoting sustainable enterprises;
- c) women's entrepreneurship – to reduce the vulnerability of women's enterprises; and
- d) youth employment through entrepreneurship and enterprise development, including the development of cooperatives.

In **Latin America and the Caribbean**, constituents have requested assistance with:

- a) the implementation of policies promoting local economic development and sustainable enterprises;
- b) the strengthening of cooperatives, micro-enterprises and SMEs, gender equality, and the creation of green jobs;
- c) the informal economy – the integration of informal economy workers into the formal economy; and
- d) young people: entrepreneurship, SMEs and cooperatives.

In the **Arab States**, constituents have requested assistance with programmes to enhance entrepreneurship and self-employment, based on business environment assessments. This should be complemented by women's enterprise development

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<sup>7</sup> The ILO's five-point crisis response for micro-enterprises and SMEs offers support to policy-makers and enterprises through: (1) rapid assessments to pinpoint the constraints felt by enterprises, including cooperative enterprises; (2) advice through examples on managing credit; (3) advice to policy-makers on public procurement; (4) advice and training on business development services, notably entrepreneurship and enterprise management training; and (5) advice and training on supporting small business associations to take an active advocacy and support role during the crisis. [P. Vandenberg: *Micro, small and medium-sized enterprises and the global economic crisis; Impacts and policy responses*, Sustainable Enterprise Programme (Geneva, ILO, 2009)].

and gender equality work in local areas, and by the development of a curriculum of entrepreneurship education. The technical capacity of SME service providers and support institutions should also be strengthened to improve provision of needs-based and commercially driven support services.

In **Asia and the Pacific**, constituents have requested assistance with:

- a) coherent policies for sustainable employment linking fast-growing industries with the informal economy and agriculture, and support for sustainable enterprise development;
- b) research and information on the policy lessons and good practices that will help constituents promote green jobs and sustainable employment;
- c) youth employment – skills and enterprise development tools targeting young people; and
- d) progressive workplace practices ensuring respect for labour standards, occupational safety and health and fair wages.

In **Europe and Central Asia**, constituents have requested assistance to develop skills for new employment opportunities, including green jobs, and to boost the creation and sustainability of small enterprises and cooperatives.

Taking these specific regional demands for assistance into account, the Sustainable Enterprise Programme has been designed to respond to the following six categories of constituents' needs:

1. **Need for support to improve the enabling business environments that makes it easier to start and grow formal enterprises:** The 2007 Conclusions concerning the promotion of sustainable enterprises provide detailed guidance on what constitutes an environment conducive to sustainable enterprises. However, the conditions necessary for enterprises to meet the economic, social and environmental aspirations of entrepreneurs, workers and their communities are not always present. During the ILC discussion in 2007, the member States and social partners committed themselves to improving the enabling environment for sustainable enterprises and to fostering the adoption of socially responsible workplace practices. The Sustainable Enterprise Programme will build evidence for the significance of a more enabling environment and disseminate the findings to guide reform processes.
2. **Need for the capacity building of constituents to engage in dialogue with a view to undertaking enabling business environment reform and to give effect to reform measures:** Constituents, cooperatives and other member-based organizations have expressed the wish to understand better and contribute to the process and content of a meaningful review of the enabling environment. They wish to have their voice heard in various policy dialogues, mostly at the national level, and to develop the competencies required to implement agreed measures of reform at national and local level. This requires skills to improve their collaboration with the private sector and cooperative organizations.
3. **Need for support to promote the adoption of workplace practices improving the quality of employment:** The Conclusions on the promotion of sustainable enterprises instruct the Office to support the documentation, dissemination and replication of good workplace

practices at national, sector and enterprise levels and to use its expertise to assist enterprises using unsustainable practices to achieve sustainability. The Sustainable Enterprise Programme will provide enterprises with guidance on ways to promote responsible workplace practices along their supply chains, including through the use of the MNE Declaration.

4. **Need for support to promote entrepreneurship that allows women and men to develop and apply enterprising attitudes and skills in business and in the community:** There is a high demand among constituents for help in promoting entrepreneurship, namely, “the attitude and capacity to innovate and take initiative. The term can be applied to a range of economic and social innovations designed to solve problems, meet needs, or supply products and services”.<sup>8</sup> Entrepreneurial individuals are critical to developing and transition economies. They create and build high-growth enterprises, which in turn create jobs and contribute to economic expansion and poverty reduction; they develop social networks and new opportunities through the process of building their firm and investing in skills; and they become role models for others. The Sustainable Enterprise Programme will strengthen the link between the development of entrepreneurial skills and the businesses in which these skills are applied.
5. **Need for support to implement enterprise development programmes that create jobs for women and men:** The Sustainable Enterprise Programme responds to constituents’ calls for assistance in the design and implementation of strategies creating productive and decent jobs through enterprise development. It highlights the opportunities that exist to upgrade programme interventions in order to achieve a greater impact in terms of the number and quality of jobs created by sustainable enterprises. It shifts the focus from the individual enterprise and its workers to the broader systems and conditions under which enterprises operate. Greater attention is paid to helping constituents and other organizations implement sustainable enterprise development programmes in sectors with employment creation potential. Programmes will focus on SMEs, particularly those involving young people, women entrepreneurs and cooperatives, as well as on new business opportunities for green jobs.
6. **Need for support to enterprise development programmes that promote green jobs and safeguard the natural environment:** The concept of a sustainable enterprise is closely associated with a growing international awareness of the challenges to our natural environment. “Green jobs” therefore constitute a key area of concern for the ILO. A major transformation of economies and societies towards more sustainable production and consumption patterns in many areas, from clean energy to product recycling to adaptation to climate change, has emerged and these could lead to the generation of employment and decent work opportunities and contribute to reducing environmental impacts of production and consumption to levels that are

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<sup>8</sup> ILO: *Promoting decent employment through entrepreneurship*, Governing Body, 289th Session, Geneva, March 2004, GB.289/ESP/1, para. 3.

environmentally sustainable. From an enterprise development perspective, “green enterprises” must be created to ensure “green jobs”. Such enterprises would create productive and decent employment for women and men by responding to emerging environmental trends and markets. In other words, they would contribute to a low-carbon economy (e.g., renewable energy); mitigate the impact of climate change; adapt to climate change; and address waste management and “greening” enterprises. The Sustainable Enterprise Programme will help constituents implement policies and programmes encouraging enterprises (particularly SMEs) to innovate, adopt appropriate environment-friendly technologies, develop skills and human resources, and enhance productivity in order to remain competitive in national and international markets. Such policies and programmes will meet concerns regarding working conditions, environmental impact and labour-management relations.

## 4 Strategic Framework

Enterprises are the principal source of economic growth and employment creation and are at the heart of economic activity and development in nearly all countries. Business owners, managers and workers combine their skills and resources to run enterprises able to compete effectively in local, national and international markets.

The Sustainable Enterprise Programme applies a systematic approach to the promotion of sustainable enterprises and decent work by:

- a) improving the conditions in which sustainable enterprises can develop, leading to more productive and decent employment;
- b) encouraging sustainable and socially responsible business practices; and
- c) promoting entrepreneurship and the development of businesses that create jobs and reduce poverty.

These approaches form the pillars of the Sustainable Enterprise Programme.

### 4.1 Strategic pillars

**Pillar 1: Enabling environments for sustainable enterprises and employment.** This pillar is concerned with the mutually reinforcing conditions for sustainable enterprise development identified in the Conclusions concerning the promotion of sustainable enterprises. It helps member States and their social partners improve the policy and regulatory frameworks in which enterprises and their employees operate. “Enabling business environments” encourage investment, entrepreneurship, workers’ rights and the creation, growth and maintenance of sustainable enterprises that balance the needs and interests of the enterprise with the aspirations of society.

**Pillar 2: Entrepreneurship and business development.** This pillar focuses on the role of the entrepreneur and the creation of businesses that lead to more and better jobs. It helps member States and their social partners stimulate entrepreneurship, especially among women and young people, and enhance opportunities for businesses to start up and grow.

**Pillar 3: Sustainable and responsible workplaces.** This pillar acknowledges the economic and social aspirations of the people on whom sustainable enterprises depend, as well as the impact of development on the natural environment. It helps member States and their social partners implement programmes promoting the long-term viability of enterprises and economic, social and environmental sustainability.

### 4.2 Cross-cutting issues

The following three cross-cutting issues are also critical to the ILO’s overall strategy for the promotion of sustainable enterprises. These issues have been taken into account in the design and implementation of the strategic pillars and the measures by which performance under each of the pillars will be assessed.

**Gender equity and empowerment** – This issue focuses particularly on the promotion of women entrepreneurs and enterprises owned and managed by women. It also deals with the mainstreaming of gender into the Sustainable Enterprise Programme and the design and implementation of programmes specifically targeting women.<sup>9</sup> Gender equality is a primary goal in all areas of social and economic development.

**Upgrading and formalizing informal enterprises** – Informal enterprises restrict economic growth; and low wages contribute to high poverty levels and drag down competitiveness, while workers in the informal sector do not have decent work. Since competition in the informal economy is based on cost minimization, there is little incentive to modernize the productive system; economies can enter poverty traps where there is little demand for qualified personnel and entrepreneurs. Incomes for workers active in the informal economy are low, further restraining aggregate demand. Operating outside formality also has negative consequences for enterprises because it restricts access to credit and other resources. Informal enterprises find it difficult to invest in improving the quality of the goods and services they provide. Low wages and poor working conditions limit the possibility of employing qualified personnel, exacerbating low labour productivity. Furthermore, formal trust mechanisms – indispensable in the “new economy” – are often beyond the reach of informal enterprises.

**Environmental sustainability** – This issue highlights the importance of anticipating the impact that sustainable enterprise promotion might have on environmental sustainability. This calls for policy reform, workplace practices and business development that actively address climate change. It articulates the scope for enterprise promotion in emerging environmental markets, such as those that contribute to a low-carbon economy (e.g., renewable energy, eco-tourism, waste management), mitigate and adapt to the impact of climate change, and address the need for enterprises to go green. It includes the development of “green jobs”.

### 4.3 Strategy targeting

The strategy aims to have an impact on the following main target groups:

1. **ILO constituents:** These are the primary clients of the ILO’s services, and they are key actors in the development and promotion of sustainable enterprises and in the creation of productive and decent work;
2. **Programme partners:** Programme partners are also key actors in the promotion of sustainable enterprises and the creation of productive and decent jobs; they play an important role in building a sustainable society and in the development of sustainable enterprises; and

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<sup>9</sup> Mainstreaming is not about adding a “woman’s component” or even a “gender equality component” into an existing activity. It goes beyond increasing women’s participation; it means bringing the experience, knowledge, and interests of women and men to bear on the development agenda. It may entail identifying the need for changes in that agenda. It may require changes in goals, strategies, and actions so that both women and men can influence, participate in, and benefit from development processes. The goal of mainstreaming gender equality is thus the transformation of unequal social and institutional structures into equal and just structures for both men and women.

3. **Targeted enterprises and individual entrepreneurs:** The ILO rarely provides direct support (e.g., financial or business services) to enterprises or individual entrepreneurs. Instead, it supports constituents and programme partners in their efforts in this regard. The ILO's work with its constituents and programme partners therefore encourages a focused approach to job creation through the promotion of sustainable enterprises. However, in order to have the desired effect on job creation, a few specific kinds of enterprises are targeted within this strategy.

The Sustainable Enterprise Programme distinguishes between three types of enterprise:

- a) small and medium-sized enterprises;
- b) cooperative enterprises; and
- c) large and multinational enterprises.

**Small and medium-sized enterprises** are important for social and economic development because of their ability to create wealth and sustainable, high-quality jobs. However, most SMEs face a number of challenges in their quest for competitiveness and sustainability. These include (but are not restricted to): lack of funds; difficulties in acquiring and exploiting appropriate technology; limited managerial capabilities; low productivity; and regulatory barriers. SME development typically focuses on the provision of business and financial services for business growth, but it should also promote rights at work; the voice and representation of small businesses; conditions of work; occupational safety and health; and social protection for workers. These neglected aspects of SME development call for special attention from the Sustainable Enterprise Programme.

**Cooperative enterprises** create and maintain many jobs, while significantly contributing to income generation and economic growth. The Promotion of Cooperatives Recommendation, 2002 (No. 193) mandates the Office to assist constituents and cooperative organizations in promoting the development of cooperatives in all member States. This is in recognition of the economic, social and societal role that genuine cooperatives play. Cooperatives have a longstanding experience in the field, which is now broadening and called the “social economy”. They have also often come into their own in times of crisis, providing a means to mobilize self-help; and they are relevant in such areas as decent work; gender equality; enterprise restructuring through workers; rural employment; social protection; the informal economy; and organization of the self-employed.

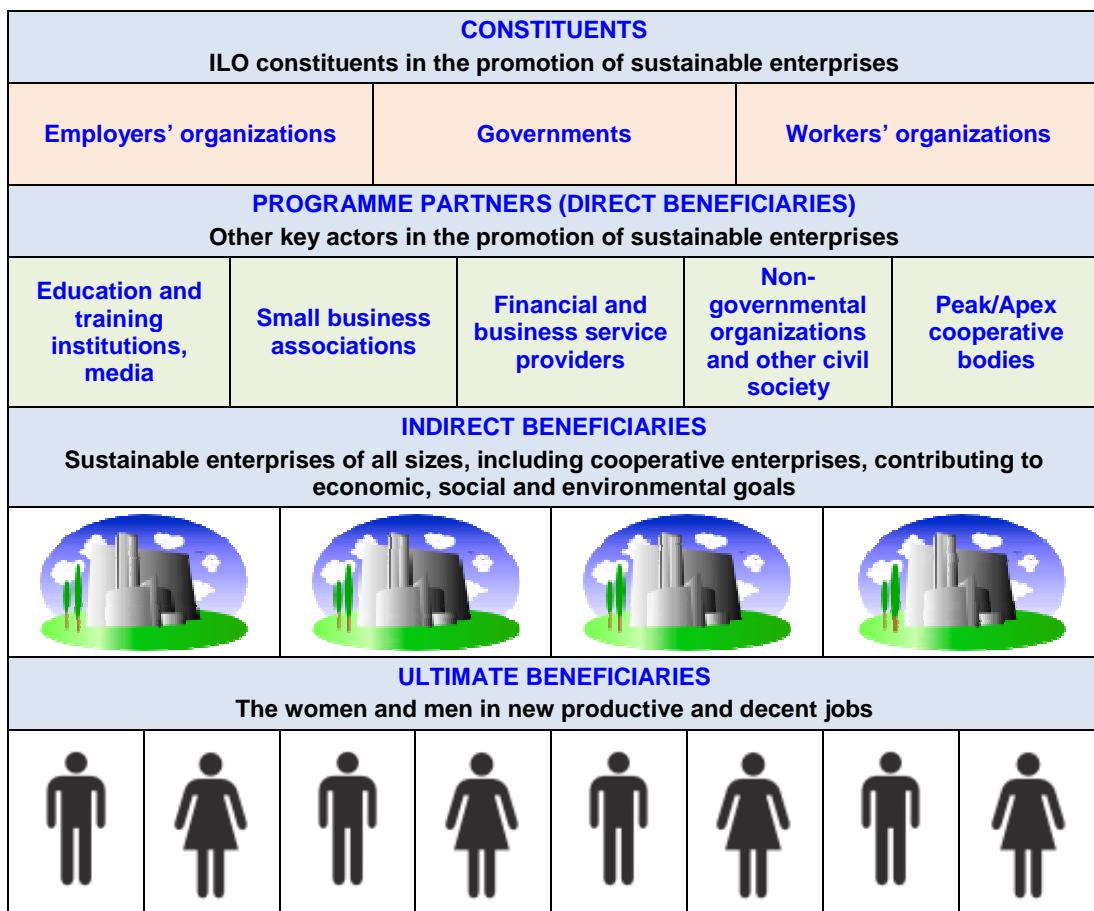
**Large and multinational enterprises** are important actors in the national economies of both developed and developing countries. They are major drivers of national and global value chains and have a significant influence on the development of the world economy. Large and multinational enterprises are important to the promotion of sustainable enterprises in developing economies because they:

- a) create new market opportunities for enterprise development by enabling local firms to participate in strategic value chains;

- b) provide a corporate environment that fosters entrepreneurship and innovation, as well as what is often referred to as “intrapreneurship”;<sup>10</sup>
- c) act as good employers and ensure that proper corporate governance principles are respected and upheld; and
- 4. promote responsible corporate citizenship through, for example, corporate social responsibility initiatives.

Ultimately it is the ILO’s direct engagement with constituents and programme partners, and: its indirect support for targeted enterprises, which contribute to the creation of productive and decent jobs for women and men. This targeting is illustrated in figure 4.1.

