



Technical Assistance Report

Project Number: 48270-001
Regional–Policy and Advisory Technical Assistance (R–PATA)
November 2014

Mekong Business Initiative (Cofinanced by the Government of Australia)

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
AEC	–	ASEAN Economic Community
ASEAN	–	Association of Southeast Asian Nations
CLMV	–	Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam
GMS	–	Greater Mekong Subregion
MBI	–	Mekong Business Initiative
PSD	–	private sector development
SMEs	–	small and medium-sized enterprises
TA	–	technical assistance

NOTE

In this report, "\$" refers to US dollars.

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CONTENTS

	Page
POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE PROPOSED POLICY AND ADVISORY TECHNICAL ASSISTANCE	3
A. Impact and Outcome	4
B. Methodology and Key Activities	4
C. Cost and Financing	5
D. Implementation Arrangements	5
IV. THE PRESIDENT'S RECOMMENDATION AND DECISION	5
 APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	9
3. Outline Terms of Reference for Consultants	10
 SUPPLEMENTARY APPENDIXES (available on request)	
A. Selected Institutions Involved in Private Sector Development in the Greater Mekong Subregion	
B. Regional Business Environment and Small and Medium-Sized Enterprises Development Agenda	
C. Summary of Cambodia Private Sector Assessment	
D. Summary of Lao People's Democratic Republic Private Sector Assessment	
E. Summary of Myanmar Private Sector Assessment	
F. Summary of Viet Nam Private Sector Assessment	
G. Development Partner Support in Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam – Selected On-Going Activities within Mekong Business Initiative Strategic Focus Areas (as at end October 2014)	
H. Mekong Business Initiative Technical Assistance Operations Manual	
I. Risk Assessment and Risk Management Plan	

POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48270-001	
Project Name	Mekong Business Initiative (MBI)	Department /Division	SERD/VRM
Country Borrower	REG, CAM, LAO, MYA, VIE This is a TA. There is no loan component	Executing Agency	Asian Development Bank
2. Sector		Subsector(s)	
✓ Public sector management	Public administration	Financing (\$ million)	
			10.50
		Total	10.50
3. Strategic Agenda		Subcomponents	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change Information	
Regional integration (RCI)	Pillar 2: Trade and investment Pillar 4: Other regional public goods	Climate Change impact on the Project	Low
4. Drivers of Change		Components	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change Civil society participation Institutional development Institutional systems and political economy	Gender Equity and Mainstreaming	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Civil society organizations Implementation International finance institutions (IFI) Private Sector Regional organizations South-South partner		
Private sector development (PSD)	Conducive policy and institutional environment Promotion of private sector investment		
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Rural	Medium
		Urban	Medium
6. TA Category:		A	
7. Safeguard Categorization Not Applicable			
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.50	
Sovereign Policy and advisory technical assistance: Technical Assistance Special Fund		0.50	
Cofinancing		10.00	
ATF - Australian TA Grant		10.00	
Counterpart		0.00	
None		0.00	
Total		10.50	
9. Effective Development Cooperation			
Use of country procurement systems	No		
Use of country public financial management systems	No		

I. INTRODUCTION

1. At the 19th Greater Mekong Subregion (GMS) Ministerial Conference, the Asian Development Bank (ADB) was encouraged to work with GMS countries to strengthen links and synergies between national and regional business reform agendas.¹ Government and business leaders realize that improving the business regulation environment and achieving commitments on regional economic integration are critical to competitiveness and to sustained economic growth. The challenging reform agenda has triggered greater demand for timely and high-quality policy advice on business environment issues. ADB and the Government of Australia jointly responded with small-scale technical assistance (TA) to develop the design of a regional TA supporting private sector development (PSD).² Conceptualization of the proposed TA was done through extensive stakeholder consultations with institutions involved in PSD (Supplementary Appendix A). Analytic work, prepared under the small-scale TA, as well as past evaluations and existing reform programs were the basis of these consultations. The design and monitoring framework is in Appendix 1.³

II. ISSUES

2. Countries within the Association of Southeast Asian Nations (ASEAN) are all pursuing business environment reforms under national PSD agendas to reach the targets of the ASEAN Economic Community (AEC) by 31 December 2015. Progress has however been slow.⁴ Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (CLMV) generally lag behind largely due to their limited capacity to implement reforms (Supplementary Appendix B). The ASEAN development gap is a risk to regional economic integration.

3. To bridge the ASEAN development gap, several regional programs are being initiated, including the Initiative for ASEAN Integration and the Greater Mekong Subregion (GMS) program. ADB support under the GMS program is focused primarily on AEC pillar 1 (trade facilitation and strengthening of food security and cooperation in the agriculture sector) and AEC pillar 2 (infrastructure development and development of energy and mineral cooperation). Interventions under AEC pillar 3 (development of small and medium-sized enterprises [SMEs], and implementation of the Initiative for ASEAN Integration) are more limited and the private sector's involvement is marginal.

