



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 06-Feb-2019 | Report No: PIDISDSA26233



BASIC INFORMATION

A. Basic Project Data

Country Papua New Guinea	Project ID P166420	Project Name Urban Youth Employment Project II	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 11-Feb-2019	Estimated Board Date 25-Apr-2019	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Independent State of Papua New Guinea	Implementing Agency National Capital District Commission, Lae City Authority	

Proposed Development Objective(s)

The development objective is to improve the capacity of young men and women in project areas to engage in productive income generating activities.

Components

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	30.00
Total Financing	30.00
of which IBRD/IDA	30.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	30.00
IDA Credit	30.00



Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

PNG is the largest country in the Pacific sub-region with a population of just under nine million. While the country has made some progress economic growth and productivity is partly constrained by a low skilled workforce. PNG's economy is dominated by the agricultural, forestry, and fishing sector, where most of the labor force is engaged, and mining sector, which has provided significant growth over the past decade. Despite reasonable Gross Domestic Product (GDP) growth rates¹, and the accumulation of natural resource wealth, which has allowed PNG to obtain Middle Income Country (MIC) status, private investment is low. Since Independence, real GDP per capita has increased by only 0.8% per year, which is low in comparison to other MIC resource exporters. Employment in the mining sector only accounts for about 1% of total employment; and employment in the private sector accounts for less than 20%.² Across the country, the number of jobs in the formal sector has fallen by 10% over the last four years.³ Two-thirds of the formal sector jobs are in the private sector (heavily concentrated in the wholesale and retail trade sector and construction), with the remaining in the public sector.⁴ There are also large skill shortages in a variety of trades, such as carpentry, hospitality, retail and office administration.⁵ Most people rely on the informal economy and non-resource (agricultural) sector for their livelihoods.

The relatively low growth performance of the non-resource sector has limited inclusivity in PNG's recent growth performance. Whilst recognizing significant data gaps, PNG has considerable levels of poverty and suffers from poor development outcomes. The 2010 Household Income and Expenditure Survey reveals that 38% of the population lived below the internationally recognized extreme poverty line of \$1.90 per day.⁶ PNG's Human Development Index (HDI) rank, was 154 in 2015, the second lowest in the Pacific region. The country is also vulnerable to natural hazards.⁷ These include floods, droughts, landslides and sea-level rise, which have affected

¹ The economy has more than tripled in size and real GDP growth has averaged 3.4 percent per year since independence in 1975.

² World Bank, 2017, *Systematic Country Diagnostic – PNG*

³ BPNG 2018, UNFPA 2014

⁴ NSO 2013, Jones and McGavin 2015

⁵ Imbun, Ben (2015), *Supporting Demand Led Vocational Skills Development in Papua New Guinea: A Labour Market Approach*, Study prepared for Human Resources Development Programme Phase 2 (HRDP2), December 2015

⁶ NSO 2012, *PNG Household Income and Expenditure Survey, 2009-2010*.

⁷ The University of Notre Dame's Global Adaptation Initiative ranks PNG 173 out of 181 countries for its vulnerability and



the agriculture and fisheries sectors, leading to lower economic growth and negatively impacting the most vulnerable populations.

In PNG, poverty is overwhelmingly a rural phenomenon, but urban poverty is rising faster.⁸ Almost 90% of the poor in PNG live in rural areas and Papua New Guineans engaged in agricultural activities are much more likely to be poorer than the rest. However, in urban areas, poverty tends to be concentrated in and around urban settlements, which are those areas with particularly limited access to public services and facilities. The increase in poverty amongst urban households reflects the rising urbanization rate coupled with limited gainful employment opportunities.

Sectoral and Institutional Context

Related to the lackluster performance of the non-resource sector, limited economic opportunities for youth, gender inequity, and gender based violence (GBV) are key impediments to reducing poverty and boosting shared prosperity.⁹ Youth are the dominant demographic group in PNG, and a growing proportion of the total population are urban-based youth.¹⁰ It is estimated that 67% of the country's population is below 35 years of age.¹¹ Available evidence suggests youth move to urban locations to pursue livelihood opportunities, although schooling and other social factors serve as important "pull" factors.¹² They are disproportionately disadvantaged by poverty, limited economic opportunities, poor human capital development, increasing social pathologies, and risky behaviors.

Certain characteristics set urban youth apart from other groups. Urban youth are more likely to be: poor, living in settlements, migrants from other areas, living on the streets, in-conflict with the law, living with disability¹³, HIV¹⁴ or tuberculosis, serving as sex workers, and experiencing high levels of GBV.¹⁵ These groups are among the most stigmatized, facing difficulties in accessing state services and entering the labor market. Crime and victimization rates in PNG are among the highest in the world with Lae and the National Capital District (NCD) at the top end with 66 and 33 homicides per 100,000 population, respectively, reported in 2010.¹⁶ The Development Strategic Plan (DSP) 2010-2030 states that within PNG, "80% of crimes are committed by young people and 71% of prisoners are below the age of 25 years." High crime rates have affected the business and investment climate in PNG and the economic costs and longer-term social impacts of crime and violence are substantial as business owners and employees have stressed that this continues to effectively limit them from operating to their full potential.¹⁷ High levels of crime and violence create fear that constrains mobility of staff

readiness to the challenges of climate change.

