



Completion Report

Project Number: 47303-001
Technical Assistance Number: 8539
May 2016

Mekong Business Initiative Preparation

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TA Number, Country, and Name: TA 8539-REG: Mekong Business Initiative Preparation		Amount Approved: \$225,000	
		Revised Amount: Not applicable	
Executing Agency: ADB	Source of Funding: Government of Australia	Amount Undisbursed: \$11,203.83	Amount Utilized: \$213,796.17
TA Approval Date: 6 Dec 2013	TA Signing Date: 6 Dec 2013	Fielding of First Consultant: April 2014	TA Completion Date Original: 30 Sep 2014 Actual: 31 Mar 2015
			Account Closing Date Original: 30 Sep 2014 Actual: 30 Jun 2015
Description			
<p>Background: The Government of Australia (Australia) expressed interest in supporting private sector development (PSD) in the region by establishing a Mekong Business Initiative (MBI), in collaboration with the Asian Development Bank (ADB). The MBI would be an advisory and advocacy facility to promote PSD in the Greater Mekong Subregion (GMS). The purpose of this small scale policy and advisory technical assistance (S-PATA) was to design the overall MBI architecture through extensive stakeholder consultations and diagnostic work. The S-PATA in the amount of \$225,000 was fully financed by Australia. Subject to satisfactory progress and stakeholder buy-in for MBI, Australia indicated willingness to co-finance up to \$10 million for the first phase of MBI (3 year period).</p> <p>Rationale: There is increasing demand from Government and business leaders for timely and high quality policy advice on business environment reform issues. The MBI would 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 would focus on selected key regional cross-cutting challenges facing the business communities, focusing on Cambodia, Lao People's Democratic Republic (PDR), Myanmar and Viet Nam. Areas of focus would be determined through consultations and diagnostics undertaken during S-PATA implementation.</p>			
Expected Impact, Outcome, and Outputs			
Impact: MBI implemented effectively to improve national and regional business-enabling environments.			
Outcome: Fully functional MBI mechanism to address cross-cutting private sector issues of regional strategic importance.			
Output: Design and establishment of MBI through stakeholder consultations and country PSD diagnostics			
Delivery of Inputs and Conduct of Activities			
<p>Key inputs included a series of stakeholder consultations and diagnostics to build consensus on the MBI design. Stakeholder consultations were held in Hanoi, Ho Chi Minh City, Vientiane, Phnom Penh, Yangon, Naypyidaw, and Bangkok. Country diagnostics (including political economy analysis) were prepared for Cambodia, Lao PDR, Myanmar, and Viet Nam. In total of 7 individual consultants and 9 resource persons were recruited to help prepare the design of the MBI architecture by facilitating extensive consultations with all relevant stakeholders, and providing a sound diagnostic framework. The performance of the consultants was either satisfactory or highly satisfactory.</p> <p>There were no significant implementation changes. The impact, outcome and outputs remained the same. The terms of references were clearly formulated and remained largely unchanged during implementation. No review missions were necessary as this SSTA was processed by resident mission staff in Cambodia, Lao PDR, Myanmar, Viet Nam and Thailand so in-country stakeholder consultations were continuous.</p>			
Evaluation of Outputs and Achievement of Outcome			
<p>The output was achieved as evidenced by the approval of MBI in January 2016. The approved MBI design focuses on cross-cutting issues of: (i) enabling business regulatory environment, and (ii) access to financial services. Both issues were determined through stakeholder consultations and country diagnostics as issues of regional strategic importance. The MBI design also includes an innovative M&E framework that allows in-built flexibility to disengage and change focus as circumstances require.</p> <p>The output was achieved as evidenced by buy-in from the Governments of Cambodia, Lao PDR, Myanmar, and Viet Nam (letters of no-objection from each national government to approval of MBI), and the buy-in of the Government of Australia (cofinancing commitment of \$10 million during 2015 to 2017).</p>			

Overall Assessment and Rating

This SSTA is assessed as highly successful as the outcome and outputs were fully achieved within expected timelines to the satisfaction of key public sector stakeholders (Government of Australia and the beneficiary Governments of Cambodia, Lao PDR, Myanmar, and Viet Nam). The Government of Australia's buy-in is evidenced by the approval of \$10 million cofinancing for the MBI (approved in January 2015).¹ The buy-in of beneficiary Governments of Cambodia, Lao PDR, Myanmar, and Viet Nam is evidenced by the no-objection letters and high engagement of local counterparts (both public and private sector) during initial implementation of MBI.

There are also indications of strong demand for MBI advisory services and that impact is being achieved during first year of implementation. MBI supported the Government of Myanmar to develop its first ever National PSD framework and Action Plan through an extensive process of public-private dialogue. Consequently, the Action Plan has a high degree of ownership from both the public and private sector. Similarly, MBI is providing technical assistance to the Government of Viet Nam at both the national and subnational-level on SME/PSD Framework and Action Plans and the design of innovative business support service mechanisms that leverage off private sector expertise and finance. Non-sovereign activities include partnerships with the private sector to pilot innovative business models that have potential for high social impact. MBI is partnering with commercial partners to pilot a business-to-business e-commerce platform to help more SMEs integrate into global value chains. MBI is also partnering with several entrepreneurs to pilot digital financing business models, and also with a commercial bank to pilot innovative agribusiness financing products. These activities are laying the foundations for potential ADB sovereign and non-sovereign operations. Finally, MBI is developing high-quality knowledge products and services in response to demand from businesses and entrepreneurs. For example, in Viet Nam there were over 500 participants at the launch of business-friendly guide on the impact of Trans-Pacific Partnership (TPP) that was prepared jointly by MBI and business association partners.

The Government of Australia's first year assessment of the MBI rated 5/6 or higher for relevance, effectiveness, risk management, and innovation. MBI was also scored satisfactory for gender and sustainability.

Major Lessons

This SSTA was successful because implementation was highly decentralized with high degree of ownership across ADB resident missions in Cambodia, Lao PDR, Myanmar, Viet Nam, and Thailand. Strong ADB in-country presence facilitated consistent dialogue with both public and private sector stakeholders. It also helped that the main counterparts from the Government of Australia were based in the same location as the ADB project lead (Hanoi, Viet Nam).

The modality of MBI (RETA with ADB as implementing agency) allows ADB to be flexible (work across government agencies), demand-driven (engage and partner directly with the private sector), and be more innovative (portfolio approach that balances innovation and risk – including subprojects to pilot innovative business models). This modality provides significant value-added proposition to traditional TA designs and is well suited to cross-cutting thematic issues such as PSD.

During design of MBI there were concerns that there would be lack of country ownership during implementation as ADB was the implementing agency but this has not been the case as evidenced by high-demand for MBI support during initial implementation of the TA and identification of entry-points to policy dialogue.

Recommendations and Follow-Up Actions

During design, the project team had to carefully consider procurement risks associated with implementing such a large and flexible RETA out of Viet Nam Resident Mission. Consideration was given to contracting a firm but it was not possible to identify suitable firms due to the highly flexible modality of the MBI. However, during implementation as the MBI program takes shape, the project team may give consideration to blending individual contract recruitment with a firm contract to reduce administrative burden and risk of TA implementation delays.

¹ ADB. 2014. TA 8785-REG: Mekong Business Initiative. Manila.