# SARIC FrameWORK DOCUMENT

1. **Executive Summary Diagram**

COVID crisis underlines the need to grasp regional integration opportunities to support economic recovery

January 2019 Australian Foreign Minister announces four-year support program for regional connectivity

**SARIC outcomes (2024)**

1. A pipeline of quality connectivity investments in energy and transport infrastructure that have progressed opportunities for private and/or public financing

2. Individuals and institutions connected to SARIC contribute to cross-border exchange and facilitation of connectivity projects

Delivery partner 1(Trust Fund)

IFC works with governments and private sector to promote private sector led projects and PPPs

Delivery partner 2 (Trust Fund)

World Bank works with Governments to support public investments and inform policy

Delivery partner 3 (Contract)

Training Provider manages courses for individuals and institutions and builds networks and links with Australia

**Budget**

AUD $32 million to June 2024

**Governance:** Working Group including all delivery partners, DFAT and Post representatives; Steering Committee including World Bank, IFC, DFAT.

**Monitoring and Evaluation:** Delivery partners report on their own outputs, progress towards intermediate and final outcomes synthesised by an M&E coordinator for participatory annual review. Mid-term and end of program evaluations.

**Social inclusion:** Agreement that a “quality” project by definition takes account of risks and opportunities for women and other excluded groups and cascades into project selection, policy advice, knowledge generation and training.

**Posts** in Dhaka, New Delhi, Colombo and Kathmandu are involved in governance, monitoring progress and drawing on SARIC for public diplomacy.

1. **Development Context and Situational Analysis (What problem are we addressing?)**

The South Asia region is home to 25% of the world’s population but only 4% of global GDP. Until recently the region was the fastest growing in the world (albeit from a low base). Growth slowed in 2019 as a result of contractions in the global economy, leaving governments fiscally exposed and affecting business confidence even before the effects of COVID-19. In the last quarter of 2019, growth in 2020 was forecast at 6.3% - but the World Bank now expects growth as a result of the crisis to be between 1.8% and 2.8%, with some countries expecting a deep recession.[[1]](#footnote-1) All the drivers of growth, including tourism, manufacturing, investment and remittances have largely dried up in the first months of 2020. With poor people more at risk from serious illness and with low paid jobs, particularly in service industries and construction, having disappeared, pushing migrant workers back into rural poverty, it is expected that the economic collapse will deepen inequalities in the region.

The COVID-19 crisis will underline the need for South Asian governments in the recovery phase to seize well-understood and extensively debated opportunities for growth in their neighbourhood as part of their recovery strategy and to pool limited investment resources, both public and private, for mutual benefit in high return projects. Investment in transport and energy will have a significant role in lowering the cost of business, increasing productivity, and reducing dependence on imports of hydrocarbons and therefore balance of payments stresses.

For a number of years analysts have pointed out that growth rates in South Asia masked underlying rigidities in the regional economy that would emerge to slow growth in the medium term. One major constraint is that South Asia remains one of least economically integrated regions in the world, with regional trade accounting for only 5% of the region’s trade (the corresponding figures are 50% for East Asia and the Pacific and 22% for Sub-Saharan Africa). The World Bank estimates that countries in the region should be trading between themselves at three times current rates.[[2]](#footnote-2) Non-transparent and protective tariffs, non-tariff barriers and high costs of connectivity have combined to deny South Asian economies significant growth gains on their doorsteps.

The other major obstacle to economic growth is a substantial infrastructure gap. The ADB reported in 2017 that despite improvements to infrastructure in Bangladesh, India and Sri Lanka, the region lagged behind other parts of Asia in infrastructure investment as measured by access to electricity and sanitation, road and rail density and mobile connectivity.[[3]](#footnote-3) To unlock the potential for economic growth it estimated that the region would need to spend nearly 9% of GDP, or an average of over $400 billion a year, in the years to 2030 to bring infrastructure (mainly power and transport) to a level that would support sustainable growth and take account of the threats from climate change.

Enhancing regional connectivity through energy and transport investments brings together these two constraints to growth, addressing both the high costs of and technical barriers to cross-border trade and the need to improve and increase the stock of economic infrastructure. The need for regional integration through trade facilitation and connectivity has been extensively analysed, including by the multilateral development banks, and is well recognised by the governments of the region. Intra-regional connectivity has been a priority for SAARC for at least ten years. There are already, for example, significant power sales between India, Bhutan, Nepal and Bangladesh, and interest in creating a genuinely regional power market and distribution network. There has been some progress with air services liberalisation. Road, rail and waterway corridors that will facilitate trade have been identified and their potential for generating local growth analysed, and a number are receiving international donor support for their development. India has made efforts to boost land-based trade in the northeast across the Bangladeshi and Bhutanese borders. However, the cross-border governmental and institutional links that would support robust regional planning remain weak. As the World Bank reports: “…there is a history of mutual mistrust rooted in historical conflict and size asymmetries across economies, which prevents South Asian countries from reaping the full economic benefits of geographical proximity and complementary resource endowments.”[[4]](#footnote-4) Institutional and internal incentives favour planning of infrastructure investments at the domestic rather than the regional level. For example, power demand in Bangladesh is outgrowing the capacity of local gas fields to supply electricity generators, so significant investment is being made in LNG storage in order to import natural gas while the region’s hydropower capacity is far from fully exploited.

Attempts to set up technical consultation and collaboration across borders have had mixed results. Groups established to work on specific issues under the Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) have been more active than their equivalents set up by SAARC. Some progress has been made in the creation of regional platforms for sectoral consultations, for example over power supply, and the World Bank is already active in this area. A sub-set of countries participates in the ADB-supported South Asia Sub-regional Economic Cooperation (SASEC) program, which has successfully mobilised cross-border cooperation over a number of infrastructure investments in transport, energy and economic corridor development, as well as encouraging steps towards trade liberalisation. Developing formal regional connectivity governance is a long-term undertaking and beyond the scope of SARIC. However, experience suggests that professionals across the region welcome opportunities for informal exchange of ideas and experience, and it is this aspect of collaboration that SARIC will address.

The investment needs for regional infrastructure were already well beyond the capacity of the public sector to fund them before the COVID crisis, and public budgets and borrowing capacity will be even further constrained in the coming years. It is recognised throughout the region that private sector involvement will be essential. Although lagging behind East and South-East Asia, South Asia attracted, until the COVID crisis, growing levels of foreign direct investment from global and Asian sources and has its own active capital markets.[[5]](#footnote-5) However, in contrast to other parts of Asia, experience and skills for dealing with private sector investment in infrastructure are in short supply. The exception is India where private sector investment in infrastructure now exceeds that of the public sector; but in the region overall the public sector funded 60% of infrastructure investment in 2016.[[6]](#footnote-6) There is no agreed list of bankable projects ready for private sector investment. There is a risk that even if regional connectivity is prioritised, planning may be compromised by attachment to business as usual. Ensuring a substantial role for the private sector in these circumstances is not easy. Previous experience from similar projects is that, for all the efforts put into the case for tapping private sector funds and expertise, the outcomes are largely determined by deep-seated public sector attitudes to private provision. The quality of institutions and regulatory frameworks that are essential to private sector confidence is variable across the region. The principle that the state is the ultimate provider of public goods is still strongly held in some countries in the region, and there can be attachments to public sector provision.

