

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
APPRAISAL STAGE**

Report No.: PIDISDSA20714

Date Prepared/Updated: 25-Nov-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Papua New Guinea	Project ID:	P158807
		Parent Project ID (if any):	
Project Name:	PNG Tourism Sector Development Project (P158807)		
Region:	EAST ASIA AND PACIFIC		
Estimated Appraisal Date:	17-Oct-2016	Estimated Board Date:	05-May-2017
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Borrower(s):	Department of National Planning and Monitoring		
Implementing Agency:	Ministry of Tourism, Art and Culture, PNG Tourism Promotion Authority		
Financing (in USD Million)			
	Financing Source		Amount
	BORROWER/RECIPIENT		0.00
	International Development Association (IDA)		20.00
	Total Project Cost		20.00
Environmental Category:	B - Partial Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			
Is this a Repeater project?	No		

B. Introduction and Context

Country Context

The Papua New Guinea (PNG) economy has seen sustained positive economic performance over

the past decade, driven by its minerals and energy extraction sector, but this has not translated into inclusive development. Accounting for the majority of export earnings, the minerals and energy extraction sector has benefited from the global mineral resources boom. However, for the majority of the population who earn their livelihood outside those sectors, little seems to have changed as opportunities have not expanded. Consequently, there has been no major decline in poverty levels between 1996 and 2009/10, with almost 40 percent of the population living below the national poverty line. Similarly, the level of consumer inequality, measured by a Gini coefficient of 0.4, remained unchanged during the same time period.

Recent volatility in the extractive industries market has contributed to the Government's articulated desire to greater economic diversification and focus on new growth areas. PNG's exploited natural wealth extends beyond minerals, to forestry, agriculture and fisheries, which represent the three sectors that employ most of PNG's working population. The country also has substantial natural wealth in its diverse and unique terrestrial and marine locations and habitats throughout its mainland and more than 600 smaller islands. PNG also has unique cultural assets, distinctive local traditions, and a myriad of tangible and intangible cultural heritage. Such a wealth of natural and cultural heritage has contributed to its profiling in the international tourism market as a compelling place to visit. PNG is a growing tourism destination among the Pacific island countries, experiencing a growth in international tourism arrivals of 6 percent between 1996 and 2010. The potential for the sustainable tourism sector to generate more jobs and foreign exchange earnings in the future has been recognized by the Government of PNG.

Sectoral and institutional Context

The Government of PNG has identified sustainable tourism as a priority sector that can lead to more inclusive growth. PNG's Medium Term Development Plan 2 (2016-2017) highlights the importance of the tourism sector, having as one of its objectives to "Increase the number of international tourists and business travelers for cultural, environmental and economic benefits of Papua New Guineans". Similarly, the PNG Tourism Master Plan 2007-2017 set a specific goal of "doubling the number of tourists on holiday in PNG every five years". Growth from the sustainable tourism sector can result in a more inclusive growth that benefits the bottom 40 percent, and tends to also be gender inclusive. The sector is labor intensive, generating a wide range of jobs, especially for women and youth, together with economic opportunities for local communities, including those in the primary and artisan sectors, which are the most likely to live in extreme poverty. Furthermore, tourism can enable the preservation of nature and culture, which are some of PNG's most valuable assets; the maintenance of the unique cultural heritage of PNG promotes resilience and social cohesion within communities dealing with the rapidly changing socio-economic environment that development brings.

PNG has been seeing a steady growth of visitor numbers since 2002. The period 2002-2015 witnessed an average international arrivals growth rate of 13 percent. In absolute terms, visitor arrivals grew from 53,670 in 2002 to 198,685 in 2015, representing slightly more than 1.5 million visitors during this period. Since the PNG Tourism Master Plan was launched in 2007, annual average growth from arrivals from international holiday visitors alone (excluding cruise day visitors) was 12 percent per annum, reflecting almost double growth (95 per cent) in the eight years to 2015. Visitor arrivals by cruise ship are reported to have seen even stronger growth due the increasing size and number of cruises, however, actual passenger or disembarkation numbers and growth are not available. In 2015, holiday arrivals were 27 percent of all visitor arrivals, compared to 38 percent on business and 28 per cent arriving for employment. The majority of holiday arrivals were from Australia (24,000), followed by the United States (6,800) and United

Kingdom (3,600).

