

## INTEGRATED RISK ASSESSMENT AND MITIGATING MEASURES

1. The broad areas of risk summarized in the integrated risk assessment and mitigating measures matrix table below for the Senior High School Support Program (SHSSP) of the Asian Development Bank in the Philippines are the following:

- (i) **Results.** Risks in this category can impede the achievement of the program's intended results and development outcomes. They relate to the SHSSP's rationale and design, the government's commitment, the definition and selection of results and disbursement-linked indicators (DLIs), results measurement and verification mechanisms, monitoring and evaluation implementation capacity; and sustainability.
- (ii) **Expenditures and financing.** These risks are associated with the efficiency and effectiveness of the expenditure framework and the adequacy and sustainability of the program financing.
- (iii) **Fiduciary.** Fiduciary risks relate to financial management, procurement, and anticorruption systems as they pertain to the risk that program finances will not be used for the intended purposes.
- (iv) **Safeguards.** These risks are associated with the safeguard systems' ability to manage potential adverse environmental and social impacts of the SHSSP.
- (v) **Operating environment.** These risks relate to factors such as macroeconomic conditions, political issues, and fiscal conditions that might affect the SHSSP's implementation.

### Integrated Risk Matrix

Risks	Rating without the Mitigating Measures	Key Mitigating Measures
<b>Results</b> It may be difficult to recruit and retain the required numbers of SHS teachers, particularly in such specialized areas as mathematics, science, and technical-vocational subjects.	Substantial	Government has introduced more flexible rules on teacher licensing to allow graduates in subjects such as mathematics, science, and engineering to teach full or part-time in secondary schools without passing the licensure examination for teachers. New teachers will be trained to deliver the new curriculum. TVET teachers can either be certified by TESDA or teach part-time.
Inefficient placement and/or capacity of newly constructed SHSs could reduce quality and raise the cost of delivery, thus putting SHSSP outcomes at risk.	Substantial	DepEd completes 3-year, division-level rolling plans to gauge demand for SHS, and identify potential public and private SHS providers.
The regulatory framework for non-DepEd schools may discourage entry of new SHS providers.	Moderate	DepEd has promulgated a policy for establishing non-DepEd SHSs and will undertake a review of the regulatory framework for establishing and operating non-DepEd SHSs (DLI 5).
Management and operation of SHS voucher program, including development of learner information system.	Substantial	DepEd develops policy and institutional arrangements for voucher operation to be developed by DepEd (DLI 5). This support will be supplemented by technical assistance.
<b>Expenditure and financing</b> Weak country PFM system, especially regarding budget execution, accounting and	Substantial	DepEd to continue to support implementation of the PFM reform road map (2011–2016), especially the GIFMIS, reporting and

Risks	Rating without the Mitigating Measures	Key Mitigating Measures
reporting, and budget credibility.		performance management, and accounting and auditing reform projects. Support the 2014–2015 updated PEFA PFM assessment.
Absence of focal unit to oversee voucher program implementation	Moderate	Establishment and implementation of focal unit for voucher program is a disbursement-linked indicator in year 1.
Absence of division level plans, including availability of non-DepEd providers, to determine location of new DepEd SHSs	Substantial	Completion of division level plans as in the program action plan.
Government may provide insufficient financing for the SHS program.	Moderate	SHSSP is included in DepEd MTEP for 2014–2020. The MTEP includes both capital and recurrent costs.
<b>Fiduciary</b> DepEd's financial accountability framework insufficiently defined, insufficiently supported by skilled staff, and inadequately enforced.	Substantial	Implement the DepEd reorganization plan to support restructuring and governance and accountability improvements. Ensure that an adequate number of financial management positions are created, filled, and deployed, and that adequate staff are trained.
Decentralization, weak central oversight, and limited information from DBM could limit DepEd's ability to monitor consolidated fund releases and spending.	Substantial	Introduce UACS under PFM reform road map (2011–2016). DepEd continue phased introduction of GIFMIS under the PFM reform road map.
DepEd manual bookkeeping and accounting processes, combined with a weak and fragmented internal control environment.		Prepare time-bound action plan in 2015 to implement UACS and GIFMIS to support improved accounting. Enhance DepEd accounting through expanded NGAS implementation. Implement Philippine public sector accounting standards.
Efficacy of DepEd internal audit function limited by staff resources and methodology.	Substantial	DepEd will fill vacant internal audit positions. Strengthen internal audit function through implementation of the 2011 Philippine government internal audit manual, supported by a train-the-trainers program. Prepare and submit annual internal audit report to DepEd executive committee, beginning 2014.
Delayed consolidated financial reports. Weak FM and internal audit capacity due to insufficient numbers of FM positions at DepEd regional office, division office and school level, delayed filling of vacant FM positions and inadequate deployment of qualified and experienced internal audit staff.	Substantial	UACS and GIFMIS will support improved monitoring and reporting and enhanced accounting through the NGAS, as part of PFM reform road map. FM positions have already been created for the eligible schools, and a program for recruiting the staff has already been initiated. DepEd will also create additional FM positions for regional and division offices.
Lack of capacity in internal audit skills, planning, and motivation can lead to limited evaluation of effectiveness of financial controls.	High	Improvements to internal audit through additional IA staff and implementation of the 2011 Philippine government internal audit manual.

