



INTERNATIONAL LABOUR ORGANIZATION

DRAFT

PROJECT CONCEPT NOTE for TECHNICAL COOPERATION PROJECTS

Introduction

The Project Concept Note (PCN) is an initial document that is prepared during the identification and design phases of developing a project.

The Project Concept Note:

- Includes the rationale of the project and justification for action to be undertaken. It should explain the socio-economic situation and the context leading to the demand for an ILO intervention.
- Indicates the ILO outcomes that the project addresses and the DWCP to which the project contributes.
- Provides the elements of the project and a strategy for addressing the project's core problem. This includes the basic logical framework in narrative form, including an identification of the overall expected project impact, project immediate objectives and indicative project outputs.
- Analyses the ILO's comparative advantage in addressing the issue. This includes an analysis of what other agencies are contributing in the field. This should also include an initial analysis of project partners and synergies with other ongoing activities in the same technical field and/or country.

The PCN should provide enough information to enable the ILO and other stakeholders to be able to assess the strategic appropriateness of any proposal.

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Title: Harnessing the Development Potential of the Social Economy for the Improved Return and Reintegration of Migrant Workers from Kyrgyzstan, Uzbekistan and Mongolia under the Korean EPS

Country: Kyrgyzstan, Viet Nam, Mongolia, Republic of Korea

Administrative unit: MIGRANT, ILO Geneva

Responsible ILO

Official:

Collaborating ILO Units/Offices: EMP-COOP, MULTI, SOCIAL FINANCE, ACTEMP, ACTRAV, ILO Beijing, ILO Moscow, ILO Regional Office for Asia-Pacific

External Implementing Partners (if any): Ministry of Employment and Labour Korea, Ministry of Labour Mongolia, Ministry of Labour Viet Nam, Ministry of Labour Kyrgyzstan, Mongolian Cooperative Training and Information Centre, JoinUs Korea, Ecofemme, SK Happiness Foundation (TBC), Korean Federation of Credit Cooperatives (TBC), Ministry of Planning and Finance Korea (TBC), Korea Employers' Federation (TBC), Tian Shan Policy Centre

Budget: 2,500,000 USD

1. Rationale and Justification

The project outlined in this concept note proposes a Public-Private Partnership (PPP) engaging relevant Government agencies from the Republic of Korea (henceforth “Korea”), Mongolia, Kyrgyzstan and Viet Nam; the ILO social partners; and private sector actors, including entities representing social enterprises and cooperatives, to leverage Korea’s labour migration and social enterprise policies to contribute toward economic and social development in EPS source countries as well as toward the human resources development of migrant workers. As an ILO-led and designed PPP, the proposed project will adhere to the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration) and the 2007 International Labour Conference (ILC) Conclusions Concerning the Promotion of Sustainable Enterprises. This project also reflects the spirit of the Busan Declaration, or Busan Partnership for Effective Development Co-operation, of the Fourth High-Level Forum on Aid Effectiveness held 29 November-1 December 2011, which supports the elaboration of global development partnerships for the achievement of “Sustainable development results” that are predicated on “Ownership of development priorities by developing countries” and transparency and accountability.

This project proposes the extensive use and application of the cooperative and social enterprise¹ model in order to generate employment and decent work for migrant workers from Kyrgyzstan, Viet Nam and Mongolia. It will capitalize on already-existing institutions, channels and networks within Korea’s temporary labour migration scheme. This project will thereby promote the education and business management training of migrant workers in the features and practical aspects of social enterprises but will also connect them to the mainstream cooperative and social enterprise movements in their respective countries as well as to international networks. In doing so, this project will not only cultivate shared growth and sustainable development for migrant workers and their countries of origin but will also advance Korea’s labour migration policy to the next level, so that it is harmoniously integrated with other labour and employment-related policy goals as well as with Korea’s overseas development aid (ODA) strategy. The project focuses on Kyrgyzstan, Mongolia and Viet Nam as pilot countries due to the established relationship these countries share with Korea in the area of labour migration as well as in consideration of ILO’s experience and presence in the region as regards both labour migration and social economy development.

BACKGROUND: KOREA’S EMPLOYMENT PERMIT SYSTEM (EPS)

Migrant workers have been an integral part of the Korean economy since the late 1980s, buttressing small and medium-sized enterprises (SME) in various sectors and ensuring their vitality. In 2004, the Korean Government began to systematize all labour migration to Korea in order to better ensure migrants’ labour rights while meeting domestic workforce needs in the SME sector by instituting the Employment Permit System (EPS). The EPS is built on bilateral agreements between the Government of Korea and the Governments of 15 Asian origin countries²—in which Kyrgyzstan, Mongolia and Viet Nam are included. Under the EPS, all recruitment, selection and placement of migrant workers is carried out by Government ministries or entities with a mandate on labour migration (usually, the ministries of labour of each sending country and the Ministry of Employment and Labour of Korea (MOEL)), at the complete exclusion of private recruitment agencies. In order to qualify, all candidates seeking overseas employment in Korea must pass a Korean language exam and meet certain age and educational requirements. Once in Korea, the migrant workers are granted the legal status of worker and are entitled to the same level of protection as domestic workers under Korean national labour laws. The EPS is a temporary migration scheme: therefore, the migrant workers under the programme are permitted to work in Korea for up to 4 years and 10 months at a time, after which they are required to return to their own countries.