Supporting provinces with the most market appeal and least constraints, can maximize tourism development opportunities and minimize investment risks. PNG's geographic diversity easily supports a wide range of niche tourism experiences, including culture, world war heritage, trekking, bird watching, diving, surfing, fishing, sailing and river cruising all of which attract a growing number of international travelers. However, safety and security concerns limit the ability of some provinces to increase international tourist arrivals. Safety and other macro constraints, such as the cost of air travel, indicate that niche market tourism and the cruise market will continue to be the two main growth areas in the sector. Targeted interventions, along with strengthening the institutional and policy frameworks, can provide a demonstration affect and a platform for future support to other provinces.

Among the nation's twenty provinces, East New Britain and Milne Bay have been identified by the government as the highest-potential provinces for tourism development. East New Britain and Milne Bay are two of the safest provinces, and together account for 11 percent of PNG's population. Their Provincial Strategic Development Plans identify tourism as a priority sector, reflecting the commitment from the provincial administrations. Tourism offerings in Milne Bay include Alotau town; war heritage sites, bird watching, caving, fishing, snorkeling and diving; islands rich in culture; colonial/missionary history; and the annual Kundu Canoe Festival. East New Britain province offers extensive natural and cultural assets including Rabaul's smoking volcano and historic town area (which has given rise to the nickname of the 'Pompeii of the Pacific'); WWI and II battle sites and tunnels and wreck diving sites; picturesque islands and marine nature-based activities such as fishing, snorkeling, diving, dolphin watching; treks and the annual Mask Festival. Both provinces offer a wide range of locally specific arts and crafts, and in each case the sector could be more effectively developed to service the tourism industry.

Despite their potential, tourism development in East New Britain and Milne Bay is constrained by inadequate institution setups, inadequate infrastructure and a low supply of competitive tourism products. The development of the tourism sector is constrained by a range of issues, including: (i) weak provincial and tourism institutions, which lead to the preparation of unrealistic provincial tourism master plans, limited knowledge about market demand, poor marketing, and insufficient workforce development; (ii) subpar infrastructure, which limits access to tourism destinations (i. e., dilapidated roads and jetties), the provision of services to tourism suppliers (i.e., limited water for cruise ships), and affects the tourism experience (i.e., underdeveloped shore-front in Alotau); and (iii) a limited supply and/or poor quality of tourism products and services, together with unclear plans to involve and increase the participation of local communities, despite their significant untapped potential.

Further development of the tourism sector requires strengthening of the institutions to enable development at national and provincial levels, combined with investment in priority infrastructure for tourism, and tourism related products and experiences. The World Bank Group's sustainable tourism experience, and extensive stakeholder consultations in PNG indicate this requires the integrated planning and execution of tourism development initiatives across national, provincial and local authorities, for which a commitment has been given by the relevant authorities in PNG. Stakeholders also support efforts to enhance the tourism hubs of Rabaul/Kokopo and Alotau, and connected tourism 'spokes' (cultural and natural heritage sites around hubs) of compelling tourism sites/experiences that will meet ➤(and generate more - market demand. The World Bank Group

support can aide the Government to further enhance women's participation in different parts of the sector, community participation and benefit sharing in supported initiatives, as well as the conservation and promotion of the unique cultural and natural heritage of PNG. This calls for public and private investment in infrastructure, and the development of tourism products in these hubs and spokes by community-led enterprises, private micro, small or medium enterprises (MSMEs), or large investors. Supporting such interventions has the potential to reduce poverty and improve shared prosperity and living standards of the bottom 40 percent. This approach is aligned with the World Bank Group's goals of poverty alleviation and shared prosperity, and PNG's goals for tourism to be developed for the benefit of all Papua New Guineans.

C. Proposed Development Objective(s)

Development Objective(s)

The project development objective is to improve tourism services in targeted destinations.

Key Results

Increased number of project beneficiaries (gender disaggregated, 50% women target).