Risks	Rating without the Mitigating Measures	Key Mitigating Measures
Scope and quality of audit is satisfactory, and evidence exists of follow-up on audit recommendations, but legislative scrutiny is lacking.	Substantial	Strengthen external audit capability and practices as part of PFM reform road map. This will include the Commission on Audit's adoption of new Philippine public sector standards on auditing.
<b>Procurement</b> Procurement capacity at subnational levels requires strengthening.	Moderate	Provision of procurement training to BAC members and procurement staff at all DepEd levels, with focus on procurement planning and packaging strategies.
Weak procurement monitoring functions.	Moderate	Strengthen compliance with submission of APCPI reports and procurement monitoring reports (DLI 6).
Insufficient procurement staff and facilities.	Moderate	Increase procurement staff and facilities to meet growing workload.
<b>Safeguards</b> Uneven compliance with Philippine EIS system	Moderate	Secure ECC/CNC for subprojects.
Lack of environmental and social safeguards staff.	Moderate	Designate a safeguards unit with assigned safeguards focal person(s).
Vague institutional role for IR implementation and lack of capacity in addressing IR concerns.	Substantial	Focal persons appointed at DepEd/LGU level to address social safeguards issues.
<b>Operating environment</b> Delay in development of EBEIS and UIS.	Substantial	Technical assistance to develop management information systems is being provided through Australian Aid's BEST Program.
Timely preparation of integrated monitoring reports may be hindered by fragmentation of information system across units under DepEd.	Medium	DepEd reorganization plan addresses the coordination issue.
<b>Overall Program Risk</b>	Substantial	

APCPI = Agency Procurement Compliance and Performance Indicator, BEST = Basic Education Sector Transformation, COA = Commission on Audit, CNC = certificate of non-coverage, DepEd = Department of Education, DLI = disbursement-linked indicator, EBEIS = enhanced basic education information system, EIS = environmental impact statement, DBM = Department of Budget and Management, EA = executing agency, ECC = environmental compliance certificate, NGAS = new government accounting system, FM = financial management, GIFMIS = government integrated financial management information system, IR = involuntary resettlement, LGU = local government unit, M&E = monitoring and evaluation, MSS = minimum service standard, program action plan, MTEP = medium-term expenditure plan, PEFA = public expenditure and financial accountability, PAP = program action plan, PFM= public financial management, PPP = public-private partnership; SHS = senior high school, SHSSP = Senior High School Support Program, TA = technical assistance, TESDA = Technical Education and Skills Development Authority, TVET = technical and vocational education and training, UACS = unified accounts code structure, UIS = unified information system.

Note: The definitions of the ratings are as follows: low = low likelihood of occurring and low impact; moderate = substantial or high likelihood but low or moderate impact; substantial = low or moderate likelihood but substantial or high impact; high = high likelihood and high impact.

Source: Asian Development Bank.