

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Capacity Development and Governance

TA No. and Name TA 6082-REG: SUPPORTING COUNTRY-DRIVEN PRIVATE SECTOR DEVELOPMENT STRATEGIES			Amount Approved: \$500,000	
			Revised Amount:	
Executing Agency: Asian Development Bank		Source of Funding: TASF		TA Amount Undisbursed \$112,056
				TA Amount Utilized \$387,944
Date			Completion Date	
Approval 19 December 2002		Signing N. A.		Original 31 August 2003
		Fielding of First Consultants: June 2003		Actual 31 January 2006
			Closing Date	
			Original 31 August 2003	
			Actual 30 March 2007	
Description Many Asian countries include private sector development (PSD) in their national development goals. While a number of PSD strategies have been successful, developing member countries (DMCs) have been facing challenges such as coordination across government, involving stakeholders, prioritizing goals, addressing bottlenecks, setting performance targets as well as in implementation and monitoring. Furthermore, various PSD initiatives take place in an ad hoc manner when aid funds become available. RETA 6082 was developed in response to these challenges.				
Expected Impact, Outcome and Outputs The TA aims to develop increased understanding by DMCs of how to formulate and implement PSD strategies. Expected outcome was for DMCs to widely use the guide for the preparation of DMC-driven PSD strategies, which looks beyond PSD strategies as technical documents and addresses the entire process. The guide examines how coordinating and managing this process, developing PSD strategy content, and implementation can be effective in accelerating reform by increasing accountability and focusing on results. Expected outputs under the RETA are the PSD strategy guide and the interregional workshop for disseminating TA findings. The TOR and the topics for development in the PSD strategy guide were highly relevant in addressing the needs of the participating DMCs which showed through resulting requests from a number of countries to assist them with the development of their national PSD strategies.				
Delivery of Inputs and Conduct of Activities The RETA comprised three activity clusters: (1) analysis of successes and failures of PSD initiatives, (2) development of the PSD strategy guide and capacity building, and (3) promotion and knowledge dissemination. RETA activities were undertaken in Vietnam, Sri Lanka, Thailand and the Philippines in consultation with governments, IFIs, other aid agencies and the private sector. The original inputs included 8.5 person-months of international consulting services to be hired through a firm and 22 person-months of domestic consulting services. In addition, inputs included two rounds of in-country consultation (one including a consultation workshop) in each of the participating DMC, and one regional consultation workshop. Due to changes in Philippine government and resulting difficulties in coordinating with the RETA counterparts, the second workshop in the Philippines was cancelled. During these consultations, participants confirmed challenges and lessons learned in coordinating, developing and implementing PSD strategies. The regional workshop held on 18-20 April 2005 in ADB HQ was attended by senior representatives from the four participating DMCs as well as 21 other DMCs, senior representatives of 13 chambers of commerce representing the private sector, and representatives of 5 donor agencies. The workshop was organized around the essential stages of the PSD strategy process as identified through the prior consultations: (i) organizing the government for the PSD strategy process; (ii) structuring stakeholder consultation; (iii) setting goals for the PSD strategy; (iv) diagnosing bottlenecks to PSD; (v) designing solutions to those bottlenecks; and (vi) monitoring results and adjusting the strategy over time. The workshop confirmed that while the details of the PSD strategy process differ from country to country, depending on the development needs and the political and social forces at work, a number of general approaches are relevant across countries. Challenges and lessons learned from these approaches were discussed during the workshop and assisted in further developing the PSD strategy guide. Fielding of adequately qualified consultants within the available budget had been identified in the logframe as a project risk. The budget was based on ADB consultant rates which do not adequately reflect market prices for the required expertise. The tight budget coupled with the innovativeness of the TA resulted in suboptimal responses to the RFP. The contract of the original consulting firm (Geomar International) was terminated in April 2004 due to unsatisfactory performance. Given the reduced funding available for the remainder of the TA, three individual international consultants were recruited instead of another firm to deliver the outputs under the RETA. The performance of the three consultants was rated as satisfactory in terms of delivering the required inputs for the workshops (presentations and facilitation) as well as drafting the PSD strategy guide. From the original completion date of August 2003, the RETA went through several rounds of extension until 31 January 2006. The extensions were due to (i) the difficulty of recruiting highly specialized individual experts at ADB rates who were				

willing to take forward work that had been started by a former consultant. (ii) revisions resulting from comments and suggestions from consultation workshops and circulation to DMCs for comments requiring more time than anticipated; and (iii) difficulties of finding a suitable available editor. Given the duration of the implementation of the RETA, it was difficult to maintain the momentum without the approval of review missions. It would be highly beneficial if TA implementation could be properly supported through an appropriate number and regular intervals of review missions funded from the administrative budget.

