

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA24957

Project Name	PNG Urban Youth Employment Project Additional Financing (P154412)
Parent Project Name	Urban Youth Employment Project (P114042)
Region	EAST ASIA AND PACIFIC
Country	Papua New Guinea
Sector(s)	Other social services (90%), Public administration- Other social services (10%)
Theme(s)	Social Safety Nets/Social Assistance & Social Care Services (50%), Conflict prevention and post-conflict reconstruction (20%), Other social protection and risk management (20%), City-wide Infrastructure and Service Delivery (10%)
Lending Instrument	Investment Project Financing
Project ID	P154412
Parent Project ID	P114042
Borrower(s)	Department of Treasury
Implementing Agency	National Capital District Commission
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	07-Oct-2015
Date PID Approved/Disclosed	07-Oct-2015
Estimated Date of Appraisal Completion	24-Jul-2015
Estimated Date of First Grant Approval	15-Oct-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

Poverty and marginalization of youth remains a pressing development issue to which UYEP provides a unique response. Since 2012, the start of the project, economic growth has slowed considerably; development challenges such as poverty rates and youth bulge not only persist, but are worsening in urban areas. PNG is a lower middle income country with a Gross National Income per capita of \$1,790 , yet many social indicators are substantially below global averages. The wealth generated from natural resource extraction led to growth, but did not translate into benefits for wide sections of the population, and broader social development. Poverty rates in the National Capital District (NCD) have increased from 31 per cent in 1996 to 43 per cent of the population in 2009/10. In Port Moresby, 70 percent of the population is under 29 . At least 40,000 youth in Port

Moresby are unemployed according to available statistics, and this number is likely to keep increasing due to demographic trends (growing number of youth), but also due to in-migration. There are very few interventions to reach marginalized youth in the capital district, and none that operates on a large scale. UYEP is therefore filling an important gap in terms of a public intervention trying to address both the economic problem of unemployment and poverty, but also youth marginalization and crime in the city.

Sectoral and institutional Context

Young people remain disproportionately disadvantaged in access to employment and livelihoods in urban areas. Economic growth has led to a new range of employment opportunities, but these are at skills levels beyond those of the population. Secondary education institutions struggle to prepare youth for the job market. In the NCD, only 20 per cent of the 15-24 age group are employed in a waged position, while 60 percent are not in the labour force. Only nine per cent of those aged 15-24 are actively looking for a job, illustrating the level of disengagement from the formal workforce and the difficulty in finding paid employment. While informal sector employment has become more important, households where the head is in informal employment are equally likely to be poor compared to households where the head is inactive. This demonstrates that while informal employment is more common, access to the formal labour market in NCD is critical for households to escape poverty .

Crime and violence are highly prevalent in PNG and unemployed urban youth are disproportionately involved. The Homicide rates for Lae and Port Moresby are the highest in the East Asia Pacific region and among the highest in the world, being nine and three times the global homicide average, respectively . Youth aged between 19 and 29 are the age group which is most active in crime, and Port Moresby accounts for 30 percent of all crime in PNG, despite containing only six percent of its population. Several studies have identified the relationship between youth unemployment and crime. School dropout and lack of employment opportunities are two of the most important risk factors for youth involvement in crime and violence. In consultations with urban youth in 2010, formal employment was frequently identified as a resilience factor against involvement in crime and violence. Those consulted also identified that informal employment could be a strong resilience factor if opportunities are available and profitable enough.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The Project's development objectives are to provide urban youth with income from temporary employment opportunities and to increase their employability.

III. Project Description

Component Name

Youth Job Corps (YJC)

Comments (optional)

The Youth Job Corps will continue to roll out public works scheme. The public works will now include activities such as the construction of concrete footpaths and drains, in addition to road repair and maintenance. The broader range of activities should increase the transfer of skills since it

involves semi-skilled work, which in turn should help increase the employability of youth. Contractors will be trained on the supervision of this type of works and in general contract administration. The scaled up activity will increase the number of youth going through the YJC from 7,500 to 11,500 and increase the number of labor days generated by an additional 120,000 to a total of 420,000. The AF will also strengthen measures to ensure women can participate in all project activities.

Component Name

Skills Development and Employment Scheme (SDES)

Comments (optional)

This component provides Pre-Employment Training (PET) of 20 days, and a five month On-the-Job Training (OJT) with employers in Port Moresby, for eligible youth. The SDES component will continue its activities for an additional 18 months, with the provision of two types of Pre-Employment Training, and the continuation of the On-The-Job Training scheme. The focus will be on strengthening the quality of inputs in this component to increase the chances of youth securing employment at the end of it. It is expected an additional 1500 youth will receive Pre-Employment Training of 20 days. With additional time, it is expected that the current OJT target of having a total of 2400 youth complete a 5 month internship with employers in Port Moresby, can not only be met, but also exceeded.

Component Name

Project Management

Comments (optional)

The AF will be used to increase and strengthen capacity of Project Management Unit (PMU) to respond to the needs of the current project as well as the scaled up activities. The AF will also support technical assistance activities to help NCDC effectively design and oversee implementation of the YJC and SDES schemes. Rigorous monitoring and evaluation will continue to be a key activity for the PMU.

IV. Financing (in USD Million)

Total Project Cost:	11.80	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			1.00
Free-standing Cofinancing Trust Fund			10.80
Total			11.80

V. Implementation

Overall, the implementation and fiduciary arrangements will remain the same as in the original project design. Both the financial management and procurement ratings of the UYEP are currently satisfactory, after intensive efforts to build capacity and set up effective systems to manage multiple contracts and payments to thousands of youth. The scale up and improvements planned under the AF will, however, require a significant strengthening of the PMU capacity, especially for the delivery of new gender, training or enhanced YJC activities and this has been addressed in the design.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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