

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
A. Contextual Risks			
Country's macroeconomic instability due to weak institutions and its large dependence on foreign direct investment and commodity exports	High	<p>ADB and other development partners in Viet Nam, including the World Bank and the International Monetary Fund, are holding regular meetings with the government to provide policy advice.</p> <p>The government is strengthening monetary policy, expanding the tax base, and strengthening public expenditure management with the assistance of development partners, including ADB.</p>	Medium
Resistance from entrenched cultural and political economy factors may slow overall market economy reforms and market competition	Medium	The program reduces this risk by limiting the policy triggers to a small number of high-priority, high-impact policy reforms with clear political will from the government.	Medium
External environment deteriorates, increasing stress on fiscal policy	Medium	The government is expanding the tax base and strengthening public expenditure management with the assistance of development partners, including ADB.	Low
B. Risks Specific to the Program			
The capacity of agencies to implement reforms may be constrained by resources and other emerging priorities	High	<p>The program ensures effective communication and strong coordination among implementing agencies and will provide TA resources to assist them as necessary</p> <p>Frequent policy dialogue, workshops, and group and stakeholder consultations will help develop ownership for the program and reforms it supports.</p>	Medium
Vested interests resist some of the reforms	Medium	<p>The program's strategic approach is to focus on supporting government initiatives.</p> <p>The program supports reforms in areas where there is political will and some measure of capacity.</p>	Low

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		The recent global financial crisis provides an opportunity to build consensus among stakeholders on difficult policy reform issues and accelerate structural reforms to strengthen SMEs' resilience going forward.	
Overall	Medium		Low

ADB = Asian Development Bank, SMEs = small and medium-sized enterprises, TA = technical assistance.

Source: Asian Development Bank.