

## Section 3

# Planning, Policy and Governance to Advance an Inclusive Green Economy

# 12

## Learning Unit

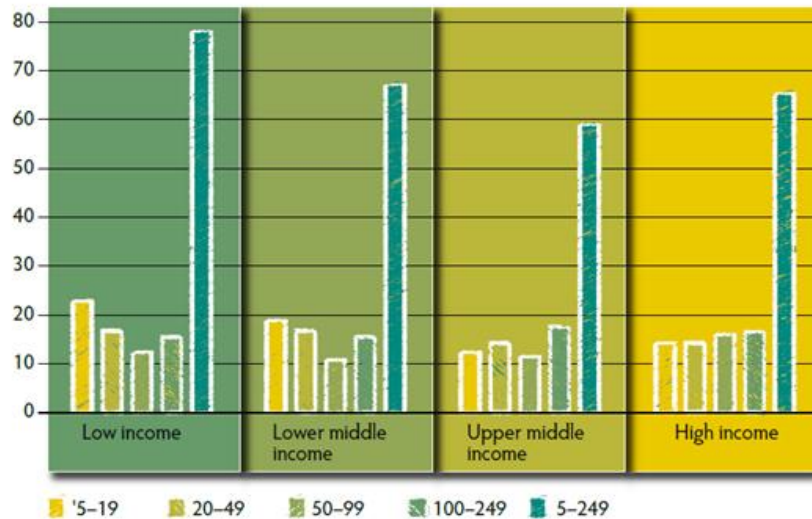
# Green Entrepreneurship and the Role of the Private Sector

This unit discusses the role of green entrepreneurship for advancing the economic and social transition towards sustainability. Changing employment patterns, lessons learnt and case studies are explored.

PAGE Green Economy Introductory Learning Materials



# Global Employment Contribution of Micro, Small and Medium-sized Enterprises



ILO, 2014

Employment Contribution by Micro, Small and Medium-sized Enterprises per Country Groupings

## Speaker's Notes:

- This graph displays the percent-wise employment contribution of micro, small, and medium-sized enterprises (MSMEs) in different country groupings.
- MSMEs are generally defined according to their staff headcount (as well as a certain ceiling of the annual budget, which varies from country to country):
  - A medium-sized enterprise is usually defined as an enterprise which employs fewer than 250 persons
  - A small enterprise is defined as an enterprise, which employs fewer than 50 persons
  - A microenterprise is defined as an enterprise, which employs fewer than 10 persons

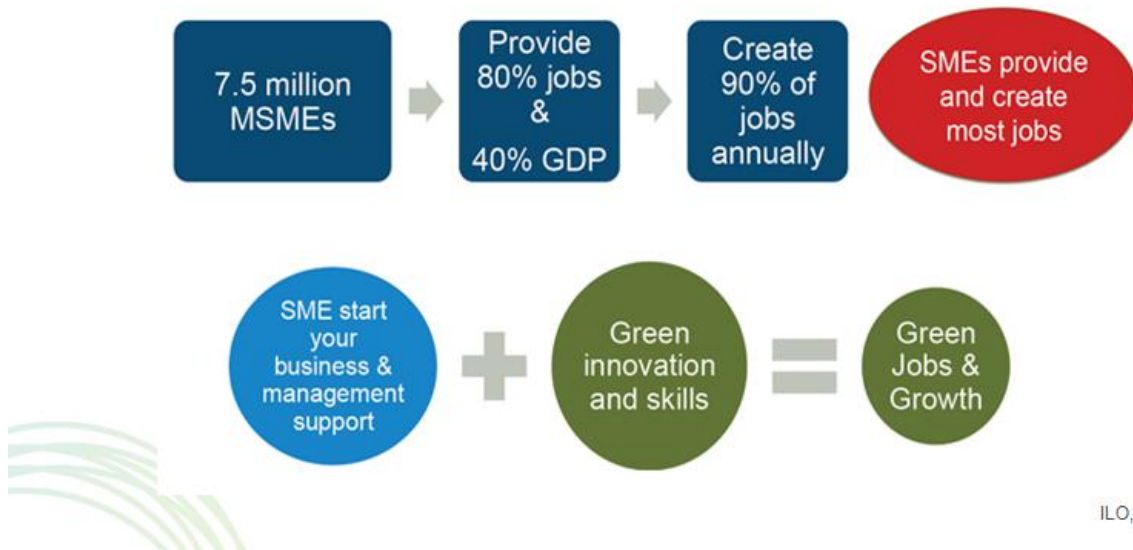
## *Key Message*

- Micro, Small and Medium-sized Enterprises (MSMEs) in both developing and developed country account for the greater part of employment creation (over 60% worldwide, and close to 80% in low income economies).

