

PARTNERSHIPS FOR INFRASTRUCTURE MID-TERM REVIEW

DFAT MANAGEMENT RESPONSE

INTRODUCTION

In October 2018, the Australian Government agreed to establish a new development program to support infrastructure development in Southeast Asia - Partnerships for Infrastructure (P4I).

P4I is DFAT's only Australian-led, region-wide ODA infrastructure program in Southeast Asia. It works with eight partner governments and ASEAN, who collectively manage and deliver infrastructure pipeline budgets worth over \$50 billion annually. To date, P4I has focused on supporting partners to:

- put in place the **policy and regulatory frameworks** needed to plan, prioritise, develop and finance quality infrastructure projects;
- develop the required technical capacity in the areas of **public investment management** and **transport, energy and telecommunications** infrastructure; and
- in limited circumstances, undertake **project preparation** for priority projects.

Following completion of the program design in 2019, delivery of P4I was procured through a two-stage, open tender process. P4I was then mobilised in early 2021 during the COVID-19 pandemic, with all aspects of program delivery delayed or impacted to some extent by the pandemic.

Since its inception, P4I has:

- supported more than 3,000 infrastructure professionals per year from across Southeast Asia to work with Australian counterparts and gain deeper exposure to each other's infrastructure expertise
- provided 109 Australian organisations with a platform to engage and build relationships with 64 Southeast Asian counterpart organisations
- supported Southeast Asia's energy transition and decarbonisation across seven countries and with ASEAN
- improved infrastructure financing strategies in Cambodia and the Philippines
- supported transport connectivity reforms in five countries and with ASEAN
- initiated telecommunications cooperation with Cambodia, Indonesia, the Philippines and Vietnam.

A snapshot of program progress to date can be found [here](#).

In 2023, DFAT commissioned a mid-term review of the first phase of P4I in order to inform directions and decisions on the future of the program. The review commenced 30 months after the start of the program which was designed as an eight-year initiative.

P4I is a complex initiative: it works with eight partner governments and ASEAN; needs to coordinate closely with nine DFAT posts in the region; engages in complex sectors like energy and telecommunications; involves an innovative consortium-based delivery model with DFAT staff embedded in the program office; and was stood up during the COVID-19 pandemic.

As could be expected, establishing a complex program of this nature proved challenging. The Mid-Term Review has helped DFAT to address a number of operational issues and evolve the program through an iterative process of feedback, exploration of issues and action to implement recommendations. As outlined in the management response below, DFAT has accepted and is actioning all 20 of the review's recommendations.

DFAT thanks the Mid-Term Review team for their flexibility and adaptability in delivering the report and supporting a process of evidence-based adaptation and continuous improvement for the program over the last 18 months.