Recently, the Korean Government introduced a new component into the EPS called the “Happy Return Program” in order to assist migrant workers to successfully reintegrate into the labour markets of their home countries upon return. A migrant worker who opts to participate in the Happy Return Program before departure from Korea can choose to receive vocational training or to receive assistance from the Korean Government to secure

¹ As used in this concept note, “social enterprise” will mean any entity that seeks to reconcile both economic and social ambitions by applying entrepreneurial strategies to meet social needs or achieve social aims. Thus defined, “social enterprise” can include cooperatives and other types of mutual benefit or voluntary associations.

² The full list of source countries under the EPS: Bangladesh, China, Indonesia, Philippines, East Timor, Viet Nam, Thailand, Myanmar, Pakistan, Mongolia, Uzbekistan, Kyrgyzstan, Sri Lanka, Nepal, Cambodia.

employment in his or her home country in an overseas branch of a Korean company. Via the Happy Return Program, the Korean Government retains a diverse network of Korean private sector firms and partners, many of whom also have active Corporate Social Responsibility (CSR) projects in EPS origin countries. Moreover, since the countries that send workers to Korea under the EPS are also rapidly-growing or emerging markets, Korean private companies have rational business interests in expanding operations in those countries. For this, they need adequately-trained human resources, not only as employees but also as business partners, who are also knowledgeable about the Korean business culture. At present, the Happy Return Program operates on an ad-hoc and individual basis, providing its services to migrant workers individually as the occasion and resources arise. The formalization and institutionalization of the Happy Return Program, the idea to facilitate the entrepreneurial aspirations of a group of migrant workers or to connect migrant workers to larger cooperative or social enterprise movements in cooperation with tripartite and private sector partners have yet to be explored.

BACKGROUND: COOPERATIVES AND SOCIAL ENTERPRISES IN KOREA AND THEIR SIGNIFICANCE

The history of Korea's rapid socio-economic development in the space of a single generation, after being classified as a least developed country (LDC) at the outset, serves as an impressive testament to the power of cooperatives and social enterprises to empower impoverished communities, create jobs with decent working conditions, address social protection deficits, efficiently provide necessary goods and services, and initiate or reinforce the kind of shared, sustainable and even growth promoted by the G20 Seoul Development Consensus for Shared Growth (2010). Throughout the 1970s and beyond, cooperatives successfully addressed the income disparity and social inequalities that existed between rural residents and their urban counterparts. Today, a new generation of entrepreneurs is establishing "social enterprises" based on the same principles and values of putting people and communities first, democratic control of operations, voluntary participation, and community ownership. Cooperatives and social enterprises remain strong in Korea as a result. Korean cooperatives are active in agriculture, fisheries, savings and credit, forestry and insurance. In fact, 40 per cent of the local agricultural produce in Korea is sold by cooperatives³. Many are eager to share their experiences with LDCs and offer technical support in the field. Adapting the Korean cooperative model to fit local contexts and implementing them in developing countries as well as providing nationals from developing countries vocational training in cooperative management and industry-specific skills form a significant portion of Korea's ODA operations already, and major Korean cooperative associations participate in them. In 2010, the MOEL announced a national plan to aggressively support and promote social enterprises, going so far as to establish the Social Enterprise Promotion Agency. The convergence of these developments represents a unique opportunity for the Government of Korea to explore integrating the support and promotion of social enterprises and cooperatives into the EPS.

The enthusiasm for the social economy is not limited to the public sector in Korea. Korean private companies of all sizes and sectors are also showing a keen interest in social enterprises. An increasing number of major Korean firms are providing start-up funding, setting up or investing in social enterprises⁴. They are discovering that association with socially-minded cooperatives and social enterprises transforms companies into global role models and lauded benchmarks, thereby heightening the companies' brand value and potentially reinforcing consumer admiration and loyalty. There is also a growing acknowledgement within the private sector in Korea, as in other industrialised countries, that supporting initiatives that are aligned to the UN's development objectives contributes to the sustainability of companies, since it expands their viable client and/or supplier base. Corporate social responsibility initiatives and private-sector philanthropy have evolved beyond pursuing merely funding or marketing objectives but are now pursuing value creation. Many of these same companies are participating in the Happy Return Program as employers of returning migrant workers, and thereby have the necessary presence and resources on the ground to contribute meaningfully to this project.

BACKGROUND: COOPERATIVES IN THE THREE PILOT COUNTRIES

The government of Kyrgyzstan has implemented the land and legal reforms necessary for the successful operation and development of cooperatives in Kyrgyzstan. As a result, almost all the preconditions for favourable growth in the cooperatives sector exist in Kyrgyzstan, and the movement is considered relatively well-structured and more advanced than in other Central Asian countries. An ILO-commissioned study into the state of the

³ ILO (2007). "Handbook on Cooperatives for use by Workers' Organizations." ILO: Geneva, p. 31

⁴ Major South Korean telecommunications provider SK Group has set up or invested in 23 social enterprises, Hyundai Motor Group and Posco in 3, and Kyobo Group founded a social enterprise to assist migrant spouses and their families in Korea.

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cooperative sector and migrant workers in Kyrgyzstan⁵ revealed that there are registered cooperatives in almost every sector in the rural economy. Agricultural cooperatives are associated in the Union of Cooperative Societies of Kyrgyzstan and consumer cooperatives are associated in the Kyrgyzkoopsoyuz, which is engaged in providing different services to the rural population. The credit unions, a dynamic force in the cooperatives movement in Kyrgyzstan with a reputation for efficiency, are united in the National Union of Credit Unions and Cooperative Societies of Kyrgyzstan. Among the diversity of cooperative enterprises, agricultural cooperatives are the most common and most numerous form of cooperative in the country. Rural communities organize agricultural cooperatives as an adaptation strategy in the face of food and economic insecurity. However, due to a lack of financial or institutional support, which is partly attributable to a lack of resources at the level of the Kyrgyz Government, and lack of technical know-how, equipment and access to capital, the members of many of the agricultural cooperatives in Kyrgyzstan are compelled to migrate (usually to Russia and Kazakhstan) and support their communities through their remittances. This appears to be typical of the cooperative sector in the Central Asia region as a whole.

