



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 26-Apr-2016 | Report No: PIDISDSC17511



**BASIC INFORMATION**

**A. Basic Project Data**

Country Papua New Guinea	Project ID P159517	Parent Project ID (if any)	Project Name Rural Service Delivery Project (P159517)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Sep 05, 2016	Estimated Board Date Feb 28, 2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Sector(s) Other social services (60%), General water, sanitation and flood protection sector (40%)	Theme(s) Decentralization (25%);Participation and civic engagement (25%);Other human development (25%);Rural services and infrastructure (25%)	Borrower(s) Department of Treasury
Implementing Agency Department of Provincial and Local Government Affairs			

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**Financing (in USD Million)**

Financing Source	Amount
International Development Association (IDA)	23.00
<b>Total Project Cost</b>	<b>23.00</b>

Environmental Assessment Category  
B-Partial Assessment

Concept Review Decision  
Track II-The review did authorize the preparation to continue

Other Decision (as needed)

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**B. Introduction and Context**

Country Context

**Papua New Guinea (PNG) is a resource-rich country of approximately seven million people.** PNG’s population is characterized by a diverse number of social groups with over 800 distinct languages, with strong local and clan-based affinities and allegiances. 87 percent of the country’s population lives in rural areas. Average national population density is low at about 14 per km<sup>2</sup>. PNG is rich in natural resources, but is subject to extreme weather events and natural disasters. The economy is dominated by agriculture, fishery, and the oil/minerals sectors.

**Despite the positive economic performance over the past decade, PNG’s human development indicators remain low.** More than 40 percent of children under five years of age suffer from moderate to severe chronic malnutrition. Life expectancy at birth is 63 years, considerably below the Pacific Islands average of 70 years; the infant mortality rate is 48 per thousand compared to a regional average of 26.5; and the maternal mortality rate is very high at 230 per 100,000 live births. The Government of PNG recognizes the lack of infrastructure facilities as a major constraint to



economic development and delivery of basic services to the population, especially in the context in which the national population is growing at 2.7 percent each year.

## Sectoral and Institutional Context

**Public service is delivered at several levels in PNG, including Provincial Government, District Development Authority, and Local-Level Government.** Since the passing of the 1995 Organic Law for Provincial and Local Level Government, the Government of PNG has been striving to (i) reduce administrative costs of service provision at sub-national levels; (ii) strengthen the ability to make technical and financial decisions regarding development priorities; and (iii) better align public expenditures and priority public services.

**A new District Development Authority (DDA) Act was passed in late 2014, which is expected to further concentrate PNG's decentralization arrangements to districts.** Under the act, a DDA was created at every district, and is expected to control budget allocation priorities and be responsible for service delivery in districts. DDAs are chaired by the district member of parliament (MP), and district public servants will become formally accountable to the DDA priorities. While many of the implementing and operating processes of the DDA act are yet to be established, it is envisaged that the DDAs will play a more prominent role in channeling national public funds for service provision down to sub-national levels. In light of these changes, the Government of PNG is exploring ways to improve the fiscal transfer system, as well as the processes through which the DDA funds can be applied effectively to meet the priority needs of communities at Local-level Government (LLG) and ward levels where resources and staff are limited, and the most basic social and economic services are needed.

**The Government is interested in applying the community-driven development (CDD) approach for enhancing the effectiveness of service delivery at local levels.** This approach, currently being piloted under the Rural Service Delivery and Local Governance Project (RSDLGP) by the Department of Provincial and Local Government Affairs (DPLGA) with the support of the World Bank in Central Province and Western Province, has shown promising performance in bringing down the costs of service delivery to rural areas, while increasing community commitment to the sustainability of small scale investments. The approach is increasingly seen by the Government as an effective way to deliver services to rural communities with transparent and accountable systems. The Government is interested in expanding the coverage of RSDLGP to other provinces, with a view of eventually incorporating the model in their regular local governance framework.

## Relationship to CPF

**The proposed Rural Service Delivery Project (RSDP) would contribute to all three pillar of WBG's Country Partnership Strategy (CPS) in PNG.** By assisting local communities to invest in basic infrastructure through participatory and inclusive project planning and management processes, the project is expected to help achieve Pillar 1 (Increased and more gender-equitable access to inclusive physical and financial infrastructure). The project aims to improve rural communities' access to basic services, which are critical to the achievement of Pillar 2 (Gender-equitable improvements in lives and livelihoods). The project will also directly help to operationalize a local development platform designed to support Pillar 3 (Increasingly prudent management of revenues and benefits) at both national and community levels. In addition, the project explicitly seeks to contribute to building a more responsive and accountable state through its emphasis on participatory and inclusive development. This is a particular area of concern given the fragile nature of the country and the potential risk of violence that could be triggered by the combination of extremely weak public institutions and non-transparent use of public funds.

