



## Regional: Mekong Business Initiative (MBI) Preparation

Project Name	Mekong Business Initiative (MBI) Preparation				
Project Number	47303-001				
Country	Regional				
Project Status	Closed				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"><tr><td colspan="2"><b>TA 8539-REG: Mekong Business Initiative (MBI) Preparation</b></td></tr><tr><td>Government of Australia</td><td>US\$ 225,000.00</td></tr></table>	<b>TA 8539-REG: Mekong Business Initiative (MBI) Preparation</b>		Government of Australia	US\$ 225,000.00
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Government of Australia	US\$ 225,000.00				
Strategic Agendas	Inclusive economic growth Regional integration				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	<b>Public sector management</b> - Public administration				
Gender Equity and Mainstreaming	No gender elements				
Description	<p>All countries in the Greater Mekong Subregion (GMS) are pursuing private-sector led growth as part of their overall development strategies. However, despite the general strong economic performance in the region, private sector development (PSD) continues to face serious obstacles and there is ample potential to strengthen the role of the private sector in promoting inclusive economic growth. Given the strong economic inter-linkages among the GMS countries, they can benefit considerably by coordinating their PSD efforts. The Government of Australia (Australia) has expressed interest in supporting PSD in the region by establishing a Mekong Business Initiative (MBI), in collaboration with the Asian Development Bank (ADB).</p> <p>The MBI will be an advisory and advocacy facility to promote PSD in the GMS region. It will not duplicate ongoing reform efforts, but will help align national and regional PSD agendas and act as a region-wide umbrella for PSD. The proposed small scale policy and advisory technical assistance (S-PATA) will design the overall MBI architecture through extensive stakeholder consultations and diagnostic work, including national and regional private sector assessments (PSA). The S-PATA in the amount of \$225,000 will be fully financed by Australia. Subject to satisfactory progress and stakeholder buy-in for MBI, Australia has tentatively indicated a willingness to co-finance up to \$10 million for the first phase of MBI during 2014-2016. The S-PATA is not included in this year's Country Operations Business Plan (COBP) or the Regional Cooperation Operations Business Plan. Fact-finding mission was not fielded as sufficient information has been gathered to proceed with S-PATA processing.</p>				

Project Rationale and Linkage to Country/Regional Strategy

While the business communities in the Mekong region are diverse in nature with PSD challenges that are country specific, there is a range of common critical constraints impeding PSD and investment climate overall across the region, including among others: (i) weak legal and regulatory environments, (ii) the dominant role of state-owned enterprises (SOEs) crowding out private sector investment; (iii) limited access to finance; (iv) lack of competition, exacerbated by lack of level playing field vis-à-vis SOEs; (v) weak public sector capacity in creating an enabling environment, especially in the services sector; (vi) low levels of skills and innovation capability; (vii) high trade facilitation costs; and (viii) lack of technology and knowledge transfer. Together, these constraints stifle entrepreneurship and drive up the costs of doing business, affecting the competitiveness of the GMS countries and the subregion as a whole, as well as their socio-economic development outcomes.

Governments and business leaders in GMS countries realize that structural reforms to improve the investment climate are critical to remain competitive and to sustain economic growth. This recognition has triggered increasing demand for timely and high quality policy advice on business environment reform issues. The MBI will meet these needs by taking a flexible and demand-driven approach, and respond quickly to emerging PSD issues and to seize reform opportunities. The MBI will focus on selected key regional cross-cutting challenges facing the business communities across the GMS region. These areas of focus will be determined through consultations and diagnostics undertaken during S-PATA implementation.

Many development partners, including ADB and Australia, are already actively engaged in PSD activities across the GMS countries, at both the national and regional level. Existing activities are however quite fragmented and lack strategic direction due to insufficient public-private dialogue, among other issues. As a result, linkages and synergies between national and regional business reform agendas remain weak.

While the emphasis of MBI operations will be on Cambodia, Lao PDR, Myanmar and Viet Nam, the initiative will also engage closely with Thailand and with the People's Republic of China (PRC), specifically Yunnan Province and the Guangxi Zhuang Autonomous Region that are part of the GMS. The MBI will adopt a strategic approach towards aligning national and regional PSD agendas. It will think regionally and act nationally in that it is a regional initiative focusing on regionally common issues, but offering national solutions. Partnerships with the GMS Business Forum and all other GMS initiatives dealing with the private sector such as Economic Corridor Forum, trade and transport facilitation and regional value chains will be a key element of the MBI's operations, blending national concerns with regional commonalities.

