

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<b>Public Financial Management:</b> Key risks include: (i) weak oversight of aggregate fiscal risk, (ii) lack of budget comprehensiveness	Medium	ADB program policy actions include (i) improved fiscal transparency and discipline needed to balance government revenues and expenditures in a way that is consistent with a long-term budget constraint of the public sector; (ii) improved financial reporting of SOEs; and (iii) enhanced public investment management through improved public investment planning, prioritization of capital spending, and increased efficiency of projects.
<b>Procurement:</b> Key risks include: (i) conflict of interest provisions insufficiently detailed, (ii) lack of independent complaint or review mechanism, (iii) deliberate split packaging, and (iv) procurement malpractice still rife	Medium	ADB program policy actions include an Amended Law on Procurement, 2013, to strengthen transparency and competition in public procurement. ADB has provided substantial technical inputs on drafting of the amended law and secondary legislation related to its implementation.
<b>Corruption:</b> Key risks include: (i) lack of capacity or proper monitoring and oversight may constitute a vehicle for corruption, and (ii) lack of clarity on institutional mandates of agencies fighting corruption	High	ADB program policy action includes support for the implementation of the Amended Law on Anti-Corruption, 2012, including guidelines on increased transparency, income and asset declaration of public officials, and accountability of public agencies and officials.
<b>Macroeconomic instability.</b> Key risks include (i) low foreign exchange reserves, and (ii) uncertain contingent liabilities in banking and SOE sectors	Medium	ADB jointly conducts with the IMF and World Bank an annual debt sustainability assessment to monitor fiscal vulnerabilities.
<b>Government coordination.</b> Structural reform agenda cuts across the mandate of multiple government agencies. Reform progress, particularly for SOE restructuring, has been hampered by weak inter-ministerial coordination.	Medium	To strengthen government ownership and inter-ministerial coordination, EMCC adopts a governance arrangement whereby the overall strategic guidance comes from a ministerial level steering committee, chaired by the deputy prime minister.
<b>Political economy.</b> Strong political commitment is needed to drive the reform agenda, which can lead to short-term losses for important interest groups.	High	The senior leadership of Viet Nam, including the president and prime minister, has reiterated its commitment to the reform agenda at several high-level forums, such as the Viet Nam Development Partner Forum and the Viet Nam Business Forum.
<b>Implementation capacity:</b> Reform agenda is technically complex and it is important that adopted policies and institutions are consistent with implementation capacity.	Medium	EMCC partners are setting realistic targets for the restructuring agenda, and working with ministries and agencies to identify technical assistance needs for delivering program objectives.
<b>Overall</b>	<b>Medium/High</b>	

ADB = Asian Development Bank, EMCC = Economic Management and Competitiveness Credit, IMF = International Monetary Fund, SOE = state-owned enterprise.

Source: Asian Development Bank.