⁸ World Bank, 2017, *Systematic Country Diagnostic – PNG*. Urban poverty has experienced a larger increase (5 percentage points) than rural poverty (3 percentage points) since 1996.

⁹ World Bank, 2017, *Systematic Country Diagnostic – PNG*

¹⁰ Jones, P. and Kep, M. 2012. *Understanding Urbanization in the PNG Context*.

¹¹ Ivaschenko et al., 2017, *Can public works programs reduce youth crime? Evidence from PNG's UYEP*.

¹² Kanaparo, P., J. Ryel, B. Imbun, and J. Jacka, 2014. *Urban Youth Employment Study in Selected Urban Centres in PNG*.

¹³ WHO 2011. *World Report on Disability*. While there is no available data, the WHO estimates about 15% of the population in PNG has some form of disability and these groups tend to find themselves even more isolated in urban areas without family support.

¹⁴ UNAIDS, 2016. HIV prevalence data suggests that amongst the population, 0.9% are HIV positive, and rates are higher for women at 1.1%. Another group particularly at risk are sex workers with an estimated prevalence rate of 17.8%.

¹⁵ Evans, D. 2018. *Draft Youth Scoping Study*

¹⁶ Law and Justice Sector Secretariat Monitoring and Evaluation Unit (2010).

¹⁷ Lakhan, S and Willman, A (2014), *The Socio-economic Costs of Crime and Violence in Papua New Guinea, Recommendations*



and clients, erodes trust, and reinforces stigma toward certain groups perceived to be dangerous, especially youth. UNDP's Gender Inequality Index (GII) placed PNG at 141st place out of 156 countries in 2015. Women in PNG suffer from gender inequity in terms of their: (i) access to endowments such as education and health, (ii) access to economic opportunities, and (iii) voice and agency. Gender inequities remain pervasive, partly because of differences in livelihood opportunities and leadership roles, but also because of widespread violence against women. Women are also victims of some of the highest levels of GBV in the world. *Médecins Sans Frontières* suggests that 70% of women in PNG experience some degree of physical or sexual assault in their lifetime.¹⁸ In the same way that crime has affected the business climate, GBV is intruding into the workplace and exacting a heavy toll on the economy as economic productivity is directly impacted.

Urban youth are more likely to be unemployed and lacking basic education, which are key determinants for transitioning out of poverty. It is estimated that about 80,000 school leavers enter the labor force each year, but only 10,000 jobs are created.¹⁹ The situation is particularly acute in cities, as youth migrate to urban centers in search of better job opportunities. Among young people aged 15 to 24 years in Port Moresby, 29% were estimated to live on less than \$3.10 per day in 2009/2010, and 31% were unemployed.²⁰ This number is set to increase by more than 50% over the next 25 years.²¹ Youth are generally at a disadvantage when competing for jobs, compared to older and more experienced workers. Due to shortcomings of the school system, many young people leave school without basic cognitive and social skills. Since they also lack work experience, their employability is low. Those that are employed, and in the informal sector, are usually in low paying jobs and lack productivity. A 2014 survey of youth reported 58% have dropped out of school or tertiary education, with graduation rates for young men almost doubling that of young women at the secondary level.²² In 2012, 82% of students assessed were not attaining expected levels of literacy, while 64% were not attaining expected levels of numeracy.²³ There is also a gender gap in access to paid work. Only 27% of the labor force was female in 2011. The formal economy workforce comprised 261,682 men and 99,050 women but women are three times more likely than men to work in the informal sector.²⁴ The industry that employed most men was construction (14% of men), while the education industry employed the largest number of women (22% of women).²⁵ There are very few females in jobs and training for the construction, vehicle, electrical and metal-working trades. Two colleges which specialize mainly in these trades, PoMTech reported that females comprised eleven percent of its students and Mt Hagen Tech reported that the proportion was even lower at six percent.²⁶ In 2016, women in the formal sector reported their average monthly pay was less than half that of men's.²⁷

Despite limitations in the job market, reports by employers also suggest there is opportunity for filling and

for Policy and Programs. Private security represents a significant and growing expense: more than two-thirds of businesses employ private security staff and spend an average of 5% of their annual costs on this, compared to an average of 3.2% for firms in East Asia overall.

¹⁸ Médecins Sans Frontières (2016).

¹⁹ National Strategic Plan Taskforce, Government of Papua New Guinea (2011).

