



# Report and Recommendation of the President to the Board of Directors

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Project Number: 45089-002  
November 2014

## Proposed Results-Based Loan Republic of the Philippines: Senior High School Support Program

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 12 November 2014)

Currency unit	–	peso (₱)
₱1.00	–	\$0.0222777689
\$1.00	–	₱44.89

## ABBREVIATIONS

ADB	–	Asian Development Bank
DepEd	–	Department of Education
DLI	–	disbursement-linked indicator
EBEIS	–	enhanced basic education information system
GDP	–	gross domestic product
JHS	–	junior high school
M&E	–	monitoring and evaluation
MSM	–	minimum service standard
PAP	–	program action plan
PFM	–	public financial management
PPP	–	public–private partnership
RBL	–	results-based lending
SHS	–	senior high school
SHSSP	–	Senior High School Support Program
SY	–	school year
TVET	–	technical and vocational education and training
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars, unless otherwise stated.

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## RESULTS BASED PROGRAM AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 45089-002</b>	
<b>Project Name</b>	Senior High School Support Program	<b>Department /Division</b>	SERD/SEHS
<b>Country Borrower</b>	Philippines The Philippines	<b>Executing Agency</b>	Department of Education
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ <b>Education</b>	Secondary		300.00
		<b>Total</b>	<b>300.00</b>
<b>3. Strategic Agenda</b>		<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>		<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Institutional development	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Public financial governance		
Partnerships (PAR)	Knowledge sharing activities		
Private sector development (PSD)	Civil society organizations Implementation Private Sector Conducive policy and institutional environment		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Nation-wide	High
<b>6. Risk Categorization:</b>		Complex	
<b>7. Safeguard Categorization</b>		Environment: B Involuntary Resettlement: B Indigenous Peoples: B	
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>300.00</b>	
Sovereign Results Based Lending: Ordinary capital resources		300.00	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>4,110.00</b>	
Government		4,110.00	
<b>Total</b>		<b>4,410.00</b>	
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems		Yes	
Use of country public financial management systems		Yes	

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to the Republic of the Philippines for the Senior High School Support Program (SHSSP).<sup>1</sup>

2. The SHSSP will support the development during 2014–2015 of senior high school (SHS) in the Philippines and the implementation of the SHS program during 2016–2019. The addition of 2 years of high school to the basic education system is part of an overall kindergarten-to-grade-12 reform by the Department of Education (DepEd).<sup>2</sup> Among other things, the introduction of SHS aims to (i) provide basic education graduates with the skills necessary for entrepreneurship or formal sector employment, (ii) better prepare graduates who undertake further education or training, and (iii) spread the basic education curriculum content over 12 years rather than the previous 10 years. Introducing grades 11 and 12 will involve developing the SHS program (curriculum, instructional materials, and assessment tools); engaging and training SHS teachers; delivering schools and other educational infrastructure; and establishing an SHS voucher program that will help finance the tuition of students who attend private SHSs.<sup>3</sup> The infrastructure for some DepEd SHSs—i.e., the country’s public SHSs—may be delivered through a public–private partnership (PPP) modality.

## II. THE PROGRAM

### A. Strategic Context

3. The Philippines has experienced high economic growth since 2012, and increased government revenues have significantly improved the government’s fiscal position and debt profile. Gross domestic product (GDP) grew at an average of 7% in 2012 and 2013, making the Philippines one of the fastest-growing economies in Southeast Asia. Recent economic growth has not had much impact on the incidence of poverty, which is high and has not changed since 2006.<sup>4</sup> Unemployment among youth aged 18–24 is a persistent problem, and the youth unemployment rate in 2013 was more than twice the workforce average.<sup>5</sup> The Philippines’ education system is not well-suited to addressing these labor market issues, nor does it allow the country to take advantage of the demographic dividend its young labor force can provide.

4. Philippine education faces significant challenges, particularly at the secondary level. The secondary net enrollment rate of 64.6% in school year (SY) 2012/13 was low, particularly for boys (59.5%, compared with 70.0% for girls). The overall rate also masked significant disparities in access between regions, urban and rural populations, and income classes. On average, the country’s 18–24-year olds had only 8 years of schooling—7.9 years for males and 8.5 years for females.<sup>6</sup> The quality of education provided is diminished by large class sizes; a crowded basic education curriculum; insufficient teaching resources; and a lack of specialist teachers,

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<sup>1</sup> The design and monitoring framework is in Appendix 1.

<sup>2</sup> In the Philippines, basic education includes kindergarten, elementary school, and junior high school. Beginning in SY2016/17, it will also include senior high school.

<sup>3</sup> Includes private high schools and public and private postsecondary institutions.

<sup>4</sup> Philippine Statistics Authority. <http://www.nscb.gov.ph/poverty/> (accessed 6 September 2014).

<sup>5</sup> ADB computations based on data for youth 18–24 from Government of the Philippines. Philippine Statistics Authority. 2013. *Labor Force Survey April 2013*. Manila; and <http://www.census.gov.ph/content/employment-situation-april-2013-final-results> (accessed 6 September 2014).

<sup>6</sup> ADB estimates based on Philippine Statistics Authority. *Annual Poverty Indicators Survey, 2011*. <http://www.census.gov.ph/content/results-2011-annual-poverty-indicators-survey-apis> (accessed 9 September 2014).

particularly in mathematics and science. About 27.3% of DepEd junior high schools (JHSs) faced shortages of qualified mathematics teachers (79% faced shortages of qualified instructors in biology, chemistry, and physics). Learning outcomes are poor, according to 2013 national assessment results, with an overall mean percentage score of 51.4%. These scores are particularly weak in mathematics (46.8%) and science (41.4%).<sup>7</sup>

5. A major factor contributing to sector challenges has been chronic underfunding during a time when a growing school-age population has increased the demand for basic education. A compression of national government expenditures during 1999–2004 led to the contraction of government spending in most sectors, including basic education. This resulted in large shortages in such crucial education sector resources as teachers, classrooms, textbooks, school furniture, and water and sanitation facilities. Since 2006, DepEd spending has increased significantly. During 2006–2013, DepEd spending rose by an average of 12% annually in nominal terms, compared with a rate of just 4% during 1998–2005. Thus, after declining from a peak of 2.9% of GDP in 1997–1998 to a low of 1.9% of GDP in 2005, national government spending on basic education rose to 2.4% of GDP in 2013—the same as in 2003.

6. Education is the government's central strategy for achieving inclusive economic growth by investing in human capital development to reduce poverty and build national competitiveness. The government's Philippine Development Plan, 2011–2016 sets out broad strategies to achieve inclusive growth, including the provision of quality basic education. With the passage of the Enhanced Basic Education Act of 2013, the government expanded the basic education system from 10 years to 1 year of kindergarten, 6 years of elementary school, 4 years of JHS, and 2 years of SHS. The universalization of kindergarten and revisions to the grades 1–6 curriculum are expected to improve the internal efficiency, quality, and inclusiveness of elementary education. The addition of SHS, alongside reforms to the grades 7–10 curriculum, is intended to bring the Philippines' basic education system more into line with international standards and make SHS graduates more competitive domestically and globally. Beginning in SY2016/17, SHS (grades 11 and 12) will offer a core curriculum and specializations in four tracks: (i) academic, (ii) technical-vocational and livelihood, (iii) sports, and (iv) arts and design.

## **B. Program Rationale**

7. The SHSSP will build on the government's recent efforts and the pioneering engagement of the Asian Development Bank (ADB) in secondary education in the Philippines. The program is aligned with the Philippine Development Plan, 2011–2016 and the government's basic education sector reform agenda. It is also in line with ADB's country partnership strategy for the Philippines for 2011–2016, which includes education as a focus area, and with its Philippines country operations business plan, 2014–2016.<sup>8</sup> The SHSSP reflects lessons learned from ADB's previous operations in the Philippines. It incorporates findings of a 2008 country assistance program evaluation by ADB's Independent Evaluation Department that cited a need to expand the use of sector-wide and programmatic approaches in the country.<sup>9</sup> The SHSSP complements support ADB is providing to improve the functioning of the labor market in the Philippines, including assistance to review selected elements of the labor code and regulations and to pilot the JobStart Philippines program focusing on youth employment.<sup>10</sup>

<sup>7</sup> Government of Australia. 2012. *Analysis of Basic Education in the Philippines for K to 12*. Manila.