4. The private sector in CLMV is still in its infancy after a long history of centralized planning and government control. While the business communities in CLMV are diverse in nature and the PSD challenges somewhat country specific, all face common problems in developing competitive market economies. Except for Viet Nam, these countries still have agrarian economic structures with limited manufacturing industries. Spillovers from foreign direct investment to the domestic private sector have been limited. This is partly because of a "missing middle" of larger domestic private firms, since SMEs account for well over 90% of all enterprises, and up to 75% of employment.⁵ Many operate informally and are disadvantaged as a result. Women-run enterprises tend to remain informal.

¹ 19th GMS Ministerial Conference. 2013. *Ministerial Remarks of His Excellency Sun Chanthol*. Vientiane.

² ADB. 2013. *Technical Assistance for Mekong Business Initiative Preparation*. Manila.

³ The TA first appeared in the business opportunities section of ADB's website on 17 September 2014. TA activities will not start until a no-objection assurance in writing is obtained from the respective governments.

⁴ ASEAN. 2013. *ASEAN Economic Community Scorecard 2013*. Jakarta.

⁵ ADB has prepared updated private sector assessments for CLMV to inform TA design. Summaries of these assessments are in supplementary appendixes C to F.

5. Regional economic integration will provide opportunities for local CLMV businesses to integrate into regional and global value chains, and thereby facilitate economic diversification. As the AEC moves toward a higher level of market integration, new perspectives are opening for these firms. Innovative and high-growth domestic private firms will have an opportunity to transform their businesses. The prospects for SMEs in CLMV are promising because they produce many marketable products and are geographically very mobile. The respective private sectors, however, face many limitations to effective competitiveness in global markets, and generally operate in weak business regulation environments.

6. **Informal businesses unable to grow domestically and lacking access to regional and international markets.** Most SMEs have restricted access to international markets because of increasingly prevalent requirements for quality and traceability. Informal enterprises tend to trade among themselves, rarely accessing the growth opportunities that come from large, formal customers or regional supply chains. Although SME-supporting government policies are often proposed and enacted, they are most commonly introduced as top-down prescriptions inappropriate for the needs of the domestic private sector. These policies are often ad hoc and directed toward short-term benefits rather than the essential fundamental structural reforms that are needed. The importance of the profit motive has not always been fully recognized, and policies have generally not encouraged business formalization and growth.

7. **Weak implementation of business laws.** Despite past and ongoing regulatory reforms that spurred initial efforts at global and regional economic integration across CLMV, legal platforms to support a robust and developing private sector remain weak. PSD policies are sometimes inconsistent with commitments under the regional economic integration agenda, while business laws are often poorly implemented. This creates uneven conditions that do not foster the economic inclusion of local entrepreneurs and SMEs. Many do not register because the process is too burdensome and costly and the benefits are too meager. As business regulation reforms are implemented and CLMV national business laws progress toward international standards, domestic enterprises must be encouraged to take advantage.

8. **Small and medium-sized enterprises lacking access to financial services.** Many SMEs and entrepreneurs in CLMV lack awareness of available financial services, and have difficulty defining and articulating their financing needs. Demand-side constraints include weak business development skills and low corporate governance standards. Limited financial access constrains SMEs' innovation capability and their ability to participate in regional and global value chains. The problem is exacerbated by poorly functioning land registration systems, stringent collateral requirements, and inadequate protection of creditor rights. National financial systems and regulations are not conducive to the promotion of alternative financial products and diversified financial markets. For SMEs and informal businesses with limited traditional assets to use as collateral, more flexible legal frameworks allowing the use of alternative collateral (i.e., a secured transaction framework) and innovative and suitable financial products are needed.⁶

9. Regional cooperation offers strategic opportunities to improve the business environment. By acting together, GMS partners can exploit economies of scale and competitive efficiencies to enable activities that otherwise may not occur. For example, the presence within the region of well-developed country financial systems, proven business models, and industry support institutions offer strategic resources to support less-developed countries with less-developed financial systems. The establishment of common business regulation standards, codes, and

⁶ A secured transaction framework is a legal framework that consists of a law and a registry and allows banks to secure security interest on movable assets.

benchmarks can also spur reforms. Harmonization of business rules will support intraregional trade and investment. Opportunities exist for supporting the provision of regional public goods where CLMV currently lack the capacity or resources for national institutions. Strengthening of private sector institutions such as the GMS Business Forum and its core members, as well as women-led business associations in CLMV, is also needed to develop platforms for effective dialogue and information sharing.

10. The challenging reform agenda has triggered greater demand for timely and high-quality policy advice on business environment issues. Development partners have responded with many ongoing PSD activities across the GMS countries (Supplementary Appendix G) but existing national activities are quite fragmented. Stronger links and synergies with the regional economic integration agenda can support national business reforms. An evaluation of a past regional PSD policy advisory trust fund managed by the International Finance Corporation emphasized the importance of maintaining strategic focus, an effective portfolio monitoring and evaluation framework, and donor coordination.⁷

III. THE PROPOSED POLICY AND ADVISORY TECHNICAL ASSISTANCE

11. The Mekong Business Initiative (MBI) will be a policy advisory and advocacy facility to promote PSD, business formalization, and growth in value chains in the GMS region, with a focus on CLMV. It will support business-enabling reforms and not be used to prepare non-sovereign transactions. The MBI will “think regionally and act nationally” in that it is a regional initiative focusing on common regional issues, but offering national solutions. The MBI will initially focus on stakeholder consultations, diagnostic work, and advocacy activities with the intention of spurring demand for reforms. The MBI will look to gradually build up a reform program in response to demand from CLMV private sector entities and governments. Significant resources will therefore be set aside to support reform implementation. The MBI will also support capacity building at implementing institutions to ensure sustainability of activities. The regional approach of the MBI will seek to support and leverage existing donor PSD activities.