**Figure 4.1:** The ILO’s promotion of sustainable enterprises: ILO constituents, partners and beneficiaries

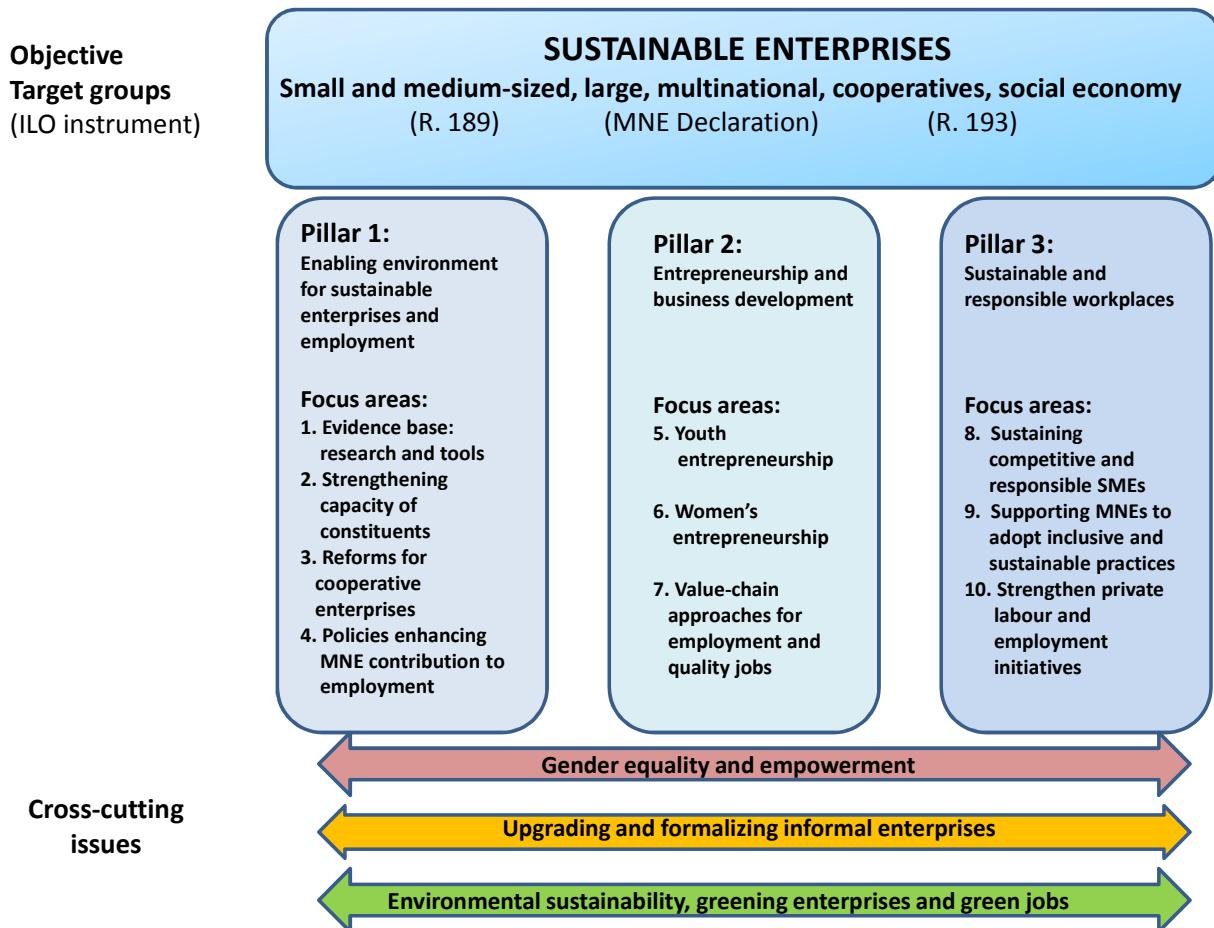


<sup>10</sup> “Intrapreneurship” is the practice of using entrepreneurial skills without taking on the risks or accountability associated with entrepreneurial activities.

## **5 Strategic pillars and programme focus areas**

The three strategy pillars described above provide the foundation for ten programme focus areas. This structure is illustrated in figure 5.1.

Figure 5.1: The strategic framework for the ILO's Sustainable Enterprise Programme



### ***Strategy pillar 1: Enabling environments for sustainable enterprises and employment***

The goal of the ILO's work under this pillar is to support member States and their social partners in the reform of policy or regulatory frameworks to improve the business environment for sustainable enterprises.

Figure 5.2: SPF indicators and targets, 2010-15, enabling environments

<b>Indicator 3.1:</b> Number of member States that, with ILO support, are reforming their policy or regulatory frameworks to improve the enabling environment for sustainable enterprises.		
<b>Baseline:</b> To be established based on 2008-09 performance		
<b>Target 2010-11:</b> 5	<b>Target 2012-13:</b> 10	<b>Target 2014-15:</b> 10

The 2007 Conclusions concerning the promotion of sustainable enterprises instruct the Office to strengthen the capacity of governments and social partners to establish an enabling environment for sustainable enterprises (paragraph 24.1) by:

1. 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;
2. 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;
3. 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 enterprises;
4. 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;
5. 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
6. providing technical assistance to help start-ups, micro- and small and medium-sized enterprises become sustainable through, for example, networking, developing workers' capabilities and competencies, and upgrading regional and global value chains and clusters.

The ILO will focus its support for enabling environment reform (EER) on the employment dimensions of reform and the role of constituents. However, it will

also broaden its engagement to include business membership organizations, including SME associations, and other business environment actors, such as the media and civil society.

Priority will be given to enabling environment reforms that focus on:

1. employment policies and strategies for the promotion of sustainable enterprises;
2. labour policies, laws and regulations, and their enforcement mechanisms;
3. gender equality and the inclusion of marginalized groups into the mainstream of the economy;
4. representation of enterprises and their workers;
5. social dialogue; and
6. cooperative policies, laws and regulations.

When supporting reform in these areas, the ILO will focus on:

1. assessing the employment dimensions of the enabling environment in both quantitative and qualitative terms (i.e., the volume or number of jobs created and improvements in the quality of jobs as measured, for example, by the existence of employment contracts, improvements in workplace safety and worker representation, and investments in developing workers' skills);
2. generating research and promoting debate on the employment dimensions of reform;
3. benchmarking progress in reforms that lead to productive and decent employment;
4. improving the capacity of constituents to engage in reform (i.e., to assess the business environment, advocate for and participate in reform processes, and monitor the employment impacts of reform); and
5. identifying good practices and lessons and promoting communities of practice.

Enabling environment reform endeavours to level the playing field for enterprises of all kinds and to increase the competitive pressures that lead to innovation and productivity. Nonetheless, the ILO's mandate for social inclusion implies that specific target groups should be considered. To this end, the ILO will focus its reform efforts to assist enterprises that are: (1) more highly represented among the poor; (2) marginalized from the mainstream economy or finding it difficult to compete effectively; (3) found in high-growth, employment-rich sectors of the economy; and (4) based on cooperative principles and ownership structures.

## **Programme focus area 1: Developing research and tools; building the evidence base for reform**

### **AIM AND RATIONALE**

The aim of this programme focus area is to generate and disseminate knowledge on the contribution that enabling environments can make to the creation and

growth of sustainable enterprises, economic growth and poverty reduction; and to use this knowledge to develop tools that empower the constituents and help them advocate for reforms promoting productive and decent employment, especially for women and poor people.

Research, analysis and knowledge development in this field mostly pay scant attention to the quantity of employment generated by reform or resulting from particular policies, and show even less interest in the quality of employment. This programme focus area directly responds to the 2007 Conclusions concerning the promotion of sustainable enterprises and, in particular, to the mandate given to the Office to undertake work on the 17 conditions for an environment that is conducive to the development of sustainable enterprises.

The challenges and lessons that stem from the global financial and economic crisis form an important theme of the work contained in this programme focus area. Policy reforms supported by the ILO will contain important messages on the quality of regulation and the role of government policy and regulation in development. Attention will be paid to the development of tools that help strengthen institutions and affect the quality of development, while promoting social inclusion and dialogue.

### **THE ILO'S PAST WORK IN THIS AREA**

The ILO has undertaken a range of research culminating in policy briefs, working papers and books on the topic of policy-making and reform, especially for SMEs and cooperatives. This programme focus area will make use of and build on other research undertaken by the ILO on employment-intensive growth and the analysis of binding constraints on job growth.

### **ENVISIONED FUTURE BY 2015**

It is anticipated that this focus area will provide the evidence base and tools to better position decent work in policy-making and reform. It will give the ILO a stronger platform in international dialogue concerning the relevance and approach to EER, ensuring that the ILO's messages remain relevant to current global trends and debates. The output of the research will be published by the ILO and in refereed journals. The ILO will have established a leading-edge reputation in this field.

### **KEY ACTIONS**

**Research and knowledge management:** The ILO will initiate research and undertake other activities that generate and disseminate knowledge on the contribution EER can make to the promotion of sustainable enterprises, economic growth, and productive and decent employment. Key research topics to be pursued in the next five years (2010-15) include:

1. **Research topic 1 – The impact of reform on employment.** This research will seek to understand better the impact of reform on employment and working conditions in enterprises of all sizes and types, including cooperatives. It will move beyond the overly simplistic index currently used in the World Bank's *Doing Business* assessments and will pay particular attention to the issues faced by SMEs. The research will include a focus on the variable impact of reform on female- and male-

owned and -managed enterprises, and their female and male workers. Where relevant, the use of policy reforms to promote green enterprises and green jobs and the impact of policy and reforms on the natural environment will also be analysed.

2. **Research topic 2 – Enabling environments for the development of high-growth sectors.** This research will investigate the contribution that EER can make to employment growth in high-growth sectors. It will involve close collaboration with the other Departments working in this field, such as the Employment Policy Department (EMP/POLICY), and will provide an enterprise perspective on ways in which the quality and quantity of employment can be enhanced in high-growth sectors through EER.
3. **Research topic 3 – Better understanding the relationship between policy-making, EER and the informal economy.** This research will endeavour to understand better the influence of the enabling environment on informality. It will attempt to identify how improvements to an enabling environment can contribute to greater degrees of formalization in developing economies, and how reform programmes can be designed and managed in such a way as to bring marginalized informal enterprises into mainstream markets. Special consideration will be given in this research to understanding and responding to the concerns of women-owned and -managed enterprises, which are often over-represented in the informal economy.
4. **Research topic 4 – Enabling environments for green enterprises and green jobs.** This research will examine international experience in promoting green jobs and identify the lessons to be learned by governments wishing to establish a conducive policy and regulatory framework.

**Supporting the formalization of informal enterprises:** Special attention will be paid to supporting constituents and programme partners in their efforts to encourage the formalization of informal enterprises. This is intended to improve the design and performance of EER in order to encourage the formalization of informal enterprises and better protect the workers they employ. It is hoped that this will lead to a keener understanding of the way in which reform affects enterprise formality and improve the contribution it makes to the promotion of decent and productive employment in informal enterprises, thereby reducing the size of the informal economy. The following programme elements have been designed to this end:

1. **An information hub on enabling environments that promotes enterprise formality.** This will involve the creation of an Internet database of research, programmes and initiatives concerning EER and enterprise formality, drawing on past and current work carried out by the ILO and other agencies. It will include a facility for practitioners and policy-makers to share experiences and lessons learned in this field.
2. **Advisory services on EER focused on the informal economy.** EMP/ENTERPRISE and ILO field specialists will respond to requests for advice from member States and the social partners, as well as from national cooperative representative agencies, on ways to design, implement and monitor reforms that promote the formalization of

informal enterprises, including measures to ensure higher levels of compliance among micro-enterprises and SMEs with labour laws and regulations.

3. **Supporting better dialogue with informal enterprises.** Specific attention will be given to supporting member States in their efforts to consult with informal enterprises on EER. This will include support to employers' and workers' organizations, and national cooperative representative agencies, to help them in their efforts to reach out to informal enterprises and their workers, and to construct platforms for regular and structured dialogue with these enterprises. Particular care will be taken to ensure that informal enterprises owned and managed by women participate in these processes.

## KEY TOOLS AND RESOURCES

Building on the outcomes of research and ILO experience in supporting a more enabling environment for sustainable enterprises, specific tools will be prepared for use by ILO field specialists, constituents and projects. The following tools will be prepared in the coming five years (2010-15):

1. **Diagnostic tools:** Four tools will be prepared to diagnose the enabling environment for sustainable enterprises. In their design, particular attention will be paid to the employment dimensions of the enabling environment - i.e., the effect this environment has on the promotion of productive and decent employment and employment-specific issues within it:
  - i. **17C assessment tool:** This tool will assess the 17 conditions for a "conducive environment for sustainable enterprises", contained in the 2007 Conclusions concerning the promotion of sustainable enterprises. It will allow a comparative assessment to be made of where participating countries stand in terms of the 17 conditions, along with a survey of how enterprises perceive them.
  - ii. **Business environment assessment tool:** This assessment tool, produced by IFP/SEED in 2002, will be updated and improved to ensure that specific attention is given to assessing the employment dimensions of the business environment. Wherever possible, this will include the qualitative as well as the quantitative aspects of employment. Reforming the enabling environment will thus promote good workplace practices and encourage employers to invest in skills development and improvements in job quality.
  - iii. **Growth diagnostics for enabling environment reform:** This tool, to be developed in cooperation with EMP/POLICY and other relevant Departments, will allow policy-makers to assess the policy, legal and regulatory framework affecting specific sectors and to identify the reforms required to unleash the opportunities for higher growth, while enhancing the potential for more productive and decent employment in particular sectors. It will also involve collaborating with those working on value-chain assessments in programme focus area 10.

- iv. **Benchmarking the promotion of women's entrepreneurship:** As outlined in programme focus area 9, a tool for benchmarking the promotion of women's entrepreneurship in selected countries will be produced for monitoring changes in the enabling environment for businesses owned and managed by women.
2. **Reform tools:** The ILO will develop tools and guides to help field specialists, constituents and project staff undertake EER programmes in developing countries based on the outcomes of assessments and the perceived demand for reform:
  - i. **Measuring the employment impact of possible reforms:** This tool will be developed as an instrument for regulatory impact assessment; it will be used to help reformers understand the quantitative and qualitative employment impact of possible reform options, in order to help policy-makers and reform practitioners choose reform options that are more likely to result in higher levels of productive and decent employment (based on the outcomes of research topic 1).
  - ii. **Guide on the use of regulatory best practice for labour in micro-enterprises and SMEs:** This guide will be based on the outcomes of international comparative research and dialogue with ILO constituents. It will include advice and best practices and policies encouraging employers to upgrade their workplace practices.

### **LINKS TO OTHER FOCUS AREAS**

Programme focus areas 1 and 2 are “inseparable, interrelated and mutually supportive”. They have links to all other focus areas, as policy frameworks and enabling environments are essential for lasting change in the promotion of entrepreneurship, business development and desired enterprise-level practices. In terms of research, this programme focus area will be closely linked to research conducted under programme focus area 8, with a view to understanding the influence of the enabling environment on enterprise formality. Similarly, the research on cooperative enterprises addressed under programme focus area 3 will involve collaboration and information sharing.

The enabling environment reform team of EMP/ENTERPRISE will initiate the creation of an inter-Sector team on the promotion of high-growth sectors.

### **INCORPORATION OF CROSS-CUTTING THEMES**

This programme focus area involves research that will improve the understanding of how the enabling environment affects enterprise formality. Gender mainstreaming will be an ongoing consideration, with data collection being gender-disaggregated. Environmental returns will be integrated into the messages of the publications and research materials.

### **PARTNERSHIPS**

The ILO will use the results of this research to influence, in the international arena, the discourse on EER and its impact on economic growth, poverty

reduction and the creation of productive and decent employment. This will require continued engagement with the DCED, ICA and COPAC, among others, and will include partnerships and knowledge sharing with key policy organizations in developed countries – such as the OECD and the European Union (EU) – and with the academic community. The Department will integrate its work in this programme focus area into other employment policy and strategy work undertaken by the Office, including the work on binding constraints.

Close internal partnerships will be maintained with EMP/POLICY, Employers' Activities (ACT/EMP), Workers' Activities (ACTRAV), the Programme on Promoting the Declaration (DECLARATION), the Social Security Department (SECSOC), and the Industrial and Employment Relations Department (DIALOGUE).

## **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed, but this programme focus area will also apply output and outcome indicators, against which performance will be measured on an annual basis. The output indicators of programme progress will include the following:

1. the number of current tools and resources revised and updated (this includes ensuring they are made more gender-sensitive);
2. the number of new, gender-sensitive assessment and reform tools;
3. the number of research projects completed and published, including publication in refereed journals;
4. a national tool for benchmarking the promotion of women's entrepreneurship in selected countries; and
5. an Internet-based "information hub" on informal enterprises and the number of Internet hits.

