

An independent evaluation of the

**InFocus Programme on
Boosting Employment through Small Enterprise Development
(SEED)**

October, 2003

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List of Abbreviations

ACTEMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
BDS	Business Development Services
COOP	Cooperatives Branch
DECLARATION	InFocus Programme on the Promoting the Declaration
DFID	Department for International Development (UK)
EMP/INVEST	Employment-Intensive Investment Branch
EO	Employers' Organization
GENDER	Bureau for Gender Equality
GENPROM	Gender Promotion Department
INTEGRATION	Policy Integration Department
IOE	International Organization of Employers
MCC	Management and Corporate Citizenship Programme
ROAP	Regional Office of Asia-Pacific
SECTOR	Sectoral Activities Department
SIDA	Swedish International Development Agency
TRAVAIL	Conditions of Work and Employment
UNCTAD	United Nations Council on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
WIPO	World Intellectual Property Organization

1.0 Introduction

1.1 Background

The evaluation of the InFocus Programme Boosting Employment through Small Enterprise Development (IFP/SEED) is presented here in keeping with the initial strategy examined by the Governing Body in November 2002 (GB285/PFA/10, ILO evaluation strategy) and with the provisions of the 2002-03 Programme and Budget adopted by the International Labour Conference. This is an independent evaluation grounded in transparent and objective information collection from a variety of sources and clear separation from line management.

Within the ILO's overall framework for employment promotion, enterprise creation, innovation and business growth are seen as central means of increasing decent employment and social inclusion that cover an increasing working population of poor in the informal economy. The world employment situation is characterized both by an insufficient number of jobs available, highlighted by climbing unemployment figures of 180 million people without formal jobs and by the low quality of those jobs available. Small enterprises represent an important and rapidly growing component of total employment. The promotion of micro and small micro enterprises, through creation, consolidation and expansion, is a necessary part of any policy responding to the employment crisis.

Following the adoption of the Job Creation in Small and Medium-sized Enterprises Recommendation, 1998 (No.189), the InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED) was established in 2000. The programme builds upon several decades of the ILO's work to promote employment through micro and small enterprise development. This includes fostering an enabling environment for small enterprise development (SED) that caters to all strata of business activities: micro-, small- and medium-sized enterprises, small cooperatives and producer groups, homeworkers and self-employed, men and women in formal and informal businesses producing independently or as the smallest units in global production chains.

1.2 Evaluation scope and methodology

The present evaluation, carried out by the Bureau of Programming and Management, assesses the planning and organizational approach of IFP/SEED, its implementation strategies and broad-level outcomes, management and overall performance for the period October 1999 to June 2003. The evaluation also aims to develop a more in-depth understanding of how the programme is achieving intended outcomes at the country level and what measures may be considered to improve implementation.

The evaluation was conducted by an external consultant and three evaluators from the Bureau of Programming and Management.¹ It involved an initial desk review and rounds of interviews with ILO constituents, with a representative mix for workers, employers, governments, and regions; IFP/SEED's core staff members, management and focal points within headquarters and different field offices and members of collaborating ILO units and contacts in partnering organizations. Case studies of operations at country levels were used to trace experiences and lessons learned over the past three years. The evaluation incorporated field visits to assess country-level programming in Ghana, Senegal, Sri Lanka and Costa Rica to provide feedback and document through example how IFP/SEED's technical work complements and reinforces the ILO's overall small enterprise development work at policy, market and service levels within member States.

¹ The evaluation team consisted of Ms. Susanne Bauer, an external consultant, Carla Henry, Philippe Egger and Setsuko Hiromoto of Bureau of Programming and Management, ILO.

2.0 ILO IFP/SEED's mandate and strategy

2.1 Origins and context

Globally, small enterprise development (SED) is seen as an important means of reducing poverty and generating employment within developing and transition countries. Micro, small and medium enterprise development is a core programming area within many international and national development agencies. In terms of development aid funds, SED receives a substantial amount of resources.

Within small and medium enterprises there are many labour problems found: poor working conditions, low pay and anti-unionism to name only a few. Among development agencies, a primary concern is the reinforcement of a business environment that enables sound government policies, local economic development practices, well-functioning business associations, as well as availability of needed business development services (BDS), including training, specialised consulting and access to financial services. In the past few years, growing attention has focused on the effectiveness of various small enterprise development initiatives; assessing the effects and impact of alternative policies, programmes and services at the enterprise level is a current priority.

2.2 SEED's mission and vision

Situated in the ILO's Job Creation and Enterprise Development department in the Employment sector, IFP/SEED aims to create decent jobs in micro and small enterprises (MSE) that support ILO's values and priorities for improving job quality and labour standards, opportunities for women, capacity of representative associations, and improved livelihoods of persons working in the informal sector. IFP/SEED states its mission as helping governments, social partners and communities unlock the potential for creating more and better jobs in the small enterprise sector.² It is clustered at the departmental level with Management and Corporate Citizenship Programme, and the Local Economic Development (LED) Programme as part of the Cooperatives branch (COOP).

The creation of IFP/SEED in 2000 followed the overall evolution of ILO work on small enterprises over the past two decades. While for MSE training providers, the ILO appeared dominantly under the label of one single and very successful product, Start and Improve Your Business, its research base largely covered the informal sector coined by the ILO as early as the mid-70s. The rural employment sector expanded to cover the most vulnerable groups of men and women including youth and migrant workers engaging in income generation, skills development and grassroots management so as to counter the rural and urban disparities of the time. Later, focus on small- and medium-sized (rather than micro-) businesses catered to productivity gains through modern management practices.

The initial programme document for IFP/SEED identified the following four major goals within a medium-term planning framework:

- ◆ To expand job opportunities in the small enterprise sector through enterprise creation and growth;
- ◆ To improve the quality of jobs in small enterprises;
- ◆ To ensure that gender concerns in small enterprise development are mainstreamed;
- ◆ To promote business networking and representation in small enterprises.

2.3 Strategy

IFP/SEED's programme aims to deliver indirect and direct benefits to a broad band of individuals from poor, home-based units to growth-oriented small enterprises. Its main strategies involve:

- ◆ Developing a strong knowledge base, with research and tool development to support member States in implementing Recommendation No. 189;

² Guide to ILO Recommendation No. 189, IFP/SEED.

- ◆ Strengthening national and international partnerships, through which new concepts and approaches can be promoted; and
- ◆ Targeting specific technical cooperation initiatives at the country level to address the policy and regulatory environment and pilot innovative activities for broader consideration.

As the programme has evolved, greater appreciation of the role of small enterprise development in generating Decent Work and meeting the Global Employment Agenda has resulted in more effort to reach those individuals unemployed or those working at low productivity activities, under poor working conditions and with minimal protection.

Documenting and applying best practices was operationally planned to involve action-research on good practices within IFP/SEED's major programme focal areas. Once well conceptualised, these could be translated and tested for adaptiveness to specific country conditions. Dissemination of effective practices in the area of employment generation with attention to job quality and enterprise growth as well as gender mainstreaming would be approached at several levels, including an integrated SED programme approach that combines good practice components with a series of services and tools. These in turn are targeted for delivery and replication through attention to strengthening of BDS providers to ensure scale and sustainability of service.

Today, the programme is organized around the core components of policy environment, market opportunities and business development services. Cross-cutting focal areas further relate to the promotion of gender equality, association-building, job quality and the informal economy.

2.4 External partnership

In countries where programme activities take place, IFP/SEED has active working relationships with those government agencies responsible for enterprise policies and programmes. Collaboration with employers' organizations and small business associations (SBAs) is common. Finally, collaboration with workers' organizations has increased in the past few years and, while joint action is not widespread due in part to the many MSEs with few employees and it being geographically dispersed, plans for shared initiatives are emerging. Collaboration is increasingly focused on how these organizations can or do already organize and improve conditions of informal economic actors.

Internationally, IFP/SEED's participation in the Committee of Donor Agencies on Small Enterprise Development has been a regular means of increasing conceptual synergies and coordinating actions with other international stakeholders. SEED has good working relations with major donors with regular informal and formal exchange, and collaborates with other development agencies, including UN offices, at national and global levels. Its links to national researchers and research institutions has resulted in a number of substantive working papers, tools and other joint activities.

2.5 Summary of resources by source, theme and destination

IFP/SEED is a priority programme within the ILO. It commands the third largest amount of regular budget resources within the Employment Sector. Of funds centralized in the headquarters for SEED, roughly 29% comes from the regular budget, including prorated departmental costs. Of the large share of extrabudgetary resources allocated for SED, approximately 64% are centrally administered. Table 1 below summarizes ILO resources for SED programming over the past two bienniums.

Asia and The Americas support the largest share of decentralized projects (roughly 90% of projects in these regions are decentralized), while Africa administratively backstops a much smaller share of SED projects in the region—their share was below 25% until 2003 when it increased to roughly 50%. Africa enjoys the largest absolute level of projects, with \$5.5 million allocated for 2003. Table 1 in Annex 2 provides a breakdown of SED extrabudgetary resources by region over the past four years.

Table 1: ILO resources for small enterprise development, 2000-2003

2000-01

	P w /y	P in \$	GS w /y	GS in \$	Non-staff	Total	%
RB	22/02	3,160,302	10/04	1,091,689	1,030,861	5,282,852	17.1 (a)
RBTC						265,724	0.9
XB centrally administered						13,825,287	44.9 (b)
RB decentralized	26/00	3,715,296				3,715,296	12.1 (c)
XB decentralized						7,717,734	25.1
Total 2000-01						30,806,893	100.0

2002-03

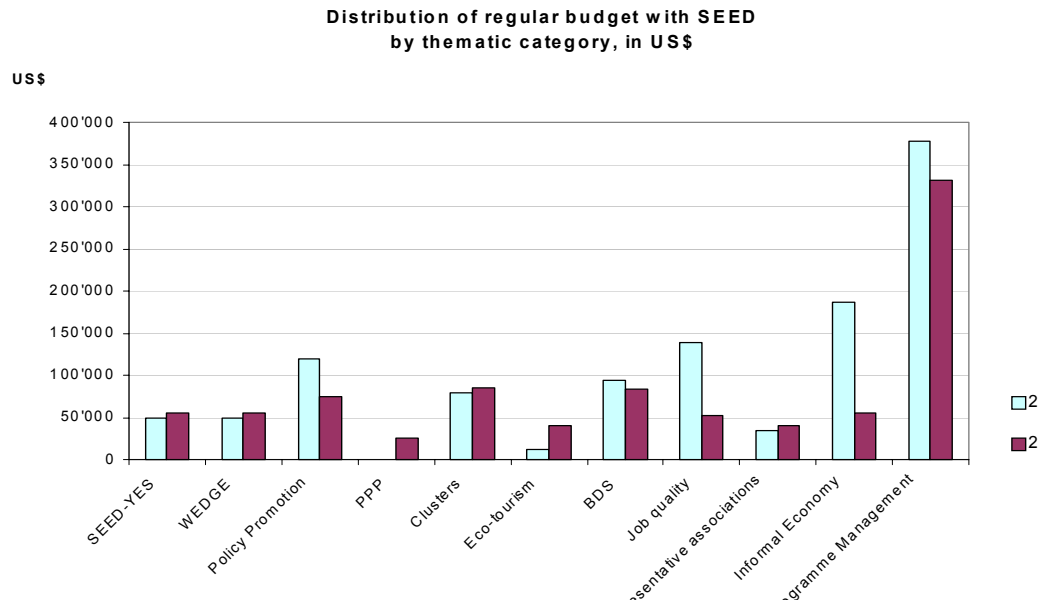
	P w /y	P in \$	GS w /y	GS in \$	Non-staff	Total	%
RB	22/02	2,972,177	10/04	753,129	815,945	4,541,251	15.5 (a)
RBTC						160,000	0.5
XB centrally administered						13,643,295	46.6
RB decentralized	24/00	3,213,792				3,213,792	11.0 (b)
XB decentralized						7,709,604	26.3
Total 2002-03						29,267,942	100.0

(a) Includes departmental management costs, prorated among SEED, MCC and COOP.

