



Technical Assistance Report

Project Number: 39096
October 2005

Technical Assistance Enhancing the Business Environment of the Greater Mekong Subregion (Cofinanced by the Government of the People's Republic of China)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
GMS	–	Greater Mekong Subregion
Lao PDR	–	Lao People's Democratic Republic
PRC	–	People's Republic of China
RCSP	–	regional cooperation and strategy program
RETA	–	regional technical assistance
SME	–	small- and medium-sized enterprise
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting	–	General intervention
Classification		
Sector	–	Law, economic management, and public policy
Subsector	–	Economic management
Themes	–	Sustainable economic growth, regional cooperation, private sector development
Subtheme	–	Policy/Institutional/Legal/Regulatory reforms

NOTE

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

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I. INTRODUCTION

1. The Greater Mekong Subregion (GMS) program of the Asian Development Bank (ADB) aims to foster a more integrated regional market, the growth of regional institutions, and an increased capacity for collective action for common, regional public goods. The objectives are to heighten (i) connectivity (ii) competitiveness; and (iii) sense of community among the GMS countries. One of the 11 flagship undertakings is private/business sector development through enhanced participation and competitiveness (Flagship 7). According to the GMS regional cooperation and strategy program (RCSP) for 2004–2008, important progress has been made in this regard, but the private sector in much of the subregion is still in its infancy (para. 93).

2. As private sector development is widely recognized as crucial for both economic growth and poverty reduction, the GMS governments have sought ADB's help in promoting private/business sector development through this regional technical assistance (RETA),¹ to capture synergies among the GMS countries.² Consultations in May–September 2005 reached a consensus on the RETA design. The TA framework is in Appendix 1.

II. ISSUES

3. Although the level of poverty in GMS is still high, the region has made considerable progress in economic development. Total exports have increased, from about \$35 billion in 1992 to more than \$81 billion in 2002. Foreign direct investment almost tripled during the same period as well. Much of the recent growth has been attributed to private/business sector development. As a general trend, the private/business sector has been increasing its contribution to economic growth and poverty reduction (through employment generation) in comparison with the public/state-owned enterprise sector.

4. However, despite the importance of policies for enabling business environments, the GMS countries continue to face considerable difficulties in formulating, implementing and evaluating these. In Cambodia, a manufacturing enterprise typically has to pay almost \$2,000 in licensing-related fees. In Viet Nam, enterprises have to wait up to 1 year to receive their certificates of land use rights. In the Lao People's Democratic Republic (Lao PDR), business registration may take up to 9 months because of various requirements at both central and local levels. Thailand has made considerable progress over the last decade but also needs further reform, particularly in streamlining the legal framework for business. Some of the major challenges facing the region are outlined below.

5. **Incomplete Understanding of the Impact of Policies on the Business Environment.** Several studies and donor-assisted projects have surveyed the business environment in the GMS countries. These major studies and surveys include: (i) Doing Business Survey by the World Bank; (ii) survey for the *Competitiveness Yearbook* by the International Institute for Management Development; (iii) Investment Climate Survey by both ADB and the World Bank; (iv) Business Environment and Enterprise Performance Survey by the World Bank and European Bank for Reconstruction and Development; (v) private sector assessments in specific countries by ADB; and (vi) recommendations from various private sector forums. These studies and surveys have helped identify the major challenges associated with the business

¹ The TA first appeared in *ADB Business Opportunities* (internet edition) on 19 September 2005.

² The RETA is expected to cover the following GMS countries: (i) Cambodia, (ii) Lao People's Democratic Republic, (iii) Thailand, and (iv) Viet Nam. The RETA will also delineate the experiences of the other GMS economies to the extent possible.

environment, by gathering information directly from firms. However, the causes of the policy, legal, and regulatory challenges facing businesses are still not clearly understood.³ Although many of the challenges are believed to be due to the governments' policies (as reflected in laws and regulations), the specific policies that impede business still need to be identified and analyzed. Such analyses will not only indicate where reforms are needed but will also provide baseline data for monitoring the progress of reforms.