## Further Reading:

- ILO, Green Economy Academy, 2014

# Example: The Business Case for Green MSMEs in Kenya



## Speaker's Notes:

- This slide emphasizes the importance of the MSMEs for job creation in developing countries (taking Kenya as an example).
- In Kenya, MSMEs provide the bulk of employment possibilities. However, MSMEs are also most vulnerable to changes in the market.
- Research shows, that the market for many products is becoming gradually saturated.
- Green innovation on the level of MSMEs can ensure longevity of businesses and new market possibilities.
- To avoid an economic and labour crisis in Kenya (as well as in other countries), businesses can adapt to the green economy.
- SMEs can create jobs and revenue, by:
  - Greening their business and management approach;
  - Providing green innovation and skill development.

## **Key Message**

- In many developing countries MSMEs provide the bulk of employment opportunities. Greening MSMEs may provide a way to ensure their profitability and longevity and avoid profound social crises in many countries.

## Further Reading:

- ILO, Green Economy Academy, 2014

# What makes a Green Business?



## Speaker's Notes:

- This graph illustrates how social and environmental principles interlink in the concept of “green business”, as understood by the ILO, 2014.
- Green entrepreneurship is characterized by:
  - Adoption of principles, policies and practices that improve the quality of the life of customers, employees, and the communities, in which the green business operates and the environment upon which they depend.
- Adopting environmentally-sound practices and technologies as a means to maintain or improve the firm's competitiveness.

## **Key Message**

- Green businesses involve adopting environmentally-sound practices and technologies in order to ensure the longer-term economic viability of the enterprises (e.g. by safeguarding the natural capital on which they depend), as well as in order to maintain or improve its competitiveness (e.g. through cost-savings, or the opening of new market niches).

## Further Reading:

- ILO, Green Economy Academy, 2014
- Greener Business Asia: [http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/presentation/wcms\\_177370.pdf](http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/presentation/wcms_177370.pdf)

# Policies and Initiatives to Stimulate Green Entrepreneurship

As ILO experience in Indonesia and China has demonstrated, green entrepreneurship can be stimulated by:

- Entrepreneurship training in universities and colleges
- Targeting the youth
- Preferential tax policy
- Tax breaks (administrative fees)
- Restrictions on traditional enterprises
- Coordinated action across public institutions
- Enabling access to finance (micro-credits, grants)



ILO, 2014

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## Speaker's Notes:

- This slide features some lessons learnt in the course of the ILO's green entrepreneurship programmes in Indonesia and in China with regard to approaches which can stimulate green entrepreneurship.
- Lessons learnt from these programmes show that:
  - It is important to provide access to training and bridge the gap in entrepreneurship education in universities and colleges in order to provide better understanding of environmental issues and portable skills-increasing their employability.
  - Positive economic and fiscal incentives (such as loans, tax rebates) can be combined with measures, which increase taxation on resource intensive enterprises.
  - Improvement of coordination of entrepreneurship initiatives across ministries, e.g. following a common roadmap, in order to ensure consistency of policy approach.
- Strong involvement of the governmental and private banking sector, including microfinance institutions and service providers, can enable access to financing.

## **Key Message**

- A combination of positive and negative economic instruments, as well as appropriate regulation and information based tools (e.g. capacity building) can stimulate the development of green businesses.

## Further Reading:

- ILO, Green Economy Academy, 2014
- Asia Pacific Green Jobs Network: <http://apgreenjobs.ilo.org>

# Entrepreneurship Example: Young Indonesian Entrepreneur goes green



## Ilham Rhamanda

Indonesia

- Owner of a sportswear SME, 12 employees
- Installed a filter to prevent untreated waste water
- Contemplates additional measures to increase resource efficiency



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### Speaker's Notes:

- This slide presents the personal experience of a green entrepreneur, i.e. Ilham Rhamanda from Indonesia.
- Ilham Rhamanda and his brother ran a sportswear factory in Bandung, with a reputation for original designs. They employed 12 people and supplied a number of department stores in the West Java Province.
- Many small and medium-sized businesses in Bandung, are thriving at the expense of environmental quality, producing large amounts of sewage, garbage and industrial pollution.
- Ilham attended a Start Your Green Business (SYGB) training (organized by ILO) and the course helped him find a solution for the toxic water and chemicals coming out of his factory.
- He installed a filter made of fiber palm, active carbon and a sedimentation box to eliminate the dirt and waste from washing screen prints, inks and chemical liquids and prevent untreated waste water going into local drains and streams. The filter is affordable, easy to install and operate, meaning his products are still priced competitively.
- He has also started to promote the 'green' aspects of his business and is thinking of new ideas, such as using environmentally-friendly ink for screen printing.

### *Key Message*

- Green solutions are not necessarily costly or difficult to implement. Green entrepreneurs are able to spot possibilities and act upon them.

### Further Reading:

- Asia Pacific Green Jobs Network: <http://apgreenjobs.ilo.org/news/green-jobs-young-indonesian-entrepreneur-goes-green>