Adoption and start of execution of the national tourism strategy.

Adoption and start of execution of provincial tourism development strategies.

Increased number of cultural and natural heritage sites with improved infrastructure services based on sustainable site management plans.

Increased number of community-led micro enterprises that improve their economic livelihood (gender disaggregated, 50% women-led target).

D. Project Description

The Project will leverage opportunities for tourism development in the high-potential provinces of East New Britain and Milne Bay, and target key constraints currently impeding sustainable growth of the sector in these locations. The Project introduces an integrated approach that meets i) the need for a stronger and more coordinated institutional and policy framework for tourism development across national, provincial and local levels; and ii) the need for improved infrastructure and compelling tourism sites, products and experiences in the destination's tourism hubs and connected spokes. Consequently, the improved institutional and policy environment will be more conducive to designing and implementing realistic tourism development strategies at national and provincial level. The provincial tourism strategies will be aligned with the current tourism product offering, which does not require massive investments during the next five years, but rather improvement and rehabilitation of existing tourism attractions. This will be achieved by supporting complementary small-scale infrastructure and product-support investments that can lead to a rise in tourist visits. The consequent rise in tourism spending will then increase the tourism income captured by Project beneficiaries, especially women. This will, in turn, fuel inclusive local economic growth.

The Project is designed in a modular nature that places emphasis in the beginning of Project implementation on updating the tourism development strategies at the national and two provinces levels. The provincial tourism strategies will recommend priorities for policy and institutional strengthening, and recommend the small-scale tourism infrastructure improvements/rehabilitation (i.e., signage, lighting, road rehabilitation) that respond to the current market demand. Subsequent phases of Project implementation will: (a) implement destination management efforts; (b) implement prioritized tourism infrastructure subprojects; (c) support

local community groups to effectively participate in and benefit from the growth of tourism activities in the two provinces; and (d) monitor and evaluate performance of activities under all components.

Project Components

Component 1: Institutional and Policy Frameworks (US\$4.00 million). This component will seek to raise the standard of government entities integral to establishing and growing an effective tourism sector. Institutional strengthening and integrated planning at the national level, the provincial level (in East New Britain and Milne Bay), and the local level (in Kokopo, Rabaul and Alotau), will enable entities to carry out key priorities such as: improved destination planning and management; marketing and promotion; skilled workforce development and capacity building; product development; sustainable site management of tourism assets; and performance monitoring and evaluation activities. Support will ensure that all planning, design, implementation and monitoring activities are done in an inclusive and gender-sensitive manner.

Subcomponent 1.1. Strengthening the national and provincial tourism development framework (US\$2.80 million). This subcomponent will support the Ministry of Tourism, Arts and Culture (MTAC) and Provincial Administrations and tourism stakeholders in East New Britain and Milne Bay to improve the national and provincial environments for tourism planning and development. In doing so, the subcomponent will initially support the preparation of Papua New Guinea's 2018-2022 national tourism strategy. Similarly, the project will support the preparation of provincial tourism strategies for East New Britain and Milne Bay, which will be informed by a detailed demand assessment to be implemented by IFC. These five-year provincial tourism strategies will focus on improving the current tourism offering through small scale developments with high yield potential and low environmental and social impacts. Subsequently this subcomponent will finance priority TA activities identified as part of the strategies, including: guidance for the establishment of effective and sustainable provincial tourism/destination management offices; the implementation of a targeted marketing strategy for each province; the delivery of workforce development and capacity building priorities at national and provincial level; facilitation of business support services to tourism-related MSMEs; and overall monitoring and evaluation activities. Lastly, this subcomponent will assist MTAC in the prioritization of other provinces that can benefit from the implementation of potential subsequent investments.

Subcomponent 1.2. Strengthening hub, cultural and community development frameworks (US \$1.20 million). This subcomponent will support the underpinnings required to develop integrated tourism destinations. In doing so, this subcomponent would support the: (i) preparation of a vision for the city of Alotau; (ii) preparation of site management plans for selected tourist and cultural heritage sites; (iii) the provision of cultural heritage advisory services; (iv) the mapping of tangible and intangible cultural heritage in each province; and (v) the preparation of a Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA), aligned with the vision laid out in the provincial tourism strategies. This subcomponent would strengthen the capacity of the provincial institutions to support stakeholder engagement through public-private dialogue and increased awareness.

