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# CONTENTS

Executive Summary	iii
1. MBI – Vision and Approach	1
2. MBI Strategic Framework	5
3. Key Achievements	10
Pillar One: Improved Public/private Sector Dialogue on PSD Policies and Regulations	10
Pillar Two: A More Robust Financing Environment for SMEs	15
Pillar Three: Fostering a More Dynamic Innovation Ecosystem	18
Outcome: An Improved Business Enabling Environment for SMEs in CLMV	22
Impact: Increased Business Formalization and Growth in Global Value Chains in CLMV	27
4. Project Implementation	30
5. Work Plan 2017	32
6. Gender Equality	37
7. Monitoring and Evaluation	39
8. Lessons Learned	40
Appendix 1 MBI Revised DMF	43
Appendix 2 MBI Results-based M&E Framework	46
Appendix 3 MBI Subproject Status Update	57
Appendix 4 MBI Success Stories	67
Appendix 5 MBI Financials	74
Appendix 6 MBI 2017 Forward Program	75
Appendix 7 MBI Gender Classification and Approach	79
Appendix 8 MBI Subproject Pitch and M&E Framework Templates	82

## Figures

Figure 1: MBI Strategic Framework	6
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## Abbreviations

A2F	access to finance
ADB	Asian Development Bank
AEC	ASEAN Economic Community
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AVCF	agriculture value chain financing
BIC	Business Information Center, Cambodia
CLMV	Cambodia, Lao PDR, Myanmar, Vietnam
CPS	country partnership strategy
DICA	Directorate of Investment and Company Administration, Myanmar
DFAT	Department of Foreign Affairs and Trade, Australia
DMF	design and monitoring framework
FRD	Financial Regulatory Department, Ministry of Finance, Myanmar
GDP	gross domestic product
GIZ	Government of Germany's international development agency
HCMC	Ho Chi Minh City
ITC	International Trade Centre
Lao PDR	Lao People's Democratic Republic
LNCCI	Lao National Chamber of Commerce and Industry
MBI	Mekong Business Initiative
MFI	microfinance institution
MSE	micro and small enterprise
MIST	Mekong Innovative Startup Tourism
P2P	peer to peer
PRC	People's Republic of China
PSD	private sector development
SME	small and medium-sized enterprise
TA	technical assistance
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
UNCDF	United Nations Capital Development Fund
USAID	United States Agency for International Development
VPSF	Vietnam Private Sector Forum
VYEA	Vietnam Young Entrepreneurs Association
YEAC	Young Entrepreneurs Association of Cambodia
WOB/s	woman-owned business/women-owned businesses

### Note

In this report, "\$" refers to United States (US) dollars unless otherwise stated.



## EXECUTIVE SUMMARY

The Mekong Business Initiative (MBI) was launched in early 2015 to catalyze private sector-led innovation and growth in the emerging Association of Southeast Asian Nations (ASEAN) market. It is an advisory facility financed jointly by the Asian Development Bank (ADB) and the Government of Australia's Department of Foreign Affairs and Trade (DFAT), for a total of \$10.5 million. MBI, which is managed by ADB, focuses on Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Vietnam (collectively-CLMV) because these countries are linked geographically; they have similar natural resources and agrarian economies (although Vietnam is more industrialized); and they have strong potential for economic growth but need to improve the environment for private enterprise and innovation to catch up with their ASEAN counterparts.

To achieve MBI's expected outcome of an improved business enabling environment for small and medium-sized enterprises (SMEs), MBI carries out its activities through subprojects under three pillars: improved public-private dialogue on private sector development (PSD) policies and regulations, a more robust financing environment, and a more dynamic ecosystem for innovation.

MBI has a number of unique features. First, unlike most PSD projects, MBI is not implemented through a single government agency, which means it can work with multiple government partners, and at national as well as subnational levels. Second, MBI works with a variety of private sector businesses and associations. Third, based on its analysis of private sector needs, and other PSD programs, MBI's chosen niche is promoting innovation and startups, and supporting young entrepreneurs, and women entrepreneurs. Both are held back for two key reasons—informality and lack of access to finance. Because of the high financial and “time” costs of business registration, 80% or more of businesses in CLMV remain informal, and informality, plus lack of fixed collateral (land and buildings) prevents them from accessing capital needed to grow. A fourth unique feature of MBI is its high degree of flexibility, which means it can respond quickly to requests for support, and also withdraw and refocus resources if an activity is not achieving its goals. This flexibility means that MBI can take risks that larger-scale PSD projects cannot.

Improving opportunities for women business owners is a key feature of MBI. In 2016, 10 of 19 MBI subprojects were classified as gender mainstreamed, and of these, around half included gender-targeted activities that focus directly on improving circumstances for women-owned businesses and women entrepreneurs. In addition, MBI is working to mainstream gender across its portfolio.

To avoid threats and take advantage of opportunities, MBI: continuously monitors subproject progress as well as the rapidly changing political and business environment; draws on ADB's experts in areas such as regulatory and financial sector reform; conducts surveys and diagnostics on private sector challenges and opportunities; and widely disseminates its research findings and lessons learned. A sign of MBI's success will be the extent to which subproject outputs are replicated and sustained for the long term after MBI ends, and that these outcomes are attributable to MBI.

What follows are examples from across CLMV that show the range and innovative nature of MBI's work under its three pillars, and some achievements in 2016, as well as plans for 2017.

### Pillar 1: Improved public/private dialogue on the design and implementation of PSD policies and regulations

Under pillar 1, MBI's approach across CLMV is to: facilitate public/private dialogue on PSD regulations and policies so that all stakeholders actively participate; build the capacity of business associations so that they can engage effectively in public/private dialogue and advocate effectively for their members; and increase members' and the public's awareness of PSD issues and opportunities by disseminating easy-to-understand print and electronic publications, as well as news and social media.

In 2016, MBI facilitated 11 public/private dialogues—almost all of its end-2017 target of 12—and at least five of these dialogues are expected to be sustainable after the close of MBI. In total, 23 consultations were held across CLMV, with more than 2,500 public and private sector participants. Also, with MBI support, business associations and groups, and especially those of young entrepreneurs and businesswomen, improved their capacity to consult with members, develop and present position papers, and advocate effectively with government—all of which has significantly raised the voice of the private sector. A few examples of public/private sector dialogues that are expected to be sustainable after MBI closes, end 2017, are the:

**Myanmar Private Sector Development (PSD) Committee**, a high-level, inter-ministerial committee that is collaborating with the private sector in implementing the Private Sector Development (PSD) Framework and Action Plan, which MBI developed through wide consultation in 2015 and early 2016, and the new government adopted within a few months;

**Vietnam Private Sector Forum**, which, with MBI support, the Vietnam Young Entrepreneurs Association and leading business associations launched in 2016 with more than 700 business and ministerial-level participants. With government approval, the VPSF will be an annual event, and its 10 public/private working groups, which meet regularly, have already recommended changes to 25 laws and regulations;

**Lao PDR Private Sector Task Force**, which the Lao National Chamber of Commerce and Industry (LNCCI) set up in 2016, with MBI support, to gather private sector views on proposed laws and regulations and dialogue with government. In 2017, with MBI technical assistance (TA), the task force will launch ProFIT (the Provincial Facilitation for Investment and Trade Index), to survey and rank the “business friendliness” of provinces, and then lobby provincial authorities to make improvements; and

**Vietnam Woman Entrepreneurs Council (VWEC)**, which represents a coalition of businesswomen's associations that the Hanoi Women's Association of SMEs (HAWASME) brought together in 2016 to review the results and recommendations of a country-wide survey that MBI supported on the challenges facing women's businesses. During the MBI supported national conference, participants unanimously approved the survey's recommendations to government, and agreed to be represented in future by VWEC, which is part of the Vietnam Chamber of Commerce and Industry. In 2016, with MBI support, VWEC prepared a white paper on how government should support women's businesses under the new SME Promotion Law.

**Plans for 2017** – Across CLMV, MBI will work on ensuring that its policy and public/private dialogue-related work is sustainable after the close of MBI. In Cambodia, MBI will help the Young Entrepreneurs Association of Cambodia (YEAC) to launch the Business Information Center, and implement activities in the ASEAN Young Entrepreneurs Strategic Action Plan. In Lao PDR, MBI will support LNCCI's “think tank”, which MBI helped launch in 2015, by providing further training to develop research, position paper writing, and presentation skills, and also support LNCCI's participation on the advisory board of the SME Center—an initiative that supports startups and women-owned businesses. In Myanmar, MBI will continue supporting the National PSD Committee through

training and TA on PSD issues. In Vietnam, MBI will provide VNCCI and VWEC with TA to identify improvements needed to the SME Support Law and Implementing Decree, and also support VWEC's discussions with National Assembly members on legislation to support women's businesses.

## Pillar 2: A more robust financing environment for enterprises, particularly through the promotion of alternative financing solutions

Under pillar 2, MBI's approach across CLMV is to: increase access to finance and financial services for underserved businesses and households by increasing the awareness of CLMV financial regulators and the public about the benefits of financial technology (fintech) and alternative sources of finance such as microfinance, angel investment, and peer-to-peer lending; develop best practices to ensure success; facilitate better public/private dialogue on access to finance, and especially alternative finance, so that all stakeholders are consulted when new laws and regulations are being developed; and, support the launch and expansion of a range of alternative finance models and networks. A few examples of pillar 2 initiatives are:

**Three diagnostics and white papers on alternative finance** – These were a detailed assessment of financial inclusion in Myanmar; a study on whether to set up a listing board in Lao PDR that would enable SMEs to raise funds by selling shares; and, a paper on how to regulate alternative finance under Vietnam's Draft SME Law. These three diagnostics and white papers were more than half of MBI's target of five by end-2017.

**Myanmar Microfinance Regulatory Benchmarking Survey** – With MBI support, benchmarking compared Myanmar's MFI regulations against those of ASEAN's most progressive microfinance markets—Cambodia, Indonesia, and the Philippines—and highlighted where Myanmar was out of step. The government has adopted four of the survey's key recommendations, and is considering more through MBI's support for the subcommittee on access to finance that is part of the Myanmar PSD Committee.

**Alternative finance models and networks** – In 2016, MBI supported the launch of four pilot business models and products that contributed substantially to MBI's end-2017 target of seven pilots. These are: KIU Pay, an online platform in Vietnam that facilitates cross border trade finance for Vietnam's SME exporters; Pay+, a payment, savings, and domestic remittance model launched in Lao PDR, similar to cell phone "banking" providers that have been operating successfully in Cambodia; BanhJi, Cloud-based, free accounting



software for SMEs developed in Cambodia, which MBI helped to launch in Lao PDR and introduced to local commercial banks for possible partnerships; and the Cambodian Investors Club (CIC), a group which has been investing in potentially-profitable startups and SMEs, and MBI helped to convert to an Internet-based platform for peer-to-peer (P2P) lending, and also to prepare a paper on how P2P lending should operate under Cambodian law.

**Angel investors** – In 2016, in Cambodia and Lao PDR, MBI supported the launch of a group of angel investors—experienced business people who offer funds and advice to promising startups and SMEs for a share of future profits. In Lao PDR, the launch took place during the Prime Minister of Australia’s visit to the 2016 ASEAN Leader’s Summit in Vientiane, which publicized the launch in international media.

**Mekong Angel Investor Network (MAIN)** – In 2016, MBI partnered with international angel investment syndicates to launch the Mekong Angel Investor Network and host three CLMV tours for a total of 41 international “angels” who identified potential investees and provided training and mentoring for approximately 75 local angels, and 210 entrepreneurs.

**Development of a regulatory benchmarking tool and launch of a regulators’ group** – At the 2016 Fintech Boot Camp in Singapore, MBI facilitated two benchmarking sessions with CLMV regulators and their counterparts from Australia, Brunei Darussalam, Indonesia, Singapore, and Thailand (countries with established or forthcoming fintech regulatory frameworks). The sessions, which were highly relevant for improving access to finance for underserved people, created a tool for comparing regulations on electronic money and peer-to-peer lending across most of ASEAN. At the conclusion of the Boot Camp, MBI led CLMV regulators in setting up an informal working group which is sharing information through Facebook on how they are approaching fintech regulation, and in 2017, to improve industry-wide learning, MBI may invite private fintech practitioners to join the regulators’ group.

**Agricultural value chain finance in Myanmar** – In 2016, with MBI support, two pilot agricultural lending products were developed with Yoma Bank. When launched in 2017, one will finance “apex” farmers so they can on-lend to the numerous small holders near them who need small loans to buy inputs such as seeds; and the other will provide crop dealers with revolving working capital so they can buy and store harvested crops until the price rises.

**Plans for 2017** – In 2017, with MBI support, three angel investor groups will launch in Myanmar and link with groups in Cambodia, Lao PDR, and Vietnam.

MBI will also: develop a calendar of CLMV startup and innovation-related events where angel investors can meet potential investees; support selected events; map the challenges facing angel investors in Vietnam; and, engage with prominent angel investment groups who, by end-2017, could take over MBI's role.

**Fintech** – In 2017, fintech will remain a key focus. MBI will be: supporting CLMV regulators in raising awareness about how fintech can improve financial inclusion and introduce efficiencies in banking; mapping the fintech ecosystem across CLMV to identify elements to strengthen or introduce; investigating prospects for launching fintech incubation and acceleration programs in partnership with local banks and international fintech experts; identifying local champions to advocate on fintech issues; supporting the fintech startups MBI helped launch in 2016; and supporting fintech components of ASEAN financial inclusion roadmaps.

**Agriculture value chain financing** – In 2017, MBI plans to: assist Yoma Bank in Myanmar in launching finance for the maize, poultry, and beans/pulses value chains, and agricultural equipment financing; recommend improvements to laws and regulations that discourage banks from agri-sector lending; and develop gender indicators to measure improvements in women farmers' access to finance in sectors where at least 50% of producers are women.

**Microfinance** – In 2017, MBI will continue supporting regulatory reform in Myanmar; benchmark regulations in Vietnam and Lao PDR against Cambodia, Indonesia, and the Philippines; and make results easier to understand by cutting from 50+ benchmarks to an essential 15–20.

### **Pillar 3: A more dynamic innovation ecosystem that encourages entrepreneurship and promotes the commercialization of new technology**

Under pillar 3, MBI's approach across CLMV is to: identify constraints that impact the whole innovation ecosystem, and especially the businesses of young and women innovators, and propose possible solutions to government and the private sector; support business incubators, and encourage government and the private sector to pilot new, innovative programs that foster entrepreneurship and introduce innovative technologies to SMEs, and especially to agro-enterprises, financial services providers, and tourism businesses; and, reduce policy and operational constraints through pilots that help businesses to start up and grow successfully. A few examples of pillar 3 initiatives are:

**Studies to improve the startup ecosystem** – In Vietnam, at the request of Ho Chi Minh City (HCMC) and Da Nang, MBI supported preparation of innovation frameworks and action plans to help the cities become centers for innovation. The HCMC government hopes to increase the 281,000 firms currently operating to 500,000 by 2020. With MBI support, consultants recommended improvements business support programs in Ho Chi Minh City and Da Nang, and to a women's business incubator in Cambodia. In Cambodia, Lao PDR, and Vietnam, MBI supported “mapping” the startup ecosystem and recommended improvements to policy, laws, and regulations to reduce startup challenges. In Cambodia, consultants conducted 27 in-depth interviews on the technical, operational, legal, governmental, socio-economic, and cultural challenges for e-commerce and recommended adopting an e-commerce law.

**Entrepreneurship and innovation support programs** – In 2016, MBI supported piloting five entrepreneurship and innovation support programs, which is more than half of MBI's end-2017 target of nine pilots. These five, plus some other pillar 3 innovations are as follows:

**Saigon Innovation Hub (SIHUB)** – a public/private partnership, which is a focal point for startups and angel investors. In 2016, SIHUB conducted 161 events for 300 startups and 700 entrepreneurs, helped 250 startups to showcase their products, and provided working space for 1,500 people. In 2016, MBI provided staff with international mentoring and supported their training.

**Da Nang Business Incubator (DNES)** – a joint venture between government and 25 local entrepreneurs. MBI helped evaluate DNES, and also provided staff with overseas training and mentoring from international experts.

**Training for SMEs on how analyze overseas markets** – a partnership between the International Trade Center (ITC) and MBI that trained trainers to give courses for SMEs on how to use ITC's Internet-based tools for analyzing prospects in international markets. In 2016, 173 trainers, of which 84 or 49% were female, were trained across CLMV, and by end-2016, these had trained over 500 people. A recent post training evaluation reported that 42% of participants increased exports, 50% found new import markets, and 92% would recommend it to friends. Due to this positive response, MBI partners are committed to sustaining this training for the ongoing benefit of their members.

**Business Information Center (BIC) in Cambodia** is an online initiative of the Young Entrepreneurs Association of Cambodia (YEAC) and the Cambodia Chamber of Commerce, which MBI is supporting to promote transparency and effectiveness. When it launches in 2017, the BIC will provide SMEs with

information on business laws and regulations, opportunities, and business support services. In a 2016 survey supported by MBI, 87% of more than 200 business owners stated that the BIC is needed, and they would pay for its services.

**KIU B2B e-commerce platform in Vietnam** is an online “one-stop shop” for businesses launched to facilitate placing orders, handling customs procedures, and delivering goods. In 2016, nearly 100 traders signed up in Vietnam and began trading with Australia and the US.

**Shark Tank reality TV series** is an initiative of the Hanoi chapter of the Vietnam Young Entrepreneurs Association (VYEA) that enables entrepreneurs to pitch their business plan to potential investors or “sharks”. With MBI support, VYEA recruited experienced entrepreneurs to select 100 possible Shark Tank participants, and coach them on how to develop and pitch a good business plan. As requested by MBI, priority was given to selecting women entrepreneurs, and 20% of Shark Tank contestants will pitch businesses with high social impact.

**Social Disability Innovation Competition** – As part of Vietnam’s Hatch Fair 2016, MBI supported a competition to address social disability which brought together entrepreneurs, researchers, as well as coders and engineers to develop sustainable solutions for environmental, cultural, health, and education challenges.

**Plans for 2017** – MBI will increase its support for the innovation ecosystem across CLMV by: launching Cambodia’s Business Information Center; training more trainers in Lao PDR and Myanmar to teach SMEs how to use ITC’s trade analysis tools; advising the incubation programs in HCMC and Da Nang, and a pilot in Hanoi; conducting research to inform the design of entrepreneurship and innovation programs; piloting a procurement toolkit that will make it easy for SMEs to bid on small-scale, public projects in HCMC and Da Nang; piloting the cross-border transfer of innovative technologies that could help agro-product producers, traders, and exporters in areas such as biotech, pest control, e-commerce, supply chain management, and irrigation; and coaching tourism innovators to pitch their products and services to angel and venture capital investors in a competition during the Mekong Tourism Forum in Luang Prabang in June 2017, and the APEC Investment Summit in Da Nang in October 2017.



# 1. MBI – VISION AND APPROACH

The Asian Development Bank (ADB) and the Government of Australia's Department of Foreign Affairs and Trade (DFAT) jointly launched the Mekong Business Initiative (MBI) in early 2015 as an advisory facility. With a budget of \$10.5 million until end-2017,<sup>1</sup> MBI promotes private sector development (PSD) in emerging Association of Southeast Asian Nation (ASEAN) markets—Cambodia, the Lao People's Democratic Republic (Lao PDR), Myanmar, and Vietnam (collectively—CLMV).

The initiative's three outputs/pillars are improved public-private dialogue on PSD policies and regulations, a more robust financing environment, and a more dynamic innovation ecosystem. Based on these, MBI's expected outcome is an improved business enabling environment for small and medium-sized enterprises (SMEs) in CLMV.