12. Business environment reforms are often complex, take many years, and require sustained political and policy support. Success of the MBI therefore depends critically on its modality. Key features of the MBI are that it will be demand driven, enable ADB to rapidly mobilize targeted expertise in response to requests for assistance,⁸ and have in-built flexibility to disengage and change focus as circumstances require.⁹ The MBI will support reform agendas being driven within CLMV by working with multiple stakeholders, particularly the private sector. The MBI aims to take novel approaches, so some of the initiatives pursued will be experimental. Accordingly, the MBI will develop a monitoring and evaluation framework that allows close monitoring of projects, strategic exits, and learning.

13. The initiative will engage closely with Thailand and the People’s Republic of China through the GMS Business Forum.¹⁰ The MBI will also seek partnerships with strong regional

⁷ International Finance Corporation. 2013. *End of Facility Review–Mekong Private Sector Development Facility Phase 3*. Ha Noi: Adam Smith International.

⁸ The MBI intends to allocate resources equally between CLMV. However, if reforms stall in one country, the MBI has the flexibility to shift resources to the other countries where reform is progressing faster. Country portfolio performance will be monitored regularly.

⁹ ADB and the Government of Australia have successfully partnered to design and implement this type of TA in the Pacific region (Pacific Private Sector Development Initiative – phases 1, 2, and 3).

¹⁰ Specifically, Yunnan Province and the Guangxi Zhuang Autonomous Region, which are part of the GMS.

and global institutions promoting good business practices, and transfer knowledge from ASEAN economies outside of the GMS, as well as global best practices.

A. Impact and Outcome

14. The expected impact will be increased business formalization and growth in regional value chains in CLMV as measured by an increase in (i) the number of new companies registered and (ii) the percentage of SMEs that export. The expected outcome will be an improved business-enabling environment in CLMV as measured by rankings of selected indicators such as the ASEAN SME policy index.

B. Methodology and Key Activities

15. **Output 1: Improved business regulation environment that supports regional harmonization and small and medium-sized enterprises integration into global supply-chains.** MBI activities include the following: First, business regulation diagnostics in CLMV are developed in consultation with all key stakeholders to assess impediments to business formalization and growth, with particular attention on women-led SMEs.¹¹ Diagnostics will benchmark regulatory gaps between CLMV business laws and international best practice, as well as implementation gaps. Second, independent and high-quality policy analysis is provided to the GMS Business Forum and national business associations for increasing awareness of policy issues and strengthening their capacity to advocate for change. Third, the capacity of business associations (with particular attention on women-led business associations) is strengthened to support SMEs through dissemination of SME-friendly materials on business development support. Fourth, and subject to demand, the MBI will further (i) support the drafting of selected business laws that incentivize business formalization and are harmonized with regional standards, principles, and codes; (ii) build the capacity of institutions responsible for enforcing these regulations; (iii) promote the provision of regional public goods where CLMV currently lack the capacity or resources for national institutions; and (iv) support adoption of innovative approaches to extending the benefits of business regulation reforms to SMEs, particularly women-led SMEs, both in the formal and informal sectors.

16. **Output 2: Better-functioning national and regional markets for financial services to small and medium-sized enterprises.** This includes regulatory diagnostics of SME access to financial services, including gender dimensions, in CLMV to inform MBI technical and advocacy activities.¹² It involves extensive stakeholder consultations and engagements with policymakers. To create a more conducive environment for SME access to finance, subject to demand, the MBI will (i) draft or revise financial laws and regulations, (ii) install or upgrade alternative secured transaction registries, and (iii) implement secured transaction lending, through both supply- and demand-side measures.

17. **Output 3: Improved provision of strategic and knowledge management services.** MBI activities include (i) awareness campaigns to promote the MBI to potential beneficiaries; (ii) communication via social media and online platforms to disseminate knowledge generated

¹¹ The MBI will implement an in-depth examination of the “business informality issue” in CLMV, including an assessment of its causes and costs, and identification of possible MBI activities to overcome it.

¹² The Government of Australia is financing the United Nations Capital Development Fund through the Shaping Inclusive Finance Transformations in ASEAN program. While the MBI primarily supports regulatory reforms that improve the enabling environment for SME access to finance, the program works with providers to promote and pilot new SME-friendly financial products. ADB will therefore closely work with the fund as the two programs are highly complementary with much scope for collaboration. MBI however will not cross-subsidize SHIFT activities.

by the MBI; (iii) analytic work to identify and prioritize TA activities and support integration of PSD issues into ADB regional and country programming, including policy-based loans; (iv) annual bulletins describing issues and outcomes of the MBI initiatives with key findings and lessons to be disseminated through knowledge-sharing workshops, including on gender issues, and both printed and social media; (v) regular private sector roundtables to foster discussions between public and private stakeholders on MBI focus areas; (vi) regular participation in regional and international conferences to discuss findings and best practices; and (vii) a 3-year monitoring and evaluation framework, including annual performance targets, to track progress of all MBI initiatives, with results aggregated and analyzed in an annual MBI progress report. The MBI will also respond to requests for knowledge support from governments and business associations on PSD issues of strategic importance.