Component 2: Infrastructure and Community/Product Development (US\$13.00 million). This component will support the development of integrated tourism destinations in Milne Bay and East New Britain, as identified in the provincial tourism strategies. The implementation of the vision

laid out in the tourism strategies will require small-scale/site-specific improvements or rehabilitations that do not affect areas broader than the sites, and direct support to community-led enterprises. The small-scale improvements will benefit the tourism hubs of Rabaul and Kokopo (East New Britain) and Alotau (Milne Bay), which are the main entrances to these provinces for tourists, by air (Tokua/Rabaul and Gurney airports) and sea (cruise ships and super yachts). Moreover, the project will also support the improvement of products in "spokes" (attractions around the hubs), that are already accessible and where communities are willing to participate, by improving existing products and/or experiences (or clusters of such), based on niche themes (e.g., arts, culture, nature, WWII history) and/or geographic locations. This component will also provide targeted support for the development of community-led enterprises, through a grants and advisory program for communities that wish to supply products for tourists based around their cultural or natural heritage. This approach will provide more compelling reasons for visitors to spend more time and money, thereby helping to share the prosperity generated by tourism growth.

Subcomponent 2.1. Upgrading tourism infrastructure and heritage sites in urban and rural centers (US\$10.00 million). This subcomponent will support small-scale infrastructure rehabilitation to enhance key tourism assets. It will improve the overall quality of each hub destination in Rabaul, Kokopo and Alotau, and selected tourism spokes. Support would be aligned with the provincial tourism strategies. Support would include, for example, upgrading of parks, the development of provincial arts and cultural centers, museums, historical sites/walkways, markets and natural areas as determined by public and private sector prioritization. Upgrading activities would include improved signage, sitting areas, walkways, street lighting, water supply and sanitation facilities, small-sized waste collection and access roads.

Subcomponent 2.2. Supporting partnerships for inclusive tourism destinations (US\$3.00 million). This subcomponent aims at improving the economic livelihood of selected communities which can create or expand a tourism product. It supports start-up or expansion of community-led enterprises that contribute to improved livelihood of the bottom forty percent through sustainable and inclusive tourism development.

The sub-component draws on the experience of a range of different Community Driven Development (CDD) projects, small grants, micro-finance and micro-entrepreneurship programs in PNG and other parts of the globe. The resulting design is a hybrid approach that encompasses CDD principles, the principles of sustainability and cultural heritage protection, and the entrepreneurship principles of competitiveness, market development and performance based disbursement. Activities supported under this sub-component will also be informed by the resource audit being conducted under the Provincial Tourism Strategies, and the complementary mapping of tangible and intangible cultural and natural heritage in each province, supported under Component 1.2. Both activities will enable more targeted outreach and support to communities, which have already demonstrated some capacity to work collectively to develop innovative tourism and cultural or natural heritage products. At the same time, a more general community outreach campaign will be undertaken to ensure that all eligible groups are adequately informed about the opportunities provided under the project.

Specifically, the subcomponent will provide Community Grants (CG) in support of a range of local initiatives selected on various principles such as sustainability, the promotion of cultural or natural heritage, and a well-founded business case. Particular attention and support will be given to activities initiated by women and youth; at least 50 percent of community grants will be given

to women led initiatives. CDD principles will be used to solicit demand from local communities and engage them through participatory tools to identify local priorities. Activities to be supported must meet a set of criteria that promote economic sustainability and the sustainability of cultural or natural heritage in the local context, and communities will be required to submit proposal through a competitive process, with criteria that are clearly articulated and adhered to by a Project Small Grant Committee (PSCG). The PSCG will be made up of representatives from TPA, the Provincial Government and the private sector.