MBI's vision is to catalyze private sector-led innovation and growth in CLMV by working with government as well as private sector actors, and especially with young entrepreneurs, and women entrepreneurs. MBI is focusing on the latter two because they have considerable untapped potential to contribute to economic growth and create jobs, but face similar challenges in developing and expanding their businesses—informality due to a challenging business environment, and lack of access to financial services, and to capable business advisory services.

In carrying out its work to meet these challenges, MBI strives to maximize its key value propositions of flexibility, client-focus, and innovation.

**Flexibility.** MBI is implemented independently of any government entity. This unique modality allows MBI to collaborate with more than one government agency, and operate at both the national and subnational levels. This is important because PSD is inherently crosscutting.

**Client-focus.** MBI's modality allows it to engage directly with the private sector to ensure that its interventions are market-driven. This includes collaboration with business groups on business advocacy, and leveraging private sector expertise and funding.

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1. Implementation period as per ADB–DFAT co-financing agreement.

Innovation. MBI's flexible framework allows for calculated risk-taking and strategic exits. This enables MBI to partner with the private sector to pilot innovative business models. During these pilots, MBI identifies "bottom-up" policy and operational constraints faced by entrepreneurs which can then be fed into policy dialogue.

MBI's mission is strongly aligned to: (a) the ASEAN Economic Community (AEC) Blueprint 2025 Vision, (b) the Greater Mekong Subregion Economic Framework 2012–2022, (c) the national socioeconomic development strategies and plans of CLMV governments, (d) ADB's country partnership strategies in CLMV, and (e) DFAT's Strategic Framework 2015–2019. All of these emphasize the importance of engaging and supporting the private sector, and particularly SMEs and startups. MBI's unique modality allows it to both support existing ADB operations, and to strengthen the links and synergies between ADB's sovereign and non-sovereign programs.

MBI also actively promotes sharing knowledge among ASEAN members through replicating, adapting, and scaling up their good business practices, including their approaches to adopting global best practice.

## Regional Private Sector Development Context

A combination of significant economic potential and commitment to economic reform provide huge opportunities within CLMV, as well as the wider ASEAN region and the global community. With a population of 170 million people (about 30% of ASEAN), CLMV is richly endowed with natural resources, including natural gas, hydropower potential, minerals, fisheries, and forests. The region also has significant potential for tourism and commercial agriculture—both of which can create badly needed employment in rural areas.

Since 2000, economic liberalization and reforms in CLMV have significantly improved the business environment and stimulated economic growth. In 2015, foreign direct investment (FDI) and exports in CLMV reached \$18 billion and \$202 billion, respectively. Between 2010 and 2030, gross domestic product (GDP) growth per capita is expected to average 8%, and by 2030, to rise to about 50% of the ASEAN average (from the current level of 32%).

Situated between the People's Republic of China (PRC) and India, two of the world's largest and most dynamic economies, CLMV are well positioned to become regional trading hubs. AEC integration is also providing opportunities for

CLMV businesses to join regional and global value chains, and thereby facilitate badly-needed economic diversification. Major changes are underway, too, with respect to FDI. Due to rising labor costs in the PRC and other Asian countries, which impacts their relative efficiency, producers are moving to less expensive countries. CLMV could benefit greatly from this trend but will need to ensure their competitive advantage through fostering a positive environment for business.

## Constraints to the Private Sector as an Engine of Growth in CLMV

The private sector in CLMV is still in its infancy. Except for Cambodia, all these countries have a long history of centralized planning and government control. While the business communities in CLMV are diverse, and the PSD challenges are somewhat country specific, all face common problems in developing competitive market economies. Except for Vietnam, these countries still have agrarian economies, with limited manufacturing.

Connections between foreign invested industries and domestic private enterprises have generally been limited, too. This is partly because of the “missing middle”—the lack of larger private domestic firms. Over 95% of all enterprises in CLMV are SMEs (and overwhelmingly “small,” as opposed to “medium-sized”) and they generate up to 75% of employment. Many SMEs operate informally and, as a result, face a number of disadvantages, including inability to: access more affordable and longer-term financing from formal financial institutions, export their products, and participate in effective business assistance programs. Across CLMV, because the private sector generally operates in a challenging business environment, and faces difficulties in competing in global markets, MBI is seeking solutions to the following key PSD constraints:

### A weak regulatory environment discourages startups and limits enterprise growth

Despite past and ongoing regulatory reforms spurred by the requirements for regional and global economic integration, the legal frameworks needed to support a robust private sector remain weak across CLMV. PSD policies are sometimes out of step with the government’s commitment to regional economic integration, and often supply-driven because local business associations lack the capacity to advocate for themselves. In Lao PDR, Myanmar, and Vietnam, SMEs are often crowded out by inefficient state-owned enterprises (SOEs), and

in all four countries, poor quality infrastructure is a challenge. Many businesses also remain informal because business registration is burdensome and costly, and the benefits of formalization are too meager.

### Startups and SMEs lack access to finance and financial services

Across CLMV, startups and SMEs face a number of constraints in accessing finance and financial services which limit their capacity to innovate and grow, and also prevent businesses from participating in regional and global value chains. On the supply side, these barriers include financial institutions' lack of flexibility in approach to financing SMEs, while on the demand side, businesses often have weak planning and accounting skills, as well as difficulty defining and articulating their needs. World Bank Enterprise Survey<sup>2</sup> data for CLMV show that firms characterize accessing finance as a major challenge. This is especially the case for SME borrowers, as the collateral-to-loan ratio of 218% is punishingly high. Banks in CLMV will rarely lend the short-term operating capital that businesses need unless they can pledge fixed assets (land/buildings). This usually excludes young, fast-growing businesses, including women-owned businesses, as they lack such collateral. Startups and informal businesses face even greater challenges accessing longer-term investment capital as, with the exception of family and friends, risk capital providers are scarce.

### SMEs face challenges upgrading their innovation capabilities

CLMV all need to cultivate a more innovative private sector. Relatively few firms in the region are engaged in innovation-related cooperation with an outside partner; SMEs rarely have the capacity to find the best-available knowledge and technology; the private sector receives a low percentage of total research and development funding; and national innovation systems across the four countries are weak and contribute little to output or growth. These problems are reflected in the relatively low ranking of Cambodia and Vietnam on the 2016 Global Innovation Index.<sup>3</sup> The majority of SMEs also have problems selling into international markets because they cannot meet the increasingly-required quality and traceability standards. This limits them to local trade, and they miss out on the substantial growth opportunities they would gain from having large, formal customers or joining regional supply chains.

2. World Bank Enterprise Survey (2016).

3. See [globalinnovationindex.org](http://globalinnovationindex.org). Lao PDR and Myanmar were not ranked.



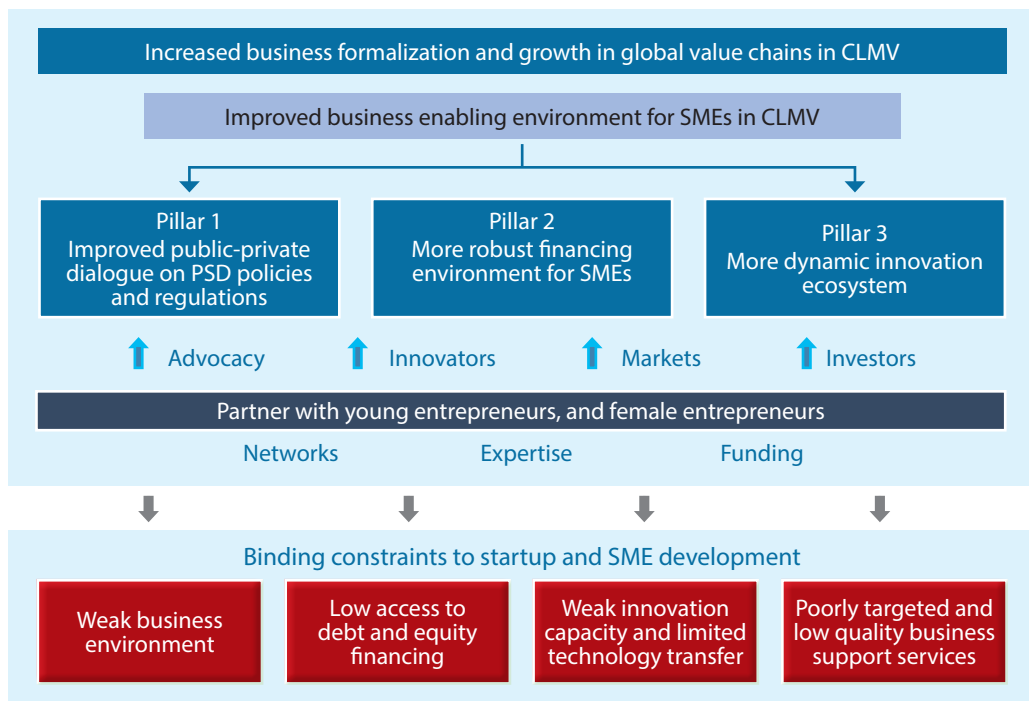
## 2. MBI STRATEGIC FRAMEWORK

The MBI strategic framework is guided by the project design and monitoring framework (DMF). The expected impact in the DMF is increased business formalization and growth in regional value chains in CLMV, and the expected outcome is an improved business enabling environment for SMEs in CLMV.

The original DMF was developed in 2014 during MBI's project identification and design phase. However, as MBI operates in a fast-moving and changing environment, and flexibility and client-orientation are key value propositions, minor changes in MBI's scope were made in 2016. As explained below, these ensure that the DMF remains relevant at both the indicator and output levels, and that the framework continues to reflect the scope and focus of MBI.

Outcome level indicators in the DMF have been revised to ensure they are measurable, and attributable to MBI activities, and as MBI's work program has become more integrated and focused on its core theme of fostering entrepreneurship and innovation, adjustments have been made at the output level too. While the outputs of MBI pillars 1 and 2 retain their original focus on business regulatory reform and access to finance, they have been further refined. Thus, the output of pillar 1 is now improved public/private dialogue as the method for improving business regulatory reform and PSD policies, and the output of pillar 2 is alternative financing solutions. The previous knowledge focus of pillar 3 has been integrated into all three pillars as a cross-cutting theme, and pillar 3's output has been reformulated to focus on innovation.

Figure 1: MBI Strategic Framework



For the adjusted DMF, which ADB approved in 2016, see Appendix 1, and for details on how achievements are being measured, tracked, and reported on, see Appendix 2, which shows the detailed MBI Monitoring & Evaluation (M&E) framework.

### Pillar 1: Improved public/private dialogue on the design and implementation of PSD policies and regulations

Many development partners, including ADB, have PSD and SME support programs in the four MBI countries. The majority of these are implemented in partnership with the government agencies responsible for designing and implementing business regulations and policies, and MBI complements these initiatives through its in-built flexibility to engage with both the private as well as the public sector. MBI also bases its activities on extensive consultation as well as surveys and diagnostics that are conducted in collaboration with its stakeholders.

MBI's main approach is to:

- Facilitate improved public/private dialogue during the formulation of government PSD regulations and policies so that all relevant

stakeholders actively participate. To exploit synergies with pillars 2 and 3, MBI focuses on policy constraints to entrepreneurship and innovation, and particularly the constraints faced by young, and by female entrepreneurs;

- b) Build the capacity of business associations so that they can engage more effectively in public/private dialogue by improving their capacity to advocate, and increasing members' awareness of policy issues; and
- c) Increase the general public's awareness about PSD issues, including through dissemination of easily-understood materials on new regulations and policies.

## Pillar 2: A more robust financing environment for enterprises, particularly through the promotion of alternative financing solutions

Developing deep and robust financial markets is a long-term process that requires enormous resources to build necessary financial infrastructure as well as the capacity of financial regulators. Since many development partners already support CLMV governments in reforming their traditional financial sector, MBI focuses instead on financial innovations that will reach the underserved.

Due to higher transaction costs, higher perceptions of risk, and traditionally conservative business models, commercial banks usually consider it unprofitable to extend retail savings, payment, and credit services to informal enterprises and lower-income and rural households. However, through leveraging communications and other technology ("fintech"), new financial business models promise to significantly extend the reach of financial services and products.

As awareness of the financial needs of startups and lower income people grows, finance industry innovators are developing more sophisticated ways to invest and manage risk, including venture capitalists (who provide long-term capital and play a role in running the business) and "angel" investors (who provide working as well as long-term capital and mentor the businesses they finance—but at an earlier stage than venture capitalists). MBI believes it is as important to facilitate equity financing for startups, as it is to provide microfinance for micro and small enterprises (MSEs). While MSEs—which tend to remain small—benefit from the short-term working capital microfinance institutions (MFIs) provide, startups need "patient" (longer-term) capital, combined with mentoring from more seasoned, and successful businesspeople who invest because they see potential for considerable growth and profitability.

Thus, MBI's approach in supporting access to finance and financial services is to:

- a) Increase CLMV financial regulators' awareness as well as that of potential beneficiaries, and especially women-led SMEs, of the benefits of alternative sources of finance, and of fintech in particular, and develop the best practices needed to ensure success;
- b) Facilitate improved public/private dialogue to include all relevant stakeholders during the process of writing financial laws and regulations, and especially those relating to alternative finance; and
- c) Support the expansion of a range of alternative finance business models and networks.

### Pillar 3: A more dynamic innovation ecosystem that encourages entrepreneurship and promotes the commercialization of new technology

CLMV's young, energetic, and increasingly tech-savvy population must be nurtured to unlock their innovation potential. These young entrepreneurs are becoming more and more important to economic growth as they take the lead in developing innovative and faster growing sectors such as mobile phone app development and online sales of consumer products. Partnering with these young business people, and especially with young businesswomen, is crucial for the long-term sustainability of MBI's activities.

Although there is often sufficient liquidity in CLMV financial institutions to lend to startups and early-stage companies, many entrepreneurs are unable to access this finance because they lack good business planning and accounting skills, and have low corporate governance standards. Furthermore, startups and early-stage companies often need mentoring as well as equity financing to develop their business management skills. Thus, MBI is supporting business incubators and accelerators in CLMV that offer training, mentoring, and mutual support, as well as working space and access to finance. These incubators have great potential not only to foster entrepreneurial skills, but ultimately to contribute to PSD.

As enterprises also need access to innovative technology that can increase their productivity and competitiveness, MBI is facilitating the cross-border transfer of technology. For example, mobile phone technologies are fast becoming vital business tools in the agriculture and tourism sectors.

MBI fosters an ecosystem that supports innovation by:



- a) Identifying constraints to entrepreneurs, and particularly women entrepreneurs, as well as the whole innovation ecosystem, and then promoting public awareness of key issues;
- b) Supporting business incubators and engaging with government and the private sector to pilot new, innovative business support programs that successfully foster entrepreneurship and the adoption of innovative technologies that can support the growth of private enterprises, and especially the growth of agro-enterprises, financial services providers, and tourism businesses; and,
- c) Removing policy and operational constraints by engaging with entrepreneurs to pilot innovative solutions that help businesses to successfully start up and grow.

### 3. KEY ACHIEVEMENTS

The following section provides an overview of key achievements under the three outputs or pillars of MBI: public/private sector dialogue on PSD policies, laws, and regulations; a more robust financing environment; and a more dynamic innovation ecosystem. This is followed by a section on achievements toward the expected outcome of the project—an improved business enabling environment for SMEs in CLMV. This section concludes with a summary of MBI’s contribution to impact and alignment with the overall country strategies of ADB and DFAT, as well as other development partners.

Also see Appendix 3 for a list of subproject progress to date, and Appendix 4 for a number of success stories that complement some of the data in order to provide “stories behind the numbers”. Updated M&E frameworks for subprojects, including progress reports, are available separately from MBI.

#### Pillar One: Improved Public/Private Sector Dialogue on PSD Policies and Regulations

Under pillar 1, MBI supports the private and the public sectors in building trust and partnerships that foster private sector development (PSD) in CLMV. In 2016, MBI focussed on core private sector partners in CLMV, including the associations of young and women business owners, as well as chambers of commerce.

This pillar is aligned with the vision of the ASEAN Economic Community Blueprint 2025 to “promote the principles of good governance, transparency, and responsive regulatory regimes through active engagement with the private sector and stakeholders of ASEAN.”<sup>4</sup> MBI focuses on both the outcome of its assistance and also on the development of institutions and formation of partnerships that, in future, will sustain and replicate its successes. This is illustrated by the key achievements for this output which are listed below.

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4. ASEAN Economic Community Blueprint 2025, paragraph 6 iv, p.2

Indicator	Status end-2016	2017 Target
Public-private stakeholder consultations	11	12
PSD regulations or policies, drafted or commented on	15	18
White papers and other diagnostic work on PSD regulation and policy issues submitted to government by business groups and other partners, including ones on gender dimensions	21	30
Media coverage of work supported by MBI and its partners (across the three pillars)	518 articles 9.3m views	1,000 articles 20.0m views

## Facilitation of public/private stakeholder consultations

In 2016, MBI facilitated 11 dialogue processes that brought the private and public sectors together, and helped to strengthen their collaboration for the longer term. This is on track to achieve MBI's target of facilitating 12 dialogue processes by end-2017, and with the outcome that five dialogues will be sustainable when MBI ends. Across CLMV, in 2016, a total of 23 consultations were held, with more than 2,500 public and private sector participants. Among the key results are the:

**Myanmar Private Sector Development (PSD) Committee** – MBI supported the drafting of Myanmar's national PSD Framework and Action Plan, and refinement of the document's five policy pillars through critical analysis, roundtable discussions, and workshops with key stakeholders, which included the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and other business groups. Following its approval of the framework and plan in August 2016, the government set up a high-level, inter-ministerial committee, led by the vice president, which is collaborating with the private sector on implementing the plan. The Ministry of Commerce and the Ministry of Planning and Finance provide the secretariat for this committee and its five working groups which match the framework's five pillars.

**Vietnam Private Sector Forum (VPSF)** – With MBI's support, a coalition of business associations led by the Vietnam Young Entrepreneurs Association (VYEA) launched the VPSF in June 2016. The event was attended by a deputy prime minister, 10 vice-ministers, and over 700 private business participants. The Deputy Prime Minister, Vuong Dinh Hue, endorsed the VYEA's proposal to hold the VPSF annually and encouraged relevant line ministries to collaborate with the VPSF's working groups. Tran Anh Vuong, Deputy President of the VYEA, stressed that "the forum will provide opportunities for Vietnamese private companies to raise their voices on the challenges, opportunities, and

difficulties facing them.” Since its establishment, the VPSF has held working group meetings with private sector and government counterparts, and submitted five position papers to government on over 25 laws and regulations, including a position paper on abolishing Article 292 of the Criminal Code, which criminalizes unlicensed online operations.

**Lao PDR’s private sector task force** – In 2016, with MBI support, the Lao National Chamber of Commerce and Industry (LNCCI) set up a task force of business representatives and academics, which presented their views to government on the Law on Investment Promotion and Civil Code provisions for secured transactions. MBI is also supporting the task force in creating the Provincial Facilitation for Investment and Trade Index (ProFIT), which ranks provinces on their “friendliness” toward private enterprise.

**Myanmar microfinance industry (MFI) consultations** – At the request of leading MFIs, in early 2016, MBI benchmarked Myanmar’s MFI regulations against those of the region’s most progressive ASEAN microfinance markets—Cambodia, Indonesia, and the Philippines—and highlighted where Myanmar was out of step. This was presented to regulators, policy makers, the Myanmar Microfinance Association, and development partners. The Financial Regulatory Department (FRD) of the Ministry of Planning and Finance has since adopted four of the survey’s key recommendations.

