



Regional: Mekong Business Initiative (MBI)

Project Name	Mekong Business Initiative (MBI)	
Project Number	48270-001	
Country	Regional	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8785-REG: Mekong Business Initiative (MBI)	
	Technical Assistance Special Fund	US\$ 500,000.00
	Government of Australia	US\$ 10.00 million
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Public sector management - Public administration	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The Mekong Business Initiative (MBI) is an advisory and advocacy facility which promotes private sector development (PSD) in the Greater Mekong Sub-region (GMS) region, with a focus on Cambodia, Lao PDR, Myanmar, and Viet Nam (CLMV). The MBI objective of promoting business environment reforms in CLMV aligns to the Asian Development Bank (ADB) Strategy 2020 strategic focus on PSD, as well as the GMS Economic Cooperation Program Strategic Framework 2012- 2022 in recognition of the critical role of the private sector as an engine of GMS development. MBI adopts a focused and strategic approach towards aligning national and regional PSD agendas. The MBI thinks regionally and act nationally in that it is a regional initiative focusing on common regional issues, but offering national solutions. Success of the MBI depends critically on its modality. The MBI design enables ADB to rapidly mobilize targeted expertise for analytical work, policy reform, and capacity building in response to government and private sector requests for assistance. Significant resources will be set aside to support reform implementation. The MBI relies on an understanding of political economy, and on in-built flexibility to disengage and change focus as circumstances require. Reforming the business environment takes many years and requires sustained political and policy support. A key feature of MBI is that it will be demand driven, can respond quickly to requests from CLMV, and provide ongoing support to implement the reforms and achieve tangible results. MBI aims to take novel approaches to PSD in the region; inevitably some of the initiatives that it undertakes will be experimental. Even if initiatives are based on sound analytical work and monitored closely, some unsuccessful reform efforts are inevitable because of their inherent complexity. Accordingly, the MBI has adopted an M&E framework that allows for close monitoring of projects to limit cost of stalled projects, allow for strategic exits, and provide a framework for learning for the future. MBI also engages and transfers knowledge from ASEAN economies outside of CLMV, as well as global best practices.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>The private sector in CLMV is still in its infancy after long history of centralized planning and government control. While the business communities in CLMV are diverse in nature and PSD challenges country specific, all countries face common problems during the transition toward market economies. Despite of past and on-going regulatory reforms spurred by commitments under various free trade agreements (FTAs), across CLMV there remains an absence of a legal platform necessary to support a robust and developing private sector. Business laws are often inappropriate and poorly implemented in key areas of business formation, contracting, corporate governance, and insolvency. They are rarely used by a significant portion of the population and do not foster the economic inclusion of community groups, women's groups, associations of small farmers, and local entrepreneurs. These groups also have limited access and knowledge about finance services and their use. The low level of access to finance is partly the result of the geographical characteristics the GMS as it is costly to provide services in remote areas and partly as a result of poor regulations and lack of suitable financial products. Besides, the lack of access to information hinders the growth and participation of local businesses into the global value chains. There is need to assist entrepreneurs in the informal sector to formalize their businesses, opening opportunities to access formal financial institutions, access updated and accurate information both locally and internationally, and to take advantage of the modernization of business laws and regulations. New and rapidly evolving technologies hold the promise of overcoming some of these obstacles but to date opportunities have not been fully explored. These constraints stifle entrepreneurship and drive up the cost of doing business, increase opportunities for corruption and dominant state-owned enterprises, affecting the competitiveness of individual CLMV, as well as their socio-economic development outcomes. Many traditional factors motivating economic cooperation present themselves in the GMS. Complementary resources and levels of income suggest opportunities for intraregional trade and investment. Economic cooperation can lower transaction costs by reducing structural and institutional impediments to movement of goods, people, and capital. By acting together, GMS partners can exploit economies of scale and competitive efficiencies enabling activities that otherwise may not occur. Given the strong economic inter-linkages among the CLMV countries, they can benefit considerably by coordinating their PSD efforts. There are opportunities for provisioning of regional public goods where CLMV countries currently lack the capacity or resources for national institutions. Establishing common regional standards and benchmarks can also spur reforms. CLMV countries are all pursuing business environment reforms under national PSD agendas to take advantage of the opportunities and overcome challenges brought about by the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) and other FTAs. Progress has however been slow. CLMV generally lag behind largely due to their limited capacity to implement reforms. The ASEAN development gap is a risk to regional economic integration.</p>
Impact	The private sector in CLMV, especially SMEs, benefit from regional integration and create employment

Project Outcome

Description of Outcome	Improved business enabling environment for SMEs in CLMV
Progress Toward Outcome	The consultants' team is ready on board on 1 May 2015.