C. Cost and Financing

18. The TA is estimated to cost \$10.5 million, of which \$10.0 million will be financed on a grant basis by the Government of Australia¹³ and \$0.5 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). Cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

19. ADB will be the executing agency. A project administration unit will be placed in the Viet Nam Resident Mission and be responsible for managing the TA. Annually, ADB will organize a development partner consultation session to review progress and accomplishments from the previous year. Following on from this ADB and the Government of Australia will convene a strategic planning workshop to agree on strategic directions of the MBI work program for the year ahead. In light of its complexity, the MBI will require 11 long-term consultants (six international for 195 person-months, and five national for 167 person-months), who will be hired through individual consultant selection to provide flexibility and ensure quality during the recruitment process. Additionally, short-term consultants (an estimated 82 person-months of international consultants and 40 person-months of national consultants) will be hired. Consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The MBI operations manual details implementation arrangements (Supplementary Appendix H). The MBI will be implemented from December 2014 to November 2017. Australia has indicated that it would consider a possible extension of the TA subject to sufficient reform momentum and results generated during this period.

IV. THE PRESIDENT'S RECOMMENDATION AND DECISION

20. The President recommends that the Board approve ADB administering a portion of technical assistance not exceeding the equivalent of \$10,000,000 for the Mekong Business Initiative, to be financed on a grant basis by the Government of Australia. If the Board approves ADB administering the technical assistance, the President, acting under the authority delegated by the Board, approves ADB providing the balance of the technical assistance not exceeding the equivalent of \$500,000 on a grant basis, for the Mekong Business Initiative.

¹³ Through the Memorandum of Understanding on Channel Financing (Technical Assistance Program) between the Government of the Commonwealth of Australia and the Asian Development Bank.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Increased business formalization and growth in global value chains in CLMV.	By 2022: Number of companies registered, including SMEs, increased in CLMV (Baseline in 2013 = approximately 900,000, target in 2023 = 1,500,000) Percentage of SMEs in CLMV that export (Baseline in 2013 = approximately 10%, target in 2023 = 18%)	Company registries Enterprise surveys Annual MBI progress report (published on ADB's website)	Assumption Sustained government commitment and contribution to regional cooperation on PSD reform issues Risk Global economic slowdown
Outcome Improved business-enabling environment for SMEs in CLMV	By 2017: Improvement in the average ranking in CLMV of selected components of the ASEAN SME policy index (Baseline for business regulations in 2014 = 3.0, target in 2017 = 3.3; baseline for access to finance in 2014 = 2.6, target in 2017 = 3.3) Stronger commitment by CLMV governments to SME-friendly reforms of business and financial regulations	ASEAN SME policy index Reference to MBI policy recommendations in various government statements and policy documents	Assumption Sustained government commitment to regional cooperation on PSD reform issues Risk Business environment reforms lack political support.
Output 1: Improved business regulation environment that supports regional harmonization and SMEs integration into global supply-chains	By end-2017: Business regulation diagnostic work, including gender dimensions, and stakeholder consultation White papers and discussion papers for consultation and policy change Drafting of selected business laws based on harmonized regulatory standards and codes Capacity-building and technology solutions available for agencies that implement new business laws	MBI diagnostics Business laws drafted with MBI technical inputs Annual MBI progress report (published on ADB's website)	Assumption Domestic private sector in CLMV has the organizational capacity to advocate effectively for improved business environment. Risks Lack of coordination between GMS regional and national institutions involved in PSD Governments do not have sufficient resources to effectively implement reforms.
Output 2: Better-functioning national and regional	Financial regulatory diagnostics relating to SME access to finance, including	MBI diagnostics Financial laws and	Assumption Financial service providers are

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
markets for financial services to SMEs	<p>gender dimensions</p> <p>White papers and discussion papers talking supply and demand side constraints to access to finance for consultation and policy change</p> <p>Drafting of selected financial laws and regulations based on harmonized standards, principles, and codes</p> <p>Installed or upgraded alternative collateral registries</p> <p>Increased awareness among potential beneficiaries of secured transaction lending opportunities and of existing and new SME-friendly financial products, particularly for women-led SMEs</p>	<p>regulations drafted with MBI technical inputs</p> <p>Data collected by financial service providers and movable asset registries</p> <p>Annual MBI progress report (published on ADB's website).</p>	<p>sufficiently motivated to adopt new financial products that take advantage of a better financial regulation environment for SME lending.</p> <p>Risk CLMV governments lack capacity to implement agreed finance sector reforms.</p>
<p>Output 3: Improved provision of strategic and knowledge management services</p>	<p>Major knowledge products, including gender dimensions, and events (target = 3)</p> <p>Internet hits and downloads of MBI knowledge products, and citations of MBI work through social and printed media (target = 150)</p> <p>MBI analytical work is used for country programming and operations in CLMV</p> <p>Average MBI response time to requests from governments will be less than 14 working days</p>	<p>MBI diagnostics</p> <p>Regional and national business association reports and meeting minutes</p> <p>Annual MBI progress report (published on ADB's website).</p> <p>ADB and other development partners' country and PSD strategy documents</p>	<p>Assumptions CLMV private sector, governments, and development partners appreciate the policy advice provided.</p> <p>Business associations have the capacity to work with ADB to create more awareness of the impact of regional economic integration.</p> <p>Risk Private sector in CLMV is not represented proportionately by regional and national business associations.</p>
Activities with Milestones			Inputs
<p>Output 1: Improved business regulation environment that supports regional harmonization and small and medium-sized enterprises integration into global supply-chains</p> <p>1.1 In consultation with stakeholders, carry out detailed business regulation diagnostics for CLMV to assess impediments to business formalization, including examination of barriers</p>			<p>ADB: \$0.5 million</p> <p>Government of Australia: \$10 million</p>