**Entrepreneurship and innovation policy consultations** – In 2016, MBI supported surveys and consultations in Vietnam, Cambodia, and Lao PDR on the ecosystem for entrepreneurs that led to: the development of an Innovation Framework and Action Plan for both Ho Chi Minh City and Da Nang, the launch of incubators in both cities, plans for an incubator in Hanoi, and recommendations on a regulatory framework for the startup ecosystem in Lao PDR.

**Coalition of women’s business associations in Vietnam** – In 2016, with MBI support, the Hanoi Women’s Association of SMEs (HAWASME) led the first-ever nationwide consultations with businesswomen’s associations and groups on the challenges facing women business owners. Also with MBI support, HAWASME held a national conference which unanimously agreed on the key policies that government should adopt to promote women’s businesses.

**Consultations on PSD policies and regulations** – Across CLMV in 2016, MBI facilitated private sector reviews of existing and new PSD policies and regulations. These efforts contributed to 15 key policies and regulations (just three less than MBI’s end-2017 target). The reviews included investment promotion, secured transactions, microfinance, private sector development,

support for SMEs, venture capital, angel investment, and business incubators. Four microfinance regulations and three action plans (on PSD in Myanmar and on two business incubators in Vietnam) have been adopted and are already having a positive impact. These seven will contribute significantly to MBI achieving its outcome target of creating or changing 10 business regulations or policies by end-2017.

Identification of policy issues, including gender dimensions – In partnership with key business associations and groups, MBI facilitated surveys and dialogues that led to 21 position/white papers on PSD policy issues—more than two thirds of MBI's end-2017 target of 30 policy papers. MBI's support included collaborating with business associations/groups on developing a paper, facilitating discussions on a paper with key public and private stakeholders, and providing training on effective presentation and facilitation skills for businesswomen's groups. This assistance, which developed business association and group research and advocacy capacity, significantly raised the voice of the private sector. Topics of the papers included improving opportunities for: women business owners in Lao PDR and Vietnam, startups and innovators in Lao PDR, SMEs in Vietnam, e-commerce in Cambodia and Vietnam, and women's businesses under Vietnam's Law on SME Support. Approximately half of all papers concerned improving opportunities for women-owned businesses.

Media coverage of MBI's work – In 2016, MBI activities resulted in 518 items of coverage in news and social media, which generated 7,000 shares through social media, and a total of some 9.3 million views.<sup>5</sup> News coverage included articles in national papers such as the Khmer Times, Phnom Penh Post, Myanmar Times, Laotian Times, Lao Post, Vietnam Plus, and Viet Nam News, as well as international publications such as Forbes and The Diplomat. These results put MBI well on track to reach its end-2017 target of 1,000 news items and 20 million views.

Widely-disseminated knowledge products – In 2016, MBI increased private sector stakeholders' knowledge of PSD policy issues through publically<sup>6</sup>

5. Figures calculated using MBI 2016 'Coverage Book' methodology. <http://help.coveragebook.com/explaining-the-data/how-do-you-calculate-estimated-online-coverage-views>
6. [http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/psd\\_framework\\_final\\_01\\_apr\\_englidh.pdf](http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/psd_framework_final_01_apr_englidh.pdf)  
[http://www.mekongbiz.org/wbas-position-paper\\_english/](http://www.mekongbiz.org/wbas-position-paper_english/)  
<http://www.slideshare.net/mbi-mekongbusinessinitiative/lao-startup-ecosystem-survey>  
<http://vpsf.vn/pages/documents>  
<http://wtocenter.vn/publication/enterprise-handbook-summary-trans-pacific-partnership-agreement>

available knowledge products that included the:

- Myanmar PSD Framework and Action Plan, which the government adopted and followed up by establishing a high-level, inter-agency committee to collaborate with the private sector on implementing the plan
- Situation Analysis of Women-owned SMEs in Vietnam, which was prepared by a coalition of women's business associations to recommend how government can improve the business environment for women entrepreneurs
- Position Paper of the National Women's Business Association of Vietnam on businesswomen's issues to address under the new SME Law
- Survey of women-owned businesses in Lao PDR that supported dialogue between Lao businesswomen and the government on a capacity building program for women business owners
- Surveys of challenges in the ecosystem for startups in Lao PDR and Cambodia, which supported stakeholders' dialogue with the government
- Survey of Cambodia's e-commerce environment regarding readiness and opportunities to conduct e-commerce, which supported stakeholders' dialogue on policy with government, including need for an e-commerce law
- Vietnam Private Sector Forum white paper, which included reports from the VPSF's 10 sectoral working groups that were featured in dialogues with government on how to improve Vietnam's business environment
- Trans-Pacific Partnership (TPP) Guide for enterprises that provides easy-to-understand explanations on how SMEs should prepare for the TPP's challenges and opportunities. Though the US has pulled out of the TPP, much of the information can be used to educate SMEs on other trade agreements

Many of these documents have had wide audiences. For example, 2,000 print copies of the Myanmar PSD Framework and Action Plan were distributed to government, development partners, and the private sector; 500 electronic copies were distributed through emails; and through websites and social media such as Facebook, the document reached over 160,000<sup>7</sup> individuals. The results

7. Reach as reported through Facebook and website analytics for the Ministry of Commerce, ADB Myanmar, UMFCCI, DICA, and MBI Country Lead Myanmar websites and Facebook groups/pages.



of MBI's studies have also been widely disseminated through 70 speeches and presentations by MBI technical experts.

## Pillar Two: A More Robust Financing Environment for SMEs

In 2016, MBI supported angel investing, agricultural value chain financing, and financial technology (fintech), which helped to increase access to finance and financial services for underserved businesses and households. MBI promoted fintech through raising awareness about its benefits and requirements with regulators and partnering with fintech startups to pilot new business models for financing SMEs (and particularly women-owned SMEs). MBI also recruited angel investors to provide capital and mentoring. In Myanmar, MBI and Yoma Bank introduced value chain financing for agriculture.

These three initiatives represent an approach to financial inclusion that MBI characterizes as "alternative finance". MBI targets alternative finance to SMEs, women entrepreneurs, and rural dwellers as all are poorly served by the formal financial sector in CLMV. MBI envisions that alternative finance will expand the supply of equity and debt capital, reach underserved populations, and achieve more equitable and inclusive economic growth across CLMV. Alternative finance can also help narrow the development gap, as highlighted in the following achievements:

Output Indicator	Status end-2016	2017 Target
Policy issues on alternative finance (including gender dimensions) identified in white papers and other diagnostic work, and submitted to government	3	5
Alternative financing business models, products, groups, and network pilots developed	6	11
Assistance to business support and business advocacy networks or associations that promote alternative investment	2	5

## Identification of policy issues on alternative finance, including gender dimensions

In 2016, MBI supported three diagnostics on alternative finance, which is more than half of MBI's target of five white papers or diagnostics by end-2017. These were the:

**Myanmar Microfinance Regulatory Benchmarking Survey** – At the request of leading MFIs, in early 2016, MBI benchmarked Myanmar's MFI regulations against those of the region's most progressive ASEAN microfinance markets—Cambodia, Indonesia, and the Philippines—and highlighted where Myanmar was out of step. This paper was delivered to the newly-elected government when it took office in April, and later in the year, the Financial Regulatory Department (FRD) of the Ministry of Planning and Finance adopted four of the survey's key recommendations.

**Fintech Boot Camp regulatory benchmarking** – In November 2016, at the Fintech Boot Camp in Singapore, which MBI supported, senior government and industry representatives from CLMV came together with regulators from Australia, Brunei Darussalam, Indonesia, Singapore, and Thailand (countries with established or forthcoming fintech regulatory frameworks). The Boot Camp, which followed the Singapore Fintech Festival, highlighted best practices, and particularly Australia's regulatory "sandbox" model.<sup>8</sup> During the boot camp, MBI facilitated two regulatory benchmarking exercises on electronic money and peer-to-peer lending that created a tool for comparing regulations across most of the region on aspects that are highly relevant to serving poorer people. CLMV regulators are keen to continue developing their knowledge about fintech, and share information on how they are approaching fintech regulation.

Three of MBI's 2016 white papers concerned access to finance (A2F). These were a detailed assessment on financial inclusion that was undertaken in preparing Myanmar's PSD Framework and Action Plan; the feasibility study on the SME Listing Board in Lao PDR; and, detailed comments and recommendations on regulating alternative finance under Vietnam's Draft SME Law.

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8. The "sandbox" authorizes fintech startups to test new products and models with a small number of actual users. This gives startups more time to build and test business ideas, instead of spending time navigating complex financial services regulations, and paying for expensive licenses that may not be appropriate or relevant. See <https://blogs.adb.org/blog/why-sandbox-approach-works-fintech-development>

## Piloting of alternative finance business models, products, groups, and networks

In 2016, MBI partnered with the private sector to identify solutions to increase A2F, as well as lessons learned from A2F operational constraints. These efforts, described below, fulfilled many of MBI's end-2017 targets.

**KIU Pay (Vietnam)** – This is an online platform for reverse factoring of invoices launched with MBI support in 2016 to facilitate cross border trade finance for Vietnam's SME exporters. Reverse factoring allows a supplier to monetize the value of their invoices (essentially, an "account receivable") from the buyer. Reverse factoring is different from traditional factoring because the account receivable is not sold outright—it is only used as collateral for a short-term loan. Reverse factoring helps small businesses to better manage their short-term working capital needs.

**Pay+ (Lao PDR)** – A payment, saving, and domestic remittance model in Lao PDR, similar to cell phone financial services providers operating in Cambodia. MBI used a presentation on Cambodia's successful cell phone financial services providers to explain Pay+ to Lao regulators.

**BanhJi (Lao PDR)** – In 2016, MBI helped this Cloud-based, free accounting software, which was developed in Cambodia, to launch in Lao PDR, and introduced the company to commercial banks for possible partnerships. Having good accounts for their businesses will not only help SMEs to manage more effectively, but also to borrow more easily.

**Cambodian Investor Club (CIC)** – In 2016, MBI arranged for this group of lenders in Cambodia to consult with a variety of experienced overseas financial experts who helped the CIC to develop their strategy to convert to an online peer-to-peer (P2P) lending platform. MBI also supported the CIC in preparing a white paper on how P2P lending should operate under Cambodian law.

**Angel investor groups in Cambodia and Lao PDR** – To invest in and mentor local SMEs, with MBI support, angel investor groups were launched in Cambodia and Lao PDR, respectively. Because the Lao group was launched by the Prime Minister of Australia during his visit to the ASEAN Leader's Summit in Vientiane, the angel investors obtained extensive local and international publicity. In future, the Lao and Cambodian groups may become chapters of the Mekong Angel Investor Network (MAIN) or another regional network.

Agricultural value chain financing in Myanmar – In 2016, with MBI support, two pilot agricultural lending products were designed in collaboration with Yoma Bank staff in Myanmar to improve the efficiency and profitability of crop value chains. One product will finance “apex” farmers who on-lend to numerous nearby smallholders so that they can buy inputs such as seed. The other product provides revolving working capital for crop dealers, who often own large warehouses. This financing will enable dealers to buy and store harvested crops in order to take advantage of more favourable price conditions.

Support for business advocacy & support networks promoting alternative investment

Mekong Angel Investor Network (MAIN) – MBI partnered with the investment fund Lotus Impact, and other international angel investor syndicates, to launch the Mekong Angel Investor Network (MAIN) to encourage angel investing in CLMV. A total of 41 international angel investors participated in three MAIN tours in 2016, and provided training and individual mentoring to approximately 75 local angel investors, and 210 entrepreneurs.

Fintech Regulatory Working Group – During the MBI-organized and run Fintech Regulatory Boot Camp in Singapore, participating CLMV regulators were eager to join an informal working group set up by MBI, and through Facebook, share information on how they are approaching fintech regulation. In order to promote greater fintech industry learning, and public/private sector collaboration, in 2017, MBI may open this group up to fintech practitioners.

## Pillar Three: Fostering a More Dynamic Innovation Ecosystem

As CLMV are doing less to foster innovation and entrepreneurship compared to other ASEAN countries (the ASEAN development gap), MBI is improving the ecosystem for innovation and entrepreneurship. This aligns with the AEC Blueprint 2025 vision to “foster robust productivity growth through innovation”.<sup>9</sup>

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9. ASEAN Economic Community Blueprint 2025, paragraph 6 iii p.2

Output Indicator	Status end-2016	2017 Target
Policy issues related to innovation and entrepreneurship, including their gender dimensions, identified in white papers and other diagnostic work, and submitted to government by business groups and other project partners	11	18
Entrepreneurship and innovation support programs piloted	5	9
Innovation business models that help SMEs get started and grow piloted	5	10
Business advocacy and support networks or associations that promote innovation supported	4	8

## Assessments of policy issues related to innovation and entrepreneurship, including the gender dimensions

In 2016, with MBI support, 11 white papers and diagnostics on policy, law, and regulatory challenges impacting startups and innovators, and especially young entrepreneurs, and women entrepreneurs, were submitted to the governments of CLMV. These papers were prepared by business groups or sector experts, and the 11 are more than half of MBI's target of 18 papers by end-2017. Key 2016 outputs were:

Evaluations of business support programs in Cambodia and Vietnam – At the request of Vietnam's Ministry of Planning and Investment, the government of HCMC, and Da Nang University, with MBI support, The Evidence Network (TEN), carried out evaluations and made recommendations on business support programs in Ho Chi Minh City and Da Nang. Due to strong interest from Cambodia, TEN also evaluated a women's enterprise incubator in Phnom Penh.

Mapping the startup ecosystem in Cambodia, Lao PDR, and Vietnam – To identify challenges faced by startups in CLV, and make recommendations to improve policy, laws, and regulations, MBI supported a startup ecosystem mapping in each country. In response, in Lao PDR, the government set up an inter-agency, public/private committee on SME promotion that will also address improving the startup ecosystem.

E-commerce survey in Cambodia – Based on 27 in-depth interviews with key informants, a report was prepared on the technical, operational, legal, governmental, socio-economic, and cultural factors impacting e-commerce in Cambodia. The most important of the recommendations was to adopt an e-commerce law.

Overseas training and events for innovators – For public and private sector innovation ecosystem builders from Da Nang, HCMC, Hanoi, and Vietnam's Ministry of Planning and Investment and Ministry of Science and Technology, MBI supported intensive training on incubation management in Israel and Finland—two countries with long histories of technical innovation. For example, the managers of the Da Nang Business Incubator (DNES) and the Saigon Innovation Hub (SIHUB), which are considered among the most innovative public/private business support partnerships in Vietnam, attended Government of Israel training on incubator management. Also, MBI and other partners, including the governments of Finland and Israel, supported key CLMV innovators in attending the Slush Tech Conference in Finland, and MBI facilitated a self-funded trip for Cambodian Investment Club members to meet members of peer-to-peer lending platforms in Singapore.

Other 2016 white papers/diagnostics on innovation which were submitted to government included two VPSF papers on the digital economy and on startups, and two papers on best practices for the startup ecosystem and for business development services providers.

### Piloting of entrepreneurship and innovation support programs

MBI facilitated piloting five entrepreneurship and innovation support programs in 2016, which is more than half of MBI's end-2017 target of nine pilots. Key highlights for these include:

Saigon Innovation Hub (SIHUB) – SIHUB is the first example of the Government of Vietnam funding a private sector business support facility. Since SIHUB launched in August 2016, with MBI assistance to negotiate this public/private partnership, it has become a focal point for startups, angel investors, mentors, and incubator managers. Over only five months in 2016, SIHUB conducted 161 events which benefited 300 startups and 700 entrepreneurs. It also helped 250 startups to showcase their products, and provided working space for 1,500 people. Since SIHUB's startup, MBI has provided technical advice, jointly organized activities, and arranged on-the-job capacity building and, as discussed above, overseas training for its manager.

Da Nang Business Incubator (DNES) – DNES, which launched in January 2016 to nurture Da Nang's innovators, is a public/private venture (25 local entrepreneurs, plus the city government). MBI has supported DNES' manager through overseas training and providing mentoring from international incubation experts. MBI also provided support for drafting the Da Nang Innovation Action Plan and organizing a startup fair in Da Nang in June 2016.



Social Disability Innovation Competition – As part of Vietnam’s Hatch Fair 2016, MBI supported a competition to address social disability. This brought together entrepreneurs, researchers, as well as coders and engineers to collaborate on developing sustainable solutions for environmental, cultural, health, and education challenges. Since the competition, MBI has supported winning teams with mentors.

Other major innovation events MBI supported in 2016 were the Startup Fair in Da Nang and the Saigon Startup Fest in HCMC.

### Piloting of innovative business models that help businesses get started and grow

MBI facilitated the piloting of five business models in 2016 that helped approximately 700 innovative SMEs to launch or develop further, which is half of MBI’s end-2017 total of 10 models. Four of these models were launched in 2016, with another to be launched in early 2017. These are:

KIU business-to-business (B2B) e-commerce platform – MBI identified an industry problem and convened private sector players to develop a business model solution – KIU – to help more SMEs access global markets. KIU set up an online, “one-stop shop” for businesses to facilitate placing orders, handling customs procedures, and delivering goods and services. KIU also provides tailored training programs to help SMEs meet buyers’ expectations, including overseas safety and safeguards standards. In 2016, KIU piloted its B2B services in Vietnam, and nearly 100 traders registered for trades with businesses in Australia and the US. MBI also partnered with KIU in signing a memorandum of understanding with the Vietnam Trade Promotion Agency (Vietrade) to promote it to a broader audience, and supported KIU through hiring international experts to facilitate its work with traders and Vietrade.

KIU Enterprise Resource Planning (ERP) – MBI partnered with KIU to launch KIU ERP which offers Cloud-based integrated business management tools to enable SMEs to run their businesses more effectively and efficiently using online tools for resource planning, sales and service delivery management, accounting, and finance.

Shark Tank reality TV series – MBI supported the Hanoi chapter of the Vietnam Young Entrepreneurs Association (VYEA) in launching Shark Tank—a reality TV program that enables entrepreneurs to pitch their business plan to a panel of potential investors or “sharks”. With MBI support, VYEA promoted the program to potential contestants and recruited experienced local entrepreneurs to select

100 possible Shark Tank participants, and coach them on developing a good business plan and improving their pitching skills. As requested by MBI, 20% of Shark Tank contestants will pitch businesses with high social impact, and priority will also be given to selecting women entrepreneurs.

Tools for SMEs to analyze their prospects in international markets – The International Trade Center (ITC) has developed a set of Internet-based tools to help CLMV businesses analyze their prospects in international markets. In the industrialized world, businesses have to pay to use ITC's tools, but in emerging markets such as CLMV, the tools are free. To train SMEs to apply the ITC tools, MBI supported training-of-trainers (56 in Cambodia, 10 in Lao PDR, 57 in Myanmar, and 30 in Vietnam). By end-2016, the trainers had given 15 courses for over 500 government trade promotion and private business staff. In 2016, 173 trainers, of which 84 or 49% were female, were trained across CLMV, and by end-2016, these had trained over 500 people. A recent post training evaluation reported that 42% reported increases in exports, 50% found new import markets, and 92% would recommend it to friends. To meet the needs of their members, MBI's partners are committed to sustaining this training.

Business Information Center (BIC) in Cambodia – Following a survey MBI facilitated in 2016 on whether a business information center (BIC) would be useful, the Young Entrepreneurs Association of Cambodia (YEAC) and the Cambodia Chamber of Commerce will establish the BIC in 2017. This will promote transparency and effectiveness by providing SMEs with information about business laws and regulations, as well as business opportunities and support services. Encouragingly for the BIC's long-term sustainability, 87% of more than 200 business owners who were surveyed indicated that the BIC is needed, and they would be willing to pay for the BIC's services.

