



1. Project Data

Project ID

P114042

Project Name

PNG - Urban Youth Employment Project

Country

Papua New Guinea

Practice Area(Lead)

Social

L/C/TF Number(s)

IDA-48540,TF-94791,TF-A1282

Closing Date (Original)

30-Apr-2016

Total Project Cost (USD)

26,304,141.42

Bank Approval Date

11-Jan-2011

Closing Date (Actual)

31-Jul-2019

IBRD/IDA (USD)

Grants (USD)

Original Commitment

15,800,000.00

11,400,000.00

Revised Commitment

27,130,262.74

11,330,262.74

Actual

26,304,141.42

11,330,262.74

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Project ID

P154412

Project Name

PNG Urban Youth Employment Project AF (P154412)

L/C/TF Number(s)

Closing Date (Original)

Total Project Cost (USD)

0

Bank Approval Date

18-Nov-2015

Closing Date (Actual)



	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	0.00
Revised Commitment	0.00	0.00
Actual	0.00	0.00

2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (FA, p. 5), and the Project Appraisal Document (PAD, paragraph 12), the Project Development Objective was "to provide urban youth with income from temporary employment opportunities and to increase their employability."

This review will assess the achievement against the following objectives:

- to provide urban youth with income from temporary employment opportunities, and
- to increase the employability of urban youth

The PDO was not revised even when the Papua New Guinea (PNG) Strategic Partnerships Multi Donor Trust Fund provided Additional Financing (AF, see Financing below). According to Bank guidelines, AF may increase outcome target indicators and change project ambition. However, in this case, the additional resources increased the value of the outcome targets but did not raise the project's ambition. Hence, the AF did not trigger a split rating.

This project used a workfare program to provide welfare benefits or social safety net services to its target constituents. Workfare programs provided eligible social welfare benefits to unemployed or underemployed constituents in exchange for some work or job training.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

1. **Youth Job Corps (YJC)** (US\$ 6.9 million at appraisal, US\$4.2 million in AF for a total of US\$11.1 million, US\$11.1 million, actual). This component financed community awareness and information campaigns to reach target youth participants; selecting disadvantaged, unemployed youth from the National Capital District target area; and training them in basic life skills for employment and the work environment. Training



included appropriate on-the-job behavior, personal presentation, health and hygiene, and working as a team. This component also financed a two-month short term placement in maintenance of public works such as road maintenance, landscaping, drainage clearing, vegetation control, and refuse collection.

2. Skills Development and Employment Scheme (SDES) (US\$ 5.4 million at appraisal, US\$4.2 million in AF for a total of US\$9.6 million, US\$9.6 million, actual). This component financed the participation of the target youth in (i) two Pre-Employment Training (PET) programs equivalent to entry level vocational training programs delivered by local vocational training organizations; (ii) on-the-job training (OJT); and (iii) work experience. One PET program covered trade, industrial and commerce-related employment. A second PET program covered basic bookkeeping, data entry, business practices, and information technology. PET training would be followed by five months of OJT work placement. OJT host employers could retain trainees as full- or part-time, or released to other prospective employers.

3. Project Management (US\$ 4.4 million at appraisal, US\$2.4 million in AF for a total of US\$6.8 million, US\$6.8 million, actual) This component financed the operating costs of the Project Management Unit (PMU), training of key personnel, technical assistance to the PMU, and other support costs.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The total project cost reached a total of US\$27.2 million consisting of US\$15.80 million (excluding US\$1.2 million in contingency costs), original commitment, US\$0.6 million in grants, and US\$10.8 million in AF (see below). US\$26.3 million was disbursed at closing. The balance of US\$0.8 million was due to exchange rate losses (SDR to US\$).

Financing: The project was financed by a credit from the International Development Association (IDA). The Republic of Korea provided an initial grant for project preparation. The Papua New Guinea (PNG) Strategic Partnerships Multi-Donor Trust Fund provided AF.

