



19 February 2019

*Empowered lives.
Resilient nations.*

Dear Colleagues,

Subject: 2018 Interim Financial Report and Narrative Inputs for the UNDP Annual Report to Central Emergency Response Fund (CERF)

I am pleased to transmit the enclosed 2018 Interim Financial Report and the Narrative Inputs on UNDP Philippines CERF funded project with the title: *"Targeted Cash Transfers to Vulnerable Internally Displaced Persons (IDPs) Affected by the Marawi Conflict"*, which covers the period from 10 April 2018 to 31 December 2018.

The support provided by CERF helped immensely in contributing to the recovery of the conflict-affected communities in Marawi City. Apart from addressing some of the basic and most immediate recovery needs of the internally displaced persons (IDPs), the Project also enabled access to a host of financial services and capacities for the IDPs through the facility of an innovative digital payments platform. Significantly, the project initiatives have potential to be adapted or enhanced by the Government agencies (national or local) and other institutions with regard to future cash transfers and development programs.

Thank you for your valuable support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Enrico Gaveglia', written over a light blue circular scribble.

Enrico Gaveglia
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United Nations Development Programme
Interim Financial Report to the UNOCHA/Central_Emg_Resp_Fund
As of 31 December 2018



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Contributions reference no.
Country: Philippines
Project description: Financial Inclusion for Recovery of Marawi
Project: 00110891
Output description: Cash Grants Safe & Efficient
Output: 00110115
Output status: On Going
Fund: Programme Cost Sharing

(in United States dollars)

	Prior years (1)	2018 (2)	Cumulative to 2018 (3)
Income/Revenue			
Contributions ^a	-	691,923.00	691,923.00
Other Revenue ^b	-	-	-
Transfer to/from other funds	-	-	-
Refunds to donors	-	-	-
Total - Income/Revenue	-	691,923.00	691,923.00
Expenses			
Staff and other personnel costs	-	-	-
Supplies, commodities, materials	-	-	-
Equipment, vehicle and furniture including depreciation	-	-	-
Contractual services	-	67,053.16	67,053.16
Travel	-	29,452.83	29,452.83
Transfers and grants to counterparts	-	418,404.44	418,404.44
General operating and other direct costs	-	99,203.39	99,203.39
Subtotal	-	614,113.82	614,113.82
Programme support costs ^c	-	42,566.14	42,566.14
Total Expenses	-	656,679.96	656,679.96
Balance^d	-	35,243.04	35,243.04
Future Expenses^e			
Balance of un-depreciated assets & inventory purchased	-	-	-
Commitments	-	18,579.58	18,579.58
Subtotal	-	18,579.58	18,579.58
Receivable^e			
Less: Contributions receivable from donors	-	-	-
Available Resources^f	-	16,663.46	16,663.46

- a. Contributions represent recognized revenue from donors based on the payment schedule in signed agreements.
b. Other Revenue represents revenue resulting from miscellaneous activities.
c. Programme support (indirect) cost is calculated based on the expenses excluding amounts of foreign exchange gain/loss.
d. Balance in column (2) is inclusive of balance in column (1).
e. Future expenses and Receivable - amounts in column (2) are the balances outstanding as of the report date which are included in the available resources. Amounts in column (1) are shown for information purpose only.
f. Available resources - balance after future expenses, and contributions receivable from donors (i.e. amounts past due) have been accounted for.

This is to certify that the above statement of revenue, expenses and available resources is correct and that the expenses were incurred in connection with the approved projects for which funds have been received.

Name: Enrico Gaviglia
Title: Officer-in-Charge

19 February 2019

(Date)

Narrative Inputs: UNDP's Annual Report to CERF

Project information			
Agency:	UNDP	Country:	Philippines
Cluster/Sector:	Early Recovery - Early Recovery	Project code (CERF):	18-UF-UDP-003
Project title:	Targeted Cash Transfers to Vulnerable Internally Displaced Persons (IDPs) Affected by the Marawi Conflict		
Original Start date:	02/04/2018	Original End date	31/12/2018

1. Programme Highlights (please also specify direct and indirect beneficiaries reached):

1.1 How did the CERF allocation facilitate timely implementation of time critical, life-saving activities in emergencies?