1. **Strategic Intent and Rationale (Why?)**

SARIC arises from an announcement by the Australian Foreign Minister in New Delhi in January 2019 that Australia would fund a four-year program of support for regional connectivity projects in South Asia. Announcing the commitment, the Minister outlined the rationale behind it:

*“SARIC builds on Australia's longstanding investment in South Asian infrastructure and trade facilitation, and our well-earned reputation for innovation in infrastructure policy, including asset recycling and public-private partnerships. Australia's investment in SARIC reflects the increasing importance of South Asia in the global economy, and the potential for Australian expertise and enterprise to contribute to the region's growth.”*

*Partnerships for Recovery: Australia’s COVID-19 Development Response* sets out Australia’s short-term priorities for the Indo-Pacific region starting in 2020/21. SARIC is anchored in these priorities:

* **Economic recovery:** Collaboration on regional connectivity allows the countries of the region toagreethe highest return uses for scarce investment resources.Boosting infrastructure investmentwill in itself stimulate economic activity but in the longer run a more integrated South Asian region would be more resilient and better placed for a resumption of economic growth. Integration would reduce transaction costs, build more efficient supply chains, contribute to lower prices, create jobs and open new markets for goods and services, including those that benefit poor and marginalised people. It would also be a starting point for enhanced people to people links that help to foster mutual confidence and trading relationships.
* **Embedding a culture of working with the private sector:** SARIC is based on an explicit recognition that the private sector will need to provide the bulk of infrastructure investment in the coming years. The inclusion of the IFC as a delivery partner as well as ongoing work by the World Bank and exposure to Australian practice will support an understanding of the environment needed to encourage the private sector and model effective private sector participation.
* **Effective partnerships enabling Australia to make a difference:** Previous experience has shown that modest allocations of Australian aid, flexibly managed, leverages significant investment from the international financial institutions and allows them to deploy their own expertise and relationships of trust with South Asian governments to open up space for policy reform. Infrastructure investment is an area in which Australia has good expertise to share. SARIC will incorporate elements to ensure this expertise is directly drawn on.
* **Preserving Australian interests:** The 2017 White Paper identified integration of the major economies of the Indo-Pacific region as being in Australia’s economic and security interests. It also highlighted Australia’s political and economic partnership with India, which has much to offer to and gain from a process of regional integration within the set of relationships contained in regional agreements. In the coming years when economic policy decisions in South Asia will be made under increased pressure and continued competition for influence, it is important that instruments such as SARIC are available that promote rational resource allocation, particularly for infrastructure, and private sector participation.
* **New ways of working:** By working through capable partners and existing staff complements at Posts in the region, SARIC will make a difference without the need for deploying additional Australian staff overseas. It will be managed largely avoiding face to face meetings.

We will never be able to deploy official development assistance at the scale required to make much of an impact on South Asia’s connectivity infrastructure deficit, even with non-grant ODA available. However, Australian expertise can make a difference by promoting the principles of good infrastructure investment (contributing to sustainable growth, incorporating efficient resource allocation and social considerations, building resilience and underpinned by good governance) in a set of connectivity projects and through exposing regional professionals to a range of options for infrastructure development. Australia can also bring to bear skills and experience in project analysis to ensure that projects contribute to the narrowing of gender and disability gaps.

The World Bank Group and the ADB have been particularly active in addressing both regional integration issues and infrastructure development in South Asia. Australia has supported the World Bank Group through trust fund mechanisms to inform and support efforts to plan and implement national infrastructure (the Infrastructure for Growth Program)**,** to facilitate cross border trade between India and its eastern neighbours (the South Asia Regional Trade Facilitation Program),and to mobilize private investment in energy across the region (Sustainable Development Investment Partnership)**.** All of these initiatives demonstrated that the World Bank Group was well placed to contribute analysis, knowledge and technical expertise to the development of policy and practice, and to support novel private sector approaches.

The Infrastructure for Growth Program (IFG), on which the SARIC proposal draws, ran from 2012 to 2018 with an Australian contribution of A$20 million. It successfully addressed policy, investment and capacity constraints to infrastructure development and brought new knowledge and solutions to tap South Asia’s growth potential. It contributed to the realisation of US$2.26 billion in Bank investments and a pipeline of a further US$1.72 billion in various stages of preparation. Through its knowledge and information products and technical assistance it influenced practice on design, including the incorporation of climate change considerations, procurement, contract management and monitoring and evaluation. The theory of change used in IFG is broadly the same that has been adopted for SARIC, namely that the provision of technical analysis, knowledge and advisory support to infrastructure investment can help to improve the quality of policies and programs and address persistent infrastructure challenges.

Beyond the specific example of IFG, the two principal partners for the project, the World Bank and IFC, have strong track records in providing high quality advice to governments and the private sector and in particular using technical approaches and rigorous analysis as entry points for dialogue and finance**.** The trust fund mechanism provides proven added value, allowing the two partners to undertake feasibility studies and analytic work, explore public and private finance for investment and source expertise outside their organisations. The mechanism as developed through several years of experience is highly valued within the two partners for its flexibility. It is familiar to them and to us and has shown itself to be adaptable to changing priorities.

SARIC will build on the existing commitments of the IFC and World Bank to ensuring that gender and disability considerations are incorporated in investments, and the design of the training and networking component, to highlight the constraints and opportunities for women and people with disability in transport and energy projects. Because the primary focus of SARIC is on moving forward a pipeline of projects, the entry points for consideration of exclusion will mainly be within the planning of the projects themselves and the capacity of implementing organisations to understand and allow for inclusion. But there will also be opportunities within the training program and the establishment of networks to highlight both the need for understanding of gender and disability in planning and implementing infrastructure and the position and experience of women professionals in the sector.

Climate change mitigation and adaptation are already strongly integrated into infrastructure planning in the region, particularly given its experience with flooding, cyclones and other disasters. The emphasis is most clearly seen in the push to expand renewable energy sources, but it also forms an important part of planning transport infrastructure. Through the preparation of the projects the delivery partners will reinforce existing national practice and international experience, and it will be highlighted in the training and networking component.

The G20 Principles for Quality Infrastructure Investment will be reflected in SARIC-supported investments. In addition, the World Bank and IFC will be guided by the principles of Maximising Financing for Development, which takes a structured approach to finding the right mix of public and private financing for projects (see https://www.worldbank.org/en/about/partners/maximizing-finance-for-development).