## Outcome: An Improved Business Enabling Environment for SMEs in CLMV

MBI sees its role as a catalyst for private sector development, and an honest broker between the public and the private sectors to: leverage private sector financial inputs, time, and expertise in order to improve public/private dialogue on PSD; pilot new business models and networks; tackle access to finance challenges; and foster a more dynamic innovation ecosystem. A sign of MBI's success will be the extent to which project outputs are replicated and sustained, and these direct outcomes are attributable to MBI activities.

2016 saw solid progress, with MBI's outcome indicators on track overall to demonstrate, by end-2017, improvement in the business enabling environment for SMEs in CLMV. This assumes sustained CLMV government commitment to business environment reforms.

Outcome Indicator	Status end-2016	2017 Target
Business regulations or policies created or changed	7	10
Sustainable public private dialogue groups or platforms created	4	5
Scalable and sustainable alternative financing models available	4	6
Scalable and sustainable entrepreneurship/innovation support programs, and business models available	3	6
Total funds leveraged (\$)	1,986,720 <sup>10</sup>	1,500,000

## Changes to, and the creation of business regulations and policies

In 2016, across MBI's three pillars, the initiative supported numerous dialogue processes between the public and private sectors, as well as the production of whitepapers and diagnostics carried out by business organizations, technical experts, and other partners. These efforts resulted in changes to, or the creation of, seven policies/regulations, which can be attributed to MBI, and by end-2017, MBI expects to meet its target of 10 changed or new policies/regulations.

**Myanmar Microfinance Regulations** – The Myanmar Microfinance Regulatory Benchmarking Survey was completed and presented to government in April 2016, at the time the newly-elected government in Myanmar took over. Shortly after, the Financial Regulatory Department (FRD) of the Ministry of Planning and Finance adopted four of the reforms recommended in MBI's survey. As a result, Myanmar is moving towards "best practice" in microfinance regulation, which includes adopting Cambodia's "two-tiered" approach to microfinance industry development which allows both micro-lending institutions that take deposits, and micro-lending institutions that do not. The two-tiered structure reduces systemic risk and simplifies prudential supervision.<sup>11</sup>

**HCMC and Da Nang Action Plans to Support Startups and Innovation** – In 2016, innovation frameworks and action plans were prepared by MBI

10. Leverage means funds invested through new business models or vehicles (such as angel investor networks) in SMEs. In addition, over \$1.4 million has been contributed directly or in-kind by project partners.

11. In this context, "two-tiered" approach means that larger, better capitalized deposit taking MFIs are subject to more prudential regulation, while smaller, less well capitalized MFIs do not need to be regulated as closely.

consultants for the governments of HCMC and Da Nang. In August 2016, the HCMC action plan was launched by the government. This has a range of measures to support enterprises, and to achieve a target of 500,000 firms by 2020—nearly double the 281,000 firms operating in 2016. MBI also supported Da Nang in 2016 on its action plan to become a center for startups. In 2017, MBI will continue to support these two cities in their efforts to become leading startup and innovation hubs.

**Myanmar PSD Framework and Action Plan** – In 2015 and 2016, MBI provided technical assistance to support Myanmar in developing its first PSD Framework and Action Plan, which the new government approved in August 2016. Following this, the government set up an inter-agency task force and supporting secretariat to collaborate with the private sector in implementing the action plan. In 2017, MBI will continue providing the task force with technical assistance.

### Sustainable public-private dialogue groups/platforms established

In 2016, MBI supported 11 public/private stakeholder consultation processes/dialogue platforms. By end-2016, through private sector and government participants' commitment, including that of ministerial-level officials, at least four of these dialogues appeared likely to continue after end-2017. The four dialogue platforms, and their outcomes discussed below, are only one less than MBI's target of five sustainable platforms.

**Vietnam Private Sector Forum (VPSF)** – Since the VPSF launched in June 2016, it has brought together over 700 private businesses with senior government representatives (10 vice ministers and a deputy prime minister). With strong support from both the government and the private sector, the VPSF is scheduled to become an annual event, and its working groups will continue meeting throughout the year.

**Private Sector Development Committee in Myanmar** – Following government approval of Myanmar's PSD Framework and Action Plan in August 2016, the government set up a high-level, inter-ministerial committee, led by a vice president, which is now collaborating with the private sector to implement the action plan.

**LNCCI Task Force in Lao PDR** – The Lao National Chamber of Commerce and Industry (LNCCI) task force, which was established with MBI support in 2016, has used MBI technical assistance to develop the ProFIT (Provincial Facilitation for Investment and Trade) Index for rating the business

environment at the provincial level. When launched in 2017, with MBI assistance, the annual ratings will help LNCCI to lobby for improvements at the provincial level.

Coalition of Women's Business Associations in Vietnam – In March 2016, with support from MBI, the Hanoi Women's Association of SMEs (HAWASME) led the first-ever consultations with its provincial chapters, and other key stakeholders from across the country, on the challenges faced by women business owners. At a national conference in October, participants reached unprecedented consensus on how the government should improve opportunities for women's businesses. The coalition, which met several times in 2016, will continue working under the leadership of the Vietnam Woman Entrepreneurs Council, which is part of the Vietnam Chamber of Commerce and Industry. Due to members' strong commitment, this dialogue between women's business associations and government is likely to continue. In 2017, MBI will support the coalition in working with the National Assembly on legislation to benefit women-owned businesses.

### Scalable and sustainable alternative financing models available

Alternative finance networks and models across CLMV – As demonstrated below, with four pilot alternative finance networks and models operating effectively at end-2016, MBI is likely to achieve its outcome of six sustainable networks and models by end-2017.

Angel investor groups in CLMV – By end-2017, MBI aims to establish angel investor groups in CLM, and network these with existing groups in Vietnam. MBI staff hesitate to project a total dollar value for the funds angel investors will spend on local companies, as there are few examples of local angel investment to provide guidance. Nevertheless, to provide some targets, MBI estimates that four groups of investors might generate 20 transactions by end-2017, worth a projected \$2 million, of which 30% would be from local angels. By end-2016, a local angel investor group had been set up in both Lao PDR and Cambodia, and three more potential groups had been identified in Myanmar, but were still being established.

The indicative outcome of the Mekong Angel Investor Network (MAIN) tours in 2016 was over \$735,120 of investment in the Mekong startup ecosystem, with substantial additional amounts undergoing due diligence (in total, there may be an almost tenfold return on MBI's investment). MBI also estimates that in 2016, MAIN tour participants provided \$300,000 worth of mentoring to local entrepreneurs. In just one year of implementation, this is good progress toward

end-2017 outcomes. Success story 6 in appendix 4 highlights some of the 2016 outcomes of the MAIN tours.

Alternative financing technology solutions across CLMV – Two programs supported by MBI, which when scaled up, are likely to become sustainable models, are BanhJi, the free online accounting software for SMEs used in Cambodia, and replicated to Lao PDR, and the Cambodian Investment Club's person-to-person (P2P) lending initiative which MBI helped CIC to expand and move to the Internet.

Scalable and sustainable entrepreneurship and innovation support programs and business models available

In collaboration with its public and private sector partners, MBI's target for the creation of sustainable business support programs in CLMV by end-2017, is six. At end-2016, the following three MBI-supported programs appeared likely to become fully sustainable:

Saigon Innovation Hub – Opened in August 2016, SIHUB has quickly become an important meeting point for startups, innovative SMEs, angel investors, mentors, and incubator staff. By end-2016, in just five months, SIHUB had: conducted 161 events, which benefited 300 startups and 700 entrepreneurs; helped 250 startups to showcase their products; and provided working space for 1,500 people.

Da Nang Business Incubator – Established in January 2016, DNES supported a range of activities over the year to promote the innovation ecosystem in the city, including conducting several big events, incubating local innovators, and creating a network of startups and ecosystem builders that is creating the city's ecosystem for innovation and startups. To sustain its activities, DNES is considering turning itself into a private company, while still leveraging government support.

International Trade Centre's market analysis tools – In 2016, MBI established a network of trainers who were trained to use ITC's online market analysis tools that help businesses to analyze international trade flows, and assess their prospects in different markets. In 2016, the trainers held 15 courses, with minimal support from MBI. In 2017, the courses which will be part of formal training programs offered by Vietnam's Foreign Trade University, and other business universities, will be sustained entirely by participants' fees.



## Total Funds Leveraged<sup>12</sup>

In 2016, stemming from initiatives supported by MBI, over \$1.9 million had been invested in companies in CLMV, which already exceeds MBI's target of \$1.5 million by end-2017. This total includes \$735,120 that was invested in startups as a result of the three Mekong Angel Investor (MAIN) tours; \$650,000 which KIU invested in its business-to-business, online trade facilitation platform; and \$500,000 invested by the Young Entrepreneurs Association of Vietnam to obtain a license and cover production costs for the Shark Tank TV series.

By end-2016, MBI had also secured over \$1.4 million from its subproject partners. This includes: over \$500,000 of direct and in-kind support from partners collaborating with MBI in staging the three MAIN angel investor tours, and over \$100,000 from other partners of three subprojects. The latter supported training-of-trainers and SMEs on how use the ITC overseas market assessment tools; services of the Business Information Center in Cambodia; and studies conducted by the Lao National Chamber of Commerce and Industry. In addition, the city governments of HCMC and Da Nang and their private sector partners financed an innovation hub in each city and a number of events for innovators, and development agencies helped MBI fund overseas training and local mentoring for staff in the two innovation hubs.

## Impact: Increased Business Formalization and Growth in Global Value Chains in CLMV

MBI measures impact as an increase in the number of companies registered in CLMV, from a baseline of approximately 681,800 in 2014, to 900,000 by 2018, and 1 million by 2022. Another measure of impact is an increase in the percentage of SMEs in CLMV that are exporting. This is expected to rise from a baseline of approximately 37% in 2014, to a projected 39% by 2018, and to 41% by 2022. By end-2016, however, it was too early to fully assess the impact across CLMV. The figures for 2016 will be confirmed when they become available from company registries, enterprise surveys, and export data from customs.

After two years of implementation, MBI remains well aligned with the private sector development strategies of CLMV country governments, as well as ADB

12. Total funds leveraged for SMEs comprise investment and financing from new business models or vehicles supported by MBI. Approximate figures at end 2016 will be updated when these become available.

country partnership strategies and policies in each country. In addition, MBI is closely aligned with the vision of the ASEAN Economic Community (AEC) Blueprint 2025, which seeks to achieve equitable and inclusive growth in ASEAN, foster robust productivity growth through innovation, and promote responsive regulatory regimes through active engagement with the private sector.<sup>13</sup>

MBI activities align with elements of each of the four key characteristics (A-D), of the AEC Blueprint 2025:

- A. A Highly Integrated and Cohesive Economy (A). With regard to Financial Integration, Financial Inclusion and Financial Stability (A.4), MBI's support of alternative investment and fintech serves to "promote financial inclusion to deliver financial products and services to a wider community that is under-served, including MSMEs...and enhance the financing ecosystem, including through cross-collaboration among various working groups in ASEAN" (A.4.17ii–A.4.17ia). Through these and other activities in supporting microfinance and agricultural financing in Myanmar, MBI is contributing to "promote the expansion of distribution channels which improve access to, and reduce the cost of financial services, including technology and microfinance" (A.4.17iid), and to "make prudential regulations more cohesive, aimed at achieving greater consistency with international best practices and regulatory standards" (A.4.17iic).
- B. A Competitive, Innovative and Dynamic ASEAN (B). With regard to Productivity-Driven Growth, Innovation, Research, and Development, and Technology Commercialization (B.4), MBI's work in Vietnam at the subnational level serves to "promote strategic partnerships among the academia, research institutions and the private sector towards developing capabilities and creating an effective channel for technology transfer and commercialization; as well as to strengthen the competitiveness of the MSMEs sector in ASEAN through the application of science and technology (S&T) tools and methodologies" (B.4.33i-ii).

MBI's work across CLMV aligns with Good Governance (B.7) which states that "the drive towards a competitive, dynamic, innovative and robustly growing ASEAN entails that the regulations are non-discriminatory, pro-competitive, effective, coherent and enabling of entrepreneurship, and the regulatory regime is responsive and

13. ASEAN Economic Community Blueprint 2025, paragraph 6, and sections referred to in brackets.

accountable whereby good regulatory practice is embedded” (B.7.37).

- C. Enhanced Connectivity and Sectoral Cooperation (C). MBI support to develop innovation hubs in Da Nang and HCMC serves to “support ICT innovation and entrepreneurship as well as new technological developments such as [a] Smart City...” (C.2.51iii). MBI support for the online B2B marketplace for SMEs in Vietnam serves to “intensify cooperation on e-commerce building...with a view to...cross-border e-Commerce transactions in ASEAN” (C.3.53), and MBI’s MIST project for innovations in tourism is an example of an action program to “address the core challenges facing the sustainable development of quality tourism and its integration within ASEAN Member states” (C.5.58).
- D. A Resilient, Inclusive, People-Oriented and People-Centred ASEAN (D). “The Initiative for ASEAN Integration has been a key initiative to address narrowing the development gap by providing support to Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV) to augment their capacity to...accelerate the regional integration process... [focusing] on the following strategic objectives...iii. Reducing the burden placed by business regulations on the creation and successful operation of formal enterprises; iv. Building business opportunities for growth and employment, and increasing access to financial services” (D.4.74-75). MBI directly mirrors the aims of Strengthening the Role of Micro, Small and Medium Enterprises (D1), Strengthening the Role of the Private Sector (D2), and Narrowing the Development Gap (D4) across CLMV, through its work to strengthen the role of business associations, young and female entrepreneurs, and promoting alternative finance and innovation.

Refer to Appendix 2 for more information regarding MBI’s alignment with ADB country partnership strategies in CLMV.

## 4. PROJECT IMPLEMENTATION

MBI is implemented by ADB through a core team of project staff located in Hanoi, Vietnam. These staff are supported by country teams and short-term specialists, and liaise with counterparts in the Government of Australia's Department of Foreign Affairs and Trade (DFAT). MBI's primary implementation modality is through planning and executing subprojects. Below are a few details on the team, subprojects, and budget used to end-2016.

The project team – MBI is managed by the ADB project lead, who is supported by a full-time project director, regional manager and an economist. The project management team is, in turn, supported by a Hanoi-based communications team, and a project administrative unit responsible for knowledge management, financial management, contract management, and payments. Project implementation is largely managed by country teams, located in the four national capitals. Short-term consultants provide specialist knowledge in areas such as gender, law, and M&E. The MBI organigram depicting these roles is located in Appendix 5.

Project management – The MBI team and DFAT convene a strategic planning workshop annually to agree on strategic directions for the MBI work program in the year ahead. Progress on subprojects is monitored through quarterly portfolio review meetings that are led by MBI, with DFAT participation. These formal meetings are supplemented with regular consultation and performance monitoring and reporting.

### Implementation through subprojects

- a) Identification. MBI conducts and continues to update in-depth country diagnostics to identify binding constraints, and assess aspects of the political economy that are relevant for each subproject.
- b) Screening. MBI consults with DFAT focal points in drafting a “pitch” for each subproject, which is reviewed and revised for DFAT endorsement. After endorsement, full project proposals are prepared, and the subproject is implemented.
- c) Reporting. Results are measured through subproject M&E reports, and all project documentation is stored in the MBI Google Drive

knowledge management system. During subproject implementation, MBI closely manages budget utilization and progress toward target outcomes. If a subproject performs poorly, MBI endeavors to cull it quickly so the funds can be better spent on subprojects that are performing well.

## Financial overview

By end-2016, almost \$4.7 million of \$10.5 million, or 44% of available funds, had been spent. The budget line for seminars, workshops, and conferences has already been somewhat overspent, at 140% of available funds, while the budget for equipment and IT solutions remains heavily underspent, at only 2% of available funds. Also surveys and studies remain underspent at 23%, and only 30% of funds for publications and media have been spent. Use of the budget for consultants remains largely in line with overall spending, at 46% of available funds. For a detailed overview of spending, see Appendix 6.

## 5. WORK PLAN 2017

2017 will see more MBI subprojects implemented, and numerous activities take place in the four project countries. At the same time, as the year progresses, MBI finalization and wrap-up will commence. The following provides an overview of 2017 plans under the three project pillars. For an overview of the 2017 indicative work plan, see appendix 7.

### Pillar 1. Improved Public-Private Sector Dialogue on PSD Policies and Regulations

The key focus for 2017 implementation will be continuing to support business associations as they advocate policy change. This includes assisting the Young Entrepreneurs Association of Cambodia in building and rolling out the implementation of its Business Information Center, and, in collaboration with the chair of the ASEAN Young Entrepreneurs Association, implementing activities of the association's ASEAN Strategic Action Plan in Cambodia. In Lao PDR, MBI will continue supporting the LNCCI's "think tank" with training to facilitate its research and advocacy on private sector issues, as well as LNCCI's representation on the SME Center's advisory board, which provides support to startups and women-owned businesses.

In Myanmar, MBI will support the National PSD Committee through training and advisory services on PSD issues, and in Vietnam, MBI will: provide technical inputs on the SME Support Law and its implementing Decree; support dialogue between the central and provincial governments; and, in consultation with business associations, and especially women's business associations, support surveys and reports to inform the design of SME support policies, and especially those for startups and women's enterprises.

In 2017, MBI's direct support for training-of-trainer (ToTs) on how to teach businesses to use the International Trade Centre's online market analysis tools will gradually phase out. In Cambodia and Vietnam, trainers who participated in the 2016 courses are already training people willing to pay for the full cost of the training, and in Lao PDR and Myanmar, MBI will support ToTs on a cost sharing basis, and then hand over control to the local trainers. Due to withdrawal of the US from the Trans-Pacific Partnership (TPP) free trade agreement (FTA), MBI's activities to raise SMEs' awareness about TPP challenges and opportunities have



stopped. However, since many of the principles that SMEs should understand about FTAs remain valid, MBI's work on the TPP Guide will be useful in explaining FTA concepts, including those of the ASEAN and ASEAN Plus FTAs.

In 2017, MBI will build on the dialogue mechanisms it helped to establish in CLMV, and strengthen them through a "learn-by-doing" approach, in collaboration with business associations and others who, by end-2017, will take over MBI-supported activities.

**Risks/Challenges** – Risks remain that MBI-supported processes to improve PSD policy, laws, and regulations could be more lengthy than foreseen. To reduce this risk, MBI is utilizing a full-time project coordinator to manage its partnerships and project logistics, and collaborating with business association leaders to continue policy dialogues with government and other key stakeholders, including elected representatives, and the news media.

## Pillar 2. A More Robust Financing Environment for SMEs

In 2017, MBI will continue its support for the creation and strengthening of local angel investment groups across all four countries. Activities in support of angel investing will include:

- Development and wide dissemination of a calendar of startup, entrepreneurship, and innovation-related events across CLMV where angel investors can engage with local startups and entrepreneurs;
- Intensive support for selected CLMV activities that promote angel investment;
- Continuing support for the two new angel investment groups set up in 2016 with MBI support in Cambodia and Lao PDR, and help in creating a group in Myanmar; and
- Researching the angel investment ecosystem in Vietnam, and strengthening MBI's engagement with prominent angel investors and groups in Vietnam, which by end-2017, could take over MBI's support in CLM.