Through the CERF allocation, UNDP and its implementing partners supported 10,000 IDPs (6,014 women and 3,986 men) in Marawi City and the municipalities of Bubong, Ditsaan-Ramain, and Saguiaran in the province of Lanao del Sur to their meet basic and lifesaving needs through a safe, secure, efficient and Shariah-compliant digital cash transfers platform. Out of the 10,000 IDPs, 8,350 received one-time unconditional transfers; 1,050 were employed through cash for work or carework activities; and 600 IDPs were assisted to recover assets or gain access to diversified livelihood.

Beyond the immediate beneficiaries, the project is estimated to have reached 60,000 more people through complementary advocacy, communications, and financial literacy interventions corollary to the introduction of the digital transfers platform (a personalized identification and pre-paid card called "iAFFORD"). The project facilitated the quick and safer sourcing of basic goods and services directly from local traders and service providers via cashless purchases at participating community merchants, some of whom were the asset-recovery beneficiaries themselves. The beneficiary IDPs were also able to use the iAFFORD to safely store their money, send remittances, pay bills/utilities, and access Shari'ah-compliant micro-insurance -- thus, enabling them to have better control over the management of their finances in support of immediate needs and faster recovery.

1.2 Did the CERF allocation improve humanitarian responses and help to stabilize/improve emergency situations at the country level?

Yes. Through the CERF allocation, UNDP was able to disburse financial support for 10,000 of the most vulnerable IDPs to meet their basic and other lifesaving needs in a safer, more efficient, and innovative manner. This is an improvement to the conventional cash-based distribution of recovery assistance, which was prone to various risks including, especially, security-related ones. Moreover, the CERF allocation allowed project beneficiaries to gain access to capacities and financial products and services that traditionally has been denied of them or were otherwise severely lacking. The recovery response in this project opened an opportunity to bridge a critical service delivery gap (i.e. low financial inclusion), which is seen as one of the barriers to the sustainable development of the already underserved displaced populations.

1.3 How did the CERF allocation help to achieve UNDP's strategic goals?

The UNDP CERF-funded project, while focused on helping address the income and livelihood recovery needs of the IDPs, was also specifically geared towards supporting the achievement of inclusive finance for a segment of the displaced population in Marawi through the use of an inclusive and innovative

payments solution. It represents the humanitarian-development nexus, where the provision of support for meeting the most basic and immediate needs of IDPs was achieved with a clear development lens. In the context of the UNDP's strategic goals, this may be viewed as contributing to accelerating structural transformations for sustainable development, especially through innovative solutions that have multiplier effects across the SDGs. Financial inclusion as well as innovation are recognized enablers of the SDGs. Additionally, this CERF-funded project also seeks to build resilience for the affected population in order to safeguard development gains.

2. Funding:

2.1 How did the CERF allocation play a specific role in funding of humanitarian response activities compared to other funding sources?

The majority of the CERF allocation was used directly for the distribution of financial assistance amounting to a total of US\$ 421,000 for 10,000 IDPs -- where US\$ 341,515 was disbursed to beneficiaries as one-time unconditional cash grants; US\$ 42,945 was for cash for work/cash for care work; and US\$ 36,540 was for asset recovery. In support of the digital cash transfers, another US\$ 49,406.36 from the CERF allocation was utilized in the development of communications and advocacy materials as well as in the coordination and monitoring initiatives to ensure that the project remained relevant and effective. This covered, in part, the coordination requirements for the completion of much-needed analytical work on financial inclusion and Islamic finance and ensured as well the meaningful and consistent positive collaboration of UNDP and its partners with various stakeholders from the government, with local and international NGOs, and also across different UN agencies.

Other funding sources, like the support received from the BPPS Funding Window, were devoted to fund the other corollary, complementary interventions.

2.2 Was the CERF allocation used strategically to fill funding gaps and did the CERF allocation help to improve resource mobilization and leverage funding from other sources?

Yes. The CERF allocation in this case was used to enable project beneficiaries to have better control over the management of their finances to support of their immediate needs and facilitate faster recovery. The inclusive finance component of the CERF-funded interventions helped UNDP mobilize supporting resources from the BPPS funding window and also leveraged other resources (in terms of human resource, knowledge and lessons learned) on the ground through the various partnerships and collaborations established.

