

Evaluation Report

Evaluation of the *Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos* (IAFFORD) Project



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List of Acronyms and Abbreviations
AMLC - Anti-Money Laundering Council
AQC - Aid Quality Checks
ARMM - Autonomous Region in Muslim Mindanao
BSP - <i>Bangko Sentral ng Pilipinas</i>
CCT - Conditional cash transfer
CDA - Cooperative Development Authority
DCT - Digital cash transfer
DFAT - Australian Department of Foreign Affairs and Trade
DRR - Disaster Risk Reduction
DSWD - Philippine Department of Social Welfare and Development
EMI - Electronic money issuers
Fin-Tech - Financial technologies
IAFFORD - Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos
IQR - (Aid) Investment Quality Reporting
iXc - InnovationXChange
IDPs - Internally Displaced Persons
KYC - Know-Your-Customer
MEAL - Monitoring, Evaluation and Learning
NFSI - National Strategy for Financial Inclusion
NCAS - Notice of cash allocation
OCCI - Metro Ormoc Community Multi-Purpose Cooperative, Inc.
OECD-DAC - Organization for Economic Cooperation and Development-Development Assistance Committee
PDP - Philippine Development Plan 2017-22
PIN - Personal Identification Number
POS - Point-Of-Sale
TFPSA - Terrorist Financing Prevention and Suppression Act
USAID - United States Agency for International Development

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Executive Summary

The Australian Department of Foreign Affairs and Trade (DFAT) funded the *Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos* (“IAFFORD”) Project to pilot a digital cash transfer (DCT) platform to provide financial services to the poor. The project was implemented by Oxfam Australia, in partnership and collaboration with Philippine government agencies, civil society organizations, microfinance institutions and financial technologies (fin-tech) companies.

The IAFFORD investment¹ was supported through the *DFAT Technology Against Poverty Prize* grant provided by DFAT innovationXchange (iXc) as part of the 2016 Google Impact Challenge. The core belief of Google Impact Challenge is “technology and innovation can accelerate change across the non-profit sector”. The self-described mandate of iXc is “(to) build on innovation capability at (DFAT) embassies or posts, improving more lives by adopting cross-cutting themes (e.g. science and technology), approaches (e.g. systems thinking) and tools (e.g. digital inclusion).”

The IAFFORD project represents a further scaling-up of the DCT platform, initially developed in 2014. In its grant application, Oxfam’s broad objective was to distribute 50,000 electronic cards to provide access to micro-credit, insurance and savings based on the ‘Oxfam-VISA Philippines-PayMaya’ partnership model. Therefore, as initially conceived, IAFFORD was meant to promote long-term development objectives of financial inclusion and resilience to disasters.

In 2017, at the request of DFAT in the Australian Embassy Manila, IAFFORD’s focus on long-term development was extended to include relief operations related to the siege in Marawi². The project, therefore, extended its activities to support the livelihoods recovery of internally displaced peoples (IDPs). During the emergency response, a significant issue that emerged was the lack of identifying documentation, which prevented many disaster-affected victims from accessing relief services. A significant use of the IAFFORD DCT platform during the Marawi siege was the distribution of so-called “2-in-1” cards that served both as a cash card and a means of identity verification.

DFAT would like to evaluate the IAFFORD project in terms of the: *quality of Monitoring and Evaluation (M&E) Systems; Effectiveness; Efficiency; Relevance, contribution to Gender*

¹ The term ‘investment’ is used in this report consistent with its definition in *DFAT’s Aid Programming Guide*. An investment is defined as, “an intervention designed to achieve specific outputs and outcomes and contribute to the overall objectives of a program.” Therefore, in this report the term ‘investment’ is synonymous with the term ‘development project’, or simply, ‘project’.

² Also known as the Siege of Marawi or the Marawi crisis was a five-month-long armed conflict in Marawi, province of Lanao del Sur, Philippines, that started on 23 May 2017, between Philippine government security forces and militants affiliated with the Islamic State of Iraq and the Levant (ISIL), including the Maute and Abu Sanyaf Salafi jihadist groups.

Equality; and *Sustainability*. DFAT also wants to identify *lessons learned* from the implementation of IAFFORD's digital infrastructure platform. The purpose of this Report is to describe findings of the Evaluation.

In general terms, this evaluation methodology applies the guidance on investment quality as articulated in the Aid Quality Check (AQC) Ratings Matrix documents (2018 and 2019)³ which contain explicit, clear and detailed criteria. See table below for AQC criteria. Raters are asked to determine to what extent an investment addresses the *focus areas* articulated for each criterion, which are indicators of investment quality. When assessing the extent to which an investment addresses a *focus area* for each criterion, raters are asked to weight their ratings according to the *strength of the evidence* for each criterion and focus area. Finally, investments are assigned a numeric rating to support an assessment of Unsatisfactory (score of between one and three) or Satisfactory (score of 4 and higher). Evaluation findings are summarised in the AQC Ratings Matrix, presented below.

IAFFORD Project AQC Ratings Summary			
Criterion	Score	AQC Description	Rating
M&E Systems	3	Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area	●
Effectiveness	4	Adequate; on balance satisfies criteria; does not fail in any major area	✓
Efficiency	5	Good; satisfies criteria in almost all areas	✓
Relevance	6	Very good; satisfies criteria in all areas	✓
Gender Equality	4	Adequate; on balance satisfies criteria; does not fail in any major area	✓
Sustainability	3	Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area	●
Legend			
✓	Satisfactory	●	Unsatisfactory

Lessons Learned 1. M&E Systems

The IAFFORD DCT platform, as with all information systems, generated a large amount of data on the use of digital transactions by the IAFFORD beneficiaries. This data could have yielded valuable information on how the platform can be used to deliver digital financial services.

With respect to future DFAT investments, it is important that the M&E systems of investments with a digital cash component be robust and built for purpose. This means making effective use of partner systems' data to generate decisions on how to sustain the

³ Department of Foreign Affairs and Trade. (Year Unknown) Australia *Investment Design Quality Criteria*, downloaded at: <https://dfat.gov.au/about-us/publications/Pages/investment-design-quality-criteria.aspx>

use of a digital cash platform. This in turn means taking advantage of partners' expertise with analysing large amounts of financial/transactional data. Staff in the investment proper should then be able to take this information and use it to make decisions about investment interventions, related to digital cash.

Lessons Learned 2. Investment Governance

A comparison of IAFFORD's evaluation plan as submitted to the Google Impact Challenge Fund, and IAFFORD's ability to produce transactional data is an indication that the ambition to, "... (collect) *anonymous client data sets via the IAFFORD platform and triangulating with qualitative feedback*", was not met. Part of the reason for this is due, as mentioned above, to IAFFORD's M&E system. It could also be due to the fact that Oxfam Australia as the country office which seemed to take the role of executive leadership, did not seem to effectively communicate this requirement to Oxfam Philippines, which was responsible for IAFFORD operational planning. There seemed to have been a disconnect between the strategic commitment to measure innovation and the need to build this into IAFFORD's work plan.

Based on the evidence presented in this report, the utilization of a DCT platform for development is an innovation that must also be rigorously tested. In future interventions involving a DCT platform, investment or project governance arrangements should be set so that the implementing entity is contractually obligated to test the innovative potential of digital cash.

Lessons Learned 3. Intervention Design

A clear-cut argument can be made, from the perspective of DFAT and other development donor institutions, that a DCT platform is more efficient than alternatives for delivery of interventions related to disaster and risk reduction. However, for other development intervention types, such as financial inclusion, the case for its effectiveness is conditional on getting many factors right and in place.

With respect to future DFAT interventions related to Disaster Response and Risk Reduction, it is best to regard the IAFFORD DCT platform as a Risk Reduction modality, contributing to resilience. For example, although seemingly not used post-investment, the IAFFORD cards distributed among beneficiaries represents the 'pre-positioning' of a cash distribution system as part of local disaster planning. DFAT could consider a second version of IAFFORD, but strictly focusing on its utility for DRR. As mentioned before, a work plan for this hypothetical investment would need to include a measurement of the DCT platforms' innovation potential as well as a component which strengthens the actors involved in the DCT network. For example, addressing liquidity concerns of small merchants who are under pressure to dispense cash to beneficiaries rather than using that cash to purchase their own inventory.