²⁰ Ivaschenko et al., 2017, *Can public works programs reduce youth crime? Evidence from PNG's UYEP.*

²¹ United Nations Population Fund (UNFPA) (2018), Data, available at: <https://www.unfpa.org/data>

²² Kanaparo, P., J. Ryel, B. Imbun, and J. Jacka, 2014. *Urban Youth Employment Study in Selected Urban Centres in PNG.*

²³ SPC 2012, *Pacific Islands Literacy and Numeracy Assessment*

http://www.forumsec.org/resources/uploads/attachments/documents/2014FEedMM.03_Attachment_PILNA_Rpt.pdf

²⁴ NSO 2010. *2009-2010 Papua New Guinea HIES: Summary Tables.* International Labour Organisation (ILO) (2016), *Women at Work – Trends*, Geneva: ILO

²⁵ NSO 2013, Jones and McGavin 2015

²⁶ <https://dfat.gov.au/about-us/publications/Documents/financing-of-tvet-in-png.pdf>

²⁷ ADB 2017. *Pacific Economic Monitor.*



creating more jobs, and, consistent with global evidence,²⁸ incorporating a combination of soft and practical skills training in all stages of the work cycle is at least as important as building technical skills. This makes a difference in increasing employment and social outcomes for poor uneducated youth looking for work.²⁹ The main job-relevant skills lacking in youth identified by employer surveys include: (i) low numeracy and literacy levels, with PNG lagging behind global benchmarks; (ii) poor cognitive, character, and behavioral skills that are desired in the workplace and society; and (iii) a shortage of a range of trade and job-specific skills. Eighty percent of businesses surveyed consider skill shortages a barrier to expanding headcount with one in three jobs filled by unqualified persons.³⁰ This suggests there are significant numbers of youth who are finding the transition from school to work difficult with little or no support, and youth are not obtaining the necessary basic skills and work experience required in the work place and integrate into society. Despite the large skill shortages, there are only limited places available at technical colleges and universities (just over 5,000 across the country³¹). Further, particularly in technical and vocational areas, the quality of training is below what the PNG economy requires, due to numerous factors including poor training facilities and teacher quality. Various studies have drawn attention to the mismatch between training provided by TVET institutions and employers' needs in PNG.³² It is therefore likely that the formal economy would be able to absorb a larger number of graduates if they had the "right skills."³³

In responding to youth-related challenges, there are policies and programs that provide a range of "just-in-time" support for young people. However, there is scope for different approaches to co-exist as the vast needs have not yet been met. The National Youth Policy reaffirms the importance of youth in national development planning; the Vision 2050, launched in 2009, aspires to improve PNG's human development outcomes and prosperity by improving human capital development, gender, youth and people empowerment as one of seven pillars. The DSP 2010-2030 provides the Government of Papua New Guinea (GoPNG)'s blueprint for achieving this, with a strong focus on employment, secondary education for all, and halving the rate of youth crime. Complementing these priorities, GoPNG's focus continues to be on promoting nutrition through its 2016-26 National Nutrition Policy due to concerns regarding the cognitive impact of stunting as well as job creation and economic growth. The Medium-Term Development Plan III 2018-2022 focuses on Youth and Employment under Priority Development Agenda 3 where it seeks to develop "a vibrant and productive youth that has career opportunities, skills, good education, moral values and respect." GoPNG seeks to stimulate economic growth through the development of small to medium enterprises (SMEs) as well as investments in the agriculture, tourism, and livestock industries. There are also a range of youth and community programs currently in operation that range in size and scale. A National Youth Employment Framework, prepared by the National Youth Development Authority (NYDA), was approved by the GoPNG in March 2018. The Department for Community Development and Religion (DFCDR), is supporting various initiatives to strengthen the family unit and enhance

²⁸ Fox, L and Kaul, U, 2017, *The evidence is in: How should youth employment programs in low income countries be designed?*

²⁹ Deloitte Touche Tomatsu and UNDP 2017, *Fulfilling the Land of Opportunity: How to Grow Employment in PNG*

³⁰ Deloitte Touche Tomatsu and UNDP 2017, *Fulfilling the Land of Opportunity: How to Grow Employment in PNG*. 71% of employers identified poor staff attitudes, productivity, and attendance as factors affecting their willingness to hire more staff.

³¹ Australian Council for Educational Research, 2014, *Research into the Financing of Technical and Vocational Education and Training in the Pacific, PNG Country Report*.

³² Parker, J., J. Arrowsmith, D. Tiffin, M. Nemani, with L. Marai (2012), *Situational Analysis of Employment Policies in Papua New Guinea*. A Report Commissioned by the International Labour Office (ILO).

