

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Regional and Local Coordination		
Border trade and regional tourism demands are adversely affected by delays in implementing CLV-DTA transport and trade agreements.	Medium	ADB will remain closely engaged with and actively support Viet Nam's participation in subregional economic cooperation and integration programs, particularly the Greater Mekong Subregion and CLV-DTA programs; help promote subregional transport; and facilitate trade.
Inability to effectively engage all stakeholders to reach agreements on strategies and priorities, and difficulty in mobilizing and retaining qualified and trained staff.	Medium	The project will train (i) provincial officials in better investment planning and project management in order to motivate them to more actively contribute to implementing the provincial development strategy and CLV-DTA program, and (ii) beneficiaries in business development and livelihood enhancement, especially inclusive tourism, which will help sustain engagement and build consensus.
Public Financial Management		
Budget planning is weak and poorly linked to performance, which can lead to suboptimal budget allocation decisions.	Medium	ADB will work to strengthen public financial management systems to acceptable levels through (i) policy dialogue, (ii) targeted public financial management interventions that are aligned with existing operations, and (iii) policy-based loans. ADB will also participate actively in the PFM working group of development partners.
Institutional arrangements and capacity are inadequate, the MOF's coordination is weak, and public financial management reforms at the provincial level are being implemented slowly.	Medium	The recent tightening of policies and measures on development financing—including the adoption or amendment of the Public Investment Law, State Budget Law, decree on ODA management, and partial or full onlending of ODA to provinces—will help strengthen local governments' commitment to fiscal restructuring and financial management reforms and ownership of their investment projects, including those funded by ODA. ADB will continue to work closely with the MOF and PPCs to improve central–local fiscal coordination and ODA management at the provincial level.
While decentralization may improve accountability, participation, and transparency, it could result in the suboptimal reallocation of functions to provincial and municipal governments if implemented too hastily.	Medium	The project will benefit from the tried and tested procedures and measures established under the ADB portfolio. The PAM clearly sets out the roles and responsibilities of the executing agency and implementing agencies, and describes the roles and responsibilities of senior staff in detail. For budget planning and disbursements, steering committees will be established at the VDTA to improve coordination and provide direction on policy. The improved capacity of executing

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		agencies to implement the VDTA master plan and transport and trade agreements will enable them to capture economic opportunities within the VDTA and the CLV-DTA more productively to enhance diversification and increase incomes. The executing agencies have given assurances as to the future operation and maintenance of the infrastructure.
Procurement		
The new procurement law must be fully complied with to improve transparency and efficiency, and fair treatment in procurement.	Medium	ADB will prepare national and sector-level procurement risk assessment and risk management plans to guide a risk-based approach to procurement in Viet Nam. ADB will increase its enforcement of ADB guidelines on conflicts of interest and facilitate procurement training for government agencies. ADB's OSFMD will facilitate information workshops for ADB staff on split packaging and its impacts. The VRM will review all procurement plans early on in project design. ADB will also undertake a dialogue with the PPA and relevant government agencies about establishing a fair and transparent sanction system, and exploring the use of policy-based loans.
Ineffective external checks on procurement decisions and actions by government agencies (e.g., state audit and government inspectorates) and non-governmental entities (e.g., media and civil society organizations)	Medium	At the project level, ADB will strongly encourage the PMUs to (i) engage accounting support to ensure, among other things, timely and rigorous reconciliations, orderly recordkeeping, and strict adherence to financial management policies and internal controls, and (ii) prepare and audit the year-end project accounts in an orderly and timely fashion.
Provincial institutional frameworks and capacity are weak.	Medium	The procurement plan in the PAM is designed to propose fewer and larger packages to reduce the number of transactions. Each PISC will have a dedicated national project procurement officer to support the provincial PMUs. ADB, through the VRM, will provide the implementing agencies with on-the-job procurement training.
Corruption		
Proper monitoring and oversight must be in place to avoid constituting a vehicle for corruption.	High	ADB will support 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.
The executing and implementing agencies'	High	Project implementation units funded by ADB will enhance their efforts to establish robust

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integrity, institutions, and capacity must be strengthened.		mechanisms to mitigate the risk of the manipulation of processes for personal gain. This will include efforts to encourage government agencies to institute regular internal audits, which will be complemented by ADB directly contracting external audits with international standard audit firms for all project-funded activities. ADB will support institutional capacity development, staffing, and resources of accountability institutions on an ongoing and continuous basis.
Project Management		
Weak capacity of PPCs and communes to operate and maintain the infrastructure and facilities supported under the project successfully and sustainably, due to budget constraints and difficulty mobilizing and retaining trained and qualified staff.	Medium	The project design includes ADB financing that specifically targets items that are easily measured and monitored (e.g., infrastructure and consulting services). The executing agency will be responsible for identifying key project staff and will allow ADB to review their qualifications, as outlined in the PAM. The government has committed to ensure that staff requirements for the project management structures are met. Project cost estimates include an allocation to recruit contractual staff if the government is unable to provide sufficiently qualified staff. The PISC will provide the necessary support where capacity gaps exist. ADB, through the VRM, will provide the implementing agency with on-the-job training.
Construction delays due to climate change impacts, such as unseasonable rainfall.	Medium	Civil works contractors and supervision consultants will be asked to minimize adverse environment and climate change impacts, such as seasonable and unseasonable rainfall and other weather conditions.
Overall	Medium	The project is medium risk as appropriate mitigation measures have been or will likely be in place before and during implementation.

ADB = Asian Development Bank, CLV = Cambodia–Laos–Viet Nam, DTA = Development Triangle Area, MOF = Ministry of Finance, ODA = official development assistance, OSFMD = Operations Services and Financial Management Department, PAM = project administration manual, PFM = public financial management, PISC = project implementation support consultant, PMU = project management unit, PPA = public procurement agency, PPC = provincial people’s committee, TA = technical assistance, VDTA = Viet Nam Development Triangle Area, VRM = Viet Nam Resident Mission.

Source: ADB.