By aligning national and regional PSD agendas, MBI will facilitate regional economic integration towards establishing the Southeast Asian Nations Economic Community (AEC) by 2015. This will make the MBI a truly regional initiative, with outcomes being achieved at both the national and regional level. MBI will take a decentralized approach to strengthen donor coordination, and enable ADB, along with partners, to engage in meaningful policy reform dialogue with governments and the business community.

Success of the MBI will depend critically on its modality. The MBI design needs to enable ADB to rapidly mobilize targeted expertise for analytical work, policy reform, and capacity building in response to government requests for assistance. The MBI also needs in-built flexibility to disengage and change focus as circumstances require (e.g., the political economy). The MBI will implement a structured decision-making process involving: (i) analytical work to identify priorities, (ii) a project management/steering group to approve interventions and agree target outcomes, and (iii) a monitoring and evaluation (M&E) framework to track progress and measure results. This S-PATA will be used to design the overall MBI architecture including areas of strategic focus, governance arrangements, and M&E framework.

Impact	MBI implemented effectively to improve national and regional business-enabling environments
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### Project Outcome

Description of Outcome	Fully functional MBI mechanism to address cross-cutting private sector issues of regional strategic importance
Progress Toward Outcome	Diagnostic PSA assessments have been prepared and the MBI architecture has been developed.

### Implementation Progress

Description of Project Outputs	National and regional PSAs that guide design of MBI Design and establishment of MBI
Status of Implementation Progress (Outputs, Activities, and Issues)	A total of 7 individual consultants and 9 resource persons have been recruited to help prepare the design of the MBI architecture by facilitating extensive consultations with all relevant stakeholders, and providing a sound diagnostic framework. All the TA activities are expected to be completed by 31 March 2015 and financially closed by mid April 2015.

Geographical Location	
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### Summary of Environmental and Social Aspects

Environmental Aspects	
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Involuntary Resettlement	
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**Stakeholder Communication, Participation, and Consultation**

During Project Design	Consultations with multilateral development banks, relevant government agencies, development partners, potential financiers
During Project Implementation	Consultation workshops, and training programs as appropriate

**Business Opportunities**

Consulting Services	<p>1. Regional Private Sector Specialists (international) The assignment will require international consultants (up to 33 person-days total, December 2013-September 2014) to consolidate national PSAs into a regional PSA, design the MBI architecture, and integrate into a full-fledged TA paper.</p> <p>2. Laos PDR Private Sector Specialist (international) The assignment will require an international consultant (up to 42 person-days intermittent each, December 2013-June 2014) to prepare the private sector assessment for Lao PDR.</p> <p>3. Myanmar Private Sector Specialist (international) The assignment will require an international consultant (up to 42 person-days intermittent each, December 2013-June 2014) to prepare the private sector assessment for Myanmar.</p> <p>4. Laos PDR Private Sector Specialist (national) The assignment will require a national consultant (up to 42 person-days intermittent each, December 2013-June 2014) to support the international consultant in preparing the private sector assessment for Lao PDR.</p> <p>5. Myanmar PDR Private Sector Specialist (national) The assignment will require a national consultant (up to 42 person-days intermittent each, December 2013-June 2014) to support the international consultant in preparing the private sector assessment for Myanmar.</p> <p>6. Monitoring and Evaluation Specialist (International consultant) An international consultant (up to 16 person-days on an intermittent basis from January to June 2014) will have tertiary qualifications and 5 years' experience in monitoring and evaluation. The consultant will be required to develop a monitoring and evaluation framework for the MBI based on methodology used for the ADB-Australia cofinanced private sector development initiative (PSDI)</p> <p>7. International Editor (International consultant) An international editor (up to 20 person-days on an intermittent basis from January to September 2014) will have tertiary qualifications and 10 years' experience in editing economic/PSD publications. The consultant will be required to edit the national and regional PSAs, the MBI concept note and TA paper, and various other MBI related materials.</p>
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Procurement	NA
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**Responsible Staff**

Responsible ADB Officer	Mellor, Dominic P.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Viet Nam Resident Mission
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

**Timetable**

Concept Clearance	-
Fact Finding	06 Jan 2014 to 10 Jan 2014
MRM	-
Approval	06 Dec 2013
Last Review Mission	-
Last PDS Update	31 Mar 2015

**TA 8539-REG**

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
06 Dec 2013	-	06 Dec 2013	30 Sep 2014	31 Mar 2015	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	225,000.00	0.00	0.00	0.00	0.00	225,000.00	06 Dec 2013	213,796.17

Project Page <https://www.adb.org/projects/47303-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=47303-001>

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