<sup>8</sup> ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila; ADB. 2013. *Country Operations Business Plan: Philippines, 2014–2016*. Manila.

<sup>9</sup> ADB. 2008. *Country Assistance Program Evaluation: Philippines*. Manila.

<sup>10</sup> ADB. 2013. *Employment Facilitation for Inclusive Growth*. Manila.

8. The use of ADB's results-based lending (RBL) for programs modality is proposed for the SHSSP due to strong government ownership of the SHS program and its commitment to results-based planning, budgeting, and management. RBL provides a flexible mechanism for supporting the wide range of interventions required to establish and implement SHS as a sustainable system-wide reform. The SHSSP's accountability framework provides incentives for the government to achieve sector outcomes and outputs that strengthen its systems and institutional capacity. Preparing the RBL has enhanced ADB's policy dialogue with the government and education sector stakeholders. Due diligence assessments provide a reasonable assurance of effective achievement of results through RBL from measures to strengthen government program systems.

9. In designing the SHSSP, ADB has applied lessons it has learned from implementing RBL in other programs. These include the need to have a small number of essential disbursement-linked indicators (DLIs), a strong focal unit dedicated to the RBL implementation, the provision of technical assistance (TA) to strengthen government systems, and disbursement protocols that are not ambiguous. ADB will continue to add value by helping DepEd access knowledge, expertise, and international experience on the further development and implementation of the SHS voucher program; promoting ongoing dialogue among DepEd, the technical and vocational education and training (TVET) sector, and the higher education sector; and further evaluate the use of PPPs for the delivery of education infrastructure. These steps will stimulate private sector participation in SHS, alongside the planned participation of nongovernment organization networks in SHS program monitoring (e.g., of school construction) and in its implementation (e.g., by identifying opportunities for on-the-job learning in the community). At least initially, the Fund for Assistance to Private Education, a nongovernment organization, will operate the voucher program on behalf of DepEd.

### C. Program Scope

10. The SHSSP will support the nationwide establishment and implementation of SHS during 2014–2019 within the context of the government's wider SHS program. The SHSSP supports a subset of the SHS program, with a focus on mathematics, science, and technical-vocational and livelihood education; school infrastructure; the SHS voucher program; and systems strengthening. The government SHS program scope and the SHSSP scope are in Table 1.

**Table 1: Program Scope**

<b>Item</b>	<b>Broader Government Program</b>	<b>Results-Based Lending Program</b>
<b>Outcome</b>	Improved basic education system; graduates prepared for employment or further education and training	Effective SHS system established and implemented
<b>Key outputs</b>	SHS program, schools and other educational facilities, basic education sector leadership, teacher engagement and training, basic education sector management and administration	SHS program in mathematics, science and technical-vocational and livelihood; MSS for school facilities in DepEd SHSs; PPPs for school infrastructure; SHS voucher program; fiduciary and safeguards systems
<b>Activity types</b>	(i) Curriculum, learning materials, and assessment tools developed; (ii) teachers engaged and trained; (iii) educational facilities delivered; (iv) PPPs used to finance student enrollments; and (v) strengthened sector management	(i) Science, mathematics and TVL curriculum developed; (ii) educational facilities delivered; (iii) assessment of PPP modality for school facilities; (iv) voucher program established; and (v) procurement system strengthened

<b>Program expenditure</b>	\$4,410 million	\$300 million
<b>Geographic coverage</b>	Nationwide	Nationwide
<b>Implementation Period</b>	2014–2019	2014–2019

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MSS = minimum service standard, PPP = public–private partnership, SHS = senior high school.  
Source: Asian Development Bank.

## D. Program Results

11. The impact of the SHSSP will be enhanced employment of SHS graduates and those with some SHS. The outcome will be an effective SHS system established and implemented. Some of the program outcome indicators have been developed into DLIs. DLIs and the SHSSP program action plan (PAP) actions are grouped into four results areas:

- (i) **Results area 1: Quality of Department of Education senior high school program improved.** The SHSSP will support the development and implementation of the core SHS curriculum and electives in four tracks, including the formulation of content, learning outcomes, instructional materials, and national assessment tools. It will also support the engagement and training of 84,000 teachers to allow the DepEd to achieve its minimum service standard (MSS) for the number of qualified mathematics and science teachers per student in DepEd SHSs (DLI 1, PAP 1.1–1.2, 1.4, 4.2, and 4.5). It will also support the integration of TVET at the SHS level (DLI 2, PAP 1.1, 1.3–1.6, 3.2, 4.2, and 4.5).
- (ii) **Results area 2: Minimum service standard for school facilities in Department of Education senior high schools achieved.** The SHSSP will support the delivery of schools and classrooms required to accommodate students at the SHS level. About 40,000 classrooms are expected to be needed over the SHSSP period. DepEd is preparing local school division-level plans to identify potential SHS providers (both DepEd and non-DepEd) and DepEd school locations. Delivery of these schools and classrooms will help ensure that the DepEd achieves its MSS for the student–classroom ratio, which is set at 40 students per classroom at the SHS level (DLI 3, PAP 2.1–2.4). The result area also covers an assessment of the feasibility of delivering a portion of schools using a PPP modality (DLI 4, PAP 2.1–2.2, and 2.4).
- (iii) **Results area 3: Senior high school voucher program developed and implemented.** The government currently provides tuition fee subsidies to some JHS students attending non-DepEd schools. The SHSSP will support the extension of government assistance, through a voucher program, to graduates of DepEd JHSs and some graduates of non-DepEd JHSs to help them attend non-DepEd SHSs (DLI 5, PAP 3.1–3.6). The voucher amount will be set at about the cost per student of public provision and will partly or fully offset tuition costs for these students. The voucher program will provide assistance to about 800,000 SHS students each year. It will be managed, at least initially, by the not-for-profit organization that manages DepEd financial support programs at the JHS level.
- (iv) **Results area 4: Basic education management, fiduciary, and safeguards systems strengthened.** In this area, the SHSSP will support the strengthening of financial management, procurement, and other systems at the DepEd school, region, division, and central levels to ensure that they meet government performance targets. In particular, it will strengthen oversight and implementation



of the SHS voucher program and supplement ongoing initiatives to improve DepEd monitoring and evaluation functions currently being supported by Australian Aid (DLI 6, PAP 4.2–4.16).

12. The SHSSP will cover both the 2014–2015 preparation phase of the government’s SHS program and the implementation phase during 2016–2019. The DLI matrix for the preparation phase includes outputs and high-level outputs linked to outcomes to be achieved in the implementation phase. The RBL will finance several significant reforms as prior results. These include the issuance of the SHS curriculum, availability of an MSS for the student–classroom ratio in DepEd SHS, prefeasibility study on the use of PPPs for educational infrastructure, announcement of the SHS voucher policy brief, and issuance of a policy for establishing non-DepEd SHSs. Achieving these results is essential for successful implementation of the SHS program. The largest DLI allocations are for DLI 1 and DLI 5. Competency in mathematics and science (DLI 1) is essential for high school graduates in the 21st century, while the voucher program (DLI 5) will diversify SHS supply and enable DepEd JHS graduates to enroll in DepEd or non-DepEd SHSs. Disbursement allocation is summarized in Table 2.

**Table 2: Disbursement-Linked Indicators**

<b>Indicator</b>	<b>Disbursement Allocated</b> (\$ million)	<b>Share of Total ADB Financing</b> (%)
<b>Outcome</b>		
DLI 1 Learning outcomes in DepEd SHS mathematics and science subjects improved	80.00	26.67
DLI 2 Learning outcomes in DepEd SHS TVL subjects improved	40.00	13.33
<b>Outputs</b>		
DLI 3 MSS for student–classroom ratio in DepEd SHSs achieved	46.20	15.42
DLI 4 Use of PPP modality considered for a portion of SHS infrastructure delivery	10.00	3.33
DLI 5 DepEd targets for SHS enrollments in non-DepEd schools achieved	113.80	37.92
DLI 6 Performance targets in procurement monitoring achieved	10.00	3.33
<b>Total</b>	<b>300.00</b>	<b>100.00</b>

ADB = Asian Development Bank, DepEd = Department of Education, DLI = disbursement-linked indicator, MSS = minimum service standard, PPP = public–private partnership, SHS = senior high school, TVL = technical-vocational and livelihood.

Source: Asian Development Bank.