The cooperative movement in Mongolia, which traces its roots back to the 1920s, is believed to be even stronger than that in Kyrgyzstan. The movement survived the turbulence of the socialist era, when cooperatives were appropriated by the state and turned into state enterprises, and has re-emerged as a powerful agent of rural development and employment. Today, the Mongolian state actively offers support to cooperatives. At the end of 2010, there were about 2,400 cooperatives with 210,000 members; a little over a quarter of them were agricultural cooperatives, followed by consumer and wholesale cooperatives, manufacturing, financial services, and finally social services. Trade unions and employers' associations in Mongolia readily recognize the importance of cooperatives in generating employment. The potential of the Mongolian cooperative movement has attracted the attention of donors since the 1990s, and many cooperative projects were implemented, mostly in the rural areas of the country. ILO's assistance in the past has mostly focused on legislative reforms and training activities. Given Mongolia's long history with cooperatives, the organizational and mobilization mechanisms of cooperatives are relatively strong, and Mongolian cooperatives have strong relations with cooperative movements in the region, including that of the Republic of Korea. However, similar to its counterpart in Central Asia, the cooperative sector in Mongolia suffers from a lack of access to capital, managerial competence, and skilled human resources.

After the period of crisis due to the difficulties to adapt the cooperative system to the innovation process in the country (1986-1996) the Vietnam cooperative movement has started the era of strengthening, rehabilitating and taking new steps. The first law on cooperatives was passed in 1996 and the Vietnam Cooperative Alliance, the national apex cooperative organization representing and supporting cooperatives, was set up. New cooperatives were established in all sectors on the basis of authentic cooperative principles and values. The cooperative law was revised in 2003 and again in 2011. The ILO was involved in the work of the revision of the cooperative law. The cooperative sector is supported by the State and the Cooperative Development Department was created in the Ministry of Planning and Investment. At the end of 2011, the cooperative sector in Vietnam comprised 19,500 cooperatives. There are 57 cooperative federations in the country, in which there are 9,246 agricultural cooperatives, 2,897 industrial and small handicraft cooperatives, 1,325 consumer cooperatives, 1,123 transportation cooperatives, 1,074 credit unions, 438 fishery cooperatives, 964 construction cooperatives, 1,709 electricity and water supply cooperatives, 724 cooperatives in essential social services and about more than 370,000 pre-cooperatives. There are 13 million members and workers in the cooperative sector and this sector contributes to 5 per cent of the GDP, creating jobs and reducing poverty. The Vietnam Cooperative Alliance operates through 63 provincial cooperative alliances and implements a large range of economic and social activities through the Cooperative Assistance Fund. The Vietnam Cooperative Alliance is developing cooperation relations with cooperative organizations abroad, different NGOs, the International Cooperative Alliance, World Association of Small and Medium Enterprises, International Federation of Agricultural Producers, ASEAN Cooperative Organizations and the ILO.

⁵ The study, "Cooperatives and migrant workers in Kyrgyzstan", a) identified and analysed the economic and social impact of existing cooperatives involved in helping migrant workers in Kyrgyzstan, particularly that of credit unions, b) analysed both the positive experiences of cooperatives and the challenges faced, including areas for improvement and development, in order to formulate recommendations on how cooperatives and the cooperative model of enterprise can contribute to improving the livelihoods of migrant workers, 4) analysed the initiatives in relation with migrant workers that already exist in Kyrgyzstan and existing trends and perspectives, d) analysed information concerning Kyrgyz workers in the social/health sector in Italy in view of potential linkages with cooperatives both at the host and home country.

SYNERGIES: LABOUR MIGRATION AND THE SOCIAL ECONOMY

There are an estimated 214 million international migrants in the world, almost half of whom are women increasingly migrating on their own as principal breadwinners for their families. About half of this global number are workers, and, if their dependents are included, the number of international migrants connected to the world of work accounts for nearly 90 per cent of the total⁶. Given current demographic and workforce trends, whereby developed countries are experiencing population ageing and workforce gaps whilst many developing countries are undergoing population growth and youth bulges, as well as certain dynamics of globalization—jobless growth, growing inequalities within and between countries, etc.—the numbers of migrants are only expected to grow in the coming years. At the same time, the international community is rapidly recognizing the positive contributions labour migration can make toward pulling vulnerably households and communities out of poverty, and accelerating national economic development. As the 2009 UN Human Development Report⁷ noted, labour migration produces tangible development gains, predominantly through migrants' remittances back to their home countries and the transfer and accumulation of skills and human capital. Migrants also contribute to the development of their host societies through entrepreneurship, supplying necessary goods and services to native populations, and improving labour market efficiency by filling occupations shunned by local workers. While international migration can be a positive experience for migrant workers, many suffer poor working and living conditions, including low wages, unsafe working environments, a virtual absence of social protection, denial of freedom of association and workers' rights, discrimination and xenophobia. These situations severely undermine the contributions that migrant workers might make toward economic development and recovery and increase costs for host societies.