6. **Lack of Indicators for Benchmarking and Policy Monitoring.** An important obstacle is the lack of baseline data and indicators⁴ for the major policies that affect the business environment. Even Thailand, where the business environment has considerably improved in the last decade, has no such indicators. Without these indicators, it is difficult for governments to benchmark policy performance and monitor policy reforms.

7. **Lack of Capacity to Develop and Maintain Indicators.** Besides developing performance indicators for policy reform, there is a clear need to publicize the indicators and to build capacity and promote ownership. Capacity-building programs will help ensure that in the future the governments can refine and update the indicators on their own. Finally, sharing of experience and knowledge within the GMS as part of the overall capacity building heightens the sense of connectivity within the region.

III. THE TECHNICAL ASSISTANCE

8. The key priority is improving the business environment by reforming the regulatory framework and drafting policies that will facilitate private sector development. Although the GMS governments are committed to enhancing the business environment, they lack the necessary tools to formulate, implement, and evaluate the needed policies and institutions. These tools include: (i) detailed analysis of the impact of policies on the business environment; (ii) regularly updated monitoring indicators of the performance of major policy components; and (iii) sustainable mechanisms for implementing, monitoring, and evaluating the policies and reforms, with support and feedback from the private sector.

9. The regional approach is appropriate since the GMS countries have similar constraints on private sector development. As indicated in the RCSP, and in particular for the post-conflict or transitional economies of Cambodia, Lao PDR, and Viet Nam, the most important deficiencies are in enforcing property rights and establishing effective commercial legal and institutional systems. Other important common challenges are: (i) limitations in governance and public administration leading to overregulation of business; (ii) lack of capacity of governments to provide effective services to enterprises; (iii) limited mechanisms for effective public-private consultation in policy formulation/evaluation; and (iv) absence of data collection mechanisms for policy evaluation.

³ The surveys indicate the "outcome" of the challenges facing the business environment by estimating the costs, time, and number of procedures that various regulations entail, and the business forums provide important recommendations and possible solutions to the problems that beset businesses. But neither the surveys nor the forums identify the "sources" of the challenges, particularly the policy sources. Without a full understanding of these specific policy sources, the governments cannot effectively reform the business environment.

⁴ For this RETA, the "indicators" are not necessarily quantitative rankings but refer to baseline data and information that would allow comparisons between countries and the tracking of progress made by each country through time. Such baseline data are a prerequisite for establishing performance indicators to monitor and measure progress on the policy reform agenda.

A. Impact and Outcome

10. Overall, the RETA is expected to improve the business environment in the GMS countries by developing policy indicators on the business environment that can be monitored. The indicators will be used to analyze the performance and business impact of major policies and regulations, and will also allow the GMS countries to benchmark against one another and thus make use of one another's experiences.⁵ The sharing of experiences and lessons, as well as capacity building to encourage ownership of the indicators and the intended reforms by the governments, will be important in achieving the expected results.

11. This RETA is designed to produce defined outputs and outcomes. The impact of policies on the business environment in the GMS will become clearer and more readily comparable. The RETA will achieve this outcome through its expected outputs. First, the impact of major policies (as reflected in laws and regulations) on business in the GMS countries will be analyzed and evaluated with the help of monitoring indicators developed in the RETA. The indicators and the analysis will be published. The analysis should assist the governments in developing more effective policies and institutions to promote private sector development. The measurable indicators will also help ADB analyze the performance of certain projects.⁶

12. Second, there will be extensive consultation and capacity building, to promote government ownership of the indicators, which must be regularly updated (either yearly or every other year). A specific role will be identified for private sector representatives (both foreign and domestic business associations) and their active participation will be encouraged. Workshops for this purpose are planned during the RETA.

13. Finally, the RETA will promote regional dialogue among key policy makers and with major donor agencies. Through the regional dialogue the GMS countries can learn key lessons from one another. As the GMS countries have already made some important efforts to strengthen their business climate, as noted above, opportunities to exchange such lessons will be a critical component of the RETA. Accordingly, the RETA will sponsor regional conferences, and will also consider the role of the GMS Business Forum in this dialogue.