Borrower Contribution: The Government committed US\$1.58 million in counterpart financing and disbursed US\$3.89 million.

Dates: The project was approved on January 11, 2011 and became effective on November 2, 2011. The Mid Term Review (MTR) was conducted on March 31, 2014. The project was originally scheduled to close on April 30, 2016 but was extended by 39 months to July 31, 2019. There were three restructurings:

- on August 29, 2013 to make the following changes:
 - adjusted the age of eligible urban youth from 16-25 to 16-35 years old. By PNG law, 16 years old was the minimum employment age. Youth was defined as unmarried, unemployed, and economically dependent on their families or others for financial support between 16 - 35 years. Older participants in leadership roles would benefit the project (ICR, footnote 18).
 - reduced the target of YJC workfare days from 480,000 to 300,000 days. The target was reduced because of higher than expected attrition rates (youth working an average of 26 of the 40 days offered, resulting in cost and placement inefficiencies), delays in the award and implementation of works because of insufficient market response, escalation of costs in procuring contracts and the appreciation of the PNG Kina, and suboptimal levels of wage efficiency (average higher ratio of labor to labor inputs).



- reduced the percentage of youth in the bottom 40 percent of household income levels from 70 to 50 percent. This target was reduced because the heterogeneous project area included households above and below the targeted income levels. A lower percentage of youth self-identified as being in the bottom 40 percent of the target population.
- on November 18, 2015, provided AF and extended the closing date by 30 months to October 31, 2018. The following indicators were revised to better measure outcome:
 - Total target workfare days completed increased (from 300,000 to 660,000 days) disaggregated into YJC (420,000 days) and OJT (240,000 days)
 - Target percentage of OJT graduates with an offer of a paid job (30 percent).
 - Target percentage of trainees with a job (salaried or otherwise) three months after graduating (10 percentage points higher than comparable controls)
 - Two new outcome indicators were introduced: (i) direct beneficiaries (target 11,500); direct female beneficiaries (target 40 percent); and (ii) percentage of grievances addressed by the project (target 90 percent) as a new core indicator to track citizen engagement (see Section 9, Monitoring and Evaluation below). Other intermediate outcome indicators were added (see Section 4, Efficacy below).
- on September 25, 2018 extended the closing date by nine months to July 31, 2019 and help the Project Management Unit (PMU) to transition to the follow-on project and complete the impact evaluation.

3. Relevance of Objectives

Rationale

The PDO remained relevant to the country's various development plans including Vision 2050, Development Strategic Plan (2010-2030), National Youth Policy (2007-2017), and Medium Term Development Plan (2018-2022), which focused on the country's youth unemployment. Vision 2050 focused on improving the country's human development. One of its seven pillars focused on improving human capital development, gender, youth, and people empowerment. The Development Strategic Plan (2010-2030) called for secondary education for all, providing all those who leave school with employment opportunities, and halving the rate of youth crime. The National Youth Policy (2007-2017) incorporated youth development in its national development planning. The Medium-Term Development Plan (2018-2022) attributed the high levels of youth unemployment to high school drop out rates and lack of appropriate skills and knowledge for employability.

The PDO was also relevant to the World Bank's latest Country Partnership Strategy (CPS) for PNG (2013-2016). This strategy was extended to remain valid to coincide with the country's latest Medium Term Development that began in 2018. The PDO was relevant to two of the three pillars of the CPS. The first pillar was aimed at increased and more gender equitable access to physical and financial infrastructure. The second pillar was aimed at gender equitable improvements in lives and livelihoods. The PDO closely supported the second pillar. The PDO significantly contributed to the outcome that youth in urban areas had more access to improved training and job opportunities. This outcome was reflected in specific targets that 300,000 workfare days were completed by beneficiaries and at least 50 percent of OJT beneficiaries gained



a 20 percent increase in incomes. These targets coincided and were supported by the outcomes under this project.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

