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## Promoting Sustainable Enterprises in India (PSEI) – Independent Final Evaluation

### QUICK FACTS

**Countries:** India

**Evaluation date:** [Click here to enter a date.](#)

**Evaluation type:** Project

**Evaluation timing:** Final

**Administrative Office:** ILO CO New Delhi

**Technical Office:** ENTERPRISE, SKILLS

**Evaluation manager:** Asitha Seneviratne

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**DC Symbol:** IND/19/01/KOR

**Donor(s) & budget:** Korea International Cooperation Agency (KOICA); US\$ 2,380,000

*Key Words: MSME Development, India, Korea, Global Supply Chains, Entrepreneurship Development, Responsible Management Practices, Sustainable Enterprises, SIYB, SCORE, Policymaking, Gender equality in MSMEs*

## BACKGROUND & CONTEXT

### Summary of the project purpose, logic and structure

The Promoting Sustainable Enterprises in India (PSEI) project, implemented from September 2021 to December 2024, was implemented by the International Labour Organization (ILO) and funded by the Korea International Cooperation Agency (KOICA) with an overall budget of US\$ 2,380,000. The project focused on two key sectors: food processing and textiles, and its geographical focus was in the states of Andhra Pradesh and Odisha. The overall development objective of the project was ‘MSMEs sustainably integrated in global supply chain in alignment to Decent Work (DW) agenda and generate more and better quality jobs.’ The project has three outcomes, with one output for each outcome. The three outcomes and their outputs are as follows:

- **Outcome 1:** MSME policy initiatives are effectively designed and implemented, enabling their market responsive to promote sustainable enterprises and integration in global supply chain.
  - **Output 1.1:** Capacity built of policy-makers and associates (including social partners and business membership organisations) in designing and implementation of evidence-based gender and market-responsive MSME policy initiatives, in dialogue with workers and employers’ organization.
- **Outcome 2:** Indian Youths are equipped with entrepreneurial skills and generate decent jobs.
  - **Output 2.1:** Young women and men, especially those belonging to vulnerable groups, are equipped with entrepreneurial skills using Start and Improve Your Business (SIYB) tool and the start ups sustainably integrates in global supply chains.
- **Outcome 3:** Indian MSMEs demonstrate responsible management practices and build sustainable business management system with increased productivity.
  - **Output 3.1:** Indian MSMEs trained to improve productivity and working conditions using ILO Sustaining Competitive and Responsible Enterprises

	<p>(SCORE) tool adopted gender-mainstreamed management practices in workplace.</p> <p>The key stakeholders and beneficiaries of the project included policymakers, government departments and agencies, industry associations and Business Memberships Organisations (BMO), MSMEs and Business Development Service (BDS) providers. The project also closely collaborated with Korean experts and institutions. The project was managed by the ILO Country Office (CO) New Delhi under overall supervision of Director DWT CO New Delhi, and the team consisted of a Chief Technical Advisor (CTA), Junior Technical Officer (JTO), National Project Coordinator (NPC), and admin and finance assistant.</p>
<b>Present situation of the project</b>	<p>The PSEI project's implementation coincided with the second and third wave of the COVID-19 pandemic which led to delayed start of the project. The project, initially planned for 26 months, received three no-cost extensions, with the effective project duration now being 40 months. At the time of evaluation, the project received the third no-cost extension of four months and is scheduled to end in December 2024. At this stage, the project team comprises of CTA and an admin and finance assistant.</p>
<b>Purpose, scope and clients of the evaluation</b>	<p>The purpose of the evaluation was twofold: to fulfil ILO's accountability requirements and to contribute to the learning agenda for future projects. The evaluation aimed to assess the relevance, effectiveness, efficiency, impact, and sustainability of the PSEI project, which supported the growth and integration of MSMEs into global supply chains. The evaluation covered the project's implementation from September 2021 to June 2024. In addition to reviewing project design, implementation, and outcomes, the evaluation sought to extract lessons learned, good practices, and recommendations to inform future projects. The primary clients of the evaluation were KOICA, ILO's New Delhi Country Office, and ILO's tripartite constituents, including national and state-level government agencies, employers, BMOs, MSMEs and workers.</p>