B. Methodology and Key Activities

14. The primary output of the RETA will be a publication, *The Business Environment in the Greater Mekong Subregion*, a thorough analysis based on measurable indicators for the private sector in the GMS countries covered by the RETA. A draft outline of the publication is in Appendix 2. The RETA will build the necessary capacity in the GMS governments to update the

⁵ Several countries have been using such indicators to measure the effectiveness of regulations. In Australia, the indicators have led to assessments of the impact of regulations on business licenses. In Mexico, various regulations have been streamlined with the help of the indicators. In the United States, the Small Business Administration analyzes local (state) government regulations.

⁶ The relevant projects include the various small- and medium-sized enterprise (SME) projects in the Mekong region: (i) ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Socialist Republic of Viet Nam for the Small- and Medium-Sized Enterprise Development Program*. Manila. (ii) ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Kingdom of Cambodia for the Small- and Medium-Sized Enterprise Development Program*. Manila and (iii) ADB. 2004. *Technical Assistance to Lao People's Democratic Republic for Preparing the Private Sector Development Program*. Manila. In addition, there are also a number of financial sector development projects in the region as well. These projects represent an important source of information on the business environment for the RETA.

analysis/indicators regularly. Workshops and regional conferences will also be held to publicize the findings and increase awareness of the need for private sector development.

15. The RETA will start the analysis of the GMS business environment by identifying the major milestones that firms must achieve from start-up (business registration, receipt of operating license) to improved competitiveness (export growth, technology development).⁷ In the process, the RETA will also map the business environment, using the surveys and studies mentioned above, and then develop indicators of policy impact. The major milestones⁸ would include: (i) business start-up (business registration); (ii) access to labor, finance, and physical resources such as land; (iii) operating and regulatory licensing; (iv) taxation; (v) access to physical resources such as infrastructure and energy; (vi) enforcement of investor/property rights and contracts; and (vii) access to import and export markets. As far as possible, the milestones must closely reflect the findings of the firm-level surveys.

16. Key activities throughout the RETA will be regional workshops and conferences, as well as country-specific activities, to disseminate the findings and raise awareness of the importance of improving the business environment. Consensus on the schedule and work programs of the RETA is expected to be developed at an inception conference.⁹ Throughout the RETA, the findings and discussions will be linked with those of other, ongoing GMS activities, including the GMS Business Forum.

C. Cost and Financing

17. The RETA will cost about \$500,000 equivalent. ADB will provide \$300,000 on a grant basis from its TA funding program, and the Government of the People's Republic of China will provide \$200,000 also on a grant basis, to be administered by ADB. The cost estimates and the financing plan are in Appendix 3.

D. Implementation Arrangements

18. ADB will be the Executing Agency for the proposed RETA. The Governance, Finance, and Trade Division of ADB's Mekong Regional Department will take the lead in the RETA implementation, in coordination with the Operation and Coordination Division. The proposed RETA is expected to begin in January 2006 and will last for about 10 months. Over the implementation period, international consultants will be required for 10 person-months, and domestic consultants for 45 person-months. Appendix 4 gives outline terms of reference for these consultants. The consultants will be recruited individually, according to ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the selection and hiring of consultants. Procurement under the RETA will be according to ADB's *Guidelines for Procurement*. The computers and other office equipment to be purchased under the RETA will be disposed under ADB guidelines after the RETA.

⁷ For the purposes of this RETA, competitiveness is defined by productivity. Export growth and technology development (as measured by the increase in the value of products) are common indicators of competitiveness.

⁸ As the business sector has many subsectors, the RETA will concentrate mainly on the major issues facing the domestic (small- and medium-sized enterprise) sector and the foreign-invested sector.

⁹ The inception conference is expected to be held in Thailand. The arrangements for other conferences and workshops will be finalized in consultation with the stakeholders. The country-specific workshops are primarily intended to build the capacity of government officials and other stakeholders to maintain and further develop the indicators in the future.