³³ Department of Higher Education, Research, Science and Technology (DHERST) (2015), *National Higher and Technical Education Plan, 2015 - 2024, Port Moresby: DHERST*.



access to training opportunities through non-formal education and the informal sector. Municipal authorities are coordinating and financing a range of training programs (e.g., TVET scholarships) safety campaigns (e.g., National Capital District Commission [NCDC]'s *Seife Meri*), GBV referral services (NCDC's Gender and Family and Sexual Violence Action Committee [FSVAC] Desks) and youth networks. UNICEF and UNWOMEN are involved in youth policy development and supporting programs focused on HIV/AIDS prevention, GBV, promoting child protection as well as education and livelihood opportunities for women. DFAT is financing GBV and youth programs focused on marginalized youth, including the *Ginigoada Binis* Development Foundation and City Mission.

In 2010, GoPNG asked IDA to prepare the Urban Youth Employment Project (“UYEP” or “UYEP I”), a comprehensive Active Labor Market Program (ALMP), to provide urban youth with income from temporary employment opportunities and to increase their employability.³⁴ UYEP contains three key components of an ALMP: (i) training; (ii) job matching assistance and placement; and (iii) wage subsidies. The project plays a critical role in three areas: (i) the provision of training, job creation and employment opportunities for out-of-school and out-of-work youth between the ages of 16 and 29 years; (ii) the provision of an income transfer to youth; and (iii) the provision of secondary benefits, including small-scale infrastructure aligned with the local development priorities of cities. The injection of cash into the economy and operation of a social safety net is significant in an environment where there is low economic growth and where the cost of living is significantly higher than in rural areas.³⁵ Demand for the project continues to be strong with the project over-subscribed even after eight years of implementation. To date, the project has screened over 24,000 applicants; engaged about 18,500 youth (compared with the 15,500 target); and has been successful at promoting social inclusion and gender. Forty-one percent of youth participants are women (exceeding the target of 40%); and 12% are indigenous to NCD (Motu Koitabuan youth exceeding the target of 10%). Of the other major ethnic groups, 30% of participants report their region of origin as Highlands, 25% as Southern; 9% as Momase; and 3% from the Islands.³⁶

A Gender and Labor Study for the UYEP³⁷ confirms that in most aspects of training, women have shown a higher propensity to complete the training offered, which suggests that the project has been successful at engaging young women and addressing a gender gap in access to and paid employment. Apart from skills development and work experience, receiving a certificate and reference from UYEP were major factors facilitating the search for employment. However, the study also reveals that women encountered several challenges with respect to completing the training, which resulted in them dropping out of the project. Factors disadvantaging women in

³⁴ World Bank 2010. *Urban Youth Employment Project, Project Appraisal Document*. UYEP has three components: (i) Youth Job Corps (YJC) inclusive of Eligibility Screening, Basic Life-Skills Training (BLST) and public works; (ii) Skills Development and Employment Scheme (SDES) inclusive of two Pre-Employment Training (PET) schemes (Office, Customer Service and Hospitality; and Industrial Technical), On-the-Job (OJT) and Adult Literacy and Livelihoods Training; and (iii) Project Management.

³⁵ UYEP I surveys indicate that in addition to meeting immediate expenses, e.g., food and clothes, youth contribute to other family expenses.

³⁶ UYEP Quarterly Progress Report end September 2018. Some respondents did not report their origin.

³⁷ Voight-Graf, C. 2018. *Gender and Labor Market Study*, Port Moresby, Papua New Guinea. Other key challenges faced by females related to household and family obligations, not finding a babysitter and pregnancy. Most women were expected to tidy their houses before leaving in the morning and therefore often arrived late. For others, unsupportive husbands were a major obstacle. Previous studies reported that some female participants had to deal with aggressive resistance from husbands towards their participation in UYEP. Focus group participants also talked about incidents of jealous husbands turning up at worksites and forcing women to withdraw. Interviews for this study suggest that there are considerable costs for providing childcare for mothers in terms of energy, financial expenses, and missing training and work experience days.



the labor market include their vulnerability to becoming victims of crime, gender-based and domestic violence, difficulty accessing safe transport, discrimination in workplaces, cultural expectations, difficulties accessing market opportunities, financial exclusion, legal factors (such as inheritance and ownership laws), and others. To mitigate some of the gender disparities, UYEP promoted gender equity by ramping up its communications to reassure families about the nature of the training and work women were being offered, it sensitized trainees, contractors and PMU personnel through gender training, and in certain areas where the subprojects were not located in proximity to communities it arranged for contractors to provide transport to ensure safe passage. UYEP also provided all participants with care responsibilities additional days to complete the training and work activities or offers to make-up times; and incorporating an electronic banking component proved to be popular among women, to help protect their income and savings.³⁸ In addition, through its Gender Committee, the project developed a *Sexual Harassment and GBV Policy and Maternity Leave Statement* in 2016,³⁹ which defined the project's related response and reporting protocols in accordance with the NCDC's *Family and Sexual Violence Action Committee (FSVAC) Strategy 2016–2018*, and the *PNG National Strategy to Prevent and Respond to Gender-Based Violence 2016–2025*. UYEP is using NCDC's Gender and FSVAC Desks to refer and provide transport to shelters for GBV survivors.