Successful implementation of SARIC will result in the modelling of sound and transparent approaches to infrastructure development and to social inclusion in decision making and benefits, move a number of connectivity projects now at the concept stage nearer to implementation, expose decision makers to Australian experience and approaches to infrastructure development and develop links between infrastructure professionals within the region and with counterparts in Australia.

1. **Proposed Outcomes and Investment Options (What?)**

India, Bhutan, Bangladesh, Nepal, Sri Lanka and Maldives will be eligible for SARIC assistance. Additional countries may be added through agreement at the SARIC Donor Steering Committee. SARIC Donor Steering Committee will remain open to adding countries that facilitate connections between South Asia and Southeast Asia.

*Theory of change*

The proposed end of investment outcomes are:

* A pipeline of quality connectivity investments in energy and transport infrastructure that have progressed opportunities for private and/or public financing
* Individuals and institutions connected to SARIC contribute to cross-border exchange and facilitation of connectivity projects

Drawing on lessons from IFG, the outcomes are specific and relate primarily to progress on a portfolio of projects rather than a change in the overall policy and practice environment for infrastructure. SARIC aims to create momentum for a set of sound investments in energy and transport that link the economies of the region by bringing together government planning, regulation and facilitation capacity with the willingness of the private sector to invest in viable infrastructure. Some investments may be at the financing stage by the end of the project, but it is expected that a broader range of investments will also be in earlier stages of preparation (hence the term “pipeline”). Through participation in planning, regulating and negotiating projects in the pipeline, public sector agencies and private investors in the South Asia region will gain skills and experience and use existing and new platforms for regional collaboration to progress the proposed investments. At the same time a training and networking component, drawing on specifically Australian experience and resources, will provide selected individuals from the region with further development of skills and knowledge and encourage continued contact to exchange experience and reinforce cooperation.

Given the poor regional track record on collaboration for connectivity and the longstanding political and institutional incentives undermining progress, SARIC should involve very modest expectations of what can be achieved through training and networking, and by working alongside the international financial institutions, by the end of the project in terms of an improved institutional and inter-governmental environment. However, it should aim for the emergence of a pipeline of quality projects to be driven by a degree of improved practices among selected regional players of information sharing, policy alignment and common approaches to attracting investment, as well as the technical inputs and investment of the international financial institutions.

To contribute to the end of project outcomes, SARIC will aim for a set of intermediate process outcomes:

* **Private sector involvement:** For a viable investment pipeline to emerge, the private sector must devote some of its significant investment potential in the region to regional connectivity projects. This will involve investors developing a greater degree of understanding of the opportunities for investment, the openings for influencing policy to make investments viable, and the options for structuring transactions. Increased private sector involvement will be demonstrated by the level of interest shown by investors in project opportunities and by their willingness to take IFC advice.
* **Better skills, tools and systems and use of knowledge and information to plan and implement connectivity projects:** To play their part in moving projects from concept to implementation, public sector agencies responsible for regional connectivity will need to effectively operate planning and procurement processes, develop new ways of interacting with the private sector, absorb and use new knowledge, be prepared to make use of existing and new platforms for cross border collaboration, and to integrate gender, environment and disaster preparedness considerations into project design. They will need to be able to specify their own requirements for enhanced skills and knowledge and draw on the resources available to meet the needs. Key individuals in the private sector may also need to develop their skills and understanding for working with governments on the provision of infrastructure.
* **Networks of public and private sector male and female infrastructure professionals:** Facilitated and regular contacts between professionals across the region will aim to counteract some of the institutional and political obstacles to collaboration across top management of responsible agencies and between operational level officials and allow for exchange of ideas both within the network and with Australian sources of expertise.

Each delivery partner will have separate but coordinated outputs that contribute to the intermediate outcomes:

* The IFC will work with private sector clients and public sector agencies in different ways according to the nature of underlying projects. For public-private partnerships, IFC will aim to clarify constraints and risks that need to be addressed to optimise private sector involvement. IFC will guide public and private sector parties through different stages of attracting private sector interest and the specification, procurement and negotiation of projects.  For private sector led projects, IFC will conduct feasibility studies, market mapping and analysis, as well as due diligence, de-risking and capacity building around specific projects to enable their financing and implementation. IFC will seek to collaborate with the World Bank on specific SARIC projects or issues where there are clear opportunities for private engagement.
* Working with governments, the **World Bank** will identify and prepare projects suitable for World Bank loan financing. More broadly, it will facilitate the provision of technical assistance, undertake analysis of regional connectivity issues, support new and existing platforms for cross-border consultation, pilot approaches that enhance project level delivery and encourage private sector participation, and mobilise knowledge products to inform planning and execution of connectivity projects. Experience from IFG demonstrates that high quality analysis and exposure to international practice of the sort provided by international financial institutions is an effective way of informing policy makers in the sector.
* The **Training Provider** will complement the World Bank and IFC in building the capacity of individuals working on SARIC supported activities, provide professional development to policy makers from the South Asia Region, and manage one or more regional networks of professionals to encourage learning and the application of new ideas and to maintain momentum for infrastructure activities. The provider will also build and foster links between professionals in the region and sources of expertise in the Australian government(s), regulatory agencies and private sector.

A diagrammatic representation of the theory of change is at Figure 1:

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There is also an implicit gender-specific theory of change running through the above, which hinges on a common understanding of the term “quality” in the end of investment outcomes. DFAT, the IFC and the World Bank all recognise (and the Training Provider will be selected partly for their ability to recognise) that infrastructure planning and implementation that does not take into account the opportunities for and constraints facing women does not lead to a quality investment. Both IFC and the Bank are covered by the World Bank Group’s Gender Strategy and apply relevant social criteria to project selection. All projects supported through SARIC will need to demonstrate that there has been analysis of the differential impacts on men and women and that the project seeks to maximise the benefits to women and provide safeguards where required to prevent sexual exploitation and abuse and gender based violence. For this to be a meaningful outcome the capacity for gender analysis needs to be an important part of the capacity that SARIC seeks to build among policy makers and planners in the region, and there should be a cadre of professionals in the region who have been exposed to good gender practice in infrastructure planning and implementation. To support this change the delivery partners will generate knowledge products and pilot results that focus, among other things, on the differential impacts of infrastructure on men and women and encourage debate on closing gender gaps; ensure that technical assistance includes elements of support to the emergence of gender sensitive infrastructure planning; and include an emphasis on good gender practice in training. Alongside the emphasis on gender related outcomes in the projects supported, the training and networking element will pay particular attention to ensuring that men and women professionals have opportunities to learn from each other, and to the experience of women participants to ensure that their chances of benefiting from the programs and having enhanced confidence to make a contribution to policy and practice are maximised.