(b) Costs of SME specialists in the field, who are primarily responsible for SED, but also cover technical units other than SEED, such as MCC and COOP. Taking non-staff costs into consideration, full staff costs would be appropriate estimates.

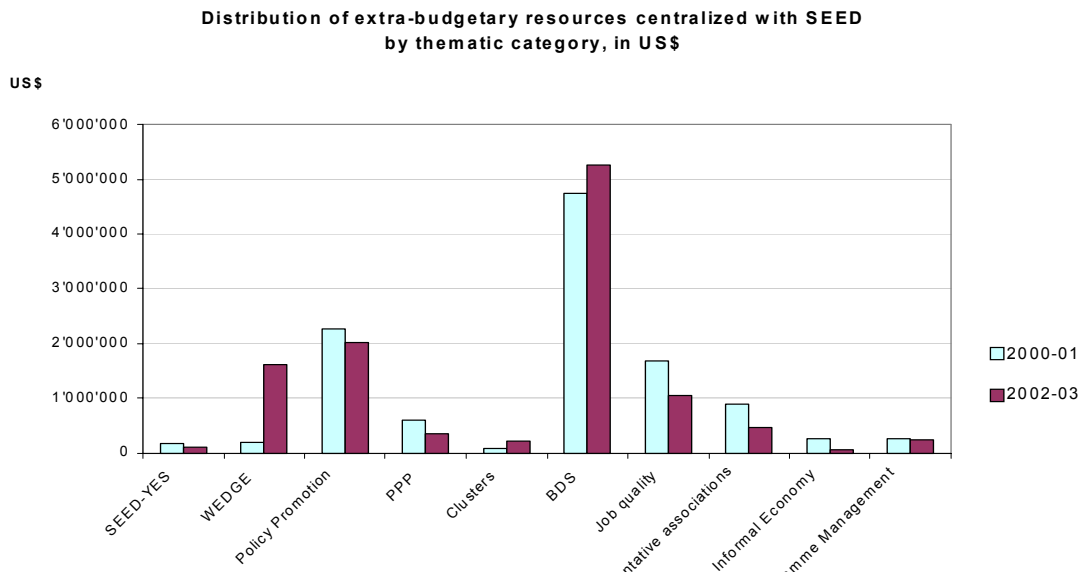
Operationally, IFP/SEED identifies up to ten component initiatives through which it implements its programme. These roughly align with its major work areas and cross-cutting thematic focus. Figures 1 and 2 summarize non-staff regular budget resources and extrabudgetary resources used by thematic area. As the figures indicate, both sources of funds have been applied to develop key programming areas.

Figure 1



* Estimates include non-staff resources only

Figure 2



* Estimates include full project budgets

3.0 Portfolio review of IFP/SEED by thematic area

The evaluation reviewed each of IFP/SEED’s major work areas to consider the validity of their design with reference to the programme’s larger mandate and goals, their choice of strategy, their delivery of key achievements, and key lessons learned to be noted for future work. In addition, three of the five cross-cutting thematic areas have been analysed and profiled—job quality, association building and gender equality, with attention given to their integration across major work areas.

3.1 Policy Environment

At its inception, SEED emphasized assessment of country-level policy and regulatory environments to understand how these influence generation and quality of employment in MSEs. This was a means to develop new tools and processes to strengthen the ability of ILO staff and constituents to analyse and implement improvements in the policy environment.

Likewise assistance to national stakeholders to improve MSE-related policy was envisioned in the form of policy action plans at the national level. An international comparative research initiative covering seven countries focused on how policy environments influenced employment in MSEs. These initial findings have since been used to inform decision makers on national policy; policy action programmes have been established in Pakistan, Vietnam and West Africa. A booklet on *Small Enterprise Development - An introduction to the policy challenge* is now available in French, Spanish, Russian, Vietnamese and Arabic.

IFP/SEED has provided advisory services on policies for the informal economy in China, Ghana, Tanzania and Mongolia. A tool aimed at guiding those assessing policies and the regulatory environment for MSE has also been launched. The survey kit looks at factors affecting decisions at the enterprise level to increase their work force and job quality, among others. IFP/SEED's 2001-2002 policy research in Vietnam, Tanzania, South Africa, Guinea, Pakistan, Chile and Peru will be published shortly as *Policies for small enterprises - Creating the right environment for good jobs*.

In some countries, the research work has led to collaboration at the implementation level. The Asian Development Bank's enabling environment programme in Pakistan is largely based on SEED's research findings, and an awareness programme for policy makers in Guinea contributes to the PolicyVoice project budget. IFP/SEED's assistance to the Ministry of Industry and Trade in Tanzania facilitated establishment of a women's unit in the new SME policy framework. Consultations with South Africa's Department of Trade and Industry on future collaboration with IFP/SEED are underway, possibly within the area of estimating the cost of compliance, in part based on IFP/SEED's country report "Creating a Conducive Policy Environment for Employment Creation in SMMEs in South Africa." Most of the funding for this policy work and country action programmes came through Dutch partnership funds and the regular budget.

Partnerships. SEED has developed strong working relationships with most sub-regional employment specialists and enterprise development specialists to enhance advisory services around policy issues. Collaboration has ranged from proposal development and project implementation to policy-related research. As an example, the Bangkok employment specialist published research on the informal sector in Mongolia.

SEED's work with countries and field offices is mainly geared to supporting ongoing programmes. The PolicyVoice programme in Senegal benefits from joint backstopping with the Dakar field office; here, the enterprise specialist is putting forward new project proposals and assisting government officials, support structures, employers and workers associations including national enterprise associations to increase their knowledge and capacities on the MSE sector, with a view to integrate policy work for reform regulation. Drawing on capacities and tools developed on a project basis (e.g., GERME/SIYB), there is good scope for IFP/SEED to develop a more streamlined approach to compiling country mapping and information systems. This can be done in collaboration with SED partners to enhance long-term sustainability.

Achievements. The series of working papers, "Conducive Policy Environment for Small Enterprise Employment," has disseminated findings on national policies and enabling environments. The related working paper series on the informal economy contributed to broad understanding of the trends and thematic issues linked to persistent and expanding informal economies.

IFP/SEED's policy work has provided the ILO the means to engage with countries in policy review and reform measures and to link MSE-related policy to broader poverty reduction and employment creation macro frameworks.

IFP/SEED's policy work has integrated ILO approaches in its advisory services. In particular, it has prioritized country action programmes that engage national stakeholders to address policy and regulatory issues at micro, meso and macro levels.

A major complementary initiative to its policy work has been on impact assessment of SED, applying diverse methods and tools such as ongoing work on causalities and impact flows assessed thematically. The analytical framework developed covers the themes of business centres, job quality at service and enterprise level, improving representation of small business associations and impact flows of public-private partnerships.

Major lessons learned.

- ◆ The policy work has highlighted the difficulty of revising regulations to ease the burden on micro- and small enterprises so they can grow while also aiming to ensure that labour laws and safety regulations are adhered to within small firms, particularly as they grow larger. This challenge will be at the forefront of SEED's future policy and regulatory work.
- ◆ Policy advisory work is specific to country contexts and ILO's work will have an impact at a longer term framework where it works in conjunction with other major stakeholders at the national level. This has been evidenced by the PolicyVoice programme of SEED in West Africa as well as in national policy programmes in SouthEast Asia. In overall terms, it appears that SEED has a much wider scope of reach and demand to which it can possibly cater, given its own limited staff resources in the sub-regions as well as at headquarters. There is need for prioritizing opportunities.
- ◆ Within a policy framework, implementing integrated country programming to address the envisioned multi-faceted policy agendas around SED requires specialized knowledge and expertise across the SED programming spectrum. The approach requires effective team work between experts, field and headquarter units, and with partners and target users. This is operationally proving difficult to achieve. Particularly challenging is pooling the appropriate mix of individuals to support an integrated programme. A second challenge has been to find effective means of engaging social partners in the larger policy arena, not just those areas that closely mirror their own interests.
- ◆ Finally, policy work within small enterprise development needs to be incorporated into broader employment policies, also guarding ILO's renewed emphasis on the link between the decent work agenda and poverty alleviation (statement by Mr. Somavia, Secretary-General of the Conference, June 2003). ILO's structure does not currently lend itself to integrated policy agendas on informal and formal economy.

3.2 Business Development Services (BDS)

Strategy. The business development services component of IFP/SEED aims to work with partners to support affordable and sustainable business development services locally and at the national level. This strategy is built around the conceptualisation and testing of innovative approaches in SED in general, and the collection, distillation and dissemination of best practices for the delivery of services. Within the work area of BDS, three initiatives comprise the brunt of activity: the Start and Improve Your Business (SIYB) portfolio of projects, funded primarily by the Swedish International Development Agency (SIDA); development of business centres, primarily in Eastern Europe; and commercial BDS, aimed at supporting business opportunities in providing services to MSEs.

Activities have been funded primarily through technical cooperation funds, with many of the projects being administratively decentralized.

Through SIYB, IFP/SEED has built upon its strategy of working with existing local and national organizations by introducing several additional approaches and training modules aimed at expanding businesses, working with different target groups, and integrating commercial providers into the mix of partner organizations. The component works with sub-regions, primarily in Africa and Asia, to build up local service providers through assistance in researching service markets, product design and capacity-building to offer locally adapted, high-calibre training to entrepreneurs. Increasingly, these partners are charging for their expertise and services to reinforce the development of an independent local market for business development services.

Under the FIT programme, the BDS work has raised awareness and tested good practice for working through private business approaches. “Stimulating Innovative BDS for Small Enterprises,” mainly active in West and East Africa, and SouthEast Asia, facilitates for-profit BDS providers delivering to MSEs, including some training. Cost-effective means of reaching MSEs, via radio, television, and newspapers are being made sustainable through commercial advertisers. The commercial BDS activity received a major stimulus through an international workshop convened in Vietnam in 2000, which confirmed directions for applied SED research through jointly developing major themes for further work as demonstrated also in a joint homepage emerging from IFP/SEED (now: www.sedonors.org). The annual BDS workshop jointly organized with Turin and now in its fourth year, brings together BDS stakeholders. In 2002, 160 people from over 50 countries attended. Other ILO units are joining this circle of practitioners.

Most of IFP/SEED’s methods for developing business centres have grown from project work in Southeastern Europe. Experience has been based in transition economies in the aftermath of severe crises where rapid economic restructuring has created burgeoning social problems, leading individuals to seek informal income opportunities. In Bulgaria, through project funding, the ILO’s work has focused on delivery of business services through business centres, complementary training initiatives and business incubators. These initiatives helped to achieve self-sustaining business service entities in underdeveloped or non-existent business service markets.

Partnerships. IFP/SEED has worked to increase multi-agency interaction through the Donor Committee for SED (consisting of 20 bilateral donors from 16 countries and three international development agencies). This has been a major venue for SEED to shape the evolving field of BDS. SEED’s various initiatives in BDS build upon a strong local network of BDS partners, many acting as ILO resource units. These can be independent foundations such as EMPRETEC Ghana, FIT-SEMA East Africa (Small Enterprise Media in Africa: Uganda), or individual consultants and service providers such as master trainers or media professionals in SouthEast Asia. Within SIYB, employers’ associations, trade unions, chambers of commerce, among others, have been regular partners in establishing business training services. Recently, the mix has shifted to include more commercial service providers, to work towards greater sustainability.