The outcome indicators of programme progress will include the following:

1. the number of governments and social partners that have undertaken a gender-sensitive assessment of the environment for sustainable enterprises, in line with the 2007 Conclusions, making use of one or more of the new tools;
2. the number of member States that have introduced a national development framework or private-sector development policy addressing the conditions needed to create an environment conducive to sustainable enterprises, as reflected in the 2007 Conclusions;
3. the number of member States that have reformed or introduced legislation or regulations, or developed policies, leading to the promotion of sustainable enterprises, including cooperative laws or SME legislation that reflect Recommendation No. 193 or Recommendation No. 189, respectively;
4. the lessons learned in policy and regulatory reforms required for governments to effectively encourage the formalization of informal firms; and

5. the number of examples of informal enterprises that have been able to participate in national dialogue on policy reform.

## **Programme focus area 2: Strengthening the capacity of constituents to participate in policy-making and enabling environment reform**

### **AIM AND RATIONALE**

The aim of this focus area is to strengthen the constituents' and cooperative organizations' capacity to participate in policy-making and reform processes. Constituents have expressed a need for capacity building in this area to ensure that their voice is heard in various policy dialogues, mostly at the national level. This programme focus area directly complements programme focus area 1. It is a clear articulation of the Decent Work Agenda and the four inseparable, interrelated and mutually supportive strategic objectives. It does not build capacity merely to create more enabling environments and give a boost to entrepreneurship, but also to create more enabling environments for decent jobs.

### **ILO'S PAST WORK IN THIS FOCUS AREA**

A few technical cooperation projects have been carried out to reform the business or enabling environment. These included: the Boosting Youth Employment project in Central Asia; Law-Growth Nexus: A Mapping of Labour Law and Micro- and Small Enterprise (MSE) Development in 12 African countries; COOP<sup>AFRICA</sup>; Education and Skills Training for Youth Employment (EAST); Employment-Intensive Growth for Indonesia: Job Opportunities for Young Women and Men (JOY); and Enter-Growth in Sri Lanka.

To support these projects and the constituents' needs, the Department has developed a number of capacity-building tools – most of which need to be updated or revised to take into account latest developments, including the 2007 Conclusions concerning the promotion of sustainable enterprises:

1. **Training resources:** These include the training programme on cooperative policy and legislation, and the training programme prepared with the Turin Centre, "Creating an enabling environment for small enterprise development", which is currently being updated and used both for Turin-based courses and for customised training and capacity building at the country level.
2. **Assessment tools:** These include existing tools, such as the 2005 guide, *Assessing the influence of the business environment on small enterprise employment – an assessment guide* (EMP/SEED), and new ones currently being prepared: the *Labour law resource toolkit* and the diagnostic tool to assess the 17 conditions for an environment conducive to the promotion of sustainable enterprises. In addition, assessment tools for assessing the influence of the business environment on women's entrepreneurship have been produced – this is linked to the work conducted under programme focus area 9.
3. **Guidelines:** These include: *Guidelines for cooperative legislation; Small enterprise development – an introduction to the policy challenge;*

*Promoting cooperatives: A guide to ILO Recommendation No. 193; and  
Participatory cooperative policy-making: a manual.*

## **ENVISIONED FUTURE BY 2015**

Through the support provided in this programme focus area, constituents will be better able to participate in reform programmes that lead to productive and decent employment.

## **KEY ACTIONS THAT WILL BE UNDERTAKEN**

The Department will help constituents participate more effectively in policy-making, EER programmes and processes through:

1. **Preparation and dissemination of information products.** The tools and resources produced within programme focus area 1 will be disseminated to constituents and national cooperative representative organizations.
2. **Training programmes.** In conjunction with the Turin Centre, training programmes will be designed and delivered to help constituents and national cooperative representative organizations engage more effectively in national reform dialogue and programmes.
3. **Access to data on the enabling environment for sustainable enterprises and employment.** The results of research produced in other programme focus areas, such as programme focus areas 1 and 3, will be made available to constituents and national cooperative representative organizations. Wherever possible, published data on issues such as the 17 conditions for sustainable enterprises will also be made available to constituents and national cooperative representative organizations to support their own research and advocacy activities.
4. **Support to the dialogue and advocacy efforts of constituents and national cooperative representative organizations.** The ILO will assist constituents and national cooperative representative organizations in using research, information and available data to advocate for reforms that improve the quantity and quality of employment created by sustainable enterprises. This will include the establishment of a specialized fund for employers' and workers' organizations, and national cooperative representative organizations, which will finance their research and advocacy efforts. Further details on the fund are provided below. Specific attention will be paid to helping workers' and employers' organizations participate in dialogue concerning environment policy, legal and regulatory reform.
5. **Support to workers and employers' organizations to help them broaden their membership base.** By broadening their membership to involve micro-enterprises and SMEs (including enterprises that are owned and managed by women and young people), employers' and worker's organizations will be able more effectively to represent the business community and its workers. This work will include advice and support activities that help unorganized, informal and transitional micro-enterprises and SMEs to become better organized and participate in dialogue concerning reform of the enabling environment.

6. **Advisory services on policy-making and EER focused on the informal economy.** EMP/ENTERPRISE and ILO field specialists will respond to requests for advice from member States and the social partners, as well as from national cooperative representative agencies, on how to design, implement and monitor reforms that promote the formalization of informal enterprises - including measures to ensure higher levels of compliance by micro-enterprises and SMEs with labour laws and regulations.
7. **Support for better dialogue with informal enterprises.** Specific attention will be given to supporting member States in their efforts to consult with informal enterprises on EER. This will include helping employers' and workers' organizations, as well as national cooperative representative agencies, to reach out to informal enterprises and their workers, and to construct platforms for regular and structured dialogue with informal firms. Particular care will be taken to ensure that informal enterprises owned and managed by women participate in these processes.

### **KEY TOOLS AND RESOURCES**

In addition to the tools and resources produced in programme focus area 1, this programme focus area will create an “Enabling Environments for Sustainable Enterprises Research and Advocacy Fund” for employers and workers, with a view to supporting research into various aspects of EER by, or on behalf of, employers’ and workers’ organizations, and national cooperative representative agencies. This competitive fund will be conducted in annual rounds. It will focus on employment-related enabling environment issues that support, inter alia, policy reforms promoting the benefits of socially responsible workplace practices at regional, national and sub-national levels. Funds ranging from US\$10,000 to US\$30,000 will be made available to recognized employers’ and workers’ organizations wishing to undertake gender-sensitive research into an aspect of the enabling environment or to support advocacy efforts at regional, national or sub-national levels that will better inform and support these organizations to participate in EER. The Sustainable Enterprise Programme will coordinate the fund and liaise closely with enterprise specialists in the field.

### **LINKS TO OTHER FOCUS AREAS**

Programme focus areas 1 and 2 are inseparable, interrelated and mutually supportive. They combine with the outputs of all the other programme focus areas.

### **INCORPORATION OF CROSS-CUTTING THEMES**

This programme focus area will mainstream gender by ensuring that all guidelines, training programmes, tools and resources are gender-sensitive. Gender mainstreaming will be an ongoing consideration, with data collected on a gender-disaggregated basis. Environmental returns will be integrated into the messages of the information products and tools developed. Furthermore, the issues concerning the upgrading and formalization of informal enterprises will be incorporated into the tools and training programmes produced in this programme focus area.

## PARTNERSHIPS

In addition to the partnerships mentioned under programme focus area 1, this work item will be strengthened by a number of national level partnerships, helping constituents to build alliances and draw on support from other stakeholders in this field such as academia, NGOs, donors, other UN organizations, etc.

## MONITORING AND EVALUATION

Detailed monitoring and evaluation systems spanning all programme focus areas will be developed, and this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of information resources provided to constituents and national cooperative representative organizations;
2. the number of women and men from constituents and national cooperative representative organizations participating in ILO training programmes;
3. the establishment of the Enabling Environments for Sustainable Enterprises Research and Advocacy Fund; and
4. the number of applications to the Fund and the amount of successful projects funded.

The outcome indicators of programme progress will include the following:

1. the number of proposals for reform produced by employers' and workers' organizations and organizations that have directly participated; and
2. the number of enabling environment reforms undertaken by member States in which ILO constituents and national cooperative representative organizations have directly participated.

## Programme focus area 3: Supporting policy and legal reforms for cooperative enterprises

### AIM AND RATIONALE

While the other programme focus areas under strategy pillar 1 include support for EER that benefit all types of enterprises, this programme focus area specifically addresses the concerns of cooperative enterprises. Recommendation No. 189 (paragraph 4) and the 2007 Conclusions concerning the promotion of sustainable enterprises recognize the plurality of enterprise types, as well as the importance of the ILO's work in maintaining support for the development of cooperative enterprises. The major international governmental and non-governmental instruments concerning cooperatives, including Recommendation No. 193, emphasize the importance of appropriate cooperative policy and legislation as a

basis for the development, maintenance and growth of these organizations.<sup>11</sup> However, trends in policy and legislation show that, despite growing respect for cooperative values and principles, cooperatives are being increasingly treated in the same way as capital-centred enterprises. Thus, the unique management and capitalization features of cooperatives are being eroded. This programme focus area helps ILO constituents and cooperative organizations in their attempts to put a stop to or – where necessary – reverse this trend.<sup>12</sup>

### ILO'S PAST WORK IN THIS FOCUS AREA

The Office has developed a range of resources on the policy and legal framework concerning cooperative enterprises, and has helped some 65 countries in all regions revise their cooperative policy and law over the past 15 years. Cooperative policy and legislation are also major components of the decentralized DFID-funded COOP<sup>AFRICA</sup> programme. The ILO has been working in partnership with the ICA, which has enabled it to access some 800 million cooperative members organized in 225 national cooperative representative organizations in 85 countries, and to work on a wide range of policy and legal instruments affecting the competitiveness of their enterprises.

The Department has produced a wide range of tools and resources for use by constituents and cooperative organizations. Among these, the most notable are:

1. *Guidelines for cooperative legislation;*
2. A training course on cooperative policy and legislation;
3. *Human resource management in cooperatives, theory, process and practice;*
4. MATCOM (Materials and Techniques for Cooperative Management Training);
5. *Manual for participatory cooperative policy-making;* and
6. *Manual for participatory cooperative law-making.*

### ENVISIONED FUTURE BY 2015

The majority of ILO member States acknowledge the unique features of cooperatives and implement policies, laws and regulations placing them on an equal footing with other types of enterprises, allowing them to be active in all sectors while remaining faithful to cooperative principles. This includes the support for the development of cooperative unions, federations and apex

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<sup>11</sup> In chronological order: International Co-operative Alliance (ICA): *Statement on the cooperative identity* (1995); UN: *Guidelines aimed at creating a supportive environment for the development of cooperatives* (2001); ILO: *The Promotion of Cooperatives Recommendation, 2002* (No. 193).

<sup>12</sup> This analysis, as well as the definition of the work, are congruent with: the preparatory work that led to the adoption, in 2002, of Recommendation No. 193; the content of Recommendation No. 193; the views of cooperative policy and law specialists (in, for example, the so-called “favourable climate studies” commissioned by the ILO in the 1990s; the ILO reports on expert meetings in 1990s, discussing such issues as the role of the State and cooperative law, competition law and cooperative law, as well as labour law and cooperative law; the ILC report, *Promotion of cooperatives* (2001); Recommendation No. 193; and the shared views of the ICA-ILO Legislation Working Group, headed by the ILO).

organizations, without which an autonomous cooperative system cannot be sustained.

### KEY ACTIONS THAT WILL BE UNDERTAKEN

Within this programme focus area special attention will be given to cooperative legislative frameworks, as well as to other legislation affecting the structure and operations of cooperative enterprises (e.g., labour law, competition law, taxation, financial regulations and accounting standards). Support will be given to participatory policy and law-making processes and their implementing mechanisms. While continuing to work with ILO constituents, engagement with cooperative representative bodies will be strengthened to ensure that they participate more actively in dialogue associated with reform of the enabling environment. The work takes account of the growing shift towards regional and global policy and law making.

The following action will be taken within this programme focus area:

1. **Advice.** The programme will provide policy and legal advice to member States, their social partners, and cooperative representative organizations.
2. **Needs assessment.** In order to better serve the needs of the constituents and national cooperative representative organizations, the programme will analyse the work currently carried out under Article 19 of the ILO Constitution (General Survey), as replies to the survey indicate a number of areas where programme interventions might be made more effective. More baseline studies of the status of cooperative policies and laws will be undertaken (e.g., baseline studies in the Russian Federation and Kyrgyzstan, and under the COOP<sup>AFRICA</sup> programme).
3. **Research and advocacy.** On the basis of the study, *Resilience of the cooperative business model in times of crisis*, further research will be undertaken to define areas where cooperatives experience a comparative disadvantage in responding to crises. In addition, more reliable and comparable statistical data on cooperatives will be produced jointly with the ILO's Bureau of Statistics and the ICA. The ILO will advocate for new forms of cooperatives, such as school cooperatives, multi-stakeholder cooperatives, social cooperatives, and cooperatives engaged in knowledge production.

### KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED

This programme focus area will revise and update the tools and resources identified above to ensure that greater emphasis is given to implementation issues. In addition, these revisions will produce lay-versions of the guides, which can be translated into other languages. Furthermore, the Department will support the production of commentaries on national cooperative laws, along with special training tools for those implementing cooperative laws and regulations.

### LINKS TO OTHER FOCUS AREAS

This programme focus area deals with a specific type of enterprise, but it also contributes to the work undertaken in programme focus areas 1 and 2.

## INCORPORATION OF CROSS-CUTTING THEMES

This programme focus area will mainstream gender by ensuring that all policy and legal advice, training programmes, tools and resources are gender-sensitive. It will include natural resource audits as an essential element of cooperative reporting, by developing tools based on experience in a number of countries and sectors.

## PARTNERSHIPS

The programme will strengthen its collaboration with COPAC, and with working groups either headed by the ILO or to which it belongs (e.g., ICA Working Group on International Accounting Standards, the ICA-ILO Lawyers Group, and the Taxation Group). The programme will also strengthen collaboration with research and training institutions, such as Belgorod University and the International Cooperative Academy in the Russian Federation, Helsinki University in Finland, Sherbrooke University in Canada, and Trento University in Italy. The ILO's relationship with the ICA and its members will be further developed.

## MONITORING AND EVALUATION

A detailed monitoring and evaluation system spanning all programme focus areas will be developed, and this programme focus area will also apply output and outcome indicators -- against which programme performance will be measured on an annual basis. The output indicators of programme progress will include the following:

1. the number of countries supported in cooperative policy and legislative reviews, and subsequent reforms;
2. the number of existing cooperative policy and legislative guides revised and updated – with revisions to ensure they are gender-sensitive; and
3. the number of research projects undertaken.

The outcome indicators of programme progress will include an increase in the number of countries with policy and legislative frameworks reflecting and supporting the uniqueness of cooperative enterprises, in line with Recommendation No. 189.

## Programme focus area 4: Supporting policies that enhance MNE contributions to employment

### AIM AND RATIONALE

This programme focus area deals with the public policies affecting global, transnational and cross-border enterprises – otherwise known as multinational enterprises (MNEs). Broadly speaking, these include policies and incentives related to foreign direct investment (FDI), taxation and other fiscal instruments. However, public policies can also promote and support better linkages between MNE and local SMEs, while encouraging skills and technology transfer, and protecting the natural environment.

The MNE Declaration recognizes the important role that these enterprises play in the economies of most countries and stresses the importance of an effective policy framework to encourage their positive contributions, while minimizing any negative effects. Governments can contribute to this objective by implementing policies that encourage MNEs to create jobs and improve the quality of employment in the countries in which they operate. The aim of this programme focus area is to support the efforts of governments to develop more effective policies concerning MNE operations in their countries.

### ILO'S PAST WORK IN THIS FOCUS AREA

Numerous Departments within the ILO, such as EMP/POLICY, DIALOGUE and the Policy Integration and Statistics Department (INTEGRATION), have undertaken policy research and provided advice to governments on various aspects of the principles contained in the MNE Declaration. The Office has also carried out seven global surveys on government policies and impacts related to MNE operations; and it has published in-depth country or regional studies. In addition, upon request and where funds have been available, the Office has organized or provided technical assistance for tripartite dialogue at the country and regional levels to explore how best to strengthen policies concerning specific issues such as FDI.