*Delivery Approach*

SARIC will have three delivery components, each with a separate partner, as outlined in the theory of change, and will have a monitoring and evaluation component:

* **Component 1: IFC Trust Fund ($10.5 million).** The IFC will develop openings for the private sector to participate in infrastructure investment, as set out in the outputs above.
* **Component 2: World Bank Trust Fund ($10.5 million).** The Bank will work primarily with governments in the region to deliver the outputs outlined above.
* **Component 3:** **Training Provider ($10 million).** DFAT will contract a training provider to deliver the outputs above and to ensure that there is a strong Australian public profile to SARIC and that the best use is made of a range of Australian expertise to contribute to the development of individuals and institutions concerned with regional connectivity. The capacity building activities are expected to consist of tailored short courses for infrastructure professionals. The networks to be established and maintained are expected to be based on alumni from the training activities to provide continuity and reinforcement to the training experience. This component is planned to start once the activities of the first two are well under way and to continue after the four-year operational period for the two Trust Funds.
* **Component 4:** **Monitoring and Evaluation Coordinator ($760,000):** Becausesome outputs are aggregated from the inputs of more than one delivery partner, and more importantly because the intermediate outcomes are jointly owned, SARIC will require a part time monitoring and evaluation coordinator to ensure that evidence of progress is being collected, to synthesise progress on jointly owned outcomes and to present findings to the governance mechanisms described in the next section. A full description of the role, to be contracted by DFAT, is in section F (Monitoring and Evaluation) below.

The three delivery components will be managed independently but will be coordinated through a Working Group (see below), common monitoring and evaluation arrangements and informal contacts. The World Bank and IFC may work together on specific projects and, as part of the World Bank Group have well established coordination practices. The Training Provider will support the IFC and World Bank. The training provider will provide training to individuals in areas specified by the World Bank and IFC and will also ensure that meeting and networking activities are aligned to Bank and IFC timetables.

The World Bank and IFC will allocate trust fund resources to specific activities (missions, studies, technical assistance, advocacy and communications) proposed by their country and global teams where the link to outputs and the value added to the ability of both organisations to engage on regional infrastructure are clear. DFAT has already made the first trust fund payments to the Bank and IFC and activities are at the planning stage. In selecting connectivity projects to be supported with SARIC funding, the two partners will ensure that they meet, or will be adapted to meet, the following criteria:

* complies with the G20 Principles for Quality Infrastructure Investment
* is of demonstrable regional benefit
* matches country and regional priorities of IFC or the Bank or both
* meets the economic, environmental and social criteria of IFC or the Bank or both
* complies with the WBG Gender Strategy, with a focus on optimising benefits and minimising adverse consequences for women
* is designed to take into account climate change and building resilience to natural disasters

Although opportunities for SARIC support may arise unpredictably, over the four years the delivery partners will aim to achieve an appropriate balance between the transport and energy sectors and between focused impact (eg through supporting a limited number of large-scale projects) and wider geographical coverage.

The training component should be mobilised by late 2020, by which time some of the capacity constraints to effective implementation of SARIC-supported projects should be clearer, and a long list of individuals identified who would benefit from professional development. The Training Provider will draw up a proposed set of subject areas and corresponding training methodologies in consultation with the other delivery partners. Training methodologies may include:

* In-Australia short course delivery
* Follow-up training in the region
* In-Australia (and possibly in-region) field visits appropriate to subject matter and participants
* Building linkages with appropriate Australian government and private sector expertise in the subject matter

Methodologies may differ according to the requirements of each course developed, and may involve other partners including overseas training institutions, Australian training institutions, industry bodies and government agencies.

The Training Provider will propose transparent selection criteria, including criteria that balance selection by ensuring access by people with disabilities and an appropriate gender balance. Once approved, the implementing partner will select participants for each course from a World Bank- and IFC-provided long-list of individuals, ensuring as far as possible that individuals are directly linked to SARIC activities.

The implementing partner will mobilise participants and provide the capacity building to selected individuals over a period of time defined in the approved course methodology.

In addition to meeting training needs identified through World Bank and IFC engagement with regional institutions, the Training Provider will develop a four-year program of executive training courses that target both government officials and the private sector from all countries within the South Asia region. This may include attendance at all or some of the technical courses described above or completely stand-alone executive training. The Training Provider will identify an appropriate curriculum of training that aims to secure senior executive understanding and support from across all SARIC priority countries, both government and private sector, for regional approaches to infrastructure planning and delivery in energy and transport. Procedures for selecting participants and managing training activities will be the same for both streams of training. The Training Provider will be responsible for tracking course participants following their return to their jobs and assessing the outcomes of the training.

The Training Provider will establish and maintain in the first instance one or more networks of course participants to encourage members to use the skills and knowledge learned and to exchange ideas and experience and so to contribute to Intermediate Outcome 3. Support may include secretariat functions and virtual or physical alumni events. There will be a requirement to ensure that women are encouraged to participate both in general networking and, if appropriate, in specific women’s networks.

In opting for a trust fund mechanism for Components 1 and 2 we will be using a tested formula that has worked well in the Asian context (although with some variation in respect of monitoring and evaluation, discussed further below). The mechanism allows us to mobilise the existing relationships and expertise of the IFC and the Bank in areas where they are already committed, and which are central to their mandate. The agreement for Components 1 and 2 will comply with the Bank’s standard management fee arrangement, an established value-for-money mechanism for the Australian aid program globally and in the region. By contracting the supporting training provider role, we will be able to direct the relationship with the IFC and the Bank and define a responsibility for developing a distinctive Australian branding for SARIC.

For the sake of simplicity, Australia will be the sole donor to SARIC. However, there is scope for funds from SARIC to be used in conjunction with other funding sources, including from other donors, for specific World Bank Group activities where strategic interests align and as agreed through SARIC governance arrangements.

1. **Implementation Arrangements (How will DFAT engage?)**

*Governance*

The **Donor Steering Committee (DSC)** will be the strategic guidance body for SARIC. It will be composed of SARIC’s policy setting stakeholders, namely: DFAT (Director, South Asia Regional Development Section), the World Bank (Director for Regional Integration, South Asia) and IFC (Director for Infrastructure and Natural Resources, Asia and Pacific). The DSC will be chaired by DFAT.

The DSC will aim to maximise the coherence of SARIC while taking into account institutional differences. It will:

• examine and resolve issues that cannot be resolved as the operational level;

• take stock of the partnership and draw on lessons learned for future cooperation in the region;

• ensure linkages and learning from the South Asia Regional Trade Facilitation Program (SARTFP) are incorporated and built into SARIC from the outset.

It will also review issues such as gender equality and risk management and communications.

The DSC will meet annually, in person in the region if circumstances allow, or by videoconference. Decisions will be taken by consensus.