**The three pillars of the CPS are consistent with the priorities expressed in the Government's Vision 2050 document,** which aims "to reform and align institutions and systems to make Papua New Guinea become a smart, wise, fair, healthy and happy society" through effective service delivery, human resource development, wealth creation and sustainable development of the country's vast natural resources.

## C. Proposed Development Objective(s)



The Project Development Objective is to improve community access to basic services and capacity to manage investments in targeted rural communities.

#### Key Results (From PCN)

**Indicators that will track the achievement of the PDO are likely to include:**

- i) Increase in the number of rural population with improved access to basic services in the targeted provinces;
- ii) Increase in the number of rural population (gender disaggregated) participating in local decision-making processes, especially development planning, budgeting and community monitoring of basic services;
- iii) Increase in the number of rural communities in target provinces applying tools for transparent and accountable management of local public resources and services<sup>1</sup>.

### D. Concept Description

**RSDP will build on the ongoing RSDLGP and apply the same CDD model currently under implementation.** The proposed project will provide two rounds of community service delivery grants to rural wards in targeted LLGs, which could be used for a wide-range of small-scale social or economic investments and/or services (e.g. classrooms, health aid posts, water supply and sanitation systems, access roads, bridges, wharves, solar power systems). The specific purpose of these community grants would be determined by communities on an annual basis with the support of trained facilitators, and would be approved at LLG and/or district levels based on agreed-upon criteria that reflect Government policies and any relevant World Bank requirements. Communities will identify their priorities and be responsible for the design, implementation, and maintenance of their investments, as well as reporting on the use of the funds.

**The proposed project will reflect the lessons learned from RSDLGP and scale-up coverage from the current eight LLGs to about 16.** Besides the four LLGs each in Central and Western Provinces where RSDLGP is currently operating, RSDP would likely operate in four additional provinces, covering two LLGs in each of the new provinces, and reaching 120-160 wards. Lessons from RSDLGP include (a) the scale of grant provided to each community needs to be increased, as limited types of investments could be achieved with the average ward grant amount of PGK 50,000 (approximately USD 15,000) under RSDLGP; (b) communities require more extensive assistance with the planning, technical design, procurement, and supervision of civil works. Additional community planning facilitators and infrastructure specialists are needed to provide such support, especially where the assistance from district and LLG administrations cannot be expected; and (c) additional funding is needed for the transportation of construction materials for remote communities, where the costs of helicopters and boats can take up as much as half of the community grants in extreme cases. These additional costs need to be carefully considered in determining the areas and number of wards to be targeted by RSDLGP. The maximum allowed amount of each community grant may be determined by the size of population, remoteness, and successful execution of preceding grants, and is expected to be around PGK 80,000-100,000 on average. The target provinces and LLGs will be selected with a clear set of criteria during preparation.

**The project would be financed as a Specific Investment Loan (SIL).** IDA credit worth US\$ 23 million will be provided for an implementation period of four years from 2017 to 2021. Counterpart financing is expected from local governments and communities, and as these additional funds are committed and become available, the project may be scaled up in additional LLGs and provinces.

**Similar to RSDLGP, the project would have three main components:** (i) systems and financing of community service delivery grants, (ii) capacity building of national and sub-national government (or non-government) entities, and (iii) project management (including technical assistance to communities, monitoring, evaluation and knowledge sharing). These three components are described in more detail below.

#### **Component 1: Financing of Community Service Delivery Grants**

**The first component of the project would provide grants to wards to finance community-identified sub-projects.** Wards will be responsible for the identification and prioritization of community needs. The sub-projects will be developed through a participatory planning process that will be integrated into the preparation of Ward and LLG development plans and coordinated with DDA decisions and budget allocations. Typical sub-project grants are expected to include small-scale community infrastructure, technical assistance, and capacity building. The project would finance a Community Service Delivery Grants Fund that would be used to support these community sub-projects based on agreed-upon procedures and criteria that would be outlined in an operations manual that the Government would update and the World Bank would approve.

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**Component 2: Capacity Building of National and Sub-national entities**

**The second component would support the strengthening of capacities of national and sub-national government (and non-government) entities as well as community members to manage and implement sub-projects, and to improve local governance as it relates to basic service delivery.** One aspect of this support would build capacity of ward, LLG, and DDA personnel to manage public resources at the local level, including improved ward planning, review and evaluation of specific ward plans, grant management to communities, basic financial management and procurement, reporting, and monitoring of community projects. District Administrators (DA) and LLG Advisors would be the key focal points for work at this level. Ward recorders<sup>2</sup> will also be trained to serve as a key member of ward development committees and/or community project teams. This component will also support the updating of tools and training materials to introduce social accountability and participatory performance monitoring initiatives (e.g. community scorecards, public expenditure tracking, and public feedback mechanisms) to strengthen downward accountability and responsiveness of providers of support and services, to LLG and to wards. Training and capacity building support to help improve the participation and inclusion of traditionally marginalized groups (including women) would be articulated and financed as well.