To facilitate the submission of quality proposals from communities and to guide their market relevance, a package of advisory support services will be provided by a non-government service provider entity, such as an NGO or private firm, selected on a competitive basis. The package of support will include community outreach and education, community mobilization, business proposal development, costings, market assessments and links to market opportunities, implementation support, and monitoring and evaluation. The service provider (SP) is expected to work closely with the relevant provincial agencies, including the Provincial Tourism Office/ Destination Management Office, and collaborate with the local and national Museums, Galleries or cultural institutes where appropriate. The SP will also be responsible to provide monitoring and progress information to TPA.

Component 3: Project Management (US\$3.00 million). This component will support the Project implementation, including procurement, financial management, safeguards compliance, preparation of feasibility studies and details design and construction supervision. In doing so, this component will support the establishment of a project implementing entity in TPA, headed by a project manager, together with two provincial coordinators. As this will be the first World Bank project to be implemented by TPA in multiple locations that do not have TPA presence, a project management company will be hired to support implementation, safeguard compliance and timely disbursement. The component will also finance the operating cost of the Project implementing and coordinating entities at the national and provincial levels.

Component Name

Component 1: Institutional and Policy Frameworks

Comments (optional)

Component Name

Component 2. Infrastructure and Community/Product Development

Comments (optional)

Component Name

Component 3. Project Management

Comments (optional)

E. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project interventions are planned in three locations: (i) Port Moresby-policy, planning and

capacity building activity; (ii) Alotau in Milne Bay Province-planning and tourism product development including basic-infrastructure rehabilitation and upgrading; and (iii) Rabaul and Kokopo in East New Britain Province-planning and tourism product development including basic infrastructure rehabilitation and upgrading.

Milne Bay Province contains over 430 islands and 2,100 kilometres of coastline making it a popular destination for marine-based tourist activities. There are extensive areas of coral reef natural habitats along the mainland coast and amongst the various islands chains. The island groups in eastern Milne Bay province contain culturally-resilient indigenous communities such as those of the Trobriand Islands. Milne Bay was also a major World War II battle site and there are many relics remaining from the Australian and Japanese engagement.

The Rabaul and Kokopo areas contain extensive marine habitats including coral reefs that are popular destinations for scuba diving and snorkeling. Rabaul also contains a live volcano (Mount Tavurvur) and associated hot springs. Rabaul and Kokopo's World War II history is extensive and included an extended period of Japanese occupation and subsequent battles between US and Japanese forces. There are extensive war relics both on land and submarine and a large war cemetery near Kokopo. The areas cultural heritage is also significant and the annual Mask Festival attracts many international tourists.

F. Environmental and Social Safeguards Specialists

Nicholas John Valentine (GSU02)

Ross James Butler (GSU02)

II. Implementation

Institutional and Implementation Arrangements

The Ministry of Tourism, Art and Culture (MTAC) will be the main government counterpart responsible for the proposed Project. The Tourism Promotion Authority (TPA), will be the Project Implementing Entity, responsible for all aspects of Project implementation, including fiduciary and safeguards responsibilities, as well as monitoring & evaluation and reporting results. The TPA is a Statutory Body established under Section 8 of the Public Financial Management Act (PFMA) and governed by its own act, the Tourism Promotion Authority Act 1993, reporting to the Minister for Tourism Arts and Culture.

Given the complexity of tourism development projects and the overall challenging project implementation realities in PNG, TPA will hire a Project Management Company (PMC) to provide technical, fiduciary, safeguards and monitoring and evaluation support during project implementation. Until the PMC is contracted, TPA will be supported by a small group of fiduciary and safeguards consultants.

TPA will support national level initiatives and work in collaboration with local and provincial stakeholders on key infrastructure and capacity building activities. TPA will be supported by regional coordinators in each province, who will coordinate the dialog with different stakeholders, especially as TPA does not yet have a permanent presence in the provinces. TPA will sign a Memorandum of Understanding (MOU) with each provincial government, stipulating roles and responsibilities at the Project level as a whole. At the subproject level, and before implementing any subproject, TPA will sign a tripartite Investment Subproject Agreement (ISA) with the provincial government and

respective local-level government (or other agency which own the assets, e.g., national museum or Water PNG). The ISA will define roles and responsibilities during subproject implementation, as well as the hand-over process of assets after being rehabilitated/constructed. The Project Operations Manual (OM) stipulates all steps of subproject identification, screening, preparation, implementation and hand-over process, and provides criteria and templates, including for the ISA.