Achievements. IFP/SEED’s capacity to engage in the field of BDS has matured in recent years, with all major BDS initiatives moving more demonstrably towards market-based approaches. These all build upon a solid understanding of existing BDS markets, assessing local service providers’ needs and potential, and accelerating cost-recovery to the point of profitability. Documentation of these evolving approaches has been captured in a series of working papers and manuals and builds upon a substantial body of work representing over 20 years of knowledge development in supporting small-scale entrepreneurs.

Through the SIYB projects, affordable business training services have been refined and are more widely available through private and public providers. These projects have also diversified outreach to ensure that both women and men in business as well as lower income and socially isolated businesses have access, with training materials being customized to ensure good value to business clients. SIYB

projects have been innovative and demand responsive in developing their products and approaches within specific countries; but they have also, through SEED coordination, maintained a strong brand identity and product development capacity. While most training is still subsidized (though not by the ILO or its projects), there is a movement towards higher cost recovery among most partner organizations. Coordination with the job quality component has resulted in basic ILO values being promoted through small business training.

A significant contribution of IFP/SEED to the field of BDS development consists of testing innovative approaches to delivering BDS through the private sector. These have included work to apply market research to determine characteristics of demand for various BDS from the private sector, as well as developing the media as a tool for transmitting business information and generating demand for business services.

The publication of the *Donor Committee's Guiding Principles in 2001*, to which IFP/SEED made a major contribution, reflects international interest in supporting a jointly developed BDS paradigm change³. IFP/SEED continues to remain instrumental in instilling innovative concepts, focusing more recently on the relationship of BDS to other SED themes such as SBAs, clusters and chains, as well as Local Economic Development (LED). There are more than 70 market assessments done around the world today, many of them drawing on the conceptual approach and methodology elaborated by IFP/SEED. The international multi-agency network approach has also proven advantageous in its often quick-response capacity built from the informal arrangements with BDS practitioners who can easily feed into multi-agency initiatives and attract funding for innovative initiatives.

The BDS component has also facilitated an expansion of media firms as a means of raising awareness across countries, and of attracting both public and private-sector stakeholders for sponsoring initiatives (example: Radio media in Africa – a market development tool for business services, ILO/FIT programme). IFP/SEED's BDS work has also focused on ensuring a well-developed media strategy that matches programme production with a view to market niche and commercial appeal. These initiatives are cost-effective and have broad-reaching potential for raising awareness in a self-sustaining manner.

In its radio-based BDS programming, attention to impact has followed the flow of direct perceptual change as a result of the service (for example radio, or training), resulting in behavioural change, changes in the business operation and business environment, as well as impact on businesses and resulting developmental impacts. Awareness on embedded services constitutes another field of action that deserves attention when assessing outreach and coverage of services to hitherto uncovered client groups.

Major lessons learned.

- ◆ Development of sustainable BDS services through the private sector is in high demand by ILO's national constituents. The results of field-level interviews and project level reports also indicate that affordable BDS supply falls grossly short of demand in nearly all markets where the ILO has launched major programmes. Increasingly, organizations such as employers' and workers' organizations are looking for more innovative service delivery that includes cost recovery. Likewise, associations as providers of BDS need more support to develop cost-recovery oriented services to MSEs. To this end, the Ghana work on BDS and SBAs only recently started (2003) constitutes an important means for IFP/SEED to tap new sources of service provision and funding.

³ *Guide to Market Assessment for BDS Program Design. A FIT Manual*, by Alexandra Overy Miehlsbradt, ILO 2001: Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention 2001 Edition (The Blue Book).

- ◆ SIYB projects invigorate a network of BDS service providers through which other initiatives can emerge. In the case of the sub-regional SIYB Senegal (GERME) covering 9 countries, support structures are analysed and approached for service delivery and funding of MSE training. The spectrum of the network approach consists of public funding structures for vocational training, private training providers, NGOs, chambers of commerce and industry as well as financial services and internationally funded support structures. The scope of sustainability for SIYB therefore increases considerably, with the project itself acting as a catalyst and leaving service delivery to local structures. Rigorous selection of partner organizations is essential for effectiveness and sustainability, and is increasingly the rule in SIYB projects as well.
- ◆ The financial sustainability for business centres, BDS providers and their support networks is linked to commercially based business approaches but the endeavour to achieve sustainability is longer term and strongly influenced by local conditions and available local expertise. Reliance on international experts managing BDS projects may hamper development of local management expertise to develop further the project's groundwork. Reliance on donors as clients may shift the centres away from their real client base, the MSEs.
- ◆ The contribution of BDS to poverty alleviation appears in these ways: by generating employment, increasing earnings and improving employment conditions in rural areas and poor communities elsewhere. More evidence is needed on how vulnerable target groups can access meaningful and affordable business development services. Greater attention to sustainability should not preclude consideration of outreach. Attention can be given to linking contrasting methodological approaches to benefits and trade-offs for diverse MSEs.
- ◆ The BDS component of IFP/SEED has emerged as an area encompassing a variety of service products and providers. It therefore has potential for playing a key role in much of SEED's work aimed at the enterprise level. BDS and association building are foundations from which to launch representation issues, gender, and job quality. At the micro level, BDS provides a foundation from which to launch a number of "hard-to-deliver" products, such as job quality, in ways that respond to demand and can be fine-tuned into sustainable service components. Although significant joint work has been done, the interlinkages between these could be planned more systematically so that integrated products and services are more commonplace.
- ◆ Microfinance is a core component of small enterprise development and access to financial services is repeatedly reported as a major obstacle to MSE growth. This has been analysed by ILO/SFU; however, there has been little practical cooperation between SFU and SEED. Financial services guidance and support can be better linked with BDS, as for example in Ghana during the "First Ever SME Business Support Services EXPO" (May 2003) that covered topics of SME financing, micro-leasing for SMEs, taxation, as well as "staying in business" and business expansion.

The shifting paradigm for BDS requires an inclusive approach to design, implementation and evaluation of SED that draws from the diversity of IFP/SEED's experiences in recent years. Attention should be given to the effects of subsidised BDS on existing and potential commercial providers. At the same time, consideration can be given to how targeted subsidization can more effectively serve priority vulnerable groups, particularly isolated MSEs operating in the informal economy. IFP/SEED has not yet fully thought through the implications of the commercial BDS paradigm for outreach to the very poor and other vulnerable groups. More work is required to further harmonize the three main approaches that make up IFP/SEED's BDS work.

3.3 Market Opportunities

Strategy. Within the broad theme of expanding opportunities for what small businesses can produce and customers can buy, SEED supports several areas of programming. IFP/SEED has conducted research and supported pilot project work to gain knowledge to support industry-specific strategies and policies to welcome smaller producers. This has taken the form of local economic development through public-private partnership, and case study development of clusters and chains within specific global markets and trade-related BDS.

Public-private partnership (PPP). This initiative within IFP/SEED aims to improve the working and living conditions in poor urban areas, particularly targeting those active in the informal economy. PPP programmes link with local governments to improve capacity and support opportunities for small enterprise development to deliver public services. The approach targets community-based groups, local governments and partnership organizations to improve local employment in the informal economy⁴. Much of the project work has focused on promoting municipal services to the poor. Case work has supported the assumption that employment generation for the urban poor can be effectively promoted by reorienting investment policy and technology, enterprise development, empowerment and collective decision-making as well as local-level action as a simultaneous effort and process of SED⁵.

Chains and clusters. The application of value chain methods diagnoses market opportunities within various stages of design, production and marketing of products. This is transposed with work characteristics within micro, small and medium firms at a local level.

Three pilot projects have helped to demonstrate the usefulness of these analytical methods within specific but diverse industry contexts: the wood furniture industry in central Java, solid waste recycling in Sao Paulo and five areas within the cultural sector in Southern Africa.

Guidance tools have been developed to strengthen local capacities for value chain analysis and the articulation of how small enterprises can be supported to maintain and increase their share in markets and employment.

Partnerships. The PPP is applying one of three ILO local level planning approaches to support job creation, with similar initiatives existing in EMP/INVEST and COOP. Partnerships between the groups have resulted in development of several joint concept papers and guidelines, and several proposals and jointly implemented workshops. IFP/SEED and EMPINVEST collaborate through a cost-shared expert position and support synergies between investment policies and enterprise development for job creation at the municipal level. Field-level collaboration in Tanzania and Zambia focused on tool development and technical support. Based on documented employment creation through privatised waste collection in Dar es Salaam, replication is now being pursued in Kenya and Uganda through DFID funding. In Ghana, IFP/SEED closely cooperates with COOP, INTEGRATION and other units on the implementation of the Decent Work Pilot Programme (DWPP). Externally, work with UN-HABITAT has focused on shared interest in urban poverty reduction, and has evolved into a series of joint sub-regional workshops in Africa.

Collaboration with SECTOR on small enterprise clusters and the music and entertainment industry took the form of shared technical support on several activities. The field work has been collaborative with UNCTAD, UNESCO and WIPO, with plans for continued collaboration in this area.

Achievements. SEED's technical assistance at the national level to business associations has provided training and advice to strengthen their managerial capacity. Specific guides on how to start waste collection and water distribution services, and guidance to municipalities in partnering with the urban

⁴ Local Employment in the Informal Economy. Course Guide for staff in local governments and partnership organizations, ILO 2001.

⁵ *Cities at work: the employment dimension of urban prosperity*, IFP/SEED and EMP/INVEST, ILO 2003.

informal economy while ensuring respect for basic labour rights have been produced jointly with other parts of the ILO. The course guide on Local Employment in the Informal Economy, previously developed in Africa and Latin America, now serves as a stand-alone reference guide in South East Asia (Vietnam). More recently, the same guide was also introduced in the Ghana DWPP where it is being adapted for local use. Recent work to support the establishment of national SME Federations and ICT-based information systems is expanding as a major field of activity for the PolicyVoice programme in the French-speaking West African sub-region, benefiting from technical backstopping and guidance from IFP/SEED.

Pilot work with EMP/INVEST to increase the involvement of community groups and MSEs in the sustainable delivery of municipal services has led to broaden market opportunities at the local level and in the informal economy.

IFP/SEED's value chain and clusters work has shown how these methods can be a useful means of narrowing the focus of strategies within particular industries to balance local industry development within a global context, with simultaneous attention to quality of work and potential for upgrading work by moving MSEs higher up the value chain.

This work has been reinforced by a series of working papers and several workshops aimed at raising awareness among policy makers of the findings and recommendations stemming from project-level action research. Initial outcomes of the work so far are considered to be

- ◆ within research organizations and academic institutions, where ILO aims at greater integration of employment enhancement aspects into their own application of cluster and value chain analysis
- ◆ within specific industries in the form of policy advice and industry strategy.

Major lessons learned.

- ◆ The PPP programmes' similarity in emphasis and approach to EMP/INVEST and COOP has raised questions about the need for three distinct methods and organizational units carrying out what appears to be similar work. A recent report⁶ has concluded that while complementarity exists between these approaches, the initiatives and methods cannot be combined into one to serve all. Instead, collaboration between the three programme groups is needed to avoid confusion. This mainly happens if practical opportunities occur as is the case with the DWPP Ghana.

As the report suggests, at the community level, the programmes could have closer collaboration by offering organizations a choice of approaches, and means of combining methods from several alternatives. The latter would also require familiarization with current trends and methodologies used by other donors (for example the well-developed approach to "Economic Reform and Promotion of the Market Economy" by the German Ministry for Economic Cooperation and Development)⁷. Internally, attention to division of specialization and ownership, particularly around the area of resource mobilization is essential to avoid confusion.

- ◆ As next steps, the work in clusters and value chains can be integrated with other products and services of IFP/SEED to follow on the analytical findings of the work needed to see through the upgrading of work. This continuity could be planned through closer coordination with field offices and outposted technical specialists; however, local resource mobilization will

⁶ *Working Together: A study for COOP, EMP/INVEST and IFP/SEED-PPP*, consultant report for ILO: July, 2002.

