

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p>1. <b>Weak institutional coordination</b> among government agencies may jeopardize the effective implementation of SME policies.</p>	Medium–High	<p>The SME Development Plan, 2011–2015 defines a clear role for the Council for Development of SMEs in its implementation, as well as the responsibilities of the major associated agencies, such as the MPI and MOF.</p> <p>The program's steering committee will continue to hold regular meetings to oversee implementation of the Post Program Partnership Framework and the associated TA.</p> <p>A number of dialogue platforms, including the Viet Nam Business Forum and the Development Partners SME working group, will continue to coordinate initiatives in support of SME development and make recommendations on policy reform.</p>
<p>2. <b>Low capacity of the EDA at the MPI for program implementation.</b> As the main government counterpart for programs in support of SME development, EDA's capacities are overstretched, slowing down the pace of implementation.</p>	Medium–High	<p>The associated TA supports the operations of EDA, including the development of databases for planning and policy formulation, the development of internet portal services, and others.</p> <p>Improved development partner coordination will be necessary, within the context of the SME Development Partner Working Group, to ensure reasonable workload demands on EDA staff.</p>
<p>3. <b>Slow pace of implementation of parallel reform initiatives such as SOE restructuring and financial sector reforms and on land law reforms</b></p>	High	<p>ADB is implementing policy based loans and TAs in assistance to the government reforms in the areas of SOE restructuring and financial sector reforms. Effective implementation of these initiatives can improve the competitiveness of the private sector and its access to credit from financial institutions. These reforms can help divert financial and human resources to employment-generating private ventures.</p>

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<b>4. Delays in the amendment of key pieces of legislation for private sector development.</b> Including the review and amendment of the Enterprise Law, 2005 and the Law on Competition, 2005.	Medium	<p>The associated TA includes support for preparation of the amended Enterprise Law; a first draft has already been prepared for discussion. The TA also includes assistance for preparation of the RIAs for the upcoming amended Law on Competition, based on the government's consolidated guidelines on RIAs.</p> <p>The joint development partner Economic Management Competitiveness Credit program loan, with ADB support, will provide continuity to the policy dialogue on key pending amendments to the Enterprise Law and the Law on Competition.</p>
<b>5. Global economic crisis may jeopardize SME development strategy,</b> which focuses on the integration of domestic companies into global production chains by multinational companies.	Medium–High	<p>A potential slump in exports caused by the downturn in consumption in Europe and its possible effects on other developed countries may jeopardize the prospects of Vietnamese SMEs as they try to link to global production chains. The program does not include any mitigating measures for these macroeconomic risks, but will continue to monitor with the government possible alternatives to cope with potential demand shocks.</p>
<b>6. Lack of skills and experience needed to run internationally competitive medium-sized and large firms</b>	Medium–Low	<p>An upcoming SME survey on entrepreneurship will inform ADB's vocational training programs and suggest future initiatives in the area.</p>
<b>Overall</b>	<b>Medium–High</b>	
ADB = Asian Development Bank; EDA = Enterprise Development Agency; MOF = Ministry of Finance; MPI = Ministry of Planning and Investment; RIA = regulatory and impact assessment; SME = small and medium enterprise; SOE = state-owned enterprise; TA = technical assistance.		