Also, as with the IAFFORD Investment, this hypothetical follow-on investment would concentrate on the communities where there is no banking infrastructure at the local level and are the most vulnerable to natural disasters and instability. In the absence of this infrastructure, community-based non-bank financial service providers such as cooperatives can be more involved with clear agreements to serve as a sustaining mechanism beyond the life of the investment.

It is also important to remove potential barriers to micro-merchants' participation in a DCT platform such as ceilings on the maximum value of monthly transactions, during an exceptional period, such as an emergency response. This is because the highest priority consideration during an emergency is the role these micro-merchants play in reflation the local economy post-emergency, thereby contributing to the general conditions for livelihood recovery.

Once the IAFFORD DCT platform is on a more sustainable footing, as indicated by its performance as a DRR modality, other follow-on investments can use the IAFFORD platform, especially for long-term development objectives such as financial inclusion, social protection and social security.

Lessons Learned 4. Use of the IAFFORD Card as Identification

As mentioned above, a common issue in the delivery of aid during an emergency is the need to establish identity before the delivery of services. As can be seen from IAFFORD's experience, having the digital cash card serve additionally as a form of identification acted as a safeguard against abuse of the DCT system. This feature is consistent with DFAT's priority to safeguard DCT platforms against illegal activities, especially terrorism. Both the governments of Australia and the Philippines emphasize the need to preserve the integrity of digital cash transactions and to guard against its use for illegal or terrorist activities. Adding an identity verification functionality to a DCT component could be an act of due diligence compliant with provisions of the Anti-Money Laundering Act (AMLA) and Terrorist Financing Prevention and Suppression Act (TFPSA).

1 Purpose

1.1 Purpose

The Australian Department of Foreign Affairs and Trade (DFAT) funded the *Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos* (“IAFFORD”) project to pilot a digital cash transfer (DCT) platform to provide financial services to the poor. The project was implemented by Oxfam Australia, in partnership and collaboration with Philippine government agencies, civil society organizations, microfinance institutions and financial technologies (fin-tech) companies.

The IAFFORD project was supported through the *DFAT Technology Against Poverty Prize* grant provided also by DFAT innovationXchange (iXc) as part of the 2016 Google Impact Challenge.⁴ The core belief of Google Impact Challenge is “technology and innovation can accelerate change across the non-profit sector”. The self-described mandate of iXc is “(to) build on innovation capability at (DFAT) posts, improving more lives by adopting cross-cutting themes (e.g. science and technology), approaches (e.g. systems thinking) and tools (e.g. digital inclusion).”⁵

In terms of project/investment governance, DFAT’s managing contractor for the Google Impact Challenge Technology Against Poverty Prize was DT Global (then known as AECOM) acting on behalf of iXc. The implementing partner was composed of two Oxfam Country Offices: Oxfam Australia and ‘Oxfam in the Philippines’. Oxfam Philippines held the responsibility for the operational activities for IAFFORD, with oversight from Oxfam Australia.

DFAT would like to evaluate the project in terms of the: *Quality of Monitoring and Evaluation (M&E) Systems; Effectiveness; Efficiency; Relevance*, contribution to *Gender Equality*; and *Sustainability*. DFAT also wants to identify *lessons learned* from the implementation of IAFFORD's digital infrastructure platform. The purpose of this Report is to describe findings of the Evaluation.

In order to objectively evaluate the IAFFORD project, it is important to describe the history of Oxfam’s use of Digital Cash Transfer (DCT) for its operations in the Philippines. The main sources for this history is the Google Impact Challenge (GIC) application document authored by Oxfam for its initial grant submission, as well as consultations with key informants at Visa Philippines Office, PayMaya Philippines Incorporated and Oxfam Philippines. Further information on IAFFORD’s investment design is provided below.

⁴ The Google Impact Challenge is a funding entity which funds innovative technology solutions that are based on data and evidence. The approach is to “solve like engineers” which means “(breaking) down large problems into small ones, and then test and iterate solutions”. More information is available at <https://www.google.org/our-work/>

⁵ [ixc.dfat.gov.au/our-approach/](https://www.dfat.gov.au/our-approach/)

1.2 Methodology

1.2.1 Aid Quality Check (AQC) Rating Methodology

In general terms, this evaluation methodology applies the guidance on investment quality as articulated in the Aid Quality Check (AQC) Ratings Matrix documents (2018 and 2019)⁶ which contain explicit, clear and detailed criteria. See the table below for the AQC criteria. Raters are asked to determine to what extent an investment addresses the *focus areas* articulated for each criterion, which are indicators of investment quality. When assessing the extent to which an investment addresses a *focus area* for each criterion, raters are asked to weight their ratings according to the *strength of the evidence* for each criterion and focus area. Finally, investments are assigned a numeric rating to support an assessment of Unsatisfactory (score of between one and three) or Satisfactory (score of four and higher).

Table 1. AQC Criterion and Focus Areas	
Criterion	Focus Areas
M&E Systems	<ul style="list-style-type: none">• M&E plan meets DFAT's M&E standards• M&E resources• Baseline data• Availability of performance information• Evidence-based decision making• Use of partner systems
Effectiveness	<ul style="list-style-type: none">• Outputs, targets and final outcomes• Behaviour change amongst partners and beneficiaries• Policy dialogue• * Performance information is being used for management decision-making, learning and accountability
Efficiency	<ul style="list-style-type: none">• Appropriate use of resources• Efficiency of the aid modality and governance arrangements• Suitable staffing• Harmonisation• * The M&E System supports assessment of efficiency
Relevance	<ul style="list-style-type: none">• Australia's national interests and partner priorities• Alignment with relevant Aid Investment Plan (AIP) or strategy frameworks• Appropriateness of the modality• Responsiveness to contextual changes (if applicable)
Gender Equality	<ul style="list-style-type: none">• Achievement of results on gender equality and women's empowerment• Development and implementation of a gender strategy based on gender analysis• Adequate resources• M&E system monitors performance on gender equality• Partners demonstrate commitment and ownership

⁶ Department of Foreign Affairs and Trade. (Year Unknown) Australia *Investment Design Quality Criteria*, downloaded at: <https://dfat.gov.au/about-us/publications/Pages/investment-design-quality-criteria.aspx>

Table 1. AQC Criterion and Focus Areas	
Criterion	Focus Areas
Sustainability	<ul style="list-style-type: none"> • Enduring benefits • Local systems used • Ownership • Risk management
* 2019 Guidance	

1.2.2 AQC Criteria and IAFFORD Project Evaluation Questions

Specific guidance is derived from the Terms of Reference developed for this evaluation, in the form of evaluation questions.

AQC Criteria 1: M&E Systems

- *Did the project's M&E system generate robust evidence to measure results achieved?*

AQC Criteria 2: Effectiveness

- *Did the IAFFORD project achieve the results that were expected?*
- *To what extent did IAFFORD meet its intended goal, outcomes, and outputs?*
- *Did the project's M&E system generate robust evidence to measure effectiveness?*
- *What changes in behaviour, if any, did IAFFORD lead to in the project beneficiaries' use of/demand for digital financial services to address their social welfare needs, accumulate savings, expand on livelihood projects, or mitigate effects of economic shocks and/or natural disasters?*
- *Is there any evidence that any of the project beneficiaries continue to apply new financial management skills since the project concluded?*

AQC Criteria 3: Efficiency

- *Did the IAFFORD project make appropriate use of Australia's and the partners' time and resources to achieve outcomes?*
- *What were the identified risks in using the IAFFORD modality and how were they managed?*

AQC Criteria 4: Relevance⁷

- *Is the investment highly relevant to Australia's national interests, to the development context and partner priorities?*

AQC Criteria 5: Gender Equality and Women Empowerment

- *Did the IAFFORD project make a difference to gender equality and empower women and girls among the project beneficiaries?*

⁷ While not specifically mentioned in the ToR as an evaluation question *Relevance* is an AQC criteria. See *Aid Quality Check Ratings Matrix (2018)*, downloaded at <https://dfat.gov.au/about-us/publications/Documents/aid-quality-check-template.pdf>

- *To what extent did the project benefit women and girls, particularly in those in Internally Displaced People (IDPs) and vulnerable groups?*
- *Did the project's M&E system generate robust evidence to measure performance on gender equality and women's empowerment?*

AQC Criteria 6: Sustainability

- *What benefits were gained from IAFFORD and are these benefits expected to last?*

Evidence for this evaluation is based on primary and secondary sources of information. In terms of secondary sources of information, evidence was gathered by reviewing project documents in the form of formal reports submitted to the donor, 'raw' information derived from internal, as well as routinely produced documents used by the investment to monitor activities and results achieved. Primary sources of evidence include key informant interviews with project stakeholders, and those with general technical knowledge of DCT platforms, which included key informants in government, and the private sector. In addition, anecdotal evidence was gathered from selected IAFFORD project beneficiaries during phone interview sessions conducted by the evaluation team.