⁷ www.wiram.de/toolkit

need to augment these efforts. This should also be linked to partnerships among bilateral donors represented locally and already working within SED.

- ◆ As attention to tool development gives way to application and follow-up, industry-specific focus may be a reasonable means of prioritizing where ILO can focus scarce resources and expertise. This would also allow for a more strategic cooperation with other ILO units and programmes at a country or sub-regional level to reinforce knowledge being fed back into IFP/SEED's knowledge-service-advocacy cycle (see for example the ILO's recent publication on the working conditions situation in the Cambodian garment sector, June 2003). More attention to coordinated targeting at a country and industry level would add coherence to other IFP/SEED work.

3.4 Association Building

The focal area aims to support the establishment, growth and capacity of democratic and representative organizations. The work has taken shape in the form of supporting associations of small enterprises and their workers to link more effectively with key agencies and groups. A central aim has been to improve the capacity for partnership building among small business associations, informal sector organizations, the social partners and local governments for a broad-based social dialogue and effective employment promotion.

IFP/SEED's work over the past three years has included a range of research work, and awareness-raising initiatives, such as publicity tools, the use of information and communication technologies (ICT) and campaigns, publications, national and international workshops, as well as advisory missions and training materials to improve understanding, management, outreach and support to these organizations. Local partners have responded positively to IFP/SEED's initiatives to support SBAs, often in spite of limited donor confidence in the efficiency, trustworthiness and relevance of associations. IFP/SEED has acted as a facilitator in sponsoring and raising funds for field-based local, sub-regional and international action. This has been in conjunction with its work on representative SME organizations, self-help groups of urban and rural poor and the improvement of the policy environment for SME. Until recently, IFP/SEED's contribution in addressing gender inequalities within associations has been less pronounced.

Partnerships. Direct work with social partners has focused on identifying more effective links between MSEs, their employees and trade unions and employers. Work with DECLARATION and ACTRAV has aimed at freedom of association and other fundamental workers' rights issues within SMEs. In 2002, work with workers' organizations included several research projects on the informal economy in preparation for the 2002 ILC discussion. With support from IFP/SEED and ACTRAV, the Organization of African Trade Union Unity (OATUU) has been implementing several entrepreneurship and business development projects and is now planning an enterprise promotion programme.

Collaboration with ACTEMP and Employers' Organizations in a number of countries supported analysis of small entrepreneurs' needs and expectations for support. In Kenya and The Philippines, this has led to the adoption and implementation of outreach strategies and service build-up by umbrella organizations. In other countries, technical cooperation programmes have been implemented to strengthen the service and organizational capacity of employers' organizations, such as in Vietnam and Mauritania. In Asia, IFP/SEED has helped foster understanding and a better response capacity of employers' organizations in respect to women entrepreneurship.

Achievements. IFP/SEED has recently published new working papers under the series *Representation and Organization Building*, focusing—through sector case studies in South Africa—on the current practice and potential for trade unions to be more influential in realizing freedom of association rights within the informal economy. The case studies document the lack of voice among informal workers

within specific industries, such as street traders and minibus taxi workers and the organizational strategies, challenges and practices which perpetuate inaccessibility to labour protection. Case study findings point to the challenge trade unions face in giving serious consideration to organizing informal workers.

The working paper series pushes forward understanding workers' organizations and highlights how these organizations can or do organize and improve conditions of informal economic actors. Because some target groups documented here have been widely covered by other ILO programmes in the past (e.g., the home workers in the garment industry), it would be appropriate for IFP/SEED to strategically address those areas and target groups that are underrepresented, with a view to gain competitive advantage over other SED programmes in the field. The case studies conclude that future advancement will link to changing membership policies, localized outreach particularly targeting women and integrating informal issues with those of employees in the industry.

Major lessons learned.

- ◆ IFP/SEED's work to increase awareness of strategies and constraints to organizing workers in particular industries in the informal economy reinforces ILO's work to face the immense challenge for trade unions operating in worsening economic and employment situations to launch new outreach initiatives aimed at including informal workers.
- ◆ The work with Employers' Organizations has yielded insights into the difficulties these partners have in reaching out to small entrepreneurs and their associations. This is partly related to the limited financial and human resources available, but more importantly, limited knowledge and contacts in the MSE sector. IFP/SEED's contribution has shown that it is possible for Employers Organizations to address these constraints effectively within a relatively short-term period. The challenge is to sustain and expand the enlarged MSE advocacy and service capacity of Employers' Organizations, in particular by encompassing small business associations.
- ◆ As a follow up to the outcome of the ILC discussion on the informal economy, IFP/SEED is working more directly with member-based, representative small business associations. This work shows the potential of scaling-up BDS delivery to many more enterprises, anchor job quality promotion in associations, and enlarge social dialogue at the local level to establish a more conducive policy environment and advance workers' rights.

3.5 Job Quality

Improving employment by way of improving productivity and accessing new markets in small businesses has emerged as a strong outgrowth of an initial SED emphasis on employment growth. The two are strongly interlinked around the theme of productivity and job quality. This specialized focus is not yet championed by other development agencies as prominently as it is in the ILO. ILO's work in this area is supported by international partners, target groups and ILO constituents. Funding for this component has come primarily from Netherlands' Partnership Funds. A central theme of the funded work has been to establish the linkage between productivity and improved working conditions and extension of social services.

Strategy. The job quality component develops and tests innovative, practical and sustainable strategies and tools, with special emphasis on working conditions and social protection in micro and small enterprises, and links this to improved productivity and enterprise competitiveness. It also works on strengthening the demand for job quality improvement services, (for example, through social marketing campaigns).

Knowledge development has included an initial round of country studies to establish local needs and demands among workers and employers for job quality improvements, including the area of micro-

insurance schemes for micro and small enterprises. Subsequent development of manuals and training methodologies are currently being integrated into existing SED projects and programmes, and for onward service delivery through BDS providers.

Outreach efforts have included coordination and dialogue with major international development agencies to incorporate job quality focus and methods into their recommended best practices. IFP/SEED has also reviewed and incorporated methods and findings from work done by agencies collaborating through the international donor committee on small enterprise development. Currently most work takes place at the country level where successes can then be discussed at a wider organizational level (UNIDO and cluster development in India and EMPRETEC Foundation in Ghana are two examples).

Internal partnerships. Collaboration within the ILO among technical groups has centred on building from existing work in the areas of child labour, youth self-employment, the poor in rural areas, working conditions and occupational safety and health. Ranging from financing special studies to collaborating on tool development, these efforts have resulted in redesigning existing tools to reach more vulnerable groups, joint-testing of manuals and approaches and better quality and consistency of methodology. One example is the joint SIYB/IPEC pilot programme in Turkey in two rural areas and one urban zone (“Support to Income Generation Activities for Families of Child Labourers through the ILO Start Your Business Programme with a view to gradually eliminate Child Labour,” P090 92 442 255) that was part of a thematic evaluation on income generation and child labour elimination in 2002.

Achievements. IFP/SEED is improving knowledge of the nature and magnitude of job quality importance to MSE workers and employers by integrating complementary work done by others in the ILO. The ILO’s tool, Improve Your Working Environment and Business (IWEB), was expanded to better encompass micro and small entrepreneurs. In Vietnam, incorporation of the job quality theme resulted in an additional SIYB tool, the “Managing People” module that is available as part of the training manual and as video production. The same product has also advanced the job quality work in Ghana, Sri Lanka, Trinidad and Zimbabwe, resulting in an internationally used SIYB module on “People and Productivity,” and a training video that supports it. For the self employed and micro entrepreneurs with little formal education a programme on “Improving Business through Better Working Conditions” was developed and tested. A pilot social marketing campaign in Ghana that used radio and TV proved to have a significant impact on MSE working conditions, and is likely to be followed by similar campaigns in Moradabad and Vietnam. The SIYB programme is also mainstreaming HIV/AIDS into the programme through tool development.

The development of tools, training and promotional materials to support application and innovative formats provides a basis from which other aspects of SEED’s work can happen. The pilot projects to develop application of tools represent an ongoing area of activity and link with initiatives to take the message to scale through the media and BDS.

Major lessons learned.

- ◆ Work within the job quality component demands strong interaction with others within the Office and nationally, given the specific skills needed to identify the best means of addressing job quality aspects. The specificity of expertise needed to recommend improvements is a major challenge to increasing the scale of job quality services on a commercial basis. Substantial work on job quality and working conditions has been accomplished by ILO’s WISE program. IFP/SEED’s emphasis on the MSE target group has greatly benefited from drawing on this experience and continued collaboration with TRAVAIL is an important next step.
- ◆ Job quality initiatives provide a means of spreading a realization of international labour standards to the informal economy. Productivity-aimed initiatives need to address the challenges of meeting the same minimum standards, level of services, support and safety that

apply for all enterprises. A promotional approach in Ghana is summarized in the slogan "*Safety at work, good for you, good for your pocket*", developed for a social marketing campaign in order to meet the needs of the labour force that is largely engaged in the informal economy, in largely unsafe and unhealthy conditions, without social insurance.

- ◆ Linking productivity with job quality has not yet been sufficiently reflected upon and distilled in a fully convincing manner. It therefore remains difficult for IFP/SEED and the job quality programme to more aggressively market the approach.
- ◆ Integration of job quality and productivity into more standard training products is useful if it can be targeted to those for whom it holds the most interest. Small and medium enterprise interest in SIYB's "People and Productivity" training modules attest to this. In this respect, IFP/SEED can give more attention to targeting where receptivity is likely to be strongest or work conditions particularly dire.
- ◆ Programmes and products that exclusively address job quality issues are unlikely to sufficiently lift the competitiveness of enterprises or sub-sectors, and the gains in job quality may therefore not prove sustainable. Job quality deficits are best addressed in the context of integrated SED programmes or when they complement ongoing national programmes and services in SED.
- ◆ Monitoring and documenting the benefits of job quality improvements is difficult; case study documentation and client feedback appear the most operationally feasible.
- ◆ On a macro level, change in the thinking of policy makers is needed to address the issue of scale but progress to date is limited. IFP/SEED can expand its stakeholder basis to include new ministerial structures and initiatives where they emerge (example of Ghana's new Ministry for Private Sector Development whose Policy Planning, Monitoring and Evaluation division is eagerly looking for appropriate tools to monitor the effectiveness and relevance of private sector development initiatives). In terms of job quality the most significant gaps and severe constraints are in the informal economy. Here, SEED has contributed significantly to highlighting positive cases and lessons learned that make a difference in and for the informal economy, as evidenced through a series of SED and informal sector initiatives in the French-speaking sub-region of Africa (IFP/SEED's PolicyVoice programme).
- ◆ Larger-scale impact will need to feed through trade unions and employers' organizations, in particular to build on their outreach efforts to those working in the informal economy, with reliance on tripartite dialogue. One conducive strategy has been to cooperate with the relevant stakeholders on a sub-sectoral level as shown in the case of the Senegalese mechanics and car industry as well as with youth skills training in Senegal⁸.
- ◆ Integration of job quality into the employment policy realm has potential for broad impact; however, the means of building from a local demand base is not straightforward. Policy agendas need to come from organized enterprises and workers within an informal economy.

In the way of next steps, the job quality concerns are being integrated into the BDS component which focuses on finding innovative means of providing training and other services on a commercial basis. Current initiatives to generate demand for productivity enhancement services through social marketing promotion and lobbying with key business associations show promise, although finding an effective promotional angle remains a challenge. This is now being taken up by specific country assessments on SBA and BDS (Ghana, June 2003).