A Working Group, composed by the technical representatives of the two provinces benefiting from the Project, various ministries and agencies involved as well as the Project Implementing Entity, will be established. Its function is to ensure effective inter-agency communication, with the responsibility of facilitating Project implementation and removing any barrier to smooth implementation.

III. 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 proposed investments are small-scale and potential adverse environmental impacts on human populations or environmentally important areas are less adverse and impacts are site-specific with few if any of them being irreversible. A Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA) will be prepared under the Project to ensure that potential cumulative and induced impacts of the Project, although deemed limited, are assessed and that environmental and social considerations are integrated into TPA policy, planning and tourism destination development initiatives.</p> <p>This policy is triggered due to the potential impacts under Component 1 through attracting more tourists into the Project areas and the proposed physical interventions under Component 2.</p> <p>The types of subprojects to be funded will facilitate local tourism developments and will include small infrastructure projects such as upgrades to handcraft market places, improved reliability for service provision and improvements to site management at discrete tourist destinations (e.g., parking, handcraft kiosks and public toilets). Specific subprojects may include facelift of Alotau war memorial, upgrade of Alotau foreshore park, small scale water and sanitation facilities at cruise landing sites, construction of handicrafts market at Rabaul port, and rehabilitation of Rabaul museum and art gallery.</p> <p>As subproject detail was not available prior to appraisal an Environmental and Social Management Framework (ESMF), Indigenous Peoples Planning Framework (IPPF) and Resettlement Policy Framework (RPF) were prepared. These</p>

		<p>documents will guide the environmental and social assessment for future investments under the Project.</p> <p>The safeguards instrument for the proposed investments under subcomponent 2.1 will be an ESIA (commensurate with the nature and scale of impacts) incorporating an Environmental and Social Management Plan (ESMP) and an Abbreviated Resettlement Action Plan (ARAP) where relevant.</p> <p>The impact assessment will assess direct and indirect impacts, as well as cumulative and induced impacts of tourism development in the Project areas (particularly on the influx of tourists and impacts on basic infrastructure, environmental and sanitation services). Hence, it is proposed that the Project will fund the preparation of a Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA) during implementation. The SESCHA objective is, among other things, to assess the cumulative and indirect impact of increased tourism in the two provinces to inform the national and provincial tourism strategies. The SESCHA will include consideration of particular issues, impacts and risks concerning indigenous peoples as per OP 4.10. The SESCHA will be prepared during implementation with a target completion date of end 2017.</p>
Natural Habitats OP/ BP 4.04	Yes	<p>This policy is triggered to ensure that any interventions into the natural habitats and the areas in their immediate vicinity consider potential impacts and are fully harmonized and supportive of the habitat conservation goals. Site-specific ESIA reports and ESMPs will be developed for individual subprojects and will provide for how the above principles will be integrated into the design and implementation arrangements of each subproject. Although sub-projects are of limited or small scale, natural habitats potentially affected by the Project mainly include the marine environments of Milne Bay and Kokopo/Rabaul. Both locations contain coral reefs that are popular scuba diving and snorkeling sites. Other marine-based tourist activities such as cruise ship operations and other recreational boating also have the potential to impact natural habitats. Terrestrial natural habitats are not expected to be significantly impacted.</p>
Forests OP/BP 4.36	No	<p>The Project will not impact on any forested areas hence this policy is not triggered.</p>
Pest Management OP 4.09	No	<p>The Project will not involve pest management hence this policy is not triggered.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>Interventions are likely to provide support to cultural heritage sites/attractions as well as basic infrastructure such as the</p>

