

## INTEGRATED RISK ASSESSMENT AND MITIGATING MEASURES

1. The broad areas of risk for the Asian Development Bank’s results-based lending to the Supporting Fourth Primary Education Development Program in Bangladesh are described in the matrix below and defined as follows:

- (i) **Results.** Risks in this category can impede the achievement of the program’s intended results and development outcomes. They relate to the program’s rationale and design, the government’s commitment, definition and selection of results, 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 program expenditure framework, and the adequacy and sustainability of program financing.
- (iii) **Fiduciary.** These relate to risks on financial management, procurement, and anticorruption systems that the program will face, and 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 program.
- (v) **Operating environment.** These risks relate to factors such as macroeconomic conditions, political factors, fiscal conditions, and stakeholder-related risks that might affect the program’s implementation.

Risks	Rating Without the Mitigating Measures	Key Mitigating Measures
<b>Results</b>		
Difficulty exists in hiring and filling the vacancies of teachers on time.	Substantial	The MOPME and DPE prepares and implements recruitment plans following the government’s recruitment guidelines for all recruitments (PAP 1.2). Updated teacher information system will be integrated into EMIS (DLI 9). The MOPME and development partners will jointly review periodic progress in recruitment and deployment (DLI 2).
The capacities of the DPE and the district and <i>upazila</i> offices may be insufficient for proper use of the web-based integrated EMIS for data reporting, cross-checking, and generating M&E reports.	Moderate	Training on operating and using the EMIS will be conducted for all levels of M&E officials. Data verification and cross-checking will be mandatory before entering and reporting in the EMIS, and beneficiary profiles will be maintained and updated annually to ensure school data quality through the integrated student identification and teacher management systems.
Lack of capacity of the BNFE constrains the implementation of education services for OOSC.	Substantial	Strategies to enhance capacity of the BNFE include (i) deployment of experienced ISAs by the BNFE with technical support from a specialized agency and with monitoring and quality assurance support from a third-party supervision agency and (ii) development of an action plan for the BNFE to manage and coordinate the implementation. School catchment data reporting will be conducted periodically with a special focus on identifying and reporting on OOSC in the school catchment areas.
Disparities by district and gender in enrollment and survival rates in primary	Moderate	The SLIP funds will be provided to schools based on the number of students, and the UPEP will be updated to be needs- and performance-based, and will be piloted in 50

<b>Risks</b>	<b>Rating Without the Mitigating Measures</b>	<b>Key Mitigating Measures</b>
education requires improvement measures.		<i>upazilas</i> (DLI 9) and then scaled up nationwide during the PEDP4. Needs-based infrastructure such as gender-segregated sanitation facilities will be built (DLI 4), aimed at ensuring at least one gender-segregated WASH block in each school. An institutional strengthening plan will be implemented for all levels of primary education offices as part of the updated ODCBG (DLI 9).
<b>Expenditure and financing</b> Slow execution of development budget may constrain program activities.	Substantial	The DPE will prepare timely annual procurement plans as part of the annual operations plan supporting budget planning and execution (PAP 2.1). The MOPME and development partners will monitor budget execution (DLI 7) and timely disbursement of quarterly fund releases and advances (PAP 2.4).
<b>Fiduciary</b>		
Lack of qualified financial management staff constrains financial management capacity.	Substantial	The DPE strengthens financial management capacity with adequately qualified staff and establishes a dedicated IAU (DLI 7). The MOPME will roll out iBAS++ to all DDOs and provide systematic training (DLI 7).
Timely reconciliation of accounts at different levels may be constrained by lack of access to budget and accounting system.	Substantial	The MOPME and DPE are adopting the web-based iBAS++ and will roll it out to all cost centers and account offices (DLI 7). The DPE's web-based accounting information system is being updated for consistency with iBAS++ for monitoring purposes, subject to any customized reporting needs under the program and complementary to the use of iBAS++.
No dedicated internal audit function in the primary education subsector challenges the monitoring and supervision of compliance with financial regulations by cost centers.	Substantial	An IAU will be set up at the DPE and made operational with adequate staff (DLI 7). The AFR continues to enhance the capacity for internal control (PAP 2.3). Tripartite audit review meetings will be conducted periodically with specific focus on solving audit observations (DLI 7, PAP 2.5), which will increase monitoring of units with recurring audit observations.
Lack of qualified procurement staff weakens procurement execution, and monitoring of compliance and contract management.	High	The DPE will further strengthen the existing procurement unit by establishing a dedicated procurement division with adequate staffing (DLI 7). The MOPME will roll out e-GP to all procuring entities, inclusive of training (DLI 7). The AFR will include post-procurement review (PAP 2.3). The PST will strengthen planning for procurement of services and monitor service delivery.
Model bidding documents that ensure competition and transparency are not standardized for extensive use.	High	The OTM (national) will be used for all civil works procurement. The e-standard bidding documents for goods and works under NCB as used in the PEDP3 will continue being used for the PEDP4, until the model documents are updated with CPTU approval (PAP 2.2).
e-GP system is yet to open for use the modules of procurement of services, and contract management, although a CPTU project aims to operationalize them.	Substantial	Service procurement will be technically supported by the PST at the program coordination unit and handled by the DPE's Procurement Division. Supervision of contractors is required in the MOU between the MOPME and LGED/DPHE. The AFR (including post-procurement review) will be conducted (PAP 2.3). Once e-GP is ready with increased functions, the PEDP4 can directly benefit.
MOPME issued Grievance	Substantial	The IAU will be in place with authority to access or examine