13. The primary beneficiaries of the program will be the approximately 5.9 million expected new entrants to DepEd SHSs (3.6 million students) and non-DepEd SHSs (i.e., the country’s private SHSs) [2.3 million students] during June 2016–April 2019 who will benefit from the new SHS program. All of the 3.6 million students in DepEd SHSs will also benefit from new SHS infrastructure, while 1.5 million students in non-DepEd SHSs will benefit from the SHS voucher program. During its first 3 years of implementation (SY2016/17–SY2018/19), about 2.6 million DepEd and non-DepEd SHS students will graduate from the new 12-year basic education program and be better prepared for employment or further education and training. Employers, tertiary education institutions, and TVET institutes will benefit from high school graduates who are better qualified for the world of work or postsecondary education and training.

## E. Expenditure Framework and Financing Plan

14. **Program expenditures.** The projected expenditure during 2014 to 2019 for the government's overall SHS program is \$4,410 million (Table 3).

**Table 3: Summary of Program Expenditure Framework, 2014–2019**

Item	Amount (\$ million)	Share of Total (%)
1. SHS teachers	1,283	29.1
2. Textbooks	39	0.9
3. SHS vouchers	1,522	34.5
4. School MOOE	138	3.1
5. Classrooms	1,024	23.2
6. Other capital investments	391	8.9
7. All other items	13	0.3
<b>Total</b>	<b>4,410</b>	<b>100.0</b>

MOOE = maintenance and other operating expenses, SHS = senior high school.

Note: Figures are in nominal prices.

Source: Asian Development Bank.

15. **Program financing.** The government will finance \$4,110 million (93.2%) of the \$4,410 million cost of implementing the SHS program over the 2014–2019 period. The government has requested a loan of \$300 million (6.8% of the total SHS program cost) from ADB's ordinary capital resources to help finance the RBL program. The loan terms and conditions are in para. 28. The financing plan is in Table 4.

**Table 4: Program Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Government	4,110.0	93.2
Development partners		
Asian Development Bank		
Ordinary capital resources	300.0	6.8
<b>Total</b>	<b>4,410.0</b>	<b>100.0</b>

Source: Asian Development Bank.

16. **Disbursement arrangements.** Financing under the ADB loan will be disbursed over 5 years, subject to the achievement and verification of the agreed annual DLIs (Appendix 3). The government will ensure that the total program expenditures are equal to, or exceed, the total amount of the loan withdrawn. Prior to submitting the first application to ADB for withdrawal from the loan account, the borrower will nominate an account at Bangko Sentral ng Pilipinas into which all loan account withdrawals will be deposited. Advance financing is allowed to address financing requirements. The government will refund any advance financing amount outstanding if DLIs are not achieved.<sup>11</sup> Financing of prior results achieved either in (i) July 2014, or (ii) not more than 12 months before loan signing will be allowed to support the government in initiating actions required to achieve year 1 DLIs. Prior to the disbursement of loan proceeds, DepEd will submit a withdrawal application, along with evidence verifying achievement of the DLIs in accordance with the verification protocol. Partial disbursements are allowed for DLIs 1, 2, 3, 5, and 6. Disbursements are allowed for early or late achievement of DLIs.

<sup>11</sup> Ceilings are 25% for advance financing and 20% for financing for prior results. The combined ceiling is 30%.

## **F. Capacity Development and Program Action Plan**

17. Capacity development activities are included in the PAP.<sup>12</sup> They will support results through strengthening of DepEd's overall fiduciary, social and environmental, and sector management systems; as well as capacity development in such program areas as SHS student tracking, voucher operation, and development and administration of national assessment tools. The SHSSP has no TA component, but ADB is processing a separate TA project for approval in 2015. The TA will focus on implementation of the voucher program and monitoring achievement of program DLIs. ADB will work with Australian Aid to align the support provided by the A\$150 million Basic Education Sector Transformation Program (2013–2019) to the capacity development needs of the SHSSP. This project has been designed to be flexible, and its work program will be determined annually.<sup>13</sup>

## **G. Implementation Arrangements**

18. The SHSSP will be implemented from December 2014 to December 2019. The DepEd will be the executing agency and will implement this program through its head office, regional offices, and divisions. A program steering committee will oversee the SHSSP's implementation. It will set policy guidelines and strategic directions for the program, be headed by the DepEd secretary, and include the DepEd's executive committee. A focal unit will be established in the DepEd's project management services unit to monitor and report on progress in attaining DLIs.

# **III. SUMMARY OF ASSESSMENTS**

## **A. Program Technical Assessments**

19. Several assessments conducted by the government, other development partners, and ADB have concluded that the basic education system in the Philippines needed to (i) improve quality and relevance; (ii) increase private sector engagement; (iii) invest in qualified teachers, particularly in mathematics and science; (iv) integrate skills training into basic education; (v) strengthen the basic education management system; and (vi) streamline institutional arrangements. These conclusions underpin the results areas, key actions, and sector performance indicators of the SHSSP and the government's SHS program. DLI 6 aims to strengthen DepEd procurement monitoring, a critical issue given the DepEd's decentralized structure. The SHSSP design and implementation arrangements are sound. The results framework is well-designed. The DLIs have been carefully selected, prioritized, and sequenced to ensure that the government achieves reform results in the most crucial areas.

20. The education system in the Philippines is inequitable. National averages mask wide disparities in education outcomes. Enrollment rates vary widely across income quintiles. In 2011, the secondary school net enrollment ratio for the poorest quintile was 35.9 percentage points below that of the richest quintile. The proportion of individuals from nonpoor households who complete at least 11 years of schooling was 47%, versus 11.2% for those from poor households.<sup>14</sup> Girls do better than boys across many basic education indicators, including net enrollment and completion. They also make up a larger proportion of enrollments and have

<sup>12</sup> Program Action Plan (accessible from the list of linked documents in Appendix 2).

<sup>13</sup> Government of Australia. 2014. *Basic Education Sector Transformation Program*. Canberra.

<sup>14</sup> Philippine Statistics Authority. 2011. *The 2011 Annual Poverty Indicators Survey*. Manila.

higher retention rates in higher education.<sup>15</sup> However, women have a lower labor force participation rate and higher unemployment rate than men. Gender segregation by occupation and class of worker is also significant, and women tend to work mainly in informal industries and suffer the majority of gender-related discrimination.<sup>16</sup> DLIs 1 and 2 include gender outcome targets. The PAP also includes gender actions (PAP 1.4, 1.6, 2.3, and 3.4–3.5). The SHSSP is categorized as effective gender mainstreaming.

21. The SHSSP will increase the employability of secondary school graduates, help provide them with more jobs in the formal sector, and reduce the time it takes for them to find a job. By supporting the addition of 2 years of SHS to the basic education system, it will save many students from paying for tertiary education to gain some of the skills required to succeed in the labor market. To compute the incremental benefits and costs of adding SHS to the basic education program, a study was undertaken that calculated (i) a discount rate that compares the net benefit stream of JHS graduates who continue to SHS and beyond with those who do not, (ii) the DepEd cost of providing the academic and technical-vocational and livelihood tracks, and (iii) household spending on education.<sup>17</sup> Assuming SHS graduates enjoy a 10 percentage point increase in productivity and retention, the social rate of return on SHS is 12.5%. Varying the wage premium affects the return on investment more than other variables do, implying that increasing educational attainment and skills leads to a higher return on investment.

## B. Program Systems Assessments

22. **Monitoring and evaluation system.** A monitoring and evaluation (M&E) systems assessment was undertaken, and it noted that Australian Aid is providing support to upgrade and integrate DepEd's M&E systems.<sup>18</sup> The assessment found that this upgraded M&E system could generate most of the information needed to monitor the SHSSP, but that some changes are required to (i) incorporate more information on teachers into the enhanced basic education information system, (ii) link the learner information system to the enhanced basic education information system to allow monitoring of the voucher program, (iii) track implementation of SHS infrastructure development, and (iv) revise national assessments to fit the new curriculum. In addition, the SHSSP will require (i) an assessment and impact evaluation of the voucher program, (ii) access to the annual agency procurement compliance and performance indicator report, and (iii) a means of assessing compliance with loan covenants and progress on program actions. The DepEd focal unit will collect information, oversee assessments, and prepare program reports. Most of the data for DLI verification are routinely collected by the government.