Evaluation of Outputs and Achievement of Outcome

The PSD Strategy Guide is a practical guide on how PSD strategies can be conceived and carried out. It suggests ways to organize government for the process, involve stakeholders, clarify the linkage between national development and PSD goals, diagnose relevant bottlenecks to private sector growth, identify and design solutions that are mutually supportive, develop a performance measurement system, and manage a complex implementation process. The guide incorporates numerous box examples from various DMCs under the topics to demonstrate the practical application of approaches or lessons learned, as well as sample PSD strategies for common economy-wide bottlenecks and country case studies from the four participating countries. The PSD strategy guide is expected to assist governments in the PSD strategy process in a systematic way to achieve results.

The regional workshop served a dual purpose and was used as an input (for consultation) as well as an output (for dissemination) on the thinking around the PSD strategy guide. The workshop was well attended and facilitated much appreciated knowledge exchange between participants who expressed a desire to have a more regular in-country and regional exchange facilitated by ADB on the topic of PSD. Presentations made by senior government officials and working groups on country experiences provided valuable insights and lessons into the development of PSD strategies in the participating DMCs. It was considered particularly valuable to bring together government officials and representatives from the private sector. An additional output of the regional workshop was an external PSD network, which was formed among participants to sustain the dialogue on PSD strategy development. Unfortunately, following the reorganization of RSDD and subsequent uncertainty with respect to a PSD focal point in ADB, this network is no longer supported.

In-Country Dissemination and Action Planning: The budget allowed for further dissemination workshops in the four participating countries, including action planning on the way forward. These outputs did not materialize due to the reorganization of RSDD. The in-country dissemination workshops were supposed to be used as mechanisms for obtaining feedback from the participating DMCs on their evaluation of how the completed PSD Strategy Guide may be usefully applied to their circumstances and widening the audience in their respective countries who have knowledge of and could potentially use the Guide's content. Since the workshops were not pursued, there is no means of gauging client satisfaction on the completed PSD Strategy Guide.

Overall Assessment and Rating The RETA was part of a longer term ADB vision for tackling PSD in DMCs from a strategic angle. It targeted PSD from a national macro perspective and was supposed to be followed by a RETA for developing PSD performance indicators. The RETA was envisaged as an entry point from which individual DMCs would request ADB assistance with their own PSD strategies. This in turn could have led to investment opportunities for ADB's public and private sector windows. Some DMCs indeed requested assistance with their PSD strategies as a result of the regional workshop. However, these requests were not followed up by ADB. Given that some planned outputs were not delivered in full, the RETA is considered only partly successful.

Major Lessons

The country-driven approach to PSD and the involvement of DMCs throughout the development of the PSD strategy guide was greatly appreciated by the DMCs who felt empowered by the request to contribute. The discussions on the common challenges in the PSD strategy process led to a feeling of team spirit among DMCs and the regional workshop generated tremendous interest among the participants in holding similar PSD workshops in a regional context as well as in their own countries. It demonstrated that DMCs are serious about improving their PSD processes as well as their business environments and creating conditions that are conducive to faster private sector-led growth. It also confirmed that ADB has a large role to play in PSD.

Recommendations and Follow-Up Actions

RETAs are powerful tools in uniting DMCs to tackle common challenges. The momentum and interest generated by this RETA as any other RETA should not only depend on the mission leader but be supported by the organization as a whole. Requests for follow-on assistance should be responded to if this could lead to a strategic involvement of ADB and further opportunities in the long term. Efforts, like network creation should be sustained even in the face of internal reorganizations. Since PSD is of great interest to many of our DMCs and the RETA confirmed that ADB does have a role to play in it, the designation of an ADB focal point for PSD is an appropriate step, particularly since PSD is a prerequisite for successful PPPs as envisaged by the MTSFII.