According to DFAT guidance, one method for evaluating the efficiency of an investment is "*to ... value ... this investment against alternative(s)*" Therefore, part of this evaluation methodology is to compare the DCT intervention modality implemented by IAFFORD against other potential forms of aid and development delivery. Please note that this is a *qualitative* and not a quantitative assessment and will be based on logical conclusions drawn from the results of this evaluation.

2 History of the IAFFORD Project Design

The basis for the IAFFORD project began with a partnership between Oxfam Philippines and Visa Philippines during the emergency response to typhoon *Haiyan* (locally known as Super Typhoon *Yolanda*) in 2013. During that time, the Oxfam and VISA Philippine offices implemented a digital e-payment infrastructure using electronic prepaid cards for secure and transparent aid disbursement. The Philippine Central Bank or *Bangko Sentral ng Pilipinas* (BSP) noted that this was the first collaboration of its kind; distributing 10,020 prepaid cards to disaster affected provinces in Leyte and in the then-Autonomous Region in Muslim Mindanao (ARMM), supporting the rebuilding of homes and the livelihoods of beneficiaries. Since 2014, Oxfam has promoted disaster resilience by building on the DCT infrastructure developed during the recovery phase of typhoon Haiyan. To scale up the project, Oxfam in the Philippines partnered with SMART eMoney Inc.⁸ to expand the use of e-payments by supporting small village merchants to accept prepaid cards.

⁸ SMART eMoney was PayMaya's predecessor company operated by Smart Communications, Inc., which is one of the leading wireless communications and digital services in the Philippines.

The IAFFORD project represents a further scaling-up of the DCT platform, initially developed in 2014. In its grant application, Oxfam's broad objective was to distribute 50,000 electronic cards to provide access to micro-credit, insurance and savings based on the Oxfam-VISA-PayMaya partnership model. Therefore, as initially conceived, IAFFORD was meant to promote long-term development objectives of financial inclusion and resilience to disasters. These long-term objectives are represented in the IAFFORD design. For example, IAFFORD's areas of operation include locations in the Philippines where, according to the BSP, 36% of the population have no access to financial services at all. In addition, beneficiaries were not only trained in the mechanics of the use of e-payments, but also in digital financial literacy. Oxfam targeted micro-merchants in the communities where beneficiaries lived so the economic benefits of the use of DCT would accrue to the local economy.

IAFFORD's design also included provisions for third parties to offer microfinance loans and micro-insurance. This includes access to these financial products provided by the Metro Ormoc Community Multi-Purpose Cooperative (OCCI), with branch operations in Leyte and Samar municipalities. For micro-insurance, OCCI partners with CLIMBS Life and General Cooperative, a licensed insurer.

In 2017, at the request of DFAT in the Australian Embassy Manila, IAFFORD's focus on long-term development was extended to include relief operations related to the siege in Marawi. IAFFORD, therefore, extended its activities to support the livelihoods recovery of internally displaced people (IDPs). During the emergency response, a significant issue that emerged was the lack of identifying documentation, which prevented many disaster-affected victims from accessing relief services. A significant use of the IAFFORD DCT platform during the Marawi siege was the distribution of so-called "2-in-1" cards that served both as a cash card and a means of identity verification.

The suite of financial services on the IAFFORD DCT platform includes several functionalities, such that the IAFFORD card or mobile application can be used:

- as a store of value, through which donors and the Philippines government can deposit electronic cash transfers;
- as a way for users to digitally transfer funds to recipients such as friends and family;
- to purchase goods from local merchants;
- to pay government bills such as for utilities;
- to allow third parties to offer card/mobile users micro-financial services such as micro-loans and micro-insurance, and;
- as an identification card.⁹

⁹ *iAfford PayMaya Kaibigan Final Version with Logo.mp4* downloaded at <https://oxfam.app.box.com/s/l8n1ld9y0p5r34l9gljo13ukmybsbjwm/file/420549396169?sb=/details>

3 Evaluation Findings

This Evaluation applies DFAT internal guidance on monitoring and evaluation (M&E) standards and the annual aid investment quality reporting (IQR). The M&E and the Aid Quality Checks (AQC) describes specific criteria to be applied to a specific set of focus areas: M&E Systems; Effectiveness; Efficiency; Relevance; Gender Equality; and Sustainability. This section describes the findings in each of these areas.

3.1 M&E Systems

The evaluation document submitted by Oxfam Philippines to support IAFFORD's application to the GIC describes an ambitious use of data from IAFFORD's DCT platform. The document mentions the use of the mobile cash transfer systems of partners Visa Philippines and Smart/PayMaya to produce "data



"The IAFFORD project... will have reach beyond the project duration by building an evidence- base demonstrating the effectiveness of a digital platform that the Filipino government can utilize"

Goale Impact Challenge: Evaluation Document

analytics of credit and savings behavior and set-up of real-time application to monitor card utilization and behavior on entrepreneur and social protection programs". The evaluation document further describes the use of systems from government partners to "support government to adapt a digital database and integrate its conditional cash transfer (CCT) program with mapping of vulnerable individuals located along danger zones and high risks areas."

3.1.1 M&E Systems and Evidence-based Decision-making

Evidence from this evaluation supports the finding that IAFFORD did utilize data contained in the information systems of government partner systems, to identify socio-economically vulnerable areas as well as the beneficiaries eligible for inclusion in IAFFORD. Key informants mentioned the fact that IAFFORD made use of the Philippines' Department of Social Welfare and Development's (DSWD) "*Listahanan*" or the National Household Targeting System for Poverty Reduction (NHTS-PR), which is a management information system that identifies eligible beneficiaries for its "Bridging Program for the Filipino Family" (Filipino: *Pantawid Pamilyang Pilipino Program*) also known as the "4Ps Program", a conditional cash transfer program. In Marawi, Leyte and Samar provinces, IAFFORD also used lists of the most vulnerable maintained at the municipal level, to identify potential beneficiaries. These facts mean that IAFFORD fulfilled one aspect of the purpose stated in the GIC document "(use of) (a) pre-existing database and registration tool for beneficiary tracking, potential beneficiaries will be profiled by the government to build a database of poor and vulnerable individuals".

While IAFFORD did use partner systems (specifically that of the government) to develop evidence for operational planning, other data that could have been used to evaluate the innovative potential of the DCT platform was not used by IAFFORD. Specifically, IAFFORD did not use data from the DCT platform itself, on the utilization of the financial functions contained in the card. From a monitoring, evaluation and learning (MEAL) perspective, this data is key to assessing the innovative potential of the IAFFORD DCT platform.

Key informants did mention that IAFFORD signed a memorandum of understanding (MOU) with PayMaya, the DCT mobile money platform provider, for the provision of analytics. The evaluation team did see presentations developed by Oxfam Philippines partner Visa Philippines citing statistics on savings behavior of beneficiaries during a cash transfer pilot test conducted at the reconstruction and rehabilitation stage of typhoon Haiyan (local name “Yolanda”) in 2013. However, this type of evidence was not provided to the evaluation team.