3. Coordination/Partnerships:

3.1 How did the CERF allocation contribute to an improved coordination amongst the humanitarian community and did it help to strengthen the cluster lead functions?

The CERF allocation enabled sustained partnerships with various humanitarian coordinating bodies such as the Mindanao Humanitarian Team, the convergence clusters of CERF-funded projects, the cash working group, the clusters on livelihood, food security, early recovery and protection, and with barangay local governments. By working closely with these organizations and entities, the beneficiary selection criteria were commonly adopted. Furthermore, under the leadership of OCHA, the coordination of various entities implementing CERF-funded projects within the same geographic areas was strengthened and improved. The regular CERF meetings and information sharing sessions among UN agencies implementing CERF-funded projects facilitated exchange of very important lessons and even the sharing of resources. In one instance, the

UNDP, FAO, and WFP collaborated in the Municipality of Saguiran by carefully phasing and sequencing each agency's interventions. This ensured that the interventions were complementary with each other and had greater impact.

The many collaborations and partnerships which were activated through the CERF allocation on top of the digital cash transfers component also helped define the pathways for the potential expansion or sustainability of the recovery and financial inclusion initiatives. The UNDP in this case was able to utilize the CERF allocation to help create and connect various portions of what may evolve to become the network or 'ecosystem' of inclusive finance stakeholders, which, in turn, will be critical for the sustainable and resilient economic recovery of Marawi.

- 3.2 What are some of the achievements and challenges regarding partnership arrangements with government partners, local and international NGOs and Red Cross/Red Crescent, for implementation of CERF projects, including relevant initiatives undertaken to improve engagement of implementing partners in CERF prioritisation processes and to ensure fast disbursements of funds to implementing partners.

The project encountered initial challenges in partnering with national government agencies, specifically the Department of Social Welfare and Development (DSWD), during the preparatory stages of the project due to the then-evolving national policy directions on Marawi. To remedy this, the project shifted to strengthening engagements at the local government level. The close and smooth engagements with local chief executives and officials at the municipal and barangay levels ultimately enabled the effective selection, registration, and training of project beneficiaries.

Meanwhile, other partnerships with international and local NGOs, namely: Oxfam, People's Disaster Risk Reduction Network (PDRRN), Al-Mujadilah Development Foundation, Inc. (AMDF); academic institutions such as the Mindanao State University (MSU) Initiatives for Dialogues and Empowerment through Alternative Legal Services, Inc. (IDEALS); and even with private sector (PayMaya and Smart Padala) were instrumental in ensuring the fast disbursement of cash support to project beneficiaries and achievement of the other targets of the project, such as: training, advocacy and promotion of financial inclusion through digital cash disbursement (including Islamic finance), capacity building and technical advisory support, social preparation, registration and distribution caravans, cash-market mapping, documentation, media engagement, communications, formulation of the gender and protection guidelines, personalization and issuance of iAFFORD cards, technical support and digital disbursement, and on-boarding, training and merchandizing of accredited local merchants and money-in money-out agents.

4. **Programme Challenges and Lesson learned:**

- 4.1 What were some of the challenges, obstacles and weaknesses experienced when accessing funding from the CERF, including management and decision-making processes

In this case, the UNDP did not meet any serious obstacles or challenges in accessing funding from CERF. With regard to the management and decision-making processes, CERF projects could use a more nimble governance arrangement. The experience of having high level decision makers stationed in Manila and then field implementors on the ground sometimes causes lags or delays. There is also a sentiment among the project staff on the ground that they have little influence or participation in the planning and design stage of CERF-funded interventions and are often only able to contribute during the implementation and evaluation phases.

4.2 What are some of the lessons learned and recommendations regarding the use of the CERF (its criteria, proposal, allocation, implementation, evaluation and reporting requirements).

It is recommended that project staff stationed in the field and working at the community level should have greater participation in the project development phase, whenever feasible. The evaluation and audit of projects implemented with CERF allocation with regard to impact and sustainability are also difficult given the strict 6 months or 12 months life of CERF grants. Responding to emergencies and crisis, while often requiring time-critical interventions, also need more time to check on their impact to beneficiaries and communities.