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Green entrepreneurship: Creating green jobs through sustainable enterprise development

Small- and medium-sized enterprises (SMEs) form the backbone of most economies, providing high levels of employment and contributing extensively to GDP growth. Successful enterprises are driven by passionate and committed entrepreneurs who recognise, create and seize opportunities to capitalise on them through a business. Hence, entrepreneurship results in innovation as well as sustained economic and social development.

Green entrepreneurs provide the hotbed for starting and sustaining a green economy by providing green products and services, introducing greener production techniques, boosting demand for green products and services, and creating green jobs.

SMEs in Namibia's economy

- There are an estimated 40,000 SMEs with approximately 150,000 employees.
- Up to 80% of all new jobs are created in SMEs.
- The contribution of SMEs to GDP is estimated at more than 20%.
- It takes in average of 66 days to start a business in Namibia, compared to 34 days in Sub-Saharan Africa.
- 'Formalisation' of the informal economy within the SME sector is a challenge.

Green entrepreneurship – Taking the two perspectives

Green entrepreneurship can be defined from two perspectives related to the output (products and services) as well as the process (or production) of an economic activity. Entrepreneurs can enter into an overtly 'green' business sector, providing green and environmentally friendly products and services (e.g. waste management). Alternately, green entrepreneurs can provide their products or services through an environmentally friendly process or with the help of clean technologies (e.g. eco-tourism). Usually, green entrepreneurs consider both aspects in their business models, creating additional decent employment through the use of more environmentally friendly processes, while reducing the overall environmental impact as a result of people or companies using the final product or service.



Green entrepreneurs – the engine for job-rich growth and youth employment

In Namibia the SME-sector is indispensable for the country's socio-economic development. It is estimated that SMEs contribute more than 20% to the national GDP, while creating approximately 150,000 jobs. Green entrepreneurship can form an integral part in the fight against youth unemployment (currently standing at over 60%) due to the low entry-level requirements for young people in many sectors and their generally strong interest in innovative business solutions and sustainability considerations. In addition, the creation of new firms allows equal access in terms of gender and is not limited to urban areas where traditionally larger employment opportunities exist. Green entrepreneurship can also provide new employment opportunities to workers who are set free during the restructuring towards a greener economic model.

Green entrepreneurs are drivers of change

Originating mainly from a level of technical innovation such as pollution reduction, clean production processes and resource efficiency, green entrepreneurship goes beyond the narrow technology-based aspects of doing business. It can nurture a culture of lifecycle-based thinking and stimulate green innovation at the societal level. In doing so, green entrepreneurs create a shift in peoples' mindsets towards greener thinking and increased demand for green products and services, boosting the dual effect of employment and environmental gains.

Stimulating green entrepreneurship in Namibia

Encouraging entrepreneurs to start up a (green) business requires an approach combining interventions at different levels.

Nurturing a green (business) culture

Green entrepreneurship is founded on nurturing a culture of entrepreneurship. Teaching (green) entrepreneurship through tailored training packages such as the ILO Know about Business programme in vocational, secondary and tertiary schools is a key driver within this process. It informs young people on what it takes to set up and run their own businesses and allows them to apply skills and ingenuity to solve current environmental challenges and venture into owning a business. Of importance at this level are also the values and perceptions held by the general public towards green services and products which can act as a positive factor for developing green entrepreneurship.

Setting a policy framework for entrepreneurship

Public policy, laws and regulation, in conjunction with administration, can facilitate private investments in green business ideas. Cutting the red tape can significantly stimulate entrepreneurship by easing registration processes. As specific policies for stimulating green entrepreneurship are rare in most countries, incentive signals are mostly sent through environmental policies that are turned into business ideas. Assessing the environment for sustainable enterprises can help identify priority intervention areas and align policy initiatives and legal regulations between different ministries and sectors.

Targeted investments in green business sectors, financial or tax incentives as well as eased public green procurement processes can stimulate green start-up enterprises, creating significant opportunities for employment or helping green SMEs to expand.

Building capacities and providing funding at the enterprise level

Targeted entrepreneurship training can help to provide business skills for more environmentally friendly production processes such as the use of alternative energy sources. On the other hand, general business training supports green enterprises in starting, improving or expanding their activities in specific sectors and nurtures innovation in management, helping SMEs to turn existing environmental challenges into opportunities for business expansion or new businesses. The ILO supports potential start-ups through its *Start and Improve Your Business* programme and adapts the training packages to the specific needs of green enterprises such as waste management. The *Women's Entrepreneurship Development* project can help to exploit potentials for gender equality and inclusive growth in the SME sector.

This background brief is part of an Information Campaign on crucial elements in greening the economy, from the perspective of workers, employers and the government. Subsequent briefs will touch upon Green Skills, Green Entrepreneurship, Green Jobs Assessment and Policy, and finally some sectoral perspectives on green jobs.

A systemic approach towards green entrepreneurship

- Nurturing a (green) business culture and raising awareness amongst entrepreneurs about opportunities arising from environmentally friendly business models.
- Creating an enabling environment which promotes and encourages green investments and entrepreneurship.
- Supporting new and emerging entrepreneurs through the provision of business development services and other financial and technical support schemes.

Company partnerships along value chains are of outstanding importance for green entrepreneurs to remain competitive, innovative and thereby grow and become sustainable. Helping entrepreneurs to identify and exploit related market opportunities and strengthening all aspects of the supply chain can bring about benefits from economic growth while entrenching environmental considerations within the value chain.

Facilitating access to finance, either through conditional market-based loan schemes or publicly funded grant schemes, is a vital enabling factor. Such funding can be essential for starting up or expanding an existing green business through productive investments or the financing of greener production methods. In Namibia, a major opportunity for green entrepreneurs arises from grants provided by the Environmental Investment Fund (EIF). It targets initiatives that consider the dual opportunity of job creation and environmental protection within its business models.

Facts to consider

- Green entrepreneurs are indispensable for employment creation and GDP growth.
- SMEs are highly interlinked within value chains, creating significant spill-over effects.
- Green entrepreneurship can best be supported through interventions at various levels, using a broad choice of instruments.
- The youth can be well targeted, since entry requirements are low and willingness for innovation is high.

For more information:
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