23. **Fiduciary systems.** The program will use country fiduciary systems—i.e., the Philippines' public financial management (PFM), procurement, and anticorruption systems. These systems were assessed to determine the degree to which they will be able to manage fiduciary risks and provide assurance that RBL program funds will be used for the intended purposes, with due consideration for economy and efficiency.<sup>19</sup> The PFM assessment focused on country-level and DepEd systems. It found that improvements are needed—particularly in

<sup>15</sup> Philippine Commission on Women. Statistics on Filipino Women and Men's Education. <http://pcw.gov.ph/statistics/201405/statistics-filipino-women-and-mens-education>.

<sup>16</sup> World Bank. 2011. *Making Everyone Count*. Washington, DC.

<sup>17</sup> Age-income and age-employment data equations were estimated using data from Philippine Statistics Authority. 2011. *The 2011 Annual Poverty Indicators Survey*. Manila.

<sup>18</sup> Program Monitoring and Evaluation System Assessment (accessible from the list of linked documents in Appendix 2).

<sup>19</sup> Program Fiduciary Systems Assessment (accessible from the list of linked documents in Appendix 2).

planning and budgeting, accounting, and internal control—and it rated the pre-mitigation PFM risk substantial.<sup>20</sup> However, this level of risk is considered acceptable given (i) a comprehensive PFM reform program is in place and shows evidence of positive impacts, and (ii) the government’s commitments under the PAP to address financial management weaknesses. The PAP contains actions to strengthen financial management systems.

24. A procurement assessment was carried out for the SHSSP covering the procurement (i) profile; (ii) regulations, rules, and procedures; (iii) organizational arrangements and capacity; and (iv) system performance. The SHSSP will rely on country systems and exclude high-value contracts, in accordance with ADB’s RBL policy.<sup>21</sup> The assessment concluded that the Philippines has a functional public procurement system that follows a comprehensive national procurement act that is largely in line with good procurement practice. Due diligence identified the following weaknesses: (i) a lack of suitably trained procurement staff and associated facilities, (ii) weak procurement planning and compliance monitoring, and (iii) inadequate monitoring and tracking of contractual performance. Mitigating measures to manage procurement risks have been identified and included in the PAP. The Guidelines to Prevent or Mitigate Fraud, Corruption, and Other Prohibited Activities in Results-Based Lending for Programs were explained to and discussed with the government (footnote 21). DLI 6 and the PAP contain actions to strengthen procurement monitoring.

25. **Safeguard systems.** A program safeguard systems assessment of the DepEd was undertaken and confirmed a safeguard categorization for the SHSSP of B for environment, involuntary resettlement, and indigenous peoples.<sup>22</sup> Activities in results area 2 may have environmental, involuntary resettlement, and indigenous peoples impacts, while those in results area 1 may have indigenous peoples impacts. A common issue across all three safeguard areas is the fact that, although DepEd does not plan to build SHSs on land it does not own, school locations are yet to be determined. Good practices include (i) DepEd’s inclusion of environmental issues in its education facilities manual; (ii) DepEd’s preparation of resettlement plans for development partner-funded projects, and consultation with affected communities; and (iii) strong laws on the rights of indigenous peoples that exceed the requirements of ADB’s Safeguard Policy Statement (2009) in some respects. Gaps identified by the assessment include (i) the medium and timing of disclosure of environmental impact reports; (ii) the timing and levels of compensation to affected persons from involuntary resettlement, and the procedure for negotiated settlements; and (iii) the lack of a requirement to prepare an indigenous peoples plan. Human resource and institutional capacity gaps were also identified in all three safeguard areas. Actions to address safeguard system gaps are included in the PAP.

### C. Integrated Risk Assessment and Mitigating Measures

26. Major risks and mitigating measures are summarized in Table 5. The overall benefits and impacts are expected to outweigh the risks and costs.

**Table 5: Summary of Integrated Risk Assessment and Mitigating Measures**

<b>Risks</b>	<b>Ratings</b>	<b>Key Mitigating Measures</b>
<b>Results.</b> Difficulty in recruiting and retaining required number of SHS	Substantial	The government has revised rules on teacher licensing to allow graduates in

<sup>20</sup> The risk scale ratings were low, moderate, substantial, or high.

<sup>21</sup> ADB. 2013. *Piloting Results-Based Lending for Programs*. Manila.

<sup>22</sup> Program Safeguard Systems Assessment (accessible from the list of linked documents in Appendix 2).

<b>Risks</b>	<b>Ratings</b>	<b>Key Mitigating Measures</b>
teachers, particularly in specialized areas such as mathematics, science, and technical-vocational subjects		subjects such as mathematics, science, and engineering to teach in secondary schools without passing the licensure examination for teachers. New teachers will be trained to deliver the new curriculum.
Inefficient placement and/or capacity of newly constructed SHSs would reduce quality and raise the cost of delivery, thus putting SHS program outcomes at risk	Substantial	Establish and implement a school mapping system and ensure schools are constructed based on minimum service standard used in the medium-term expenditure plan.
<b>Expenditures and financing.</b> Absence of a focal unit to oversee voucher program	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 DepEd division level plans as in the program action plan.
<b>Fiduciary.</b> Existing financial management systems and capacity are weak	Substantial	ADB will continue to work with other development partners to provide ongoing support for the government's comprehensive PFM reform program. DepEd will recruit and train additional financial management staff, including internal auditors.
<b>Operating environment.</b> Inadequate voucher operations system would compromise the SHS voucher program outcomes	Substantial	High-quality technical assistance in the design of the voucher management and operations system is being processed and will reduce this risk.
<b>Overall RBL program risk</b>	Substantial	

DepEd = Department of Education, PFM = public financial management, SHS = senior high school.  
Source: Asian Development Bank.

#### IV. ASSURANCES

27. The government has agreed with ADB on certain covenants for the RBL program, which are set forth in the loan agreement.

#### V. RECOMMENDATION

28. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of \$300,000,000 to the Republic of the Philippines for the Senior High School Support Program, from ADB's ordinary capital resources, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; for a term of 20 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Takehiko Nakao  
President