19. The main focal-point agencies¹⁰ in the four GMS countries are the Council for the Development of Cambodia, the Ministry of Foreign Affairs of Lao PDR, the Office of the National Economic and Social Development Board of Thailand, and the Ministry of Planning and Investment of Viet Nam. These main agencies will be supported by the following: (i) in Cambodia, the Ministry of Industry, Mines and Energy, Ministry of Commerce, and Ministry of Economy and Finance; (ii) in Lao PDR, the Ministry of Industry and Handicraft, Ministry of Commerce, Department for Domestic and Foreign Investment (Committee for Planning and Investment), and Ministry of Finance; (iii) in Thailand, the Ministry of Commerce, Ministry of Finance, Board of Investments, and Ministry of Industry; and (iv) in Viet Nam, the Ministry of Planning and Investment will be the main counterpart agency, in coordination with the Ministry of Finance, the State Bank of Viet Nam, and other concerned agencies.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved (i) ADB's administering a portion of technical assistance not exceeding the equivalent of \$200,000 to be financed on a grant basis by the Government of the People's Republic of China; and (ii) ADB's providing the balance not exceeding the equivalent of \$300,000 on a grant basis, for Enhancing the Business Environment of the Greater Mekong Subregion, and hereby reports this action to the Board.

¹⁰ In addition to the government agencies, leading private sector representatives (both domestic and foreign business associations) will be nominated to participate in the RETA. The RETA will also coordinate closely with other GMS activities, including the Business Forum.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved business environment in the GMS</p>	<p>Lowered costs of doing business in region</p> <p>More predictable and transparent business policies in the region, based on better understanding of the rights and responsibilities of governments and enterprises</p>	<p>Economic reports (including firm-level surveys) and official statistics of the governments, private sector organizations, and international development agencies</p> <p>Discussions and consultations with the governments, private sector representatives, and other stakeholders</p> <p>Various legal and policy documents issued by the governments</p> <p>Asian Development Bank (ADB) staff assessments</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Continued political commitment to reforms at both central and local government levels, and sustained coordination Governments are better able to improve business policies (and implement them) Continued support for the reforms from other development agencies <p>Risks</p> <ul style="list-style-type: none"> Lack of specific mechanisms for monitoring policy effectiveness Limitations of the partnerships for reform between the governments and the private sector
<p>Outcome Business policies with clearer and more comparable impact</p>	<p>Identification of the impact of the policies, legal framework, and regulations on the business environment in the GMS</p> <p>Reforms in the governments' policy formulation and implementation to improve the business environment</p> <p>Development and implementation of reforms with the active participation of private sector representatives</p>	<p>Economic reports and official statistics of the governments, private sector organizations, and international development agencies</p> <p>Discussions and consultations with business sector representatives</p> <p>Various legal and policy documents issued by the governments</p> <p>ADB review missions and feedback from conferences and workshops</p> <p>ADB staff assessments</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Political commitment to reforms at both central and local government levels, and sustained coordination Continued support for the reforms from other development agencies <p>Risks</p> <ul style="list-style-type: none"> Governments' low commitment to capacity building and inadequate allocation of financial resources Limitations in the partnerships for reform between the governments and the private sector Irregular updating of the indicators by the governments
<p>Outputs 1. The major impact of policies on the</p>	<p>Completion of the analysis and recommendations of</p>	<p>Official copies of documents issued by the governments</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Effective RETA findings and activities