RECOMMENDATIONS	RESPONSE	DETAILS
<p>Recommendation 1:</p> <p>Develop a clear decision frame to enable more streamlined decision-making processes on project preparation and other supports. <i>This will need to take account of feedback indicating that P4I has a conservative risk tolerance that tends to cause delays in decision-making for feasibility and the need for due diligence and considered evaluation as required in quality infrastructure work.</i></p>	Agree	<p>DFAT agrees with the importance of a clear decision-making framework for future project preparation and other support. To address this DFAT has:</p> <ul style="list-style-type: none"> - revised P4I's detailed activity development and approval processes, including to strengthen monitoring and evaluation, GEDSI and DRRCC approaches - separated accountability for program strategy (DFAT Strategic Director) and implementation (new delivery partner team leader) - strengthened the P4I Program Executive to increase the range of management perspectives and infrastructure expertise in decision-making and improve information flow across the program - revised the program's Performance Assessment Framework and Program Logic, including to ensure ongoing alignment with broader policy directions such as the new Australia - Southeast Asia (Regional) Development Partnership Plan 2024-28 - and refreshed country engagement strategies for P4I's key focus countries to guide activity development and decision making and focus program effort in areas where we are seeing impact. <p>These changes have improved the quality of portfolio planning and activity development and streamlined approval times for activity proposals.</p> <p>Complex project preparation activities often involve substantial risk. As such, activity development and approval processes for those activities necessarily include detailed consultation with relevant DFAT and other Australian Government teams at posts and in Canberra. The design of P4I's next phase will re-look at appropriate decision frames and processes for the program.</p>
<p>Recommendation 2:</p> <p>Re-test the optimal balance between fast, flexible access to delivery partner expertise versus a facility-type model which could open access to broader expertise during the next-phase design.</p>	Agree	<p>Delivery of the first phase of P4I was procured through an open tender process where DFAT compared bids from numerous suppliers offering different delivery models. As part of this process DFAT determined that the bid from the current P4I delivery partner consortium represented best value for money.</p> <p>The design of P4I's next phase will re-test the delivery model for the program. It will explore a range of different options for accessing the required infrastructure expertise and developing partnerships in the region. An open tender process will be run for delivery of the next phase.</p>
<p>Recommendation 3:</p> <p>Enhance coordination with other relevant infrastructure programs in ways that better align pipeline visibility for both parties. <i>While resourcing constraints may explain this limited coordination, it also means the broader DFAT strategic ecosystems are not engaged.</i></p>	Agree	<p>P4I has established coordination arrangements with a range of partners and programs, including with DFAT's major bilateral and regional ODA investments such as KINETIK and KIAT in Indonesia and the Mekong-Australia Partnership; with Australian non-ODA initiatives such as the Investment Deals Teams and the Southeast Asia Investment Financing Facility; with other donors; and with the multilateral development banks.</p> <p>This has resulted in practical collaboration in a number of instances, including cooperation with: DFAT's CAPRED program in Cambodia; DFAT's PROSIVU and PARTISIPA programs and the Australian Infrastructure Financing Facility for the Pacific in Timor-Leste; DFAT's Aus4ASEAN Futures Initiative; DFAT's Australian Cable Connectivity and Resilience Centre; the World Bank on cross-border connectivity in Laos and transport connectivity and energy transition in the Philippines; the Asian Development Bank on public-private</p>

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		<p>partnerships reform in Vietnam; the Public-Private Infrastructure Advisory Facility through promotion of their public-private partnerships gender toolkit developed with Australian support; and with the US, Japan, UK and New Zealand on energy transition activities in Laos.</p> <p>The next phase design will re-test arrangements for coordinating with DFAT programs and other partners.</p>
<p>Recommendation 4:</p> <p>Ensure the P4I “brand” more prominently features Australia. <i>P4I’s brand recognition is substantial for a nascent program, and there are many instances of partners expressing gratitude to Australia for P4Is services. This is a significant achievement across so many countries. Despite this, a significant subset of stakeholders consulted were unaware that the program is Australian led and/or Australian Government funded.</i></p>	Agree	<p>P4I branding has been revised to ensure more prominent recognition of P4I as an Australian Government initiative. DFAT and the P4I Delivery Partners will continue to promote P4I as an Australian-led and Australian Government-funded initiative through all strategic communications and engagements with partner governments and stakeholders.</p>
<p>Recommendation 5:</p> <p>Ensure the next-phase design actively considers the share of funding a future P4I should apportion to project preparation. <i>Respondents indicated that there is an opportunity for P4I to help governments in the region, particularly the less developed countries, to address their most pressing infrastructure financing needs, and to strengthen relationships in ways that enhance Australia’s influence in the region.</i></p>	Agree	<p>As noted in the review, P4I was allocated funding to support the early development of only a select number of projects ‘rather than a dedicated financing facilitation activity stream’. This was to enable appropriate risk management and to inform future approaches to project preparation work. The design of the next phase will explore P4I ‘s role, including the share of P4I funding to be utilised, in expanding project preparation support in the region as recommended in ‘<i>Invested: Australia’s Southeast Asia Economic Strategy to 2040</i>’.</p> <p>The design will draw on lessons from the first phase of P4I, including from select projects such as the following:</p> <ul style="list-style-type: none"> - Rapid project preparation support to facilitate the Dili Airport redevelopment. An assessment of this work noted that good value for money was achieved on an assessment of principles, including cost consciousness, competition, evidence-based decision making, proportionality, and accountability and transparency. - Project preparation and advisory support for a Laos transport project to improve east-west connectivity with Thailand and Vietnam. Cross-border facility design work under the project received strong positive feedback and integrated GEDSI and climate resilience in the design. It is the first example of Australian support to implement one of the 19 priority projects identified in ASEAN’s infrastructure project pipeline.
<p>Recommendation 6:</p> <p>More closely align the Performance Assessment Framework (PAF) and Program Logic with DFAT’s Design and Monitoring, Evaluation, and Learning Standards and Facilities PAF Guidance Note. <i>In response, a review of the PAF baselines and Key Performance Indicators (KPIs) has been completed through the quality assurance mechanisms established by DFAT.</i></p>	Agree	<p>As noted in the Mid-Term Review report, a review of the PAF baselines and Key Performance Indicators (KPIs) has been completed. A further revision of the Performance Assessment Framework was undertaken in January 2025. In accordance with DFAT standards and guidance, this included development of ‘mid-level’ baselines at country and sector level, revising PAF indicators and including SMART targets for the remainder of Phase I.</p> <p>The design of the next phase will re-look at the PAF and program logic for the program.</p>