### Methodology of evaluation

The evaluation employed a mixed-method approach, combining both qualitative and quantitative data collection and analysis. The primary data collection involved in-depth interviews (IDIs) and focus group discussions (FGDs) with key stakeholders, including MSMEs, policymakers, business membership organizations (BMOs), business development service (BDS) providers, and project beneficiaries in Andhra Pradesh and Odisha. The evaluation took special measures to ensure gender balance in the different respondent categories. Secondary data sources included project documents, progress reports, financial reports, and other relevant materials. The evaluation followed ILO's guidelines, ensuring adherence to UNEG norms and standards. A key limitation of the evaluation was the timing, which coincided with state and national elections in India. This led to restricted availability of government officials and stakeholders, causing delays in data collection. The evaluation had to extend the data collection period to cover all the respondents, especially senior government officials.

### MAIN FINDINGS & CONCLUSIONS

#### Relevance and strategic fit

The evaluation found that the PSEI project was highly relevant and well-aligned with both national and international priorities. It addressed key challenges faced by MSMEs and was consistent with India's national policies on MSME development and employment generation. The project's focus on promoting gender equality, youth entrepreneurship, and decent work aligned with the Sustainable Development Goals (SDGs), particularly SDGs 5, 8, and 9, and the ILO's Decent Work Agenda.

#### Validity of design

The PSEI project's overall Development Objective was quite ambitious, especially considering the limited duration and resources. The results framework has one output per outcome, making it difficult to differentiate the level of results, and indicates the absence of clear logic in the project design. The project design

had different indicators for different elements within a given output, which helped in establishing the logical connect between the Outputs and Outcomes. However, the design lacked a clear connection between the Outcomes and the overarching Development Objective. Additionally, the Outcome and Output indicators could have effectively tracked the progress of MSMEs' integration into the global supply chain. The project effectively promoted gender equality and women's empowerment through its design and implementation. By focusing on capacity building, promoting women entrepreneurs, and implementing gender-responsive management practices, the project achieved significant outcomes, such as increased participation of women in entrepreneurship training, improved working conditions and improved access to social security benefits for women workers. The project's gender-disaggregated monitoring data collection ensured effective tracking of its progress towards gender equality.

### **Coherence**

The PSEI project demonstrated coherence with other ILO initiatives at both national and global levels. It contributed to priority action programs on the informal economy and decent work in supply chains. Additionally, the project collaborated with other ILO projects and social partners to conduct capacity building activities and support migrant workers, aligning with the ILO's broader strategies in India.

### **Effectiveness**

The PSEI project, aiming to sustainably integrate MSMEs into the global supply chain, successfully achieved its Outcome 1 of strengthening MSME policy initiatives. Through capacity building efforts and active engagement with policymakers, the project contributed to five MSME related policies and delivery mechanisms at the state and central levels. Specifically, the project's study tours to Korea provided valuable insights into Korean MSME development models and governance systems. These learnings contributed to the development of action plans by participating organizations and informed policymaking at the state and central levels. Additionally, the project's value chain analysis studies and multi-stakeholder dialogues provided evidence and facilitated discussions on market-

oriented policies for MSME development. While the project achieved significant results, it's important to note that further efforts are needed to ensure the implementation of the policies and to provide technical support to new governments in the focus states.

