

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division : SEFM

TA No., Country and Name			Amount Approved: \$500,000	
6266-REG: Enhancing the Business Environment of the Greater Mekong Subregion			Revised Amount: not applicable	
Executing Agency: Asian Development Bank	Source of Funding: TASF = \$300,000; PRC Regional Cooperation and Poverty Reduction Fund = \$200,000	Amount Undisbursed: \$271,661	Amount Utilized: \$228,339	
TA Approval Date: 31 Oct 2005	TA Signing Date: not applicable	Fielding of First Consultant: 1 Jun 2006	TA Completion Date Original: 31 Oct 2006 Actual: 31 Oct 2008 Account Closing Date Original: 31 Oct 2006 Actual: 28 Nov 2008	
<p>Description. The regional technical assistance (RETA) aimed to provide a better understanding of the fundamental role that policies and regulations play in shaping the business environment in the Greater Mekong Subregion (GMS) through support for development of indicators to identify and monitor the impact of such policies and regulation along with related awareness and capacity building to publicize and maintain these indicators.</p> <p>Expected Impact, Outcome and Outputs. The RETA sought to contribute towards "improvement of the business environment in the GMS" (impact) through support for formulation of "business policies with a clearer and more comparable impact" (outcome). Towards this end, it sought to produce four main outputs: (i) development of indicators to allow for monitoring of the impact of policies and related regulations, (ii) development of mechanisms to strengthen public-private partnership in business-related policy formulation, (iii) sharing of policy-reform related experiences among GMS countries, and (iv) establishment of mechanisms to support policy analysis and reform.</p> <p>Delivery of Inputs and Conduct of Activities². The concept behind the RETA was innovative in approach³, and its formulation and terms of reference were generally adequate and relevant to addressing issues identified. Given effective implementation, the RETA might have made a notable and concrete contribution towards focusing policy dialogue within GMS countries on key issues affecting the business environment in general and cross-border economic activity in particular. As the RETA paper emphatically noted: "this RETA is designed to produce defined outputs and outcomes" (pg.3).</p> <p>Implementation, however, proved problematic.⁴ Recruitment of a team of 10 consultants (2 international; 8 national) was done on an individual basis—meaning that particular attention needed to be paid to (i) timely mobilization of all consultants as they had interdependent tasks, and (ii) selection of an effective team leader given the supervisory and coordination requirements of a 10 person multi-country team, if delays and other risks to implementation were to be minimized from the start.</p> <p>This does not appear to have been the approach taken however, and there were notable delays associated with commencement of the recruitment process, with the first consultant (team leader) being fielded in June 2006—some 8 months following RETA approval. The last of the consultant team was fielded in March 2007—some 17 months following approval. Reflective of this pace and in part a consequence of it, the inception meeting for the RETA took place in January 2007—15 months following approval.</p> <p>A factor contributing to implementation issues appears to have been the performance of the consultant selected as team leader. Despite significant revisions to the project schedule (target date for submission of draft final report was</p>				

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

² Please note that some of the findings in this TCR are necessarily based on correspondence and documents forwarded by the project officer and consultant team leader as regular files related to project implementation do not appear to have been kept or are missing.

³ It was possibly the first time a regional approach had been attempted in the assessment of business environments.

⁴ It should be noted that there was a change in project officer from processing to implementation stage. Transition in the case of this RETA, however, should have been relatively smooth as the officer responsible for implementation of the RETA was also part of the processing team.

extended by a year), he proved unable to deliver on even basic milestones such as the inception report in terms of timeliness or substance (see below). Little by way of guidance and oversight also appears to have been provided to the national consultants as suggested by the lack of focus and significant variations in the coverage and quality of their reports and other outputs—meaning that such resources were largely wasted. The team leader pulled out from the RETA in late 2007 citing other responsibilities, and as a replacement could not be successfully found, the project was subsequently brought to an end.

While performance evaluation reports were not done for any of the 10 consultants engaged under this RETA, many of the consultants (including the team leader) were either paid in full or received the majority of their contracted remuneration suggesting that their performance may have been considered adequate.

Performance of ADB is considered less than satisfactory. While processing of the RETA was relatively smooth, timely, and well documented, implementation was none of these. Decisions made in selection of critical personnel for the consultant team (i.e. the team leader) appear to have been ill-judged and compounded by lack of corrective action. Oversight of implementation in general appears to have been weak and ineffectual—ultimately leading to closure of the RETA with little to show for the over 2 years and \$230,000 spent on implementation.