Another issue is the scope of the results data that is available. The Final Report mentions baseline and end-line surveys, but these surveys seem to be restricted to Samar provinces only and not the whole IAFFORD areas of operations. Key informants from Oxfam Philippines were asked to clarify the reason for the mismatch between the extent of the M&E systems and the scope and nature of IAFFORD interventions. The response given was that it was due the specific request made by DFAT to extend its geographic scope beyond the original terms of reference to post-Marawi siege reconstruction and rehabilitation interventions. It is important to note that the effective utilization of analytics from IAFFORD’s partners’ systems (specifically PayMaya) would have somewhat mitigated the issue of M&E system coverage.


Lastly, other secondary sources of data important for this evaluation were mentioned by informants from Oxfam Philippines. This included data from field teams to monitor project implementation at the community level. Key informants from Oxfam partners in Marawi mentioned the use of post-cash card distribution surveys as well as qualitative methods such as key informant interviews and focus group discussions as monitoring tools. However, the evaluation team was not provided with data from the results of these surveys.

The evaluation team therefore has had to largely rely on qualitative evidence provided by key informant consultations and case studies mentioned in IAFFORD reports, with no recourse to validate against sources of analytics information from the IAFFORD DCT platform, except for statistics (mostly at output level) mentioned in progress reports. This despite the hypothetical availability of large amounts of transactional data flowing through the IAFFORD project’s DCT system. An indication of this is the limited analytical content presented by Oxfam Philippines in its IAFFORD Project’s Final Report. An example is the absence of comprehensive analysis on card data utilization rate (i.e. purchase, cash withdrawal, payments received and savings) in the report.

3.2 Effectiveness

There exists anecdotal evidence that beneficiaries' behavior and attitudes towards the use of digital cash, digital savings, microfinance and microinsurance changed due to the IAFFORD beneficiary workshop interventions such as financial

literacy training. At the outcome level, there exists case-study evidence documenting IAFFORD interventions contributing to the recovery of livelihoods post-emergency in Marawi. There is also evidence that the structure of the digital cash transfer system under the project resulted in economic benefits accruing to the local community of the beneficiaries. Although there is no information available to date on specific effect and a way to measure the scale of these benefits. However, without data on how beneficiaries used the IAFFORD cards for cash in/cash out transactions and purchases through accredited merchants, the evaluation team can only assume that these benefits took the form of an increase in the use of digital accounts to make financial transactions versus through the exchange of cash notes.



“(IAFFORD established Savings for Change Groups) ... in 3 clusters in Eastern Samar and 7 clusters in Western Samar province with an accumulated savings of PhP73,560 (AUD 2,093)”
IAFFORD Project Specific Update – April 1-June 31 2018

3.2.1 Effect of DCT on Beneficiaries and the Community

One considerable benefit reported and validated by the evaluation team in using the IAFFORD Project's DCT platform is in the context of humanitarian assistance is the ease of cash aid distribution as cited in the case of the Marawi recovery interventions.

The traditional modality of physical cash distribution was replaced with the introduction of the platform, which reduces not only the cost of distribution on the part of Oxfam but also the cost of travel that could have been incurred by the beneficiaries when claiming their cash assistance. Other benefits of the IAFFORD cash card are discussed below.

A similar platform was adopted by the conditional cash transfer program of the DSWD in distributing its regular social protection benefits to beneficiaries. However, unlike the IAFFORD card that serves as a transactional card, the card issued to the beneficiaries has restrictions as it can be used solely for cash withdrawal only from the ATM machines operated by the Land Bank of the Philippines (LBP). Hence, the beneficiaries must travel to the nearest ATM machines to withdraw their cash benefits. It must be noted that people from remote and vulnerable communities in the country remain unbanked in the absence of a formal banking infrastructure in the municipalities and villages.

Given the fact that the cash contained in the cards could be redeemed and used for purchases at community level, it is reasonable to conclude that the provision of cash digitally contributes to the effectiveness of the interventions provided by IAFFORD. As

mentioned above, beneficiaries' transaction costs were lowered because they did not have to travel out of their communities to receive cash. Also, as cash was redeemed or exchanged by local merchants, it is also reasonable to believe that more cash was circulated in the local economy than would have otherwise, had beneficiaries travelled to other locations to collect cash assistance. Therefore, one can assume that the transaction costs of beneficiaries to receive cash assistance are much lower using the IAFFORD cards, compared to the DSWD's digital cash assistance modality.

Logically, one can also assume that vulnerable groups such as women-headed households would positively and disproportionately benefit from this reduction in transaction costs due to the added burden on these heads of household with respect to domestic responsibilities, including child-rearing. Other vulnerable groups, such as the very poor would also disproportionately benefit from a reduction in transaction costs afforded by DCT at the community level, as these transaction costs would represent a higher proportion of their household income, compared to those households who are better off.

However, these savings in transactions costs would have been somewhat offset by the fees, which was charged for the use of the IAFFORD card. Therefore, the very poor would also be more affected by a DCT fee structure, given their level of household income. As mentioned in the IAFFORD report itself, the structure of these fees can, under certain circumstances serve as a disincentive in the use of a DCT platform.

Table 2 IAFFORD DCT Platform Fee Structure

Pay Maya DCT Service	Amount	Comment
Load Cash into IAFFORD Card	1.5%	... of transaction amount at SMART <i>Padala</i> Centres, free at a Robinsons or SM Department Stores Locations
ATM Withdrawal (Land Bank)	5Php	
ATM Withdrawal (BancNet)	15Php	
Money Transfer	1.0%	.. of transaction amount, free if Pay Maya to Pay Maya account transactions
Payment for cost of goods purchased	1.5%	Via mobile payment.

From the perspective of merchants participating in the DCT network, acting as an IAFFORD agent meant a new income stream in the form of being able to top-up mobile usage of beneficiaries. It is also likely that the financial and economic benefits to merchants participating in the IAFFORD DCT platform is conditional.

The need to manage liquidity for cash redemptions is a clear additional cost that the agents must absorb and could act as a disincentive to participate in a DCT network. Likewise, there are other potential elements of the IAFFORD DCT system related to merchant liquidity that could act as disincentives.

Key informant interviews indicate that using micro-merchants as agents for the redemption of digital cash means that participating merchants are obliged to set aside a certain level of cash for redemptions, which could have been used to purchase fast-moving inventory instead. Thus, participation in a DCT agent network may have a negative effect on agent cash-flow, if not managed correctly by the agent or in the absence of additional funds infusion. Therefore, in order to fully benefit from participation in a DCT system, agents need to improve their skills to manage the liquidity of their business, as well as other business management skills.

In the IAFFORD DCT platform, a monthly ceiling amount is set for the total value of cash transactions, of up to Php 200,000. If merchants reach this amount, they must wait for another month to resume transactions. This limit was set by SMART Padala and PayMaya, IAFFORD's fintech partners. Should a merchant want to increase the ceiling amount, they must apply for authorization, which includes but is not limited to additional documentary requirements such as bank statements and an audited financial report.

The merchants find these requirements tedious and unnecessary, considering the micro scale level of their business operations. The evaluation team assumes setting a ceiling amount is a method to prevent or discourage potential exploitation of the DCT platform by merchants for money laundering or other illicit transactions. However, when these two competing priorities are combined, the result is that merchants could face a liquidity crisis.

Notwithstanding, issues described above, which may affect the long-term viability of IAFFORD's digital cash platform (see the *Sustainability* section), in the context of livelihoods support during an emergency, it is the conclusion of this evaluation that IAFFORD did achieve its intended results in the context of the Marawi recovery intervention.

3.2.2 Effect of IAFFORD Interventions Related to Financial Inclusion

With respect to the use of IAFFORD's digital cash platform in the context of financial inclusion, the evaluation team focused its assessment on comparing the *incremental contribution* of the DCT platform relative to other financial inclusion interventions delivered by the investment. It must be noted that in addition to providing interventions with respect to the use of digital cash, the investment carried out activities related to financial inclusion. These took the form of organizing beneficiaries into savings groups as well as providing financial and digital literacy workshops

There is ample evidence based on beneficiary interviews that organizing survivors from the Typhoon Haiyan disaster into savings groups was a transformative and an effective mechanism in building pre-and post-disaster resiliency among the poor/low income members. Prior to the distribution of the IAFFORD cards, beneficiaries were required to become members of Oxfam-organized savings group. In contrast to the experience in Marawi, the distributed cards were not used as digital store of cash value.