The main coordination mechanism for SARIC will be the **Working Group**, a management level committee chaired by DFAT (Assistant Director, South Asia Regional Development Section) and comprised of the World Bank (Senior Regional Cooperation Officer, South Asia), IFC (Regional Lead, Asia and Pacific Partnerships), a representative of the Training Provider, and representation from relevant DFAT Posts in the region (according to the specific items on the agenda). The role of the Working Group is to ensure coordination and alignment across and between SARIC activities implemented by the three delivery partners, and to provide DFAT with oversight of SARIC activities. It will:

* discuss and endorse the courses and training methodologies proposed by the Training Provider
* review progress towards outputs, intermediate and end of investment objectives on the basis of monitoring information provided by the delivery partners
* check the continuing validity of the program logic
* assess financial progress
* manage the mid-term and end of program evaluations
* act as a forum for an annual internal or externally commissioned partnership health check

The Working Group will convene up to four times per year. The default mode will be videoconference, unless it is possible to combine a physical meeting with another commitment. The Working Group will generally proceed by consensus, and will decide its operating procedures at its first meeting.

The Bank and IFC will be responsible for selection of the connectivity projects that will form part of the SARIC pipeline and the activities to be financed from SARIC funds in support of their development. They will consult DFAT informally on the selection of projects.

Outside the Working Group, DFAT Canberra (Assistant Director, South Asia Regional Development Section) will engage frequently and informally with the delivery partners and supervise the contracts of the Training Provider and the M&E Coordinator. DFAT Posts in New Delhi, Dhaka, Colombo and Kathmandu through their regular contacts with public sector agencies in the transport, energy and economic management sectors, obtain informal feedback on the environment for infrastructure investment and the progress of projects identified for SARIC support. They will also assist the Training Provider in identifying individuals capable of benefiting from the training component, participate in networking events where possible and contribute to public understanding in their countries of Australia’s involvement in SARIC. Both Canberra and Posts will be responsible for ensuring that the policy issues of most importance to DFAT, including integration of considerations of gender, disability and environment, are highlighted in SARIC-related discussions. They will contribute information on the progress of SARIC activities in their host countries to the annual process of review and reflection through the M&E coordinator, and through cables when necessary to DFAT Canberra.

The Training Provider will report to DFAT in the terms to be set out in the contract. They will also bring information on the progress of their activities to the Working Group and will be required to demonstrate that those activities are coordinated with World Bank and IFC priorities.

*Policy dialogue*

The World Bank and IFC will lead policy dialogue with countries in the region in respect of the preparation and implementation of projects and the policy environment required to realise them. As IFG demonstrated, successful dialogue is most likely to take place where governments are committed to particular projects and need advice on how to make them happen. Australia will pursue its own parallel policy dialogue with countries in respect of policy options open to governments wishing to promote infrastructure investment, drawing on Australia’s own experience. Further details are in the Policy Dialogue Matrix at Annex 2.

*Sustainability*

There are three main strands to sustainability in SARIC:

* **Project selection**: Most SARIC activities prepared by the World Bank and IFC will have an institutionally sustainable basis because they will be supported, at least in their implementation stage, by a government or governments. Whereas previous trust fund activity has financed activities over a broad range of policy options with variably sustained outcomes, it is likely that most World Bank and IFC activities financed by SARIC will lead to tangible outcomes within the infrastructure projects to which they contribute.
* **Project design and implementation**: World Bank and IFC project selection processes place a heavy emphasis on financial, operational and environmental sustainability, reflected in the G20 Principles of Quality Infrastructure Investment. The sustainability analysis undertaken for each project will be at least equivalent to, if not more rigorous than, those applied to DFAT directly funded investments.
* **Knowledge transfer** **and relationships:** Both capacity building initiatives by the World Bank and the IFC and the training and networking component will leave individuals with increased knowledge and exposure to a wider set of relationships, including with Australian industry and government. The Training Provider will be required to collect information on whether new knowledge has been internalised within institutions. The prospects for self-sustaining networks following the establishment phase under the project are uncertain at present, but the Training Provider will be asked to examine options for sustainability at mid-implementation.

1. **Monitoring and Evaluation (How will DFAT measure performance?)**

*Principles*

The principles guiding monitoring and evaluation practice in SARIC are:

* *Use of existing systems:* DFAT and the World Bank Group have different monitoring and evaluation systems and it has been DFAT experience that asking all delivery partners to conform to DFAT standards leads to unclear expectations and inefficiency. SARIC M&E will therefore draw on the information that the World Bank and IFC use for their own management purposes, supplemented by information commissioned from the training provider and synthesised by the M&E Coordinator.
* *Geared to governance arrangements:* SARIC M&E will be managed so as to provide the minimum necessary information to allow the governance structures to take decisions at the appropriate level.
* *Clear accountability:* Each delivery partner will have clear accountabilities for its contribution to outputs. They are jointly accountable for intermediate and end of investment outcomes, for which evidence will be collected from each partner to build up a picture of overall progress.
* *Gender related outcomes:* In line with the priority given by Australia to ensuring that aid investments clearly identify differential outcomes for men and women and that gender considerations are incorporated into designs, SARIC M&E will track direct impacts (eg training and networking) on men and women separately as well as aspects of implementation designed to lead to gender-sensitive outcomes from infrastructure projects.

A common challenge in managing World Bank agreements has been a gap between the Bank Group’s monitoring and evaluation systems and DFAT’s requirements. In the past DFAT has attempted to bridge the gap through the development of detailed frameworks, often with the support of external consultants. However, experience in other DFAT programs has shown that such frameworks can create burdensome parallel reporting requirements without meaningfully informing program improvement, if they are not harmonised with the Bank’s internal reporting systems.

In IFG an M&E system was retrofitted half way through implementation. This was inevitably driven by existing activities and left little time to collect performance information. Drawing on this and other experience in DFAT programs in Asia, the logical framework at Annex 1 is designed to be operational form the beginning of the project. It arises from discussions between DFAT, the Bank and the IFC and has been agreed by their representatives. It combines data that the two partners are content to supply within their existing monitoring practice with data that can be specified in the contract with the Training Provider and some data, more in the nature of research, which can be gathered by the M&E Coordinator. As a result, SARIC’s M&E system will be less demanding of delivery partners than under current Australian-funded trust funds, but will foster a culture of shared information needs that inform program improvement and learning.

*M&E operation*

At the beginning of each annual cycle each of the three delivery partners will provide to the Working Group a short statement of expected activities in the year ahead, drawing on the current understanding of context and where opportunities are available. This will be for the information of other partners, who will take full account of the fact that in a program of this kind unpredicted activities will come up during the year. The statement should relate planned activities to the agreed outputs and where possible the intermediate outcomes. The M&E Coordinator should at the same time set out any proposals for information gathering that they will undertake or commission in the year for agreement by the Working Group.