Cooperatives and social enterprises are also recognized as key agents in poverty reduction and as being effective in creating employment whilst invigorating local economies in a sustainable and equitable way, extending social protection, and advancing social development. The recent economic crises and the resilience of cooperatives in their wake⁸ have only reaffirmed the value of cooperatives as iterated in ILO Recommendation 193 (Promotion of Cooperatives, 2002). It is clear that social enterprises are able to address crucial economic and social concerns that sometimes neither public agencies nor traditional for-profit enterprises are able to address effectively. Social enterprises and cooperatives are especially well-placed to promote and apply the ILO Decent Work Agenda. As democratically managed organisations, cooperatives and their principles are perfectly compatible with the promotion of rights at work. They create decent employment opportunities for women and men and are additionally gaining attention for their effectiveness in providing employment to young people and addressing youth unemployment problems⁹; likewise, employment in cooperatives help many workers to transition from the informal to the formal economy. Cooperatives and social enterprises assure the social protection of its members in the largest sense of the term—in particular cooperatives of the healthcare, insurances and savings and credit sectors. All of these characteristics make cooperatives a traditional partner of employers' and workers' organizations as they offer their members a platform, from the local to the international levels, on which to defend their interests and consolidate collective bargaining or negotiating powers sometimes not available in their immediate contexts. Consequently, ILO Recommendation 193 (2002) calls on Governments and workers' and employers' organisations to promote cooperatives and facilitate access to their services.

Migrant workers are increasingly turning to cooperatives and social enterprises to maximize on the development benefits of labour migration and to organize collectively, a phenomenon which is of fundamental interest to the ILO. The ILO has the mandate to protect migrant workers and enhance regulation of labour migration and recognizes the important role of cooperatives in extending the Decent Work Agenda to migrant workers. Already in 1955, the ILO recognized the contribution of cooperatives to protecting migrant workers with the passing of its labour standard, Recommendation 100 on the Protection of Migrant Workers (Underdeveloped Countries), which drew attention to the role cooperatives play in supplying affordable and safe consumer goods and services, in providing employment opportunities, in particular through self-employment, and in providing financial services through savings and credit cooperatives. In Indonesia, a group of returning migrant workers established a savings and credit cooperative specifically for providing affordable financial products and services to fellow

⁶ ILO (2010). "International labour migration: A rights-based approach." ILO: Geneva

⁷ <http://hdr.undp.org/en/reports/global/hdr2009/chapters/>. See also ILO (2010), International labour migration: A rights-based approach. ILO:Geneva.

⁸ See CECOP-CICOPA Europe (2012). "The resilience of the cooperative model: How worker cooperatives, social cooperatives and other worker-owned enterprises respond to the crisis and its consequences." CECOP-CICOPA Europe: Brussels.

⁹ See ILO (2012), "The youth employment crisis: Time for action", Report V for the 101st Session of the International Labour Conference, ILO:Geneva, pp. 71-72

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former migrant workers and their families; it currently holds USD 13,000 in assets. Together with the ILO, through the ILO's Cross-Border Labour Migration Project, the cooperative expanded its services by providing management and start-your-business training, which have stimulated many returning migrant workers to found their own businesses. Migrant domestic workers in New York, USA, have formed cooperatives offering cleaning services using self-made, environmentally-friendly cleaning materials¹⁰. Such savings and credit cooperatives create an alternative way for migrants to remit money home in a way that decreases transaction costs and improves access to financial services for their families; remittances sent through savings and credit cooperatives can also be channeled easily into funds for community-wide development projects, such as the building of schools and hospitals or the provision of school fees. Under another ILO project—Going Back, Moving on: Economic and Social Empowerment of Migrants—a group of Filipino women retuning to the Philippines after surviving trafficking for labour purposes to Romania founded a garment business in the form of a cooperative that is now profitable and expanding¹¹. In Italy, migrant workers are members of a tourism cooperative as tour guides; the Viaggi Solidali¹² sells socially responsible tourism packages in Italy and abroad with the aim of sustaining development cooperation projects in developing countries. Therefore, the convergence of labour migration and the social economy is already producing impressive economic and human development gains that can only grow bigger through the effective partnership and resource mobilisation between Governments, the social partners, the private sector and representatives of the social economy.

2. Strategic fit

This project will support the 2008 ILO Global Jobs Pact and rises to the call of the ILO Declaration on Social Justice for a Fair Globalization (2008) in focusing on cultivating “productive, profitable and sustainable enterprises together with a strong social economy” (preamble) through “developing new partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions...in order to enhance the effectiveness of ILO operational programmes and activities, enlist their support in any appropriate way, and otherwise promote the ILO strategic objectives” (IIA(v)). It supports the implementation of Outcome 7 of the ILO Programme and Budget 2012-2013—More migrant are protected and more migrant workers have access to productive employment and decent work—as well as Outcome 3—Sustainable enterprises create productive and decent jobs.

This project also supports the latest implementation strategy of the Decent Work Country Programme (DWCP) for Mongolia¹³, which promotes “where possible the development of externally funded technical cooperation projects” (6) to address this DWCP’s priorities of unemployment, in particular youth unemployment, poverty alleviation in both the formal and informal economy, and “improving the working environment and extending protection of workers’ rights” (7). The Mongolia DWCP also recognizes the equipping of “social partners to contribute to CSR action in Mongolia” as an area of cooperation for the priority of “Strengthening tripartism to support social and economic policy development, implementation and institutional reform” (12). Likewise, the DWCP for Kyrgyzstan highlights youth unemployment, rural poverty brought on by lack of technical know-how in agriculture, and decent work deficits in the informal economy as major concerns that need ILO intervention (2-3). It further brings attention to migrant workers as a vulnerable group lacking basic social services (4). The Kyrgyz Government is also in the process of developing a “Strategy of Migration Policy in the Kyrgyz Republic until 2020”, and synergies between this Strategy and this project shall be explored.