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>business environment identified with the help of the monitoring indicators</p> <p>2. Specific mechanism for strengthening public-private partnership in policy development for business</p> <p>3. Forums and other opportunities for the GMS countries to share experiences on policy reforms</p> <p>4. Mechanism for the governments to undertake the required analysis and reforms</p>	<p>the RETA, with the support of the governments and private sector representatives</p> <p>Active support and ownership of the RETA, including its various activities, by governments and other stakeholders</p> <p>Increased cooperation and coordination among the GMS countries based on sharing of experiences, which can also contribute to building government capacity</p>	<p>that are relevant to the business regulations</p> <p>Final report and various activities of the RETA as outlined</p> <p>Reports of financial institutions, private sector representatives, and other major stakeholders</p> <p>Progress reports on ADB's SME and other related projects in the region</p> <p>ADB review missions and feedback from conferences and workshops</p>	<ul style="list-style-type: none"> • Sustained active ownership and participation in the RETA <p>Risks</p> <ul style="list-style-type: none"> • Governments' low commitment to capacity building and inadequate allocation of financial resources • Limitations in the partnerships for reform between the governments and the private sector
<p>Activities with Milestones</p> <p>1. Analysis of the GMS Business Environment (first phase)</p> <p>1.1. Analysis of the business environment in the GMS (including a full diagnostic review of surveys and studies)</p> <p>1.2. Completion of activities to build consensus on the indicators to be developed in the second phase</p> <p>2. Development of Monitoring Indicators for the Business Environment (second phase)</p> <p>2.1. Development of detailed indicators for the business environment in the GMS</p> <p>2.2. Completion of activities to build consensus on the capacity-building measures and regional dialogue/cooperation to be implemented in the third phase</p> <p>3. Promotion of Regional Dialogue and Capacity-Building Efforts (third phase)</p> <p>3.1. Implementation of activities that will build the capacity of the governments to undertake the required analysis and reforms</p> <p>3.2. Continued implementation of activities that promote regional dialogue/cooperation to enhance the business environment</p>			<p>Inputs</p> <ul style="list-style-type: none"> • ADB: Cost of RETA (\$500,000), including consultancy, equipment, domestic training workshops, regional conferences, and other related activities • Governments: Staff resources and information to be provided by four participating governments throughout RETA implementation • Private sector: Information to be provided by various private sector representatives throughout RETA implementation • Others: Coordination with ongoing GMS programs, including the Business Forum, and consideration of reports and views of ADB and other donor agencies

ADB=Asian Development Bank, GMS= Greater Mekong Subregion, RETA= regional technical assistance, SME= small-and medium-sized enterprise.

THE BUSINESS ENVIRONMENT IN THE GREATER MEKONG SUBREGION A Draft Outline

I. Introduction

II. The Business Environment

A. Legal Basis and Government Policy

Brief review of the legal basis and recent policy pronouncements on the status and role of the business sector in the GMS. The analysis should focus on the basic orientation of the governments toward private/business sector development as reflected in their laws, programs, and policy statements.

B. Typology of the Private/Business Sector

A working definition of the various private/business subsectors. The analysis should include legal forms, absolute and relative size of subsectors, major economic activities, and recent trends in each subsector.

C. Private Sector Contribution to the GMS Economy

- (i) In-depth analysis of the private/business sector's contribution to economic growth and employment. The analysis must be done at both the macro level and the sector level.
- (ii) The implications for sector development (economic growth, employment generation, and poverty reduction), based on the foregoing analysis.

III. Business Environment and Constraints on the Private Sector

A comprehensive analysis of the factors and variables affecting the private sector. For ease of analysis, the discussion will be divided into the following three sections: (i) macroeconomic environment, (ii) institutional and regulatory framework, and (iii) human resource and capacity building.

IV. Major Business Indicators

- (i) Specific indicators (for this regional technical assistance, the term "indicators" refers to baseline data and information that would allow comparison between countries and the tracking of progress made by each country through time) based on the analysis of the business environment and constraints on the private sector will be presented,
- (ii) The indicators will be organized according to the major milestones in the life of an enterprise, from start-up to competitiveness. The major milestones include:
 - (a) business start-up (business registration);
 - (b) access to labor, finance, and physical resources such as land;

- (c) operating and regulatory licensing;
 - (d) taxation;
 - (e) enforcement of investor/property rights and contracts;
 - (f) access to physical resources such as infrastructure and energy; and
 - (g) access to the import and export markets;
- (iii) As far as possible, the milestones must closely reflect the findings of the firm-level surveys.
- (iv) The discussion in this chapter will be based on the priority issues facing the business environment for two main sectors: (i) domestic (small- and medium-sized enterprise) sector, and (ii) foreign-invested sector.

V. Long-Term Vision for Improved Business Policies

An institutional mechanism for business policy development and review that can be installed within the governments' overall policy and regulatory framework will be defined in this chapter. It will be based on the assessments made with the help of the indicators developed during the RETA.