		upgrading of markets and museums. This policy is triggered to ensure that no element of cultural heritage is affected negatively neither during construction nor operation of the infrastructure provided under the project. Site-specific Where the subproject will involve a Cultural Heritage Site Management Plan as an output, the requirements of OP4.11 will be integrated into the Cultural Heritage Site Management Plan. Otherwise, a Physical Cultural Resources (PCR) Management Plan will be prepared as a subplan to the ESMP if the policy is triggered for any particular subproject.
Indigenous Peoples OP/BP 4.10	Yes	Indigenous Peoples OP/BP 4.10 is triggered as indigenous peoples (IP) communities may be present within subprojects' areas of influence. It is envisaged that in most cases the majority of beneficiaries under the subprojects will be IPs. Thus, policy requirements of OP 4.10 including free, prior and informed consultation and provision of benefits have been incorporated into Project design and the key safeguards documents. A SESCHA will be prepared for the Project as will a mapping of tangible and intangible heritage in the focus destinations; both activities will inform overall Project design to ensure that Indigenous Peoples are taken into account. Further for subprojects which specifically deal with cultural heritage, a Cultural Heritage Site Management Plan will be prepared which will ensure IP communities will be provided with culturally appropriate benefits from the subproject. In all cases, a process of free, prior and informed consultation with communities will be undertaken to establish broad community support.
Involuntary Resettlement OP/BP 4.12	Yes	While the specific sites and types of civil works under the Project are not yet known, small-scale permanent or temporary land acquisition may be required and livelihoods may be temporarily impacted (for example during establishment, upgrades or relocations of handcraft markets). Access to land will be on a negotiated basis wherever possible, and compulsory land acquisition will only be used in exceptional circumstances and in compliance with the PNG Land Act 1996. Sub-project investments and facilitation of tourist access will not restrict community access to natural resources. Sub-projects that do so will not be eligible for financing. A Resettlement Policy Framework (RPF) has been prepared. Abbreviated Resettlement Action Plans (ARAP) will be prepared for sub-project investments if required.
Safety of Dams OP/ BP 4.37	No	The Project will not involve dam construction hence this policy is not triggered.
Projects on International	No	The Project sites are not situated on international waterways hence this policy is not triggered.

Waterways OP/BP 7.50		
Projects in Disputed Areas OP/BP 7.60	No	The Project sites do not include disputed areas hence this policy is not triggered.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>Increased tourist visitation to the respective provinces could result in adverse impacts in and around tourist destinations. Uncontrolled tourism can lead to environmental impacts, such as pressure on natural resources, pollution and physical impacts (e.g., on marine environments and from infrastructure development). Tourism may also put a strain on resources, and it can force local populations to compete for the use of critical resources. Further, potential social impacts may include change in indigenous identity and values, culture clashes, social stress and ethical issues. Given these potential impacts, the Project has prepared an ESMF and employed international good practice in preparing a SESCHA, which will provide the necessary framework for avoiding such potential environmental or social impacts.</p> <p>Potential impacts under Component 2 are expected to be limited as they will involve only minor civil works at existing tourist sites. The overall impact will be beneficial as the investments will aim to facilitate tourist access in a way that ensures sustainable use and protection of the natural or cultural element.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>The Project is expected to have a positive social impact on local development, employment opportunities especially in higher skilled service areas related to tourism, and opportunities for small and medium business development.</p> <p>Increased tourism may also brings potential adverse environment and social impacts, such as:</p> <ul style="list-style-type: none"> ➤(ç pressure on natural resources ➤(water, energy, food and raw materials, and land degradation; ➤(ç pollution ➤(air and noise pollution from transportation, solid waste, and sewage pollution; ➤(ç change in indigenous values ➤(commodification, loss of authenticity and adaption to tourist demands; ➤(ç culture clashes ➤(due to tourist behavior and job-level friction; and/or ➤(ç ethical issues ➤(including crime generation, child labour and prostitution. <p>An ESMF and SESCHA have been and will be prepared, respectively, to avoid such potential impacts.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p> <p>Alternative locations within PNG to implement this project were considered. But the choice was to focus on East New Britain and Milne Bay provinces that have existing relatively high tourist</p>

visitation, high concentration of cultural heritage and natural endowments, higher safety and security record and the need for improvements to existing tourist infrastructure to allow development of a sustainable tourist industry.

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.