Evidence shows that UYEP participants benefit from longer-term positive outcomes beyond employment, and the project is held in high regard by the public. A 2017 impact evaluation on the project examined the effect of participation on anti-social behavior compared to youth in parts of Port Moresby where the program had not been offered.⁴⁰ This evaluation showed that UYEP participants were up to 65% less likely to engage in aggressive behavior, gratuitous property damage, and be out late at night compared to the 'control' group. This would suggest there are large public benefits from the UYEP program as these positive externalities benefit society, not just the participants themselves. In a 2017 Follow-Up Survey (FUS) conducted on a sample of youth between six months and two years after their participation in UYEP, 41.2% of the On the Job Training (OJT) trainees in this group reported that they had been employed, full-time or part-time, in the six months prior to the survey compared to a 13.6% increase in the control group. The placements can be directly attributed to the project, as two-thirds were offered jobs, by their OJT employers. Of the youth who had been through the Youth Job Corps (YJC), 21% reported being employed, full or part time, in the previous six months. The results suggest that the project played an important role in facilitating entry into the labor market for youth—against a backdrop of persistent bias against from employers against engaging youth with limited education, experience and skills. The results are also supported by a 2017 Employers' Survey of OJT employers. Employers reported that 97% of UYEP youth were perceived as being qualified for a full-time job. 78% of employers confirmed that youth had acquired technical skills during their OJT. In terms of support for OJT from the Project Management Unit (PMU), 89% of employers found that the support services provided by the PMU were helpful. Their main reason for participating in UYEP was to "contribute to the community" (with 62% of employers reporting this). Of those not working after

³⁸ According to the end March 2018 Quarterly Progress report, 41% of women had never had a bank account prior to the UYEP.

³⁹ The Policy establishes a comprehensive set of workplace strategies to address the impact of GBV in the workplace and guide UYEP responses to employees and trainees whose work life is affected by GBV. The Gender Committee is responsible for implementing and monitoring the GBV Policy and UYEP's response protocol. It also has responsibility for GBV focal points which provide support and referral. According to UYEP's Maternity Leave Statement for Youth Trainees of April 2016, women trainees will be entitled to unpaid maternity leave in line with the Public Services General Order. Women will not lose their place in the YJC, PET and OJT when they withdraw due to pregnancy. While the Statement is not yet being implemented, UYEP I currently deals with the issue of pregnant women by advising them to start UYEP later while their places are guaranteed.

⁴⁰ Ivaschenko, Oleksiy, et al (2017) "Can public works programs reduce youth crime? Evidence from Papua New Guinea's Urban Youth Employment Project", IZA Journal of Development and Migration (2017) 7:9



UYEP, there is increased job search (from 14% before the UYEP to 18% post-UYEP) and greater optimism about future employment prospects, than before their involvement in UYEP. The proportion of youth in informal work was also higher after youths' participation in YJC (from 30% to 49%) and OJT (from 39% to 44%). At the time of the FUS, 5% of YJC youth and 8% of OJT youth were in education, and 46% of YJC youth and 50% of OJT youth expressed an interest in pursuing education or training opportunities in the next six months.

Based on the success of UYEP, IDA received official requests from GoPNG in August 2017 and May 2018 to deliver a successor projected (UYEP II). The UYEP model remains relevant in a context of high youth unemployment and slowing economic growth.⁴¹ Underscoring demand are growing concerns regarding both poverty, caused by limited social and economic opportunities for an increasing number of out-of-school and out-of-work youth; associated social risks, which are perceived to have the potential to fuel civil unrest in urban areas; and a growing recognition that more resources are needed at the sub-national level to match the demands of a rapidly growing young urban population. Global experience demonstrates that good urban planning and management is central to economic growth. If managed well, it will be an increasingly important source of resilience for the economy and society as it provides an effective strategy for raising welfare, reducing poverty and is critical to security and stability.⁴² Building on the strengths and results of the UYEP, there is strong demand for the follow-on operation to address the following key priorities:

- a. Strengthen GoPNG's medium-term public-sector response to addressing the more immediate challenges and risk factors related to youth poverty, marginalization, and unemployment (and GBV) until longer-term investments and growth begin to generate more visible impacts;
- b. Contribute to job creation by providing resourcing for a wider engagement of youth to engage in a range of social and economic development priorities;
- c. Facilitate critical research and development on youth to inform policy development; and
- d. Serve as a model for other cities and regions to potentially replicate and customize their own models.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The development objectives are to improve the capacity of young men and women in project areas to engage in productive income generating activities.

Key Results

The performance of the project will be measured by a set of indicators contained in the Results Framework. Key Project Development Objective (PDO) and Intermediate Results indicators (IRIs) will be disaggregated by gender by the Implementing Agencies.⁴³ Indicators tracking achievement of the PDO are:

- a. Number of direct beneficiaries (i.e. project participants—numbers of youth engaged in training and

⁴¹ The September 2017 supplementary budget cut capital expenditure by 32% mostly by defunding provincial and district services improvement programs (DSIP) by about PGK900 million.