24 November 2014

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Employment of SHS graduates and those with some SHS enhanced</p>	<p>By 2024:</p> <p>Unemployment rate for 18–24-year-old high school graduates reduced from 17.9% (Q1 2013) to 14%, and from 14.4% (Q1 2013) to 12% for those with some high school</p> <p>Average daily basic pay of high school graduates aged 18–24 increases from ₱219 (Q1 2013) to ₱456, and from ₱194 (Q1 2013) to ₱325 for those with some high school</p>	<p>Quarterly labor force survey</p> <p>Annual poverty indicators survey</p>	<p><b>Risk</b></p> <p>Continued economic growth fails to deliver improved employment outcomes.</p>
<p><b>Outcome</b></p> <p>Effective SHS system established and implemented</p>	<p>Learning outcomes in mathematics and science, as measured by MPS on national achievement test, improve from 46.8% (2013) to 50% in mathematics (MPS of at least 45% for males and for females) and from 41.3% (2013) to 45% in science (MPS of at least 40% for males and for females), by 2019 (DLI)</p> <p>Technical and vocational skills certification rate reaches at least 50% (at least 45% for males and 50% for females), by 2019 (DLI)</p> <p>Cohort survival rate for secondary level (for grades 7–12) improves from 78.8% (for grades 7–10) in 2010 to 90% (for grades 7–12), by 2019 (90% for girls and 89% for boys)</p> <p>Proportion of SHS students in non-DepEd SHSs increases from zero (2014) to 40%, by 2019 (DLI)</p>	<p>EBEIS</p> <p>EBEIS</p> <p>EBEIS</p> <p>EBEIS</p>	<p><b>Assumption</b></p> <p>Political commitment to K to 12 program is maintained.</p>
<p><b>Outputs</b></p> <p>1. Quality of DepEd SHS program improved</p>	<p>Approved SHS curriculum implemented in all SHSs by 2016</p> <p>At least 85% of DepEd SHSs have sufficient numbers of qualified mathematics teachers, and 50% of DepEd SHSs have sufficient numbers of qualified science teachers, as specified in DepEd teacher–student ratio MSS by 2019 (2012 baseline: 73% for mathematics and 21% for science)</p> <p>Standardized and validated learning assessment framework for SHSs, including mathematics and science subjects, introduced by 2018 (2014 baseline: No SHS assessment framework)</p> <p>TVL courses offered in at least four skill areas by 2017 (2014 baseline: No TVL track)</p> <p>5.9 million students in DepEd and non-DepEd SHSs educated or trained under SHS program by 2019 (2014 baseline: None)</p>	<p>DepEd order on SHS curriculum</p> <p>EBEIS</p> <p>Assessment framework promulgated</p> <p>Curriculum documents</p> <p>EBEIS</p>	<p><b>Assumption</b></p> <p>Government support for K to 12 reform program continues.</p> <p><b>Risks</b></p> <p>The pool of qualified applicants for SHS mathematics and science teachers is inadequate.</p> <p>DepEd lacks commitment to introduce revised assessment framework.</p> <p>The private sector shows insufficient interest in delivering TVL programs.</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>84,000 SHS teachers receive training under SHS program by 2019 (2014 baseline: None)</p> <p>At least 75% of DepEd SHSs have career counsellors or advocates (50% female) by 2019 (2014 baseline: None)</p>	<p>EBEIS</p> <p>EBEIS</p>	<p>The pool of qualified applicants for counsellor or advocate positions is inadequate.</p>
<p>2. Minimum service standard for school facilities in DepEd SHSs achieved</p>	<p>At least 75% of DepEd SHSs have adequate physical facilities to meet minimum service standard student–classroom ratio by 2019 (2014 baseline: No SHSs exist) (DLI)</p> <p>Prefeasibility study on use of PPP modality for SHS infrastructure delivery reviewed and submitted by DepEd to PPP Center of the Philippines as a concept note for the PDMF by Q4 2014 (DLI)</p> <p>Feasibility study, financed by the PDMF, for use of PPP modality for SHS infrastructure delivery completed and submitted to the PPP Center of the Philippines by Q3 2015 (DLI)</p> <p>100% of SHSs have separate male and female toilets (SY2010/11 baseline: 48.4% of toilets at JHS level were shared by boys and girls)</p> <p>3.6 million students in DepEd SHSs benefit from improved physical learning environments by 2019</p>	<p>EBEIS</p> <p>Transmittal letter from DepEd to PPP Center of the Philippines</p> <p>Feasibility study completed</p> <p>Approved design plan includes gendered design elements</p> <p>EBEIS</p>	<p><b>Assumptions</b> DBM allocates sufficient funds for school construction.</p> <p>The private sector is sufficiently interested in delivering school infrastructure through the PPP modality.</p> <p><b>Risks</b> Demand for DepEd SHSs is greater than expected.</p> <p>The government's commitment to the PPP procurement modality declines.</p>
<p>3. SHS voucher program developed and implemented</p>	<p>SHS voucher policy brief announced by Q4 2014</p> <p>DepEd policy for establishing and operating non-DepEd SHS promulgated by Q4 2014</p> <p>Institutional arrangements for SHS voucher operation and administration defined and initiated by 2015</p> <p>Learner information system with capacity to track placement of individual SHS students in place by 2016</p> <p>SHS voucher monitoring system collects sex-disaggregated data by 2016</p> <p>1.5 million students receive SHS vouchers by 2019</p>	<p>DepEd policy announced</p> <p>DepEd policy promulgated</p> <p>Voucher manual prepared</p> <p>M&amp;E reporting</p> <p>Voucher M&amp;E system</p> <p>Voucher M&amp;E system</p>	<p><b>Assumptions</b> A sufficient number of non-DepEd schools participate in the voucher program.</p> <p>Appropriations for the voucher program are adequate.</p> <p><b>Risk</b> Demand for non-DepEd SHS is too low.</p>
<p>4. Basic education management, fiduciary, and safeguards systems strengthened</p>	<p>Proportion of DepEd divisions and regions submitting on time agency procurement compliance and performance indicator report is at least 35% by 2018 (DLI)</p> <p>M&amp;E system collects and publishes sex-disaggregated data by 2016</p>	<p>DepEd central office</p> <p>EBEIS</p>	<p><b>Assumption</b> Changes are made to streamline procurement within DepEd.</p>



Key Program Actions	Financing
<p><b>1. Results area 1: Quality of DepEd senior high school program improved</b></p> <p>1.1 Grade 12 exit assessment tool for learning outcomes developed and implemented</p> <p>1.2 Sex-disaggregated EBEIS data collection on teacher specializations, including mathematics and science, institutionalized</p> <p><b>2. Results area 2: Minimum service standard for school facilities in DepEd senior high schools achieved</b></p> <p>2.1 Division-level rolling 3-year plans for SHS provision, including facilities and teachers, formulated and implemented in phases</p> <p>2.2 Physical facilities database developed and integrated into EBEIS</p> <p>2.3 MSS for provision of male and female toilets in DepEd SHSs developed and implemented</p> <p><b>3. Results area 3: Senior high school voucher program developed and implemented</b></p> <p>3.1 Unique learner identification integrated with EBEIS and used to track SHS enrollments in DepEd and non-DepEd schools</p> <p>3.2 Review of regulatory framework for establishing and operating non-DepEd SHSs undertaken</p> <p>3.3 Sex-disaggregated independent assessment of voucher program operations conducted</p> <p>3.4 Rigorous impact evaluation of voucher program conducted</p> <p><b>4. Results area 4: Basic education management, fiduciary, and safeguards systems strengthened</b></p> <p>4.1 Program focal unit within DepEd assigned and staffed, and consultants (if any) deployed</p> <p>4.2 Training for central-, regional-, and division-level bidding and awards committee members conducted</p> <p>4.3 Adequate number of financial management positions created, filled, and deployed, and staff trained</p> <p>4.4 Vacant internal audit positions filled, and DBM requested to create more positions, taking into consideration the size of the DepEd budget and the number of spending units</p> <p>4.5 Medium-term expenditure plan updated annually</p> <p>4.6 Comprehensive annual education statistical bulletin published each year, including sex-disaggregated data</p>	<p>Total financing required for SHS over the 2014–2019 period:</p> <p><b>Government:</b> \$4,110 million</p> <p><b>ADB:</b> \$300 million</p>

ADB = Asian Development Bank, DBM = Department of Budget and Management, DepEd = Department of Education, DLI = disbursement-linked indicator, EBEIS = enhanced basic education information system, K to 12 = kindergarten to grade 12, M&E = monitoring and evaluation, MPS = mean percentage score, MSS = minimum service standard, PPP = public-private partnership, PDMF = Project Development and Monitoring Facility, Q = quarter, SHS = senior high school, TVL = technical vocational and livelihood.

Source: Asian Development Bank.

### **LIST OF LINKED DOCUMENTS**

<http://adb.org/Documents/RRPs/?id=45089-002-3>

1. Loan Agreement
2. Country Economic Indicators
3. Summary Sector Assessment: Education
4. Program Soundness Assessment
5. Program Results Assessment
6. Program Results Framework
7. Program Expenditure and Financing Assessment
8. Program Monitoring and Evaluation System Assessment
9. Program Fiduciary Systems Assessment
10. Program Safeguard Systems Assessment
11. Integrated Risk Assessment and Mitigating Measures
12. Program Action Plan
13. Contribution to the ADB Results Framework
14. Development Coordination
15. Summary Poverty Reduction and Social Strategy
16. Program Implementation Document

## DISBURSEMENT-LINKED INDICATORS, VERIFICATION PROTOCOLS, AND DISBURSEMENT SCHEDULE

**Table A3.1: Disbursement-Linked Indicators**

DLIs	Baseline and Year	Prior Results (2014)	2015	2016	2017	2018	2019
DLI 1 Learning outcomes in DepEd senior high school mathematics and science subjects improved	In 2013, MPS for mathematics in DepEd JHSs was 46.8% (M = 47.8%; F = 45.7%) and MPS for science was 41.3% (M = 41.0%; F = 41.3%)  In 2012, 73% of DepEd JHSs met TSR MSS for mathematics subjects and 21% met TSR MSS for science subjects	DepEd SHS curriculum that includes specific learning outcomes for mathematics and science in the core subjects and all 4 tracks, as applicable, promulgated		MSS for TSR for qualified SHS mathematics teachers achieved in at least 85% of DepEd SHSs	MSS for TSR for qualified SHS science teachers achieved in at least 50% of DepEd SHSs		Grade 12 exit assessment MPS in DepEd SHSs is at least (i) 50% for mathematics (with the MPS for males and females of at least 45%); and (ii) at least 45% for science (with MPS for males and females of at least 40%)  [Partial disbursement of DLI allocation allowed]
DLI 2 Learning outcomes in DepEd senior high school technical-vocational and livelihood subjects improved	In 2009, the percentage of TVET graduates with high school as highest education level attained who passed national certification was 86.1%		DepEd SHS curriculum that includes specific learning outcomes for all TVL subjects promulgated	DepEd policy on SHS TVL track, including a strategy and action plan to promote female enrollment, issued			The exit assessment passing rate for TVL students in DepEd SHSs is at least 50% (passing rate of at least 45% for males and females)  [Partial disbursement of DLI allocation allowed]
DLI 3 Minimum service standard for student-classroom ratio in DepEd senior high schools	In 2012: 27% of JHSs achieved SCR MSS	MSS for DepEd SHS SCR in instructional and specialized classrooms promulgated		MSS for DepEd SHS SCR achieved in at least 25% of DepEd SHSs  [Partial disbursement of DLI allocation allowed]		MSS for DepEd SHS SCR achieved in at least 50% of DepEd SHSs  [Partial disbursement of DLI	