Fintech will be a key focus in 2017, with MBI:

- Supporting CLMV regulators in raising awareness in their agencies and the financial community about how fintech can enhance

financial inclusion, introduce efficiencies in banking and financial services more generally, and develop promotional programs to spur innovation in the banking and finance sector. This will occur through public events sponsored by MBI in conjunction with the State Bank of Vietnam, the National Bank of Cambodia and Cambodia's Ministry of Economy and Finance, the Bank of Lao in Lao PDR, and Myanmar's Financial Regulatory Department and the Central Bank of Myanmar. The first events of 2017 are scheduled for late Q1, and early Q2 in Cambodia, Lao PDR, and Vietnam;

- Carrying out ecosystem mapping in all four countries to identify the key elements needed to support fintech in each country—those that are present and may need strengthening, and those that are absent, and may need to be introduced;
- Promoting innovation through fintech-focused incubation and acceleration programs, in concert with banks and, potentially, with experienced foreign operators of fintech incubators and accelerators;
- Identifying private sector champions of fintech and encouraging industry-supported advocacy on fintech issues;
- Continuing direct support to individual fintech startups across the region, including BanhJi and the Cambodian Investor Club in Cambodia, Pay+ in Lao PDR, KIU Pay in Vietnam, and Yoma Bank in Myanmar (discussed in the section on agricultural value chain financing immediately below); and
- Coordinating with ADB's Public Management, Financial Sector, and Trade Division to carry out comprehensive research across ASEAN on fintech, with the objective of developing individual country "roadmaps" for fintech development.

After some initial delays, by end-2016, MBI's agricultural value chain financing (AVCF) subproject in Myanmar made substantial progress. The MBI team found that due to the timing of crop cycles and the long lead times necessary to plan field pilots, this subproject will likely be possible only in Myanmar. A key lesson is that since piloting agricultural value chain financing requires 2-3 years in just one country, scaling it up to other countries requires finance providers to make a long-term commitment. Nevertheless, the AVCF initiative in Myanmar has achieved significant momentum, so in 2017, MBI plans to:

- Assist Yoma Bank to launch and fine-tune financing products for the maize, poultry, and beans/pulses value chains, and promote agricultural equipment financing;

- Complete and disseminate the Agricultural Finance Regulatory Brief, which will provide an overview of the current legal and regulatory regime in Myanmar that impacts the commercial financing of agriculture. This brief will also point out priorities for legal and regulatory reform that will stimulate commercial providers to provide financing;
- Hold discussions with development partners and projects that could build on MBI's AVCF initiative and further promote the commercial financing of agriculture.

Limited MBI support will continue through Q1 and Q2 of 2017 to help Myanmar's Ministry of Planning and Finance continue reforms to the MFI regulatory regime that began in 2016, after MBI benchmarked the country's MFI regulations against those of Cambodia, Indonesia, and the Philippines. In 2017, MBI also plans to expand MFI regulatory benchmarking to Vietnam and Lao PDR so that all four countries have been benchmarked against each other, and also Indonesia and the Philippines. In addition, MBI will make the benchmarking survey more concise and consumable by reducing the "benchmarks" from 50+ to an essential 15–20.

**Risks/Challenges** – For angel investment, there is a risk that more "Western" notions of angel investing (i.e. co-investing, use of legal documentation) will not be easily adapted—or relevant—to CLMV conditions. When using outside experts, MBI must help them to understand the unique conditions in each country, and take a step-by-step approach in advising local networks on how to adapt best international practice to their conditions. With regard to business models, products and pilots, ensuring sustainability is a fundamental challenge. Where angel investment networks are unlikely to achieve sustainability by end-2017, MBI may phase out support, and focus instead on the networks that are likely to become self-sustaining by the close of MBI.

### Pillar 3. Fostering a More Dynamic Innovation Ecosystem

MBI's support for innovation will accelerate in 2017. Key focuses will be on partnering with, and supporting: local incubators across CLMV, business support platforms such as Cambodia's Business Information Center, and trainers in Lao PDR and Myanmar who can teach businesses how to use the International Trade Centre tools for analyzing trade prospects. MBI-supported research will also continue to inform the design of entrepreneurship and innovation programs, including a feasibility study on how to expand the innovation hub in HCMC.

Support for innovators and incubators – MBI support will continue for incubation programs in HCMC, Da Nang, Phnom Penh, and Vientiane. MBI will also work with selected city governments, including Da Nang, on developing and piloting a procurement toolkit that will enable SMEs to bid easily on small-scale, public projects.

Technology transfer – MBI will develop innovative funding mechanisms that provide matching funds for Vietnamese enterprises investing in new technologies. This will include technologies that are in use elsewhere, but new to Vietnam. Prioritized technology investments include agribusiness solutions (including food processing and safety, and clean water), urban solutions (including urban infrastructure, waste water treatment, and clean energies), and information and communication technology solutions (including applications to transport logistics, education, training, and tourism).

Mekong tourism innovation – Across CLMV in 2017, MBI will pilot a Mekong Innovative Startup Tourism (MIST) subproject with the Da Nang city government and the Greater Mekong Subregion's Mekong Tourism Coordinating Office (MTCO). Support for the coaching of innovative tourism startups will culminate with finalists pitching their products and services to angel and venture capital investors in a "demo" day during the Mekong Tourism Forum in June 2017 in Luang Prabang, and the APEC Investment Summit in Da Nang in October 2017.

Risks/Challenges – Uptake is crucial in ensuring that CLMV decision makers understand the importance of improving the innovation ecosystem. As raising regulators' awareness is essential, MBI's activities began with raising awareness about how to manage risk. Since the fintech startups that MBI supports face the same risks as all startups, MBI's approach to mitigating risk is that of providing the highest quality technical assistance to "de-risk" startups. Accelerators that give promising fintech companies support to grow also face operating and selection risk, and need investors willing to fund the "graduating" classes. Thus, MBI reduces these risks by collaborating with investors on both the design as well as the management of the accelerators that MBI supports.

Building sustainability into subprojects – As MBI enters its final year of implementation, and ensuring sustainability of subproject outputs as well as their outcomes becomes an increasing focus for MBI, a section on ensuring sustainability will be added to subprojects' quarterly progress reports.

## 6. GENDER EQUALITY

MBI is classified as an “Effective Gender Mainstreaming” (EGM) project,<sup>14</sup> meaning that “project outputs are designed to directly improve women’s access to social services, and/or economic and financial resources and opportunities, and/or basic rural and urban infrastructure, and/or enhancing voices and rights, which contribute to gender equality and women’s empowerment.”

MBI works actively to advance women entrepreneurs and women-owned businesses (WOBs) in CLMV. Currently, 10 of 19 MBI subprojects are classified as gender mainstreamed, and of these, around half include directly gender-targeted activities, focused on improving the situation for WOBs and women entrepreneurs in CLMV. For a detailed description of MBI’s gender classification, see Appendix 8.

**Key achievements** – Over the last 12 months, targeted gender initiatives have included the development and pilot roll out of a benchmarking tool for women’s entrepreneurship policy in Cambodia, Lao PDR, and Vietnam; a white paper on international best practices relevant for Vietnam’s women-owned businesses; as well as conducting surveys and other research on conditions for women-owned businesses in Lao PDR, Myanmar, and Vietnam. These activities have resulted in the establishment of a dialogue group in Vietnam that represents a network of women’s business associations in discussing female entrepreneurs’ issues with the public sector. As part of its communication strategy, the MBI gender team participated in the media briefing MBI organized on the sidelines of the 2016 ASEAN Business and Investment Summit.

In addition, MBI is working to mainstream gender across its portfolio. For example, research undertaken as part of its agribusiness subproject (MULTI-2) will identify constraints facing WOBs, and gender indicators will be used to measure improvements in women farmers’ access to finance in sectors where at least 50% of producers are female.

**Gender risks** – While MBI is working actively to incorporate a gender perspective in the majority of its subprojects, it is aware that the women-centered approach to

14. ADB. 2012. Guidelines for Gender Mainstreaming Categories of ADB Projects p. 2. Manila.

gender equality, focused on strengthening women's business associations, could result in the program being unable to address broader gender discrimination in the business sector. For example, the program has limited scope in challenging gender stereotypes and norms in the private sector. To avoid these risks, MBI's mitigation strategies include:

- a) Identifying and working with male champions where possible;
- b) Working with women's business associations to ensure they have a range of tools and skills to tackle gender discrimination; and
- c) Designing targeted gender activities that adopt a broader approach to gender discrimination that reflects a global shift in approach to gender equality (e.g. as reflected in MBI's gender benchmarking tool that adapts to fit the local context).

At the subproject level, MBI's starting point is that women's business associations are bodies that represent the interests of WOBs. However, given the lack of data and small size of some of these networks, MBI is aware of the risk that not all women's business associations in CLMV are an accurate representation of WOBs in their country. Mitigation strategies to address these challenges include:

- a) Ensuring that project activities collect data, and
- b) That projects seek to increase membership or expand outreach.

## 7. MONITORING AND EVALUATION

Monitoring and evaluation (M&E) of MBI objectives and implementation is carried out regularly, through two main channels: tracking of overall MBI DMF indicators against set targets; and through quarterly updates and progress reporting at the subproject level.

The current M&E system was developed in early 2016, as a first step in aligning the format and progress of the reporting system at the subproject level, followed by development of an overall MBI M&E system, in parallel with an adjustment of the DMF. This resulted in a minor change of scope for the project, and indicators have been adjusted, targets set, and the status tracked for 2016. 2017 will see a full alignment between MBI management and M&E systems, to ensure a results-oriented focus in all project reporting.

The overall M&E framework builds directly on the DMF and tracks indicators and targets at all levels; provides brief explanations of what is “behind the numbers”, outlines key achievements and risks, and gives a brief introduction to MBI’s focus areas for 2017. See Appendix 2 for the full framework.

**Subproject monitoring** – All subprojects are equipped with M&E plans, elaborated by the subproject or country teams. They build on project proposals or “pitches” and include a framework matrix with expected outcomes and outputs. Progress is tracked and updated quarterly by the subproject or country teams. In addition, progress is reported on strategy and context (relevance); management, governance, and outputs (efficiency); as well as uptake and outcome (effectiveness). Lessons learned and good practices are also identified continuously. In 2017, a section on sustainability will be added to the framework reporting structure, and a further alignment with the overall MBI M&E framework will be made, in particular to ensure reporting on additional indicators. For the subproject M&E framework template and guidelines, see Appendix 9.

**Evaluations** – At end-2016, a mid-term review of achievements began which will be finished in early 2017. It is possible that additional mini-evaluations will be launched in 2017 to ensure that both quantitative and qualitative data on results are tracked, and that lessons learned, as well as the good practices of MBI’s many facets, are captured and evaluated.



## 8. LESSONS LEARNED

After two years of implementation and roll-out of almost 20 subprojects in CLMV, several lessons have been learned, leading to better practice. At the subproject level, these lessons have led to changes in scope and focus, in key project partners, in timeframes, and related to specific activities. Most of the lessons fall into three main categories:

- a) Flexibility and timely interventions
- b) Establishing relations and finding the right partners
- c) Communication and uptake

In addition, for MBI to remain innovative and truly demand-driven, support to high risk subprojects is key to success, and often provides for more learning opportunities than support to safer intervention areas. Thus there are important lessons to be learned from:

- d) supporting innovation and “failed approaches”

All quotes below are from MBI Q3 subproject reports.

### Flexible and timely interventions

A core MBI value and strength is its flexibility and commitment to provide timely and demand-driven interventions, and MBI is developing into a good example of a flexible, timely, and demand-driven project approach. Several lessons have been learned on how to further strengthen this approach:

The importance of internal project resources for timely interventions – The strong reliance on MBI internal human resources puts a lot of pressure on the country and subproject teams, but also contributes to flexibility and timeliness. For example, this has “increased MBI control of its timeline and ensured MBI’s value proposition of being rapid in response to the needs of the project partner” (LAO-2), or “having a strong MBI team was key to the quick response to the government request and efficient implementation of the subproject” (MYA-01). Related are lessons learned from the often lengthy process of recruiting longer-term consultants, where “MBI may not be the most appropriate

vehicle for subprojects requiring multiple specialists, and with relatively long implementation time horizons” (MULTI-02). Keeping a strong, internal core team of technical specialists has been key to MBI success.

Working directly with private sector actors increases flexibility and credibility – MBI’s unique, double-pronged approach—that of collaboration with public as well as private sector actors—has contributed to MBI’s timeliness and credibility: “An advantage of working directly with the private sector is their flexibility...the actual work can be rolled out even before official formalization [e.g. of a task force]” (LAO-01).

Long-term support to private sector actors is often necessary to strengthen dialogue – Initially, simultaneous roll-out of numerous subprojects was necessary, and it was thus not possible to learn directly from the experience of others. A general lesson learned is the need to provide long-term support, especially when supporting private sector actors with limited experience in engaging in structured advocacy dialogue with the public sector: “The experience in engaging with business associations shows that they need technical assistance throughout the whole advocacy process” (VIE-02).

### Establishing relations and finding the right partners

Establishing trust and good working relations with the “right” player or players, is key to success for almost any project, and MBI’s ability to work both sides of the line—with public as well as private sector players—has contributed to credibility and success. However, finding the right partner is not always a straightforward process; for example, ministries’ departments of international cooperation sometimes “lack...detailed technical knowledge and mandate, resulting in a lengthy start-up process” (LAO-03). Working directly with private sector actors, it is also not always possible to identify all relevant partners at the project design stage, but again, “MBI’s flexible approach contributed to timely adjustments to changing circumstances and requirements, ensuring continuous relevance for the key project partner” (LAO-03). Subprojects that, in addition to public and private sector actors, have included actors from academia, report positive results: “Collaboration between academic trainers and business associations is a good practice, strengthening the linkages between academia and the private sector” (MULTI-05).

### Supporting innovation and “failed approaches”

In addition, “failed” subprojects or components need to be recognized as a key tool for learning. This includes feasibility studies concluding that the suggested

approach is not feasible (e.g. MULTI-01b “many fintech models that seem attractive and relevant at first glance are not appropriate for CLMV markets in their current condition”); or the country is not yet ready for the intervention (e.g. LAO-02, where the government requested additional support from MBI after concluding that “at this stage an SME listing board (PAM) is not yet feasible”); or that there are legal impediments (e.g. VIE-03 “This subproject involves new innovative approaches in supporting startups and innovation, so it takes time for both MBI and counterparts to explore whether a good model elsewhere can be applied locally. In the case of the matching fund, we finally learnt that it is not possible given the current legal framework”). These lessons can provide both MBI and the sector, or even the country, with more valuable information than in subprojects focusing on more conventional or “safer” areas. To remain innovative and truly demand-driven, MBI must continue to support subprojects involving higher risks.

# APPENDIX 1 MBI REVISED DMF

## REVISED DESIGN AND MONITORING FRAMEWORK FOR THE MEKONG BUSINESS INITIATIVE

	Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Assumptions and Risks
Impact	Increased business formalization and growth in global value chains in CLMV	<p>By 2022</p> <p>Number of companies registered in CLMV</p> <p>2014 baseline: approx. 681,800</p> <p>2022 target: 1,000,000</p> <p>Percentage of SMEs in CMLV that export</p> <p>2014 baseline: Approx. 37%</p> <p>2022 target: 41%</p>	<p>Company registries</p> <p>Enterprise surveys</p> <p>Customs export data</p> <p>MBI annual report</p>	<p>A: Sustained government commitment and contribution to regional cooperation on PSD reform issues</p> <p>R: Global economic slowdown</p>
Outcome	Improved business enabling environment for SMEs in CLMV	<p>By 2017 (attributable to MBI):</p> <p>Business regulations or policies created or changed</p> <p>Target: 10</p> <p>Sustainable public private dialogue groups or platforms created</p> <p>Target: 5</p> <p>Scalable and sustainable alternative financing models available</p> <p>Target: 6</p> <p>Scalable and sustainable entrepreneurship/ innovation support programs, and business models available</p> <p>Target: 6</p> <p>Total funds leveraged</p> <p>Target: \$1,500,000</p>	<p>Regulations and policies</p> <p>Public-private dialogue group/ forum websites</p> <p>Corporate websites/reports of businesses and alternative financing groups</p> <p>Reports on business support service programs</p> <p>MBI annual report</p>	<p>A: Sustained government commitment to PSD reform issues</p> <p>R: Business environment reforms lack political support</p>

	Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Assumptions and Risks
Output 1	Improved public-private dialogue on the design and implementation of PSD policies and regulations (adjusted)	Public-private stakeholder consultations PSD regulations or policies, drafted or commented on Policy issues on PSD policy and regulation identified in white papers and other diagnostic work and submitted to government by business groups and other project partners, including gender dimensions Media coverage of work supported by MBI and its partners (across three outputs)	Reports and feedback from participants Industry white papers and discussion papers identifying constraints to PSD Media reporting on identified PSD issues	A: Private sector actors in CLMV have the organizational capacity to advocate effectively for an improved business environment R: Governments lack sufficient resources to implement policy reform
Output 2	A more robust financing environment for SMEs, particularly through the promotion of alternative financing solutions	Policy issues on alternative finance identified in white papers and other diagnostic work and submitted to government by business groups and other project partners, including gender dimensions Alternative financing business models, products, groups and networks pilots Business support and business advocacy networks or associations promoting alternative investment supported	Industry white papers and discussion papers identifying constraints to PSD Corporate websites/ business reports on alternative financing business models and networks	A: Financial service providers are sufficiently motivated to adopt new financial products that serve startups and SMEs R: Lack of startup and SME investment opportunities in CLMV
Output 3	A more dynamic innovation ecosystem that encourages entrepreneurship and promotes technology commercialization	Policy issues related to innovation and entrepreneurship identified in white papers and diagnostic work, and submitted to government by business groups and other project partners, including gender dimensions Entrepreneurship and innovation support programs pilots Innovative business models (that help SMEs get started and grow) pilots Business support and business advocacy networks or associations that promote innovation supported	Business group white papers and discussion papers identifying constraints to entrepreneurship and innovation Corporate websites/ reports of businesses, and entrepreneurship and innovation support service providers	A: Government prioritizes funding support for entrepreneurship and innovation support services R: Willingness of private enterprises to pay for business support services

Activities	<p>Output 1: Improved public/private dialogue on the design and implementation of PSD policies and regulations</p> <ol style="list-style-type: none"> <li>1.1. Advise governments during formulation of PSD policies and regulations (technical comments, diagnostics, presentations, evaluations, surveys);</li> <li>1.2. Facilitate improved public/private dialogue during formulation of government PSD policies and programs (convene PPD events); and</li> <li>1.3. Build the capacity of business groups, including women-led business groups, to engage more effectively in public/private dialogue (create networks, provide training, disseminate information).</li> </ol> <p>Output 2. A more robust financing environment for SMEs, particularly through the promotion of alternative financing solutions</p> <ol style="list-style-type: none"> <li>2.1. Knowledge and awareness raising of policy and operational constraints to financial inclusion, with focus on alternative financing (technical comments, diagnostics, presentations, evaluations, surveys);</li> <li>2.2. Partner with the private sector to design business solutions to increase access to financial services and identify policy and operational constraints (convene problem solvers, organize innovation call-outs, provide in-kind support to de-risk business models); and</li> <li>2.3. Create/strengthen alternative financing networks (create networks, provide training, disseminate information).</li> </ol> <p>Output 3. A more dynamic innovation ecosystem that encourages entrepreneurship and promotes technology commercialization</p> <ol style="list-style-type: none"> <li>3.1. Knowledge and awareness raising about policy and operational constraints to entrepreneurship and innovation (technical comments, diagnostics, presentations, evaluations, surveys);</li> <li>3.2. Pilot innovative business solutions in partnership with the private sector that help businesses get started and grow (identify industry problems, convene problem solvers, organize innovation call-outs, provide in-kind support to de-risk business models);</li> <li>3.3. Pilot and/or improve entrepreneurship and innovation support programs (technical comments, diagnostics, presentations, evaluations, surveys); and</li> <li>3.4. Create/strengthen startup groups and networks (create networks, provide training, disseminate information).</li> </ol>	
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# APPENDIX 2 MBI RESULTS-BASED M&E FRAMEWORK