faced by women-led SMEs (Q1 2015–Q4 2015).

1.2 Support advocacy activities of business associations, including women-led business associations, and policy dialogue with CLMV governments, and harmonize development partners' business regulation reform activities (Q1 2015–Q3 2017).

1.3 Work with business associations to prepare and disseminate SME-friendly materials on business administration processes (Q1 2015–Q4 2015).

1.4 Promote innovative approaches to extending the benefits of business legal reforms, including through new technology, particularly to women-led SMEs (Q1 2015–Q3 2017).

1.5 Promote the provision of regional public goods where CLMV currently lack the capacity or resources for national institutions (Q1 2015–Q3 2017).

1.6 Respond to requests from CLMV governments to draft selected business laws, and build the capacity of implementing agencies (Q1 2015–Q3 2017).

1.7 Respond to requests for capacity-building support to institutions responsible for enforcing selected business laws (Q1 2015–Q3 2017).

1.8 Respond to requests to support adoption of innovative approaches to extending the benefits of business legal reforms, including through new technology, particularly to women-led SMEs (Q1 2015–Q3 2017).

Output 2: Better-functioning national and regional markets for financial services to small and medium-sized enterprises

2.1 In consultation with stakeholders and other development partners, undertake diagnostics on what constrains SMEs' access to financial services in CLMV, to inform MBI activities (Q1 2015–Q1 2016).

2.2 Hold workshops and seminars to discuss policy recommendations and advocate for finance sector reforms (Q3 2015–Q2 2016).

2.3 Respond to requests from CLMV governments and central banks to review and draft regulations relating to SME financial services, and to build the capacity of institutions responsible for implementing these regulations (Q1 2015–Q3 2017).

2.4 Respond to requests from CLMV governments and central banks to install or upgrade alternative collateral registries (Q1 2015–Q3 2017).

2.5 Support implementation of secured transaction lending, including through user awareness campaigns and promotion of technology solutions (Q1 2015–Q3 2017).

Output 3: Improved provision of strategic and knowledge management services

3.1 Conduct MBI awareness activities to inform beneficiaries (Q4 2014–Q4 2015).

3.2 Develop plans for communication via social media and online platforms, and establish dissemination mechanism for publicizing MBI lessons (Q4 2014–Q4 2015).

3.3 Refine and coordinate MBI operational processes (Q4 2014–Q4 2015).

3.4 Develop and update M&E framework as program develops (Q4 2014–Q3 2017).

3.5 Hold MBI roundtable meetings in CLMV on regional PSD issues (Q3 2015–Q3 2017).

3.6 Hold annual MBI strategic planning workshop (Q4 2015–Q3 2017).

3.7 Respond to requests to prepare ad hoc policy briefing notes on PSD policy issues for private sector and government (Q1 2015–Q3 2017).

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; CLMV = Cambodia, Lao People's Democratic Republic; Myanmar, and Viet Nam; GMS = Greater Mekong Subregion; M&E = monitoring and evaluation; MBI = Mekong Business Initiative; PRC = People's Republic of China; PSD = private sector development; tbd = to be determined; SMEs = small and medium-sized enterprises.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants ^c	
a. Remuneration and per diem	
i. International consultants	230.0
ii. National consultants	70.0
b. International and local travel ^d	40.0
2. Equipment ^e and information technology solutions ^f	50.0
3. Rent and office furniture ^g	20.0
4. Seminars, workshops, and conferences ^h	50.0
5. Surveys, studies, and impact monitoring	0.0
6. Publications and other media	20.0
7. Miscellaneous administration and support costs ⁱ	10.0
8. Contingencies	10.0
Subtotal (A)	500.0
B. Government of Australia^b	
1. Consultants ^c	
a. Remuneration and per diem	
i. International consultants	4,760.0
ii. National consultants	870.0
b. International and local travel ^d	490.0
2. Equipment ^e and information technology solutions ^f	1,230.0
3. Rent and office furniture ^g	310.0
4. Seminars, workshops, and conferences ^h	860.0
5. Surveys, studies, and impact monitoring	500.0
6. Publications and other media	180.0
7. Miscellaneous administration and support costs ⁱ	110.0
8. Contingencies	690.0
Subtotal (B)	10,000.0
Total (A + B)	10,500.0

Note: The technical assistance (TA) is estimated to cost \$10.5 million, of which contributions from the Asian Development Bank and the Government of Australia are presented in the table above.