### ENVISIONED FUTURE BY 2015

By 2015, ILO constituents in at least 25 countries, representing a variety of regions, will be aware of the policy options available to them, which are suitable for promoting sustainable MNE engagement and practices at the national level. They will also be better informed about the principles contained in the MNE Declaration, in particular the roles, duties and obligations of the State as opposed to those of MNEs.

### KEY ACTIONS THAT WILL BE UNDERTAKEN

This programme focus area will contain the following actions:

1. **Research, knowledge sharing and advocacy.** The Office will further develop its knowledge base of effective public policy regarding MNEs. This will draw on the policy research being carried out by the Office, as well as research undertaken by other international organizations providing policy guidance (e.g., World Bank, OECD). In addition, as part of the periodic global MNE Declaration survey, the Office will monitor global trends relating to national and regional policies that promote sustainable enterprise practices. The Office will prioritize those areas that constituents (through the MNE Subcommittee and the DWCPs) identify as being of the greatest importance to them in their work in the area of MNEs and public policy.
2. **Technical cooperation.** Past experience indicates that Office interventions are contingent upon strong demand and tripartite cooperation for conducting country and sector-level activities. It is expected that efforts aimed at strengthening dialogue on the MNE Declaration at these levels will result in a number of technical cooperation projects, based on demand and available resources. These

projects will involve facilitating dialogue between policy-makers, other constituents and MNEs, so that they might share experience and concerns and support the adoption of policies in line with the principles of the MNE Declaration; the Office might also provide further support on request, within its competencies. The projects would also be developed in collaboration with the Departments with specific expertise in the policy areas being discussed – building on the existing knowledge base and providing a source of further learning.

3. **Training and capacity building.** Training will be provided, in cooperation with the Turin Centre, to improve the constituents' capacity to make full use of the guidance provided in the MNE Declaration in their national dialogue and policy-making. Gender-sensitive materials will be developed on the basis of desk reviews, tripartite dialogue, and issues of concern identified through the ILO Helpdesk.

### **KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED**

The following tools and resources will be developed:

1. A sound research methodology for the evaluation of progress towards the adoption of policies consistent with the MNE Declaration;
2. training materials on the public policy guidance provided in the MNE Declaration;
3. a policy tool kit, developed on the basis of research and field activities, on how to enhance the positive social and employment effects of MNEs created in partnership with other Departments and units of the Employment Sector, as well as ACTRAV and ACT/EMP; and
4. revised and enhanced ILO products (i.e., handbooks, manuals, training module, etc.) for policy-makers on socially sensitive enterprise restructuring, notably those addressing the effect that MNEs can have on employment, training, conditions of work and life in a country of investment.

### **LINKS TO OTHER FOCUS AREAS**

Efforts in this programme focus area are closely linked to the research and findings of programme focus areas 1 and 2, which examine enabling environments for sustainable enterprise growth, as well as with other policy-oriented Departments of the ILO, such as DIALOGUE. While this programme focus area deals with public policy, the work supports continued recognition of voluntary practices promoted by the MNE Declaration at enterprise level (see programme focus areas 9, 10 and 7).

### **INCORPORATION OF CROSS-CUTTING THEMES**

The guidance and support provided on public policies to maximize the potential contribution of MNEs to economic and social development will include gender equality, the promotion of employment among young people and marginalized communities, and the promotion of green jobs.

## PARTNERSHIPS

As regards the programme's research and advocacy elements, the ILO will seek strong collaboration between the various Office Departments concerned with particular policy areas. It will also attempt to influence and work together with multilateral and international policy advisers in order to harmonize approaches and increase the ILO's influence in investment and fiscal policy. These institutions include the OECD, World Bank and International Finance Corporation (IFC). The aim is to establish the leadership position of ILO on all labour-related MNE policy proposals.

## MONITORING AND EVALUATION

A detailed monitoring and evaluation system spanning all programme focus areas will be developed – and this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of MNE-focused policy projects listed in the DWCP;
2. the production of training modules linking employment and natural environment and climate change; and
3. the development of an effective periodic reporting instrument.

The outcome indicators of programme progress will include the number of member States that, with ILO support, adopts policies integrating the principles of the MNE Declaration.

## **Strategy pillar 2: Entrepreneurship and business development**

The focus of the ILO's work under this strategy pillar is to help member States and their social partners promote entrepreneurship, develop businesses and reflect the diversity of enterprise types that create jobs and reduce poverty.

Figure 5.3: SPF indicators and targets, 2010-15, entrepreneurship and business development

<b>Indicator 3.2:</b> Number of member States that, with ILO support, implement entrepreneurship development policies and programmes for employment creation and poverty reduction.		
<b>Baseline:</b> To be established based on 2008-09 performance		
<b>Target 2010-11:</b> 10	<b>Target 2012-13:</b> 12	<b>Target 2014-15:</b> 12
<b>Indicator 3.3:</b> Number of member States that, with ILO support, implement programmes to foster the adoption of responsible and sustainable enterprise-level practices.		
<b>Baseline:</b> To be established based on 2008-09 performance		
<b>Target 2010-11:</b> 5	<b>Target 2012-13:</b> 10	<b>Target 2014-15:</b> 10

There are two broad approaches under this pillar. The first deals with the promotion of entrepreneurship, i.e., the development of entrepreneurial attitudes and skills among individuals. The second focuses on the development of enterprises as mechanisms for the creation of productive and decent employment. To have any impact on the creation of productive and decent employment in sustainable enterprises, a strong link between the two approaches will have to be forged:

1. **Entrepreneurship promotion** – to realize the benefits stemming from entrepreneurship in terms of economic growth, job creation and poverty reduction, developing countries are encouraged to create what has been called an “entrepreneurial ecosystem”. This refers to a system in which public, private and civil society actors work together in a coherent and collaborative way to create a system that provides incentives for entrepreneurs, reducing the barriers to starting and growing companies, and promoting the development of entrepreneurial attitudes, skills and role models. An entrepreneurial ecosystem links SMEs, cooperative enterprises, large national and multinational enterprises, SME associations, industry groups, cooperative structures and networks of individuals, as well as government, international development and donor agencies, universities and research organizations, banks and other financial institutions. An entrepreneurial ecosystem facilitates entrepreneurship and helps to bring about the benefits it promises in terms of economic growth, job creation and poverty reduction.<sup>13</sup>

<sup>13</sup> In 2002, the ILO Governing Body described how enterprise development begins with building a business culture that respects workers' rights, such as the right to freedom of association, especially among youth, so that entrepreneurship is an explicit component of the school-to-work transition. See: ILO: *Follow-up to the Global Employment Agenda*, Governing Body, 285th Session, Nov. 2002, GB.285/ESP/1, para. 14.

2. **Business development** – this approach deals with enterprises and their function of providing goods and services, employing people and realizing a profit. Emphasis will be given to stimulating business development in sectors and value chains with a strong potential for employment-rich growth.

## **Programme focus area 5: Youth entrepreneurship: Promoting self-employment as a career option**

### **AIM AND RATIONALE**

Youth entrepreneurship is perceived as an important strategy for ensuring the full and productive employment of young women and men.<sup>14</sup> The ILO's youth entrepreneurship programme is part of a global Youth Employment Programme (YEP), which contributes towards achieving the goal of decent work for all women and men. The integration of youth entrepreneurship into YEP therefore plays a role in the successful transition of young people from school to work.

The development of youth entrepreneurship focuses on helping young women and men acquire attitudes and competencies to increase their future chances of finding or creating decent work. In 2002, the Governing Body acknowledged that enterprise development begins with building a business culture that respects workers' rights, such as the right to freedom of association, especially among young people, so that entrepreneurship is an explicit component of the school-to-work transition.<sup>15</sup> When the ILC discussed youth employment in 2005, youth entrepreneurship was considered under active labour market policies. Increasingly, youth entrepreneurship is understood, accepted and adopted as a strategy for harnessing the productive and innovative potential of young people to enable them to participate actively in the economies of their countries. Furthermore, the Social Justice Declaration recognizes the importance of sustainable enterprises in creating greater employment and income opportunities for all.

The ILO's support of youth entrepreneurship is in line with current thinking on encouraging the next generation of entrepreneurs.<sup>16</sup> Young women and men should be exposed to entrepreneurship at an early age to encourage them to consider enterprise as a career option and to plan accordingly. International organizations – for instance, Youth Business International – call for increased support for youth entrepreneurship as a targeted approach integrating methodologies such as learning by doing and participatory methods that enable

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<sup>14</sup> There is evidence of positive advantages to stimulating youth entrepreneurship: young entrepreneurs are more likely to hire fellow youths; young entrepreneurs may be particularly responsive to new economic opportunities and trends; young entrepreneurs have generally better computer skills; young people are more present in high growth sectors; young people with entrepreneurial skills are better employees. See: N. Meager, P. Bates and M. Cowling: 'An evaluation of business start-up support for young people', in *National Institute Economic Review*, 186, October 2003, Furthermore, evidence from Italy shows that young people are more innovative and often create new forms of independent work. See: F. Belussi: *A framework of analysis of self-employment in Italy*, LEED document [DT/LEED(99)7], Territorial Development Service (Paris, OECD, April-May 1999).

<sup>15</sup> GB.285/ESP/1, op.cit., para.14.

<sup>16</sup> World Economic Forum: *Educating the next wave of entrepreneurs* (April, 2009) [http://www.weforum.org/pdf/GEI/2009/Entrepreneurship\\_Education\\_Report.pdf](http://www.weforum.org/pdf/GEI/2009/Entrepreneurship_Education_Report.pdf)

young women and men to accrue experiential learning experiences.<sup>17</sup> Furthermore, programmes that apply an integrated approach are more successful.<sup>18</sup> This programme focus area integrates elements of entrepreneurship education and enterprise development in order to ensure impact.

### ILO'S PAST WORK IN THIS FOCUS AREA

The ILO has supported member States' efforts to promote youth entrepreneurship in a number of areas such as: entrepreneurship culture; entrepreneurship education in secondary, technical, vocational and higher education institutions; cooperative colleges; business start-ups; targeted business development services; the enabling environment; support to youth cooperatives; and microfinance.

The Know about Business (KAB) entrepreneurship education training programme has reached over half a million young women and men in 40 countries; and over 11,000 teachers and teacher educators have been trained in more than 4,000 educational institutions. The institutionalization of KAB in national curricula and education systems means that its potential impact will continue to grow beyond the ILO's initial interventions. However, the amount of jobs created and the number of new enterprises and jobs that may be attributed to KAB will be extremely difficult to determine. The objective of KAB is to contribute towards the creation of an enterprise culture in a country or society, by promoting awareness among young people of the opportunities and challenges of entrepreneurship and self-employment and of their role in shaping their own future and that of their country's economic and social development. The participatory exercises and the many games that seek to create innovative and problem-solving habits of mind are among the greatest assets of KAB's teaching methodology. They inspire students and ignite their passion to be entrepreneurial – as employees, as entrepreneurs and as community and enterprise members.

### ENVISIONED FUTURE BY 2015

The ILO will be a leader among UN agencies in the promotion of youth entrepreneurship as a means of supporting youth employment. The programme will provide consistent support to ensure that young women and men consider entrepreneurship and enterprise development in school, and then once they are ready to start a business.

### KEY ACTIONS THAT WILL BE UNDERTAKEN

The ILO will update the KAB training programme and existing tools to respond to the needs of entrepreneurship education in secondary schools, vocational and technical training institutions and universities, and higher education institutions. The training package will involve a number of partners, such as the UN Educational, Scientific and Cultural Organization (UNESCO), the German

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<sup>17</sup> Youth Business International: *Global Forum on Youth Entrepreneurship*, 2008. See: <http://www.youthbusiness.org/PDF/GFYEDiscussionSummary.pdf>

<sup>18</sup> UN Economic Commission for Europe (ECECE): *Youth entrepreneurship policies and programmes in the UNECE Member States*, paper presented at the meeting "Jobs for youth: National strategies for employment promotion" (Geneva, 2003).

technical cooperation agency (*Gesellschaft für Technische Zusammenarbeit*, GTZ), the Network for Teaching Entrepreneurship (NFTE), Junior Achievement, the World Economic Forum and universities. It will attempt to integrate entrepreneurship education – with its many aspects – into school and university curricula. Furthermore, research will continue to be undertaken on the contribution that entrepreneurship education and youth entrepreneurship make to employment creation and sustainable enterprise development in ILO member States. Regional and global knowledge-sharing forums will allow an exchange of good practices and provide visibility for the ILO's work; a number of these forums are already scheduled – for instance in China and North Africa. A set of indicators for entrepreneurship education have been developed and piloted and will be adapted to specific country contexts. Profiles of young entrepreneurs will continue to be published.

An environmental scan of good practices in youth entrepreneurship development will be reviewed and updated to identify relevant partners and avoid duplication. Social enterprise and green jobs are two areas that are potentially interesting for youth entrepreneurship, as they offer a link to growing markets and provide an opportunity for young women and men to be change agents in their communities by building sustainable enterprises (i.e., triple bottom line).

With partners, the ILO will develop, pilot and deliver business development supports for enterprises, including cooperatives, which are owned and managed by young women and men, so that they may continue their learning once they have left school and are ready to start a business or improve their skills and abilities to run a sustainable enterprise. A sustainability plan will be developed from the onset. Tools and methodologies will be delivered through partner organizations. Good practices will be shared through knowledge-sharing methodologies already developed through the “Youth Entrenet” website, and through regional and global forums on youth entrepreneurship convened by the ILO and its partners.

A robust monitoring and evaluation system will enable the ILO to measure the impact of these interventions and adapt them accordingly. This approach builds on existing monitoring and evaluation systems in KAB and SIYB and provides gender-disaggregated data; it will be developed and tested during the stated period. A component of this system is an interactive and global resource site on youth entrepreneurship that allows social partners and youth support organizations to share knowledge, resources, best practice and document outreach. The site is already online.<sup>19</sup>

## KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED

The Department will refine the following tools and resources:

1. KAB, which deals with entrepreneurship education, will be revised to integrate key sustainable enterprise messages and the option of group entrepreneurship. It will meet the needs of different education levels; a distance-learning component is already being piloted in northern Africa and will be evaluated and expanded to other regions;

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<sup>19</sup> See: [www.knowaboutbusiness.org](http://www.knowaboutbusiness.org)

2. GET Ahead, which deals with enterprise development, will be continued; it is already being adapted in Zambia for young women and men;
3. value-chain development, which can be effective in identifying markets for youth enterprise development; and
4. a selection of MATCOM manuals related to agricultural cooperative management. These are being adapted by COOP<sup>AFRICA</sup> and may be extended to other topics and types of cooperatives.

In addition, new tools will be developed, based upon good practices in entrepreneurship supports for young women and men. They will include a youth-focused SIYB business-management training programme.

### **LINKS TO OTHER FOCUS AREAS**

The tools and approaches refined and developed in this programme focus area will integrate decent work messages that include workplace practices, as addressed in programme focus area 8. Value-chain development approaches outlined in programme focus area 7 will be used to identify market linkages for enterprises led by young women and men.

### **INCORPORATION OF CROSS-CUTTING THEMES**

Care will be taken to ensure that all tools and approaches are gender-sensitive. Consideration of green jobs will be integrated into the tools and approaches developed. Social entrepreneurship and green jobs are seen as two areas that have a strong potential for youth.

### **PARTNERSHIPS**

Partnerships are integral to this programme focus area, as the ILO will play a key role in bringing other agencies and stakeholders together. Furthermore, many of the key players in youth entrepreneurship development are international NGOs, and the ILO is well positioned to play a leading role in mobilizing these organizations around a common initiative (e.g., Youth Business International, Ashoka, Junior Achievement, Young Entrepreneurship and Sustainability (YES), the Tallberg Foundation, and the Center for International Private Enterprise).

### **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed, and this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the revision of the KAB programme;
2. the adaptation of the GET Ahead programme;
3. training modules, tools and courses on cooperative entrepreneurship in collaboration with the Turin Centre and partners;
4. the number of partnerships established with other technical and international development agencies;

5. the number of profiles of young male and female entrepreneurs published and disseminated; and
6. the number of people using the global knowledge-sharing platform.

The outcome indicators of programme progress will include the following:

1. the number of countries that have incorporated entrepreneurship education in their national education systems at secondary, tertiary, technical or vocational training levels;
2. the number of countries with youth business development programmes in place; and
3. the clear establishment of ILO leadership among other UN agencies in youth entrepreneurship.

