International Labour Organization

Evaluation Office

i-eval Discovery

Promoting the Advancement of Vulnerable Persons and Enterprises (PAVE) Project in Sri Lanka - Final Independent Evaluation

QUICK FACTS

Countries: Sri Lanka

Evaluation date: 31 January 2026

Evaluation type: Project

Evaluation timing: Final

Administrative office: ILO Country Office for Sri Lanka and the Maldives (CO-Colombo)

Technical office: DEVINVEST, COOP, ENTERPRISE

Evaluation manager: Pamornrat Pringsulaka

Evaluation consultant: Indira Aryaratne

DC symbol: LKA/22/01/NOR

Donor(s) & budget: Government of Norway – Ministry of Foreign Affairs (MFA), NOK 20 million

Key words: value chains, enterprise, business development service, microenterprise, small enterprise, social cohesion, private sector, gender equality

BACKGROUND & CONTEXT	
Summary of the project purpose, logic and structure	The Northern Province of Sri Lanka continues to face heightened socio-economic vulnerability due to the lasting impacts of conflict, high rural dependence on agriculture and fisheries, and elevated levels of poverty and unemployment, particularly among female-headed households and persons with disabilities. These structural challenges were further intensified by the COVID-19 pandemic and the subsequent economic crisis. In response, the Promoting the Advancement of Vulnerable Persons and Enterprises (PAVE) Project, funded by the Norwegian Ministry of Foreign Affairs, contributes to the International Labour Organisation (ILO) Decent Work Agenda by promoting inclusive economic recovery, sustainable employment, enterprise development, and social cohesion in the Northern Province. The Project aimed to create sustainable employment opportunities for marginalized women, men, and persons with disabilities by developing inclusive agriculture and aquaculture value chains and strengthening the Micro, Small and Medium Enterprise (MSME) ecosystem in Sri Lanka's Northern Province. The approach in developing inclusive agriculture and aquaculture value chains anchored in partnerships with leading private companies that adopt inclusive business models through investments in inputs, technology, and technical know-how for suppliers and producers. The PAVE co-finances initial investments as a risk-sharing mechanism, enabling partner companies to secure higher-quality supply chains while improving productivity, incomes, and access to wage employment for producers, thereby ensuring sustainability. The approach in strengthening the enterprise ecosystem, PAVE has focused on capacity building of selected key Business Development Service providers for enhanced delivery of Business Development Services to entrepreneurs. These incentive driven models, offered a win-win proposition for all, thus making the impacts sustainable and scalable.
Present situation of the project	The PAVE project is currently in its final implementation phase, with core interventions delivered and ongoing efforts focused on consolidating results, addressing implementation gaps, and supporting sustainability and transition to its next phase.
Purpose, scope and clients of the evaluation	The purpose of the Final Independent Evaluation (FIE) was to promote learning and accountability among the ILO, implementing partners, and key stakeholders, and to generate evidence-based guidance for future programming. The evaluation covered all PAVE project interventions implemented in the Northern Province of Sri Lanka, from inception to the time of evaluation and integrated ILO cross-cutting priorities, including gender equality, disability inclusion, social dialogue, and non-discrimination. The primary clients of the evaluation are the ILO, the project donor, national and provincial government counterparts, and private sector partners.
Methodology of evaluation	The evaluation used a mixed-methods approach based on the project's Theory of Change to assess relevance, effectiveness, efficiency, sustainability, and alignment with ILO strategic objectives, Decent Work Country Programme (DWCP) outcomes, and Sustainable Development Goals (SDGs). Data collection included desk review, key informant interviews, semi-structured interviews, focus group discussions, and case studies, engaging core project staff, state stakeholders, private sector partners, Civil Society Organisations/Community Based Organisations (CSOs/CBOs), and primary

	beneficiaries, including women, youth, and persons with disabilities. Purposive and stratified sampling, complemented by snowballing, ensured representation across five districts. Field-level workshops were conducted to triangulate data, validate findings, and ensure stakeholder ownership. Confidentiality was maintained, and Utilization-Focused Evaluation (UFE) principles guided the process to enhance learning and practical application of findings. Limitations included the evolving stage of some interventions, gaps and inconsistencies in monitoring data, stakeholder unavailability due to turnover, and logistical constraints requiring virtual interviews in certain cases. Despite these, triangulation of multiple data sources and verifications supported robust, evidence-based conclusions, including identification of lessons learned, good practices, and areas for future improvement.