**This component will also support the capacity of the Department for Provincial and Local Government Affairs (DPLGA) at the central level.**

Activities will be carried out to build their capacity in the overall development and monitoring of the project; evaluation of impacts (as part of the current responsibilities of the Provincial and Local Services Monitoring Authority and the Performance Management Division of DPLGA); coordination across the key government stakeholders (including Community Development, Rural Development, the National Economic and Fiscal Commission, etc.); and coordination among other donor and international development agencies who are implementing similar programs. The project would also provide support to provinces to ensure close linkages with the activities being supported in respective DDAs and LLGs. In addition to capacities, the project would finance minor equipment purchases and operational costs to facilitate effective participation of the different levels of government offices.

**Component 3: Project Management**

**The third component will finance incremental costs of the implementing agency for project management, specifically coordination and supervision of implementation activities, financial management, annual audits, and monitoring and evaluation.** The same Project Management Unit (PMU) from RSDLGP is expected to be retained and will implement RSDP. Reflecting on the lessons learned from RSDLGP, the PMU expects to increase the number of community facilitators and rural infrastructure specialists at provincial and LLG levels to provide more technical support with participatory planning, technical designs, procurement, and the supervision of civil works. The PMU would also be responsible for coordinating funds from other potential sources that may fund the project in the future. Vehicles and office equipment would be purchased for the PMU teams to be established in the new provinces. An external firm would be contracted under this component to design and undertake the impact assessment of the project.

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## SAFEGUARDS

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

The project is expected to cover six provinces, including the two provinces where RSDLGP is taking place: Western Province and Central Province. Four local level governments (LLGs) are covered by RSDLGP in each province. RSDLGP II would likely operate in two LLGs in each of the new provinces, reaching 120-160 wards. The other four provinces to be covered by RSDLGP are yet to be determined.

Western Province is the largest and least densely populated province in PNG. It comprises more than half of the country's border with Indonesia. There are several large rivers that run through the province including the Fly River and its tributaries including the Strickland and Ok Tedi rivers, the largest lake in Papua New Guinea Lake Murray is also in Western Province. The Tonda Wildlife Management Area in the south-western corner of the province is a wetland of international importance and the largest protected area in Papua New Guinea. Central Province occupies the southern side of the Owen Stanley Ranges and the area of coast from Bereina in the north to Gaire Village in the south. It is the home of Varirata National Park, which covers an area of approximately 1,000 hectares.

Wards will be responsible for the identification and prioritization of community needs. The sub-projects will be developed through a participatory planning process that will be integrated into the preparation of Ward and LLG development plans and coordinated with DDA decisions and budget allocations. Typical sub-project grants are expected to include small-scale community infrastructure, technical assistance, and capacity building.

### B. Borrower's Institutional Capacity for Safeguard Policies

The project is expected to cover six provinces, including the two provinces where RSDLGP is taking place: Western Province and Central Province. Four local level governments (LLGs) are covered by RSDLGP in each province. RSDP would likely operate in two LLGs in each of the new provinces, reaching 120-160 wards. The other four provinces to be covered by RSDLGP are yet to be determined.

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### B. Borrower's Institutional Capacity for Safeguard Policies

Claire Marion Forbes

### D. Policies that might apply

Through the scaling up of the Bank's portfolio in PNG over the last several years, the Borrower has developed a greater knowledge of safeguard policies. Training has also been provided to project teams, consultants and central agencies such as the Departments of National Planning and Monitoring, and of Environment and Conservation. The capacity of the Department of Environment and Conservation to monitor project compliance with safeguards still remains limited due to capacity constraints. Therefore, the project team will need to include sufficient safeguard and monitoring capacity to implement the measures incorporated into project design.

### C. Environmental and Social Safeguards Specialists on the Team



**CONTACT POINT**

Claire Marion Forbes

**D. Policies that might apply**

**World Bank**

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**Borrower/Client/Recipient**

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**Safeguard Policies**

**Triggered?**

**Explanation (Optional)**

Environmental Assessment OP/BP 4.01

Yes

The type and scale of physical investments under RSDP will be similar to those implemented in RSDLGP. A participatory planning process will take place at the ward and LLG level to prioritize small-scale social or economic investments and/or services (e.g. classrooms, aid posts, water supply and sanitation systems, roads, bridges, wharves, solar power systems). Under component