- to provide urban youth with income from temporary employment opportunities

Rationale

The Theory of Change: Community awareness and information campaigns targeted 17,500 potential youth trainees in the poorer communities of the National Capital District (NCD). Each trainee would be offered 5 days or 40 hours in Basic Life Skills for Employment (BLS) training and an understanding of the working environment such as appropriate on-the-job behavior, personal presentation, health and hygiene, occupation, road safety management, and working as a team. After receiving basic financial literacy training to set up their own bank accounts, trainees would be compensated for up to a maximum of 8 hours per day of the 5-day training. After BLS training, youth facilitators would assess participants to match their socio-economic profile, skills, previous experience, and aspirations with work placement options. Trainees would be offered two months of short-term employment in the public works sector. The YJC's skill augmenting labor-based public works would proceed in two phases:

- Phase 1 covered labor-intensive public works according to the maintenance needs of the NCD's and those implemented by the Parks and Gardens Unit and the Works Unit road network, feeder and community access roads that lead to poorer neighborhoods, and those not receiving routine maintenance. The road maintenance activities included simple road maintenance, cleaning, and environmental protection such as vegetation control and drain cleaning. The PMU would compensate trainees based on time and performance records for up to a maximum of six hours a day for 39 days using SMS banking platform.
- Phase 2 would expand eligible work activities after the first year of implementation (phase 1). Decision to expand would be based on (i) the satisfactory management and disbursements rates; (ii) satisfactory labor intensity rates of the activities; and (iii) a reasonable period of work was maintained. These work activities included existing urban renewal and environmental and social protection programs, higher skilled activities, and minor works such as tree planting, brick making, market cleaning, rehabilitation of the city's footpaths using interlocking tiles, and other waste management or environmental protection activities.

Income from these temporary employment opportunities would achieve this objective.



The Key Outcome Indicators were:

- number of workfare days completed by beneficiaries (original target 480,000 revised target, 300,000, further revised to 660,000 and disaggregated into YJC (420,000 days) and OJT (240,000 days).
- percent increase of OJT beneficiary incomes relative to control group (target 20% increase). This indicator was revised at restructuring to the percentage of trainees with a job (salaried or otherwise) three months after graduating (target 10 percentage points higher than comparable controls).

OUTPUTS:

- Participating youth completed 819,037 workfare days (original target 480,000, revised to 300,000, further revised to 600,000, target **exceeded**). The original target was reduced from 480,000 to 300,000 workfare days because the original NCD road length target was overestimated. Labor intensive maintenance works covered 121 km of the reduced 600 to 700 km roads. Reduced target was due to higher than expected attrition rates resulting in cost/placement inefficiencies where youth worked an average of 26 of the 40 days offered; slow implementation of works; and suboptimal levels of wage efficiency (average higher ratio of labor to labor inputs at 60/40). The AF increased the total target workfare days completed from 300,000 to 660,000 and disaggregated it into YJC (420,000 days) and OJT (240,000 days).
- YJC participants completed 425,388 labor days (revised target 420,000, target **exceeded**) with 11,506 YJC participants (target 11,500, target **achieved**)
- OJT participants completed 346,755 labor days (revised target 240,000, target **exceeded**) with 4,548 OJT beneficiaries (target 3,000, target **exceeded**) and 2,890 OJT graduates (original target 2,400, target **exceeded**)
- 24,000 youth applicants were screened, with 18,497 or 77 percent meeting the basic eligibility criteria (original target 10,500, revised target 15,500, target **exceeded**); 7,584 (target 6,200, target exceeded) or 41 percent of those screened were female (original target, 40 percent, target **achieved**).
- The project reached about 2,000 participants from each of the 12 wards or 17 neighborhoods of the project area (NCD), even those with security risks. 12 percent of the participants were Indigenous Motu-Koita, the traditional landowners of Port Moresby (original target 10 percent, target **exceeded**).
- 31.8 percent (target 33 percent, target almost achieved) of beneficiaries who self-reported as being from the bottom two steps of the six-step economic welfare ladder. This target indicator assessed the project's impact on poverty reduction but there was no available data.