MAIN FINDINGS & CONCLUSIONS	The project interventions were strongly based on initial needs and value chain assessments and adapted to district-specific contexts. The project effectively supported state institutions, namely, Department of Agriculture (DoA), Department of Industries (DoI), Small Enterprises Development Division (SEDD), Ministry of Women's Affairs (MoWA), National Aquaculture Development Authority (NAQDA), Department of Social Services (DSS) and private sector partners of the four value chains selected for intervention, providing capacity-building, technical guidance, and resources tailored to local priorities. Beneficiaries benefited from improved working conditions, enhanced knowledge and skills for productions and targeted entrepreneurial and vocational skills development for enterprises. The Theory of Change, linking engagement in decent work, access to business services, and adoption of digital and climate-smart solutions to economic resilience and social recognition, was well reflected in project design and implementation. Interventions remained responsive to emerging challenges, including shifts in national policy affecting peanut and chilli production, through strategic pivoting to export-oriented value chains. The project demonstrated strong alignment internally and externally. Internally, training, enterprise support, and value chain development reinforced each other, while externally, PAVE synergized with ILO's LEED+ and Jobs for Peace initiatives, the UNSDCF, SDGs (5, 8, 10, 13), and national development priorities. Cross cutting issues of gender equality, disability inclusion, social dialogue, and climate smart practices were integrated systematically, and collaboration with state institutions, private sector partners and CBOs ensured complementarity and avoided duplication. The project successfully achieved its planned outcomes, with notable gains in capacity-building, adoption of inclusive value chain business models, productivity, market linkages, and income generation. Beneficiaries reported increased financial independence, social recognition, and improved livelihoods. Private sector partners and institutions demonstrated enhanced skills, motivation, and responsiveness to vulnerable groups. Mature value chains, particularly gherkin and seaweed, evidenced adoption of digital solutions and climate-smart practices, while emerging interventions in mango and tilapia value chains are on track to replicate these gains. The Micro, Small and Medium Enterprise (MSME) development strategy, implemented through the capacity building of Business Development Service (BDS) providers, was

	partially effective. While BDS providers demonstrated enhanced skills, motivation, and improvements in the quality and reach of services, the adoption of these services by Micro, Small and Medium Entrepreneurs (MSMEs) was uneven and slower than anticipated. This limited uptake, due in part to insufficient follow-up and backstopping. The project optimized resources and staff expertise to deliver interventions effectively across five districts. Field-based teams, resource inputs and stakeholder workshops facilitated timely and cost-effective implementation. Targeted sampling ensured equitable reach to vulnerable populations, while collaboration with state and private partners leveraged existing capacities. Resource allocation for gender, disability, and social dialogue activities contributed to efficient delivery, though access to credit for beneficiaries remained limited. The project contributed to sustainable improvements in economic well-being, resilience, and social inclusion. Beneficiaries used increased income for debt repayment, household improvements, and education, while improved work environments and engagement with reputable partners enhanced social recognition. The slow uptake in the MSMEs highlighted the need for strengthened post-training support mechanisms to ensure lasting improvements in MSME productivity, competitiveness, and resilience. State institutions strengthened their capacity to support MSMEs and private sector partners, reinforced inclusive economic growth through adoption of climate-smart and digital practices. The project established strong foundations for continued impact beyond project closure. Capacity-building, mentoring, and inclusive business models are embedded within state institutions, private sector partners, and CBOs. Digital communication, marketing tools, and climate-smart practices contribute to improved operational efficiency. Stakeholder ownership, institutionalization of knowledge, and adaptive project management indicate high potential for sustained benefits and replication in other regions and value chains. Overall, the project has remained highly relevant, coherent, effective, and efficient, generating positive economic, social, and institutional impacts while laying the groundwork for sustainable continuation. The project exemplifies a well-aligned, inclusive, and adaptive approach to promoting decent work and resilience for marginalized communities in post-conflict Northern Sri Lanka.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES	
Recommendations	The evaluation recommends institutionalising the Inclusive Value Chain Partnership Model through formal means. It also recommends the importance of continuous capacity building and backstopping of MSMEs as an integral part of the strategy. Establishing a regional coordination and monitoring mechanism from project inception to ensure oversight, risk mitigation, and institutional learning is another key recommendation of the evaluation.

	It further highlights the importance of use of digital tools, gender and disability inclusion, and climate-smart practices as integral components of these implementations. Gender policy rollout should be strengthened through a structured, phased implementation plan that goes beyond awareness-raising to institutionalization. This should include clear roles and accountabilities across national, provincial and local levels and practical implementation guidelines. Preventive safeguards against market concentration, adherence to legal processes, and systematic knowledge documentation and dissemination are advised to enhance transparency, accountability, and replicability in future interventions.
Main lessons learned and good practices	Key lessons learnt include engaging communities as organised entities (CBOs/CSOs) rather than individuals, treating MSME training as an ongoing process with structured backstopping, and adhering to proper legal processes for acquiring government properties to safeguard operations, sustainability, and credibility of value chain interventions. The project demonstrated several good practices, including inclusive value chain partnerships that actively engaged women, youth, persons with disabilities, and female-headed households; provincial gender policy formulation and rollout to embed gender equality in local governance; interactive and inclusive MSME training for BDS providers; mainstreaming climate-smart practices into value chains; and the use of digital media platforms to strengthen communication, coordination, and transparency among VC actors and MSMEs. These lessons and practices collectively contribute to inclusive, resilient, and sustainable local economic development, while strengthening accountability, participation, and the capacity of stakeholders in post-conflict contexts.