The PSEI project successfully achieved its Outcome 2, which aimed to equip Indian youths with entrepreneurial skills and generate decent jobs. The project's systems-strengthening approach focused on capacity building of local institutions and entrepreneurs, leading to significant achievements. Specifically, the project's efforts resulted in the creation of 308 jobs, of which 70% were for women, surpassing the initial target. Through the SIYB tool, the project trained 241 entrepreneurs, including 149 women, equipping them with essential entrepreneurial skills. Additionally, 163 entrepreneurs registered their businesses, with a notably high success rate among women. Of these 163 registered micro-enterprises, 32 are formalised. The factors that contributed to these achievements include partnerships with the relevant government institutions, linkage with the government schemes, and enhancing access to new government initiatives like Udyam. The project further strengthened the capacity of local institutions by partnering with them to deliver entrepreneurship development programs. This has contributed to their ability to provide quality training and BDS services to aspiring entrepreneurs. While these achievements are significant, further efforts are required to support the integration of micro-enterprises into global supply chains. The current capacities of local institutions may not be sufficient for this task, requiring a more intensive sector development approach.

The PSEI project successfully achieved Outcome 3, which aimed at MSMEs adopting responsible management practices and building a business management system with increased productivity. The project's interventions led to some changes in the behaviour of 17 participating MSMEs triggering significant improvements in the social security coverage of their workers, turnover, productivity, and work environment. Specifically, ILO's SCORE modules equipped 17 MSMEs with practical tools and knowledge to enhance their performance. These modules focused on areas such as workplace cooperation, quality, and productivity, leading to measurable improvements in key



performance indicators. Additionally, the project strengthened the capacity of BMOs to deliver responsible management practices training to their members. While the project achieved significant results, it's important to note that further efforts are needed to integrate the participating MSMEs into global supply chains. The prevailing challenges that further efforts must address include inadequate quality, delivery delays and non-compliance with labour laws.

The PSEI project effectively promoted gender equality, social dialogue, tripartism, occupational safety and health (OSH), and just transition. It supported gender mainstreaming in policy initiatives, provided training and mentoring to women entrepreneurs, and promoted gender-sensitive management practices in MSMEs. The project also organized multi-stakeholder dialogues, supported trade unions in building their capacity on OSH, and focused on environmental sustainability through cleaner production practices under SCORE modules. While the project did not have a specific strategy for disability inclusion, it did promote the rights of women and migrant workers. Overall, the PSEI project demonstrated a commitment to ILO's cross-cutting themes within the MSME sector, although further efforts are needed to strengthen its impact on disability inclusion.

### **Efficiency**

The PSEI project's overall efficiency in its resource management and timely delivery of results was found to be satisfactory. The project effectively utilized its human, financial, and technical resources, achieving planned targets and delivering additional activities. While there were some challenges related to staff turnover and project initiation delays, the project team took appropriate measures to address the issue of staff turnover. The project's financial resources were utilized efficiently, with a high utilization rate of 100%. The monitoring and evaluation system was effective in tracking progress (upto Outcome levels) and identifying risks. The project's regular reporting and knowledge-sharing practices contributed to its transparency and accountability. However, there is room for

improvement in communication and coordination with the donor to ensure more regular and in-depth exchanges on project progress.

### **Potential to Impact**

The PSEI project's interventions have the potential to create a lasting impact on MSME development in India. The project successfully influenced policies in AP and Odisha aimed at promoting MSMEs within the food processing and textile and garments sectors. These policy changes, when supported by appropriate actions and programs, can facilitate the integration of MSMEs into global supply chains. Further, the project's capacity building efforts have equipped policymakers and associates to implement effective MSME development strategies. These efforts can impact state-level schemes and initiatives aimed at supporting MSMEs' integration into global supply chains. The project's efforts have also attracted the attention of Korean experts and industry players, who have shown interest in partnering with Indian MSMEs in the food processing sector. Such collaborations can have a significant long-term impact on the sector's development. The evaluation findings suggest that the new governments in the two project states may build upon the momentum created by the PSEI project.