## **Programme focus area 6: Women's entrepreneurship: Promoting policies and programmes for women's empowerment**

### **AIM AND RATIONALE**

The emergence and growth of women entrepreneurs now represent a global trend, with many countries working to stimulate women's entrepreneurship development as a way of expanding the economy. The ILO's Governing Body adopted a Women's Entrepreneurship Development (WED) strategy in 2008, for which the key operational levels are to create an environment supportive of women's entrepreneurship development by identifying and removing existing obstacles. Building institutional capacity in WED and developing tools and support services for women entrepreneurs are needed to enable women to start and grow sustainable enterprises. Many agencies offer training for women entrepreneurs (e.g., UNIDO, World Bank, UNDP, the IFC and the European Commission). However, the ILO is the only agency using an approach that works systematically on all levels (i.e., micro, meso, macro and meta levels).

WED is in line with the fifth core element of the Global Employment Agenda. The WED strategy mandates the Office to carry out specific measures to enable women entrepreneurs to start, expand and formalize their businesses. At the time of writing, 25 of the 38 completed DWCPs had included WED as a priority. The ILO's work in WED complies with the 2007 Conclusions concerning the promotion of sustainable enterprises, to the effect that "women's economic empowerment is crucial for sustainable societies". The Conclusions called for targeted programmes in women's empowerment and entrepreneurship. Lastly, Recommendation No. 189 states that Members "should encourage support for female entrepreneurship, recognizing the growing importance of women in the economy, through measures designed specifically for women who are or wish to become entrepreneurs".

### **ILO'S PAST WORK IN THIS FOCUS AREA**

EMP/ENTERPRISE has built expertise into women-specific enterprise activities over the past ten years through its technical cooperation portfolio on Women's Entrepreneurship Development and Gender Equality (WEDGE) projects in seven

countries.<sup>20</sup> Since its inception in 2002, WEDGE has expanded its operations into 24 countries, 14 of which are located in Africa and operating in both urban and rural contexts. Projects gather a team of 30 project staff and WED experts, devoted to the development of women's entrepreneurship. Enterprise specialists backstop these projects and support WED in the field. Gender specialists are also active in promoting WED.

Projects currently span across four regional offices. WEDGE projects have collaborated successfully with the ILO's Social Finance Unit, Bureau for Gender Equality and the International Programme on the Elimination of Child Labour in South-East Asia. The programme works at the micro-level – delivering tools and training to women entrepreneurs through partner organizations; at the meso-level – increasing the capacity of service providers, micro-finance institutions and women entrepreneurs' associations to serve the needs of women entrepreneurs; at the macro-level – advising governments on gender-sensitive policy reforms and making recommendations for the removal of legal and regulatory obstacles; and at the meta-level – promoting WED broadly through events such as the "Month of the Woman Entrepreneur" and the *Voices of women entrepreneurs* series.<sup>21</sup> The Department has produced several research reports upon which the project activities, tools development and direction of the work have been based. Monitoring and evaluation have been initiated in different regions. WED has also worked with growth-oriented women entrepreneurs through its partnership with the African Development Bank and the IFC. Particularly in Africa, WEDGE technical cooperation projects have reached a significant level of scope and recognition. Currently, efforts are being made through Regular Budget Supplementary Account (RBSA) funding to consolidate this work within a regional approach to WED.

### **ENVISIONED FUTURE BY 2015**

The WED programme will be fully operational in all five regions, with consolidated regional approaches and appropriate documentation. It will be a convenor of partners and aim to influence the way work is conducted in the programme, by promoting WED regionally through integrated approaches adapted to each region and by documenting and sharing successful methodologies more broadly.

### **KEY ACTIONS THAT WILL BE UNDERTAKEN**

The ILO will increase its efforts to support the development of entrepreneurial attitudes and managerial skills among women to enhance their capacity to start and succeed in sustainable enterprises by: promoting women's entrepreneurship development, including social enterprise and cooperatives, through highly visible activities such as the "Month of the Woman Entrepreneur"; building upon the series *Voices of women entrepreneurs*; and organizing a forum on WED and impact measurement every second year. The programme will work to ensure that all entrepreneurship education tools used in schools, colleges and universities are

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<sup>20</sup> The WEDGE Irish Aid partnership covers: Kenya, the United Republic of Tanzania, Uganda, Zambia, Ethiopia, Cambodia, Lao PDR and Viet Nam.

<sup>21</sup> The "Month of the Woman Entrepreneur" is held in five countries and has been fully integrated into partner organizations.

gender-sensitive (i.e., KAB). The programme will also undertake a research project to demonstrate the value of WED in socio-economic development and decent work creation with partner organizations.

This programme focus area will concentrate mainly on meso- and micro-levels and on increasing the accountability of WED partners and constituents and their knowledge about effective services in entrepreneurship and enterprise development for women and men.<sup>22</sup>

WED will undertake training to build the capacity of intermediary organizations, such as BDS providers, banks, women entrepreneurs' associations and decision-makers (e.g., WED capacity building, gender audits in partnership with the ILO's Bureau for Gender Equality), in order to improve the programmes and services for women entrepreneurs so that they might create sustainable enterprises generating decent work. The tools mentioned are already in use in Eastern Africa and may be adapted for other countries.

Cultural and behavioural attitudes towards women in business may prevent women from starting and expanding a business. The ILO will therefore promote an entrepreneurial culture that is inclusive of women entrepreneurs by holding activities such as the "Month of the Woman Entrepreneur" and publishing research and reports to document their socio-economic contribution. Furthermore, activities organized under youth entrepreneurship will be gender-sensitive, thus ensuring that young women are made aware that entrepreneurship is for both women and men.

### **KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED**

The programme will evaluate the use of existing tools to determine their effectiveness and provide recommendations for their improvement, in collaboration with the Turin Centre – including key sustainable enterprise messages and responsible workplace messages. It will adapt and upscale a monitoring and evaluation system currently being piloted in Eastern Africa. In addition, the programme will develop a yearly benchmarking tool for the macro- and meso-level analysis of enterprise development programmes.

### **LINKS TO OTHER FOCUS AREAS**

As part of the integrated approach to WED, enabling environment work is positioned in strategy pillar 1; however, it will be carried out in close collaboration with this programme focus area. Furthermore, under programme focus area 1, indicators will be developed to benchmark the environment for women's entrepreneurship development. This will allow for comparisons to be made with selected countries in order to monitor and document progress and impact over time.

Under programme focus area 2, programme interventions will be introduced to: increase awareness about WED opportunities and challenges among constituents; build stakeholders' capacity to voice concerns and recommendations about improving the policy and programme supporting enterprise development to

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<sup>22</sup> The work on enabling environment for WED is positioned within pillar 1 and will be done in close collaboration with this focus area and contribute to the integrated approach of the ILO-WED.

guarantee that women entrepreneurs' needs are included; and to ensure the gender mainstreaming of policy and programming.

Women's entrepreneurship promotion will be integrated into existing and future training tools in programme focus area 8, dealing with responsible workplace practices.

Within programme focus area 7, women's entrepreneurship promotion will be integrated into value-chain development to increase women entrepreneurs' access to markets and increase productivity, with a particular focus on green jobs and social enterprise. Training will also be undertaken to raise awareness about WED among business development services, micro-finance institutions and any other agencies working on enterprise development and supports.

### **INCORPORATION OF CROSS-CUTTING THEMES**

Gender mainstreaming will be an ongoing consideration. Environmental returns will be integrated into the messages of the tools during assessments. In addition, because women are often found in the informal economy, either as workers or as owners and managers of informal enterprises, this programme focus area will deal directly with the cross-cutting issue of upgrading and formalizing informal enterprises.

### **PARTNERSHIPS**

WED will enter into partnership with other agencies, wherever possible, to ensure that integrated approaches are in place. To this end, it will conduct assessments of the context of enterprise development supports and programmes to recommend and improve the environment.<sup>23</sup> The programme will work with colleagues on strategy pillar 1 to ensure an integrated approach that includes work on the enabling environment as well as responsible workplace practices. It will establish partnerships with regional development banks (e.g., Asian Development Bank, African Development Bank), as well as with organizations such as Goldman Sachs, Ernst & Young, and the Kauffman Foundation. It will also establish linkages with research institutions such as those participating in the Global Entrepreneurship Monitor (GEM).

### **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed, and this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of programmes conducted, such as the "Month of the Woman Entrepreneur" and women's entrepreneur forums;
2. the number of research reports published and the number of publications of *Voices of women entrepreneurs*;

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<sup>23</sup> WED assessments have evolved out of the ILO-African Development Bank framework for growth-oriented women entrepreneurs. This assessment methodology enables us to obtain a portrait of the environment within which women entrepreneurs must operate, and to identify obstacles and areas for improvement.

3. the instances when women's entrepreneurship has been integrated into other Sustainable Enterprise Programme tools;
4. the establishment of cross-country benchmarks; and
5. the number of women's entrepreneurship training programmes held.

The outcome indicators of programme progress will include the following:

1. the number of countries using the women's entrepreneurship benchmarks for policy-making; and
2. the number of countries with a women's entrepreneurship strategy.

## **Programme focus area 7: Promoting business development through value-chain approaches with an employment and job quality focus**

### **AIM AND RATIONALE**

The creation of longer-term and higher-quality employment in enterprises as a key factor for poverty alleviation and decent work is this programme focus area's key contribution to ILO objectives and the MDG 1. The ILO's work in business development adopts a comprehensive view of markets and institutions (i.e., government, business and workers, as well as SME associations and cooperatives) that shape the opportunities for job creation in the private sector. This involves analysing value chains and developing business service markets in order to enhance the access that businesswomen and businessmen have to business growth opportunities along these chains, and developing the ability to take advantage of these opportunities.

The approach articulates the contribution workers make to enterprise productivity, innovation and competitiveness, and highlights the importance of good labour conditions and labour relations as part and parcel of sustainable enterprise development. The ILO's specific technical contribution to this growing field of work lies in its capacity to shape dialogue and in the importance it gives to employment and workplace practices in business development. The ILO actively promotes the meaningful participation of disadvantaged or excluded groups in value chains, and has well-grounded research on the forces shaping markets in the informal economy – where the biggest numbers of enterprises operate in the developing world. This includes micro- and small enterprises and their workers in rural areas, especially those organized in cooperatives.

Thus, the aim of this programme focus area is to:

1. enhance institutional capacities and market mechanisms for business development along value chains in sectors that have the potential to create productive and decent employment for men and women;
2. show pathways to sustainability and the scaling-up of these approaches in order to address the massive employment challenge in the longer term; and
3. accelerate job creation through cooperative and business development in rural value chains, given the untapped potential of sustainable agro-based enterprise development in many countries.

The focus area will contribute to “green” business development (e.g., in renewable energy, ecotourism) and promote environmentally sound business practices. Given the limited access of rural-based enterprises to resources and markets and the persisting high levels of under-employment and unemployment in rural areas, the programme focus area also aims to substantially contribute to the ILO’s Office-wide Rural Employment Programme.

### ILO’S PAST WORK IN THIS FOCUS AREA

The Department has a strong history in delivering capacity building for the provision of business services, such as business management training.<sup>24</sup> Over the years, these interventions have become more systemic, linking business services to other initiatives that are crucial to the development of enterprises and service markets (e.g., promoting an enabling business environment and through local economic development approaches). More recently, the thrust of this approach has evolved to combine vertical and horizontal value-chain interventions in one programme.<sup>25</sup> A number of tools and approaches have been developed to address vertical linkages and to strengthen the capacity of business associations and cooperatives to facilitate and provide services.<sup>26</sup>

This work has shown encouraging results in terms of business development and employment impact. The new work to be undertaken will sharpen the focus of the programme towards vertical interventions in value chains that show or hold a potential for growth and scale. It will also add a stronger operational link to the MNE programme in the ILO. The approach will become more systemic by consolidating the connections with national and local policy development and institutional reform for business development, striving to obtain more coherence between industrial/agricultural policies, the business environment and broad-based, inclusive enterprise and cooperative development.

A stronger focus will be given to value chains in which cooperative enterprises operate, as there is ample scope for job creation through cooperative development. For instance, business and financial services for cooperatives will be developed especially in rural value chains linked to agriculture (e.g., revised MATCOM guides).

### ENVISIONED FUTURE BY 2015

The focus area will have built an operational and interactive global knowledge base on business development through value-chain approaches concentrating on

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<sup>24</sup> These services include the SIYB family of products, plus a range of other training tools – including courses for BDS providers and facilitators run with the Turin Centre.

<sup>25</sup> Vertical value-chain interventions focus on strengthening dialogue between large enterprises that dominate the value chain and smaller enterprises in order to identify opportunities for increased participation in the value chain by small, local firms. Horizontal value-chain interventions focus on the access that smaller, less powerful businesses have to the business and financial services they require to participate more effectively in national and global value chains, as well as to the collective actions they can engage in through business associations and cooperatives.

<sup>26</sup> Tools include: Value Chain Analysis for Decent Work; Gender-Sensitive Value Chain Analysis; and the Turin Centre training product “Enterprise Development through Value Chains and Business Service Markets”. Earlier pilot products of these tools have already been used in a range of ILO projects (e.g., in Viet Nam). These projects include COOP<sup>AFRICA</sup>, SIYB, and several integrated enterprise development programmes in Sri Lanka, Viet Nam, Nepal and Ghana.

employment and job quality. It will have a range of tools and intervention mechanisms that have demonstrated substantial capacity to create employment, income and better working conditions at local and national levels. It will also exert strong influence on key international players and governments to take a more employment-focused approach to private sector development.

### **KEY ACTIONS THAT WILL BE UNDERTAKEN**

**Developing and disseminating knowledge and tools.** Tools will be jointly developed with other Departments in the Employment and Social Dialogue Sectors to assess the growth potential and employment intensity of sectors and value chains. These will be disseminated through a variety of web-platforms, training courses and conferences.

**Improving tools and methods.** The programme will review and improve existing approaches and tools for value-chain promotion, including making them relevant for cooperative business organizations. It will develop and disseminate appropriate business development service models and link these to financial services in order to help businesses grow, to create jobs and to improve the quality of employment – including in rural areas and in green value chains. In addition, the programme will strengthen the capacity for vertical value-chain interventions by strengthening the work done with lead actors in value chains, including large national and multinational enterprises.

**Strengthening the capacity of constituents.** The programme will strengthen the capacity of constituents, national cooperative representative organizations, SME associations, local governments and other key actors in the private sector to design and implement integrated programmes for business development using value chain approaches, *inter alia* through technical cooperation programmes, training and conferences.

### **KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED**

The programme will revise and apply a number of existing tools and resources such as:

1. guidelines for sector appraisal and value-chain development and management, including with a gender focus;
2. business services packages, including SIYB, Get Ahead, MATCOM and others applied along value chains, with optional sector-specific adaptations (e.g., Green Your Business); and
3. expanded knowledge portals and training with the Turin Centre and possibly other agencies.

In addition, the following resources will be developed:

1. joint research with other Departments on understanding sector, value-chain and enterprise growth dynamics, leading to the production of guidelines to inform policy and programme design;
2. good practices reviews of MNE-led value-chain development and the upgrading of inclusive business development for decent work;
3. a guide to undertaking social dialogue for business development along value chains;

4. a review of job potential in green sectors and value chain (e.g., renewable energy, ecotourism, waste management);
5. guidelines for field specialists on business development through value chains;
6. a review of good practices and opportunities for effective links between micro-finance services and business development; and
7. training modules, tools and courses on business and cooperative development in collaboration with the Turin Centre.

### **LINKS TO OTHER FOCUS AREAS**

Work on business development will be closely linked to entrepreneurship promotion for young people and women, as contained in programme focus areas 5 and 6. A number of programme focus areas under strategy pillar 1 contain national and local policy components of sector development, business start-up and growth, subcontracting and procurement opportunities, as well as standardization and certification of goods and services for export, trade regulations, etc. Similarly, transition to formality is contingent upon the interplay of policies and regulation, and upon capabilities to access and take advantage of market opportunities – and service providers.

Relevant work under strategy pillar 3 includes the promotion of responsible workplace practices (SCORE) as a means to improve productivity and competitiveness, which is part of a service market, and to increase visibility and credibility among buyers (i.e., business linkages and final consumers).

### **INCORPORATION OF CROSS-CUTTING THEMES**

Gender mainstreaming and a focus on women enterprises will be pursued in the work on business development. Sector and value chains with a majority of, and opportunities for, women-headed enterprises may be given priority in certain cases, whilst gender-sensitive business development and value-chain upgrading tools are already available (e.g., WEDGE).

The contribution to environmental sustainability is articulated through incorporating good practices and references for clean workplace and work-environment management in relevant guidelines and tools. More specifically, business development will be promoted in support of sectors and value-chains that are key for the transition to a low-carbon economy.

### **PARTNERSHIPS**

Existing partnerships will be strengthened (e.g., FAO in rural enterprise development, UNIDO in cluster promotion, and cleaner production centres through SCORE). New partnerships will be proposed with the growing community of practice working on value-chain development, aimed at improving

knowledge sharing and management, as well as joint capacity building.<sup>27</sup> The Turin Centre will play an important role in this effort.