⁸ BIT/Secteur de l'Emploi 2002/13: Initiatives permettant de promouvoir des emplois de qualité et d'améliorer la productivité dans le secteur informel. Une étude de cas au Sénégal, par Youssoufa Wade (ex-président du Conseil national du Patronat du Sénégal).

Current links to IFP/SEED's policy work at a country level can focus attention on policy and environmental factors affecting firm-level awareness and adoption of job quality improvements.

In addition, IFP/SEED can consider giving more attention to a sector or industry where higher productivity and job quality effects can have the most potential, such as manufacturing sectors, food processing and garment industries. The example of a IFP/SEED pilot project in the brassware industry in Moradabad, India, shows how awareness of working conditions can be created throughout the supply chain, involving government officials, producers and exporters of the industry; until present, however, SEED has done little to validate and disseminate similar examples for low-cost improvements in working conditions aimed at small household units and workshops.

3.6 Gender

IFP/SEED's initiatives through the Women's Entrepreneurship Development and Gender Equality (WEDGE) component have focused on enhancing women's opportunities through equal opportunity development for women and men and mainstreaming gender within small enterprise development.

Two initial aims under the subprogramme were to document major problems facing women entrepreneurs, and to survey existing good practices globally to enhance women's opportunity. Funding through the governments of Ireland and the Netherlands was used to develop case studies in SouthEast Asia and Southern Africa to increase visibility and awareness of women's work in small enterprise development and good practices for supporting gender-sensitive SED. The studies were a means to develop the knowledge base of gender-based differences in regards to problems in small enterprise development. The compilation of the country reports from Eastern and Southern Africa was particular timely, having coincided with the general discussion on the informal economy at the ILO Conference in June 2002.

As a next step IFP/SEED advocated governments and social partners to pay more attention to the needs of women entrepreneurs. IFP/SEED has used promotional materials, multimedia (local video productions on women role models and radio features), and facilitated government-led outreach to address gender within the context of SED and carry messages through to other donor-financed programming. Currently efforts are underway to integrate gender mainstreaming tools in SIYB and to develop gender-specific training material. The latter refers to tools specifically catering to larger target groups of women entrepreneurs who often remain unaware of standard training offers. To this end, SEED/WEDGE in cooperation with the ILO gender specialist South East Asia has produced an innovative pilot product (Gender and Entrepreneurship Together: GET Ahead Training for Women in Enterprise, Training of Trainers Manual, draft 2003).

IFP/SEED has also begun work to integrate gender-sensitive action plans within business associations and employers' organizations, drawing on field research and consultations with 13 employers' organizations in the Asia-Pacific region. In Ethiopia, WEDGE has identified a number of opportunities, such as possible in-house support for cooperatives of women in MSEs and the informal economy, or exposure to the FIT radio programme in East Africa that could become a valuable reference for the design of a women's radio programme in Addis Ababa. In Tanzania, a national symposium on gender issues provided key entry points into the new SME policy (2003).

Partnerships. IFP/SEED collaboration with GENDER and GENPROM has been regular and integrated with well-supported, shared initiatives involving ACTEMP, the regions and country-level social partners. In addition, cooperation in the field with ILO gender specialists and programmes forms a good basis for exploring the potential and opportunities of increasing SEED capacity and outreach towards women entrepreneurs at all levels, ranging from the informal sector to the small business associations of women-owned MSE.

Achievements. A 12-country workshop promoting women's entrepreneurship through employers' organizations, coordinated with ACTEMP, GENDER and ROAP, has increased demand among

employers groups for better guidance on how to integrate gender mainstreaming into action plans of employers' associations. The initiative has high potential for achieving indirect effects at scale if social partners make gender mainstreaming a priority. The work also reinforces good management and capacity to deliver member-demanded services, with emphasis on self-sustainability. The initiative has been replicated in Africa in association with ACTEMP and IOE (Casablanca, October 2002), and in the Caribbean (with SRO Port of Spain). In association with GENDER and SRO Moscow, pilot activities are underway with employers' organizations in Azerbaijan and Georgia.

A series of working papers has shed light on the constraints and strategies of women entrepreneurs in different countries. The research results highlighted the potential and barriers to formalization and growth for women entrepreneurs, and have pointed to the importance of financial services to women and of women linking to representative member-based enterprise associations for skills development and services. These can be more prominent themes for IFP/SEED to integrate in the future.

Major lessons learned.

- ◆ Associations are a primary means of influencing policy agendas and reform, particularly if they are linked to ILO's social partners. Gender is a critical issue at association level—upstream for policy, downstream for member base and representation. IFP/SEED is appropriately emphasizing an integrated component linking gender with association development.
- ◆ The successes registered with employers groups suggests that women's entrepreneurship can provide an acceptable and effective means of addressing gender mainstreaming priorities while at the same time reinforcing their outreach and support to small enterprises, including those women-owned.
- ◆ Building from the positive work with EOs, IFP/SEED can initiate increased dialogue with workers' organizations on gender issues, particularly related to women's higher rates of job loss, but also to the largely untapped potential of women micro-entrepreneurs engaged in group-based initiatives and self-managed women organizations.
- ◆ The research work has highlighted potential for job creation and growth with women entrepreneurs in Africa and Asia. A few studies have documented how conditions differ in nature and degree from men entrepreneurs and how gender and job creation intertwine. Future work can more regularly address issues of comparability, possibly making use of research work already available and ongoing gender initiatives such as the Norwegian-funded gender programme in French-speaking Africa.
- ◆ Within IFP/SEED's policy component, documenting the burden of onerous requirements and procedures associated with the regulatory framework and how these fall heavily on women deserves continued attention.
- ◆ Needs for support could be followed through with joint efforts of GENPROM/SEED to respond to demand on developing and improving women's potential in working in the informal economy through strengthened leadership skills, linkages with finance institutions, capacity building for associations, market linkages, information of business support and government regulations, small business training, project formulation and developing strategic plans. Finally, evidence from West Africa shows that there are plenty of opportunities for IFP/SEED to cooperate with ILO gender specialists and extra-budgetary-funded programmes in launching concrete pilot activities to respond to the clearly expressed demand by women entrepreneurs in Africa.

- ◆ Earmarking gender topics under one separate unit (WEDGE) carries the risk of overlooking instead of mainstreaming gender as an essential part of SED. Gender as a cross-cutting theme should be more pronounced in IFP/SEED's major programming areas.

Summary of portfolio review

The direct outputs of IFP/SEED's programme components are considerable and represent a major extension of ILO's knowledge and application of practical methods for supporting SED within countries. Country case studies and project documentation also indicate that most of these products have been applied with positive results. To date, at the country level most of the outcomes of IFP/SEED's work are seen in improved MSE sectors where better business practices enhance working conditions and strengthen enterprise viability in often adverse economic and political environments.

While work in improving the enabling environment for small enterprises and their workers has been less prominent, it is still significant and growing. Finally, attention to strengthening institutional support for employment relationships within the small enterprise sector has emerged as a prominent component of IFP/SEED's thematic work but one which needs greater attention in the next phase.

While SED promotion represents a critical thematic concentration in IFP/SEED's programme, integrated initiatives to address working conditions and employment relations issues within the MSE sector are also essential.

Feedback at the country level suggests that dissemination and application of new tools and knowledge is not yet sufficiently widespread. Efforts to address this should be prominent in the next programme phases.

The portfolio review also suggests a high level of dependence on extrabudgetary resources for supporting programme activities. Moving forward further on all initiatives will depend on new sources of funds and increased collaboration within the Office to ensure coherence and continuity.

IFP/SEED's integration of gender and poverty is evident in its thematic work and field activities; both cross-cutting priorities have received significant levels of resources and technical support. However, more documentation is needed to indicate how strategically both are being addressed within the core work areas.

Interviews conducted have stressed the importance of the ILO maintaining support of small enterprise development through business development services for two reasons: its potential for improving the viability of individual enterprises and job creation through SME; and its supportive potential for linking firm-level needs to infrastructural improvement. BDS as a core work area is not well-defined. More attention can be given to integrating the aims and efforts of its various initiatives.

IFP/SEED's mandate to reach vulnerable workers in the informal economy has prompted work with NGOs, for-profit service providers, media professionals and other providers and catalysts of private development. The flexibility to partner with non-traditional ILO partners has shown itself as highly appropriate to building effective technical initiatives that can prove sustainable. The Ghana Social Marketing Campaign has brought together various local stakeholders under job quality and productivity in a local setting of poverty and informal sector operations. In Senegal, the cooperation between the National Employers' Federation (Le Conseil National du Patronat), and IPEC and IFP/SEED has grown out of a joint effort with IFP/SKILLS, transforming the deficit-based approach of problem aspects such as child labour to one that emphasized vocational training.

IFP/SEED projects have aimed much of their local and national technical assistance at capacity building of key agencies. A sometime bottleneck has been the absorptive capacity of these agencies to make use of SEED's work; some technical work and projects have had to divert activities to wait for

needed decisions and change within partner organizations. In Senegal's GERME programme, similar to Sri Lanka's SIYB programme, the aim to partner with high potential service providers resulted in a rigorous screening process that filtered partners to only those deemed both capable and motivated. Whichever partnering agency is chosen, initial and regular assessment of partners' strengths, weaknesses and enthusiasm is needed to facilitate IFP/SEED in crafting specific activities for these partners.

4.0 Major findings

4.1 Relevance of SED to the ILO's employment agenda

Most ILO member States recognize small enterprises as a significant source of employment growth and are concerned with refining their policies to promote small enterprises. Employment policies almost always address small enterprise development, reflecting the high share of total workforce in small and medium enterprises. On average, between 60 and 70 per cent of total employment (total non-agricultural employment in developing countries) is found in such enterprises. However, their contribution to total output is much less at between 15 and 30 per cent. The dynamism, but also fragility, of small enterprises is well known. IFP/SEED rightly identifies small enterprises as a major opportunity for job creation as well as a challenge; most jobs in small enterprises have very low levels of productivity and income, particularly in developing countries. Enhancing the capacity of small enterprises to sustain and improve the quality of existing jobs as well as generate new ones is central to the decent work agenda of the ILO.

Many international, national and regional actors are involved in small enterprise development. This challenges the ILO and IFP/SEED to define its specific contribution. The adoption of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189) specified four main components of an ILO policy to small enterprise development. These were the policy and legal framework, an enterprise culture, an effective service infrastructure and supporting organizations of employers and workers. Successful small enterprise development rests on a comprehensive set of conditions, policies, tools and services that need to operate in an integrated manner.

The IFP/SEED correspondingly developed its strategy and diversified its products into four major areas, namely policy environment, business development services, market opportunities and job quality. High quality products have been developed in all these areas, although they are at different stages of development. Attention is now focused more on how to effectively translate these into services and tools for advocacy on a wider scale.

Conclusions:

The ILO should seek to better define the strategic objective and mission of small enterprise development within its overall mandate. This includes developing products and services of the highest quality at the most affordable price, but also comparative analysis of country policies, monitoring of trends, building a database and serving as a centre for the collection and diffusion of knowledge. IFP/SEED should centre its strategy on decent work in micro- and small enterprises in the larger sense, incorporating informal sector and local economic development strategies to address poverty and employment. IFP/SEED needs to pursue evolving from product development to promoting micro and small enterprise development policies and strategies.

In line with the Global Employment Agenda, SEED should distill the ILO's comparative advantage within the SED community as a facilitator of issues and themes that bear relevance to the creation of more and better jobs for men and women. Also, the ILO's niche in SED (in practice) can be highlighted by better arguing the means to increase productivity and improve job quality.