## MEKONG BUSINESS INITIATIVE

### RESULTS-BASED M&E FRAMEWORK Version Q4 2016

## OVERVIEW

Background		Key achievements to date	
<ul style="list-style-type: none"><li>Launched in 2015, funded by Australia/DFAT, and implemented by ADB, MBI promotes private sector development (PSD), business formalization, and growth in value chains in Cambodia, Lao PDR, Myanmar, and Vietnam through support to private and public sector actors</li><li>This M&amp;E framework describes the current state of the project as outlined in the revised DMF, and discusses project progress and issues, key themes, and subproject frameworks</li></ul>	<ul style="list-style-type: none"><li>19 subprojects up and running in CLMV</li><li>Direct support to several PSD law and policy-making processes contributing to an improved business environment for SMEs</li><li>Support to public as well as private sector actors, directly contributing to improved dialogue. Several dialogue platforms already sustainable</li><li>More than \$1,900,000 leveraged during the two first years of implementation</li></ul>		
Impact	Increased business formalization and growth in global value chains in CLMV		
Outcome	Improved business enabling environment for SMEs in CLMV		
Outputs	<ol style="list-style-type: none"><li>Improved public/private dialogue on the design and implementation of PSD policies and regulations</li><li>A more robust financing environment for SMEs, particularly through the promotion of alternative financing solutions</li><li>A more dynamic innovation ecosystem that encourages entrepreneurship and promotes technology commercialization</li></ol>		
Project pillars, cross-cutting themes, and subprojects			
Gender mainstreaming Knowledge management (cross-cutting themes)	Output 1 PSD policies and regulations	Output 2 Alternative financing	Output 3 Innovation
	CAM-01, LAO-01 MYA-01, MYA-03 VIE-01, VIE-02, (VIE-04) MULTI-05, MULTI-06	LAO-02 MYA-02 MULTI-01a & b, MULTI-02	LAO-03 VIE-03 MULTI-03, MULTI-04



# CONTRIBUTING TO IMPACT FEEDING INTO ADB AND COUNTRY PARTNER STRATEGIES

**IMPACT: BUSINESS FORMALIZATION AND GROWTH**  
Increased business formalization and growth in global value chains in CLMV

## ADB

MBI is a policy and advisory technical assistance (PATA) project, directly supporting ADB Strategy 2020, through its strategic agenda of Inclusive Economic Growth (pillar 1. Economic opportunities, including jobs, created and expanded) and Regional Integration (pillar 2. Trade and investment). It supports four drivers of change: governance and capacity development; knowledge solutions; partnerships; and private sector development. It is also categorized as effective gender mainstreaming (EGM).

## ADB COUNTRY PARTNERSHIP STRATEGIES (CPSs)

### Cambodia

MBI is well aligned with the 2014–2018 CPS, in which public-private partnerships and strategies to enhance partnerships with co-financiers, are key activities. The CPS is aligned with the country's Rectangular Strategy for Growth, Employment, Equity and Efficiency, Phase III (RSIII), in which private sector development is a strategic thrust, focusing among others, on private sector investment promotion, SME development, and enhancing the banking and finance sector.

### Lao PDR

MBI supports the 2012–2016 CPS, in which private sector development is one of four thematic areas that directly promote a stronger private sector enabling environment. The CPS builds directly on the 7th National Socio-economic Development Plan (NSEDPP) 2011–2015, in which economic development (inclusive economic growth, a modernized economy and SME promotion) and competitiveness (regional cooperation and integration, and investment promotion policies) are the main thrusts.

### Myanmar

MBI aligns with the 2013–2015 Interim CPS, extended to 2017. Above all, this promotes an enabling economic environment, including trade, investment, and finance sector reform. The Interim CPS builds on the 5-year policy agenda of the Government of Myanmar.

### Vietnam

MBI corresponds directly with the 2016–2020 CPS, and especially its strategic pillar 1: promoting job creation and competitiveness, and, among others, structural reform through capital market deepening and microfinance, as well as private sector development through SME regulation and support services. The CPS priorities are strongly aligned with the government's socioeconomic development strategy (SEDS).

Impact Indicator	2014 Baseline	Status end-2016	2018 Target	2022 Target	Progress	Behind the numbers
Number of companies registered in CLMV (including SMEs)	Approx. 681,800	TBC	900,000	1,000,000	●	Estimations are based on country statistics. Numbers for 2016 will be calculated in 2017 when the data become available.
Percentage of SMEs in CLMV that export	Approx. 37%	TBC	39%	41%	●	Estimations are based on country statistics. Numbers for 2016 will be calculated in 2017 when the data become available.

Progress: Accomplished ● On track ● Delays ●

# **FOCUSING ON RESULTS** **PROGRESS TOWARD OUTCOME AND OUTPUTS**

## **OUTCOME: BUSINESS ENVIRONMENT**

Improved business enabling environment for SMEs in CLMV

Outcome Indicator	2014 Baseline	Status end-2016	2017 Target	Progress	Story behind the numbers
Business regulations or policies created or changed	0	7	10	●	<p>The Myanmar PSD framework and action plan &amp; the HCMC innovation framework and action plan were both approved in August 2016.</p> <p>Several regulatory or policy support processes supported by MBI are in the pipeline for approval, and it is estimated that by end-2017, 10 new or changed PSD regulations or policies will be in place in CLMV, that have been directly supported by MBI.</p>
Sustainable public private dialogue groups or platforms created	0	4	5	●	<p>By end-2016, 4 of 11 supported dialogue groups or platforms showed signs of sustainability beyond 2017. These include forums related to MBI regulatory support work (e.g. Myanmar PSD committee, and VPSF platform) and other groups formed by project partners (e.g. LNCCI task force and the coalition of women's business associations in Vietnam).</p>
Scalable and sustainable alternative financing models available	0	4	6	●	<p>Both the Lao PDR and Cambodia chapters of the Mekong Angel Investor Network (MAIN) show potential for sustainability beyond project end, with an estimated \$300,000 worth of mentorship training already provided to local entrepreneurs. In addition, both the Banhji and CIC P2P lending platforms show signs of being scalable.</p> <p>During 2017, work will also continue to support other financial technology solutions, such as Banhji (free online accounting software) and the CIC P2P lending model in Cambodia.</p>

# FOCUSING ON RESULTS

## PROGRESS TOWARD OUTCOME AND OUTPUTS

### OUTCOME: BUSINESS ENVIRONMENT

Improved business enabling environment for SMEs in CLMV

Outcome Indicator	2014 Baseline	Status end-2016	2017 Target	Progress	Story behind the numbers
Scalable and sustainable entrepreneurship/innovation support programs, and business models available	0	3	6	●	In 2016, MBI supported the establishment of three programs, which already are fully sustained by the public and private sectors: The Saigon Innovation Hub (SIHUB), the Da Nang Business Incubator (DNES), and the training-of-trainers program for ITC. SIHUB has already conducted 161 events and benefited 300 start-ups and 700 entrepreneurs.
Total funds leveraged (\$)	0	1,986,720	1,500,000	●	It is expected that as a result of MBI activities, substantial funds will be leveraged through private sector investment in SMEs, e.g. through MAIN, KIU, Shark Tank, and others. End-2016 data for funds leveraged are an estimate, and will be calculated more precisely in 2017.
Progress: Accomplished ● On track ● Delays ●					

### Key achievements

Set targets related to funds leveraged have already been achieved. The support to regulatory processes has contributed directly to the adoption of the Myanmar PSD framework as well as the HCMC innovation framework and action plan. It is foreseen that during 2017, several other regulations or policies will become effective, as a direct result of MBI support. The Mekong Angel Investor Network has already shown the potential of angel investment as an alternative source of finance. Overall, MBI is making direct contributions to its expected outcome – an improved business enabling environment for SMEs in CLMV.

### Moving forward – 2017

- Continuous consolidation of support to successful subprojects and phase-out of less successful activities/subprojects.
- Increased overall focus on sustainability of supported processes, and on uptake and use of project outputs.
- Leveraging funds, to further support alternative financing and innovation support programs.

### Risks and challenges

### Effective Gender Mainstreaming

MBI is categorized as “effective gender mainstreaming”, as reflected in the output level. 10 of 19 subprojects are gender mainstreamed, and pay particular attention to women entrepreneurs and specific challenges faced by women in business, particularly in access to finance.

### Key achievements

- First nationwide stakeholder consultations of women’s business associations in Vietnam. Sustainable dialogue group of WBAs established by HAWASME in Vietnam to represent interests of female entrepreneurs to the public sector.

### Risks and challenges

- MBI’s women-centered approach to gender equality risks failure to address broader gender discrimination issues.
- The small member base of some businesswomen’s associations makes representation a challenge.

## OUTPUT 1: REGULATORY ENVIRONMENT

Improved public/private dialogue on the design and implementation of PSD policies and regulations

Output Indicator	2014 Baseline	Status end-2016	2017 Target	Progress	Story behind the numbers
Public-private stakeholder consultations	0	11	12	●	Consultations have brought together more than 2,500 participants, e.g. through the Myanmar PSD Committee, the Vietnam Private Sector Forum, and the Lao National Chamber of Commerce and Industry (LNCCI) policy advocacy task force.
PSD regulations or policies, drafted or commented on	0	15	18	●	These include, but are not limited to, the Lao PDR's Investment Promotion Law, Myanmar's PSD Framework and Action Plan, and Vietnam's regulation on venture capital and angel investment.
PSD policy and regulation issues identified, including gender dimensions, in white papers and other diagnostic work, and submitted to government by business groups and other partners	0	21	30	●	Supported by MBI advisers, MBI's private sector partners have considerably strengthened their ability to draft and submit white papers and other diagnostic work to the government, directly strengthening their partnership with government, and consolidating the results of public/private dialogue. Associations of young entrepreneurs and of women business owners have been particularly active, especially in Vietnam and Lao PDR.
Media coverage of work supported by MBI and its partners across MBI's three outputs	0	518 stories 9.3m views	1,000 stories 20m views	●	Work supported by MBI has had an estimated 7,000 shares on social media.
Progress: Accomplished ● On track ● Delays ●					

### Key achievements

MBI has directly supported activities that strengthen public-private dialogue on key PSD issues in CLMV. This has occurred through stakeholder consultations and increasing the capacity of project partners, including businesswomen's associations, to draft reports and engage in policy advocacy with government agencies and other official bodies. This has improved the quality of inputs to regulatory processes, especially from the private sector, and contributed to a more enabling business environment. For specifics, see the last column above, "Story behind the numbers."

### Moving forward – 2017

#### Risks and challenges

- Continuing support to business associations, including YEAC and LNCCI.
- Continuing support to key official processes in Myanmar (PSD Action Plan) and Vietnam (SME Support Law and Decree).
- Supported processes related to PSD regulations and policies take more time than foreseen; government lacks interest in dialogue with the private sector; and supported processes do not become self-sustaining.

## OUTPUT 2: ACCESS TO FINANCE

A more robust financing environment for SMEs, particularly through the promotion of alternative financing solutions

Output Indicator	2014 Baseline	Status end-2016	2017 Target	Progress	Story behind the numbers
Policy issues on alternative finance, including gender dimensions, identified in white papers and other diagnostic work, and submitted to government by business groups and other project partners	0	3	5	●	Project partners have drafted and submitted work related to access to finance: e.g. the benchmarking reports on P2P lending and e-money (financial technology); and a benchmarking report on microfinance in Myanmar.
Alternative financing business models, products, groups, and networks pilots	0	6	11	●	MBI supported the launch of business models, including KIU Pay in Vietnam and the Cambodia Investors Club, and two groups of angel investors (in Lao PDR and Cambodia).
Business support and business advocacy networks or associations promoting alternative investment supported	0	2	5	●	The launch of the Mekong Angel Investor Network (MAIN) attracted 41 international angel investors in 2016, who supported approximately 75 local angel investors. The year also saw the creation of the Fintech Regulatory Working Group comprised of interested CLMV regulators.

Progress: Accomplished ● On track ● Delays ●

### Key achievements

By adjusting the output to further focus on financial technology (fintech) and alternative finance, MBI is spearheading an innovative A2F area where few donors are active. The launch of angel investing through MAIN in Lao PDR and Cambodia has received especially positive response from investors. Also the diagnostic work completed under the output has fed directly into regulatory or policy making processes, contributing to greater understanding in CLMV of the need for a range of financing solutions for SMEs.

### Moving forward – 2017

#### Risks and challenges

- Continuing focus on local angel investment groups, awareness raising, and establishment of local fintech groups.
- Continuing support to microfinance in Myanmar, and to accelerator programs in Vietnam, with emphasis on support for businesswomen.
- Difficulties in adapting the angel investment concept to local CLMV realities.
- Limited sustainability of some of the business models, products, and pilots. Where prospects for sustainability are low, MBI may phase out support, and focus on initiatives with higher chance of self-sustainability by end-2017.

### OUTPUT 3: INNOVATION

A more developed innovation ecosystem that encourages entrepreneurship and technology commercialization

Output Indicator	2014 Baseline	Status end-2016	2017 Target	Progress	Story behind the numbers
Policy issues related to innovation and entrepreneurship, including gender dimensions, identified in white papers and other diagnostic work submitted to government by business groups and other project partners	0	11	18	●	These include the evaluation of business support programs (Vietnam and Cambodia); innovation ecosystem mapping and surveys (Vietnam, Cambodia, Lao PDR); a survey of Cambodia's e-commerce landscape; and papers on the digital economy and startups (Vietnam)
Entrepreneurship and innovation support programs piloted	0	5	9	●	MBI served as the broker between the public and private sectors in launching the Saigon Innovation Hub, which is financed by the HCMC government
Innovative business models that help SMEs get started and grow piloted	0	5	10	●	MBI supported launching the Business Information Center of the Young Entrepreneurs Association of Cambodia, and the Vietnam Young Entrepreneurs Association's Shark Tank TV series
Business support services and business advocacy networks or associations that promote innovation supported	0	4	8	●	Support for an ASEAN network of young entrepreneurs' associations in CLMV. Launch of the Mekong Innovative Startup Tourism (MIST) Program, which MBI will support in establishing networks in 2017
Progress: Accomplished ● On track ● Delays ●					

#### Key achievements

Supporting innovation is by nature high-risk. Even so, in 2016, MBI increased its focus on this area\* through supporting several successful processes and programs, including two innovation hubs in Vietnam (SIHUB and DNES), and the surveys, mappings, evaluations, and other studies described above. These also raised stakeholders' awareness of the importance of the innovation ecosystem in CLMV, and helped to develop it.

\* by adjusting output 3 to focus solely on innovation, and making the previous knowledge management focus a cross-cutting theme.

#### Moving forward – 2017

#### Risks and challenges

- Acceleration of support to innovators through local incubator networks and business support platforms.
- Continued support for technology transfer initiatives, including DOST in Vietnam.
- Limited uptake of project outputs which are key to increasing the awareness and understanding of CLMV decision makers about the importance of a more developed innovation ecosystem.



# IMPLEMENTING THROUGH SUBPROJECTS

## STATUS, FRAMEWORKS AND REPORTING STRUCTURE

### SUBPROJECT OVERVIEW

Implementation status and connection to themes and cross-cutting issues

Subproject	Regulation and advocacy	Alternative finance	Innovation	Gender main-streaming	Status	
CAM-1: Increased Transparency on SME Registration and Licensing	●			●	Ongoing/ on track	●
LAO-1: Voice of the Private Sector In Lao PDR	●			●	Ongoing/ on track	●
MYA-1: Myanmar PSD Framework and Action Plan	●				Completed	● ●
MYA-3: Company Law Guide for SMEs	●				Ongoing/ some delays	●
VIE-1: SME Policy and National Strategy	●			●	Ongoing/ on track	●
VIE-2: Voice of the Private Sector in Vietnam	●			●	Ongoing/ on track	●
VIE-4: Increasing SME Knowledge on FTAs	●				Cancelled	●
MULTI-5: Training on International Market Analysis Tools	●			●	Ongoing/ on track	●
MULTI-6 CAM: Empowering Young Entrepreneurs and Startups	●			●	Ongoing/ on track	●
MULTI-6 LAO: Empowering Young Entrepreneurs and Startups	●			●	Ongoing/ on track	●
MULTI-6 VIE: Empowering Young Entrepreneurs and Startups	●				Ongoing/ on track	●
LAO-2: Lao PDR SME Listing Board Feasibility Study		●			Completed	● ●

MYA-2: Support for a Commercial Microfinance Industry in Myanmar		●			Ongoing/ on track	●
MULTI-1a: Alternative Finance – Supporting Angel Investor Networks in CLMV		●		●	Ongoing/ on track	●
MULTI-1b: Alternative Finance – Promoting Financial Innovation (fintech) in CLMV		●			Ongoing/ on track	●
MULTI-2 MYA: Developing Agribusiness Value Chain Financing Models		●		●	Ongoing/ on track	●
LAO-3: Online Information Portals on Business Regulation and Policies			●		Ongoing/ some delays	●
VIE-3: Supporting Innovation and PSD			●		Ongoing/ on track	●
MULTI-3: Pilot B2B Market-Place			●	●	Ongoing/ on track	●
MULTI-4: Supporting the Business Incubator Industry			●	●	Ongoing/ on track	●
Status:    Ongoing/on track ●    Ongoing/some delays or Starting/on track ● Ongoing/several delays or cancelled ●						

#### Subproject M&E frameworks

All subprojects have individual M&E frameworks, with project-specific outcomes and outputs, as well as indicators. The frameworks were developed in early 2016 to ensure a results-oriented implementation focus, and that progress is tracked and updated quarterly. This includes implementation status (achieved, partially achieved, and not yet achieved for outcome level; and completed, ongoing, starting, and not yet started for output level) as well as providing a brief progress report narrative on “context, strategy, and direction” (relevance); “management, governance, and outputs” (efficiency); “uptake” and “outcome” (both effectiveness); and “lessons learned and good practice”.

Minor adjustments of the subproject M&E frameworks will be made early 2017 to further focus on sustainability, and on tracking indicators in the adjusted overall MBI DMF (as reflected in this framework).