## **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed, and this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of gender-sensitive, business and cooperative development tools revised and updated;
2. the number of new gender-sensitive, business development tools and methods produced and disseminated, including those dealing with green enterprise development and green job promotion;
3. the number of male and female representatives from constituent organizations, national cooperative representative organizations, SME associations and local government attending training programmes on value-chain upgrading and other forms of business development;
4. the number of guides on good practice in business development produced and disseminated; and
5. the number of training events, conferences and workshops organized to disseminate knowledge and build the capacity of constituents, cooperative organizations and other key actors.

The outcome indicators of programme progress will include the following:

1. the number of SMEs obtaining access to business and financial services;
2. the number of large national and multinational enterprises opening up opportunities for local firms to participate in value chains; and
3. the number of institutions (national and local governments, workers' and employers' organizations, cooperative colleges, international agencies and NGOs, business services providers and project facilitators) applying ILO tools and guidelines for value-chain, business and cooperative development.

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<sup>27</sup> These particularly include: GTZ, IFC, USAID, SEEP Network, a range of Swiss and Netherlands organizations such as Swisscontact, the Swiss Agency for Development and Cooperation (SDC), Triodos Facet, the Royal Tropical Institute (Amsterdam), the University of Wageningen and the Netherlands Development Organization (SNV).

### **Strategy pillar 3: Sustainable and responsible workplaces**

The goal of the ILO's work under this pillar is to help member States and their social partners align their operations with responsible and sustainable workplace practices. The general discussion on sustainable enterprises, at the ILC in 2007, concluded that: "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 also should also apply workplace practices based on full respect for fundamental rights at work and international labour standards, and foster good labour-management relations as important means of raising productivity and creating decent work". It listed a set of principles applicable to all enterprises.<sup>28</sup>

Figure 5.4: Relevant SPF indicators and targets, 2010-15

<b>Indicator 3.3:</b> Number of member States that, with ILO support, implement programmes to foster the adoption of responsible and sustainable workplace practices.		
<b>Baseline:</b> To be established, based on 2008-09 performance		
<b>Target 2010-11:</b> 5	<b>Target 2012-13:</b> 10	<b>Target 2014-15:</b> 10
<b>Indicator 3.4:</b> Number of member States that, with ILO support, adopt policies that integrate the principles of the MNE Declaration.		
<b>Baseline:</b> To be established based on 2008-09 performance		
<b>Target 2010-11:</b> 5	<b>Target 2012-13:</b> 10	<b>Target 2014-15:</b> 10

In supporting the application of such workplace practices, the 2007 Conclusions concerning the promotion of sustainable enterprises instruct the Office to support (paragraph 24.4): "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

<sup>28</sup> ILO: *Record of Proceedings*, International Labour Conference, 96th Session, Geneva, No. 15, para. 13.

trade unions and the importance of respect for workers' rights in the ILO's enterprise start-up and training programmes.”

## **Programme focus area 8: Sustaining competitive and responsible SMEs**

### **AIM AND RATIONALE**

Increasing global and local competition is a challenge that enterprises of all sizes face every day, requiring them to constantly raise their productivity. Without continued productivity improvement, their long-term sustainability is doubtful – as are the quantity and quality of jobs they provide. For SMEs, the challenges are even more acute, as they are generally less productive than larger firms, and provide less favourable working conditions to their workers or family members.

The main ways in which enterprises can increase their productivity are by investing in fixed capital, investing in developing the competencies of their workers, achieving economies of scale, investing in innovation and technology, and adopting better business practices. These all implicitly recognize that the way people are treated and managed is of central importance to workplace productivity. Practical experience and research at the enterprise level show that innovations in work organization, continuous workplace learning, good labour-management relations, and respect for workers' rights are important ways of raising productivity.<sup>29</sup>

The aim of this programme focus area is to foster the adoption of responsible – and therefore sustainable – workplace practices (economic, social and environmental) in SMEs in order to improve their productivity and competitiveness in a manner that contributes to sustainable and equitable economic development.

This work is particularly relevant in the current financial and economic crisis, because SMEs need to implement cost-effective productivity improvement programmes. In this regard, raising productivity through better people management and workplace practices, in compliance with national law and practice and guided by the principles of international labour standards, can be cheaper and faster than capital-intensive technology upgrading through machines, plants, etc.

### **THE ILO'S PAST WORK IN THIS FOCUS AREA**

For many years, the ILO has implemented productivity improvement programmes that help enterprises build systems to increase their productivity while strengthening workplace relations and working conditions. Evaluations of these programmes show a positive impact on the participating enterprises, but

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<sup>29</sup> See J. Addison: “Worker participation and firm level performance”, in *British Journal of Industrial Relations*, Vol. 38, No. 1 (March, 2000), pp. 7-48; I.C. Imoisili and A.V Henry et al: *Productivity improvement through strengthening management-labour cooperation* (Port of Spain, ILO, 2004); H. F. Volberda, F. van den Bosch and J. Jansen (RSM Erasmus University, [Department of Strategic Management and Business Environment](#)), conducted a large scale survey (April 2005) of more than 9,000 organizations in the Netherlands. The survey examined the organizational and environmental set-ups of innovative organizations. It also compared the organizational outcomes of innovative organizations, versus non-innovative organizations – for more information go to: <http://www.erasmusinnovatiemonitor.nl>

have been limited in terms of scale and sustainability. These experiences have been consolidated into the ILO's Sustaining Competitive and Responsible Enterprises (SCORE) programme, which integrates responses to the global economic and jobs crisis and the calls for improving productivity in SMEs in developing countries, based on labour standards, workplace cooperation and progressive management practices. It is expected that the programme will ensure that SMEs are more sustainable through being cleaner, more productive and competitive, and provide more sustainable and decent employment.

### **ENVISIONED FUTURE BY 2015**

The SCORE programme currently operates in six countries with one major donor; other potential donors are expressing an interest in it. The vision is that by 2015, SCORE will be supporting an international network of enterprise development trainers and partner organizations with the tools and capacities to deliver the programme; and that a comprehensive evidence base will have been established, demonstrating the nature of the relationship between enterprise performance and labour standards.

### **KEY ACTIONS THAT WILL BE UNDERTAKEN**

The SCORE programme will target SME sub-sectors and clusters with a high potential for decent job creation. The country-level component will:

1. diagnose productivity and competitiveness constraints, at the enterprise and cluster level, that limit their capacity to provide decent work and access new markets;
2. build the capacity of local service providers, through training and coaching, to promote and deliver improved workplace competitiveness;
3. facilitate sharing of good practices between enterprises; and
4. support the documentation, dissemination and replication of good workplace practices that address the identified enterprise-level productivity and competitiveness constraints.

At the global level, the programme will:

1. document and standardize tools, approaches and global good practices;
2. support training of trainers on the SCORE programme, as well as training for policy-makers and development practitioners at the global level in collaboration with the Turin Centre;
3. conduct action research and advocacy on a global level and serve as a knowledge hub to cross-fertilize innovative approaches from around the world with particular emphasis on the target countries;
4. develop strategic alliances within and outside the ILO for the purpose of increasing the outreach and impact of the programme;
5. monitor progress through a web-based enterprise improvement reporting system, together with the country components;
6. institutionalize the programme through a website, collecting and publishing SCORE documentation – such as brochures and flyers on the experience of the countries having implemented it; and

7. promote the replication of the programme to other countries by responding to requests from ILO constituents, assessing the national situation and helping the local ILO office mobilize resources.

### **KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED**

The SCORE programme will develop and support the adoption and dissemination of a set of tools for use by partner organizations including:

1. an implementation manual on how to deliver, monitor and assess the impact of the programme in a gender-sensitive manner;
2. a manual on identifying productivity and competitiveness constraints, at the enterprise and cluster level, which limit their capacity to provide decent work and access new markets; and
3. a manual on developing social marketing techniques to disseminate good practice.

Modules for delivery to enterprises:

1. Module 1: Workplace cooperation – a foundation for business success;
2. Module 2: Quality management;
3. Module 3: Productivity and cleaner production;
4. Module 4: Organize your people to be motivated and productive; and
5. Module 5: Organize your physical workplace to be safe and healthy.

### **LINKS TO OTHER FOCUS AREAS**

This work will mostly be linked to work undertaken in programme focus area 7 (business development).

### **INCORPORATION OF CROSS-CUTTING THEMES**

Gender equality and non-discrimination are fundamental principles that have underpinned the work of the ILO since its creation. All ILO standards apply equally to men and women. Consequently, the promotion of gender equality in the workplace is integrated into all training materials, which undergo a gender peer-review before dissemination.

### **PARTNERSHIPS**

The United Nations Industrial Development Organization (UNIDO) is a strategic partner in this work. It will develop the environmental component of the programme (i.e., dealing with reducing waste and energy consumption) and will also be involved in the management of the programme at the national level. The Turin Centre will be the main partner for developing manuals and training policy-makers on the promotion of sustainable enterprises and the labour dimension of CSR, both in the target countries and at the Centre.

In each implementing country, the programme will work with the appropriate ministry and national sector associations for replication. At the local level, industry associations and service providers will be trained to promote and deliver services on a commercial basis to build responsible competitiveness among

SMEs. The programme will establish a tripartite advisory committee at both national and global levels.

## **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed; this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of good workplace practices documented and disseminated;
2. the number of ILO training programmes held and the number of women and men who have participated in them; and
3. the website established for collecting and publishing SCORE documentation.

The outcome indicators of programme progress will include the following:

1. the number of SMEs owned by men and by women applying ILO training and counselling services at their workplaces;
2. the number of local service providers supplying ILO training and related activities to SMEs; and
3. the number of national projects and their host organizations supplying ILO trainer development, ILO programme marketing through industry associations, and ILO product development support to local business development service (BDS) organizations.

## **Programme focus area 9: Supporting MNEs to adopt inclusive and sustainable business practices**

### **AIM AND RATIONALE**

The Director-General of the ILO has stressed the 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”.<sup>30</sup> The MNE Declaration provides the founding principles of sustainable MNE management practices, including good industrial relations. The aim of this programme focus area is to support constituents, company management and workers achieve implementation of the principles of the MNE Declaration at enterprise level.

### **ILO'S PAST WORK IN THIS FOCUS AREA**

A dedicated unit of the Office was created to increase awareness of the MNE Declaration as a useful tool for companies, governments, and employers' and workers' organizations; and to promote its effective use by facilitating a shared understanding of its principles. Its activities have included:

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<sup>30</sup> ILO: *Conclusions concerning the promotion of sustainable enterprises*, op.cit.

1. providing guidance and information to governments and employers' and workers' organizations;
2. operating a Helpdesk to offer expert advice to MNE managers and workers on the provisions of the MNE Declaration and international labour standards; the Helpdesk facilitates access to ILO resources and provides assistance to enterprises to help them understand the labour dimension of sustainable enterprise practices;
3. evaluating and reporting on the effect given to the MNE Declaration as guided by the Governing Body;
4. undertaking research on labour- and employment-related aspects of multinationals' operations;
5. implementing promotional and training activities, as well as technical cooperation projects; and
6. coordinating the ILO's activities on CSR.

### **ENVISIONED FUTURE BY 2015**

By 2015, it is expected that the leading MNEs in key sectors will recognize the business case for inclusive and sustainable business practices, and that their global operations will reflect the values expressed in international labour standards and the MNE Declaration.

### **KEY ACTIONS THAT WILL BE UNDERTAKEN**

**Research, knowledge sharing and advocacy.** The Office will collect and disseminate examples of good practices at the enterprise level related to the principles of the MNE Declaration. This will be done through desk research, the collection of case studies and participation upon request in national and sector tripartite meetings (also involving MNEs) on sustainable enterprises. The number of research-related field activities undertaken will depend upon resource availability and requests from constituents.

**Training and capacity building.** In collaboration with the Turin Centre, the Office will expand its range of training courses on sustainable enterprise practices that incorporate the principles of the MNE Declaration. This training will be aimed at MNEs, constituents and field staff. The Office will focus on boosting efforts to help field staff strengthen their capacity to use the MNE Declaration. An increasing proportion of training will be focused at the field level, in order to reach the supply chains of MNEs for which sustainability remains a new concept in many regions. To further extend its reach, the Office will also collaborate with a global network of business schools to ensure that the principles of the MNE Declaration are included in the curricula of leading management and business schools in each region of the world.

**Technical assistance.** The Office will collaborate with the regions to carry out country-level projects, notably pilot projects to identify scalable sustainable enterprise practices leading to higher employment. The Office will focus on a number of exhaustive country-level exercises aimed at developing sustainable national platforms for social dialogue regarding the subjects concerned by the MNE Declaration.

**Helpdesk advisory service.** The Helpdesk will produce a range of materials, available online and in print, which provide concise and easy-to-understand guidance on how to address the major decent work challenges in MNEs. This material will be developed in collaboration with relevant technical departments and will help establish a common understanding within the ILO about sustainable enterprise issues in MNEs.

### KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED

In order to raise awareness of the principles in the MNE Declaration and the way in which they relate to sustainable enterprises, the ILO will develop easy-to-understand resource materials and facilitate national and sector dialogue. The resource materials will include an abridged user-friendly version of the MNE Declaration and a series of fact sheets that address specific areas of relevance and interest (e.g., “the ILO and CSR”). An information-sharing platform of reference materials and resources will supplement the resource materials.

Training material in support of the publication – *The promotion of sustainable enterprises* – will be used for field capacity building. The ILO training materials on socially sensitive enterprise restructuring, aimed at MNE managers and trade unions, will be further developed.

### LINKS TO OTHER FOCUS AREAS

This programme focus area is closely linked with programme focus area 4, as well as with other programme focus areas of strategic pillar 3 and programme focus area 7.

### INCORPORATION OF CROSS-CUTTING THEMES

The range of activities undertaken for this focus area concerning MNEs and sustainable enterprise development will include: gender equality; the promotion of employment among young people and in marginalized communities; and, in particular, the promotion of green jobs.

### PARTNERSHIPS

Within the Office, the key actions of this focus area will be undertaken in collaboration with all relevant technical Departments in the Office. Outside the Office, this programme focus area will leverage its reach to MNEs through partnerships with business schools that train management in MNEs.

### MONITORING AND EVALUATION

A detailed monitoring and evaluation system spanning all programme focus areas will be developed; this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

1. the number of good practice examples collected and disseminated;
2. the number of companies and constituents trained, including in the field;
3. the number of queries handled by the Helpdesk;

4. the number of business schools that integrate principles of the MNE Declaration into their management courses; and
5. the achievement of the targeted number of country-level exercises, as referenced in the SPF.

The outcome indicators of programme progress will include the number of examples where MNEs have introduced new management and business practices based on the MNE Declaration

## **Programme focus area 10: Strengthening private labour and employment initiatives**

### **AIM AND RATIONALE**

The aim of this programme focus area is to provide technical support to voluntary private initiatives in the area of labour, and to promote the use of the principles contained in the MNE Declaration as the key reference point for such initiatives. Voluntary initiatives, often referred to as CSR, are one of the important ways in which enterprises affirm their principles and values, both in their own internal processes and operations and in their interaction with other actors.

Private initiatives at company and industry level, as well as multi-stakeholder initiatives, are increasingly referencing international labour standards. This poses both challenges and opportunities for the ILO. On the one hand, it is important that voluntary private initiatives begin to converge, in order to eliminate a wasteful duplication of resources or conflicting approaches and to ensure that the principles contained in international labour standards and the MNE Declaration become the reference point on labour issues in CSR. On the other hand, this trend requires the ILO to step up its efforts to guard against potential misinterpretation or confusion surrounding the principles.

### **ILO'S PAST WORK IN THIS FOCUS AREA**

The Office continues to work closely with key inter-governmental organizations, including the OECD and European Union. It monitors and provides technical inputs to ISO 26000 guidance on social responsibility, and supports the working group on labour issues of the UN Global Compact.

### **ENVISIONED FUTURE BY 2015**

It is expected that the number of MNEs that introduce labour-related CSR practices, promoting and applying international labour standards and the principles of the MNE Declaration, will increase.

### **KEY ACTIONS THAT WILL BE UNDERTAKEN**

**Research, knowledge sharing and advocacy.** The Office will monitor significant trends in private voluntary initiatives and the growing body of empirical research identifying the strengths and weaknesses of current practice. This will help it have a greater understanding of the best entry points for the ILO to promote its approach to voluntary private initiatives to complement the role of the State in economic and social development. This information will serve as a

basis for articulating clearly and convincingly the broader approach taken in the MNE Declaration (e.g., balancing the roles and responsibilities of the State and private entities; advocating an integrated approach to employment promotion and protection of workers' rights; the importance of good industrial relations), which can help CSR become more effective in contributing to the realization of decent work for all. It is envisaged that this work will lead to a wider range of good practice models and lessons that MNEs can implement, resulting in more sustainable economic, social and environment outcomes.