Over and above the individual cards provided to the members, each group was also provided with one card, which served as a “mother” account and a savings deposit box. Both facilities were under the control of the group’s management. Groups instituted a practice where members contributed weekly an agreed amount as collective savings. The collected amount became the group’s pool of funds, which is allocated to members for reserve purposes and lending capital for credit needs. While the lending capital is stored in the deposit box, the reserve fund is deposited in the IAFFORD card group account.

Although the amount of stored value in the digital account accumulates through time, it does not earn interest, because of specific BSP regulations¹⁰. Also, the fact that the savings amount collected for lending purposes is kept within the group’s cash box and not deposited in the account of a legally recognised financial service provider, means the practice is not one considered by BSP as an indication of financial inclusion¹¹.

On the other hand, the savings groups also instituted a lending practice of disbursing microloans to members, ranging from Php 1,000 to Php 20,000 (depending on the members’ need) and accrued interest at a rate of two percent (2%) per week with a weekly repayment term. The loan interest earned is apportioned to the group members at the end of the year and distributed in cash, which served as added income to each individual member. While the evaluation team viewed this practice as an important innovation to ease financial access, smooth the members’ cash flow needs and gradually build resiliency and self-reliance, it is not linked to the use of their IAFFORD cards. Beneficiaries interviewed claimed that members still prefer to receive their loans in cash notes.

Likewise, additional IAFFORD investment’s intervention with respect to financial inclusion was the provision of micro-insurance to the group members in partnership with OCCl, the credit and savings cooperative administering the micro-insurance component for its members. Oxfam directly paid OCCl for the one-time premium amount for a one-year coverage for each member. However, after the one-year period ended, this was not continued despite the interest of the members to pay the premium themselves. Accordingly, there was no follow-up made from OCCl nor from Oxfam on how to continue providing micro-insurance services to IAFFORD beneficiaries past the life of the project.

Moreover, despite the introduction of digital cash sensitization sessions during the financial literacy workshops and inclusion of a modest digital cash component to the design of the

¹⁰ The interest earning potential of the stored value in the IAFFORD card is constrained due to the BSP regulation prohibiting non-bank electronic money issuers (EMI) like PayMaya (the provider of IAFFORD cards) to pay interest on money stored in digital cards. BSP does not consider e-money as deposit and is not insured in the Philippines Deposit Insurance Corporation (PDIC).

¹¹ The BSP financial inclusion basic indicator is measured through ownership of an account that can be used to save money, receive salary, send or receive remittance, and pay bills through the use of formal financial service providers such as the bank and non-bank financial institutions (e.g. cooperatives, MFI-NGOs, fintech e-money providers).

savings groups, these did not translate into a sustained change in behavior of beneficiaries regarding digital cash over time. This is manifested when the beneficiaries interviewed claimed that most of the group members were no longer using the IAFFORD cards with most of the reasons cited as the fear of losing money if electronic instructions are entered incorrectly.

“The non-usage of the platform by the majority (78%) of the group members after the project ended, is an indication on the need for continuous digital education and shows that cash transaction is still preferred over digital cash.”

IAFFORD Evaluation Team Working Document: IAFFORD Beneficiary Interview Notes

Given the above-mentioned findings, the evaluation team reasonably assumes that whatever changes in savings behaviour manifested by beneficiaries can be significantly attributed to their organization into savings groups as well as the delivery of financial literacy, and not due to their involvement in digital cash transactions. This conclusion is further supported by the fact that the IAFFORD card was not connected to an interest-bearing account as earlier mentioned. In addition, no evidence was provided to the evaluation team with respect to the utilization rates by IAFFORD beneficiaries of the digital financial services delivered by the Pay Maya DCT platform. The non-utilization rate of IAFFORD cards (i.e. dormancy) could have been one definitive indicator of behavior change with respect to digital cash of IAFFORD beneficiaries. Qualitative evidence derived from key informant interviews points to a reversion to complete use of cash notes for financial transactions, on the part of most IAFFORD beneficiaries.

Based on the evidence, this evaluation notes that dormancy is a key problem with the IAFFORD DCT platform. OCCl’s experience reveals that a number of beneficiaries were no longer using the IAFFORD project cards after the project ended for various reasons such as technical glitches, forgotten Personal Identification Number (PIN), weak or intermittent signal, etc. and reverted to their usual cash notes-based transaction.

The stated aspiration of the IAFFORD is that its DCT platform could be used to deliver digital financial services, specifically micro-finance and micro-insurance, thus, improving rates of financial inclusion. Given the rates of IAFFORD cardholder dormancy and the beneficiaries’ preference for cash notes transactions in their savings collection and loans disbursement, there is no reason to believe, that delivering financial services digitally would improve financial inclusion rates (as indicated by access to financial services) of IAFFORD’s intended beneficiaries.

Furthermore, given the unqualified success of IAFFORD savings groups organizing credit and savings from its own members’ equity, it is not entirely clear what the added value is of using a DCT platform and allowing third parties to market financial products to the vulnerable and very poor. On the other hand, regulatory reform allowing the use of interest-

bearing accounts within a DCT platform is anticipated to have a positive influence on savings behavior and is an appropriate use of a DCT platform for financial inclusion.

Finally, since there is only anecdotal evidence and modest systematic data available to support the conclusions described above, the evaluation team is constrained by the lack of data to definitively measure the magnitude of the effects described in this evaluation.

Nonetheless, the evaluation team concludes that the IAFFORD Investment did achieve transformative results with respect to financial inclusion. The important qualification is that the IAFFORD DCT platform contributed minimally (if at all) to improved savings behavior of beneficiaries. Also, given the evidence above, there is no reason to believe that including a DCT component as a complement to other types of financial inclusion interventions would make an incremental contribution to the financial inclusion rate with respect to accessing financial products and services.

3.3 Efficiency

At the output level, there is strong evidence that IAFFORD exceeded its revised targets for beneficiary enrolment in the DCT platform as shown in Table 1. However, it must be noted the original target number of beneficiaries stipulated in the Oxfam proposal was 50,000 instead of 35,000 beneficiaries. As mentioned in the introductory section of this report, the change of geographical focus (from Eastern Visayas to Marawi) and context (from development to recovery assistance) during the mid-investment implementation upon the request of DFAT, prompted Oxfam to adjust downward the target number of beneficiaries. This downward revision can also be justified by the limited duration of time remaining before the investment ended. Despite these unforeseen changes, Oxfam exceeded its adjusted targets.

The evaluation team viewed IAFFORD's mid-stream inclusion of a relief and recovery component as an indication of the investment design's flexibility and efficiency as well as that of the implementer, Oxfam Philippines. DFAT's resources were applied to where it was most needed and made a considerable contribution in rebuilding the lives of internally displaced people in Marawi.

Moreover, there is consistent anecdotal evidence that the IAFFORD Investment was able to successfully enroll the very poor individuals as beneficiaries. Key informants interviewed claimed that many beneficiaries are also members of the DSWD's CCT program. However, there was no available data provided to the evaluation team to substantiate this claim. In the absence of the exact figures to determine the proportion of DSWD beneficiaries who were at the same time IAFFORD card holders, this finding is not conclusive or adequately supported.

Likewise, there are indications that the intervention modality, where the primary responsibility for the management and implementation of IAFFORD investment was located in entities outside the Philippines (i.e. DT Global /AECOM and Oxfam Australia) did have

some limitations in terms of accountability, which should be mitigated in the future, if the IAFFORD modality is applied again to another DFAT intervention in the Philippines.

Table 3: Headline Results Achieved, IAFFORD Investment.

	Objectives <i>(as stated in your proposal)</i>	Achieved <i>(Y/N)</i>	Description <i>(no more than one paragraph per objective)</i>	Headline results <i>(data points of measurable change)</i>
1	Increase access of 35,000 poor and low income households to affordable and integrated digital financial services that respond to social welfare needs, savings and livelihood expansion or strengthening	Yes	All targets were completed and achieved. Social preparation, community digital registration and financial literacy caravans enabled 41,764 individuals or 119% of target enrolled to access digital financial services through IAFFORD prepaid cards. 75% of the individuals reached are women.	<ul style="list-style-type: none"> 41,764 individuals or 119% of target enrolled to access to digital financial services through IAFFORD prepaid cards. 75% of which are women.