Given that the RETA did not lead to any meaningful outputs (see below), the question of client satisfaction with outputs is somewhat hypothetical. That said, there appear to have been few opportunities provided for client input or feedback during the course of implementation. While the need for close consultations was emphasized by stakeholders at the RETA's inception meeting and the RETA paper itself made reference to conduct of "extensive consultations...to promote government ownership", there is little evidence of such consultations outside of the inception meeting—though promises were made at that meeting to establish mechanisms for stakeholder consultations and to look into the possibility of setting up a website to share reports and other information generated by the RETA. There is no indication of any follow-through on these items.

Evaluation of Outputs and Achievement of Outcome. The inception report submitted in mid-January 2007 some 8 months after initial fielding, technically spanned 10 pages and consisted largely of almost verbatim restatements of activities, methodology, report outlines, and other content from the RETA paper—with the most notable modification being amendments to the schedule of deliverables (with submission of the draft final report proposed for September 2007 instead of October 2006 as originally targeted).⁵

Following achievement of this milestone, there appears to have been little by way of other documented output⁶, until submission of the "preliminary draft" of a set of GMS business environment reports in October 2007.⁷ These consisted of a set of country reports along with a summary report and were intended to provide detailed analysis of the business environment in each of the four countries under the RETA. They were a deliverable under Phase I of the project and meant to serve as intermediate inputs to further work under Phases II and III. As work under the RETA, however, was effectively brought to an end subsequent to this submission—they constitute the main and final output of the RETA.

The reports vary significantly in scope and depth of coverage as well as quality of content, but in general are largely descriptive rather than analytical in nature and lack any systematic focus on identification and prioritization of issues affecting the business environment—which presumably was the main point of the exercise and important to establishing the foundations for further work under Phases II and III of the RETA.

As noted, the set of draft business environment reports was the last output produced under the RETA but in terms of RETA design, these were intended primarily to serve as an input to further work which did not proceed. Given the aborted implementation of the RETA in its initial phase, none of the performance targets and indicators in the RETA's design and monitoring framework with respect to its outputs or outcomes can be said to have been met as these are based on an assumption that at least some portion of planned final outputs were delivered.

Overall Assessment and Rating. The RETA is rated as unsuccessful.

Its focus on improving the enabling environment for private sector development was and continues to be relevant in the context of ADB's long-term strategic framework.

⁵ While stakeholders had presumably already been consulted on the contents of the RETA paper over the course of its processing, this inception report was nonetheless meant to serve as a main basis of discussion for a 2-day inception meeting in Bangkok in January 2007 that flew in participants from countries under the RETA in addition to the international consultants and ADB staff. Given that the inception meeting took place some 15 months after approval of the RETA paper, however, there was likely some merit in reminding participants of its contents.

⁶ A survey of firms on factors affecting cross-border business activity in the GMS was attempted in each of the RETA countries, but its findings are of limited use due to poor design, inconsistent implementation, and small sample sizes.

⁷ Submission was targeted for May 2007 under the revised timetable proposed in the inception report.

Its lack of meaningful outputs, however, means that it was ineffective in terms of making a contribution towards its desired outcome of "business policies with a clearer and more comparable impact".

It was, likewise, grossly inefficient in terms of use of resources, with little to show by way of meaningful results despite expenditure of some \$230,000 from the RETA budget in addition to other financial and opportunity costs imposed through staff and stakeholder involvement over the roughly 3 years that comprised the RETA's processing and implementation period.

Finally, sustainability of outcome is not applicable as a rating criteria in this case as no meaningful outcome can be pointed to.

Major Lessons

Maintenance of project files. Regular filing of records and documents related to project implementation should be a basic discipline and is important to allow for transparency and facilitate follow-up work by others.

Suitability of rationale for use of individual consultants. The main reasons normally cited for opting to contract individual consultants rather than outsourcing project management to a firm are to allow for: greater speed in commencement of work, greater control over quality and performance of consultants, and savings in terms of firm overhead costs.

Such advantages from this approach are not automatically conferred however, and are more readily obtainable in tasks where ADB is able to provide effective project management and coherent conceptual/technical direction. While available project documentation in this regard is limited, the implementation record of this RETA suggests that such prerequisites were not in place, with project inception taking place some 15 months after project approval and no meaningful outputs achieved despite considerable expenditure of time and resources.

Timeliness is important if advisory work is to be innovative/relevant. The RETA's original and innovative concept of a regional-level approach to assessment of the business environment has now been put into practice by the World Bank (e.g. *Doing Business in the Arab World 2009*); while in-depth, country-level work by ADB in some of the GMS countries (e.g. Viet Nam and Lao PDR) based on quantifying the costs of ill-considered regulations has proven effective in establishing a dialogue with Government and other stakeholders on the importance of reducing these costs through adoption of a systematic approach to conduct and institutionalization of regulatory impact assessments.

Recommendations and Follow-Up Actions. Continue systematic country-level support for institutionalization of regulatory impact assessments in GMS as well as other member countries.