Moreover, the project also fits into the strategic priorities of the United Nations Development Assistance Framework (UNDAF) for all three pilot countries, especially with regards to equitable, sustainable employment policies and extending social protection to vulnerable groups. All three UNDAFs contain references to both of these priorities as target outcomes. The UNDAF for Viet Nam specifies a need to support small and medium enterprises and create space for private initiative and entrepreneurship to generate decent employment. It also identifies migrants and the youth as prime candidates for country-level action related to extension of social protection. Likewise, the Mongolia UNDAF places emphasis on sustainable economic development and poverty

¹⁰ http://www.nytimes.com/2011/10/13/nyregion/cleaning-together-to-escape-day-labor.html?_r=1&emc=tnt&tntemail1=y

¹¹ http://www.ilo.org/asia/info/public/WCMS_183879/lang--en/index.htm

¹² <http://www.viaggisolidali.it/>

¹³ <http://www.ilo.org/public/english/bureau/program/dwcp/download/mongolia.pdf>

alleviation that is “employment-based” and focused on “small and medium size enterprises, microfinance, and vocational and entrepreneurial training” as well as providing social protection to vulnerable groups in Mongolian society, including migrants. Finally, the UNDAF for the Kyrgyz Republic expresses concern at the reliance of the Kyrgyz economy on remittances from migrant workers, which has experienced a setback since the global economic crisis, and aims to secure for vulnerable populations food security, social protection, medical services, education, etc. through development of the social sector (ie, social enterprises).

3. Project strategy

The purpose of this project is to pilot a local economic development initiative in the three selected countries of Kyrgyzstan, Mongolia, and Viet Nam aiming at promoting decent work opportunities for returning migrant workers and local populations. By working with and within the framework of the Korean temporary labour migration programme—the EPS—while also bringing in the private sector, the impacted Governments, trade unions, employers’ associations, academic and research institutions, and representatives of the social economy, the project will support the development of social economy enterprises for the benefit of local development and for the successful labour market reintegration of returning EPS workers. Recognising that, beyond financial support, the private sector, foundations and the business community can contribute material resources, infrastructural facilities, know-how, innovation, etc., the project will actively engage these private sector actors in Korea as well as in the pilot countries and enable their participation in the design and implementation of the project strategy. ILO’s natural partners and constituents—trade unions and employers’ organisations—will evidently be involved and consulted throughout the project. Where trade unions or employers’ organisations have research capabilities, they will be invited to participate in the research activities of the project; where they have resources that could be deployed toward training or establishing businesses, they will be included in the related activities; representatives from the participating social partners will be present in each of the project’s governance bodies as well as in the monitoring and evaluation mechanisms. Partners from the social sector—cooperative or social enterprise associations, cooperative training centres, individual cooperatives and social enterprises—would be best equipped in devising and implementing training for the migrant workers on the specifics of operating social enterprises and cooperatives as well as providing operational and advisory support on the ground when the migrant workers take the first steps toward setting up their enterprises. They would also be instrumental in giving the migrant workers and their businesses access to strategic networks that would allow the newly established enterprises to scale up. Academic or research institute partners involved in the project are best placed to contribute throughout the project in the foreseen research activities of the project: feasibility studies, collection of data at each stage of the implementation, impact assessments, and monitoring and evaluation studies.

A further ambition of this project is to harness the latent potential in the Happy Return Program of the EPS and develop it into a successful programme for the return and reintegration of migrant workers that also contributes concretely to the development of the origin countries participating in the EPS scheme. Several studies¹⁴ have shown that the majority of migrant workers employed under the EPS in Korea are young and educated with a relatively highly developed skill-set and a profile not far from that of entrepreneurs and self-starters. At the moment, the Happy Return Program is operated on an ad-hoc basis, is dependent on inconsistent availability of resources, and targets the migrant worker for vocational training as an individual in isolation. Integrating a business-management curriculum into the Happy Return Program that takes full advantage of the networks and pooling of resources offered by the cooperative model of business and allowing migrant workers to launch enterprises in partnership with other fellow migrants could galvanise the potential of both the Happy Return Program as well as the migrants themselves.

DESCRIPTION OF THE PROJECT STRATEGY

In the inception phase of the project, a diagnostic of the social economy and its relationship to labour migration in each of the three pilot countries will be carried out in order to assess the needs related to technical support and training. This study, or series of studies, will also ascertain the level of feasibility of the proposed project in each of the pilot countries and what preliminary inputs—in terms of infrastructure, institutions and resources—would be needed to ensure the success of the project in the chosen countries; here, research institutions such

¹⁴ See, for example, Yoo (2007). *Evaluation of the First Three Years’ Performance of Korea’s Employment Permit System*. Korea University of Technology and Education, pp. 85-88