4.2 Targeting to focus SED work more effectively

Coherence in targeting strategies. SEED has relied on various targeting strategies in its work. Most of it is embedded in project initiatives and responds to broad policies (gender and poverty inclusive) or specific situational priorities (industries, geographic areas, occupational types, etc). At the programme level, SEED does not yet have a defined targeting policy and strategy to steer activities towards achieving beneficial outcomes for priority groups. The absence of such has dispersed SEED's work across an assortment of countries, sectors, occupational groups and job types. As a result, additive progress related to poverty reduction, improved opportunities for women entrepreneurs, specific institutional strengthening, or links to national priorities articulated in national PRSPs are not easily extracted.

The following suggestions were put forward during interviews for more effective targeting within the programme to improve coherence and links to aggregated effects.

Sub-regional profiling and priority setting. SEED could improve the continuity and complementarity of SED work across countries and support more pronounced sub-regional initiatives through more regularized portfolio review of existing projects and regular collaborative planning with the field,

Country-level assessments. ILO's work can benefit from ongoing multi-agency international efforts to assess major gaps in the small enterprise sector and coordinate the form and levels of programmed responses. SEED can be a partner with sub-regions in assessing ILO's comparative advantage within a multi-agency response strategy. In Ghana, a country mapping exercise was completed in the framework of an international agency assessment (IFC/SME country mapping); in Senegal, similar efforts are underway but results are not yet available. To this end, it would be useful for SEED to link up with the newly established national SED agency there (ADEPME) as well as with the newly established Ministry for Private Sector Development in Ghana.

Definition of a longer-term horizon and ILO's niche within a more integrated program. Within the context of national development priorities and joint needs assessment, SEED can work with field offices to sharpen the broader set of country priorities and ILO initiatives.

Integrated SED programmes at the country level. A key question for this evaluation was whether ILO activities have enough continuity across micro, meso and macro levels to effectively link small enterprise sector needs to policy decisions and larger scale impact. From the case studies reviewed, we find that ILO activities within a given country are often too thin and can only focus on one level of small enterprise development. Case study review has highlighted how complementary initiatives create a leveraged position from which SED issues can be more effectively addressed through achievements cross-sectionally and from sequencing over time.

In Senegal and the African sub-region of mainly French-speaking West Africa, continued policy reform efforts in the framework of the previous PACTE/AEMPE, now PolicyVoice programme, allow for a systematic integration of SME policy work and service delivery (GERME). In Ghana, synergies can emerge in various SED fields of BDS provision, such as capacities and partnerships developed among radio providers that can feed into the DWPP and LED in specific geographic areas. In Sri Lanka, feedback from social partners and government agencies confirmed the prominence given to ILO's work in SIYB and their interest in seeing this followed up by complementary initiatives that link to post-crisis job creation initiatives, and influencing policies to support private sector BDS sustainability.

As of now, there are a few examples of country-level programming that have been designed with the purpose of achieving integration vertically. Cases are the Mekong project aimed at integrating ILO's SED work across major IFP/SEED tools and themes (SIYB, PPP, association support) at the provincial level in Vietnam. A similar approach applied to SEED's work in Central America (Cenpromype). The former case has appealed to several donors who find the approach meriting further

development. Finally, SEED has been an active partner in Ghana's decent work country programme, which has integrated SED work with other thematic priorities at the country level, all of which is developed and implemented with the social partners.

The ILO's more traditional project approach to programming without strong emphasis on the country or sub-regional context misses out on synergies and potential to leverage success at one level to support work at another. We see IFP/SEED's pilot work in SED-integrated country-level strategies increasing the ILO's reach and effectiveness, and providing a means of supporting joint resource mobilization.

Increased attention to institutions and agencies. Most of ILO's SED projects and activities aim at indirectly reaching targeted groups of beneficiaries through the work of their partnering agencies. SEED's effectiveness depends on their success in supporting these agencies to understand and act upon challenges in improving their own service to priority target groups.

IFP/SEED's work with social partners, NGOs, government agencies and private firms to integrate an outreach strategy that focuses heavily on selected themes and supports the agencies to better plan, implement, monitor and assess the effectiveness of their outreach and activities. However, monitoring and reporting on these aspects have been less pronounced. More attention can be given to documenting these agency-level experiences and lessons learned, and to disseminate these in a more pronounced manner, both in-house and among the IFP/SEED team practitioners. An important aspect will be profiling agency capacities and the progression of their programmes and services over time as a partial result of ILO support.

The shift to a stronger country and agency orientation and longer term dialogue with key partners can also guide the choice of research, tool and manual development with all tailored to intended users. Making the user group too broad may in the end mean that fewer are able to use the knowledge or tool readily.

Conclusions:

IFP/SEED can consider approaching the targeting of its work at a programme level in order to aim for improved means of linking its initiatives to higher level strategies and priority groups. IFP/SEED has the potential to play a more analytical and technical support role in developing country-level integrated projects that effectively leverage SED work with other IFP/SEED and ILO initiatives. IFP/SEED should seek to define, alongside its product development strategy, a country or sub-regional strategy. This would enable it to maximise its impact in a few countries and build successful examples from which to disseminate lessons.

A more pronounced means of steering IFP/SEED's work through institutions may increase the effectiveness of specific activities but also enhance links to priority development frameworks for the country as a whole. This shift would reinforce a demand aspect to IFP/SEED's work and would likely give the ILO more visibility and credibility with countries wanting to improve their policies.

4.3 Negotiating partnerships more effectively

SED is not a delineated field and overlap and complementarity with other ILO programming is considerable. Within this context the evaluation considered IFP/SEED's management practices to support integrated programming and found on three different levels (internal to IFP/SEED, internal across technical groups, at headquarters and in the field), that IFP/SEED has shown innovation in addressing challenges related to collaboration and partnership.

Collaboration and integration across technical programmes. IFP/SEED's approach to collaboration is grounded in its own internal management practices that emphasize a theme and team-based organizational culture. This atmosphere of openness and transparency supports innovative

thinking and experimentation, and regular networking outside the unit. Attention to gender balance and mainstreaming is one indication of how this management approach can support integration of priority cross-cutting themes. New management of IFP/SEED needs to purposefully plan how to continue institutionalizing gender mainstreaming within IFP/SEED's work and to carry forward many of the effective management practices that supported integrated work.

The evaluation team compared different viewpoints among ILO internal partners to specifically address their motives for collaborating, the forms of collaboration that developed, what happened, and any issues or lessons learned through the process. The analysis uncovered several issues that need to be addressed by IFP/SEED and the Office as a whole.

Using regular budget and its extrabudgetary funding, IFP/SEED has partnered with roughly sixteen technical units in the ILO. While much of its work has been linked to others in the employment sector, various forms of collaboration are underway within all other sectors and several cross-cutting units. Many of the costs for collaboration have been covered by IFP/SEED and have been put towards developing new tools, manuals, joint studies, project technical backstopping, and proposal development.

While most considered these forms of collaboration beneficial, the following concerns surfaced:

- ◆ Partnership on a more substantive level should include joint planning in the proposal development stages and merging knowledge on a country- or sub-regional level.
- ◆ The ILO's extrabudgetary budgeting practices need to make straightforward the implementation of shared budgets for technical cooperation projects.
- ◆ Genuine reasons and interest in collaboration need to be reinforced by line management. This should include cross-sector partnerships.
- ◆ Ownership of jointly supported technical tools, projects and other shared products needs more attention, particularly in terms of how follow-up initiatives will avoid duplication and competition.
- ◆ Competition for extrabudgetary funds makes internal partners very reluctant to always be cast in a supporting role, acting as subcontractors to others more visible.
- ◆ The TC RAM funding mechanism has not rewarded partnership in the past, but this needs to be a consistently enforced criteria. That is not to say that integration of technical work should be forced or contrived.
- ◆ More cooperation is needed on fielding multi-disciplinary technical assistance, evaluations, and sharing of consultants.

Many of the issues raised do not apply uniquely to IFP/SEED but rather suggest the need for changes in the Office's attitudes and practices to support longer-term internal strategic partnership.

Field collaboration and partnership. Much of IFP/SEED's work has been linked to country level activities and done in coordination with ILO's field offices. IFP/SEED's staff has organized consultation workshops and less formal planning and coordination meetings at some regional and sub-regional levels. These have focused on joint identification of opportunities and constraints in SED, identifying priority work areas and collaboration between headquarters and the sub-regions around core SEED programme components. Practical measures for improving HQ/SRO coordination were identified and reasonably followed. Collaboration across SIYB projects has proven particularly effective through joint product development, quality control and regular problem solving.

Although SEED has worked jointly with the field on both centralized and decentralized projects, its collaboration with field offices is more pronounced on those projects it directly manages, or at least is involved in managing (PolicyVoice Senegal; DWPP Ghana). IFP/SEED has provided considerable backstopping of the centralized Mekong project, but has had less opportunity to work with the decentralized Central America project of a similar type. Sub-regional planning needs to aim for a more regularized and consistent role for IFP/SEED and the field, along a cost-sharing basis.

Conclusion:

The Office can learn from the good practice and management style followed in IFP/SEED and reinforce its adoption in other areas. Obstacles to wider and more systematic collaboration should be examined and issues uncovered through the course of this evaluation addressed at departmental, sectoral and regional levels. Within the Office, attention should be given to revised systems that reinforce integrated resource-based collaboration both at the planning and implementation stages.

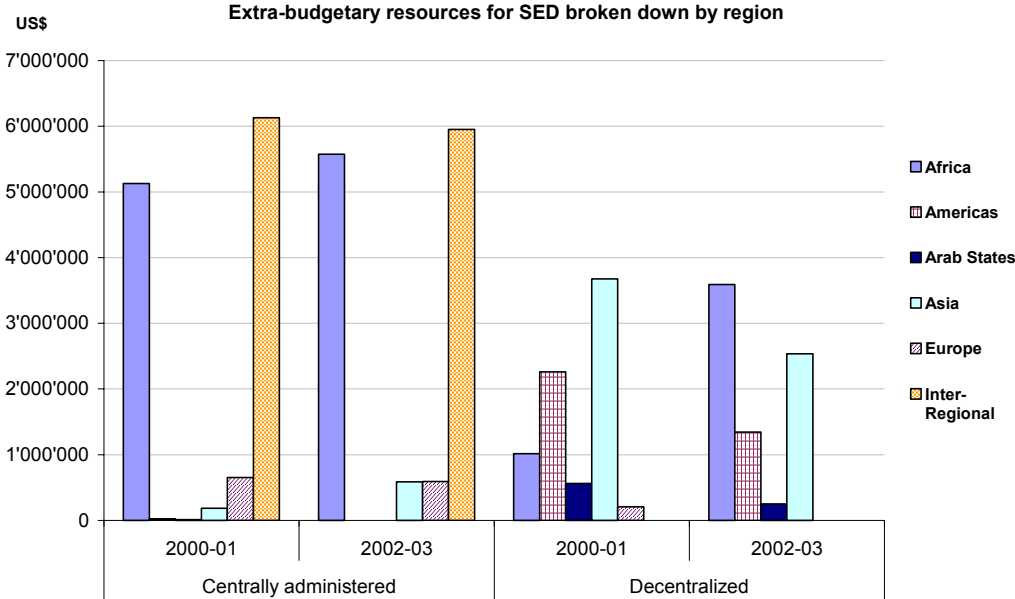
4.4 Redefining SEED’s strategy for resource mobilisation

Within SEED, project backstopping accounts for a major use of staff time. Of the ILO’s portfolio of SED programming, nearly 75% is supported through extrabudgetary resources. Over 60 percent of this is managed centrally by IFP/SEED. The major share of centrally-administered extrabudgetary resources is allocated in 2002-03 to inter-regional activities, as shown in Figure 3.