Source: Oxfam Final Report, IAFFORD Project

Furthermore, key informants from Oxfam's partner in Marawi the People's Disaster Risk Reduction Network (PDRRN), claimed that a case study was conducted, which the evaluation team viewed as an indication of an efficient achievement of IAFFORD outputs. The anecdote refers to the use of the IAFFORD cards database to track duplicate access to cash benefits of the same household, which is not permitted according to the investment's policies and guidelines. Using data in the cash card database, PDRRN was able to identify 200 units of IAFFORD cards that were declared as ineligible because they were assigned to households which were already in possession of a cash card. In the absence of a copy of the case study, the evaluation team made a rough estimate on the error rate. Given that the key informants mentioned that 15,000 cash cards were issued (a proxy indicator for number of households enrolled), this represents a rough, proxy 'error rate' (i.e. a second cash card issued to ineligible households) of 1.3 %. This figure suggests that leakage of DFAT's resources can be viewed as minimal if not negligible, considering the complexities in operating in highly unstable and insecure environment.

3.3.1 Cost Efficiency of IAFFORD DCT Platform for Emergency Relief

There are two hypothetical alternatives to the DCT platform used by IAFFORD to deliver cash assistance during an emergency. The first was for DFAT to establish a built-for-purpose local distribution network for cash notes or cash equivalents such as coupons. The second was to establish a logistics network for the delivery of in-kind aid. In the context of efficiency, developing a built-for-purpose network for either the distribution of cash notes or aid supplies, which involves the mobilization of people and materials, is less cost-efficient than providing a technology platform for digital cash transactions. The inefficiency of either

providing cash/cash-equivalent notes or delivery of supplies during an emergency response is a lesson learned from the Indian Ocean Tsunami¹².

With specific reference to the IAFFORD Investment, the evaluation team found systematic evidence that the use of the DCT platform for cash aid distribution in the context of the humanitarian assistance such as the Marawi recovery experience was not subjected to abuse by the beneficiaries. Consequently, the secondary use of IAFFORD card as an ID card likely contributed to this result. Therefore, it is the conclusion of this evaluation that the IAFFORD Investment's intervention did achieve its expected results with respect to the flexible use of a DCT platform in the context of delivering cash during an emergency or other unstable and vulnerable environment.

3.4 Relevance

IAFFORD is aligned to the Philippine government's National Strategy for Financial Inclusion (NSFI) constituted in 2014, specifically in the use of technology and other innovations to reach the financially excluded. The IAFFORD initiative also contributes to the achievement of one of the objectives of the Philippine Development Plan (PDP 2017-2022) for a resilient and inclusive financial sector and encouraging efficiency and innovation in microfinance and micro-insurance. The initiative is also consistent with the National Payment Systems Act (Republic Act. No. 11127), which recognizes the importance of payment system in the country's financial infrastructure and provides safeguards to all players involved in payment system.

The Australian government's current development policy builds a development cooperation program that is effective in promoting prosperity, reducing poverty, and enhancing stability. With respect to the sectors in which the Australian Embassy Manila is involved, the IAFFORD investment is very relevant to Australia's national interests and partner priorities. Specifically, support of IAFFORD is consistent with DFAT's policy on the increasing use of cash transfers during an emergency. For the Philippines, Australian development cooperation is centered on achieving objectives of inclusive economic growth, effective governance, and peace and stability as well as reducing disaster risks, promoting preparedness, and providing humanitarian assistance in response to emergencies. As will be described below, all of these interventions are relevant to the use of a DCT platform.

3.5 Gender Equality and Women Empowerment

At the output level, gender sensitization sessions were conducted by IAFFORD partners, and the best available information is that these sessions were completed successfully. Investment documents provided to the evaluation team show that the gender policies and guidelines were formulated at the onset of implementation. With respect to outcomes,

¹² Adams, Lesley (2007) *Learning from cash responses to the tsunami: Final Report*. Humanitarian Policy Group

there was case study information that women beneficiaries, who became de facto heads of households benefited from the cash provided through the investment's DCT platform. Likewise, there is anecdotal evidence that the cash amount provided was used as startup capital for livelihoods and income generating activities by women-headed households. There is also narrative evidence in the progress reports that IAFFORD Investment put in place protections and safeguarding mechanisms for women beneficiaries. This translated into a 75% representation of women enrolled in the DCT platform, as indicated in Table 1.

“(Selection of the) most vulnerable women (i.e. lactating, pregnant, solo parent, elderly and with disability) are part of the beneficiary selection criteria. (Special accommodations were made, such as) setting-up of priority lane during registration and distribution caravans to expedite (the) registration (of women, and to) ensure project activities will not create additional burden to women by staying for long hours during project activities registration and distribution caravans ... (IAFFORD provided) child minding and safe friendly spaces to allow women performing care work participate in the community caravans; and integration of water drinking station in community caravans to children, elderly, pregnant, lactating mothers, and persons with disabilities.”

Source: 3rd Project Progress Report IAFFORD Project SO

3.6 Sustainability

This section discusses sustainability with respect to the design of digital cash transfer investments within the context of disaster management response as well as for long-term socio-economic development objectives such as social protection, disaster resilience and financial inclusion. This section describes some of the challenges to sustaining IAFFORD Investment's digital cash platform. Since a DCT platform is a network of stakeholders, it involves consumers (i.e. IAFFORD beneficiaries), merchants/agents, financial institutions (such as banks and cooperatives), working in partnership with a fintech provider (such as Pay Maya) for the issuance of electronic money cards.

As mentioned in the earlier section of this report, there exist some disincentives for the participation of stakeholders in the IAFFORD Investment's DCT platform. These disincentives take the form of poorly fitted consumer fee structures, competing priorities regarding the participation of agents in the network, digital accounts that only hold value, and are not interest-bearing, as well as the lack of knowledge on the part of consumers about the use of digital cash. The combined consequences of these are lowered prospects for the sustainability of the IAFFORD digital cash platform. These are lessons learned which can guide future DFAT investments with a DCT component.

Within the context of institutional partnerships and sustainability, while the IAFFORD investment partnered with a local financial institution, specifically OCCI, its participation was

limited to the provision of micro-insurance. A long-term partnership with a financial institution such as OCCI could have a way to ensure sustainability of interventions beyond the investment's life

Key informants claimed that there has been limited attempt to gradually integrate the IAFFORD digital cash and finance platform and the other interventions into the cooperative's current portfolio of savings groups. The savings group organized under the IAFFORD investment could have been absorbed by the cooperative for its members to sustainably access other financial products such as loans. They could have also continued subscribing to its micro-insurance products. It must be noted that OCCI also offers online bills payments and POS outlets to members. Technical support to OCCI allowing them to absorb and continue IAFFORD gains could have been part of the entire design to ensure sustainability.

4 IAFFORD Project AQC Ratings

M&E Systems	Overall Rating: Unsatisfactory
Score-Description	Strength of Evidence
3 -Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area	Moderate evidence: Evidence derived from a more limited range of sources such as implementing agency reports, records of monitoring visits or records of discussions with partners and other stakeholders.
Comments	
The M&E System did not test the innovative potential of the IAFFORD DCT platform, as required by the funder (Google Impact Challenge Fund) and DFAT counterpart iXc. IAFFORD did not take full advantage of a key partner (Pay Maya) system to develop data-driven evidence-based innovations with respect to DCT (as it proposed in its GIC application), which would have improved its use for future DFAT financial inclusion investments with a DCT modality.	
Effectiveness	Overall Rating: Satisfactory
4 -Adequate; on balance satisfies criteria; does not fail in any major area	Moderate evidence: Evidence derived from a more limited range of sources such as implementing agency reports, records of monitoring visits or records of discussions with partners and other stakeholders.
Comments	
Not all beneficiaries used the IAFFORD card during and after the project based on the account of interviewed beneficiaries. The DCT platform did not incrementally contribute to financial inclusion results obtained by IAFFORD. The effectiveness of the DCT platform for DRR is well-supported by the evidence.	
Efficiency	Overall Rating: Satisfactory
5 -Good; satisfies criteria in almost all areas	Moderate evidence: Evidence derived from a more limited range of sources such as implementing agency reports, records of monitoring visits or records of discussions with partners and other stakeholders.