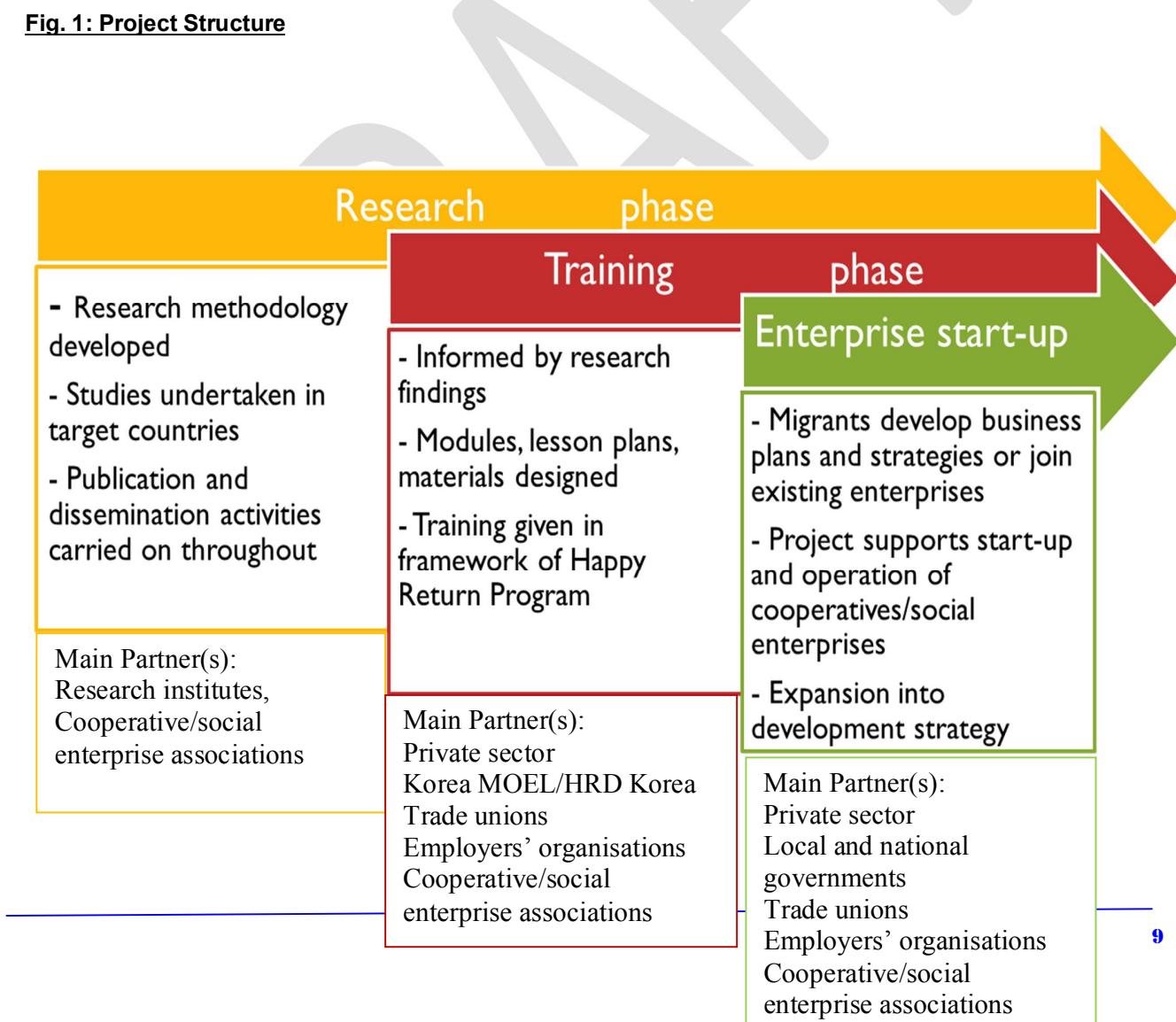
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as the Tian Shan Policy Centre of Kyrgyzstan would be the natural main partners. The research will also examine the needs of the local communities, in terms of goods and/or services that are lacking, in each of the three countries and the market for these needs (ie, market research). The findings will give further guidance to the specific activities that will be undertaken in the framework of this project. A diagnostic for Kyrgyzstan looking at the role of cooperatives in the labour migration trends of the country has already been carried out by the ILO Regional Office in Moscow.

Informed by the results and outputs of the inception phase, as well as by the skills set of the participating migrant workers, the next phase of the project will focus on developing materials and curricula for training migrant workers in business management, specifically the business management of social enterprises. The training courses that are developed will be implemented through the Happy Return Program of the EPS, the possibility of creating and administering an online version of the courses as well as of having part or the entirety of the courses taught in the pilot countries will also be explored.

Upon completion of the comprehensive training programme, the migrant participants will be invited to submit detailed business plans for the cooperative or social enterprise they would like to establish; they will also have the possibility of applying for employment at existing social enterprises. The plans will be submitted to the Selection Committee, which will select the best proposals based on a criteria that gives extra consideration for business plans that offer employment opportunities or directly benefit women, vulnerable youths, and the disabled. A Seed Capital Fund will be set up to provide the necessary start-up funding to the selected enterprises. Various partners involved in this project—the local social partners, local and national governments of the pilot countries, private sector partners, cooperative and social enterprise associations, and training institutes—will also provide capacity-building support to the migrants' enterprises during this phase.

Fig. 1: Project Structure



The strategic approach of this project will consist of the following elements:

- (1) **Building the knowledge base on the correlations between labour migration and the social economy** by conducting and commissioning studies on migrant cooperatives or social enterprises in the three pilot countries, as well as other EPS source countries (as resources allow). The results as well as any good practices or lessons learned identified from these studies will be shared with the project partners and ILO constituents through workshops, seminars, publications, etc.
- (2) **Using labour migration—specifically the EPS of the Republic of Korea—as a tool to strengthen skills, promote entrepreneurship and increase employability** with a view to fostering economic development in origin countries by proper use of migrants' human capital. The existing training institutions and arrangements overseen by the Korean Ministry of Employment and Labour, as well as similar contributions provided by other partners, will be tailored to cultivate skills necessary for successfully managing cooperatives and social enterprises, with the involvement of appropriate and interested partners. Potential training modules could be on the governance system of social enterprises or cooperatives, business management skills, financial education, productive investment and use of remittances or savings, modern techniques of production, social protection through social economy initiatives, etc.
- (3) **Facilitating the social and professional reintegration of returning migrants in the domestic labour market.** After receiving the necessary training and related education through the Happy Return Program, former EPS workers returning to their home countries will be encouraged to integrate in existing social enterprises or cooperatives and/or create new ones in cooperation with local communities. On-the-ground technical assistance and materials will be provided to them through the project.
- (4) **Coordinating and highlighting the CSR actions of private sector partners to ensure the success of the project and heighten the international profile of the participating private company.** The partner Korean firm will contribute financial and infrastructural resources toward the successful establishment and maintenance of the social enterprises and cooperatives in the pilot countries, while the ILO disseminates the activities of the private sector partner to the wider international community as good practices.
- (5) **Enhancing the development benefits of labour migration whilst protecting migrant workers' rights.** The project will seek to strengthen the rights-based aspects of the EPS and to harmonise the Republic of Korea's labour migration and social enterprise policies with its ODA policies, with the full involvement of the social partners, in particular those affiliated with migrant workers in Korea.
- (6) **Supporting, through social economy enterprises and organisations, the development of a range of services**, such as access to micro insurance products (health care, credit life, livestock and crops), micro-credit, functional education, financial education, etc. Goods and services that actively promote the employment or social protection of women, persons with disabilities, and/or migrant communities (either at home or abroad) will be given special attention and support.
- (7) **Supporting the participation of existing or new cooperatives in a regional network of cooperatives** in order to share experiences and practices. Cooperation between networks of Korean cooperatives/social enterprises and the cooperatives/social enterprises in migrants' countries of origin will also be established and promoted.
- (8) **Supporting the social partners in Korea and in the pilot countries that are active in the promotion of migrant workers' rights** to improve their awareness of the social economy and its benefits and to better engage with social enterprises and cooperatives; cooperative associations; and cooperative training centres.

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DESCRIPTION OF TARGET GROUPS AND FINAL BENEFICIARIES

Returning migrant workers from Kyrgyzstan, Uzbekistan and Mongolia who had participated in the EPS and also participating in the Happy Return Program are the target group and also partly the final beneficiaries. Local populations, tripartite constituents and local public administrations will also be the direct recipients of this project. The project will pay particular attention to generating decent work and development benefits for disadvantaged populations within the local communities, such as women and persons with disabilities.

OUTPUTS AND ACTIVITIES

- (1) **A research series on the state of the cooperative sector in the three pilot countries and its connection(s) to labour migration.** Instructional materials and other types of publications, such as handbooks and manuals, will be produced based on the information gathered through the research phase with a view to promoting rights-based, gender-sensitive policies in this area.
- (2) **Workshops, conferences, seminars, etc.** involving the project stakeholders—Government ministries, cooperatives and/or social enterprise associations, cooperative training institutes, private sector donors, trade unions, employers' associations, and the migrant workers themselves—in order to disseminate the important findings and identified good practices and lessons learned from the research series.
- (3) **Formulation and introduction of training materials and modules on cooperatives and social enterprises and on how to establish and effectively manage them into the Happy Return Program of the EPS** with the involvement of cooperative training centres, cooperative associations and social enterprise associations in its implementation. Training materials can likewise be adapted from existing local training tools or take inspiration from existing ILO training packages, such as MY.COOP¹⁵.
- (4) **Information and/or awareness-raising sessions for returning migrant workers on the cooperative and/or social enterprise movement in their countries** that aims to facilitate migrant workers' voluntary insertion into individual cooperative or social enterprises or networking within the larger cooperative/social enterprise movement.
- (5) **Market research and feasibility studies** in the relevant local communities of the three pilot countries, carried out as part of migrant workers' training and with their involvement, to assess the needs and social enterprise opportunities and to feed into the migrant worker participants' business plans. This will also ensure the sustainability and long-term development of the enterprises established and operated through this project.
- (6) **A local development strategy derived from the business plans of returning migrants who had completed the social economy training module of the Happy Return Program designed and implemented by all relevant stakeholders**, including the social partners, private sector partners, concerned local and national Government bodies, and social economy organisations.
- (7) **Establishment of a 'Seed Capital Fund' to provide grants to start up the new social enterprises proposed by the returning migrant workers, improve management systems, or provide critical services and training.** Grants from this Fund will be awarded to the enterprises selected through a competitive application process.

EXPECTED RESULTS FROM PROJECT ACTIVITIES

- (1) **Successful and sustainable return and reintegration of EPS migrant workers** returning to Kyrgyzstan, Mongolia and Viet Nam.

¹⁵ My.COOP is a training package developed by the ILO in order to help existing and potential managers of agricultural cooperatives in managing their cooperative businesses. My.COOP stands for Managing your agricultural Cooperative and enables agricultural cooperative managers to offer high quality, efficient and effective services to their cooperative members. For more information: <http://moodle.itcilo.org/mycoop/>

- (2) **Decent work opportunities and income-generating activities promoted through the creation of social economy enterprises** with a view to addressing the unemployment of vulnerable women and men, the youth and persons with disabilities.
- (3) **A range of services provided** through social economy enterprises according to local needs, such as micro-credit, health care, livestock and crops, etc.
- (4) **Sustainable entrepreneurship and SMEs promoted** for men and women members of cooperatives and social enterprises as well as for the returning migrant workers themselves.
- (5) **Partnerships fostered between cooperatives in Korea and those in the three pilot countries, between cooperatives within each of the pilot countries, and between workers' and employers' organisations concerned with the protection of migrant workers and cooperatives.**

OVERALL EXPECTED PROJECT IMPACT

Economic and social development in Kyrgyzstan, Mongolia and Viet Nam at the local level enhanced through the formation and support of cooperatives and social enterprises.

Increased knowledge and appreciation amongst ILO constituents and private sector partners of the social economy and their effectiveness in the context of labour migration.