The data suggest that a major part of IFP/SEED activity is expended on technical and administrative backstopping of technical cooperation projects. This can be interpreted in two ways. First, the preference for interregional activities may reflect uncertainty about further decentralisation in a context in which ownership of resources is the most secure means to ensure control over outcomes. A partnership agreement with the Netherlands, a major donor of IFP/SEED, may have indirectly encouraged this, by providing welcome flexibility in the management of extra-budgetary resources. Second, capacity in ILO field offices in Africa appears inadequate to support further decentralisation of activity.

This pattern may evolve as the ILO (and donor) emphasis on decentralized technical cooperation gathers strength. Nevertheless, it will be important for IFP/SEED to retain access to such funds in order to pursue its product development and policy work. Also important will be ILO oversight to ensure that continuity between funding periods is adequate to expand successful pilot work and that lessons learned are widely applied. This will involve changes in ILO’s current practices of allocating extra-budgetary programme funding on a biennial basis to better plan transition.

Figure 3.



A similar pattern prevails in regular budget positions. In 2002-03, there were 21 regular positions at headquarters and 12 in the regions (or 36.4 per cent). IFP/SEED's challenge is to ensure coherence in an increasingly decentralized programme that technically has to rely on an unpredictable field personnel base characterised by heavy work loads, diverse individual technical skills, and regular temporary vacancies. IFP/SEED's comparative advantage is not in project management but coordination and technical guidance in the substance and mix of ILO's SED portfolio. Within this context, IFP/SEED can play a strong facilitating role in developing integrated resource mobilization strategies based on technical capacities and approaches, and sub-regional priorities.

Conclusions:

IFP/SEED's comparative advantage is not in project management but coordination and technical guidance, and other forms of internal support in the substance and mix of ILO's SED portfolio. Within this context, SEED can play a strong facilitating role in developing integrated resource mobilization strategies based on technical capacities and approaches, and sub-regional priorities.

An optimal distribution of resources should be functional with the responsibilities and results that are expected from the activities implemented. SEED's pursuit of technical cooperation should include this criterion in assessing the merits of decentralizing activities to other units in the field and at headquarters.

4.5 Fine-tuning SEED's results-based framework and practices

IFP/SEED's ambiguous responsibility in managing ILO SED work

Within the strategic planning process, IFP/SEED is tasked to propose the ILO's biennial SED technical programme, identify ILO's aims and targets, and monitor and report on performance. In addition, IFP/SEED is directly responsible for implementing the brunt of ILO's SED programme. The organization of work around some eight to ten sub-components further weakens the focus of IFP/SEED. This contributes to the current blurred lines that inhibit streamlining efforts with neighbouring units in the Employment sector such as COOP (LED), management and corporate citizenship (MCC) or social finance (SFU).

As project work is increasingly managed within regions, a growing share of ILO's SED activities is no longer coordinated through IFP/SEED. The situation is confounded by the absence of regular reporting on IFP/SEED's share of the ILO portfolio or similar reporting from the regions other than those prepared for the Governing Body or project-by-project. It appears that in supporting coherence, IFP/SEED can develop and maintain a portfolio of regional work for ILO's SED programming, identifying more proactively how it can provide guidance and support thematically. For extrabudgetary resources allocated at a programme level regular and more detailed reporting is needed of individual major activities.

Develop a stronger operational performance context for SEED

The IFP has designed and carried out a programme consistent with the decent work mandate. Its programme sets forth broad goals and the IFP articulates its vision in the form of a detailed strategy that clarifies how the programme will translate employment promotion into major means of action. At the programme level, however, the group does not set operational performance targets within their major component areas. This seems to contribute to a certain disconnectedness, with synergies across components not as clearly evident.

The stated goals at the IFP's inception are still relevant to the current priorities of the programme. These are complemented at the operational level by an operational objective, that *governments, social partners and other institutions apply ILO advice and practical tools to improve the quantity and quality of employment in small enterprises*. Based on biennial resources linked to this objective, a target of *constituents in 40 member States and institutions in 20 member States*, will achieve this aim.

Analysis of the strategy and operations of IFP/SEED suggest that the current indicator and target do not link well with the actual planning, resourcing, implementation, monitoring and reporting practices of the programme. A revision of the target-setting process is needed, as is a clearer link to activities and tracking of progress over the course of the biennium.

In revising its more immediate operational targets, the IFP can consider setting performance measurement and targets around core thematic components that reflect the resource base, staff expertise and sub-regional priorities. These can build upon House efforts to integrate work planning. The programme's strategies should then be reviewed to ensure a close fit between means of action and broader performance goals. This process will also reinforce stronger links between strategy components over a longer term time frame.

In some cases, ILO's work in small enterprise development at the country level has been to ameliorate employment deterioration. The setting of performance indicators and targets that are quantitative in terms of job growth and improvement will be difficult due to the complexity of developing reliable measurement. In addition, at the country and project level, much of ILO's impact comes through improved job quality, productivity and security, and improved institutional capacities to enhance policy and environment.

The IFP can develop within the context of the 04/05 implementation plan, an operational results framework that more directly links its vision and goals to the form of progress and impact planned at the country and sub-regional level. This can be a means of defining at the onset of implementation, the target groups, form and scale of progress to be achieved.

Measuring performance and impact at the activity, project and policy level

IFP/SEED's work to demonstrate the direct and indirect effects of measures promoting job quality and quantity has drawn on good practice from elsewhere to develop straightforward monitoring and impact measurement tools that can be applied widely. Despite having tested a range of approaches and methods, the programme lacks consensus on how to move forward. A recent study has presented issues and options for impact measurement and has laid out many of the challenges associated with this ambitious work.⁹

IFP/SEED's ongoing work on the flow of causalities in its various programmes is commendable and deserves attention as a good starting point. The impact measurement tools and logframe matrix with objectives, outputs and indicators should be further developed and more vigorously applied in selected programmes and demonstration projects. This would help to distill the developmental outcomes along the various levels of change, and to test and adopt respective indicators to be set in more traceable terms. Ultimately, a reference system could be developed in the future for promotion and dissemination purposes that would also make SEED's work more transparent to potential donors and co-funders.

IFP/SEED has rightly taken initiatives aimed at supporting national institutions to assess their own impact. The primary responsibility for assessing the impact of regulatory and policy change lies with government and national entities such as social partners. IFP/SEED's role is one of advising, skills development and raising awareness of assessment needs and methods, but also sharing what is already known through previous assessment work done by IFP/SEED and elsewhere.

IFP/SEED can continue to focus on means of monitoring effects of ILO tools and ILO-endorsed methods. Their development can take an action research approach to combine service with discovery and validation. IFP/SEED's progression in its own development now calls for less emphasis on

⁹ Steps towards impact assessment of SED interventions on employment. SEED Working Paper, September 2002.

primary research and more emphasis on synthesizing its own research and that conducted elsewhere. To this end, it would be important for IFP/SEED to continue screening current trends and portfolios of the international SED donor community for comparability, niche targeting and benchmarking purposes, but also for strategic fund-raising and long-term positioning as a SED reference.

It is not yet evident from documents reviewed whether IFP/SEED's impact assessment work has fed into decision-making at the policy level, or if current dissemination is an adequate means of influencing governments and social partners, or other development agencies. Shorter position papers or briefs may be effective, as would be greater use of lessons learned for promotion of how methods are being improved. This would have major implications for how IFP/SEED approaches SED policy dialogue with governments. ILO could place more emphasis on providing insight and advice to governments on other research outcomes worldwide on the effects and effectiveness of SED. This is particularly the case with SED and poverty reduction, where the level of effort required is high and the considerable research already done is not widely known by key policy makers at the country level. IFP/SEED has comparative advantage in generating this kind of knowledge because of its attention to advisory relations with governments and social partners.

Conclusions:

The ILO needs to clarify roles and responsibilities in major themes, such as small and medium enterprise development, to which several units contribute. In addition to line management responsibilities, a thematic coordination responsibility should be introduced with defined attributions.

For its next implementation period, IFP/SEED can revise its processes for setting, supporting and monitoring its performance indicators and targets to make them more directly related to its programme of work.

IFP/SEED's work in monitoring and measuring the impact of SED can be profiled and annotated, with an overview on how the various methods and tools can be applied by practitioners, government and social partners. The level of complexity, difficulty of measurement, need for adaptation should be weighed against the capacities of our partners when developing new impact tools and measurement methods.

IFP/SEED would improve its efficiency and effectiveness in the area of impact measurement by developing a strategy overview and presentation of its current tools, methods and studies as they can be understood and used by others.

5.0 Summary of Conclusions and Recommendations

The period reviewed from the launch of IFP/SEED to mid-2003 has demonstrated considerable evolution toward a more comprehensive programme with significant product development and collaborative arrangements within and outside the Office. The direct outputs of IFP/SEED's programme components are considerable and represent a major extension of ILO's knowledge and application of practical methods for supporting SED within countries.

The programme seems well-poised to pursue this trend by clarifying its role as a central technical expertise and facilitator of ILO's work on small enterprise development. A central focus on decent work in small enterprise would further define the ILO-specific angle to enterprise development.

IFP/SEED is the central capacity for managing ILO's knowledge and advocacy for SED; ILO's core competencies that support SED programming encompass more than the IFP/SEED programme. IFP/SEED has collaborated with key groups to more effectively support ILO's broader SED mandate. Some of this collaboration has been between HQ technical groups and others with the field. An

unresolved question for IFP/SEED and the ILO in general is whether IFP/SEED is responsible for ILO's overall SED mandate, and if so, how it is to define and act on this role and responsibility.

This evaluation finds it important that ILO reconsider its approach to managing ILO's SED knowledge base within a more decentralized system, with consideration as to how IFP/SEED can play a more facilitating role. As the ILO's technical resource centre for SED, IFP/SEED can support coherence and continuity by facilitating innovation, replication of successes, quality review, and supplying technical expertise to specific activities. This work needs to take place in conjunction with an Office review of how practices need to change to support more interdependence between units in managing their activities. Some key processes to consider:

- 1) IFP/SEED-wide progress reporting on implementation of Recommendation 189, independent of funding sources, ongoing programmes and donor requirements. Here, IFP/SEED could become more self-pronounced in pursuing its vision to contribute to SED on a global scale.
- 2) Biennial or annual ILO-integrated SED portfolio reviews and joint planning processes established. One manageable process would be applying innovative approaches such as virtual conferencing over the internet.
- 3) Thematic working groups or teams linked through email networks and other means to identify new niches in the field and to maintain an international perspective.
- 4) Joint project proposal and appraisal teams that reflect various technical expertise and organizational vantage points.
- 5) More effort to integrate technical resources into project designs to support knowledge management, and to adopt a more coherent listing of research papers, documents and discussion results throughout all IFP/SEED programmes.
- 6) Financial systems that support integrated project work between different parts of the Office.
- 7) More straightforward means of facilitating field staff to apply good practices such as regular updates on SED work done globally.

Within the programme, there is room to build on the current portfolio of technical work by developing a longer-term integrated service that constitutes a blending of various tools into a more progressive "value line" to international and national partners and target groups. Within this context, greater emphasis can be put on the vertical complementarity of various initiatives at the local, national and regional level. Such an approach would make more visible how opportunity-based collaboration among technical groups within the ILO can come together. Ultimately, this would give IFP/SEED a more comprehensive and shared vision, bringing together programme staff, and reinforcing a more fluid exchange with ILO's field offices.

Annex 1: Evaluation Terms of Reference

EVALUATION of the INFOCUS PROGRAMME ON BOOSTING EMPLOYMENT THROUGH SMALL ENTERPRISE DEVELOPMENT (SEED)

Terms of Reference

1. Introduction

At the request of the Governing Body, the ILO is organizing a series of evaluations of the InFocus Programmes. In the current Biennium both the IFP/CRISIS and IFP/SEED will be reviewed. The purpose of the evaluations is to assess the progress and achievements as well as the strategic budgeting of the (new) InFocus Programmes (see also GB.279/PFA/8 of November 2000). More specifically, the reviews in this Biennium are intended to generate lessons for both the IFP staff and managers as well as other parts of the House on programme-wide coherence, relevance and effectiveness.