**Technical assistance.** Actors referencing international labour standards in their private initiatives often need assistance to understand better how to apply the principles in practice. The Office will provide technical advice, upon request, to multi-stakeholder and industry initiatives, to encourage them to align their approaches with that prescribed in the MNE Declaration. The Helpdesk also provides a window for company managers and workers, as well as for workers' and employers' organizations, to obtain technical assistance on particular issues related to private voluntary initiatives. It can provide guidance to initiatives (i.e., industrial, multi-stakeholder, etc.) on ways to develop standards and address implementation challenges. In addition, the Helpdesk can aid home and host governments seeking to encourage private voluntary initiatives, such as private-sector development banks and export credit agencies.

**Training and capacity building.** Training will help build the capacity of constituents to engage more effectively with MNEs in areas of mutual interest and potential cooperation. Training will also improve the capacity of enterprises to make full use of the guidance provided in the MNE Declaration. Materials will be developed on the basis of practical issues identified through the Helpdesk, as well as on the findings of survey exercises, including national tripartite dialogues. The development of training materials and delivery will be undertaken in cooperation with the Turin Centre, and in consultation with the constituents.

## PARTNERSHIPS

The Office will work closely with key inter-governmental organizations and other institutions to increase awareness of the MNE Declaration and promote a shared understanding of its principles. In so doing, it will both learn from their experiences and help extend the reach of ILO's influence. Specific activities will include:

1. supporting the UN Global Compact Labour Working Group;
2. collaborating with the OECD, the European Union and other inter-governmental organizations;
3. monitoring and providing technical inputs to the ISO26000 standard giving guidance on social responsibility; and
4. targeting large CSR-oriented organizations to promote the MNE Declaration to large audiences of MNEs, after consultation with the Officers of the MNE Subcommittee.

## KEY TOOLS AND RESOURCES THAT WILL BE DEVELOPED

The knowledge-sharing platform of the Helpdesk, which has a dialogue space for ILO officials in both headquarters and the field, aims to increase the ILO field

offices' awareness of CSR and the way in which the principles in the MNE Declaration can complement existing and new programmes promoting CSR.

### **LINKS TO OTHER FOCUS AREAS**

This programme focus area will have links to programme focus areas 4 and 9, as well as to other programme focus areas of strategy pillar 3.

### **INCORPORATION OF CROSS-CUTTING THEMES**

The range of activities undertaken for this focus area concerning voluntary initiatives will include gender equality, the promotion of employment among youth and marginalized communities, and the promotion of green jobs.

### **PARTNERSHIPS**

An emphasis on working in partnership with other inter-governmental and international organizations will be a key strategy for accomplishing the aims of focus area 10 (see above).

### **MONITORING AND EVALUATION**

A detailed monitoring and evaluation system spanning all programme focus areas will be developed; this programme focus area will also apply output and outcome indicators, against which programme performance will be measured annually. The output indicators of programme progress will include the following:

4. the CSR initiatives referencing the principles contained in the MNE Declaration and international labour standards;
5. the number of Helpdesk queries received;
6. the activities undertaken with other international organizations; and
7. the training courses provided and the number of women and men who attended them.

The outcome indicators of programme progress will include the number of MNEs that have introduced labour-related CSR practices, promoting and applying international labour standards and the principles of the MNE Declaration.

## **6. Implementing the strategic framework: Core functions, organizational arrangements and partnerships**

The Social Justice Declaration requires the Office to make major advances in effectiveness and efficiency, primarily through priority setting, focusing on results and the consolidation of structures and processes. This chapter deals with identifying the core functions and organizational arrangements that are required for a successful implementation of the Sustainable Enterprise Programme strategy, such as monitoring, knowledge management and resource mobilization.

While the Job Creation and Enterprise Development Department within the Employment Sector (EMP/ENTERPRISE) will lead the implementation of the Programme, it is recognized that other Departments across the ILO are engaged in the promotion of sustainable enterprises through their own programmes and services. Consequently, regular information sharing, close collaboration and effective coordination across units, Departments, Sectors, and field offices will be required in order to ensure a successful implementation.

As Decent Work Country Programmes are the main programming framework of the ILO at country-level, the Sustainable Enterprise Programme will work closely with ILO field offices and the constituents to identify and capture, in the DWCPs, the country-level results under each of the pillars of the strategy to which the ILO can contribute.

### **6.1 Results-based management and measuring results**

As part of the implementing results-based management in the ILO, the Sustainable Enterprise Programme will focus its resources, irrespective of whether they are from the regular budget or voluntary contributions by donors, on the achievement of the results set out in the Programme and Budget, especially those of outcome 3. Resources will be allocated to the specific targets set for each biennium, including global products to be delivered, as well as country programme outcomes captured in DWCPs.

The Programme will pay greater attention to developing tools and methodologies in order to assess more rigorously the employment impacts of its interventions; it will also concentrate more on the quantitative and qualitative employment dimensions of programmes that support the development of sustainable enterprises.

While the creation of more productive and decent work is a rationale for the ILO's support of enterprise development, monitoring and evaluation have often focused on the outputs and outcomes of these interventions and not enough on the final impact – that is, on the way in which enterprise development has led to more and better jobs for women and men.

More rigorous impact studies, although costly, are needed for good knowledge management and to assist in making decisions to invest further into programmes that succeed and can be scaled up, and to reduce continued spending on programmes that are less effective. The Department has produced a draft

handbook for planning impact assessments, which will be updated.<sup>31</sup> Staff will be better trained in the use of the handbook.

In developing these results-measuring methodologies, the Programme will collaborate with the Evaluation unit (EVAL), and will benefit from the innovative multi-agency collaborative work that the Donor Committee for Enterprise Development (DCED) is undertaking in terms of applying an impact measurement standard.

## 6.2 Knowledge management and training

Knowledge sharing will be a key theme of ILO work. It will lead to a better understanding of the synergies between the ILO's strategic objectives that Members need to implement under the Social Justice Declaration. It will involve the provision of evidence-based research and analysis of policies that work, building on gender-disaggregated data, and the collection and dissemination of labour statistics.

Greater attention will be paid to improving knowledge management and training in sustainable enterprise promotion across the Office at headquarters and at field office levels. This will build on the monitoring, evaluation and impact assessment work described above, and will link up with the training programmes conducted by and through the Turin Centre.

Given the recurring need for knowledge sharing identified across the various strategic pillars and programme focus areas, a dedicated knowledge management specialist will be appointed.

## 6.3 Team building and collaboration

The Social Justice Declaration "emphasizes the inseparable, interrelated and mutually supportive nature of the four equally important strategic objectives of employment, social protection, social dialogue and rights at work, through which the Decent Work Agenda is expressed".<sup>32</sup> Team building and collaboration in the implementation of the Sustainable Enterprise Programme is therefore required at different levels.

### WITHIN THE DEPARTMENT

Within EMP/ENTERPRISE a number of strategies will be introduced to foster a climate of team work and collaboration; these include:

1. a more effective internal communication strategy that will facilitate information sharing, knowledge building and shared advocacy. An example of this is the initiative to improve staff capacity across the Department to understand and promote cooperative development, which

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<sup>31</sup> The draft *Handbook for planning impact assessments* provides: (a) a definition of impact assessment and its role in project implementation and delivery; (b) guidance on how to design and deliver impact; (c) case studies as illustrations; and (d) references to relevant resources.

<sup>32</sup> ILO: *Strategic Policy Framework. Making decent work happen*, Governing Body, 304<sup>th</sup> Session, Geneva, March 2009, GB.304/PFA/2(Rev.), para. 4.

is under way. Similar efforts are foreseen on gender mainstreaming and using integrated/systemic approaches in field programmes;

2. regular face-to-face staff meetings that will adopt new and more interactive techniques to improve efficiency and make them more attractive. Staff development resources will be used for upgrading the capacity of line managers and others; and
3. time-bound teams that will be set up around cross-cutting global products and jointly supported DWCP and technical cooperation projects. Flexible resource allocation will underpin this approach, especially for the realization of global products, joint missions and the appraisal of RBTC proposals.

The task of overseeing and supporting internal and external communication and collaboration will be invested, along with other functions, in a senior staff reporting directly to the Director. For cross-cutting themes (i.e., gender equity and empowerment, the informal economy and concern for environmental sustainability), a focal person will be appointed for each theme.

#### **WITH OTHER OUTCOMES**

In order to manage and develop the range of ILO headquarters Departments and units involved in the strategy, an inter-Departmental working group will be established, with responsibilities for:

1. developing a global knowledge-sharing platform, encouraging contributions to the platform from headquarters and field offices, and establishing links with existing research and knowledge-management networks;
2. encouraging the development or adaptation of ILO tools in the areas of rights, employment, social protection and social dialogue to include a sustainable enterprise component, where appropriate, and publicizing these tools through the knowledge-sharing platform; and
3. supporting DWCP outcomes that relate to the promotion of sustainable enterprises in an integrated manner.

Table 6.1 presents a range of opportunities for collaboration with other ILO units in contributing to the SPF outcomes that could be developed in the implementation of the Sustainable Enterprise Programme.

**Table 6.1: Opportunities for collaboration with other outcomes from the Strategic Policy Framework 2010-15 in the promotion of sustainable enterprises**

<b>Pillar 1: Enabling environments for sustainable enterprises and employment</b>	<b>Examples of collaboration with:</b>
Focus area 1: Developing research and tools: Building the evidence base for reforms	SPF Outcome 1 “Inclusive job-rich growth” to ensure better policy advocacy and development
Focus area 2: Strengthening the capacity of constituents to participate in policy and enabling environment reform:	SPF Outcome 9 “Employers’ organizations” and SPF Outcome 10 “Workers’ organizations,” in building the capacities of constituents to participate in enabling environment reforms.  SPF Outcome 11 “Labour administration and labour law” and SPF Outcome 16 “International labour standards” regarding labour inspection and the application of labour legislation as it applies to micro-enterprises and SMEs.
Focus area 3: Supporting policy and legal reforms in cooperative enterprises	SPF Outcome 16 “International labour standards” in relation to Recommendation No. 189.
Focus area 4: Promoting policies that enhance the positive social and employment effects of the operations of MNEs	SPF Outcome 13 “Decent work in economic sectors” regarding global industry sectors.
<b>Pillar 2: Entrepreneurship and business development</b>	
Focus area 5: Youth entrepreneurship: Promoting self-employment as a career option	SPF Outcome 2 “Skills development”  SPF Outcome 1 “Inclusive job-rich growth”
Focus area 6: Women entrepreneurship: Promoting policies and programmes for women’s empowerment	SPF Outcome 2 “Skills development”  Gender as mainstream throughout all outcomes.
Focus area 7: Promoting business development through value-chain approaches with an employment and job quality focus	SPF Outcome 13 “Decent work in economic sectors” regarding value chain upgrading.  SPF Outcome 8 “HIV/AIDS” regarding the publishing guidelines for SMEs how to manage HIV/AIDS in the workplace.  SPF Outcome 5 “Working conditions” regarding workplace practices in SMEs.  SPF Outcome 11 “Labour administration and labour law” regarding management development support to SME subcontractors linked to the global buyers in the Better Work programme.  Collaboration regarding the Green Jobs Initiative

Pillar 3: Sustainable and responsible workplaces	
Focus area 8: Sustaining competitive and responsible SMEs	SPF Outcome 5 “Working conditions” regarding workplace practices in SMEs.  SPF Outcome 13 “Decent work in economic sectors” regarding global industry sectors.  SPF Outcome 2 “Skills development” regarding lifelong learning in enterprises.
Focus area 9: Supporting MNEs to adopt inclusive and sustainable business practices	SPF Outcome 16 “International labour standards” on the MNE Helpdesk.  SPF Outcome 13 “Decent work in economic sectors” regarding global industry sectors.
Focus area 10: Strengthening private labour and employment initiatives	SPF Outcome 15 “Child labour, forced labour and discrimination at work”  SPF Outcome 16 “International labour standards”.

Decent Work Country Programmes give constituents a means to establish priorities that fit their needs. Close teamwork between the field and headquarters is required for effective delivery in meeting these needs. Specific actions that will be taken to improve coordination between headquarters and the field are:

1. enhancing the website and Resource Platform<sup>33</sup> to increase information sharing between headquarters and the field. Using open-source online discussion forums could be one way of enhancing the knowledge sharing between headquarters, the field and other Departments (which could be included in the Resource Platform);
2. focusing on the development, dissemination and application of key priority programmes and tools relevant to the sustainable enterprise agenda, and marketing these more aggressively to donors as well as within the Office;
3. conducting headquarters-field meetings every two years to brief and update the field specialists (enterprise and employment) on new trends and development, and training them if need be on certain topics;
4. establishing an introduction package for new employment specialists;
5. paying greater attention to identifying joint funding opportunities for strategic field activities; and
6. paying specific attention to the development of 1 UN, and creating a knowledge-sharing stream on current initiatives in the field. This should ensure that field specialists know about other agency initiatives and can enhance the collaboration within the 1 UN concept.

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<sup>33</sup> The Resource Platform was designed as an extranet for the ILO's Global Team of Job Creation and Enterprise Development practitioners, including specialists, project staff and closely associated consultants.

## COLLABORATION WITH THE TURIN CENTRE

EMP/ENTERPRISE strategically collaborates with its “sister” department in Turin, the Enterprise Microfinance and Local Development (EMLD) Programme. Over the years this has not only led to the development of a variety of joint training products, courses and projects, but has also given EMP/ENTERPRISE additional resources to build the capacity of ILO constituents and to reach out to and influence a large number of international organizations and bilateral cooperation agencies.

EMP/ENTERPRISE and EMLD will continue to rely on each other’s strengths to create synergies. This will involve continuing the close collaboration and information sharing that has built up over the past years. More specifically this means:

1. being involved in annual strategic planning meetings across EMP/ENTERPRISE and EMLD, which lead to a sharing of information and resources;
2. continuing the joint development of training products; and
3. furthering the development of the Summer Academy on Sustainable Enterprise Development.

## ENGAGING WITH INTERNATIONAL PARTNERS AND FORUMS

The ILO will continue and, where necessary, strengthen its cooperation with key international partners and forums associated with job creation and the development of sustainable enterprises. In addition to engagement with the United Nations family, especially at country level through the United Nations Development Assistance Framework (UNDAF), the ILO envisages participating in the following:

1. The Donor Committee for Enterprise Development (DCED) – previously known as the Committee of Donor Agencies for Small Enterprises Development – was established in 1979 and gathers together many of the funding and intergovernmental agencies working for sustainable poverty alleviation through the development of the private sector. The DCED is currently active in the fields of business environment reform, informal economies, value-chain upgrading and the measuring and assessment of programme impacts;
2. The International Co-operative Alliance (ICA) – founded in 1895 as an independent, non-governmental organization which unites, represents and serves cooperatives worldwide, the ICA has [223 member organizations](#) from 85 countries, representing more than 800 million individuals worldwide; and
3. The UN Committee for the Promotion and Advancement of Cooperatives (COPAC) – a committee made up of the cooperative movement, farmers’ organizations, and the United Nations and its agencies. Members work together to advance and coordinate sustainable cooperative development by promoting and raising awareness on cooperatives, holding policy dialogues and advocating policies that enable cooperative success, working together on technical cooperation activities, and sharing knowledge and information.

In addition, the Department will continue to pursue partnerships and knowledge sharing with key policy organizations in developed countries, such as the OECD and the European Union.

### **COMMUNICATING AND DISSEMINATING THE STRATEGY**

There are a number of key target groups that need to be informed about the Sustainable Enterprise Programme. The information these groups require varies, depending upon the way the Programme will affect and benefit them and the use they can make of it; and upon the way they can participate in it and ensure that it has the desired impact. To inform these different target groups, it is suggested that promotional material should be developed to communicate the key message clearly and in a timely manner. These materials should not only be directly distributed but also be made available through the web page. Figure 6.2 shows the different target groups – as well as the possibilities for a communication source.