The Training Provider will provide six-monthly reports. It will develop methodologies for tracking the effectiveness of the short courses it provides and networking that it facilitates, and for tracking returned participants to determine what use they have made of short courses and networking opportunities. From the end of the first year of its operations it will agree with the M&E Coordinator a series of case studies of capacity change in agencies or companies which have been the focus of training and/or networking support. Through the agreed governance arrangements the Training Provider will also participate in collective reflection on progress.

At the end of the year delivery partners will provide an account of progress against the statement of activities together with an assessment of progress towards the outputs and outcomes to which they are contributing. The M&E Coordinator will also undertake a key informant interview with each of the delivery partners and with relevant DFAT Posts. In the course of the year the World Bank and IFC will also invite DFAT (Post and M&E consultant) to selected peer reviews, decision meetings and field trips, in order to hear performance information first hand and reduce the need for time-consuming written reports.

The M&E Coordinator will prepare for the Working Group a consolidated statement of progress towards outputs and outcomes as the basis for a collective discussion on progress.

The Working Group will agree at its first meeting on a set of partnership principles based on the suggested ways of working at Annex 4. A Partner Performance Assessment will be undertaken each year by DFAT against these principles, and DFAT’s normal standards, for the Bank, the IFC and the Training Provider. As part of a commitment to stronger partnership and to ensure that partnership performance is measured in both directions, DFAT, Bank, IFC and Training Provider staff working on SARIC will undertake an annual ‘health check’ survey to assess perceived performance of each partner, commitment to partnership and the effectiveness of the partnership as a whole. Results of these assessments will be reviewed by the Working Group and may be supplemented by occasional external support from a partnership broker if required.

*Evaluations*

DFAT will commission a Mid Term Review to evaluate overall effectiveness of the SARIC model in the third year of SARIC implementation. The review’s findings will inform a decision on a possible extension to or further phase of SARIC. DFAT will also commission a final evaluation, particularly to determine to what extent the program has contributed to sustainable change in behaviours or capacity in the region. Both evaluations will report to the Working Group.

The key evaluation questions will be determined by the Working Group, in consultation with Posts, before the Mid Term Review and adapted for the final evaluation, but are expected to be on the following lines:

* To what extent is SARIC contributing to the development of a pipeline of quality projects that enhances regional integration and connectivity? Do the projects take full account of the social and environmental issues raised in the G20 principles and the guidelines of the delivery partners?

To what extent are individuals and institutions working with SARIC contributing to improved cross border collaboration that supports integration and connectivity through quality investments?

* Is SARIC demonstrating innovative approaches?
* Is SARIC helping to institutionalise in regional agencies and investors the inclusion of planning for the opportunities and constraints arising for women and disabled people from infrastructure projects?
* Is SARIC functioning as an integrated program?

The primary tangible outcome of SARIC will be a pipeline of connectivity projects. However, the robustness and quality of the pipeline depends on the capacity of individuals and institutions in the region to absorb knowledge and good practice and to work together across borders, and the outcome therefore includes an implicit element of capacity development. SARIC incorporates an ambition expressed in its intermediate outcomes and outputs (and in the inclusion of a training component) to influence the attitudes and behaviours of staff engaged on large regional infrastructure projects. Because the institutions that SARIC will work with are to be decided and pathways to influence are undefined at this stage, a set of formal indicators for such an outcome is difficult to construct. The second end of investment outcome

*Individuals and institutions connected to SARIC contribute to cross-border exchange and facilitation of connectivity projects*

will therefore be primarily monitored as a qualitative exercise through the Mid Term Review and final evaluation (as reflected in the monitoring and evaluation framework – Annex 1).

*M&E coordinator*

The M&E Coordinator will be responsible for collating and analysing all SARIC M&E information in preparation for Working Group and Steering Committee meetings. They will regularly review the adequacy of SARIC M&E arrangements and recommend any necessary changes to the Working Group. They will ensure that reporting requirements and timings are clear and that ad hoc requests for information to the delivery partners are avoided as far as possible. They will undertake formal DFAT performance and quality processes. They will manage annual partnership health checks and the mid-term and final evaluations under the guidance of the Working Group and in consultation with Posts.

*Gender and social inclusion*

Inclusivity outcomes will be tracked at each level of the logical framework. For direct impacts on people, notably through the training and networking component, delivery partners will provide sex- and disability- disaggregated data. Where opportunities exist to establish the different experiences of men and women receiving training and returning to their employment, or participating in networks, these will be pursued. Case studies of capacity development will pay particular attention to the constraints and opportunities for women (and if appropriate disabled people) in participating in the development of their institutions.

To contribute to an end of investment outcome in which projects emerge that take account of the constraints and opportunities for women, the M&E system will track:

* At the output level: the content of training and participants’ experience of gender and disability specific elements to it; knowledge products that address constraints and opportunities for women; pilot activities that suggest ways of maximising benefits for women.
* At the intermediate outcome level: the extent to which gender analysis is used in the planning of infrastructure projects; the incidence of new knowledge products containing gender analysis informing better design of regional transport and energy projects.
* At the end of investment outcome level: the extent to which projects supported through SARIC recognise the different impacts they may have on men and women and seek to maximise benefits to women; the extent to which women and men associated with SARIC have used the training and networking opportunities provided by SARIC to promote institutional effectiveness and cross-border collaboration.

1. **Cross Cutting Issues**

*Gender and disability*

The opportunities for integrating gender and disability considerations will vary according to the projects selected for SARIC support, and in particular how far the interface with households, communities and users is part of the project scope. Both the World Bank and the IFC have substantial capacity in upstream analysis of risks and opportunities for potentially excluded groups and can call on specialist resources to address identified inequalities. The World Bank has a target of 55% of its investments  (and IFC a target of 40% of its advisory work)meeting the requirements for gender tagging, which helps to focus task teams early on in project preparation on the opportunities and risks for women arising from the investment. The Bank demonstrated in the implementation of IFG that, despite a late focus on gender, it was able to mobilise gender-specific analysis and to adapt components of projects, and of project management such as monitoring and evaluation, so that they became gender-responsive.

IFG framed issues of exclusion in infrastructure with reference to:

* **Access and use:** where people directly use infrastructure, particularly for transport, there are differential issues relating to safety, accessibility and social practice for which specific solutions need to be found.
* **Economic empowerment:** where infrastructure provides jobs or contracts in construction or operation, or is designed to promote economic growth in its immediate vicinity (for example in economic corridors) or deliver services to households, consideration needs to be given to opportunities for normally excluded groups to participate in available benefits.
* **Voice and agency:** where the development of infrastructure has a direct positive or negative impact on people’s lives,for example through relocation or the direct provision of improved services, experience suggests that outcomes are improved when excluded groups are included in consultations and where possible in advisory or implementing bodies. Where planning and implementing agencies are male-dominated, women may need encouragement to make the most of training and networking opportunities and to contribute confidently to institutional delivery and change.