^a Financed by the Asian Development Bank (ADB) Technical Assistance Special Fund (TASF-other sources).

^b Through the Memorandum of Understanding on Channel Financing (Technical Assistance Program) between the Government of the Commonwealth of Australia and the Asian Development Bank. Administered by ADB. This amount also includes ADB's administration fee, audit costs, bank charges, and a provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by the interest and investment income earned on this grant, or any additional grant from the Government of Australia.

^c Short-term consultants will be hired on a lump-sum contract if outputs are clear and specific.

^d International travel needs to be on an airline of an ADB member country, otherwise a Board waiver will be required.

^e Equipment includes office equipment, information and communication technology hardware and software. To facilitate effective implementation of the TA, ADB will procure a monitoring and evaluation software tool. Disposal of such equipment and software will be undertaken in consultation with ADB's Office of Administrative Services and Office of Information Systems and Technology.

^f Requirements will be firmed up during implementation of the MBI based on requests for assistance, and will include various types of information technology hardware and software. Custody and ownership of the hardware and software procured during implementation will remain with the beneficiary agency after the TA is closed.

^g Includes rent (January 2015–December 2017) and office furniture.

^h Includes logistics arrangements; venue; travel of resource persons, including ADB staff and experts; supplies and materials that will be used in the seminar, meetings, and workshops. This may also include limited representation expenses where there are directly identifiable costs under the TA. \$200,000 has been allocated for resource persons.

ⁱ Includes video production on the impact of MBI reforms.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. To improve effective administration of technical assistance (TA), the Asian Development Bank (ADB) will explore the use of lump-sum out-of-pocket expenditures for long-term consultants.

A. International Consultants (long-term)

2. **Mekong Business Initiative team leader and lead private sector development expert** (35 person-months). The expert will manage all long-term consultants recruited under the Mekong Business Initiative (MBI). The expert will have a strategic leadership role in the MBI team to ensure effective implementation of the MBI's complex work program to achieve the initiative's goals. He or she will advise and guide the consulting team across the MBI's strategic focus areas: (i) reforms to business regulation environment, (ii) access to financial services, and (iii) knowledge management services. He or she will ensure that the project outputs are innovative, reflect the priorities and needs of Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam (CLMV) and meet the objectives of the MBI's design and monitoring framework (DMF) goals. The expert will develop, direct, and deliver a comprehensive program of analytical work to identify and prioritize reform activities. He or she will provide intellectual leadership and guidance in developing the MBI's knowledge management and outreach or dissemination strategies across digital, print, and social media platforms. The expert will liaise closely with regional and national business associations, including women's business associations, and support their advocacy activities, and where appropriate, develop strategic knowledge networks with relevant technical and/or policy think tanks or other partners to support MBI advocacy with CLMV governments. The expert will initiate events and engage in business roundtable meetings with senior private sector stakeholders in CLMV. The expert will also advise senior officials in CLMV governments on developing and implementing business environment reforms. He or she will respond to requests to prepare ad hoc policy briefing notes on private sector development (PSD) policy issues that may arise for the private sector and government in MBI's strategic focus areas. The expert will design and implement monitoring and evaluation surveys to assess the impact of selected MBI project activities. The expert will have a key role in liaising with the MBI's development funding partners. He or she will take the lead in providing progress reports, strategy discussions, and bilateral and regional reform. As required, the expert will make presentations on the MBI's work program and achievements at high-level conferences in the region and elsewhere. The expert should have a bachelor's degree in business, finance, economics, public policy and/or a related subject, at least 10 years of experience working on topics associated with the focus areas of the MBI. The expert will have at least 6 years of experience working in the Greater Mekong Subregion (GMS). The expert will have analyzed and written extensively on problems of PSD in the GMS region as well as other regions and countries. He or she must be capable of entering into advocacy and policy discussions at the highest levels of government, and with senior representatives of the private sector. The expert will relocate to Ha Noi, Viet Nam.

3. **Technical manager and business regulation reform expert** (35 person-months). The expert will coordinate, manage, and provide technical leadership on reforms to the business regulation environments in CLMV that incentivize formalization and support regional harmonization and integration. This includes supervising the recruitment of short-term consultants to provide specialist inputs, and controlling the quality of their outputs. The expert will also manage the technical officer (business regulation reform).