# TIMELINE AND RESPONSIBILITIES

## TIMELINE AND RESPONSIBILITIES

M&E Activity	Responsibility	2016	Jan-June 2017	July-Dec 2017
Design of overall MBI M&E framework	M&E specialist, with input from project management	●		
Design of subproject M&E frameworks	M&E specialist, with input from subproject teams	●		
Design of new subproject M&E frameworks	Subproject teams, with support from M&E specialist	●	●	
Quarterly subproject M&E framework updates and progress reporting	Subproject teams, with support from M&E specialist	●	●	●
Quarterly tracking of indicators	Subproject teams, with support from M&E specialist		●	●
Progress report analysis and contextualization; alignment with overall MBI output and outcome	M&E specialist	●	●	●
Mid-term review (Q4 2016/Q1 2017)	MBI project management, with support from M&E specialist	●	●	
Design and launch of other evaluations, as needed (e.g. impact evaluation of specific subprojects, countries, and sectors)	MBI project management, with support from M&E specialist			●
Final project review and completion report (Q4 2017)	MBI project management, with support from M&E specialist			●
Additional external evaluation/reviews (Q4 2017 and beyond)	IED, DFAT			●

# APPENDIX 3 MBI SUBPROJECT STATUS UPDATE

## MBI – SUBPROJECT STATUS UPDATE, DECEMBER 2016

### PILLAR 1 – Improved public/private dialogue on the design and implementation of PSD policies and regulations

Subproject outcome statements	Status June 2016	Status Oct 2016	Status Dec 2016
<p>CAM-01 – Increased transparency on SME registration, licensing, and inspection</p> <p>Increased transparency on SME registration, licensing, and inspection through the establishment of an Online Business Information Center, and increased awareness among key public sector stakeholders of the need for simplified and streamlined regulations</p> <ol style="list-style-type: none"> <li>Better understanding by MOC, MIH, MOT, and MAFF of business registration requirements, and the gap between formal requirements and actual implementation</li> <li>Increased knowledge and awareness by the private sector and key stakeholders, including line ministries, about the business regulatory framework in comparison to actual implementation and practice</li> <li>Online Business Information Center (BIC) established by YEAC</li> </ol> <p>LAO-01 – Raising the voice of the private sector</p> <p>Improved public private dialogue through the establishment of a private sector task force and strengthened policy advocacy capacity at LNCCI</p> <ol style="list-style-type: none"> <li>A task force consisting of professional and private sector representatives established at LNCCI</li> <li>Strengthened capacity of LNCCI and task force members to undertake evidence-based policy advocacy on key issues (including women in business)</li> </ol> <p>MYA-01 – Myanmar PSD framework and action plan</p> <p>A PSD Framework and Action Plan based on comprehensive consultation and collaboration with stakeholders</p> <ol style="list-style-type: none"> <li>Current Policy Overview</li> <li>Reform Assessment</li> <li>Indicative Private Sector Framework and Action Plan</li> </ol>	<p>Not yet achieved</p> <p>Partly achieved</p> <p>Not yet achieved</p> <p>Not yet achieved</p> <p>Not yet achieved</p> <p>Not yet achieved</p> <p>Not yet achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Not yet achieved</p> <p>Partly achieved</p> <p>Not yet achieved</p> <p>Not yet achieved</p> <p>Partly achieved</p> <p>Not yet achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>	<p>Partly achieved</p> <p>Partly achieved</p> <p>Not yet achieved</p> <p>Partly achieved</p> <p>Partly achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

### MYA-03 – Company law guide for SMEs

Increased awareness of Myanmar SMEs about the legal requirements under the Companies Act 1914 (MCA) for strengthened compliance and better regulatory practices

1. High-quality guidebook used to inform SMEs about laws and regulations
2. Raised awareness of laws and regulations through launches at the national as well as the state and regional level

Not yet achieved

Not yet achieved

Not yet achieved

Not yet achieved

Not yet achieved

### VIE-01 – Improving the policy framework to support SME development

A more enabling policy framework for SMEs through: (a) a high-quality SME support law that includes recommendations from project policy papers, (b) a new SME national action plan with concrete policy actions for both central agencies and local governments. (VC circular component cancelled, August 2016)

1. Buy-in from MPI for MBI to support the proposed Lao SME Support Law, VC circular, and preparing the SME development action plan
2. High-quality diagnostics are used to inform and influence content of the proposed SME Support Law, SME development action plan, and the VC circular
3. Proposed SME Support Law, VC circular, and SME development action plan are developed through an extensive and inclusive public/private dialogue process during which the MPI engages effectively with other relevant line ministries; subnational government entities; the private sector, including women entrepreneurs; and academia

Not yet achieved

Achieved

Not yet achieved

Not yet achieved

Achieved

Partly achieved

Partly achieved

### VIE-02 – Raising the voice of the private sector in Vietnam

More active policy advocacy from business associations, including women's business associations (WBAs) enabled through policy position papers and established mechanisms that facilitate the private sector voicing concerns and feedback on policies

1. Enhanced capacity of the private sector to plan for and engage in policy dialogue and policy advocacy processes
2. High quality diagnostics are used to inform policy dialogue content
3. Positions of the private sector are developed and shared with other stakeholders through extensive, and inclusive public/private dialogue

Partly achieved

Partly achieved

Partly achieved

Partly achieved

Partly achieved

Partly achieved

Partly achieved

#### VIE-04 – Increasing SMEs' knowledge about FTAs

Overall outcome: Increased knowledge and understanding of the Trans-Pacific Partnership (TPP) trade agreement by Vietnamese SMEs in order to minimize their risks and benefit better from TPP opportunities		Not yet achieved	Not yet achieved	Cancelled
	1. High-quality booklets are used to inform SMEs about the risks and opportunities of the TPP	Partly achieved	Partly achieved	Cancelled
	2. Awareness raised among SMEs of the risks and opportunities of the TPP through conferences and online presentations of findings in the TPP booklets	Partly achieved	Partly achieved	Cancelled

#### MULTI-05 – Training on international market analysis tools

Enhanced knowledge of participating SMEs on how to analyze, understand, and access international markets.		Not yet achieved	Partly achieved	Partly achieved
	1. Improved knowledge, skills, and capacity among participants to deliver training on ITC's international market analysis tools	Achieved	Achieved	Achieved
	2. Enhanced use of ITC's international market analysis tools by participating SMEs	Not yet achieved	Partly achieved	Partly achieved

#### MULTI-06 – Cambodia: Supporting young entrepreneurs and startups

Stronger collaboration of young entrepreneurs in ASEAN, and participation in policy formulation and development of a good ecosystem for startups and innovation in Cambodia.		n/a	Not yet achieved	Partly achieved
	1. Strategic Action Plan for the ASEAN Young Entrepreneurs Association approved by AVEC	n/a	Partly achieved	Achieved
	2. Increased knowledge of the Cambodian startup ecosystem	n/a	Not yet achieved	Achieved

#### MULTI-06 – Lao PDR: Supporting young entrepreneurs and startups

A more enabling policy environment for women entrepreneurs and for startups through improved public/private dialogue, and better understanding by policy makers and other government officials of the current status and specific challenges faced by young and women entrepreneurs, and startups in Lao PDR.		Not yet achieved	Partly achieved	Partly achieved
	1. Better understanding of the current status and specific challenges faced by young and women entrepreneurs and startups in Lao PDR	Not yet achieved	Achieved	Achieved
	2. Strengthened capacity of the Lao Business Women's Association and the startup community to engage in effective policy advocacy dialogue with the government	Not yet achieved	Achieved	Achieved

#### MULTI-06 – Vietnam: Supporting young entrepreneurs and startups

A more enabling policy environment for private entrepreneurs and for startups in Vietnam through improved public/private dialogue, and better understanding by policy makers and government officials of the current status and specific challenges faced by young entrepreneurs, women entrepreneurs, and startups.  1. Stronger capacity of the VVEA to conduct policy advocacy, and better performance of the association	n/a	Not yet achieved	Partly achieved
	n/a	Not yet achieved	Partly achieved

### PILLAR 2 – A more robust financing environment for SMEs, particularly through the promotion of alternative financing solutions

Subproject and outcome statements	Status June 2016	Status Oct 2016	Status Dec 2016
LAO-02 – SME listing board feasibility study			
Feasibility study to inform decision making on the establishment of an SME listing board (PAM) presented to, and acknowledged by, the Lao Securities and Exchange Commission (LSCO)  1. Agreement with LSCO on the feasibility study outline reached  2. Feasibility study finalized	Not yet achieved	Achieved	Achieved
	Achieved	Achieved	Achieved
	Not yet achieved	Achieved	Achieved
MYA-02 – Support for a commercial MFI industry in Myanmar			
A more commercial microfinance industry in Myanmar, capable of expanding outreach and better meeting the needs of SMEs  1. High quality regulatory benchmarking study completed comparing Myanmar's microfinance laws and regulations to three ASEAN comparators  2. Increased awareness by Financial Regulatory Department (FRD) staff about international good practice for microfinance regulations and how microfinance institutions can support SME development  3. FRD regulations better aligned with regional/global good practice	Not yet achieved	Partly achieved	Partly achieved
	Not yet achieved	Achieved	Achieved
	Not yet achieved	Partly achieved	Partly achieved
	Not yet achieved	Achieved	Achieved



#### MULTI-01a – Supporting angel investor networks in CLMV

Significant angel investment and mentoring provided by networks of angel investors, with emphasis on women angel investors and women-owned businesses	Not yet achieved	Not yet achieved	Not yet achieved
	Not yet achieved	Not yet achieved	Not yet achieved
	Not yet achieved	Not yet achieved	Partly achieved

1. CLMV angel investment market assessed, including identification of successful angel investors and networks, as well as good practices

2. Angel investor networks established and operating across CLMV

#### MULTI-01b – Promoting innovative financial technology (fintech) in CLMV

<p>a) New financial business models that employ innovative financial technology (fintech) are commercially sustainable and expanding in at least three out of four MBI countries; b) Strong fintech acceleration programs continue to promote commercial fintech solutions in at least two countries among CLMV; and c) CLMV's banking and financial regulators support new financial business models as a way to effectively expand access to financial services for underserved segments of the population</p> <p>1. (a) Fintech partners, regulatory champions and Australian partners identified; and (b) regional/national awareness raising programs for regulators developed</p> <p>2. (a) CLMV regulatory "champions" understand emerging fintech models and the latest global/regional currents in fintech regulation; (b) fintech partners develop sustainable business models; and (c) acceleration program(s) are able to support fintech startups, and fintech solutions launched in CLMV countries</p> <p>3. (a) New fintech solutions are successfully piloted, showing a clear pathway to commercial sustainability; and (b) accelerator programs have identified new fintech solutions that attract interest from investors</p>	Not yet achieved	Not yet achieved	Partly achieved
	Not yet achieved	Partly achieved	Achieved
	Not yet achieved	Not yet achieved	Partly achieved
	Not yet achieved	Not yet achieved	Not yet achieved

#### MULTI-02 – Myanmar: Developing agriculture value chain financing (AVCF) models

Improved access to finance for SMEs in at least three agriculture value chains in Myanmar achieved through the financing activities of commercial banks, with a focus on ensuring access to finance for women agribusiness owners in the selected value chains	Not yet achieved	Not yet achieved	Partly achieved
	Not yet achieved	Partly achieved	Partly achieved
	Not yet achieved	Not yet achieved	Partly achieved
1. Five high potential agricultural value chains identified and mapped	Not yet achieved	Not yet achieved	Partly achieved
2. Improved regulations allowing commercial banks to finance agriculture	Not yet achieved	Not yet achieved	Partly achieved
3. Financial products for no less than three value chains are designed and rolled out through pilots by Yoma Bank	Not yet achieved	Not yet achieved	Partly achieved

### PILLAR 3 – A more dynamic innovation ecosystem that encourages entrepreneurship and technology commercialization

Subproject and outcome statements	Status June 2016	Status Oct 2016	Status Dec 2016
<b>LAO-03 – Online information portal</b> An improved online system for registration and information dissemination of intellectual property rights (IPR) <ol style="list-style-type: none"> <li>1. Increased understanding of user needs and current constraints</li> <li>2. Online system for registration and information dissemination on IPR is established</li> <li>3. Increased awareness and knowledge of IPR in the private sector and in MOST, as well as on how to register and administer IPR registrations online</li> </ol>	Not yet achieved  Not yet achieved Not yet achieved Not yet achieved	Not yet achieved  Not yet achieved Not yet achieved Not yet achieved	Not yet achieved  Not yet achieved Not yet achieved Not yet achieved
<b>VIE-03 – Supporting innovation and PSD in Hanoi, HCMC, and Da Nang</b> Detailed implementation roadmaps of selected activities to support innovation and startup developed and approved, and buy-in for implementation secured from city authorities in Hanoi, HCMC, and Da Nang. <ol style="list-style-type: none"> <li>1. Buy-in from Hanoi, HCMC, and Da Nang city authorities for MBI to support the development of detailed implementation roadmaps on selected sections of the innovation and startup framework action plans, including agreement on selected support activities</li> <li>2. High-quality diagnostics are used to inform and influence content of the implementation roadmaps of the selected support activities</li> <li>3. Implementation roadmaps of selected activities are developed through an extensive and inclusive public/private dialogue process through which HCMC and Da Nang Pz (private company) and DOST engage effectively with other relevant departments, subnational government entities, the private sector, and academia</li> </ol>	Not yet achieved  Partly achieved Partly achieved Not yet achieved	Partly achieved  Achieved Partly achieved Partly achieved	Partly achieved  Achieved Partly achieved Partly achieved
<b>MULTI-03 – Pilot Mekong B2B market place</b> A commercially sustainable cross-border B2B marketplace that provides buyers (global) and suppliers (within the Mekong region) with the tools to buy and sell their goods and services online with ease and confidence, is operational and in use.	Not yet achieved	Not yet achieved	Not yet achieved

<p>1. Constraints to SMEs exporting to overseas markets identified and analyzed, relevant stakeholders to explore innovative business solutions convened; and commercial partners identified to pilot the innovative business model</p> <p>2. Cooperative agreement with MBI to jointly incubate the business model signed; and the business plan and financial model for a cross-border B2B marketplace are developed by commercial partner(s)</p> <p>3. Cross-border B2B marketplace that provides buyers (global) and suppliers (within the Mekong region) with the tools to buy and sell their goods and services online launched, and based on business model/financial flow forecasts, are progressing toward commercial sustainability</p>	Achieved	Achieved	Achieved
	Achieved	Achieved	Achieved
	Not yet achieved	Not yet achieved	Not yet achieved
MULTI-04 – Developing the incubator industry in the Mekong			
<p>Better access to, and quality of, business incubator services in CLMV, resulting in an increased number of startups, and improved enterprise productivity and access to finance</p> <p>1. Buy-in from local governments and NGO/private sector-funded business incubator programs to participate in business support service evaluation</p> <p>2. High quality diagnostics used to (a) better understand the startup ecosystem and the quality of existing business support service programs, and (b) build the capacity of local counterparts to conduct similar diagnostics in future</p> <p>3. Effective public/private dialogue based on findings of the diagnostics secures buy-in from government and/or the private sector to pilot new programs</p> <p>4. Business incubator services of high quality, which are better aligned with startup and other enterprise needs, are piloted and evaluated</p>	Not yet achieved	Not yet achieved	Partly achieved
	Achieved	Achieved	Achieved
	Not yet achieved	Achieved	Achieved
	Not yet achieved	Not yet achieved	Partly achieved
	Not yet achieved	Not yet achieved	Not yet achieved

## APPENDIX 4 MBI SUCCESS STORIES

### Success Story 1: Myanmar adopts Private Sector Action Plan

(Excerpt from an article in Myanmar Times published on August 9, 2016)

The Private Sector Development Framework and Action Plan, published on the website of Myanmar's Directorate of Investment and Company Administration (DICA) highlights the need for high-level and cross-government support in order to boost private enterprise, which has been held back by years of state-centric policies and economic isolation.

On the government side, the action plan recommends a private sector development (PSD) council responsible for setting a reform agenda and monitoring the cross-government approach. The council must be able to consult with the private sector, and must include representatives of businesswomen as well as businessmen. Private sector representatives, again including businesswomen, should also be credibly represented on the task force that would help coordinate PSD policies, and measure targets, outcomes, and data. According to a report on the PSD action plan, the government's National Strategic Plan for the Advancement of Women, approved in 2013, had several objectives relevant to the PSD action plan. These objectives included creating mechanisms to ensure equal access to employment opportunities such as quota systems for women in management, and a process for ensuring that more women are hired.

The Mekong Business Initiative (MBI) prepared the plan with guidance from the Ministry of Commerce, the Myanmar Investment Commission, and the Union of Myanmar Federation of Chambers of Commerce and Industry.

Consultation on the plan took place from June 2015 to March of this year, and although the plan was commissioned under the Union Solidarity and Development Party-led government, it was presented to, and approved by, the incoming administration of National League for Democracy, which won the election in Myanmar in November 2015.

Mechanisms enabling government officials, private business people, and development partners to consult regularly on PSD are considered crucial for successfully implementing the PSD action plan.

## Success Story 2: Making it easy to trade across borders in Vietnam



According to the World Bank Group's 2017 Doing Business Report, Vietnam jumped 15 places from 108th to 93rd globally in "trading across borders". Time to export and import reduced, respectively, from 140 and 170 hours, to 108 and 138 hours. This improvement, which will help

Vietnam to better integrate into the global economy, was due to the introduction of e-customs and cutting paperwork. The Mekong Business Initiative contributed to this important result through the assistance it provided in 2015, when the Vietnam Chamber of Commerce and Industry (VNCCI) and its member business associations, as well as the customs and tax department of the Ministry of Finance asked for MBI's assistance in reducing trade-related "red tape".

Asked about how trading conditions for her business had improved, Ms. Que Huong, Trading Manager of Phu Bai Spinning Company responded: "The introduction of e-customs and simplification of paperwork requirements is a great help for us and we now save 2-4 days on shipments. In the past, we employed four people to deal with export and import procedures, and now we only need two people. The reforms have helped my company reduce time, costs, and human resources." Most recently, Vietnam eliminated the required testing of imported fabric, which was raised in VNCCI's report and its consultation with the government. This, alone, saves apparel companies an estimated \$133 million in compliance costs. Ms. Pham Kieu Oanh, Deputy General Director of Nha Be Garment Company stated: "We burst into tears when we heard this news. This will save our business VND100 million/month (\$5,333), but the biggest help for us is the 2-4 day reduction in customs clearance time."

The need to reform customs and trade procedures is enormous, and MBI is supporting the Vietnam Private Sector Forum, a joint project of MBI and the Vietnam Young Entrepreneurs Association and other partners, in developing a trade facilitation calculator to help government make further reductions in trade-related red tape.

## Success Story 3: Building institutions for evidence-based policy advocacy in Cambodia, Lao PDR, and Vietnam



A key challenge in improving the business environment in Cambodia, Lao PDR, Myanmar, and Vietnam is small businesses' lack of representation and capacity to contribute to government policy and law making. As a result, the Mekong Business Initiative has prioritized helping businesses to raise their voice with government.

With MBI support, the Vietnam Young Entrepreneurs Association (VYEA) launched the first Vietnam Private Sector Forum (VPSF) in June 2016, which was attended by a Vice Prime Minister, 10 Vice Ministers, and over 500 private businesses. Mr. Vuong, Deputy President of VYEA, stressed that "the forum will provide opportunities for Vietnamese private companies to raise their voice on the challenges, opportunities, and difficulties they face."

MBI also supported a coalition of Vietnam's businesswomen's associations in consulting with members across the country on how to support women-owned businesses, and then the coalition submitted their results to government and the National Assembly. Mr. Bui Sy Loi, Vice Chairman of the Social Affairs Committee of the National Assembly, stated in a dialogue with women's business associations in August 2016: "If supports for women-owned SMEs are legislated in the Law on SME Support, I believe that at least 25% of the SMEs owned by women will grow faster, and that by 2020 we will reach our goal of having 35% of SMEs owned by women."

MBI supported the Lao Chamber of Commerce and Industry (LNCCI) in setting up a task force to advocate with government on private sector policy. This has convened several times and organized policy dialogues with the government on both the Law on Investment Promotion and the Civil Code. With MBI assistance,

the task force is now working on a provincial competitiveness index which will rank the business friendliness of provinces, and on reviewing how to streamline business licencing.

In Cambodia, MBI worked with the Young Entrepreneurs Association on conducting a business licence review which will serve as input for dialogue with the government on simplifying business licensing. In Myanmar, MBI also worked with the Young Entrepreneurs Association and Myanmar's Chamber of Commerce on the development of the Private Sector Development Framework and Action Plan.