Upstream analysis by the Bank and IFC of each proposed project for inclusion in the SARIC pipeline will include assessment of the relevance of these factors to the project, and activities to progress the project will include where necessary:

* studies or piloting to develop gender and disability specific solutions
* technical assistance to incorporate gender sensitive planning, procurement, monitoring and evaluation
* capacity development of the relevant partner government and/or private sector clients
* measures to prevent sexual exploitation and abuse and gender-based violence in the construction and operation stages
* where direct benefits to people are envisaged, gender- and disability-sensitive ultimate beneficiary assessment.

As noted above, the Training Provider will be required to develop strategies to ensure that the maximum number of women and disabled people working within target agencies are motivated and enabled to participate in training and networking opportunities and can develop the confidence to contribute to organisational effectiveness on their return.

*Climate Change*

In a region prone to earthquakes, cyclones and flooding, adding resilience to infrastructure has been part of mainstream thinking for several years. It was a principal theme in IFG, where the Bank both generated knowledge products around the threat from climate change in the region and adapted project designs to mitigate and adapt to climate change. SARIC will continue to use the stock of knowledge developed within IFG to inform the design of pipeline projects. Managing infrastructure for climate change will also be an important element of SARIC’s training and networking component.

1. **Budget and Resources (What will it cost?)**

A budget table is at annex 3. SARIC will represent around 50% of the South Asia regional budget up to 2023/4. The allocation of $32 million is roughly evenly divided between the three delivery partners, with smaller elements for monitoring, evaluation and DFAT management. The combined allocation for the World Bank and IFC at $21 million is similar to the total IFG allocation, which proved to be enough to support a wide-ranging and substantial program of studies and technical assistance.

No cost assumptions have been made for the training and networking program. The selected provider will be required to develop proposals within the budget. It is assumed to start running its activities in the first half of calendar 2021.

The monitoring and evaluation coordinator will be Delhi-based and will provide around 90 days of input a year.

Management of SARIC will require 50% of the time of the Assistant Director, South Asia Regional Section in DFAT, plus minor inputs from development staff in Delhi, Dhaka, Kathmandu and Colombo.

As noted above, a relatively modest input from Australia in support of infrastructure development through the trust fund mechanism has been shown to have the potential to facilitate investments up to one hundred times the original contribution; this factor may be exceeded with the higher element of private sector investment envisaged for SARIC.

1. **Procurement and Partnering**

The main options considered for all three delivery components were partnership with a multilateral agency though a trust fund mechanism and contracting a managing contractor. For components 1 and 2 employing a managing contractor would have given DFAT a greater voice in the choice of investments and a better-defined Australian profile. However, the international financial institutions have a wide set of established relationships with regional and bilateral organisations that could be efficiently and effectively leveraged. Partnering with the international financial institutions is consistent with the current architecture for support to infrastructure development in the region accepted by most OECD donors. Partnerships using a trust fund mechanism are relatively easy to set up and manage and have proven results.

For component 3, a partnership with an international financial institution has less comparative advantage. Training is not the core business of the World Bank or IFC. If partner governments demand training expertise located in a specific country, such as the acknowledged world-leading expertise based in Australia, the World Bank and IFC would be unable to guarantee selection of these expertise under their respective procurement rules. This element will therefore be tendered as soon as possible on approval of this design.

1. **Risk Management and Safeguards (What might go wrong?)**

*Risk Management*

The environment for developing a pipeline of connectivity projects has become more uncertain since SARIC was envisaged. While connectivity will be an important element of economic recovery, there may be less inclination to borrow for public investment or to allocate time and resources to preparing major projects with medium or long-term returns. In addition, private investors may delay investment decisions until it is clearer what shape the recovery will take in the region.

Other major operational risks identified in the risk register at annex 5 are:

* Political and institutional barriers to cross border collaboration impeding progress on connectivity projects. This risk has been heightened by the COVID-19 crisis, which may reduce rather than reinforce countries’ appetite for working with their neighbours. This is primarily for the delivery partners to manage by building on previous analysis of the benefits of regional integration and improved capacity and practice in relevant institutions.
* Poor partnership behaviours – the design, having three independently managed components, requires a high degree of transparency and collaborative intent, with a mutual recognition of what each partner can contribute. This is a management challenge for DFAT and will require significant attention from the program manager in Canberra.
* Training and access to knowledge do not lead to changed behaviours or greater enthusiasm for regional connectivity. Although there is reasonable experience of access to knowledge affecting institutional thinking in the sector, there is less experience of the results of training and networking, and the Training Provider will be required to develop robust methods for tracking the results of these activities.
* Loss of focus – while the emphasis on the pipeline provides a degree of focus, there will be a need for regular joint review of the portfolio to ensure that efforts are not being spread too thinly.
* Coordination within DFAT – lack of ownership of regional programs by Post and bilateral program staff is a recurring problem. Specific expectations of Posts are set out above but will need supplementing with communications protocols between Posts and Canberra.

The SARIC risk register will be owned by the Working Group and will be reviewed regularly at Group meetings.

*Environmental and Social Safeguards*

The projects to be supported by SARIC will have environmental and social consequences, although these cannot be defined at present. DFAT will rely on the rigorous environmental and social screening and analysis used by the World Bank and IFC [[7]](#footnote-7) to identify and mitigate these effects, and to ensure that implementing agencies and private sector clients have the capacity to manage mitigating measures.