DLIs	Baseline and Year	Prior Results (2014)	2015	2016	2017	2018	2019
achieved						allocation allowed]	
DLI 4 Use of public-private partnership modality considered for a portion of DepEd senior high school infrastructure delivery	In 2013: 20,000 elementary and JHS classrooms delivered under the PSIP 1 and 2	Prefeasibility study on the use of PPP modality for SHS infrastructure delivery reviewed and submitted by DepEd to the PPP Center as a concept note for the Project Development and Monitoring Facility	Feasibility study on the use of PPP modality for SHS infrastructure delivery completed and submitted to the PPP Center		Successful preparation and tendering of PPP-based procurement package for SHS infrastructure delivery on the basis of a positive value-for-money proposition		
DLI 5 DepEd targets for senior high school enrollments in non-DepEd schools achieved	In 2012-2013: 20% of JHS enrollments were in non-DepEd schools	DepEd SHS voucher policy brief announced and DepEd policy for establishing non-DepEd SHSs promulgated  [Partial disbursement of DLI allocation allowed]	Institutional arrangements for SHS voucher operation and administration defined and initiated		At least 30% of SHS enrollments are in non-DepEd schools  [Partial disbursement of DLI allocation allowed]	At least 35% of SHS enrollments are in non-DepEd schools  [Partial disbursement of DLI allocation allowed]	At least 40% of SHS enrollments are in non-DepEd schools  [Partial disbursement of DLI allocation allowed]
DLI 6 Performance targets in procurement monitoring achieved	No baseline		Proportion of DepEd divisions and regions submitting on time the APCPI report for the previous year is at least 25%		Proportion of DepEd divisions and regions submitting on time the APCPI report for the previous year is at least 30%  [Partial disbursement of DLI allocation allowed]	Proportion of DepEd divisions and regions submitting on time the APCPI report for the previous year	

DLIs	Baseline and Year	Prior Results (2014)	2015	2016	2017	2018	2019
			[Partial disbursement of DLI allocation allowed]			is at least 35%  [Partial disbursement of DLI allocation allowed]	

APCPI = Agency Procurement Compliance and Performance Indicator, DepEd = Department of Education, DLI = disbursement-linked indicator, F = female, JHS = junior high school, M = male, MPS = mean percentage score, MSS = minimum service standard, PPP = public-private partnership, PSIP = PPP for school infrastructure program, SCR = student-classroom ratio, SHS = senior high school, STEM = science, technology, engineering and mathematics, TSR = teacher-student ratio, TVET = technical and vocational education and training, TVL = technical-vocational and livelihood.

## DLI PROTOCOLS AND VERIFICATION MEASURES

1. DepEd may submit a withdrawal application periodically, along with evidence verifying achievement of the disbursement-linked indicators (DLIs). Disbursements are allowed for early or late achievement of DLIs. Verification mechanisms and protocols have been established using public and independent sources and are clarified in these protocols and verification measures.

### A. Disbursement Principles

2. **The disbursement amount allocated to each disbursement-linked indicator depends on its importance.** While the cost of achieving the DLI may be a factor for consideration, there is no one-to-one relationship between the allocation of disbursement and the costs required to achieve the results. Two or more development agencies can disburse against the same DLIs.

3. **Advance financing.** ADB can provide up to 25% of its financing (i.e., \$75 million) as advance disbursement. Advances can be considered for initial and subsequent DLIs during the implementation period. The amount of advances will be recovered from subsequent disbursements when DLIs are achieved. Additional advances can be made once an earlier advance has been recovered or partially recovered. The recovered advance is then available, as needed, for additional advances (“revolving advances”), but the outstanding advance should not at any time exceed the ceiling of 25% of ADB financing. The government will refund any advances (or portions of advances) if the DLIs have not been met or fully met by program completion no later than 6 months after program completion.

4. **Financing prior results.** Some results may need to be achieved before an RBL operation is approved. In such cases, ADB will be able to finance and disburse based on the DLIs achieved before the effectiveness of the results-based lending program. The total amount for such financing should not exceed 20% of the ADB financing (i.e., \$60 million). Financing of prior results achieved either on (i) July 2014 or (ii) not more than 12 months before loan signing will be allowed in order to support government to initiate actions required to achieve Year 1 DLIs. Prior results have been agreed with the government, and the DLIs against which the amount of prior results financing will be made have been identified during program preparation. The program team is of the view that such results are within the scope of the program supported by RBL and are subject to the agreed verification protocols.

5. **Ceilings for advance financing and financing for prior results.** Ceilings are (i) advance financing (25%), and (ii) financing for prior results (20%). The combined ceiling for both is 30%. Additional detail is available in the program implementation document.

6. **Partial disbursements are allowed.** Partial disbursements are allowed for DLI 1, 2, 3, 5 and 6 and the formulas for partial disbursement for those DLIs are detailed in these protocols.

### B. Disbursement Procedures

(a) DepEd will collect all reports and information necessary to verify accomplishment of the DLI and prepare a draft **DLI achievement report**. Achievement reports refer to the month and year of the DLI achievement indicated in the DLI table.

(b) DepEd Secretary or designee will assess the achievement of the DLIs and authorize **the DLI achievement report** to be shared with the Department of Finance, Department of Budget and Management and ADB.

(c) The DLI achievement report will be discussed and confirmed with ADB. In case ADB identifies issues with the DLI achievement, it will relay its concerns to DepEd within 3 months of its receipt of the achievement report.

(d) Once ADB has confirmed the achievement of a DLI, DepEd through DOF submits the **Withdrawal Application** to ADB accompanied by the evidence of DLI achievement.

(e) The withdrawal application can be submitted in the same year the DLI is achieved or any subsequent year depending upon the government’s financial needs.

Table A3.2: Verification Protocols

DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
DLI 1: Learning outcomes in DepEd SHS mathematics and science subjects improved			
<p>Prior Results (2014): DepEd SHS curriculum that includes specific learning outcomes for mathematics and science in the core subjects and all 4 tracks, as applicable, promulgated</p>	<p>Definitions:  <u>SHS curriculum</u> means the complete set of courses comprising the entire SHS program including for each course offered, at a minimum, the knowledge and skills students are expected to learn  <u>Learning outcomes</u> are the content standards, performance standards and learning competencies students are expected to achieve defined for each mathematics and science course in the SHS curriculum  <u>Promulgated</u> means issued through, at a minimum, posting on the DepEd website            This DLI is achieved when the SHS curriculum including learning outcomes for all SHS mathematics and science courses is posted on the DepEd website</p>	<p>DepEd Website November 30</p>	<p>(i) Focal unit prepares an attestation that the DLI is met and attaches website address</p>
<p>2016: MSS for TSR for qualified SHS mathematics teachers achieved in at least 85% of DepEd SHSs</p>	<p>Definitions:  <u>Teachers means</u> full or part time teachers teaching SHS classes in mathematics  <u>MSS for qualified mathematics teachers</u> means the maximum number of SHS students per qualified mathematics teacher which is to be defined in a DepEd policy  <u>Qualified SHS mathematics teachers</u> are those who meet the requirements set out in a DepEd policy            This DLI is achieved when analysis of school level data on teacher qualifications and courses taught shows that at least 85% of DepEd SHSs meet the MSS for TSR for qualified mathematics teachers</p>	<p>EBEIS report or separate school survey Random field verification visits Data as at August 31, processed by September 30</p>	<p>Using the EBEIS or a separate survey, focal unit prepares a report showing the percentage of DepEd SHSs meeting MSS for TSR for mathematics subjects, including: (i) EBEIS or survey results; and (ii) Results of field verification</p>
<p>2017: MSS for TSR for qualified SHS science teachers achieved in at least 50% of DepEd SHSs</p>	<p>Definitions:  <u>Teachers means</u> full or part time teachers teaching SHS classes in science  <u>MSS for TSR for qualified science teachers</u> means the maximum number of SHS students per qualified science teacher which is to be defined in a DepEd policy  <u>Qualified science teachers</u> are those who meet the requirements set out in the DepEd policy            This DLI is achieved when analysis of school level data on teacher qualifications and courses taught shows that at least 50% of DepEd SHSs meet the MSS for TSR for qualified science teachers</p>	<p>EBEIS report or separate survey Data as of August 31, processed by September 30</p>	<p>Using the EBEIS or a separate school survey, focal unit prepares a report showing the percentage of schools meeting MSS for TSR for science subjects, including: (i) EBEIS or survey results; and (ii) Results of field verification</p>
<p>2019: Grade 12 exit assessment MPS for</p>	<p>Definitions:  <u>Grade 12 exit assessment</u> includes a standardized examination of student achievement of mathematics and science learning outcomes, as defined in the core curriculum</p>	<p>DepEd report summarizing Grade 12 assessment results, including MPS for</p>	<p>Focal unit attests to the achievement of the DLI and attaches the DepEd report</p>

DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
<p>DepEd SHSs is at least (i) 50% for mathematics (with the MPS for males and females at least 45%) and (ii) 45% for science (with the MPS for males and females at least 40%)</p> <p>[Partial disbursement of DLI allocation allowed]</p>	<p><u>MPS</u> means the mean percentage score</p> <p>This DLI is achieved when the results of a Grade 12 exit assessment in mathematics and science subjects demonstrate that the target MPS has been achieved, including the gender targets</p> <p><u>Partial disbursement</u>: 25% of allocation can be disbursed for achievement of MPS in mathematics subjects, 25% for achievement of MPS in science subjects, and 12.5% of allocation can be disbursed for achievement of each of the gender targets for mathematics and science</p> <p><u>Partial DLI disbursement</u> on a pro-rata basis will be made when the MPS reaches 60% of the target</p>	<p>learning outcomes in mathematics and science subjects</p> <p>July 31</p>	
DLI 2: Learning outcomes in DepEd SHS TVL subjects improved			
<p>2015: DepEd SHS curriculum that includes specific learning outcomes for all TVL subjects promulgated</p>	<p>Definitions: <u>SHS curriculum</u> means the complete set of courses comprising the entire SHS program including for each course offered, at a minimum, the knowledge and skills students are expected to learn</p> <p><u>Learning outcomes</u> are those specific competency standards defined for each SHS TVL course</p> <p><u>Promulgated</u> means issued through, at a minimum, posting on the DepEd website</p> <p>This DLI is achieved when the SHS curriculum including learning outcomes for all SHS TVL courses is posted on the DepEd website</p>	<p>DepEd Website November 30</p>	<p>Focal unit prepares an attestation that the DLI is met and attaches website address</p>
<p>2016: DepEd policy on SHS TVL track, including a strategy and action plan to promote female enrollment, issued</p>	<p>Definitions: <u>DepEd policy on SHS TVL track</u> contains, at a minimum:</p> <ul style="list-style-type: none"> <li>(i) Content, performance standards and learning competencies, for each approved SHS course in home economics, information and communications technology, agri-fishery arts, and industrial arts</li> <li>(ii) MSS for DepEd and non-DepEd TVL providers</li> <li>(iii) Terms of reference for career counselors and career advocates</li> <li>(iv) Strategies for enlisting the participation of private providers</li> <li>(v) Gender equity actions, including gender sensitivity training and gender awareness materials</li> </ul> <p><u>Issued</u> means make available to DepEd and non-DepEd TVL providers, DepEd DOs and ROs and the public, including through posting on the DepEd website and direct distribution to ROs and DOs</p> <p>This DLI is achieved when the policy on TVL is posted on the DepEd website and sent to all ROs and DOs for distribution to DepEd and non-DepEd TVL providers</p>	<p>DepEd Order or policy statement June 30</p>	<p>Focal unit prepares a report, including the DepEd policy as an attachment, or provides website address</p>
<p>2019 The exit assessment</p>	<p>Definitions: <u>Exit assessment</u> means a standardized assessment of TVL student</p>	<p>DepEd report summarizing results of</p>	<p>Focal unit attests to the achievement of the DLI and attaches the DepEd report</p>



DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
<p>passing rate for TVL students in DepEd SHS is at least 50% (passing rate of at least 45% for males and females)</p> <p>[Partial disbursement of DLI allocation allowed]</p>	<p>competencies</p> <p><u>TVL students</u> means those who are registered under the SHS TVL track</p> <p><u>Passing rate</u> means the proportion of TVL students who demonstrates competency through the exit assessment</p> <p>This DLI is achieved when the results of assessments for TVL subjects demonstrates that the specified target passing rate has been achieved, including the gender targets</p> <p><u>Partial Disbursement</u>: 50% of allocation can be disbursed for achievement of TVL passing rate target and 25% of allocation can be disbursed for achievement of each of the gender targets</p> <p><u>Partial DLI disbursement</u> on a pro-rata basis will be made when the passing rate has reached 60% of the target</p>	<p>TVL subject assessment, including passing rate prepared</p> <p>July 31</p>	
<p><b>DLI 3: Minimum service standard for student-classroom ratio in DepEd SHS achieved</b></p>			
<p>Prior Results (2014): MSS for DepEd SHS SCR in instructional and specialized classrooms promulgated</p>	<p>Definitions:</p> <p><u>MSS for DepEd SHS SCR</u> sets the maximum number of students per (i) instructional classrooms; (ii) specialized classrooms (e.g. workshops, laboratories and studios)</p> <p><u>Promulgated</u> means MSS for DepEd SHS SCR are made available to teachers and principals of DepEd and private schools/TVIs, DepEd DOs and ROs and the public, by means of a DepEd policy which is posted on the DepEd website and distribution to ROs and DOs</p> <p>This DLI is met when the MSS for SCR are set and promulgated</p>	<p>DepEd website</p> <p>November 30</p>	<p>Focal unit prepares a report, including the DepEd policy and DepEd website address</p>
<p>2016 MSS for DepEd SHS SCR achieved in at least 25% of DepEd SHSs</p> <p>2018: At least 50%</p> <p>[Partial disbursement of DLI allocation allowed]</p>	<p>Year 2 and Year 4 DLIs are met when at least (i) 25% of DepEd SHSs have SCRs consistent with the MSS as evidenced through the EBEIS in Year 2; and (ii) 50% of DepEd SHSs have SCRs consistent with the MSS as evidenced through the EBEIS in Year 4</p> <p><u>Partial DLI disbursement</u> on a pro-rata basis will be made when the proportion of DepEd SHSs achieving MSS for SCR reaches 50% of the target</p>	<p>EBEIS</p> <p>September 30</p> <p>September 30</p>	<p>EBEIS survey includes the following information for DepEd SHSs: (i) classrooms, laboratories and TVL workshops assigned for SHS (ii) number of students registered by grade, track, and stream; and (iii) number of shifts offered. Based on this EBEIS generates a report, on SCR</p> <p>Focal unit prepares a report using data from EBEIS to calculate the proportion of schools that have met the MSS for DepEd SHS SCR. Field verification of a sample of schools will be carried out and results included in the report</p>
<p><b>DLI 4: Use of PPP modality considered for a portion of DepEd SHS infrastructure delivery</b></p>			
<p>Prior Results (2014):</p> <p>Prefeasibility study on</p>	<p>Definitions:</p> <p><u>Prefeasibility study on use of PPP</u> means an independent assessment</p>	<p>Prefeasibility study final report and acknowledgement</p>	<p>DepEd will review the pre-feasibility study and consider how the PPP modality could be used for SHS</p>

DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
use of PPP modality for SHS infrastructure delivery reviewed and submitted by DepEd to the PPP Center as a concept note for the Project Development and Monitoring Facility	of the desirability and practicability of using PPP modality for SHS infrastructure delivery <u>Submitted</u> means DepEd receives written acknowledgment of receipt of the prefeasibility study from the PPP Center of the Philippines This DLI is met when DepEd completes a review of the prefeasibility study and submits it to the PPP Center of the Philippines as a concept note for the Project Development and Monitoring Facility	receipt November 30	infrastructure delivery
2015 Feasibility study on the use of PPP modality for SHS infrastructure delivery completed and submitted to the PPP Center	Definitions: <u>Feasibility study</u> means a project-level evaluation of the use of PPP modality versus other procurement modalities for the delivery of SHS infrastructure <u>Submitted</u> means DepEd receives acknowledgment of receipt of the feasibility study from the PPP Center. This DLI is met when DepEd receives acknowledgment of receipt of the feasibility study from the PPP Center	Feasibility study and acknowledgement receipt August 31	Focal unit verifies the submission and acknowledgement receipt and attaches them to the DLI achievement report
2017 Successful preparation and tendering of PPP-based procurement package for SHS infrastructure delivery on the basis of a positive value-for-money proposition	Definitions: <u>On the basis of a positive value-for-money proposition</u> means the feasibility study shows that the PPP modality offers value-for-money <u>Successful</u> means all documentation needed to initiate procurement process for SHS infrastructure delivery through PPP modality is prepared and issued	Procurement packages April 30	Focal unit submits a copy of the invitation to bid and the tender documents.
DLI 5: DepEd targets for SHS enrollments in non-DepEd schools achieved			
Prior Results (2014): DepEd SHS voucher policy brief announced and DepEd policy for establishing and operating non-DepEd SHS promulgated  [Partial disbursement allowed]	Definitions: <u>Voucher policy brief</u> means policy brief issued by DepEd describing, at a minimum, program beneficiaries, providers, and pricing principles of the voucher <u>Policy brief announced</u> means voucher brief presented to DepEd staff, press release issued, and policy statement distributed to ROs, DOs and private school associations <u>DepEd policy for establishing and operating non-DepEd SHSs</u> means the guidelines governing the establishment and operation of non-DepEd SHSs <u>Promulgated</u> means issued to the relevant stakeholders. This DLI is met when the voucher policy brief and policy on establishing and operating non-DepEd SHSs are announced <u>Partial Disbursement</u> : 50% of allocation can be disbursed for policy brief announced and 50% for policy on establishing and operating non-	DepEd website, press release and policy brief materials November 30	Focal unit provides policy statement, press releases and the website address

DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
2015 Institutional arrangements for SHS voucher operation and administration defined and initiated	<p>DepEd SHSs</p> <p>Definitions:  <u>Voucher design parameters</u> means detailed design features of the voucher program, including, <i>inter alia</i>, voucher amounts, eligibility rules, voucher funds flow, voucher distribution mechanism, and monitoring mechanism. This will include preparation of a voucher operations manual containing this information  <u>Institutional arrangements defined</u> means nominating a focal unit within DepEd, defining the functions of the unit and contracted entities to include, <i>inter alia</i>, voucher program general oversight, financing and fiduciary monitoring, and supervising outsourced functions, if any  <u>Initiated</u> means partial or full functioning of focal unit and procurement of outsourced entities, if any, initiated and preparatory work associated with voucher program full implementation by 2016 initiated  <u>Preparatory work</u> includes, <i>inter alia</i>, identification of eligible students, preparation of database of eligible private schools, mechanism for voucher redemption, mechanism for voucher distribution, mechanism for notifying students and parents            This DLI is met when implementation arrangements are documented in a voucher program operations manual, evidence of initiation of implementation collected and the focal unit is established and operational  <u>Partial DLI disbursement is allowed</u>: 50% for voucher operations manual, 25% for preparatory work, and 25% for implementing institutional and administration arrangements</p>	Voucher operations manual by July 31 Focal unit established and operational by July 2015	Focal unit writes a letter attesting to the achievement of the DLI and attaches the voucher operations manual and approved revised organizational chart and staffing complement
2017 At least 30% of SHS enrollments are in non-DepEd schools 2018: At least 35% 2019: At least 40% [Partial disbursement of DLI allocation allowed]	<p>Definitions:  <u>Enrolled in non-DepEd schools</u> means the student is registered in a DepEd permitted/recognized non-DepEd SHSs            This DLI is met when the proportion of students enrolled in non-DepEd schools reaches the target  <u>Partial DLI disbursement</u> on a pro-rata basis will be made when the proportion of students enrolled in non-DepEd schools reaches 75% of the target</p>	EBEIS generated report on DepEd and non-DepEd SHS enrollment and report generated by voucher management information system September 30 (all years)	Focal unit prepares a letter attesting to the achievement of the DLI and attaches the EBEIS report and voucher MIS report
DLI 6: Performance targets in procurement monitoring achieved			
2015 Proportion of DepEd divisions and regions submitting on-time the APCPI report for the previous year is at	<p>Definitions:  <u>Division and region APCPI</u> means the annual Agency Procurement Compliance and Performance Indicators report, substantially compliant with the requirements of the Government Procurement Policy Board's Resolution No. 10, series of 2012 (dated June 1, 2012), submitted by each DepEd division and region to the DepEd central office</p>	Procurement monitoring report implementation  By April 30 (all years) or based on the	Focal unit prepares a letter attesting to the achievement of the DLI, including list of all divisions and regions (excluding ARMM) and indicating those that have submitted on time.

DLI	Definition/Description of Achievement and Verification	Information Source and Reporting Timeframe	Verification Agency and Procedure
least 25% 2017: At least 30% 2018: At least 35%	<p><u>On time</u> means by the deadline specified in DepEd Order No. 6, 2014 (dated February 12, 2014)</p> <p><u>Proportion of DepEd divisions and regions</u> means the figure obtained by dividing the number of DepEd divisions and regions (excluding ARMM) with on-time submissions by the total number of official DepEd divisions and regions (excluding ARMM) for the APCPI year</p> <p><u>Previous year</u> means the year before the DLI is achieved</p> <p>This DLI is met when the proportion of DepEd divisions and regions (excluding ARMM) submitting APCPI on time reaches the target</p> <p><u>Partial disbursement</u> on a pro-rata basis will be made when the proportion of DepEd divisions and regions submitting APCPI on time reaches 75% of the target</p>	deadline set forth in the most recent DepEd order	

APCPI = agency procurement compliance and performance indicator, ARMM = Autonomous Region of Muslim Mindanao, DepEd = Department of Education, DLI = disbursement linked indicator, DO = division office, EBEIS = enhanced basic education information system, MPS = mean percentage score; MSS = minimum service standard, PPP = public-private partnership, Q = quarter, RO = regional office, TSR = teacher–student ratio, SCR = student–classroom ratio, SHS = senior high school, SY = school year, TVI = technical-vocational institute, TVL = technical-vocational and livelihood.

**Table A3.3: Disbursement Schedule (\$ million)**

DLIs	Total ADB Financing Allocation	Share of ADB Financing (%)	Financing for Prior Results	2015	2016	2017	2018	2019
<b>Outcome</b>								
<b>DLI 1. Learning outcomes in DepEd senior high school mathematics and science subjects improved</b>	80.00	26.67	5.0	0.0	25.0	25.0	0.0	25.0
<b>DLI 2 - Learning outcomes in DepEd senior high school technical-vocational and livelihood subjects improved</b>	40.00	13.33	0.0	12.5	12.5	0.0	0.0	15.0
<b>Outputs</b>								
<b>DLI 3 - Minimum service standard for student–classroom ratio in DepEd senior high schools achieved</b>	46.25	15.42	3.75	0.0	22.5	0.0	20.0	0.0
<b>DLI 4 - Use of public-private partnership modality considered for a portion of DepEd senior high school infrastructure delivery</b>	10.00	3.33	2.5	2.5	0.0	5.0	0.0	0.0
<b>DLI 5 - DepEd targets for senior high school enrollments in non-DepEd schools achieved</b>	113.75	37.92	3.75	25.0	0.0	30.0	30.0	25.0
<b>DLI 6 - Performance targets in procurement monitoring achieved</b>	10.00	3.33	0.0	3.3	0.0	3.3	3.4	0.0
<b>TOTALS</b>	<b>300.00</b>	<b>100.00</b>	<b>15.0</b>	<b>43.3</b>	<b>60.0</b>	<b>63.3</b>	<b>53.4</b>	<b>65.0</b>

Source: Asian Development Bank.