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<p>Recommendation 7:</p> <p>P4I should ensure that activity-level MEL plan indicators are standardised to enable real time monitoring of program activities, outputs, and outcomes, <i>alongside capture of meaningful data relating to cross-cutting thematic integration across P4I. The Review Team found that activity-level MEL Plans were not consistently developed for all activities, and where they did exist, differed in quality and robustness.</i></p>	Agree	<p>Activity development and approval processes and activity templates were revised in 2024 to standardise approaches across different types of activity, including a standardised approach to activity-level monitoring and evaluation plans. These plans are required for all activities and are based on the revised Performance Assessment Framework. To support this, the P4I performance management team is involved in the development stage of all activities.</p> <p>The design of the next phase will re-look at the PAF, program logic and activity-level monitoring and evaluation arrangements for the program.</p>
<p>Recommendation 8:</p> <p>Separate the supervision and implementation roles in management of the program. <i>The embedded position of the DFAT Executive Director presents complexities and tensions for the program. In response, DFAT has already refined the program staffing structure, including the role of the DFAT Executive Director. As part of the design of the next phase, DFAT will consider the scope, responsibility, and rationale for embedded roles.</i></p>	Agree	<p>The original program design outlined a detailed rationale for the use of embedded DFAT roles in the program. Based on lessons from the first three years of the program, these roles have been refined to clarify accountability and responsibility between DFAT and the Delivery Partners.</p> <p>Day-to-day program implementation responsibility and accountability has been shifted from the DFAT Executive Director to the P4I Delivery Partners through the establishment of a new Delivery Partner team leader role in July 2024. The DFAT Executive Director role has been reframed as a Strategic Director that retains responsibility for strategic direction, chairs the P4I Program Executive, and leads engagement with DFAT posts and other partners in the region. This change provides a better workload balance, clarifies implementation accountability, and enables the DFAT Strategic Director to play a stronger liaison and coordination role with DFAT posts and other programs. The P4I Delivery Partner team leader role will oversee day-to-day implementation of P4I activities.</p> <p>The design of the next phase will re-test staffing structures for the program, including the scope, responsibility and rationale for DFAT embedded roles.</p>
<p>Recommendation 9:</p> <p>Improve coordination and consultation between P4I and DFAT Posts.</p>	Agree	<p>Coordination and consultation between P4I and DFAT Posts was strengthened in a range of ways in 2024, and is now consistent with governance approaches put in place by other DFAT regional programs. Key changes included:</p> <ul style="list-style-type: none"> • established a senior management steering committee with DFAT Posts to complement existing working-level coordination. The committee provides senior management visibility and input on P4I annual planning, resourcing, progress and risk management; • refreshed P4I country engagement strategies in close coordination with posts, outlining P4I's differentiated approach across countries; • revised the DFAT Strategic Director and Deputy Director roles to enable more engagement and coordination with Posts; • expanded the P4I Delivery Partners' regional engagement team which is responsible for engagement and coordination with Posts; • improved the P4I information management system to enable easier sharing of information with posts • established a coordination and knowledge sharing network for DFAT's locally-engaged staff involved in delivery of P4I across nine DFAT Southeast Asian posts.

