

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
National risks^a			
1. Macroeconomic conditions deteriorate	L	Macroeconomic risks are low. During 2010–2018, economic growth averaged 6.3% per year, up from the 4.5% average annual growth rate recorded during 2000–2009. Growth has been underpinned by broad-based domestic demand. Maintaining high growth rates will require sustaining and deepening structural reforms in key areas such as infrastructure and investment. The Government of the Philippines has doubled outlays on infrastructure and is expected to boost public expenditure on infrastructure to 7.4% of GDP by 2022.	DBM, DOF, NEDA
2. PFM weakens	S	PFM is exposed to several significant risks, including: (i) the dispersion of responsibilities among oversight agencies; (ii) weak budget execution, including the excessive use of in-year budget reallocations; and (iii) a lack of transparency that makes it difficult for civil society to hold government accountable. However, these risks are being mitigated steadily, with the government making improvements in transparency, policy-based budgeting, and accounting and record keeping. The government has also strengthened the budget review process, reduced the number and size of special purpose funds, and institutionalized transparency as a precondition to accessing public funds. ADB is providing direct support to strengthen PFM through the Philippine Development Forum sub-working group on PFM.	DBM, DOF
3. Corruption may affect implementation	S	Past efforts to reduce and eliminate corruption have been constrained by political interference, inefficient coordination mechanisms, and a lack of enforcement capacity. To address these risks, the Good Governance and Anti-Corruption Cabinet Cluster implemented a comprehensive and results-based anticorruption action plan, drawing on a review of the National Anti-Corruption Plan of Action. Initiatives are being supported by various development partners (e.g., the United States Agency for International Development) to	All agencies

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		strengthen the capacity of the Office of the Ombudsman and the judiciary ADB has supported and will continue to support the government as it works to promote the fiscal autonomy of constitutional bodies, and ADB supports the enhancement of legislative oversight over anticorruption bodies.	
Contextual risks			
4. LGUs allocate insufficient staff resources to PESOs to implement employment programs	M	The government, through the General Appropriations Act and LGUs' own budgets, allocated sufficient funding for PESOs' operations and programs in 2017 and 2018. Moreover, in 2017 and 2018, the DOLE led a massive campaign to institutionalize PESOs under the Public Employment Act. A fully institutionalized PESO has permanent positions, makes budgetary allocations for personnel services, maintenance, and other operating expenses; and offers a full set of employment services and designated office space intended to provide employment facilitation services and information on DOLE programs and services.	DBM, LGUs
5. Technical capacity of the PESOs is insufficient to support implementation of employment programs	S	The DOLE and TESDA have developed a competency framework for personnel of the PESOs to enhance the capacities and professionalization of staff in accordance with the Public Employment Act. The Department of Labor is supporting staff training under the competency framework. In addition, ADB technical assistance has provided capacity development for DOLE and LGU staff.	DOLE, LGUs, PESOs
6. The government does not allocate sufficient national budgetary funding for youth employment programs	M	The government has implemented reforms aimed at restructuring PESOs to improve the delivery of employment services to young people and increase job placement rates. The government is implementing flagship programs for youth like the JSP and SPES.	DBM

ADB = Asian Development Bank, DBM = Department of Budget and Management, DOF = Department of Finance, DOLE = Department of Labor and Employment, GDP = gross domestic product, JSP = JobStart Philippines, L = low, LGU = local government unit, M = moderate, NEDA = National Economic and Development Authority, PESO = public employment service office, PFM = public finance management, S = substantial, SPES = Special Program for Employment of Students, TESDA = Technical Education and Skills Development Authority.

^a ADB. 2018. [Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth](#). Manila.

Source: ADB.