## Success Story 4: Support for women-owned businesses in raising their voice in Lao PDR and Vietnam

In Cambodia, Lao PDR, Myanmar, and Vietnam, women-owned businesses are an important part of the economy due to the high percentage of businesses owned and managed by women, and they could contribute much more to employment and economic growth. But conditions for women's businesses are far from perfect. For example, due to lack of property in their own name, women do not have the collateral needed to borrow from a bank, which stifles their efforts to improve and expand their businesses. Also, with the greater weight of family responsibilities on their shoulders, women find it difficult to participate in training, networking, and other business development opportunities. Women face prejudices too in the male-dominated business environment, as well as in accessing business development opportunities.

In both Vietnam and Lao PDR, the Mekong Business Initiative has been working with women's business associations to research businesswomen's challenges, and build association leaders' capacity to advocate effectively with government on how to achieve real change for businesswomen.

As part of its support in Lao PDR, MBI assisted the Lao Business Women's Association in surveying its members and other businesswomen on their key challenges. The association then presented the results to the leaders of the Lao Women's Union, the Minister of Commerce, and heads of local chapters of businesswomen's associations who want to use the survey's results to dialogue with local government on how to improve the business environment for women.

In Vietnam, MBI supported a coalition of businesswomen's associations in conducting a similar survey and then presenting the results to government and the National Assembly. The coalition of associations also worked with government and the National Assembly on the Law on SME Support so that implementation of the law will include programs to support women business owners.

MBI complemented its effort in Vietnam with benchmarking research on best practices used to help women's businesses from around the world, and shared this at a conference on Vietnam's Women's Day on October 20, 2016. Experts attending the conference stressed that the draft SME Law must address gender-related issues. According to Hoang Quang Phong, Vice President of

the Vietnam Chamber of Commerce and industry (VNCCI), "there is a shortage of support for female-led firms and policies are necessary to promote female entrepreneurs."

Bui Sy Loi, Deputy Chair of the National Assembly's Committee on Social Affairs said "I expect the SME Law will support female-led firms, including providing support for trade promotion, access to finance and other resources, development of business networks, and improving businesswomen's capacity. If support to female-led SMEs is included in the law, I believe that the goal of 35% of firms being led by women will be within reach."

## Success Story 5: Helping small and medium-sized enterprises (SMEs) to access international markets through using sophisticated trade intelligence tools



As small businesses in Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV) lack knowledge about how to access international markets, the Mekong Business Initiative partnered with the International Trade Center to fill this gap. With funding from Australian's Department of Foreign Affairs and Trade,

as well as others, the International Trade Center (ITC) provided training for trainers to show SMEs across CLMV how to use ITC's tools to develop market intelligence for international trade. This includes accessing and analyzing data on trade flows, market access, and the health and safety standards required in different countries. In developed countries, companies must pay to use ITC's tools but for developing countries, the tools are free. However, since few SMEs know about the value of these tools, MBI enlisted ITC's help to train 153 trainers from business associations and universities, as well as individuals.

Since taking the ITC course, the trainers have conducted 15 courses in CLMV for over 500 people, and ITC reports that the number of visitors to its web-based tools has increased from 12,239 in 2015 to 17,259 by August 2016. Even more important, SMEs have shown that they are willing to pay for this training and recommend it to others, so that the training will likely be sustainable after MBI ends in December 2017.

Mr. Nguyen Xuan Bien, Marketing Manager of Hagimex, an agricultural producer and exporter, stated that " Since attending the training in the summer of 2016, I have used the tools to analyze different markets for bottled baby cucumber pickles and the trade barriers. In doing so, I found that Korea is a likely market, and thanks to the Korea-Vietnam free trade agreement, unlike my competitors in other countries, my pickles can be imported into Korea with 0% tariff. To find

customers in Korea, my staff and I participated in a trade fair there, and I expect that in future, the new buyers we found will account for about 30% of our sales. Thanks to ITC's tools, I was able to get reliable data to identify a good market in Korea."

MBI will continue supporting opportunities for SMEs in CLMV to access ITC's tools by developing training modules in local languages that can be accessed through the Internet.

## Success Story 6: Mekong Angel Investor Network – Catalyzing Angel Investment in CLMV



Early stage funding and advice from seasoned businesspeople is an indispensable ingredient for entrepreneurs who want to turn their ideas into successful businesses. Across Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV), the Mekong Business Initiative worked with private sector partners

to create the Mekong Angel Investor Network (MAIN). This not only inspires and connects angel investors together in CLMV, it also links them with angel investors around the world. In 2016, MBI supported three tours of CLMV for a total of 41 international angel investors from Australia, New Zealand, Europe, and the United States who provided training and mentoring to approximately 75 local angel investors and 210 entrepreneurs. Since the tours, MAIN participants have invested \$735,120 in startups in CLMV, and are conducting due diligence for investment in other startups in the region, worth an estimated \$3 million.

Inspired by their participation in MAIN training and events, local investors in Lao PDR, Cambodia, and Myanmar are pooling their resources together to set up their own networks of angels. The Lao Angel Network was launched on September 7, 2016 by the Australian Prime Minister during his visit to the ASEAN Summit in Lao PDR. Since then, the network has made its first investment, in partnership with an international angel they met through MAIN (Book Delivery, an online bookstore). Cambodia has set up an angel network too which is worth around \$100,000, and their first investment is also in partnership with international angels from MAIN (BookMeBus, an online bus booking platform).

Chea Langda, the founder of BookMeBus commented, "I realized that we are just "babies" after pitching to the angel investors. The investment enables us to expand our network, but the most important gain is the mentoring of experienced entrepreneurs who have guided our startup through a period when we nearly doubled our monthly ticket sales. Alongside booming ticket sales, the past

few months have seen the estimated market value of our company rise almost threefold.”

MBI will provide further technical assistance to strengthen the networks of local angels and enable them to learn from their counterparts in the Mekong region, as well as international angel investors, and integrate into the ASEAN Angel Alliance.

# APPENDIX 5 MBI FINANCIALS

## MBI FINANCIALS AS OF 31 DEC 2016

MBI FINANCIALS AS OF 31 DECEMBER 2016				
Item	Original Allocation			Disbursed
	ADB	DFAT	Total	
Consultants	340,000	6,120,000	6,460,000	2,999,941
Equipment and information technology solutions	50,000	1,230,000	1,280,000	31,854
Rent and office furniture	20,000	310,000	330,000	167,194
Seminars, workshop, and conferences	50,000	860,000	910,000	1,278,503
Surveys, studies, and impact monitoring	-	500,000	500,000	113,381
Publications and other media	20,000	180,000	200,000	59,600
Miscellaneous administration and support costs	10,000	110,000	120,000	-
Contingencies	10,000	690,000	700,000	
Total	500,000	10,000,000	10,500,000	4,650,473
(% of total funding)				44%

ADB = Asian Development Bank, DFAT = Government of Australia's Department of Foreign Affairs and Trade.



# APPENDIX 6 MBI 2017 FORWARD PROGRAM

2017													Cost Estimate
Country/Activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	\$
Cambodia													185,000
I. Support for Business Associations – focus on young and women entrepreneurs (Policy/Innovation)													150,000
1. Business Information Centre													
2. Support YEAC Chairmanship of ASEAN YEA													
3. Partner and support local incubator networks													
II. Alternative Financing (A2F)													35,000
1. Fintech Regulatory Bootcamp													
2. Fintech club establishment													
3. Capacity building for local angel network													
Lao PDR													185,000
I. Support for Business Associations – focus on young and women entrepreneurs (Policy/Innovation)													150,000
1. Design and piloting of Provincial Facilitation for Investment and Trade Index (ProFIT)													
2. Support LNCCI representation on the SME Center Advisory Board that is chaired by the Minister of the PM's Office – with a focus on startups and women-owned businesses													
3. Capacity-building of LNCCI think-tank													
4. Partner with, and support, local incubator networks													

II. Alternative Financing (A2F)																	35,000
1. Fintech Regulatory Bootcamp																	
2. Fintech club establishment																	
3. Capacity building for local angel network																	

\* Totals \$185,000 for each country. Cost estimates projected in table represent MBI funding required to carry out the indicated activities. Note that these estimates do not include the cost of personnel already under contract, as well certain other costs covered under existing contracts.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cost Estimate \$
Myanmar													365,000
I. Company Law (Policy)													70,000
1. Educating the private sector on the law													
2. Providing legal/technical support to DICA													
II. Government National PSD Committee (Policy)													180,000
1. Capacity-building of PSD Committee													
2. Advisory services on selected PSD issues													
III. Financial Technology (A2F)													45,000
1. Fintech Regulatory Bootcamp													
2. Establish Fintech club													
3. Pilot fintech hackathon													
IV. Agricultural Value Chain Financing (A2F)													40,000
1. Develop and pilot warehouse financing products													
2. Develop and pilot "Apex Farmer" financing products													
3. Carry-out gender mapping													
V. Myanmar Young and Women Entrepreneurs Associations (Policy/Innovation)													30,000
1. Create and build capacity of angel investment network													
2. Partnership to incubate startups													
3. Entrepreneurship Training													

4. ITC Tools – Training of Trainers													
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\* Total \$365,000. Cost estimates projected in this table represent MBI funding required to carry out the indicated activities. Note that these estimates do not include the cost of personnel already under contract, as well as certain other costs covered under existing contracts.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	\$
<b>Vietnam</b>													940,000
<b>I. Business Environment Reforms (Policy)</b>													75,000
1. Technical inputs to the SME Support Law and guiding Decree													
2. Support dialogue between the central and provincial governments													
3. Surveys and reports to inform design of SME support programs													
4. Consult with business associations (focus on women's BAs)													
<b>II. Entrepreneurship and innovation (Innovation)</b>													220,000
1. Develop and pilot incubation programs (SIHUB, DNES, Hanoi)													
2. Surveys and reports to inform the design of entrepreneurship and innovation programs													
3. Conduct feasibility on innovation hub expansion in HCMC													
<b>III. Technology Transfer Fund (Innovation)</b>													190,000
1. Evaluate existing technology transfer mechanisms (DOST) – focus on agribusiness													
2. Design and pilot technology transfer matching fund (DOST) – focus on agribusiness													
<b>IV. Inclusive Procurement (Innovation)</b>													195,000
1. Develop inclusive procurement toolkit to enable greater private sector participation in small-scale public procurement projects													
2. Pilot inclusive procurement toolkit for selected transactions in HCMC, Da Nang, and Hanoi													

\* Total \$750,000 (VIE) and \$190,000 (REG). Cost estimates projected in this table represent MBI funding required to carry out the indicated activities. Note that these estimates do not include the cost of personnel already under contract, as well certain other costs covered under existing contracts.

## APPENDIX 7 MBI GENDER CLASSIFICATION AND APPROACH

MBI adopts a comprehensive approach in ensuring that gender equality is promoted across all strategic pillars. The MBI gender approach includes:

- 1) Effective Gender Mainstreaming Criteria: the development of gender classification criteria, which are used to assess all project designs;
- 2) Technical advice and leadership: MBI has a team of gender advisers on hand to provide technical leadership;
- 3) Two-track programming on gender equality: MBI integrates women's empowerment and gender equality considerations into existing projects as well as designing targeted gender projects;
- 4) Monitoring and evaluation: Gender equality questions have been incorporated into monitoring and evaluation tools and reporting formats to ensure accountability on gender equality commitments but also to uncover challenges and good practices in the area of gender programming; and
- 5) Risk identification and management: Potential risks to gender equality are identified and strategies are put in place for risk mitigation.

The Effective Gender Mainstreaming Criteria developed by MBI consist of four key questions:

- 1) Has a gender analysis been completed as part of the project design and were women consulted as part of the process?
- 2) Does the project respond to any specific constraints and opportunities affecting women?
- 3) Will the project directly engage with women-owned businesses and will the project work with gender experts?
- 4) Does the project collect, manage, and analyze sex-disaggregated data to inform programming and monitoring and evaluation?

These criteria are used to screen/assess projects. Targeted gender projects are projects that meet all four criteria.

An international gender adviser along with ADB gender advisers in Cambodia, Lao PDR, Vietnam, and the ADB regional gender adviser in Myanmar, play a quality assurance role across all projects. The gender advisers also work closely with the monitoring and evaluation team to confirm that available data are sex disaggregated and that data on the impacts on women-owned businesses are being collected and analyzed. Where necessary, gender advisers and gender consultants take the lead on implementing targeted gender activities.

At present 10 MBI projects are classified as gender mainstreamed projects. Of these projects, around half also include targeted gender equality activities focused on tackling gender discrimination. In other words, 53% of MBI projects work to improve the success of women-owned businesses in the Mekong region.

MBI is working to mainstream gender across its portfolio. For example, research undertaken as part of an agribusiness project (MULTI-2) will identify constraints facing women-owned businesses, and gender indicators will be used to measure improvements in women farmers' access to finance in sectors where at least 50% of producers are female. MBI's work on angel investment and venture capital will ensure that the voices of women business owners influence the development of policies and regulations in this new and innovative industry.

Over the last 12 months, targeted gender initiatives have included the development and pilot roll out of a benchmarking tool for women's entrepreneurship; a best practice paper on women-owned businesses; research on the role of business associations serving women-owned business; as well as conducting surveys of women-owned businesses in Lao PDR, Myanmar, and Vietnam. In addition, the gender team participated in the MBI media briefing at the ASEAN business and investment summit.

## INDICATIVE MBI SUBPROJECT GENDER CLASSIFICATION

		Gender analysis completed?	Responds to specific constraints?	Engages with WOBs & gender experts?	Sex dis-aggregated data?	Gender main-streamed?
<b>Theme 1 BUSINESS REFORMS AND ADVOCACY</b>						
CAMBODIA	CAM-1 Increased Transparency on SME Registration and Licensing	Yes	Yes	Yes	Yes	Yes
LAO PDR	LAO-1 Raising the Voice of the Private Sector in Lao PDR	Yes	Yes	Yes	Yes	Yes
MYANMAR	MYA-1 Myanmar PSD Framework and Action Plan	Yes	Yes	Yes	No	No
	MYA-3 Company Law Guide for SMEs	Yes	Yes	Yes	No	No
VIETNAM	VIE-1 Improving SME Policy and National Strategy	Yes	Yes	Yes	Yes	Yes
	VIE-2 Raising the Voice of the Private Sector	Yes	Yes	Yes	Yes	Yes
	VIE-4 Helping SMEs Make the Most of TPP	No	No	No	No	No
MULTI	MULTI-5 Training on International Market Analysis Tools	Yes	Yes	Yes	Yes	Yes
	MULTI-6 Empowering Young Entrepreneurs and Start-Ups	No	No	No	No	No
<b>Theme 2 ALTERNATIVE FINANCE</b>						
LAO PDR	LAO-2 SME Listing Board	Yes	No	Yes	No	No
MYANMAR	MYA-2 Support for Commercial Microfinance Industry in Myanmar	Yes	Yes	Yes	No	No
MULTI	MULTI-1a Alternative Finance – Supporting Angel Investor Networks	Yes	Yes	Yes	Yes	Yes
	MULTI-1b Alternative Finance – Promoting Financial Innovation (fintech)	No	No	No	No	No
	MULTI-2 Developing Agribusiness Value Chain Financing Models	Yes	Yes	Yes	Yes	Yes
<b>Theme 3 INNOVATION</b>						
CAMBODIA	CAM-2 Study of E-commerce Readiness, Opportunities and Constraints	Yes	Yes	Yes	Yes	Yes
LAO PDR	LAO-3 Online Information Portals on Business Regulation and Policies	Yes	Yes	Yes	No	No
VIETNAM	VIE-3 Supporting Innovation and PSD (Phase 1)	No	No	No	No	No
MULTI	MULTI-3 Business to Business Market Place	Yes	Yes	Yes	Yes	Yes
	MULTI-4 Supporting the Business Incubator Industry	Yes	Yes	Yes	Yes	Yes
Percentage of gender mainstreamed MBI subprojects						53%

Lao PDR = Lao Peoples' Democratic Republic; PSD = private sector development; SME = small and medium-size enterprise; TPP = Trans-Pacific Partnership



# APPENDIX 8 MBI SUBPROJECT PITCH AND M&E FRAMEWORK TEMPLATES

## Project Pitch: [Subproject title] – SHOULD BE 1–2 PAGES

Country: Cambodia, Lao People's Democratic Republic, Myanmar, Vietnam, or Multicountry	Mekong Business Initiative focus area(s): Private sector development policy (1.1), Business development services programs (1.2), Small and medium-sized enterprise internationalization (1.3), and/or A2F (2)
Indicative Cost: \$xxx,xxx	Timeframe:
Gender mainstreamed: Yes/No	Key stakeholders:

Project Description	Brief description of the proposed Mekong Business Initiative (MBI) subproject
Rationale	Define the problem and clearly link to MBI goals and theme
Solutions offered	Explain proposed solution to problem and how the proposed solution is sufficient to create the desired impact
Leveraging MBI's uniqueness	How does the proposed intervention leverage MBI's uniqueness? Flexible – can work across different agencies and bodies responsible for private sector development Demand-driven – can engage and partner directly with the private sector Innovative – can take risks where potential impact is high
Scalable & Sustainable	Initiative can be scaled and/or replicated, and sustained following MBI support, including to other Mekong countries (i.e., ripple effect)
Risk management	Adequate time-frame, cost vs. benefit, innovation vs. risk
Supporters and champions	Government, business leaders and/or entrepreneurs who will drive the process
Gender	The proposal has potential to be gender mainstreamed Design shaped by views of businesswomen and/or based on a gender analysis Responds to constraints and opportunities affecting women Engages with businesswomen and/or gender specialists during implementation
Synergies with other MBI initiatives	Highlight any links to other MBI subprojects

## Subproject-level Monitoring and Evaluation Plan (Template)

Project logic	Milestone description	Indicator	Data collection/ analysis method	Timeframe	Status
Final outcome					
Intermediate Outcome 1					
Outputs					
Intermediate Outcome 2					
Outputs					

## Subproject-level Monitoring and Evaluation Plan (Template)

### Progress report and analysis

Context, strategy, and direction – Did the subproject meet key stakeholder, partner or beneficiary demand? Did it remain relevant?

Were there any changes in the political, economic, social, organizational climate, that affected the subproject and its intended outcome?

Brief narrative, quarterly or by end of project

Management, governance, and outputs – How was the subproject managed and were allocated funds spent in a cost-efficient way?

Was progress made in line with plans, did outputs meet required standards, and were they appropriate to the intended audience or target group?

**Brief narrative, quarterly or by end of the project**

Uptake – Are people aware of, accessing, using, and sharing the work?

Brief narrative, quarterly, or by end of project

Outcome

What progress was made toward subproject outcomes? Were there any unexpected (positive or negative) outcomes? If categorized as gender mainstreamed, how has the subproject contributed to gender related outcomes?

Brief narrative, quarterly, or by end of the project

Lessons learned and good practice

And any other comments useful for MBI and future learning

Brief narrative, quarterly or by end of project

**Sustainability and risks (2017 progress reporting new sub-heading)**

***How will the subproject and its outputs be sustained beyond 2017? How will additional support, if needed, be secured? What are the risks, especially related to sustainability, and what measures are being taken to mitigate these?***

Brief narrative, quarterly, or by end of project

Consistent with the Strategy Testing approach for monitoring and evaluation that the Mekong Business Initiative is using, each subproject's monitoring and evaluation plan is a living document that will be updated from time to time based on new information, including unexpected road-blocks to reform.