⁴² World Bank, 2017, *Systematic Country Diagnostic – PNG*

⁴³ The gender disaggregated IRIs will be captured in the Quarterly Progress Reports to be submitted to IDA.



work experience opportunities, including the percentage of beneficiaries who are Motu-Koitabuan and Ahi);⁴⁴

- b. Percentage of Internship and Vocational Training participants who report being employed 12 months after the project;⁴⁵
- c. Percentage of youth who are assessed to have achieved satisfactory performance in the Urban Works and Services component; and
- d. Percentage of participant youth who believe that men and women are equally capable of participating in the workforce.

D. Project Description

The project (UYEP II) will be financed as an Investment Project Financing (IPF) credit equivalent to US\$30 million (inclusive of taxes), implemented over five years from 2019 to 2024 in the NCD and Lae.⁴⁶ GoPNG's Department of Treasury (DOT) would be the Executing Agency for the project and *Subsidiary Financing* (as a grant) would be provided to the City Authorities, namely, the National Capital District Commission (NCDC) and Lae City Authority (LCA) as the implementing agencies for NCD and Lae, respectively. The project locations were selected due to their population size and the strategic potential they offer, linking job placements to the local economy.⁴⁷ Subject to project performance and additional financing (credit), to be reviewed during the Mid-Term Review (MTR), an additional may be added to the project scope. The project will include four components: (1) Youth Job Corps; (2) Skills Training; (3) Referral Services and M&E; and (4) Project Management.

E. Implementation

Institutional and Implementation Arrangements

The two Implementing Agencies for the project will be NCDC and LCA (Project Implementing Entities). Each will house a PMU. NCDC will be responsible for the implementation of: (i) Components 1 (), including the GBV and Violence Prevention Pilot), 2 and 3 of the project as they each relate to the carrying of activities in NCD; and (ii) Component 4(a). LCA will be responsible for the implementation of: (i) Components 1(a), 1(b), 1(c), 2 and 3 of the project as they each relate to the carrying of activities in the Lae area; and (ii) Component 4(b). Each Implementing Agency will enter into a Project Agreement with the Association, and a Subsidiary Agreement with

⁴⁴ This core indicator is required for all IDA financed investment projects. A beneficiary is defined as people or groups who directly derive benefits from an intervention.

⁴⁵ Defined as either self-employment or employment in the informal or formal sectors. Formal employment, part or full time, regular ongoing employment (not temporary) during the past 6 months; and/or Self-employment as part of an ongoing activity (i.e. not "one-off" assignment) over the past six months, for at least four weeks in total.

⁴⁶ "Greater Lae" includes the six Wards of Lae Urban and 17 Wards of the Lae Ahi.

⁴⁷ Business Advantage PNG, 2013. The nomination of these cities followed an announcement by the Prime Minister in 2013 that identified four locations for development as "special zones," representing each of PNG's four geographic regions: NCD as the commercial and administrative center; Lae for manufacturing and industry; Mt Hagen for agricultural development and Kokopo as the tourism center. Reliable data is problematic in PNG. However, dated Diagrams for Port Moresby indicate youth between the ages of 15 and 29 years accounted for 35.1% in 2000 as compared to 28.5% nationally. Although the official population was reported in 2011 by the NSO (NSO, 2014) as 364,125, this figure is felt to be grossly underestimated. By some accounts the figure is 750,000 (Jones and Kep, 2012) or even higher, at 900,000. Lae is the second largest city in PNG and comprises around 22% (approximately 150,000, comprising the districts of Ahi and Lae) of the total population of the province (NSO, 2014). Like NCD, Lae is ringed by settlements (over 50% of the city's population lives in settlements (Jones and Kep, 2012). At the 2011 Census, Mt Hagen was home to some 30,000 residents (NSO, 2014c:26) but more recent estimates suggest that the figure is somewhere between 40,000 and 70,000 depending on the boundaries included, which would make it the third most populous city in PNG.



PNG through its Treasury. Portions of the Credit proceeds, as indicated in the table in paragraph 104, will be made available by Treasury to the respective Implementing Agencies on a grant basis pursuant to the Subsidiary Agreements.

A PCO will manage inter-agency coordination and support NYDA, one of two PSC co-chairs and the lead government agency responsible for youth development. The PMU attached to NCDC under the UYEP, operating for the past nine years, is managed by an experienced Project Manager supported by experienced administration and operational team members, most of whom will transition into UYEP II. Under UYEP II, a second PMU, with its own Project Manager and support team, will be established in Lae under LCA. The PCO, led by a Program Coordination Manager, will manage inter-agency coordination, and carry out certain overarching activities including national communications, partnerships, joint PMU training, NYDA workshops, and consolidated reporting. The PCO will be attached to the NCDC PMU for efficiency reasons, sharing some staff and resources, but also be functionally accountable to NYDA. The PCO will: (i) give UYEP II greater national prominence through NYDA; (ii) harmonize systems and processes across the Implementing Agencies; and (iii) support DPLGA (as the parent ministry for the City Authorities) and NYDA (as the authority mandated to oversee youth development) to report and coordinate with partners on the project, nationally.