Implementation Progress

Description of Project Outputs	<p>Strategic area output 2: Improved functioning of national and regional markets for SME financial services, addressing supply and demand issues</p> <p>Strategic area output 1: Improved business regulatory environment that incentivizes business formalization and supports regional harmonization and integration</p> <p>Cross-cutting area output 3: Improved provision of strategic and knowledge management services</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>A group of individual consultants including MBI Team Leader, Deputy Team Leader, Technical manager and business regulation reform expert, Private sector development experts, Project coordinator, and Country Coordinator for each country are being recruited. The consultant team are ready to commence their assignments on 1 May 2015.</p> <p>A number of Resource Persons are expected to be mobilized during the TA implementation.</p>
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	Conceptualization of the MBI is being done through stakeholder consultations with key national and regional institutions involved in PSD. On-going consultations are being funded under S-PATA for MBI preparation and will continue through to September 2014. The S-PATA is being used to design the overall MBI architecture including areas of strategic focus, governance arrangements, and monitoring and evaluation (M&E) framework. Key activities associated with this S-PATA include stake-holder analysis, bilateral consultations, focus group discussions, and national and regional-level consultation workshops with private sector, government, civil society, research institutions and academia, and other PSD stakeholders. Analytic work and evaluation of past and existing PSD reform programs will be the basis of these extensive consultations. During this process, coalitions will be formed with key national and regional counterparts and private sector reformers across the Mekong region.
During Project Implementation	<p>ADB will be the Executing Agency. A project administration unit (PAU) will be placed in the Viet Nam resident mission (VRM) and undertake (i) TA management and oversight, (ii) financial management, (iii) fiduciary responsibilities, and (iv) M&E</p> <p>MBI strategic focus and work programs will be guided by an annual steering group meeting involving the ADB, development partners, private sector, and the Government. MBI will implement a structured decision-making process involving: (i) analytical work to identify priorities, supplemented by discussion, dissemination and advocacy with stakeholders and policy makers, (ii) a project management group to screen and review assistance requests from CLMV countries, recommend interventions, and agree target outcomes, and (iii) a M&E framework to track progress and measure results. As initiatives are implemented, there will be close consultation with stakeholders to ensure ongoing support for MBI programs. If particular initiatives or reform programs stall because of external factors, resources can be shifted to other areas or countries where progress is rapid or where unforeseen requests are received. In this way momentum is maintained over the MBI program as a whole.</p> <p>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. The regional approach of the MBI will both support and leverage the many existing development partner PSD activities. It will coordinate with all these ongoing reform efforts and act as a region-wide umbrella for PSD that is both inclusive and growth orientated. Close coordination with national-level PSD activities of the Government of Australia will be essential. The MBI will work closely with ADB regional and country teams so that private sector components of ADB's regional/country partnership strategies and regional/country operations business plans can be informed by MBI analytical work and policy initiatives can be aligned to policy-based loans and grants in the region. Effective coordination with GMS program activities will be necessary. The MBI will reinforce operational linkages to the Private Sector Operations Department at every opportunity.</p>

Business Opportunities

Consulting Services	The MBI has recruited 15 out of 17 full-time consultants (6 international for 216 person-months, and 10 national for 300 person-months). These consultants has been hired through firm or individual consultant selection. Additionally, the short-term consultants (estimated 95 person-months of international consultants and 40 person-months of national consultants) will be hired mainly on lump-sum contract basis for specific outputs. There are 5 international short-term consultant have been hired so far. Consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). Areas of consultancy expertise needed include (i) PSD, (ii) commercial law, (iii) access to finance, (iv) knowledge management and communication, and (v) M&E
Procurement	Procurement of equipment and information technology solutions will firm up during implementation of MBI based on requests for assistance. It is envisaged that it will cover funding for electronic registry information technology solutions, financial infrastructure for alternative collateral registry systems, database and software, computers, printers, and communications equipment.

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	28 Aug 2014
Fact Finding	24 Mar 2014 to 14 May 2014
MRM	-
Approval	03 Dec 2014
Last Review Mission	-

TA 8785-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
03 Dec 2014	-	03 Dec 2014	30 Nov 2017	31 Dec 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
500,000.00	10,000,000.00	0.00	0.00	0.00	0.00	10,500,000.00	03 Dec 2014	6,653,368.13

Project Page <https://www.adb.org/projects/48270-001/main>

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