

DFAT's management response to the mid-term review of the South Asia Regional Infrastructure Connectivity (SARIC) Program

Context

Australia's \$32 million (2019-2025) South Asia Regional Infrastructure Connectivity (SARIC) program is increasing regional economic links and growth. It aims to address constraints to economic growth in South Asia, particularly weak infrastructure investments and lagging regional connectivity. It builds on Australia's previous investments in infrastructure, cross-border trade, and private-sector investment mobilisation.

Australian funding, backed by the World Bank and the International Finance Corporation (IFC) expertise, leverages loans and private sector investment in transport and energy infrastructure to do this. These partners are assisting governments to prepare a pipeline of transport and energy projects that connect the economies in the region for public and/or private financing. Additionally, through Palladium, training and networking are provided to build skills and connect individuals and institutions to contribute to cross-border connectivity projects. SARIC is supported by a monitoring and evaluation advisor through Adam Smith International.

SARIC's technical assistance and training has enabled South Asian governments to secure more than \$3.6 billion in loans and private sector investment. This enables more effective building and management of critical transport and energy infrastructure that links and increases growth across South Asia.

The SARIC mid-term review

At approximately the mid-point of the SARIC program, a mid-term review was undertaken by independent consultants Strategic Development Group. The purpose of the mid-term review was to assess results and progress towards outcomes and impacts. The mid-term review also provided a list of recommendations and lessons for the remainder of the program. Field work for the mid-term review focused on Bangladesh, Nepal and at the Singapore-based Working Group meeting where some regional partners are based. Additionally, program beneficiaries and Posts in South Asia were interviewed remotely to inform the report.

Overall, the mid-term review report found that SARIC remains a highly relevant program in addressing, supporting, and guiding infrastructure provision in South Asia. Its delivery approach and partnership arrangements were realistic, appropriate and adequate. It was effectively leveraging additional finance to deliver greater impact without duplicating efforts. While initially hindered by COVID-19, the program was now delivering at pace, with a clear pipeline of support to government and the private sector that is delivering the foundations for transformative impact.

The report represents the independent views of the consultants and not necessarily the views of DFAT or the implementing partners of SARIC. DFAT recognises the importance of its partnership with all implementing partners. DFAT considers this review as an important opportunity to reflect on how SARIC can evolve and strengthen in the remaining period of the program.

Response to recommendations:

Working Group Meetings

Recommendation	Response	Explanation	Action Plan	Timeframe
1: It is recommended that the DFAT Investment Manager, as Chair, updates the Working Group Meeting agenda to incorporate the areas discussed in section 2.3.6 and with reference to the suggested agenda presented in Annex 5. Specific areas for inclusion are partner reporting of progress against outcome, intermediate outcome and output level result statements, and validity of the program and assessment of financial progress.	Agreed	Section 2.3.6 of the mid-term report outlines the Operations Manual as the guiding document that governs the partnerships and mechanisms of SARIC. The monitoring and evaluation framework may be adjusted to remain fit for purpose but continues to relate to the ways of working as defined in the Operations Manual.	DFAT Chair to make a standard agenda item at every working group dedicated to discuss monitoring and evaluation.	Commence in January 2024
2: It is recommended that the DFAT investment manager in collaboration with the SARIC partners develop a thematic focus area for alternate working group meetings, drawing in TTLs and DFAT post representatives to share thematic expertise and lessons from implementation	Agreed	For DFAT and all partners to understand the outcomes and results of activities, engagement on thematic areas and team leaders is important. Working Groups are an ideal forum for these discussions.	DFAT to make every second working group meeting have a thematic focus. DFAT to ask partners to invite team leaders to update on the progress and learnings from activities.	Commence in February 2024

Early-Stage Project Identification

Recommendation	Response	Explanation	Action Plan	Timeframe
3: It is recommended that IFC and World Bank provide additional information on the process of early-stage project identification, by incorporating progress at this stage of work in program updates at working group meetings, with basic information on section, type of activity and timeline of expenditure.	Agreed	DFAT, World Bank, IFC and Palladium to use the working group meetings to discuss potential SARIC activities as appropriate. Note that SARIC's funding is fully committed to activities. There is no scope for new projects under current funding levels.	DFAT to allocate time in working group meetings as appropriate for World Bank and IFC to discuss potential SARIC projects, with basic information on section, type of activity and timeline of expenditure.	Commence in February 2024
4: It is recommended that DFAT lead a discussion with the Steering Committee and come to agreement on whether and how any additional meaningful consultation with DFAT could take place at this stage of project selection.	Not Agreed	Steering Committee meetings are currently held annually between senior managers of DFAT, World Bank and IFC to set the general direction of the program. Regular working group meetings are the most appropriate place to discuss project proposals.	DFAT will invite Palladium to join future Steering Committee meetings for more holistic direction setting.	