Comments	
While the original target of 50k stated in the proposal was not achieved due to the shift in geographic coverage and mandate of IAFFORD, the new target of 35k exceeded. The IAFFORD design proved to be flexible enough to include a DRR component in addition to its original financial inclusion mandate.	
Relevance	Overall Rating: Satisfactory
6-Very good; satisfies criteria in all areas	Strong evidence: Evidence derived from multiple reliable sources such as independent reviews/evaluations, quality assured monitoring data, implementing agency reports validated by monitoring trips, and independent research conducted in the sector.
Comments	
No doubt that the project is relevant	
Gender Equality	Overall Rating: Satisfactory
4-Adequate; on balance satisfies criteria; does not fail in any major area	Moderate evidence: Evidence derived from a more limited range of sources such as implementing agency reports, records of monitoring visits or records of discussions with partners and other stakeholders.
Sustainability	Overall Rating: Unsatisfactory
3-Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area	Moderate evidence: Evidence derived from a more limited range of sources such as implementing agency reports, records of monitoring visits or records of discussions with partners and other stakeholders.
Comments	
There was not enough support provided to local microfinance financial institutions such as OCCI to sustain the IAFFORD project gains, and dormancy of cards.	

5 Lessons Learned

Lessons Learned 1. M&E Systems

The IAFFORD DCT platform, as with all information systems, generated a large amount of data on the use of digital transactions by the IAFFORD beneficiaries. This data could have yielded valuable information on how the platform can be used to deliver digital financial services. Yet, none of this transactional information, which could have been generated by Pay Maya, appeared in the IAFFORD final report or in any other publication. As described in this evaluation, the continued use of the IAFFORD platform, or any other DCT platform, is conditional. Analysing patterns of IAFFORD card usage by beneficiaries is an evidenced-based way of fulfilling these conditions. As per DFAT guidance, an indication of investment quality is the use of partner systems¹³. IAFFORD did not make effective use of Pay Maya's data nor its expertise in analytics.

¹³ *Evaluation Of DFAT Investment Level Monitoring Systems - Case Studies*, downloaded from <https://dfat.gov.au/aid/how-we-measure-performance/ode/strategic-evaluations/Documents/evaluation-of-investment-level-monitoring-systems-case-studies.pdf>

With respect to future DFAT investments, it is important that the M&E systems of investments with a digital cash component be robust and built for purpose. This means making effective use of partner systems' data to generate decisions on how to sustain the use of a digital cash platform. This in turn means taking advantage of partners' expertise with analysing large amounts of financial/transactional data. Staff in the investment proper should then be able to take this information and use it to make decisions about investment interventions, related to digital cash.

Lessons Learned 2. Investment Governance

As described in this evaluation report, part of the rationale for funding IAFFORD is to rigorously test the innovative potential of digital cash in the context of development interventions. The involvement of DFAT's InnovationXchange (iXc), centre and the Google Challenge Fund are both indications of this premise. A comparison of IAFFORD's evaluation plan as submitted to the Google Impact Challenge Fund, and IAFFORD's ability to produce transactional data is an indication that the ambition to, "(collect) anonymous client data sets via the IAFFORD platform and triangulating with qualitative feedback", was not met. Part of the reason for this is due, as mentioned above, to IAFFORD's M&E System. It could also be due to the fact that Oxfam Australia as the country office which seemed to take the role of executive leadership, did not effectively communicate this requirement to Oxfam Philippines, which was responsible for IAFFORD operational planning. There seemed to have been a disconnect between the strategic commitment to measure innovation and the need to build this into IAFFORD's work plan.

Based on the evidence presented in this report, the utilization of a DCT platform for development is an innovation that must also be rigorously tested. In future interventions involving a DCT platform, investment governance arrangements should be set so that the implementing entity is contractually obligated to test the innovative potential of digital cash.

Lessons Learned 3. Intervention Design

A clear-cut argument can be made, from the perspective of DFAT and other donors, that a DCT platform is more efficient than alternatives for delivery of interventions related to disaster and risk reduction.

However, for other development intervention types, such as financial inclusion, the case for its effectiveness is conditional on getting many factors right and in place, namely: capacity-building, the structure of incentives for consumers; manageable conditions for the participation of agents and interest-bearing accounts linked to IAFFORD cards, are issues that top the list. While a DCT platform is a system of functionalities, it is also a network of actors. Other actors in the network, besides the beneficiaries, need to be provided with capacity as well. The need to support all actors in a DCT network also applies to the use of a DCT platform for humanitarian response.

With respect to future DFAT interventions related to Disaster Response and Risk Reduction, it is best to regard the IAFFORD DCT platform as a Risk Reduction modality, contributing to resilience. For example, although seemingly not used post-investment, the IAFFORD cards distributed among beneficiaries represents the ‘pre-positioning’ of a cash distribution system as part of local disaster planning. DFAT could consider a second version of IAFFORD, but strictly focusing on its utility for DRR. As mentioned before, a work plan for this hypothetical investment would need to include a measurement of the DCT platforms’ innovation potential as well as a component which strengthens the actors involved in the DCT network. For example, addressing liquidity concerns of small merchants who are under pressure to dispense cash to beneficiaries rather than using that cash to purchase their own inventory.

Also, as with the IAFFORD Investment, this hypothetical follow-on investment would concentrate on the communities where there is no banking infrastructure at the local level and are the most vulnerable to natural disasters and instability. In the absence of this infrastructure, community-based non-bank financial service providers such as cooperatives can be more involved with clear agreements to serve as a sustaining mechanism beyond the life of the investment.

It is also important to remove potential barriers to micro-merchants’ participation in a DCT platform such as ceilings on the maximum value of monthly transactions, during an exceptional period, such as an emergency response. This is because the highest priority consideration during an emergency is the role these micro-merchants play in reflation the local economy post-emergency, thereby contributing to the general conditions for livelihood recovery.

Once the IAFFORD DCT platform is on a more sustainable footing, as indicated by its performance as a DRR modality, other follow-on investments can use the IAFFORD platform, especially for long-term development objectives such as financial inclusion, social protection and social security.

Lessons Learned 4. Use of the IAFFORD Card as Identification

As mentioned above, a common issue in the delivery of aid during an emergency is the need to establish identity before the delivery of services. As can be seen from IAFFORD’s experience, having the digital cash card serve additionally as a form of identification acted as a safeguard against abuse of the DCT system. This feature is consistent with DFAT’s priority to safeguard DCT platforms against illegal activities, especially terrorism. Both the National Governments of Australia and the Philippines emphasize the need to preserve the integrity of digital cash transactions and to guard against its use for illegal or terrorist activities. Adding an identity verification functionality to a DCT component could be an act of due diligence compliant with provisions of the Anti-Money Laundering Act (AMLA) and Terrorist Financing Prevention and Suppression Act (TFPSA).

Annex 1: Evaluation Terms of Reference

EVALUATION TERMS OF REFERENCE

Independent Evaluation of the Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos (IAFFORD) Project

A. Background

The *Inclusive and Affordable Financial Facilities for Resilient and Developed Filipinos* (IAFFORD) project aimed to connect poor Filipinos, particularly women, to affordable digital financial services in Luzon, Eastern Visayas and Mindanao so that they can better manage their finances, save money, and invest in micro-social and business insurance to protect their assets, livelihoods, and small businesses.

The Australian Government, through the Department of Foreign Affairs and Trade (DFAT) InnovationXchange (iXc), awarded a DFAT Technology Against Poverty Prize of AUD 500,000 to Oxfam Australia for IAFFORD as part of the 2016 Google Impact Challenge. The project was implemented from February 2017 to December 2018.

The goal of IAFFORD was to increase financial inclusion of poor, most vulnerable and low-income sectors to support economic resiliency, prepare for and recover from disasters.