**Figure 6.1 Communication of the strategy to target groups**

<b>Target groups and key messages</b>	<b>Communication modality</b>
<b>Target group: Member States</b>	
Promotion of the sustainable enterprise concept and its contribution to the Decent Work Agenda  Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships  Training and other resources available related to the Sustainable Enterprise Programme	Communication via Regional Offices  Public brochure on the Sustainable Enterprise Programme  Organization of and participation in Regional Meetings at which the Programme will be presented  Engagement through DWCP planning
<b>Target group: Employers' Organizations</b>	
Promotion of the sustainable enterprise concept and its contribution to the Decent Work Agenda  Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships  Training and other resources available related to the Sustainable Enterprise Programme	Communication via Regional Offices and ACT/EMP  Public brochure on the Sustainable Enterprise Programme  Organization of and participation in Regional Meetings at which the Programme will be presented  Engagement through DWCP planning

<b>Target Group: Workers' Organizations</b>	
Promotion of the sustainable enterprise concept and its contribution to the Decent Work Agenda  Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships  Training and other resources available related to the Sustainable Enterprise Programme	Communication via Regional Offices and ACTRAV  Public brochure on the Sustainable Enterprise Programme  Organization of and participation in regional meetings at which the programme will be presented  Engagement through DWCP planning
<b>Target group: National cooperative bodies</b>	
Promotion of the sustainable enterprise concept and its contribution to the Decent Work Agenda  Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships  Training and other resources available related to the Sustainable Enterprise Programme	Direct engagement by EMP/ENTERPRISE and Regional Offices with national cooperative bodies  Engagement with ICA and COPAC  Public brochure on the Sustainable Enterprise Programme  Organization of and participation in Regional Meetings at which the Programme will be presented
<b>Target group: Other programme partners</b>	
Promotion of the sustainable enterprise concept and its contribution to the Decent Work Agenda  Summary of the strategy pillars and programme focus areas  Specialist role of the ILO and opportunities for programme support and partnerships	Engagement with DCED, OECD and EU  Public brochure on the Sustainable Enterprise Programme  Organization of and participation in Regional Meetings at which the Programme will be presented
<b>Target group: ILO field structures</b>	
Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships	Public brochure on the Sustainable Enterprise Programme  Support to Regional Offices in the organization of Regional Meetings on the Sustainable Enterprise Programme  Document outlining tools and other resources (such as training) available that are linked to the Sustainable Enterprise Programme
<b>Target group: The Turin Centre</b>	
Summary of the strategy pillars and programme focus areas, highlighting opportunities for programme support and partnerships	Public brochure on the Sustainable Enterprise Programme  Public brochure on training programmes dealing with specific aspects of the Sustainable Enterprise Programme, including the Summer Academy



## **Appendix 1: Extract from the Programme and Budget for the Biennium 2010-11**

### **Outcome 3: Sustainable enterprises create productive and decent jobs**

#### **STRATEGY**

Sustainable enterprises are the principal source of growth, wealth creation, employment and decent work. However, the conditions necessary for enterprises to meet the economic, social and environmental aspirations of entrepreneurs, workers and their communities are not always present. This strategy seeks to support constituents to establish the necessary conditions for sustainable enterprises and the creation of decent work. It is based on the principles and provisions in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) and the promotion of Cooperatives Recommendation, 2002 (No. 193). In the current global downturn and financial crisis, the strategy is particularly relevant as member States seek to protect existing employment, create jobs for displaced workers and build viable and sustainable local economies. The crisis underscores the need for a sustainable development framework.

#### **EXPERIENCE AND LESSONS LEARNED**

Based on the guidance and mandate provided by the 2007 International Labour Conference resolution concerning the promotion of sustainable enterprises, the Office has realigned its existing programmes and resources. The following lessons have been learned:

- New methodologies are needed to support constituents to assess and implement reforms at the national and sub-national levels to establish an enabling environment for sustainable enterprises.
- Improved methodologies are needed to identify economic sectors and value chains with high enterprise development and employment-creation potential.
- Programmes to enhance enterprise productivity should integrate concerns for working conditions, environmental impact and labour-management relations.
- A major development challenge is how to support micro, SMEs to adopt responsible and sustainable enterprise-level practices. Facilitating the transition of informal activities to formality through improvements in productivity and employment quality is particularly crucial.
- The typical cycle of dialogue, policy development, programme design and implementation takes four to six years, during which the ILO's continued assistance is required to ensure sustainability and significant scale.

## **INTEGRATION OF DECENT WORK DIMENSIONS**

Sustainable enterprises respect fundamental principles and rights at work, international labour standards, and foster good labour-management relations in the workplace as important means for raising productivity and creating decent work. Thus, the creation of sustainable enterprises is a key element to achieving productive and decent work for all.

## **GENDER EQUALITY AND NON-DISCRIMINATION**

The strategy targets the needs of the informal economy, and groups such as youth and women entrepreneurs that are often subject to a range of policy and regulatory obstacles as well as cultural biases which restrain them from starting and growing an enterprise. Building an entrepreneurship culture amongst these groups and supporting them to realize their potential is a crucial aspect of the strategy.

## **KNOWLEDGE AND TOOLS**

The strategy will capture and organize systematically the wealth of knowledge and experiences of the ILO and its constituents in enterprise development policies and programmes. An improved dedicated Internet-based resource centre will make this knowledge more easily available. The following tools will be developed:

- A training package and web-based resources to support constituents to assess and implement policy and regulatory reforms that support the development of sustainable enterprises at the national and local levels.
- A manual describing methodologies to identify economic sectors and value chains with high employment-creation potential, and how to design enterprise development strategies to realize these opportunities and stimulate local economic development and poverty reduction.
- A compendium of policies and programmes that support enterprises to adopt socially responsible workplace practices, and facilitate transition of informal activities to the formal economy through improvements in productivity and employment quality.

## **STRENGTHENING THE CAPACITY OF CONSTITUENTS**

The strategy provides constituents with information, resources, training, and technical assistance in the following areas:

- Policy, legal and regulatory reforms that support the development of an enabling environment for sustainable enterprises, and promote respect for workers' rights and gender equality.
- Policies and programmes in support of entrepreneurship development for employment creation and poverty reduction. This work will focus on local economic development and the upgrading of economic sectors and value chains with high potential for employment creation.

- Policies and programmes that support the adoption of responsible and sustainable enterprise-level practices that enhance productivity, while integrating concerns for working conditions, environmental impact and labour-management relations.
- Policies that enhance the positive social and employment effects of the operations of multinational enterprises. A user-friendly helpdesk for companies (management and workers), and representatives of workers' and employers' organizations is an important part of this strategy.

The training dimension of this work will be jointly undertaken with the Turin Centre. A two week "summer academy" on the promotion of sustainable enterprises will be a regular event on the training calendar, along with related specialized training activities both on campus, at the country level, and through distance-learning events.

### **INTERNATIONAL PARTNERSHIPS**

The ILO will continue to work closely with other United Nations agencies and initiatives and other international development organizations active in this area. Furthermore, networks of leading institutions and experts, and academics and researchers will be developed as a means for sustaining and extending the outreach of the strategy.

### **COMMUNICATION**

Practical and concise information will be made available to enhance the role of the social partners in national policy-making and programme implementation. This will include a series of policy briefs, good practice sheets, and in-depth policies and programme case studies.

### **TECHNICAL COOPERATION**

Technical cooperation projects remain an important means to demonstrate innovative approaches to job creation through sustainable enterprise promotion. Particular attention will be given to project scalability and impact assessment, and the documentation and dissemination of lessons learned.

### **RISKS AND ASSUMPTIONS**

A major risk for the strategy is that the response to the financial crisis and growth slowdown will deflect attention from the need to create an enabling environment for sustainable enterprises. The strategy will attempt to reduce this risk by providing constituents and other policy-makers, particularly those in developing countries, with information and resources that will be useful to them in advocating and designing policies in support of SMEs and their workers through and beyond the current crisis.

## INDICATORS

**Indicator 3.1:** Number of member States that, with ILO support, reform their policy or regulatory frameworks to improve the enabling environment for sustainable enterprises

### Measurement

To be counted as reportable, results must meet at least two of the following criteria:

- Government and the social partners have undertaken an assessment of the environment conducive to sustainable enterprises in line with the 2007 ILC resolution.
- A national development framework or private sector development policy is developed that addresses at least half of the conditions for an environment conducive to sustainable enterprises as reflected in the 2007 ILC resolution.
- Legislation is changed, decree passed, by-law enacted, or regulations changed that lead to the promotion of sustainable enterprises (including cooperative laws adopted that reflect Recommendation No. 193 or SME legislation that reflects Recommendation No. 189).

Baseline	Target
To be established based on 2008-09 performance	5 member States

**Indicator 3.2:** Number of member States that, with ILO support, implement entrepreneurship development policies and programmes for employment creation and poverty reduction

### Measurement

To be counted as reportable, results must meet at least two of the following criteria:

- The member State introduces entrepreneurship development policies in national development frameworks or similar national policy documents.
- Entrepreneurship development strategies are implemented in economic sectors or value chains that have been selected because of their high job-creation potential.
- A national association or network of trainers and organizations with the skills and resources to support the delivery of entrepreneurship programmes for poverty reduction, especially with a focus on entrepreneurship for women and young people, is established or strengthened.
- Targeted entrepreneurship development strategies are implemented that support (a) the transition of informal activities to formality or (b) poverty reduction in rural areas, in line with the 2008 ILC resolution concerning the promotion of rural employment for poverty reduction.

Baseline	Target
To be established based on 2008-09 performance	10 member States

**Indicator 3.3:** Number of member States that, with ILO support, implement programmes to foster the adoption of responsible and sustainable enterprise-level practices

### Measurement

To be counted as reportable, results must meet the following criteria:

- Awareness-raising strategies are implemented, on the basis of consultations among governments, employers and workers, on responsible and sustainable enterprise-level practices, in line with the 2007 ILC resolution.
- National or sectoral programmes are implemented that aim at raising productivity and creating decent work through the adoption of responsible and sustainable enterprise-level practices in line with the 2007 ILC resolution, such as social dialogue and good industrial relations, human resource development, conditions of work, productivity, wages and shared benefits, corporate social responsibility, corporate

governance and business practices.	
<b>Baseline</b>	<b>Target</b>
To be established based on 2008-09 performance	5 member States
<b>Indicator 3.4:</b> Number of member States that, with ILO support, adopt policies that integrate the principles of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)	
<p><b>Measurement</b></p> <p>To be counted as reportable, results must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Awareness-raising strategies are implemented, including consultations among governments, employers and workers, as well as multinational enterprises, with regard to topic areas of the MNE Declaration, such as general policies, employment, training, conditions of work and life, industrial relations.</li> <li>• Policies are established aimed at attracting foreign direct investment, with special attention being given to topic areas of the MNE Declaration, such as general policies, employment, training, conditions of work and life, industrial relations.</li> </ul>	
<b>Baseline</b>	<b>Target</b>
To be established based on 2008-09 performance	5 member States



## Appendix 2: Major Technical Cooperation Projects

Project	Technical area	Country/Region	Years/Funding	Status
The Law-Growth Nexus – A Mapping of labour law and MSE development	Enabling environment	Kenya, Liberia, Rwanda, Senegal, South Africa, Zambia	\$600.000 2008-2010	Ongoing
Labour-related laws and the MSE growth trap	Enabling environment Labour Law & MSEs	South Asia - India, Nepal, Bangladesh and Sri Lanka.	\$373,862 2007-2010	Ongoing
Boosting Youth Employment – Using an integrated approach in the framework of Decent Work Country Programmes	Enabling environment	Azerbaijan, Kyrgyzstan	\$3 Million 2006-2010	Ongoing
Enter-Growth Project – Micro and Small development for pro-poor growth in Sri-Lanka	Entrepreneurship and enterprise development - LED	Sri Lanka	\$4.7 Million 2005-2010	Ongoing
EAST – Education and Skills training for Youth Employment	Enabling environment	Indonesia	\$22.6 Million 2007-2010	Ongoing
PRISED – Poverty reduction through Integrated Small Enterprise Development Project	Entrepreneurship and enterprise development - LED	Viet Nam	\$4.5 Million 2005-2009	Ending 2009
Regional Approach to Women's Entrepreneurship Development (Phase I)	Enabling environment	Nigeria, Mali, Cameroon, Rwanda	\$1.95 million 2009-2011	Started 2008
GOWE Kenya – Assessment and Increased Capacity of Women Entrepreneurs to Achieve Growth.	Entrepreneurship and enterprise development	Kenya	\$926.000 2006-2008	Ongoing
WEDGE - Promoting Women's Entrepreneurship Development and Gender Equality	Enabling environment Entrepreneurship and enterprise development	Ethiopia, Kenya, Tanzania (United Rep. of), Uganda, Zambia	\$3 Million 2008-2011	Ongoing
WEDGE – Promoting Women's Entrepreneurship Development and Gender Equality	Enabling environment Entrepreneurship and enterprise development	South Africa, Malawi, Mozambique, Lesotho	\$3.27 Million	Ongoing
Poverty Reduction Through Promoting Employment of Youth and Other Vulnerable Groups in the Informal Economy of Central Asia and Caucasus	Entrepreneurship and enterprise development	Azerbaijan, Georgia, Kyrgyzstan, Kazakhstan	\$2.1 Million 2004-2006	Ended 2006
CEA – Support Programme for Consolidation and Quality Improvement of Employment in Argentina	Entrepreneurship and enterprise development - LED	Argentina	€ 4 Million 2009-2011	Ongoing

Project	Technical area	Country/Region	Years/Funding	Status
REDEL – Employment Recovery through Small Enterprise Development and Local Economic Development	Entrepreneurship and enterprise development – LED	Uruguay	\$ 3.6 Million 2005-2009	Ending 2009
SCORE – Sustainability through Competitive and Responsible Enterprises	Entrepreneurship and enterprise development	India, Sri Lanka, Viet Nam, Indonesia, Colombia, Ghana	\$4.5 Million 2009-2012	Ongoing
Promoting Youth Employment in Philippines: Policy and Action	Enabling environment Entrepreneurship and enterprise development	Philippines	\$990.000 2006-2009	Ongoing
SETYSA – Social Entrepreneurship promotion among Township Youth in South Africa	Entrepreneurship and enterprise development	South Africa	\$1.25 Million 2008-2010	Ongoing
WEDGE – Promoting Women's Entrepreneurship Development and Gender Equality	Enabling environment Entrepreneurship and enterprise development	Ethiopia, Kenya, Tanzania (United Rep. of), Uganda, Zambia, Lao PDR, Cambodia, Viet Nam	€3.1 Million 2008-2011	Ongoing
Creative Industries Support Programme	Entrepreneurship and enterprise development	Cambodia	\$1 Million 2007-2010	Ongoing
LED through the development and creation of MSE in the Maghreb Region	Entrepreneurship and enterprise development - LED	India, Sri Lanka, Viet Nam	\$4.5 Million 2009-2012	Ongoing
LED Cameroon	Entrepreneurship and enterprise development - LED	Cameroon	\$2.2 Million 2008-2010	Ongoing
LED Ghana	Entrepreneurship and enterprise development - LED	Ghana	\$8.5 Million 2008-2010	Ongoing
COOP-AFRICA	Entrepreneurship and enterprise development - LED	Ethiopia, Kenya, Rwanda, Tanzania(United Rep. of), Uganda, Botswana, Lesotho, Swaziland, Zambia	\$9.5 Million 2007-2010	Ongoing
SAY-JUMP – South African Youth. Jobs for the Unemployed and Marginalized to Escape from Poverty	Cooperatives Entrepreneurship and enterprise	South Africa	\$681.000 2006-2009	Ongoing

Project	development			
Project	Technical area	Country/Region	Years/Funding	Status
JOY – Employment Intensive Growth for Indonesia: Job opportunities for young women and men	Enabling environment Entrepreneurship and enterprise development	Indonesia, East Asia and Pacific	\$2.5 Million 2007-2010	Ongoing
Entrepreneurship Culture and business creation for Youth Employment in Aceh	Enabling environment Entrepreneurship and enterprise development	Indonesia	\$1 Million 2006-2008	Ended in 2008
STAGE – Skills training for Gainful Employment Programme	Entrepreneurship and enterprise development (Combined with Skills)	Timor Leste	\$6.2 Million 2004-2009	Ongoing
EmPLED -Employment Creation and Peace Building based on Local Economic Development	Entrepreneurship and enterprise development - LED	Nepal	\$3 Million 2007-2010	Ongoing
Creating Youth Employment through Improved Youth Entrepreneurship - Applied research on the impact of youth entrepreneurship promotion programmes	Entrepreneurship education	Global	\$1 Million	Ongoing
MDG-F – Development and the private sector window and the ILO involvement	Development and the private sector	Bolivia, Costa Rica, Dominican Republic, Egypt, Ethiopia, Peru, Turkey, Viet Nam	\$8.2 Million 2008- (ILO components)	Ongoing
Strengthening the creative industries in five APC countries though employment and trade expansion	Entrepreneurship and enterprise development	Fiji, Senegal, Trinidad & Tobago, Mozambique, Zambia	Euro (2.4 Million)  ILO component €997,815 2008-2011	Ongoing