A summary report of the evaluation is to be submitted to the ILO Governing Body in November 2003. A draft evaluation report is to be finalized no later than the end of August 2003. The following terms of reference describe the scope of the evaluation and the methodology to be applied. Final responsibility for preparing the evaluation rests with the Bureau of Programming and Management.

2. Background and Context

Within the ILO's overall framework for employment promotion, enterprise creation, innovation and business growth are seen as central means for increasing employment and social inclusion. The world employment crisis is characterized by an insufficient number of jobs available and the low quality of those jobs. Small enterprises represent an important and rapidly growing component of total employment. The promotion of small enterprises, through creation, consolidation and expansion, is a necessary part of any policy responding to the employment crisis.

Following the adoption of the Job Creation in Small and Medium-sized Enterprises Recommendation, 1998 (No.189), the InFocus Programme on Boosting Employment through Small Enterprise Development (SEED) was established in 2000. The programme builds upon several decades of work within the ILO to promote employment through micro and small enterprise development.

The initial programme document for SEED identified four major goals within a medium-term planning framework:

- ◆ To expand job opportunities in the small enterprise sector through enterprise creation and growth;
- ◆ To improve the quality of jobs in small enterprises;
- ◆ To ensure that gender concerns in small enterprise development are mainstreamed; and
- ◆ To promote business networking and representation in small enterprises.

After the establishment of the SEED team, this framework was subsequently transformed into a more comprehensive SEED strategy encompassing various means of action at these policy, institutional and entrepreneurial levels: supportive policy and regulatory environment; increased market opportunities and access; and more effective business development services. The SEED programme now forms an integral part of the broader ILO contribution to country development frameworks and poverty reduction strategies, and underpins the ILO's support of the Millennium Development Goals.

In line with the overall ILO mission, SEED integrates four crosscutting themes in the implementation of its strategy:

- ◆ job quality
- ◆ enhancing economic opportunities for women
- ◆ representative organizations
- ◆ the informal economy.

Improving job quality fits within a strategy of raising productivity. Different dimensions of job quality can in fact present high returns for small enterprises.

SEED seeks to make job quality an integral part of small business development strategies. The programme seeks to give particular attention to women entrepreneurship and the specific concerns related to women establishing and sustaining their own small businesses. In fact a large part of the potential target group of small businesses is composed of women.

SEED aims to mobilize the social partners to channel effective support towards small enterprises, and also supports representative organizations of people working in the informal economy to make their voice heard.

In recognition of the need for more positive attention for the problems and potential of workers and entrepreneurs in the informal economy, SEED also aims to improve outreach and impact of small enterprise policies and programmes for those target groups.

In addition, SEED's programme priorities have included significant attention to the challenge of developing impact assessment methodologies for measuring the impact of SEED's activities on the quality and quantity of employment. This work is undertaken in collaboration with the Donor Committee for Small Enterprise Development.

In implementing its strategy, SEED employs different means of action and liaises with a range of partners at the international and national level. **Advisory services** are provided through the dissemination of research findings, good practices and technical manuals. **Short training courses and workshops** are organized and supported on specific topics to enhance local capacities, especially those of ILO constituents. Medium-term **technical cooperation** projects are supported for in-country assistance policy reform, market access, business development services and the SEED crosscutting themes, usually in an interrelated manner. **Advocacy** for the ILO approach to small enterprise development continues through partnerships with ILO constituents, and other UN and donor agencies.

3. Scope of evaluation

The aim of the evaluation is to review progress and achievements of the programme as a whole. However, it is not designed to provide a complete inventory and appraisal of SEED's entire spectrum of work and partnerships. Instead, a number of critical issues are prioritised which will be reviewed in respect of a selected range of SEED work areas and partners.

3.1 Mandate and relevance of small enterprise development for the ILO

The evaluation will consider the design of the IFP/SEED programme and its relevance to the larger strategic and operational objectives of the ILO. The programme relevance within the context of constituents' priorities at the country level will be considered. In view of the large number of international players supporting small enterprise development and the scarce programming resources within the ILO, the evaluation will consider issues of comparative advantage of the ILO's programme within a global context. The evaluation will also consider whether the SEED programme has any unwarranted duplication with other international development organizations

3.2 Strategy and implementation

At the outset, the evaluation will review the expectations of InFocus programmes and set SEED's performance in relation to these expectations. The IFP's programming approach to small enterprise development follows a product cycle application beginning with applied research, leading to product development and testing, followed by wider application and dissemination. This approach has been

endorsed by donors and boosted by technical cooperation funding. Refinement in strategy has evolved over the years, with the IFP articulating in greater detail its thinking in integrating strategic partnership, constituents and tripartite institutional processes, as well as locally tuned, policy-oriented strategies. At the country level, the evaluation will review one to two case studies to analyse the application of programme approaches in terms of:

- ◆ Planning and monitoring outcomes for constituents and other targeted groups, including responsiveness to priorities and needs,
- ◆ Integration of gender, poverty and the informal economy,
- ◆ Strategic use of technical cooperation programmes and projects, as well as their potential impact and sustainability,
- ◆ Partnerships and a consultative approach to promote integration as a means for increased impact and sustainability.

Effective coordination and management are pivotal to the successful planning and implementation of SEED's global and national programming. Coordination between field and headquarters units, as well as with area and sub-regional offices will be documented. Internal monitoring and communication processes at the project, field unit, and more aggregate programme level are required means of supporting innovation and sound decision-making. Current practices will be reviewed on a case study basis.

Technical cooperation is a strategic means of action to develop country-level MSE programmes. The use of technical cooperation will be examined relative to the other means of action. This may also include analysis of technical and administrative support costs related to extra-budgetary activities, as an emerging issue relevant to the ILO in general.

3.3 Programme effectiveness and evidence of impact in selected thematic areas

In addition to reviewing the overall coherence and complementarity of the SEED's thematic components, a more focused assessment of progress and potential for impact will be carried out in the following three areas, also taking account of the four items referred to in 3.2 above:

- i) Policy reform and enabling environment: The ILO's approach to social dialogue and policy development is considered unique among major development assistance agencies. Its focus on policy implementation at the local level and training in employment generation for municipal government agencies is also notable. Experience in programming towards this will be reviewed on a case study basis.
- ii) Job Quality: The SEED approach to building knowledge on linking job quality to employment and productivity increases through improved competitiveness and access to broader markets is innovative. The evaluation will consider how effectively it uses this knowledge to develop services and advocacy initiatives, including through business development services, that improve job quality and enterprise sustainability
- iii) Women's entrepreneurship development and gender equality is a crosscutting theme for small enterprise development and one which has been supported through a wide range of products, activities and projects. The evaluation will review progress made and potential for greater impact.

3.4. Sustainability and partnerships

ILO technical assistance aims to establish long-term capacity to address the desired objectives. Longer-term impact comes about through strengthening of local capacity. Close collaboration with key partners in either public or private institutions in support of small enterprise development is critical. The evaluation will examine the programme's performance in identifying and working with key partners, including tripartite constituents, and strengthening their capacity to support small enterprise development.

4. Methodology

The evaluation will involve an initial desk review and round of interviews with management and focal points within headquarters and field staff, contacts in partnering organizations, and ILO constituents with distribution across representatives for workers, employers and government, and regions.

The evaluation will incorporate field visits to at least two field offices and two countries to provide feedback and document through example how SEED is implementing and affecting target groups at the country-level. A shortlist of countries and sub-regions considered for case studies include Sri Lanka, Costa Rica and Tanzania. In addition, SEED will engage a consultant to make field visits for the evaluation team in Ghana, Senegal and Vietnam.

Outputs of the evaluation will include:

- ◆ A summary report of findings to be presented to the November 2003 Governing Body;
- ◆ An internal workshop to discuss findings and conclusions to jointly discuss recommendations and next steps;
- ◆ Several country case studies of ILO programming in the area of MSE development.

Time Table:

Evaluation TORs finalized.	January 2003	Persons responsible
Desk review, meetings, staff interviews	February, March 2003	
Field assessment (ILO field offices plus one country programme review)	February to April 2003	
Constituent Interviews (GB and/or ILC)	March/June 2003	
Draft of findings and conclusions	May 2003	
Action plan workshop	To be decided	
Final report	June/July 2003	

Annex 2. Technical positions supporting SED at the sub-regional level

Region	2000-01			2002-03		
	Number of positions	SRO office in:	Title	Number of positions	SRO office in:	Title
Africa	5	Addis Ababa Cairo Dakar Harare Yaoundé	Enterprise, management development Enterprise, management development Enterprise, management development Enterprise, management development Enterprise, management development	5	Addis Ababa Cairo Dakar Harare Yaoundé	Enterprise, management development Enterprise, management development Enterprise, management development Enterprise, management development Enterprise, management development
The Americas	4	Lima San Jose Santiago Port of Spain	Small enterprise and cooperative development Small enterprise and cooperative development Small enterprise development Small enterprise and management	3	Lima Santiago Port of Spain	Micro-enterprise and cooperative development Enterprise and management development Small enterprise and management
Arab States	1	Beirut	Small enterprise development	1	Beirut	Small enterprise development
Asia	3	Bangkok New Delhi Manila	Management development and productivity Management development and productivity Small enterprise development	3	Bangkok New Delhi Manila	Small enterprise and management development Management development Enterprise development
Europe	0			0		
Total	13			12		

Table 1: SED extra-budgetary resources by region: centralized and decentralized administration

2000:

Centralized
Projects

Region	Allocation	% of total
Africa	2,855,092	60.3
The Americas	25,257	0.5
Arab States	13,300	0.3
Asia	110,579	2.3
Europe	442,219	9.3
Inter-Regional	1,290,946	27.3
Total	4,737,393	100.0

2000: Decentralized projects

Region	Allocation	% of total
Africa	686,612	14.3
The Americas	1,248,920	26.1
Arab States	419,788	8.8
Asia	2,262,779	47.3
Europe	167,274	3.5
Total	4,785,373	100.0

2001:

Centralized
Projects

Region	Allocation	% of total
Africa	2,272,243	30.7
The Americas	0	0.0
Arab States	0	0.0
Asia	72,714	1.0
Europe	209,628	2.8
Inter-Regional	4,840,141	65.5
Total	7,394,726	100.0

2001: Decentralized projects

Region	Allocation	% of total
Africa	327,251	11.2
The Americas	1,012,361	34.5
Arab States	140,775	4.8
Asia	1,413,742	48.2
Europe	38,232	1.3
Total	2,932,361	100.0

2002:

Centralized
projects

Region	Allocation	% of total
Africa	2,799,281	38.8
The Americas	0	0.0
Arab States	0	0.0
Asia	148,626	2.7
Europe	205,893	3.7
Inter-Regional	2,394,801	43.2
Total	5,548,601	100.0

2002: Decentralized projects

Region	Allocation	% of total
Africa	902,311	25.9
The Americas	1,144,281	32.8
Arab States	168,085	4.8
Asia	1,270,971	36.5
Europe		
Total	3,485,648	100.0

2003:

Centralized
projects

Region	Allocation	% of total
Africa	2,774,536	50.0
The Americas	0	0.0
Arab States	0	0.0
Asia	437,964	6.1
Europe	386,610	5.4
Inter-Regional	3,558,070	49.7
Total	7,157,180	100.0

2003: Decentralized projects

Region	Allocation	% of total
Africa	2,689,242	63.5
The Americas	197,857	4.7
Arab States	82,111	1.9
Asia	1,264,746	29.9
Europe		
Total	4,233,956	100.0