Specifically, the Project's objectives were to:

- Increase access to affordable and integrated digital financial services of 50,000 poor Filipinos
- Expand choices in electronic payment solutions alongside building financial literacy capacity to transform the way people access, manage and control their finances; and
- Develop and innovate at least two digital financial services that can create opportunities for poor and vulnerable people to save money, protect their assets and grow incomes.

The Project featured the private sector, government and non-government organizations collaborating to address the financial stresses brought about by poverty or natural disasters.

B. Purpose and Intended Users

DFAT wants an independent evaluation of the IAFFORD investment's Effectiveness, Efficiency, Gender Equality and Women's Empowerment, and Sustainability. DFAT also wants to identify lessons learned from the implementation of IAFFORD's digital infrastructure platform.

The primary users of the independent evaluation are DFAT Manila Post (Post) and iXc.

C. Scope

The Independent Evaluation should address the following questions which aligns with DFAT's key Aid Investment Quality criteria (Effectiveness, Efficiency, Gender Equality and Women's Empowerment, and Sustainability).

Criteria 1: Effectiveness

- Did the IAFFORD project achieve the results that were expected?
- To what extent did IAFFORD meet its intended goal, outcomes, and outputs?
- Did the project's M&E system generate robust evidence to measure effectiveness?
- What changes in behaviour, if any, did IAFFORD lead to in the project beneficiaries' use of/demand for digital financial services to address their social welfare needs, accumulate savings, expand on livelihood projects, or mitigate effects of economic shocks and/or natural disasters? Is there any evidence that any of the project beneficiaries continue to apply new financial management skills since the project concluded?

Criteria 2: Efficiency

- Did the IAFFORD project make appropriate use of Australia's and the partners' time and resources to achieve outcomes? Specifically:
- What were the identified risks in using the IAFFORD modality and how were they managed?
- Did the project's M&E system generate robust evidence to measure efficiency?

Criteria 3: Gender Equality

- Did the IAFFORD project make a difference to gender equality and empower women and girls among the project beneficiaries?
- To what extent did the project benefit women and girls, particularly in those in Internally Displaced People (IDPs) and vulnerable groups?
- Did the project's M&E system generate robust evidence to measure performance on gender equality and women's empowerment?

Criteria 4: Sustainability

- What benefits were gained from IAFFORD and are these benefits expected to last?

D. Evaluation Plan

The Team Leader will develop an Evaluation Plan that details how the Evaluation Team will deliver the independent evaluation. The plan should include, at the minimum:

- a. An evaluation design that describes an appropriate methodology for assessing the evaluation subject given the time and resources provided
- b. sub-questions for the four key evaluation criteria
- c. the proposed data collection and analysis process, including the sampling strategy and key informant categories
- d. challenges/ limitations to achieving the evaluation objectives that will have to be addressed
- e. roles and responsibilities of team members
- f. draft itinerary and target dates for deliverables; and
- g. approaches to enhance utilisation of evaluation findings.

E. Team Composition/Roles and Responsibilities

The Independent Evaluation team will be composed of:

1. Team Leader (independent consultant) with proven experience leading independent reviews and/or evaluations and the following experience and qualifications:
 - a) selection of appropriate data collection methods on a question-specific basis and development of a detailed data analysis plan
 - b) field experience that includes survey research experience, structured or semi-structured group interviews and/or focus groups and application of non-experimental theory testing techniques for examining project effects (baseline reconstruction, outcome mapping, outcome harvesting, etc.)
 - c) experience in financial inclusion and market development (knowledge of financial service models for small and medium enterprises, value chains, etc.) would be an advantage
 - d) advanced degree in international development, economics, statistics, information management or relevant social science field
2. Financial inclusion Specialist (independent consultant) with proven experience in supporting financial inclusion projects, and the following experience and qualifications:
 - a) experience in financial inclusion projects in small business finance (e.g. action research, policy and/or strategy development, value chains, market assessments, capacity development, financial service product design or development)
 - b) work experience with a development finance institution, investment fund or bank's investments or services, non-government organisation or consultancy having provided advice to financial institutions
 - c) at least 10 years of experience working on micro/small/medium enterprises (MSME) financing issues (both supply and demand side)
 - d) advanced degree in business administration, Chartered Financial Analyst (CFA) charter holder, or an advanced degree in a relevant field from a recognized university/institution

Other skills and experience required for members of the Evaluation Team include:

- Proven experience in training and facilitation;
- Collegial attitude and capacity to proven experience leading a diverse evaluation/review team;

DFAT representatives from Canberra and/or Manila may participate in the evaluation process, including the in-country mission. However, DFAT representatives are not part of the independent evaluation team and will not provide inputs to the independent evaluation aide memoire or the independent evaluation report.

The Independent Evaluation Team will draft a meeting schedule and make their own travel and logistical arrangements, in liaison and consultation with DFAT Manila.

F. Expected Outputs

1. Evaluation Plan - as described under Section D above; submitted within nine days of commencement of the assignment, and to be agreed by DFAT
2. Aide memoire - outlines the team's preliminary findings, to be presented and submitted to DFAT at the end of the in-country mission. The format for the Aide Memoire will be agreed with DFAT and will be no more than 3 pages. Feedback from DFAT on the aide memoire will inform the evaluation report.
3. Independent Evaluation Report - A succinct final evaluation report, of not more than 15 pages (excluding annexes) which meets DFAT's Aid Evaluation Policy and Monitoring and Evaluation (M&E) standards.
 - Draft Report - to be submitted to DFAT within one week of completion of the in-country mission. Feedback from DFAT will be provided within one week of receiving the draft report.
 - Final Report - to be submitted to DFAT within five working days of receiving comments on the draft report. The Final Report is intended to be published on the DFAT website.

G. Duration and Phasing

Indicative dates	Activities
	Evaluation Preparatory work
15 Aug	<ul style="list-style-type: none"> • Introductory briefing for Evaluation team
16, 19 Aug	<ul style="list-style-type: none"> • Documentary research and desk review
	<ul style="list-style-type: none"> • Preparation of draft Evaluation Plan
27 Aug	<ul style="list-style-type: none"> • Submission of draft Evaluation Plan to DFAT
30 Aug	<ul style="list-style-type: none"> • Evaluation Plan finalised based on DFAT's feedback
	Evaluation In-country Mission
2-6 Sept	<ul style="list-style-type: none"> • In-country consultations and data gathering
	<ul style="list-style-type: none"> • Preparation of aide memoire
13 Sept	<ul style="list-style-type: none"> • Submission/Presentation of aide memoire to DFAT
	Evaluation Report
	<ul style="list-style-type: none"> • Preparation of draft Evaluation Report
27 Sept	<ul style="list-style-type: none"> • Submission of draft Evaluation Report to DFAT
	<ul style="list-style-type: none"> • Revise Evaluation Report based on DFAT's feedback
11 Oct	<ul style="list-style-type: none"> • Submission of final Evaluation Report to DFAT
	TOTAL

H. Key documents

1. IAFFORD project documents: Project Proposal; Oxfam Final Report
2. DFAT Monitoring and Evaluation Standards

DFAT shall make available to the evaluation team other reasonable requests for information and documentation relating to the evaluation. The evaluation team is also expected to independently source other relevant material and literature.

Annex 2: List of Organizations Consulted

DFAT Manila Post
Economic section (Social Protection and Performance and Quality units)
Development section (Governance and Humanitarian/Disaster Risk Management)
Political section (Peace and stability)
Government of the Philippines
Department of Social Welfare and Development - Region 8
<i>Bangko Sentral ng Pilipinas (BSP)</i>
Civil Society
Oxfam in the Philippines
Al-Mujadilah Development Foundation, Inc. (AMDF)
People's Disaster Risk Reduction Network (PDRRN)
Initiatives for Dialogues and Empowerment through Alternative Legal Services, Inc. (IDEALS)
Metro Ormoc Community Multi-Purpose Cooperative, Inc. (OCCI)
Multilateral Organizations
United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) - convenor of the cash working group
United Nations Development Programme (UNDP)
DFAT Canberra
Social Protection section
Humanitarian Reform and Performance section
InnovationXchange
Fragility and Conflict Prevention section
Private Sector
PayMaya
Visa Philippines