The expert will work closely with the MBI team leader to develop and integrate the content of the business regulation reform component of the MBI with the overall objectives of the MBI. The expert will develop a business regulation reform strategy and work plan with the specific objective to improve the business-enabling environment in CLMV. The expert will undertake diagnostic studies on laws and legal processes in CLMV, including gender dimensions, with a view to identifying and assessing legal impediments to PSD and business formalization. The expert will support the MBI team leader in preparing small and medium-sized enterprise (SME)-friendly materials on business administration procedures. The expert will engage key stakeholders through the design and implementation of suitable legal reform forums and workshops, and help elevate the awareness and understanding of relevant issues through contributions to policy papers and other publications, as appropriate. The expert will respond to requests from CLMV governments to support drafting of selected business laws in his or her area of expertise. He or she will provide capacity-building support to institutions responsible for enforcing selected business laws. The expert will also support adoption of innovative approaches to extending the benefits of business legal reforms, including through new technology. The expert will design and implement monitoring and evaluation surveys to assess the impact of selected MBI activities. The expert will strengthen regional cooperation in the area of business law reform. In particular, the expert will develop, facilitate, and contribute to regional workshops and seminars; support regional PSD project or program initiatives; establish and strengthen links with regional organizations, initiatives, and events; and contribute to regional cooperation in PSD areas (e.g., development and promotion of regional business laws, promotion of regional institutions). The expert will have a law degree. He or she must have at least 10 years of experience in legal practice, with at least 5 years of experience within CLMV. The expert must be capable of leading and providing entry-point technical support for the entire practice area of business law, including business registries (e.g., business names, business licensing, entity structures) and secured transactions. In addition, he or she should have experience in designing information technology registry solution specifications and experience in implementing online business registries. He or she must be capable of discussions at the highest levels of government and with senior representatives of the private sector. The expert will relocate to Ha Noi, Viet Nam.

4. Technical manager and access to financial services expert (35 person-months). The expert will coordinate, manage, and provide technical leadership in the area of SME access to financial services. This includes supervising the recruitment of short-term consultants to provide specialist inputs, and controlling the quality of their outputs. The expert will also manage the technical officer (access to financial services). The expert will work closely with the MBI team leader to develop and integrate the content of the MBI component of SME access to financial services with the overall objectives of the MBI. The expert will develop a strategy and work plan with the specific objective to increase SME access to finance within a competitive and sound financial system. The strategy will focus on overcoming the constraints to private sector development that arise from the under-provision of financial services from banks and other sources of lending, including gender dimensions. The strategy will include the role of nonbank financial institutions in promoting SME access to financial services in CLMV. As part of the strategy, the expert will deliver diagnostics on key constraints to SME access to financial services in CLMV, and explore opportunities to introduce new financial products that are conducive to SME lending. The expert will draw on regulatory diagnostics to support the analytical foundations of MBI work, and refine the MBI approach to increasing SME access to financial services. The expert will design and implement monitoring and evaluation surveys to assess the impact of selected MBI activities. The expert will organize national regional workshops to disseminate diagnostic findings and discuss policy recommendations.

The assignment will require extensive advocacy work by (i) providing high-level policy and operational advice to central banks, regulatory agencies, and other government policy agencies; and (ii) consulting with a variety of private and public sector audiences on the MBI's activities regarding access to financial services. The expert will work closely with the business regulation expert in responding to requests from CLMV governments and central banks to review and draft regulations relating to financial services, and help build the capacity of institutions responsible for implementing these regulations. Also, subject to demand, the expert will support the installation or upgrade of financial infrastructure software for alternative collateral asset registries. The expert will also explore opportunities to work with financial institutions and telecommunication providers to help pilot new financial products. This will include the promotion of innovative approaches to extending the benefits of regulation reforms, including through technology solutions. The expert must be capable of leading technical support to the MBI across all aspects of access to financial services. The expert will have a bachelor's degree in economics, finance, or law. He or she will have at least 8 years of experience working on a range of finance sector development issues and finance sector assessments in developing countries, including the GMS region. The expert will relocate to Ha Noi, Viet Nam.

5. Technical officer and business regulation expert (30 person-months). The consultant will report to and provide technical support for the technical manager (business regulation reform). This includes supervising the recruitment of short-term consultants to provide specialist inputs, and controlling the quality of their outputs. The expert will provide inputs to diagnostic studies on laws and legal processes in CLMV, including gender dimensions, with a view to identifying and assessing legal constraints to private sector development and business formalization. The expert will engage key stakeholders through the design and implementation of suitable legal reform forums and workshops, and help elevate the awareness and understanding of relevant issues through contributions to policy papers and other publications, as appropriate. The expert will coordinate with key development partners. He or she will contribute to the communication of key messages on the importance and relevance of business law reforms in CLMV. This includes the dissemination of the findings through the development of key messages, policy briefs, preparing and running relevant workshops, and participating in workshops as a resource speaker. The expert will have a law degree. He or she must have at least 6 years of experience in legal practice, preferably in at least two regional countries. The expert should be capable of providing entry-point technical support for the entire practice area of business law, including business registries (e.g., business names, business licensing, entity structures) and preferably also secured transactions. He or she must be capable of discussions at the highest levels of government and with senior representatives of the private sector. The expert will relocate to Ha Noi, Viet Nam.

6. Technical officer and access to financial services expert (30 person-months). The expert will report to and provide technical support for the technical manager (access to financial services). This includes supervising the recruitment of short-term consultants to provide specialist inputs, and controlling the quality of their outputs. The expert will deliver demand- and supply-side diagnostics on constraints to SME access to financial services in CLMV, including gender dimensions, and explore opportunities to introduce new financial products conducive to SME lending. The expert will organize national regional workshops to disseminate diagnostic findings and discuss policy recommendations. The expert will coordinate with other ADB projects that support access to financial services, and also projects of other key development partners. The expert will contribute to the preparation and communication of key messages on the importance and relevance of access to financial services in CLMV.