OUTCOMES: The outcomes for increasing temporary employment opportunities due to the project were rated against two control groups. The 2015 control group consisted of similar youth in NCD who did not participate in the project. The 2017 control group consisted of participants who did not receive PET or OJT training but completed YJC training and were part of the FIFA volunteer work program. Samples from both participants and from the control groups were re-interviewed in the 2015 and 2017 Follow-Up Surveys. Income from the temporary employment opportunities delineated above indicates the achievement of this objective as discussed below.

- Incomes increased based on temporary employment opportunities. Almost US\$ 6 million in stipends were paid for training and work (original target, revised target, target reached). Income was used for basic household consumption, family support beyond the project area, and to start or expand small businesses.



- 74 percent of the youth accepted to the project, of which 41 percent were female, never had a bank account prior to participating in the project (original target, 30 percent, revised target 40 percent, target **achieved**). The project increased financial literacy training; provided reference for identification; and its partner, the Bank of South Pacific (BSP) waived its required fee (PGK20) to open a bank account. As a result, participating youth established 17,800 BSP accounts. Of those trained, 33 percent reported never having attended high school while 70 percent reported never having a waged job.
- The 2015 Follow Up Survey results were offered as evidence of the increase in temporary employment opportunities:
 - 36 percent of participants upon enrolment in the training programs reported friends involved in fights or robbery in the 3 months prior to the program, which decreased to 23 percent. For the control youth, the numbers increased from 35 to 39 percent over the same period.
 - Participants who reported using threat or force with somebody decreased from 16 to 7 percent after participating in the project. For the control group, the number increased over the same period.
 - During the ICR consultation, some of those interviewed indicated that the training created connections and positive friendships among diverse groups of young people.
- Stipends paid to YJC temporary employment were commensurate to the minimum wage (PGK3.52 or US\$1.04 an hour) over a six-hour working day for 40 days for civil works and routine maintenance activities.
- Stipends paid to OJT participants placed in local firms equal to the minimum wage over an 8 hour working day for a period of 3 months.
- 31.8 percent of beneficiaries self-reported as being in the bottom 2 of the economic welfare ladder (target 33 percent, **almost achieved**). According to the ICR, this indicator was to be expressed as 50 percent of participants from the bottom 33 percent of the economic welfare ladder. Economic welfare was initially estimated as proxy indicators from Household Income and Expenditure Survey (HIES) data. However, lack of data did not generate reliable estimates. As an alternative, the Follow Up Surveys asked participants to self-report against a six step economic welfare ladder. Fewer participants than expected identified themselves as being among the 33 percent of the poorest in the population compared to when they started with the project. Data was collected from the baseline and eligibility screening surveys (ICR, Annex 1, p. 37 of 64).

In summary, both PDO outcome indicators (technically, outputs) were exceeded. Incomes from temporary employment increased for the target youth (only summary figures were provided) resulting in a substantial achievement of the outcomes.

Rating
Substantial

OBJECTIVE 2

Objective
to increase the employability of urban youth



Rationale

Theory of Change: After completing training in basic life skills, numeracy and literacy, and pre-employment trainings (PETs) described above, targeted youth would be provided OJT and more permanent work placements. Support would focus on how to compete in the existing job market by improving skills for workplace entry, build confidence in job seeking behavior, and linking directly with prospective employers and works contractors. The project focused on increasing employability as evidenced by on going employment offers rather than on increasing employment opportunities by directly intervening in the job market through labor market insertion schemes.

The Key Outcome Indicator to reflect an increase in the urban youth's employability was:

- percent of OJT beneficiaries with a job (salaried or otherwise) relative to comparable controls (target 10% increase). This target was revised at restructuring to percent of OJT graduates with an offer of a paid job (target 30 percent)

OUTPUTS:

- 2,890 OJT participants (original target 2,400, target exceeded) completed 346,755 labor days (target 240,000, target **exceeded**)
- 1,148 or 41 percent reported that they were employed, full or part time, in the six months prior to the 2017 Follow Up Survey (target 30 percent, target **exceeded**). The control group reported a 15 percent employment rate).