Monitoring, Evaluation and Reporting

Recommendation	Response	Explanation	Action Plan	Timeframe
<p>5:</p> <p>It is recommended that the monitoring and evaluation (M&E) coordinator works closely with all partners to develop and agree on targets at output, intermediate outcome, and outcome levels of the results framework.</p>	Agreed	<p>The M&E coordinator is a resource to SARIC funded by DFAT. Regular meetings are held between the M&E coordinator and partners to allow ongoing conversations on updating the M&E framework and program targets.</p>	<p>The M&E coordinator has commenced discussions on updating the M&E framework and developing targets in line with Australia's new international development policy.</p>	Commence in January 2024
<p>6:</p> <p>It is recommended that the M&E coordinator, in collaboration with partner M&E coordinators, revise the reporting template so that it gathers progress and achievements against output and outcome results statement and indicators.</p>	Agreed	<p>As per recommendation 5, regular conversations take place within the M&E coordinators.</p>	<p>The M&E coordinator will take this recommendation forward during the updating of the results framework and subsequent reporting in March and October each year.</p>	Commence in March 2024

<p>7:</p> <p>It is recommended that the DFAT investment manager review and discuss with SARIC partners the proposed improvements to program M&E including the adjustments suggested in Annex 6.</p>	<p>Agreed</p>	<p>DFAT investment manager to work with the M&E coordinator to discuss the recommendation.</p>	<p>The M&E coordinator to SARIC will be in regular discussion with SARIC partners to implement this recommendation. Through regular meetings between DFAT and the M&E coordinator, the DFAT investment manager will review and provide feedback to proposed improvements.</p>	<p>Commence in March 2024</p>
<p>8:</p> <p>It is recommended that World Bank and IFC provide additional plans to bolster threat monitoring activities, and plans for engagement with DFAT on identifying political and/or diplomatic inroads to support the enabling environment</p>	<p>Agreed</p>	<p>DFAT , the World Bank and IFC senior management has agreed to more open and joint communication on the ground and advocacy with partner governments.</p>	<p>DFAT and partners to continue collaboration at formal meetings through the year, during visits in the region where there is an Australian diplomatic post and also informally through the DFAT investment manager. Conversations can assess risks (including political) and best ways to manage these through advocacy.</p>	<p>Commenced in November 2023</p>

Visibility

Recommendation	Response	Explanation	Action Plan	Timeframe
9: It is recommended that all partners play a role in improving the brand identity of SARIC, firstly by working with Palladium to use the LinkedIn platform to tell stories of change, and more broadly to communicate the message of transport and energy coordinators being created in the region.	Agreed	Visibility of Australian funding to partner governments is priority area for SARIC as results are now starting to emerge.	DFAT and implementing partners have agreed to a Visibility Plan. Working Group meetings and regular reporting will be used to track progress.	Commence in February 2024

Gender Equality, Disability and Social Inclusion (GEDSI)

Recommendation	Response	Explanation	Action Plan	Timeframe
<p>10: It is recommended that World Bank and IFC increase the visibility of their internal GEDSI processes within SARIC-supported project cycles (particularly project gender tagging, ESF processes, social assessment and feasibility reporting); and that Palladium continues to prioritise inclusive infrastructure training and support and seek out opportunities to integrate disability inclusion.</p>	<p>Partially Agreed</p>	<p>GEDSI is a priority for Australia's development program and within SARIC's implementing partners the capability exists to do this well. DFAT to explore with implementing partners a section in the annual reports template that is dedicated to showing GEDSI results.</p>	<p>DFAT to discuss with, World Bank and IFC and palladium an option to include a section in annual reports that showcases results of GEDSI, where relevant to the activity.</p>	<p>Commence in March 2024</p>