**FCO SPF PROJECT EVALUATION**

1. **Project Details**

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| Project Number | GB-3-PPY IND 1034 IND |
| Project Title | Stimulate an enabling policy environment for first generation entrepreneurship promotion in India |
| Project Cost (total cost / cost to FCO if different) | £158,992 |
| Project Start/End Dates | November 2011 to May 2013 |
| Programme | Prosperity Fund Programme |
| Country/Countries | India |
| Official Development Assistance Y/N | Yes |

1. **Project Purpose** (from proposal form)

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| By 2013, identify and advocate for a conducive policy framework for funding and supporting first generation enterprises. |

1. **Project Background / Context** including what the project set out to achieve (150 words max)

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| One of India’s biggest priorities during the 12th Plan period will be creation of 25 million new jobs each year. Increased entrepreneurial activity where a percentage of job seekers become job creators can make a significant impact.  The biggest barrier to growth of entrepreneurship is the lack of financing for early stage ventures. First generation entrepreneurs need early, seed and venture funding coupled with debt funding for growth. Many regulatory provisions remain inadequate to facilitate activity by angel investors, funds and banks. E.g. the SEBI (Venture Capital Funds) Regulations framed in 1996 to encourage such funding is mostly used as a vehicle to promote private equity, real estate funds etc. Further, VCs have restrictions on sectors in which they can invest, receipt of foreign contributions, operating as a fund of funds, accepting contributions where the contributors wish to give the money as a grant etc.  There are opportunities to influence policy to institute incentives/disincentives to early stage funding. For instance, in August 2011, SEBI sought comments on a concept paper that proposes to differentiate between various types of investment vehicles so the government/regulator can make concessions desirable to each. The report by RBI Committee chaired by Malegam recommends creation of a new category of ‘social venture’ funds.  National Innovation Council (NIC) proposes setting up a venture capital fund for early stage and BOP businesses. There is experience and knowledge of venture capitalists such as Aavishkaar Micro Venture Capital Fund on constraining/promoting policies.  This project proposes to review current policies and proposals such as the above, identify incentives/disincentives to early stage funding and make relevant interventions to influence regulatory bodies such as the SEBI and the RBI. |

1. **Evaluation summary** (150 words max)

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| UKTI wanted to see more SMEs and UK Prime Minister, Mr Cameron, said that an increase in SMEs doing business outside of the UK would benefit the UK.  The project intended to create an environment for supporting entrepreneurs who transform a business idea from a concept to a business capable of trading with the UK and others. As someone said during the evaluation, its projects like this that help to build the conditions for growth, which is the core function of the Prosperity Fund.  The UK will benefit from having more companies in India to trade and carry out business with.  The project looked at barriers to entrepreneurs being able to progress their ideas. It also looked at barriers for investors to invest in such ideas. The project will take some time to deliver the full scale of its impact. But it has started a debate and has had some successes. It met a need and supported the core of the conditions for Global and UK growth by supporting first generation entrepreneurs. |

1. **Questions**

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| Did the project achieve the project purpose? | Yes |
| Did the project come in on budget? (Y/N)  If no, why and what was the difference in cost? | Yes, but under budget due to venue and some other costs being free. |
| Was the project completed on time? (Y/N)  If not, why not? | Yes |
| Were the Project benefits sustained after project completion? | Yes |

1. **Overall Red / Amber / Green rating** for project

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| --- | --- | --- |
| Overall Rating for project (put **X** in relevant box) | | |
| Red | |  |
| Red | Amber |  |
| Amber | Green | **x** |
| Green | |  |

Guide to overall rating:

Green- project performed well under each of the evaluation criteria: relevance, efficiency, effectiveness, sustainability, impact and management

Green/Amber – project performed well under most criteria and adequately in others

Amber/Red – project performed adequately under some criteria but poorly in others

Red – project performed poorly under most criteria

1. **Top 5 Lessons learned**

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| 1. The choice of implementer for this project was vital. They had the right contacts and credibility with the relevant authorities.  2. This project complemented other work the Implementer was doing. It therefore helped to raise the visibility of the prosperity fund.  3. One of the biggest lessons the Implementer learned was the need to push to engage with all stakeholders from the beginning. This included particularly engaging with some government stakeholders. |

1. **Recommendations for future projects**

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| 1. Post may wish in the current bidding round to do follow up projects with incubators who understand the problems faced by those setting up businesses.  2. Post may also wish to look at a Comms plan around this project. They had good traction with the private sector, but could do more at the Ministerial level.  3. Another recommendation Post and the Implementer may wish to take forward to further enhance the impact of this project is to look at regional models and interpret them to the Indian situation by taking into account local factors peculiar to India. |