OUTCOMES: The employability of the urban youth was achieved using two impact evaluations or follow up surveys in 2015 and 2017, several community and employer surveys. At the ICR workshop held in November 2019 (proxy beneficiary survey), participants confirmed that (i) proportions reported in the ICR were valid and significant in showing a positive mix of NCD population; and (ii) benefits were likely to spread beyond the NCD because some beneficiaries noted they sent funds back to their families in locations outside the project area (ICR, page 14 of 64).

- About 100 employers consisting of private, public, and civil society organizations participated in the OJT activities. They provided project trainees a "second chance," invested time and effort in orienting and mentoring participants, and followed procedures. The project reported mobilizing US\$1 million from Exxon Mobil to finance design and supervision of the first Follow Up Survey. The project established a partnership with the Bank of South Pacific to deliver financial literacy training, waive fees to set up and maintain accounts for over 18,000 project participants. Employers confirmed that they retained trainees after completing their OJT. Some were given full time permanent positions, others as casual registers, and called to work part time when needed. Numbers of retained OJT trainees were unspecified. Employers expressed that PET trainees had unrealistic high expectations of securing full time employment and were unwilling to take on menial tasks because they were trained for skilled work. Employers appreciated the availability of low-cost trainees, ready to be hired after their OJT, and screen those with positive attitudes.
- Employers and contractors of OJT participants who responded to the 2017 Employers Survey reported that 97 percent were satisfied with trainee performance and qualified for full time jobs (original target 60 percent, revised to 70 percent, target **exceeded**). During the ICR consultations, employers confirmed their high level of satisfaction with the project outcomes, that project participants displayed a willingness to work in a team and aimed for continuous improvement. Employers surveyed



also reported that project participants were promoted within host employers with some reaching managerial or valued senior officer level. (ICR, page 18 of 64, top of the page).

- According to the 2015 community survey:
 - 36.8 to 29.6 percent of participants were less likely to hang out with friends late at night, and would be more selective of their social circle/friends
 - 23.7 to 15.7 percent reported incidence of having a best friend involved in crime in the last three months.
- According to the 2015 Follow Up Survey:
 - 32 percent of youth sought paid employment in the last three months (baseline 21 percent at start of project). OJT graduates reportedly sought formal sector jobs, increased confidence in finding such jobs, and were motivated to further their education.
 - 19 percent of unemployed project participants who looked for a job compared to control group provided evidence of an increase in job seeking behavior (target 8 percent, target exceeded). Anecdotal feedback indicate that those who were more active in job searches were more successful in securing work, even if temporary. Anecdotal information that participants who went for self-employment training started small businesses by selling small goods.
- According to the 2017 community survey,
 - 85 percent of community members (target 50 percent, target **exceeded**) reported positive impact of the project on the youth because of reduced crime, anti-social behavior:
 - 86 percent reported a reduction in crime and anti-social behavior.
 - 77 percent of respondents also reported that project participants were less likely to be involved in crimes.
 - 82 percent of respondents also reported positive character and behavioral changes in participating youth.
 - 68 percent reported an increase in employment opportunities,
 - 55.4 percent reported an increase in knowledge and skills of project participants.
 - 76 percent found the program to be well organized.
- According to the 2017 Follow Up Survey:
 - 41 percent of OJT graduates received offers of a paid job (target, 30 percent, target **exceeded**). 2,890 OJT graduates (original target 2,400 graduates, target **exceeded**).
 - 26 percent were offered employment three months after completing training (target 10percent, target **exceeded**) compared to the control group. Exceeding the target was evidence of increased employability.
 - a statistically significant 19 percentage points of OJT youth were likely to seek formal sector jobs compared to youth in the control group who reported no change.
 - Participants and employers appreciated work readiness skills. 83.2 percent of participants acknowledged that the project increased their knowledge, skills, and confidence to participate in the labor market (original target 60 percent, revised target 75 percent, target **exceeded**).
- Participant youth were more likely to be employed in the formal sector. According to the Project Completion Report prepared by the implementing agency, the OJT data showed that the top employing occupation was clerical and administrative workers (17 percent) followed by works, general labor, and maintenance (14 percent), retail customer services (13 percent) hospitality (12 percent) and catering (4 percent). The single highest place trade was carpentry (ICR, page 17 of 64, top of the page).
- 26 percent of YJC participants and 36.5 of OJT participants dropped out of their respective programs. The higher OJT drop out rate was attributed to the longer commitment period (five months, compared