A *Memorandum of Understanding (MOU)* will be executed jointly between NCDC and LCA, and DPLGA and NYDA as Co-Chairs of the PSC, defining the agreed obligations of the Parties and clarifying their respective roles and responsibilities in the project. The MOU will be executed by the parties no later than 30 days after the effective date of the Financing Agreement. Application of the MOU will ensure cooperative working relationships between the Parties leading to effective Project implementation. Key, operational representatives from the PCO, PMUs, and Implementing Agency technical staff, will meet regularly to coordinate planning, resources, works and services, community engagement, safeguards compliance, budgeting, surveys, and monitoring activities. A *Project Steering Committee (PSC)* will provide strategic and governance oversight of the project, oversee overall performance of the project, facilitate policy discussions and coordination between agencies, and provide advice and guidance on annual work plans and budgets submitted by the PMUs. The PSC will also set the project's overall policies and directions in accordance with the project's development objectives. The PSC, co-chaired by DPLGA and NYDA, will include the Secretaries (or equivalent) of NCDC and LCA, Director level representatives or higher of DOT, DNPM, and DLIR, and one representative from each of Private Sector, Gender and Civil Society umbrella organizations. Details of the PSC composition will be set out in the POM. The PCO will be the Secretariat to the PSC.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Project (UYEP II) activities will take place the urban areas of two cities: Lae and Port Moresby. The cities have the following characteristics: Port Moresby (pop. 364,000 in 2011), also known as the National Capital District (NCD) is the largest city in PNG. Located on the southern coastline of PNG, the city is made up of urban and peri-urban areas. The city's population is culturally diverse, a result of migration from the rest of the country. Due to the ad hoc nature of development, and steep topographic features in the area, the city's urban areas are interspersed with large areas of undeveloped land, most of which are cleared of vegetation. Lae city (pop. 100,000 in 2012) is the capital of Morobe Province. The city is located on the east coast of the mainland, approximately 300 km north of Port Moresby and 300 km east of Mount Hagen. The city is situated between the mouths of two major rivers, Markham to the west and Busu to the east, while the



smaller Bumbu River runs through the urban area. As with Port Moresby, there are extensive peri-urban areas outside the city center, characterized by larger lot sizes and lower density development. A screening of the proposed project for short and long-term climate change and disaster risks has also been undertaken using the World Bank Climate and Disaster Risk Screening Tool. The project has moderate overall exposure, largely due to the prevalence of various natural disaster risks in the country (flooding, drought, landslide, earthquake, tsunami) and exposure to climate change risks (sea level rise, increased flooding and storm surge). With respect to climate change adaptation, road maintenance will result in improved drainage capacity, which will help to alleviate the impact associated with increased flooding, and road repairs will potentially cover sections that have been damaged by severe weather events.

G. Environmental and Social Safeguards Specialists on the Team

Felix Peter Taaffe, Environmental Specialist
Rachelle Therese Marburg, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is proposed as Category B. The project will finance labor based civil works that are not associated with any potential large-scale, significant or irreversible impacts. These include construction of, and improvements to, pedestrian pathways and steps, driveways and parking lots, recreational and market shelters, as well as beautification of public areas, repair and maintenance of roads and public buildings, and waste management. The potential environmental impacts and risks are mostly related to safety, traffic disturbance, increased dust and noise level, waste generation and disposal. These impacts/risks are site specific, minor, temporary and entirely construction-related, and can be readily reversed and/or otherwise effectively managed through tangible mitigation measures.</p> <p>The ESMF describes screening procedures for each activity and identifies responsibilities for preparing subproject-specific environmental and social plans. These will take the form of Environmental and Social</p>