The role of CSR actions and PPPs enhanced and harnessed to contribute positively to ILO objectives.

INSTITUTIONAL FRAMEWORK

The ILO will be responsible for the implementation of all project activities and will hence be involved in each stage of the project. The ILO will take the lead in formulating and/or adapting training materials, with the support and input from partner cooperative and social enterprise associations. ILO staff will also be heavily involved in the administering of the training to the migrant workers and will be on-hand to provide technical support to the cooperatives and social enterprises set up by the target group.

The private sector partners will provide the financial resources needed for this project but will also be given the opportunity to provide infrastructural resources, such as workshop or training facilities. Private sector partners will also provide business expertise and know-how to the target group in the enterprise start-up phase of the project and will also participate in the Selection Committee.

Representatives of the tripartite partners, cooperative and social enterprise associations, and cooperative training centres involved in this project will provide guidance and input as members of the Project Steering Committee, the National Advisory Groups, and the Selection Committee but will also be invited to be involved in the capacity building of the migrant workers' enterprises as well as in the training phase.

A Project Steering Committee which includes representatives from partner trade unions, employers' organisations, Government ministries, and the social enterprise and cooperative movement will be established to provide guidance and support implementation of the project activities. A representative from the ILO will also be a member.

National Advisory Groups comprising stakeholders of the cooperative movement at the national level, government units in charge of cooperative development, cooperative colleges and the social partners will be set up to provide guidance at the country level and ensure local ownership.

A Selection Committee that reviews and assesses the applications for the Seed Capital Fund will be set up and will include representatives of the private sector partners, the ILO, and participating social partner organisations. The Selection Committee will evaluate the applications and business plans brought forward by the target group based on the commercial viability of the idea and the plan as well as on the benefits the enterprise would bring to disadvantaged and marginalized groups such as impoverished women, youth, and/or persons with disabilities.

SUSTAINABILITY

PROJECT CONCEPT

Ultimately, ownership of the project at the most grassroots level is the best way to ensure long-term success. Therefore, the project will seek to involve local stakeholders and local social partners at every stage of its implementation. Evidently, the enterprises that result from this project belong entirely to the migrants who conceived of them. To ensure as much as possible that the resulting enterprises and cooperatives will be profitable and viable in the long-term, the project envisions selecting business plans that address clear needs and demand in the local market, and these needs will be identified through rigorous market research activities that could involve the migrant entrepreneurs themselves.

At the same time, the project will establish meaningful connections between the various partners and the migrant entrepreneurs and their enterprises, especially through connecting the migrants and their enterprises to business networks, in order to increase the enterprises' potential for scalability and thus improve their odds of survival. Another way of retaining this connection and thereby increasing the likelihood of successful sustainability is for private sector partners to adopt a policy of encouraging their employees to volunteer at the established social enterprises and cooperatives once they have become operational.

4. Comparative advantage and partnerships

The ILO is the only United Nations agency with a constitutional mandate to protect migrant workers. It has been dealing with labour migration issues since its inception in 1919 and has pioneered international Conventions to guide migration policy and protection of migrant workers as well as social security governance. ILO possesses expertise on employment, social security and labour migration. ILO adopts a rights-based approach to labour migration and promotes tripartite participation in migration policy.

In addition to its cross-cutting expertise and right-based approach, the ILO is the only United Nations agency forging its action on a tripartite dialogue, involving governments, workers' and employers' organisations. As a result, the organisation enjoys the trust of a myriad of project implementing partners and, increasingly, of socially responsible multinational companies throughout the world. The ILO operates on the position that the involvement of workers and employers; the public sector and the private sector; civil society; and migrant themselves is especially important to the development of sound and fair labour migration programmes and their effective implementation.

Within the UN system, the ILO has extensive experience and capacity in providing support to cooperatives. The cooperative branch of the ILO, or EMP/COOP as it is called now, was established in 1919. Article 12, para.3 of the ILO Constitution reflects the importance of cooperatives for the ILO. EMP/COOP works with governments, employers', workers' and cooperative organizations on the implementation of Recommendation 193 on the promotion of cooperatives. The ILO provides policy and legislation advice, develops research based material and supports cooperative-specific education and training. The ILO works in close partnership with the International Cooperative Alliance (ICA), the representative world body of cooperatives. Besides creating synergies, this collaboration allows the ILO to gather information and to reach out to the real world of income generation of hundreds of millions co-operators around the world.

This project proposal attempts to build on the experience and recommendations of previous ILO projects implemented in the area of the development and reinforcement of the social economy in developing countries, such as the COOP^{AFRICA}, an ILO project that provided advisory services, technical assistance, training, tools, and financial support toward the development of cooperative enterprises in 12 African countries¹⁶ in a holistic, flexible and integrated way. Through COOP^{AFRICA}, the ILO created 4,080 jobs, increased the turnover of cooperatives by 26.6 per cent and consolidated 170,899 self-employment opportunities. Through projects like COOP^{AFRICA}, the ILO has comprehensive experience in formulating and adapting training and instructional materials on the social economy.

The ILO, through its Social Finance Programme and a number of ongoing field initiatives, has also developed financial education initiatives for migrant workers and their families. A number of training manuals have been

¹⁶ Botswana, Ethiopia, Kenya, Lesotho, Rwanda, Swaziland, UR Tanzania, Uganda, Zambia, Benin, Cameroon, and Mozambique

developed and adapted to various contexts (Asia, Europe and Africa) and trainings are being implemented through various partners such as diaspora associations, public institutions and financial institutions.

5. Timing

3 years project, with possibility of extension

Starting date: 2013

6. Other information