to 30-40 days under the YJC). The dropouts were due to competing family priorities (gardening for food, child care, illness). Incentives such as transport, more regular coaching, and follow up, were introduced to improve retention rates. A moderate drop out rate was experienced even though the literature claims a high drop out rate was endemic in youth work readiness programs due to a lack of continuum of care that was meant to assist disadvantaged youth to address complex issues in their lives such as housing, young parenthood, family, relationships, involvement in criminal factions, low income, and adolescent health issues (ICR, page 14 of 64, bottom of the page).

- 12 percent of project beneficiaries were Motu-Koitabuan (target 10 percent, target **exceeded**)

In summary, employability was evidenced by the extent to which OJT participants were offered ongoing employment. Employers surveyed indicated that an unspecified proportion of project trainees who became employed were retained, promoted, or made permanent. The PDO outcome indicator - percent of OJT beneficiaries with a job (salaried or otherwise) relative to comparable controls (target 10% increase) - was revised at restructuring to percent of OJT graduates with an offer of a paid job (target 30 percent) and was exceeded at 41 percent. These outcomes resulted in a substantial rating.

Rating

Substantial

OVERALL EFFICACY

Rationale

The outcomes above show that objectives were met. There was a modest increase in participant incomes. Employment opportunities were provided. Increasing employability of targeted youth was substantially achieved through the instituted workfare programs. There was no beneficiary survey conducted after July 31, 2019 but feedback was generated at the ICR workshop held in November 2019. The project achieved the PDO outcome indicators Overall efficacy was rated substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency: At appraisal, no cost benefit analysis was carried out because of a lack of baseline data and in country capacity for data collection and analysis (PAD, paragraph 58). No Economic Rate of Return (ERR) was established because (i) the project was not seeking to maximize private returns; (ii) the cost of capital was small because costs were a combination of IDA credit and a grant; and (iii) the project emphasized non-quantifiable social benefits.



At closing, the project conducted a cost benefit analysis using two scenarios - a conservative scenario and a moderate one. The moderate scenario served as the baseline for the best estimates for all possible benefits of the projects while the conservative scenario provided the absolute minimum benefit that the project would generate. Annex 4 provided additional details to the cost-benefit analysis. Under both scenarios, a cost-benefit ratio was determined over a 10 year time frame to indicate if benefits were larger than the costs. Data was taken from project data and the 2017 and 2018 impact evaluations, all funded under the project. The cost of capital was not specified. Benefits from the public works program were assumed to be equal to the cost of materials for road maintenance and footpaths under both scenarios. The same value for benefits from the YJC and the OJT stipends were used for both scenarios.

Under the moderate scenario, the following assumptions were used to arrive at the value of the 4 additional benefits: (i) actual BLST training stipends; (ii) actual PET training stipends; (iii) post YJC employment used a 24.1 percent employment rate on minimum wage over the 10 year employment period. and (iv) post SDES employment used a 15 percent employment rate on minimum wage over the same period. Under the moderate scenario, the benefit cost ratio at closing was at 2.90. This meant that every US\$1 spent on the project, generated US\$2.90 in benefits. This ratio was due to the comprehensiveness of the project, its long-term training, support to job searches and matching trainees with jobs, and subsidizing work experience.