**ANNEX 1 SARIC: Summary M&E framework**

|  |  |  |
| --- | --- | --- |
| Result | Indicators | Reporting/research responsibility |
| **1. End of investment outcome** | | |
| 1.1 A pipeline of quality connectivity investments in energy and transport infrastructure that have progressed opportunities for private and/or public financing | 1.1.1 Numbers of projects reported by IFC and World Bank as being concessioned (for IFC) or approved for financing by the World Bank  1.1.2 Numbers of projects reported by IFC and World Bank to be at implementation plan or post-concept stage  1.1.3 Value of World Bank linked investment in energy and transport (pipeline and operational)  1.1.4 Value of private financing facilitated  1.1.5 Incidence of innovative approaches to tackling gender constraints | 1.1.1 IFC, World Bank  1.1.2 IFC, World Bank  1.1.3 World Bank  1.1.4 IFC  1.1.5 M&E coordinator |
| *1.2 Individuals and institutions connected to SARIC contribute to cross-border exchange and facilitation of connectivity projects* | *To be assessed by mid-term and final evaluation* | *1.2.1 M&E coordinator as key contact for evaluation* |
| **2. Intermediate outcomes** | | |
| 2.1 Private sector involvement in new connectivity projects | 2.1.1 Number of successful bid processes  2.1.2 Number of entities implementing recommended changes | 2.1.1 IFC  2.1.2 IFC |
| 2.2 Key Government and private sector institutions and individuals demonstrate increased skills, tools and systems and use of knowledge and information to plan and implement quality connectivity projects | 2.2.1 Number of reports accepted  2.2.2 Number of bids conducted  2.2.3 Partner priorities identified and supported for building Regional Power Market Trade and Development  2.2.4 Partner priorities identified and supported for enhancing regional transport connectivity  2.2.5 Incidence of new knowledge products informing better design of regional transport and energy projects  2.2.6 Incidence of training and networking informing agency and company policy and practice, and cross-border consultation  2.2.7 Capacity demonstrated by institutions and individuals  2.2.8 Gender analysis is routinely used in planning infrastructure projects  2.2.9 Environmental and disaster management analysis is routinely used in planning infrastructure projects | 2.2.1 IFC  2.2.2 IFC  2.2.3 World Bank  2.2.4 World Bank  2.2.5 World Bank  2.2.6 M&E coordinator  2.2.7 Training provider  2.2.8 M&E coordinator  2.2.9 M&E coordinator |
| 2.3 A network of government and private sector male and female infrastructure professionals is established and active and linked to Australian counterparts | 2.3.1 Numbers of men and women participating in regional networking events, and participant experience  2.3.2 Social media activity  2.3.3 Number and quality of, and outcomes from, contacts with Australian counterparts  2.3.4 Number and quality of, and outcomes from, regional networking contacts | 2.3.1 All partners for the events they lead on  2.3.2 M&E coordinator  2.3.3 Training provider  2.3.4 Training provider |
| **3. Outputs** | | |
| 3.1 A pipeline of quality infrastructure projects including opportunities for private sector investment is identified and scoped | 3.1.1 Number of scoping and diagnostic activities completed[[8]](#footnote-8) | 3.1.1 IFC and World Bank |
| 3.2 Options to facilitate private sector investment in quality infrastructure designed | 3.2.1 Number of reports completed | 3.2.1 IFC |
| 3.3 Partner government & private sector capacity built to plan, coordinate and manage quality infrastructure | 3.3.1 Number of agencies receiving technical advisory services and capacity building support)  3.3.2 Number of entities receiving in-depth advisory services  3.3.3 Numbers and quality of short courses and visits | 3.3.1 World Bank  3.3.2 IFC  3.3.3 Training provider |
| 3.4 Sustainable approaches or models piloted to enhance quality project level delivery and encourage private sector participation | 3.4.1 Number of pilots / innovative models developed | 3.4.1 World Bank |
| 3.5 Targeted knowledge products delivered and shared with government and private sector stakeholders | 3.5.1 Number of new knowledge products, including ones related to opportunities and constraints for women developed and disseminated. | 3.5.1 World Bank |
| 3.6 Collaborative mechanisms (including networking events and alumni association) delivered | 3.6.1 Activities and results from Regional Collaborative platforms (transport and energy themed)  3.6.2 Workshops, training events, seminars, conferences held and results assessed  3.6.3 Numbers participating in, and effectiveness of, alumni networks  3.6.4 Number and quality of field visits to Australia  3.6.5 Number and quality of contacts with Australian officials | 3.6.1 World Bank  3.6.2 All partners for the events they lead on  3.6.3 Training provider  3.6.4 Training provider  3.6.5 Training provider |

**Annex 4: Ways of Working**

The SARIC design depends on three delivery partners and an M&E coordinator working together to the same objectives but with differing roles and under separate management arrangements. This delivery mechanism requires an appreciation by each partner of the roles of the others and a commitment to a culture of openness and partnership.

DFAT carries out a Partnership Performance Assessment annually against a standard format for organisations delivering DFAT aid funds. However, assessment should be a two way process and in other program contexts it has been found helpful to set out expectations of partnership behaviour by which all partners, including DFAT, can keep track of their own actions. Suggested ways of working for SARIC are:

* *Common objectives.* All partners will work to the common intermediate outcomes and end of program outcomes and take joint responsibility for their achievement.
* *Clear expectations.* Reporting requirements and timings will be clearly defined in the results framework, the work program set out by the Working Group and contractual arrangements where appropriate. Ad hoc requests for information from the delivery partners beyond these should be avoided.
* *Clear lines of decision-making.* In the interests of speed and flexibility, delivery partners will decide on financial allocations within their control (in the case of the Training Provider, within the limits of their contract with DFAT), consulting DFAT informally. Partners recognise that requirements for financing may arise unpredictably and that allocations may not always correspond to expectations at the beginning of the annual planning cycle.
* *Internal communication.* All delivery partners and the M&E coordinator will make efforts to communicate with each other and with DFAT, through informal communication, participation in the Working Group, sharing documents such as mission reports, and extending invitations to join missions, report-back sessions and training events. Partners are committed to an open and honest exchange of information and to early notice of problems or issues. Partners will aim to ensure early notice of requirements arising from their business processes.
* *External communication.* All partners will contribute to the understanding of SARIC’s objectives and progress, including through collaborating with DFAT’s public diplomacy in the region.
* *Continuity.* All partners will aim to ensure that lack of continuity arising from staff movements is minimised by making introductions and briefing incoming staff.

These principles, or a version of them, should be agreed at the first Working Group meeting. Partners will be encouraged to consider their own and other partners’ actions against the principles and be prepared for an annual discussion in the form of a partnership health check in the Working Group. If necessary, help may be sought from an external partnership broker to manage the check.

1. World Bank, South Asia Economic Focus Spring 2020 [↑](#footnote-ref-1)
2. World Bank, A Glass Half Full, The Promise of Regional Trade in South Asia, 2018 [↑](#footnote-ref-2)
3. ADB, Meeting Asia’s Infrastructure Needs, 2017 [↑](#footnote-ref-3)
4. World Bank, A Glass Half Full, The Promise of Regional Trade in South Asia, 2018 [↑](#footnote-ref-4)
5. ADB, Asian Economic Integration Report, 2019/20 [↑](#footnote-ref-5)
6. ADB, Meeting Asia’s Infrastructure Needs, 2017 [↑](#footnote-ref-6)
7. See the World Bank’s *Environmental and Social Framework* (2018) and IFC’s Environmental and Social Performance Standards at <http://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf> and <https://www.ifc.org/wps/wcm/connect/24e6bfc3-5de3-444d-be9b-226188c95454/PS_English_2012_Full-Document.pdf?MOD=AJPERES&CVID=jkV-X6h> respectively. [↑](#footnote-ref-7)
8. IFC and World Bank will define to the M&E coordinator when appointed what types of product (feasibility studies, initial concepts, risk assessments, analytical work, harmonization of standards etc ) they will count and report for the purposes of this indicator. [↑](#footnote-ref-8)