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			<p>1, the potential negative environmental and social impacts related to development of small-scale infrastructure are mostly site-specific, short term and manageable, accordingly, under OP 4.01, the project is Category B. Each activity will be screened and depending on the scale of the subproject, standardized environmental codes of practice or EMPs will apply to civil works and construction activities.</p> <p>An Environmental and Social Management Framework (ESMF) was prepared in 2013 and will be updated for RSDP. As the design of RSDP is very similar to that of RSDLGP, the updated ESMF will reflect lessons learnt from RSDLGP implementation.</p>
Natural Habitats OP/BP 4.04	No		<p>The project will fund small scale rural services such as footpaths, footbridges, solar lights, and water supply systems, which will be located in village areas where human activity has already largely modified the natural habitats and landscapes. Accordingly, it is not proposed to trigger this OP.</p>
Forests OP/BP 4.36	No		<p>The project will fund small scale rural services such as footpaths, footbridges, solar lights, and water supply systems, which will be located in village areas where human activity has already largely modified the environment. No impacts on Forests as covered by OP4.36 would occur as result of the project. Accordingly, it is not proposed to trigger this OP.</p>
Pest Management OP 4.09	No		<p>The project will fund small scale rural services such as footpaths, footbridges, solar lights, and water supply systems located in village. The project will not fund activities involving pest management.</p>
Physical Cultural Resources OP/BP 4.11	Yes		<p>Project siting is identified through a participatory process with community consensus to avoid known physical cultural resources such as sacred sites, structures of spiritual values to communities, objects and structures having high landscape values, etc. Chance find procedures will be included in the updated ESMF.</p>
			<p>The project will be located in areas where Indigenous Peoples are the sole or the overwhelming majority of direct project beneficiaries. Accordingly a separate Indigenous Peoples Planning Framework (IPPF) or Indigenous Peoples Plan (IPP) is not proposed. Rather, in accordance with the provisions of OP 4.10, the elements of an IPP will be included in the overall project design.</p>
Indigenous Peoples OP/BP 4.10	Yes		<p>The ESMF and Project Implementation Manual used for RSDLGP will be updated and applied to RSDP. This outlines steps for an inclusive engagement, participatory community needs assessment process, screening criteria, and forms to document broad community support and consensus on the selected priority sub-projects. Community consultations will be facilitated and documented by suitably qualified personnel from the Project Management Unit with support from local facilitators. Ongoing monitoring and community consultations by such personnel will assess whether broad community support is maintained during implementation.</p> <p>Each sub-project will be identified and driven by the recipient community. The participatory planning process will align to the principles of free, prior and informed consultation and ensure that the subproject will provide benefits that are culturally appropriate to the people. In addition to the selection criteria in</p>





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			the ESMF, the community driven nature of the sub-projects will further serve to ensure compliance with OP/BP 4.10.
			The sub-projects will be identified and driven by the recipient communities. The project will not finance any activity that requires involuntary resettlement. Instead, for subprojects requiring land for new infrastructure, it is anticipated that land will be provided voluntarily. Sites will be identified through the participatory process with customary landowners and leaders, and areas with disputes will be avoided. A “clan land use agreement” will be entered into with correctly identified customary landowners. The rural nature of the project guarantees (as 97% of land in PNG is customary land, with the remaining 3% being in the large urban areas) that any such lands would be under communal ownership and the community nature of the sub-projects suggest that voluntary donation is a realistic expectation.
	Involuntary Resettlement OP/BP 4.12	Yes	Notwithstanding this, the client will prepare a Resettlement Policy Framework (RPF) which includes the Bank’s Voluntary Land Donation Protocol. This document will define the manner in which land access is arranged for the project and will establish the necessary safeguards to ensure this is undertaken in a manner compliant with Bank requirements including necessary consultation and documentation arrangements.
	Safety of Dams OP/BP 4.37	No	The Project will not finance construction or rehabilitation of any dam. The project is also not dependent on any existing dam or dam under construction.
	Projects on International Waterways OP/BP 7.50	Yes	Western Province is located along the Border with Indonesia (West Papua). The Fly River forms part of the boundary between PNG and Indonesia and it is possible that the project will fund small scale infrastructure which may involve the use or potential pollution of the river; therefore, it is proposed to trigger this OP. As required under the OP, the team will request the GoPNG to send a riparian notification to the Government of Indonesia.
	Projects in Disputed Areas OP/BP 7.60	TBD	The Task Team will investigate the applicability of this OP during project preparation (including consultation with the Bank’s Cartographic Services Unit). Final determination will be made prior to the Appraisal stage and will be documented in the Appraisal stage ISDS.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 02, 2016

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The ESMF from RSDLGP will be reviewed and updated between April and August 2016.

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Department of Treasury

**Implementing Agencies**

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**APPROVAL**

Task Team Leader(s):	Kosuke Anan
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**Approved By**

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