

DFAT MANAGEMENT RESPONSE

INDEPENDENT COMPLETION REVIEW AND FINANCIAL MANAGEMENT REVIEW OF THE PHILIPPINE RED CROSS MULTIYEAR PREPOSITIONING ARRANGEMENT

Summary of the Report

DFAT commissioned an Independent Completion Review (ICR) and Financial Management Review (FMR) of the Philippine Red Cross (PRC) Multiyear Prepositioning Arrangement (MYA) entitled 'Responding to the Needs of the Most Vulnerable Population Affected by Disasters and Conflict through Emergency Relief and Cash Assistance' (AUD6.1 million, 2020-2024). The review assessed the program's effectiveness, considered areas for improvement, and informed DFAT's approach to future agreements with the PRC. The review was conducted from February to June 2026 through a combination of document review, thematic analysis, field visits, and consultations with key stakeholders, including PRC chapters, national and sub-national governments, and supported households.

Overall, The MYA was found to be highly relevant to DFAT's investment priorities, largely meeting delivery expectations. The MYA supported the Philippines' COVID-19 pandemic response and supported more than 75,000 disadvantaged individuals affected by disasters and emergencies. The financial management review ranged in assessments from 'adequate' to 'less than adequate'. PRC's financial management policies are robust and consistent with DFAT's due diligence expectations. However, some gaps have emerged in practice, particularly regarding delays in audits and weak inventory management.

Summary of Management Response

DFAT notes the review findings and welcomes the 11 key recommendations for the improvement of future engagements with PRC. DFAT agrees with eight of the recommendations, partially agrees with two, and disagrees with one. These recommendations will be factored into potential future multiyear prepositioning agreements with PRC. More detailed responses to each recommendation are included in the table below.

Independent Evaluation Key Recommendations and DFAT Management Response

Recommendation	Response	Explanation	Action plan	Timeframe
1) Continue to prioritise field Post-led observation missions to help verify effectiveness of targeting and appropriateness of support.	Agree	DFAT recognises the importance of project monitoring missions to properly triangulate data and ensure safeguarding and protection policies are properly implemented by partners.	Project monitoring visits continue to be included in the humanitarian investment monitoring, evaluation, and learning (MEL) budget.	For future agreements
2) Consider enhancing prepositioning support through capability-focused investments (advisory, mentoring, organisational development), paired with technical support to scope and, if feasible, support implementation of the PRC's warehouse expansion initiative.	Partially agree	DFAT agrees on the value of enhancing PRC capacity and systems. However, Manila Post's humanitarian portfolio does not currently fund infrastructure initiatives.	DFAT has established a new project with the Australian Red Cross (ARC) (2026-2028) to augment PRC capacity on logistics and financial management.	2026 to 2028
3) Consider appropriateness of including triggers and conditions for anticipatory action in future pre-positioning agreements.	Partially agree	DFAT prepositioning agreements are intended to complement the Philippine Government's rapid response requirements following a disaster event.	DFAT is open to considering anticipatory action measures for future agreements. This would be dependent on the alignment with Philippine Government priorities; and the finalisation of the operational guidelines of the new law on the 'Declaration of State of Imminent Disaster' (Republic Act 12287).	To be determined for future agreements

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4) PRC should prioritise finalising framework agreements with new Financial Services Providers (FSPs) alongside consideration of funding models, partner capacity, and procurement processes to strengthen cash for assistance programming.	Agree	This was a recommendation during the PRC MYA midterm review which has yet to be addressed. To-date PRC has one accredited FSP (PhilPost) and has yet to onboard three more suppliers.	PRC has agreed with the recommendation. PRC recently signed a contract with a new FSP, pending submission of necessary requirements to access its system portal. PRC has ongoing negotiations with two more FSPs.	2026-2027
5) Assess feasibility of repurposing or redeploying COVID related assets that are no longer in active use, including through partnerships with government health facilities or other responders. Where continued use is not feasible, agreed asset reallocation should be considered in line with donor and organisational asset management requirements.	Agree	PRC has incorporated the negative pressure ambulance (Skippy) in their regular ambulance operations since 2023 and has covered its maintenance since 2025.	PRC has agreed with the recommendation. PRC will repurpose all remaining COVID-19 equipment for their upcoming diagnostic centre and hospital.	To be determined
6) PRC to define and propose the target number of beneficiaries through GEDSI analysis and disaggregated by sex, age and disability both in their proposal (concept note) and project reporting.	Agree	DFAT's policy highlights gender equality and disability equity by advancing the human rights of women and girls and persons with disability through mainstreaming GEDSI across all investments. This should also be adequately monitored in implementation.	PRC agreed to allocate budget for incorporating GEDSI analysis in future agreements.	For future agreements

Recommendation	Response	Explanation	Action plan	Timeframe
7) PRC should formalise risk management of future agreements through a dedicated project risk register – including do no harm risks – that is updated and shared alongside periodic reporting cycles.	Agree	DFAT policy underscores the need to identify risks and embed safeguards with partners on Child Protection, Protection from Sexual Exploitation, Abuse, and Harassment (PSEAH), environmental and social safeguards, and anti-fraud and corruption.	PRC has agreed with the recommendation. PRC will include a dedicated risk register that will be updated and presented regularly for future projects with DFAT.	For future agreements
8) PRC should prioritise the roll-out of its stock and inventory management, ensuring the inventory generates instantly the type of items, donors, and information on expiry dates.	Agree	DFAT recognises the importance of improving and ensuring that stock and inventory management is properly validated, accurate, and updated.	PRC has agreed with the recommendation. DFAT entered into an arrangement with the Australian Red Cross (ARC) (2026-2028) to augment PRC capacity on logistics and financial management.	2026 to 2028
9) Consider scheduling tranche payments conditional on completion of external, independent financial audits.	Disagree	DFAT tranche payments for grants are usually based on achievement of milestones specific to the grant project.	PRC agreed to allocate budget for an independent financial audit in future agreements.	For future agreements
10) Fund a dedicated Finance Officer within PRC to manage budgeting and financial reporting for DFAT agreements and consider funding external audit of future support.	Agree	The accuracy and quality of PRC's financial and stock records remain a key challenge.	PRC agreed to allocate budget for a dedicated finance analyst, on top of the project coordinator, to manage finance-related matters for future agreements.	For future agreements

Recommendation	Response	Explanation	Action plan	Timeframe
11) Request PRC to share key findings and recommendations from external audits with DFAT where appropriate.	Agree	DFAT policy emphasises the importance of financial accountability and transparency of implementing partners.	PRC to provide DFAT copies of annual external audits conducted from 2020 to 2024.	2026-2028