7. The expert will be capable of providing technical support across all aspects of access to financial services. The expert will have a bachelor's degree in economics, finance, or law. He or she will have at least 6 years of experience working on a range of finance sector development issues, preferably in at least two regional countries. The expert will relocate to Ha Noi, Viet Nam.

8. **Communications specialist** (30 person-months). The consultant will prepare a strategy for communication via social media and online platforms; develop and manage social media; support the preparation of MBI publications such as reports, newsletters, and impact stories; prepare publicity notices and press releases; assist the design of MBI documents; coordinate conferences; and assist the formulation and execution of the MBI communications and dissemination strategy. The consultant will closely coordinate with the external relations team of pertinent ADB resident missions. The communications specialist will have at least a bachelor's degree, be fluent in English, and have at least 6 years of experience in communications, including via social media. The expert will relocate to Ha Noi, Viet Nam.

B. National Consultants (long-term)

9. **Mekong Business Initiative country coordinators** (four consultants, 33 person-months each; total of 132 person-months). An MBI country coordinator will be located in each country of CLMV. The country coordinator will liaise closely with national stakeholders. He or she will promote MBI activities to stakeholders, identify reform opportunities, and advocate for policy reforms in MBI strategic areas. This will be achieved through extensive dialogue with the government. He or she will support advocacy by closely liaising with the private sector and civil society. He or she will closely coordinate with other development partners with related programs and activities. He or she will support the preparation and dissemination of MBI knowledge products. Each MBI country coordinator will recruit and manage subcontract staff to provide administrative support to in-country TA activities.¹ Each MBI country coordinator must have a tertiary degree in economics, business, finance or related subject, at least 8 years of experience in working on policy issues, and 5 years of experience working on topics associated with the focus areas of the MBI. The experts will have strong networks within CLMV governments and private sectors. They must be capable of strategic thinking and have the ability to advocate and engage in policy discussions with senior representatives of the government and private sector.

10. **Mekong Business Initiative project coordinator** (35 person-months). The project coordinator will coordinate project activities, including overall maintenance of the M&E system. This includes TA-related information on financial data, consultant recruitment and payment, preparation and tracking of delivery of services and claims, subproject outputs and outcomes, internal and external reporting, and overall project administration support. The project coordinator will have at least a bachelor's degree and at least 3 years of experience providing project administration support to large-scale projects.

¹ Administrative staff should be within local market rates or \$900 per month whichever is lower.

C. Other International and National Consultants (short-term)

11. **Project implementation consultants** (an estimated 76 person-months of international consultants and 40 person-months of national consultants). Short-term project implementation consultants will be hired and supervised by members of the long-term MBI consulting team, and be required in the following areas: (i) business regulation law; (ii) financial services; (iii) private sector development; (iv) political economy; (v) gender; (vi) knowledge management and communication; and (vii) monitoring and evaluation. These consultants will be hired to implement specific activities under the MBI. For example, consultants may be tasked to provide specialist legal inputs into the drafting of bills, establishment of regulations for secured transactions, and installation or upgrades of new business registries. Specific activities will depend on requests for assistance from CLMV entities.

12. **Monitoring and evaluation specialist** (2 person-months – international consultant). The monitoring and evaluation (M&E) specialist will lead the design and development of an M&E tool (database) for the MBI. The specialist will determine the specific adjustments necessary for the needs of the MBI and support the implementation of the M&E tool within the TA facility. The M&E specialist will work with a software developer on the technical aspects of tailoring the M&E tool for the MBI. He or she will train MBI consultants on the use of the database and provide mentoring to the MBI project coordinator to administer the M&E tool. The specialist will oversee user testing and provide feedback to the software developer for any further adjustments and fixes that need to be made. The specialist will have expert knowledge of the M&E tool developed for other large-scale, donor-funded projects. He or she will have at least 10 years of experience working on issues related to international development, and at least 5 years of experience in designing and implementing an M&E framework and database for projects relating to private sector development. Sound knowledge of M&E software tools is essential.

13. **Monitoring and evaluation software developer** (2 person-months – international consultant). The developer will gather user requirements for an M&E tool by interviewing the MBI project team and by examining the current design and structure of the M&E tool as developed for ADB's Pacific Private Sector Development Initiative. The developer will assist in the procurement of the appropriate M&E software and customize the same under the supervision of the M&E specialist. The developer will work closely with the MBI M&E specialist to implement adjustments and other features as needed to tailor the M&E tool to the needs and requirements of the MBI. The developer will be a certified M&E software developer with at least 10 years of experience in developing M&E databases and solutions. In-depth knowledge of Filemaker Pro 13 Advanced, or similar software, is desirable.

14. **Project administration consultant** (2 person-months – international consultant). The project administration consultant will train MBI consultants on ADB consultant recruitment and payment procedures and provide off-site support during initial TA implementation. As necessary, the consultant will refine and update the TA operations manual, making relevant citations to key ADB procedural documents. The consultant will have at least a bachelor's degree and at least 10 years of experience in ADB consultant recruitment and payment procedures.