



# Evaluation Summaries

## *Start and Improve your Business (SIYB) China Program*

### Quick Facts

**Country :** China

**Mode of Evaluation:** Final Independent, June 2007

**Technical Area:** Employment

**Evaluation team:** Andrew Atherton, Karl-Oskar Olming, and Liu Jun

**Project Start:** July 2004

**Project end:** June 2007

**Project code:** CPR/04/02/UKM

**Donor:** United Kingdom Department for International Development (DFID), Japanese ministry of health, welfare and labour.

**Keywords:** Employment creation, small enterprise development, business development services

### Background & Context

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

The economic growth and emergence of China since the advent of the reform period in 1978 has transformed the scale and structure of its economy fundamentally. Successive reforms have led to liberalization of the economy and increasing integration with trans-national trade and investment. One dimension of these changes has been a shift away from employment security (the “iron rice bowl” that guaranteed employment in state owned enterprises) to greater levels of uncertainty in the labour market increasing income gaps, and a rise in unemployment. In response to these new challenges the Government of China (GoC) has sought to stimulate and encourage alternative forms of employment. It is in that

context that the SIYB China Program was launched in July 2004.

The China program identifies three development objectives:

1. To contribute to poverty alleviation, employment creation and private sector development.
2. To contribute to equitable growth and the alleviation of urban poverty in South West China.
3. To contribute to more equitable economic growth through small enterprise development in secondary cities of Western China.

The implementation of the program was organized in three annual financing stages that involved shifts in technical and regional focus of support. The target group focus had been on vulnerable groups, starting with the urban unemployed in phase 1, laid off workers and migrants in phase 2, and three specific vulnerable groups in phase 3 (disabled persons, ex-convicts, and female migrants working in the entertainment industry). The program has been implemented in partnership with the Ministry of Labour and Social Security (MOLSS) with the objective of enabling it to implement and manage the SIYB China program and its extension to the entire country.

#### **Purpose, scope and clients of the evaluation**

This evaluation seeks to form an overall conclusion and view as to the outputs and performance of SIYB as well as particular implementation measures.

The objectives of this evaluation are to:

- Assess the outcomes of SIYB China and come to a conclusion as to their overall contribution to the priorities of the GoC, the objectives of the ILO, and donor partner objectives
- Identify and, where appropriate, make suggestions and recommendations on future practice and policy based on findings arising from the evaluation of the SIYB China Project, with a particular emphasis on questions relating to the long term sustainability of the SIYB China Program.

### **Methodology of evaluation**

The evaluation involved the following key stages:

- Review and assessment of project and related documentation (desk research and in-country data collection and analysis).
- Acquisition data from GoC partner (MOLSS).
- Orientation and consultation with ILO, MOLSS, and DFID China.
- Stakeholder consultation (Beijing, Municipal).
- Project participant consultation (municipal partners, delivery agencies, beneficiaries/SIYB participants).

### **Main findings and conclusions**

Overall, SIYB China has been highly successful. It has introduced effective new Business Development Services (BDS) and employment creation practices and techniques into China. It has positively affected unemployment and contributed to the re-employment and absorption of laid-off and surplus labour. It has also influenced national thinking and approaches to employment creation through private sector development.

At national level, the program is seen as a successful example of employment creation by MoLSS. Although the impacts of the program are impressive by donor standards, and when

compared to other SIYB programs, the overall impact of the project is still relatively small for China as a whole, given the scale of the country and its employment/re-employment needs. The program has also influenced legislation at national level, and is likely to inform the promulgation of the impending national Employment Promotion Law.

At micro level (pilot area and enterprise), local outputs in terms of participation in training of entrepreneurs and trainers have exceeded targets. In addition there has been substantial and ongoing support for SIYB China beyond involvement in the program. To a large extent, this has been enabled by the national Re-employment fund, which has allowed local Labour Bureaux to continue to support SIYB training and some cases, to fund the continued operation and development of a dedicated local training centre.

At the institutional level, developments have mostly taken place within the government, and particularly within or close to the Ministry of Labour and Social Security. Although this contradicts the market development approaches underpinning international donor practice in BDS, the particular context of China both explains this phenomenon and suggests that this was more likely to occur than in countries where government is less “strong”, institutionally and in terms of capacity.

The scale-up of SIYB activity nationally, beyond the project, has been one of the major achievements of the program in China. SIYB has been extended across most parts of China. There is a high expectation that benefits will arise from the scale of roll-out in terms of credibility for the SIYB approach, expanding the network of provision into what has effectively become a national program, and enhancing access to resources and expertise within this network.

### **Lessons Learned and Recommendations**

#### **Important lessons learned:**

- Using the balance scorecard as a means of monitoring progress and performance is innovative. However, the application of this approach across SIYB China is not conclusive, and there is indication that the centralisation of data collection and

analysis is still needed to ensure strategies for M&E work fully and effectively.

- There is a trend in the ILO as in the development sector as a whole to operate within more integrated approaches combining several disciplines for better impact. The SIYB China project shows that it is not integration that is key to impact, but rather the ability to show success in a specific area. Successful project implementation and delivery is the key to influencing other policy areas such as the enabling environment, HIV/AIDS mainstreaming, and to a certain extent the Credit Guarantee Fund and SME financing.
- When working with a “strong” government (institutionally, as well as in terms of capacity and/or capability) , it might be better to support the government’s core agenda and seek to mainstream specific donor-driven and poverty alleviation messages within the broader policy direction of the partner government.

#### **Main recommendations and follow-up :**

- Findings from China on GYB and SYB training of ex convicts, as well as work in other countries with ex-convicts are so encouraging that this should be explored in more detail, through research or pilot testing elsewhere.
- The Expand Your Business (EYB) component of the SIYB program is under developed in the context of China. There is a need for the Ministry of Labour and Social Security and in-country Chinese partners to develop greater capacity in EYB training of master trainers and trainers, as well as market development.
- Development of EYB capacity and construction of a platform for delivery of this product has not occurred within the SIYB China program. Given the distinctive nature of EYB, and its focus on a separate target client group, there is scope to develop this product and build the capacity to offer it as a specialist BDS,

perhaps with reference to work being undertaken on developing local SME Support Systems.

- There is a need to develop and sustain a national centre of expertise in SIYB training and related activities, that builds on the experiences of organizations and individuals involved in SIYB. There is significant scope to share and exchange the extensive knowledge and experiences of implementing SIYB, nationally and locally, to inform development of a national resource centre.
- There is real potential to stimulate demand for business start-up training among migrants and rural surplus labour by building on the successful concept of “My future is not a dream” media campaigns through partnerships with local TV stations in provincial capital cities based on the results of media interventions during the program.
- The Credit Guarantee Fund (CGF) can function as an effective mechanism for changing attitudes to funding new ventures and small and micro enterprises. There is a need not to take the CGF set-up as given and static, but ensure that it is a way of changing the financial industry to start catering to business start-ups.
- To sustain SIYB program, and the broader approach of employment creation through business start-up, one approach would be to establish at provincial and municipal level budget support for start-up support in various forms.
- ILO should ensure that that there is an SIYB liaison officer in the Beijing office, who can link up with the SIYB specialists in other parts of the world including Geneva and provide information to and from the Enterprise Department’s Resource Platform.