### **Sustainability**

The PSEI project's approach to sustainability focused on systems strengthening, which included influencing policy changes and building the capacity of BMOs and local institutions. The policy changes implemented through the project's efforts are sustainable results, as they are likely to have a long-lasting impact on the MSME sector. Additionally, the enhanced capacity of local institutions and BMOs to deliver entrepreneurship development programs and responsible management practices is another sustainable outcome. The embedding of the SIYB curriculum into state-level training programs in both states is a significant step towards sustainability. The project's efforts to support BMOs in developing proposals for government schemes and facilitating partnerships with Korean experts are also key factors for sustainability. These initiatives can



help ensure that the project's outcomes are sustained and expanded in the long term.

## RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

### Main findings & Conclusions

Recommendation 1: ILO and KOICA must explore the project's next phase to capitalise on its successes and support MSMEs' integration into the global supply chain. *Addressed to: ILO CO New Delhi and KOICA; Priority: High; Resource: High; Timing: Short term*

Recommendation 2: ILO and KOICA must focus on harmonising efforts of key stakeholders in the sub-sectors of aquaculture and food processing to enhance bilateral economic cooperation between Korea and India in the next phase. *Addressed to: ILO CO New Delhi and KOICA; Priority: High; Resource: Medium; Timing: Medium term*

Recommendation 3: The ILO can use this project's achievements and lessons to develop a business case for greater economic cooperation between India and Korea for MSME development and share it with a broader audience in the project end workshop. *Addressed to: ILO PSEI Project Team; Priority: High; Resource: Low; Timing: Short term*

Recommendation 4: ILO projects on entrepreneurship and enterprise development in partnership with government stakeholders must include an Inception Phase to formalise partnerships, develop realistic workplans as per the changes in the context and to set up communication and reporting protocols with the donor, especially in case of new donors. *Addressed to: ILO CO New Delhi; Priority: Medium; Resource: Low; Timing: Short to Long term*

Recommendation 5: In future projects, the ILO must review its results framework in cases of significant differences in the targets and achievements visible in the early stages of the project. In the case of entrepreneurship and enterprise development projects, these targets can be at the policy, enterprise, BDS provider, or worker levels. *Addressed to: ILO CO New Delhi; Priority: High; Resource: Low; Timing: Short to long term*

	<p>Recommendation 6: Entrepreneurship and enterprise development projects provide the ILO with an opportunity to promote decent work for people with disabilities. Accordingly, the projects must focus on disability inclusion in their implementation strategy and in the results framework. <i>Addressed to: ILO CO New Delhi; Priority: High; Resource: Low; Timing: Short to long term</i></p>
<p><b>Main lessons learned and good practices</b></p>	<p><b>Lessons Learned</b></p> <ol style="list-style-type: none"> <li>1. The project design needs to clearly outline the logical connection between the Outcomes and the Development Objective, the outcomes could have been better delineated by framing more than one output per outcome and the indicators in the results framework must track the project's progress toward the Development Objective.</li> <li>2. Mechanisms for inter-departmental coordination and coherence in the government require continued prioritisation by key government officials.</li> <li>3. Development of a cadre of certified BDS providers at the local level is a resource-intensive exercise and is a challenge in upscaling the BDS.</li> <li>4. Many entrepreneurs and MSMEs do not systematically document enterprise-level data, which may lead to discrepancies in the results being reported.</li> <li>5. Engagement of Korean experts and donors in the field raised stakeholders' expectations regarding possible investments/business interests. Managing expectations beyond the project period can be a challenge.</li> <li>6. Enabling environment and supportive contextual factors significantly impact project results</li> </ol> <p><b>Good Practices</b></p>

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|  | <ol style="list-style-type: none"><li>1. International Study Tours in partnership with host country institutions are a significant learning experience.</li><li>2. Formal agreement and collaboration with state government agencies can lead to scaling up and ensuring the sustainability of initiatives.</li><li>3. Capacity building of the BMOs to broad base their services and to deliver responsible management practices training sustainably.</li></ol> |
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