Under the conservative scenario, the following assumptions were used to arrive at the value of the 4 additional benefits: (i) no BLST benefits; (ii) no PET training benefits; (iii) post YJC benefits used a 12 percent employment rate on minimum wage with 60 percent on full time employment (240 days a year) and 40 percent on part time employment (120 days a year); and (iv) post SDES employment used a 12.5 percent employment rate on minimum wage with 60 percent on full time employment and 40 percent on part time employment. As a result, the benefit cost ratio under the conservative scenario at closing was at 1.41.

Administrative and Operational Efficiency: The Bank team obtained a small grant financing to initially fund this project that was implemented over a 30-month period. Before this grant was closed, the IDA credit was approved. The initial grant was closed on time, the IDA credit was extended by 30 months, and the AF was extended by 9 months for a total of 39 months. The project was implemented over nine years. Substantial risks such as lack of capacity identified at appraisal were mitigated by community participation in decision making; civil society and private sector consultation; grievance redress mechanisms, technical assistance to strengthen financial management and procurement, independent audit, and regular guidance during implementation (PAD, paragraph 55). Restructuring and supervision adequately mitigated these risks. Increased participatory processes were among the mitigating measures used to address implementation delays. Evidence was derived on the number of youth who came to participate in the programs and were eventually screened as eligible. Government commitment was evident in the disbursement of US\$3.9 million after originally committing US\$1.6 million. By closing, the project disbursed all of the grant and 95 percent of the IDA credit.

The project operated in a complex sector. Several entrenched providers and major stakeholders in the sector had limited coordination. There was no sector leader on the side of the government. At the start of the project, the implementing agency had limited capacity, leading to a series of delays in establishing the office and securing full staffing complement, which escalated overhead costs. Additional staff were needed for effective operations and project extensions. On balance, while noting the initial delays, higher costs, and project extensions, the benefit-cost ratios that have been achieved lead to an efficiency rating of substantial.

Efficiency Rating



Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The project's relevance of objectives was high, Efficacy of objectives 1 and 2, overall efficacy, and efficiency were all rated substantial, thus resulting in an overall outcome rating of Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following pose risk to development outcome:

- **Financial risk:** Competing budgetary priorities usually result in inadequate budget resources for social programs such as this project. There was a lack of evidence with regard to the financial flows and continued viability of the project outcome. Adequate data to support the impact of engaging the otherwise unemployed or underemployed labor force for their participation in productive economic activities would mitigate this risk. A follow-on project would mitigate this risk as well (ICR, p. 12 of 64).
- **Economic risk.** At the time of implementation, available jobs were already affected by the economic downturn in the National Capital District. The outcome of the project is vulnerable to deteriorating economic conditions. With the raging pandemic brought by Covid 19, economic uncertainty in sustaining the results from this project remain high.
- **Social risk.** The rate of drop out was considered to be at par for the kind of assistance provided under this project. Assistance in developing capacity may not be sustained over time and requires strengthened psycho-social support through cognitive behavioral interventions One evidence of negative social impact was the expressed opinion of trainee beneficiaries that even after achieving employability and earning income, they remained among the poorest in the city. There was also the drop-out rate noted in the outcomes above (see Section 4, Efficacy above).