		Management Plans (ESMPs). The ESMF also includes an assessment of Occupational Health and Safety (OHS) risks . The ESMF draws upon the experience of UYEP I with regards to effective management of safeguards risks.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not triggered.
Natural Habitats OP/BP 4.04	No	Project activities will be limited to urban areas. The ESMF confirms that no activities will take place close to natural habitat and therefore impacts or degradation of natural habitats is highly unlikely.
Forests OP/BP 4.36	No	The project will take place in urban areas.
Pest Management OP 4.09	No	The project will not involve pesticides.
Physical Cultural Resources OP/BP 4.11	No	Project activities will be undertaken in urban areas that that have already been extensively developed. Impacts to physical cultural resources is considered highly unlikely.
		The project triggers OP4.10. However, consistent with the approach undertaken for UYEP I, the preparation of a separate IPP is not required as the project’s preparation and design will incorporate key principles of the IP Policy. Specific elements are summarized in the following:
Indigenous Peoples OP/BP 4.10	Yes	<ul style="list-style-type: none"> - Free, prior and informed consultation leading to broad community support. A community consultation framework will be prepared and will include IP groups in Port Moresby and Lae; - Measures to ensure IP groups in both cities receive culturally appropriate benefits. This will include targeted awareness raising and communication, screening, and recruitment, as well as a review of IP participation after the first three rounds; and - Measures to mitigate possible social tensions and conflicts that may result from perceptions of exclusion of disproportionate advantage. This includes a culturally appropriate grievance redress mechanism and robust communication campaign to ensure widespread understanding of the project and criteria for participation.



Involuntary Resettlement OP/BP 4.12	Yes	<p>The project supports labor-based civil works such as minor road maintenance, footpath construction, and drainage rehabilitation but the exact locations of this infrastructure are not yet known.</p> <p>These activities are to take place on government-owned land and are unlikely to involve land acquisition resulting in physical or economic displacement of project-affected peoples.</p> <p>Nonetheless, given the inclusion of minor road and urban services in the program of works and that not all work locations and activities have been fully designed, OP4.12 is triggered as a precautionary measure in the event that the scope of works widens. A Resettlement Policy Framework (RPF) has been prepared excludes land or asset acquisition if moderate or major impacts are identified; and outlines the measures to be taken if minor impacts are predicted. The RPF requires consultation with affected people, documentation of any compensation or replacement assets in line with replacement value, and documentation of agreements reached during negotiations.</p>
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is assessed to have low to moderate social and environmental risks. Environmental risks relate to localized impacts during the construction activities under Component 1c. These include increased dust and noise, improper waste generation, safety risks to workers and pedestrians, loss of vegetation within or adjacent to subproject sites, erosion and sediment control and contamination of water supply. Social risks relate to the project’s engagement with a wide cross-section of the youth (aged 16-29 years) in areas where social conflict is present and youth are marginalized. The project’s public consultation process, which will be used to inform sub project design as well as promote the project to potential participants, takes into consideration the specific community context present in both cities. This includes consideration of indigenous peoples in each city, the governance structures at the local level, and the barriers to engagement and participation.



2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The project is not expected to cause any indirect or long term negative impacts in the project areas of Lae and Port Moresby. The project will not involve significant changes to the existing land use, and construction-related impacts can be managed through implementation of the ESMF. The project is expected to have positive social impacts through engagement and increased employment opportunity for youth, and positive environmental impacts due to improved waste collection practices.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
NA.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
Based on the experience of UYEP I, capacity to implement UYEP II in Port Moresby is strong. The project management unit has delivered solid results, with increasing effectiveness, since its start in 2011. Implementation of the UYEP I ESMF has also been satisfactory, and no major issues were encountered. UYEP II expands the project to Lae, where E&S risk management capacity is lower. City authorities and other stakeholders have no experience in implementing a similar project, so a period of getting up to speed is anticipated. The PMU from Port Moresby will be instrumental in assisting Lae counterparts to develop the expertise and processes necessary to implement the ESMF, and associated time and resources have been included in project design.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
A range of stakeholders have been consulted as part of the development of the Project, and in the preparation of the ESMF, which has built on the process developed during UYEP I. Consultation sessions with stakeholders were held in September and November 2018 for the ESMF, and included discussions with Government agencies, technical collages, education institutions including schools. In Port Moresby, discussions were also held with around 150 youth and community members and site visits were undertaken to UYEP project sites. In Lae, consultation was undertaken with stakeholders including community leaders and youth representatives. A stakeholder engagement plan has been prepared, which will be disclosed prior to appraisal.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other		
Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
21-Jan-2019	29-Jan-2019	
"In country" Disclosure		
Papua New Guinea		
01-Feb-2019		
Comments		



NCDC and LCA have provided a copy of the disclosed ESMF in national paper (Post Courier) dated Friday, February 1, 2019

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

21-Jan-2019

Date of submission for disclosure

29-Jan-2019

"In country" Disclosure

Papua New Guinea

01-Feb-2019

Comments

NCDC and LCA have provided a copy of the disclosed RPF in national paper (Post Courier) dated Friday, February 1, 2019

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank

21-Jan-2019

Date of submission for disclosure

29-Jan-2019

"In country" Disclosure

Papua New Guinea

01-Feb-2019

Comments

NCDC and LCA have provided a copy of the disclosed ESMF in national paper (Post Courier) dated Friday, February 1, 2019

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.10 - Indigenous Peoples



Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

No

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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APPROVAL

Task Team Leader(s):	Sonya Woo
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Approved By

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Practice Manager/Manager:	Susan S. Shen	06-Feb-2019
Country Director:	Mona Sur	07-Feb-2019