<b>Risks</b>	<b>Rating Without the Mitigating Measures</b>	<b>Key Mitigating Measures</b>
Redress and Complaints-Handling Guidelines. But the implementation of the grievance redress and complaints-handling mechanism needs to be strengthened under the program.		any corruption-related issues for the program (DLI 7). The GRS shall be improved and made (i) more accessible to potential users; (ii) proactive in sharing information; (iii) functional in terms of recording and reporting. MOPME shall submit on time the semiannual progress report on GRS and e-GP to development partners as per agreed template (PAP 2.7).
Alignment with school fund management guidelines may be constrained by lack of capacity in SMCs and SACs.	Moderate	Functioning SMCs and disclosure of social audit reports are eligibility criteria for schools to receive SLIP funds. Training of SMCs and SACs on updated SLIP guidelines will be conducted.
<b>Safeguards</b>		
Lack of adequate capacity to integrate safeguard concerns in implementation and monitoring	Moderate	The ESMF developed under PEDP3 will be updated and adopted for implementation in PEDP4 (PAP 3.1). Safeguard focal person or specialist is assigned at DPE to strengthen the coordination of environmental and social safeguards (PAP 3.4).
Lack of adequate mechanism to ensure that the implementation complies with safeguards, and the budget allocation fits the need for compliance with safeguards	Substantial	A WASH block maintenance manual will be adopted by DPE and a hygiene promotion manual by DPHE (PAP 3.2). Water quality test is required annually (PAP 3.3). The MOU signed between MOPME and LGED and the contracts signed between LGED and contractors will specify the requirements for safeguard compliance. SLIP funds will enable needs-based allocation to schools for necessary small-scale maintenance, including cleaning WASH blocks.
<b>Operating environment</b>		
The use of multiple implementing agencies and partners at central and local levels complicates program management.	Moderate	The MOUs, agreements, or contracts will be signed with all associate agencies with the provision of annual monitoring of performance based on performance indicators (PAP 1.1).
<b>Overall RBL program risk</b>	<b>Substantial</b>	

AFR = annual fiduciary review; BNFE = Bureau of Non-Formal Education; CPTU = Central Procurement Technical Unit; DLI = disbursement-linked indicator; DPE = Directorate of Primary Education; DPHE = Department of Public Health Engineering; e-GP = electronic government procurement; EMIS = education management information system; IAU = internal audit unit; iBAS++ = Advanced Integrated Budget and Accounting System; GRS = grievance redress system; ISA = implementation support agency; LGED = Local Government Engineering Department; M&E = monitoring and evaluation; MOF = Ministry of Finance; MOPME = Ministry of Primary and Mass Education; MOU = memorandum of understanding; NCB = national competitive bidding; ODCBG = organizational development and capacity building guidebook; OOSC = out-of-school children; OTM = open tendering method; PAP = program action plan; PEDP3 = Third Primary Education Development Project; PEDP4 = Fourth Primary Education Development Program; PPA = Public Procurement Act; PPR = Public Procurement Rules; RBL = results-based lending; SAC = school audit committee; SLIP = school level improvement plan; SMC = school management committee; UPEP = *upazila* primary education plan; WASH = water, sanitation, and hygiene.

Note: Risk factors are assessed against two dimensions: (i) the likelihood that the risk will occur and (ii) the impact of the risk on the outcome. Rating scale: low = low likelihood and low impact; moderate = substantial to high likelihood but low to moderate impact; substantial = low to moderate likelihood but substantial to high impact; high = high likelihood and high impact.

Source: Asian Development Bank.