VI. Conclusions and Summary

Appendix:

Manual for Assessment of Policies Affecting the Business Environment

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank and Government of the People's Republic of China Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	250.00
ii. Domestic Consultants	112.50
b. International and Local Transportation	7.00
c. Report Preparation	6.00
2. Equipment and Materials	16.00
3. Workshops ^b	50.00
4. Communication and Administration	4.00
5. Translation	3.00
6. Contingency	51.50
Total	500.00

^a Funded by ADB from its technical assistance funding program (\$300,000) and the Government of the People's Republic of China (\$200,000).

^b This item includes the costs of travel to regional conferences by participating government officials and private sector representatives.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The work plan and consultant selection may be refined by the Asian Development Bank (ADB) to suit its needs and those of the government agencies in the Greater Mekong Subregion (GMS) countries. All consulting inputs are envisioned to be intermittent. The consultants (led by the team leader) will draft a detailed work program at the start of the regional technical assistance (RETA).

2. The RETA will comprise three phases. Throughout each phase, the RETA will consult with the governments and other key stakeholders, including major private sector representatives and donor agencies.

- (i) The first phase will concentrate mainly on a detailed analysis of the GMS business environment (including a full diagnostic review of various surveys and studies). Using field research and review of other studies, the RETA will identify the main policies to be measured. There will also be activities to build consensus on the indicators to be developed in the second phase.
- (ii) In the second phase, the indicators will be developed, on the basis of the available data and statistics. Active consultations with the governments are expected at this stage to identify the specific data requirements. The phase will also include activities to build consensus on the measures to be implemented in the third phase to enhance capacity building and regional dialogue/cooperation.
- (iii) Finally, in the third and last phase, active capacity-building efforts will be undertaken to ensure that the GMS countries take ownership of the indicators, which will need to be updated regularly. Implementation of activities which enhances capacity building of the government and promotes regional dialogue/cooperation will also be undertaken in this phase.

A. International Consultants

3. The team leader/international business environment specialist (6 person-months) will have extensive working knowledge of private/business sector development (particularly the regulatory policies), its policy framework, and applicable international experiences, and should demonstrate a good understanding of the history and development of the GMS business sector and the legal and regulatory system under which the enterprises operate, including promotion policies, legal reforms, and capacity-building measures. This consultant will be responsible for all outputs (including compiling all the required reports) from the RETA, will guide and coordinate all the other consultants, and will administer the consolidated equipment purchases. The tasks and responsibilities of the team leader/international business environment specialist will also include preparing reports on the following activities, to be carried out in consultation with private sector representatives and in coordination with other current GMS activities:

- (i) Following a review of the current literature, conduct a comprehensive mapping of the business environment based on surveys and the reforms suggested by the Business Forum and others.
- (ii) In consultation with the GMS governments and other relevant stakeholders, draft a detailed analysis of the current status (major issues and challenges) of the business environment and a vision for development.

- (iii) In consultation with the GMS governments and other relevant stakeholders, develop a set of monitoring indicators for the GMS business environment.
- (iv) In consultation with the relevant stakeholders, design and implement a comprehensive capacity-building/training program for the GMS governments and other relevant institutions, and develop a detailed work program for both the international and the domestic consultants.
- (v) Help ADB missions with related activities, and hold discussions and workshops with the relevant stakeholders to promote the effective implementation of the RETA.
- (vi) Hold workshops, conferences, and other events to inform stakeholders and raise public awareness of the GMS business environment and the necessary reforms in policies and regulations.

4. The international financial specialist (4 person-months) will have extensive working knowledge of the financial sector in the GMS countries, including the operating needs and legal framework, and demonstrate a good understanding of the history and development of the GMS region and the legal and regulatory system under which its enterprises operate. The tasks and responsibilities of the international financial specialist will include preparing reports on the following activities:

- (i) In consultation with the GMS governments and other relevant stakeholders, draft a detailed analysis of the current status (major issues and challenges) of the financial sector and related issues (taxation, investment incentives, etc.) and a vision for development.
- (ii) In consultation with the GMS governments and other relevant stakeholders, develop a set of monitoring indicators on the GMS business environment, particularly in relation to the topics identified in 4(i).
- (iii) In consultation with the relevant stakeholders, design and implement a comprehensive capacity-building/training program for the GMS governments and other relevant institutions, and develop a detailed work program for both the international and the domestic consultants.
- (iv) Help ADB missions with related activities, and hold discussions and workshops with the relevant stakeholders to promote the effective implementation of the RETA.
- (v) Hold workshops, conferences, and other events to inform stakeholders and raise public awareness of the GMS business environment and the necessary reforms in policies and regulations.