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		The next phase design will further test the optimal coordination and consultation mechanisms with DFAT posts.
Recommendation 10: Further consider opportunities to strengthen localisation during the design of the next phase. <i>There has been limited use of local staff in technical advisory roles. To address this issue, DFAT has already strengthened selection processes for activity team composition, which will be reflected in program documentation, such as the Service Delivery Framework and key performance indicators.</i>	Agree	Activity development processes and activity templates were revised in 2024 to strengthen consideration of activity team composition and localisation in activity delivery. A P4I resourcing strategy was developed in 2024. This strategy outlines actions to broaden the set of local partners and expertise being utilised through the program where relevant. The design of the next phase of P4I will explore localisation and locally-led development opportunities, in line with commitments in the Australia-Southeast Asia (Regional) Development Partnership Plan 2024-2028.
Recommendation 11: The use, socialisation and coordination of P4I country engagement plans should be improved. <i>This would help strengthen P4I coherence, articulate the differentiated approach being taken by the program informed by country circumstances and support sector and activity prioritisation. To address this, country engagement plans are being updated by the program. The MTR recommends the use of country engagement plans be more actively considered in the design of the next phase.</i>	Agree	Country engagement strategies for P4I's key focus countries were refreshed in collaboration with (and were approved by) relevant DFAT Posts in 2024. The strategies articulate the differentiated approaches being taken by the program in each country, responding to local context. The strategies have been used to guide development and implementation of the workplan for the last 18 months of P4I's first phase and focus program effort in areas where we are seeing impact. The design of the next phase of P4I will further explore the role and relevance of country engagement strategies or similar tools, in line with commitments in the Australia-Southeast Asia (Regional) Development Partnership Plan 2024-2028.
Recommendation 12: Improve the way delivery partners are managed and collaborate, with a view to streamlining processes and optimising resource allocation to enhance operational efficiency. <i>To address this, P4I has completed Partnership Health Checks to improve ways of working between partners. Team composition is also being given more consideration during the evaluation of Activity Proposals.</i>	Agree	Regular Partnership Health Checks have been undertaken over the course of the program, assisting the P4I Delivery Partners to improve ways of working within the consortium and with DFAT. Activity development processes and activity templates were revised in 2024 to strengthen collaboration and efficiency between the Delivery Partners, and strengthen consideration of activity team composition and localisation in activity delivery. A P4I resourcing strategy was also developed in 2024 outlining actions to strengthen consideration of activity team composition and broaden the set of local partners and expertise being utilised through the program where relevant. The creation of a Delivery Partner team leader role in July 2024 has strengthened Delivery Partner oversight of program implementation, including on issues like activity team composition and utilisation of Delivery Partner skillsets.
Recommendation 13: Keep in mind the costs and benefits of maintaining a Bangkok presence through the next-phase design.	Agree	The original P4I design process considered a range of factors in recommending the P4I program office be established in Bangkok. This included: regional connectivity; presence of other DFAT regional programs; presence of regional organisations and other likeminded regional programs; Thailand's role in the Mekong sub-region; and ability to attract staff with the necessary experience and skillsets.

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		The design of the next phase of the program will re-test the delivery model for the program including in-region resources (in the P4I program office and at DFAT posts) needed to effectively implement the program. The structure and location of the P4I program office will be considered as a part of that process, noting that significant costs would be incurred in any relocation of the office.
Recommendation 14: Establish more rigour around how decisions are made, in a manner that enables oversight and monitoring by DFAT and the Board <i>to ensure greater accountability, transparency, and VFM.</i>	Agree	<p>DFAT has strengthened governance and decision-making arrangements for P4I over the course of phase 1 of the program, including revision of the DFAT Strategic Director role and establishment of a Delivery Partner team leader. Refreshed country engagement strategies provide strategic direction for the program, supported by a range of oversight mechanisms:</p> <ul style="list-style-type: none"> - the P4I Board provides advice on the strategic direction and performance of the program (bi-annual) - a senior management steering committee with DFAT posts provides senior post management visibility and input on P4I annual planning, resourcing, progress and risk management (bi-annual) - a P4I Program Management Group comprising contractor representatives from the P4I Delivery Partners oversees program operational risks; and - the P4I Program Executive chaired by the DFAT P4I Strategic Director oversees the development and approval of country engagement strategies, workplans and activities. The Program Executive has also been strengthened to increase the range of management perspectives and infrastructure expertise in decision-making and improve information flow across the program. <p>The program's guidance and delegations matrix have been regularly refreshed to reflect the program's evolving accountability and transparency measures.</p> <p>The design of the next phase of the program will re-test the governance arrangements for the program.</p> <p><i>(See also the management response to Recommendation 1)</i></p>
Recommendation 15: Review the current staffing and resourcing model as part of the next-phase design. <i>In particular, it would be beneficial for the next-phase design to consider a clear statement of requirements for procurement among one-team members, including how to best balance the mix of hub staffing, outsourcing and insourcing.</i>	Agree	<p>Delivery of the first phase of P4I was procured through an open tender process where DFAT compared bids from numerous suppliers offering different delivery models. As part of this process DFAT determined that the bid from the current P4I delivery partner consortium represented best value for money.</p> <p>The design of P4I's next phase will re-test the delivery model for the program. It will explore a range of different options for accessing the required infrastructure expertise and developing partnerships in the region, and re-test in-region resourcing needed to effectively implement the program. An open tender process will be run for delivery of the next phase.</p>
Recommendation 16: DFAT should procure and conduct an independent due diligence audit of P4I. <i>In response, a systems audit of P4I has been completed by the DFAT audit team and implementation of recommendations commenced. P4I Delivery Partners will be required to implement the agreed audit recommendations through an adaptation plan tied to contract milestones.</i>	Agree	<p>A Corporate Services Review (systems audit) of the program was conducted by DFAT's Audit Branch in 2024, independent of the DFAT P4I program management team. The review tested the P4I Delivery Partner's financial management, procurement and information management systems and processes. The review provided recommendations for improving the program's financial reporting framework and processes, approaches to approving personnel resources for delivering activities, and information management. The P4I Delivery Partners are implementing review recommendations through an agreed adaptation plan tied to contract milestones.</p>