Safeguards policy issues prior to appraisal were addressed through the preparation of an ESMF and RPF to guide safeguards requirements for subsequent sub-project implementation. During implementation each sub-project will require the preparation of an ESIA (incorporating a PCR Management Plan where relevant) and an ARAP (or RAP) if land acquisition is required.

The TPA has limited safeguards capacity. TPA staff will be dedicated to safeguards tasks for the duration of the project and their skills will be developed progressively through various capacity building activities. Specifically this will include consultants engaged in preparing safeguards instruments working closely with the TPA counterparts to provide knowledge-sharing on safeguards policies and instruments. TPA will also be supported by a Project Management Company (PMC), which will assist with the implementation of project activities at the national level and provincial level. It will be a requirement that this company will have to have dedicated community engagement/safeguards expertise.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

It is envisaged that stakeholders and communities in each site will be consulted at each key stage of the Project. For example, community priorities and concerns will be central to the tourism plans developed for each site. The tourism office will be tasked with developing a community engagement strategy based on the operational manual to ensure ongoing linkages with the communities. In is envisaged that each subcomponent will need a site specific engagement strategy as part of the design process.

The key mechanisms for citizen engagement will be site-specific consultations (community engagement meetings) for various subproject, a range of ongoing engagement with the various groups selected under the community grants component of the project, and a series of beneficiary surveys as required parts of the monitoring and evaluation of the Project. Further, the citizen engagement officer in the PMC will design an overall citizen engagement strategy that will inform the various approaches to engagement across the project. This strategy will be incorporated into the OM.

Consultations for various subprojects will be held in each subproject location and with invitations extended to the broad community with special focus on women, vulnerable groups, small business owners, NGOs or CSOs in order to have a broader discussion on opportunities for expanding Project benefits across the community, potential social risks from the Project. As indicated above, separate women's consultations will be held at each site as part of the consultation process. Where judged necessary due to cultural hierarchies etc, a separate youth meeting may also be held. A set of youth engagement activities will be explored with TPA and provincial governments as part of a more participatory approach to tourism promotion, and development of promotion materials.

Consultations on the ESMF, and RPF with national and local authorities, community representatives, and civil society were held prior to Project Appraisal. The ESMF and RPF were disclosed in-country (on the TPA website) and at the World Bank InfoShop. In addition, TPA will organize consultations on the draft SESCHA report once it has been prepared. Site-specific

consultations will be held on Environmental and Social Management Plans (ESMPs) or Environmental and Social Impact Assessment (ESIA) reports, whichever applicable; and RAPs, where applicable. The established processes of grievance redress mechanisms at local and national (Project) levels with relevant contact points will be communicated during all community consultations.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	17-Nov-2016
Date of submission to InfoShop	21-Nov-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Papua New Guinea	21-Nov-2016
<i>Comments:</i> URL of in-country disclosure at TPA website: http://tinyurl.com/gqrgmtj	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	17-Nov-2016
Date of submission to InfoShop	21-Nov-2016
"In country" Disclosure	
Papua New Guinea	21-Nov-2016
<i>Comments:</i> URL of in-country disclosure at TPA website: http://tinyurl.com/gqrgmtj	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	17-Nov-2016
Date of submission to InfoShop	21-Nov-2016
"In country" Disclosure	
Papua New Guinea	21-Nov-2016
<i>Comments:</i> URL of in-country disclosure at TPA website: http://tinyurl.com/gqrgmtj	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is physical displacement/relocation expected? Provided estimated number of people to be affected	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] TBD [<input type="checkbox"/>]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) Provided estimated number of people to be affected	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] TBD [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

responsibilities been prepared for the implementation of measures related to safeguard policies?	
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

V. Contact point

World Bank

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VI. For more information contact:

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VII. Approval

Task Team Leader(s):	Name: Ahmed A. R. Eiweida, Andres F. Garcia	
Approved By		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 19-Jan-2017
Practice Manager/ Manager:	Name: Abhas Kumar Jha (PMGR)	Date: 19-Jan-2017

Country Director:	Name: Mona Sur (CD)	Date: 13-Feb-2017
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