B. Domestic Consultants

5. The domestic business environment specialist(s) (6 person-months each for Cambodia, Lao People's Democratic Republic [Lao PDR], Thailand, and Viet Nam) will have a background in private/ business sector development, understand major issues facing the GMS region, have

experience working with international consultants and governments, and be proficient in English. They will provide inputs related to the business environment development framework, including the legal reforms pertaining to the business regulations, and will prepare analyses for inclusion in the reports prepared by the team leader. The tasks of the domestic business environment specialist(s) will be as follows:

- (i) Help the international team leader with all assigned tasks related to (a) analysis of the GMS business environment, (b) identification of required reforms, and (c) identification of monitoring indicators for the business environment.
- (ii) Under the guidance of the international team leader, collect and analyze the required information and data, and make these available in English and in an organized, readable form.
- (iii) Help implement the capacity-building programs designed by the international team leader.
- (iv) Arrange and organize discussions and workshops, and assist the international team leader in the preparation of materials, including the translation of documents and interpretation during the discussions and workshops.

6. The domestic financial specialist(s) (4 person-months each for Cambodia, Lao PDR, Thailand, and Viet Nam) will have a background in financial sector development, understand major issues facing the GMS region, have worked with international consultants and governments, and be proficient in English. They will provide inputs related to the business environment development framework, including the legal reforms pertaining to the financial sector regulations, and will prepare analyses for inclusion in the reports prepared by the team leader. The tasks of the domestic financial sector specialist(s) will be as follows:

- (i) Help the international team leader and the international financial sector specialist with their assigned tasks related to (a) analysis of the GMS financial sector (including issues like taxation and investment incentives), (b) identification of required reforms, and (c) identification of monitoring indicators for the business environment pertaining to the financial sector issues noted above.
- (ii) Under the guidance of the international team leader and the international financial sector specialist, collect and analyze the required information and data, and make these available in English and in an organized, readable form.
- (iii) Help implement the capacity-building programs designed by the international team leader and the international financial sector specialist.
- (iv) Arrange and organize discussions and workshops, and assist the international team leader in the preparation of materials, including the translation of documents and interpretation during the discussions and workshops.

7. The domestic training and administration coordinator (5 person-months), who will coordinate various activities (such as workshops, training programs, and regional conferences), must understand major issues facing the GMS region, have worked with international consultants and governments, and be proficient in English. This consultant will have the following tasks:

- (i) Help the international team leader and the international financial sector specialist with their assigned tasks related to the training and administration aspects of the RETA.
- (ii) Under the guidance of the international team leader, collect and analyze the required information and data, and make these available in English and in an organized, readable form.
- (iii) Help implement the capacity-building programs designed by the international team leader and the international financial sector specialist.
- (iv) Arrange and organize discussions and workshops, and assist the international team leader in the preparation of materials, including the translation of documents and interpretation during the discussions and workshops.

C. Output Delivery Schedule

8. The consulting team, led by the team leader, will produce four sets of reports, all conforming to the ADB format. The schedule assumes that the TA will begin in early January 2006.

- (i) The first report, due by early February 2006, will provide a comprehensive outline of the RETA based on the terms of reference and discussions with the GMS governments and ADB.
- (ii) The second report, due by early May 2006, will provide a detailed analysis of the GMS business environment and the needed reforms, based on comments from the governments and ADB on the first report.
- (iii) The third report, due by early July 2006, will include drafts of all the relevant monitoring indicators, as well as the preliminary results of capacity-building and information dissemination activities carried out in consultation with the stakeholders.
- (iv) The draft final report is due by October 2006, and will later be revised according to the comments from ADB and the governments.