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<p>Recommendation 17:</p> <p>The geographical focus and sector prioritisation of the program could be strengthened. <i>In response, P4I is refreshing country engagement strategies in collaboration with posts to articulate an agreed approach and focus in key countries. Furthermore, the geographical and sector focus, as well as the location of P4I hubs/spokes, will be retested during the design of the next phase.</i></p>	Agree	<p>P4I was required to be responsive and adaptive to partner government requests in the program's early stages, including due to the impacts of COVID-19.</p> <p>P4I has subsequently developed a strong sectoral focus on the following sectors:</p> <ul style="list-style-type: none"> - transport: total P4I budget allocation to date 50%; 29% of all activities across 5 countries and ASEAN; - energy: total P4I budget allocation to date 22%; 40% of all activities across 6 countries and ASEAN; - telecommunications: total P4I budget allocation to date 4%; 5% of all activities across 2 countries; and - underpinned by cross-cutting work on public investment management: total P4I budget allocation to date 14%; 15% of all activities across 4 countries + ASEAN. <p>The program has also refined its geographic focus and developed differentiated approaches across the program's focus countries informed by refreshed country engagement strategies for Cambodia, Laos, Malaysia, the Philippines, Thailand and Vietnam, and recognising the diverse local contexts across the region.</p> <p>The design of the next phase will further test sectoral and geographic priorities for the program as well as the in-region resources required for effective program delivery.</p>
<p>Recommendation 18:</p> <p>Adopt a more synchronised approach to GEDSI indicator selection and measurement to support meaningful monitoring and evaluation of P4I's GEDSI contributions.</p>	Agree	<p>As noted in the response to recommendations 6 and 7, a further revision of the P4I Performance Assessment Framework (PAF) was undertaken in January 2025. This synchronised the GEDSI indicators outlined in the PAF and those defined in the P4I GEDSI Strategy.</p> <p>The design of the next phase will further test performance assessment approaches for the program, including in relation to GEDSI.</p>
<p>Recommendation 19:</p> <p>Ensure that a future iteration of the Indigenous Compendium, or a dedicated Indigenous Inclusion Strategy includes frequently collected, measurable, and meaningful indicators of indigenous inclusion efforts.</p>	Agree	<p>As noted in the response to recommendations 6 and 7, a further revision of the P4I Performance Assessment Framework was undertaken in January 2025. This included more meaningful indicators on indigenous inclusion.</p> <p>The design of the next phase will re-test approaches to indigenous inclusion.</p>
<p>Recommendation 20:</p> <p>Review the risk ratings and mitigation strategies associated with protection, social inclusion, and indigenous inclusion elements across all P4I projects that may involve engagement with communities to ensure appropriate risk management. <i>In response, DFAT has updated the risk and safeguards strategy to include appropriate controls. In addition, the MTR recommends that risk and safeguards issues be considered in detail during the design of the next phase.</i></p>	Agree	<p>As noted in the review, the P4I risk and safeguards strategy has been updated to include appropriate controls.</p> <p>The design of the next phase will revisit safeguards risks and management strategies for the program, including in regard to protection and social and indigenous inclusion.</p>