- **Institutional support risk.** Mainstreaming the program would require strong partnering ties with other service delivery institutions through a referral service scheme, for example. Continuing to explore partnerships and networks with other providers and other types of prospective employers would be useful. Legislative frameworks to allow for educational services and predictability in funding safety net programs would enhance the sustainability of workfare programs such as the one generated by the project. Leadership by the National Youth Development could help mitigate this risk. They could also focus on nurturing partnerships and foster networks with other service providers.
- **Government ownership/commitment risk.** The government's commitment to the results from this project could be provided by continuous budgetary support to the workfare programs. Another evidence of government ownership would be expanding the project to other areas of the country.
- **Other stakeholder ownership risk** (for example, from private sector/civil society) The impact of the project could be broadcasted to a broad audience of prospective employers or other entities in the government who benefited from those trained under this project. This effort could mitigate the risk that these entities continue to participate and welcome the target youth segment into the productive labor force.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was strategically relevant to the government's poverty reduction programs aimed at its urban youth's employability and the negative economic consequence of unengaged young population. According to the ICR, government-funded youth programs, by other development partners, and other non-state actors proved ineffective, ran for too short a period, or too fragmented to make a long term impact. Education and vocational training programs did not meet the needs of out-of-school or out-of-work youth. This was the first project in the social sector that the Bank was financing in 19 years. The implementing entity had no prior experience in implementing a Bank social sector project. Key line ministries of the Treasury and Planning had new staff who were also not familiar with Bank procedures. A grant financed project preparation to address these issues at preparation. A Quality Enhancement Review was undertaken at entry to ensure that potential risks were identified and provided mitigating measures.

Lessons learned from other workfare programs to augment low incomes and labor market insertion schemes that helped empower disadvantaged youths informed project design. These included: (i) the need for clear objectives, tasks and simple implementation arrangements; (ii) building on existing services to facilitate project implementation; (iii) transparency and leveraging partnerships to delivery results by drawing on implementation capacity of the private sector and civil society organizations (CSOs); (iv) using demand driven skills development, market oriented job training to better integrate youth into the labor markets; and (v) bundling services such as skills training, life skills, on the job learning, and job search assistance (PAD, paragraph 37). In addition, the project benefited from the lessons of IEG's review of ICRs that focused on urban operations in Africa, Latin America and the Caribbean, and South Asia regions.



Project design was complex. New concepts such as a multi-sectoral approach and engaging the private sector to partner in offering workfare benefits to the target youth were introduced. Design focused on securing strong political commitment from the government and development partners, maintaining close supervision and technical assistance during start up, and a robust M&E to disclose project results.

In summary, the design factored in the low capacity of the implementing agency and the first time that the country was borrowing for a social sector project in 19 years. There were sufficient mitigating factors identified that were carried out at supervision (see below). Quality at entry was rated satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank team supervised the project adequately as evidenced by more than 15 missions over the 9-year implementation period. Technical missions accompanied some of the supervisory missions to deliver training to the Project Management Unit (PMU). The focus on achieving the PDOs was evident in the 2 restructurings informed by the implementation progress and the 2014 MTR. Initial delays were addressed successfully. For example, the project hired local and international staff, and built a team-based approach to project management when there was an initial difficulty finding qualified and experienced staff. The project found suitable office space for young people to contact staff and provide safe and productive working environments. When a contracted training provider declared bankruptcy, the PMU implemented the activities instead.

Implementation problem areas were candidly discussed and addressed by additional funds and at restructuring. Operations continued, additional time provided, design refined, and implementation adjusted to achieve a higher level of performance. Risks identified at preparation were adequately mitigated during implementation. Project beneficiaries were selected using transparent and inclusive processes. A grievance mechanism was instituted and effectively utilized, reporting 100 percent resolution after 20 days, exceeding the 90 percent target. Focus on the project's development impact was evident in the partnering with BSP and securing their commitments to achieve financial literacy and electronic banking. Transition arrangements for the follow-on project were included in the last restructuring. These included relocating the project office from privately rented facilities to NCDC's new City Hall annex. Non-essential personnel contracts of the PMU were not renewed.

In summary, despite the venture into a new sector, the implementation strategy and the Bank team's support adequately mitigated identified risks, hence supervision was rated satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating



Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The theory of change was sound. The objectives were clear. The two activities, YJC and SDES would generate trained and employable youth. They would be matched to jobs. They gain income from labor. Experience made the trainees become employable. The PMU would maintain a Monitoring and Information System (MIS) database linked to the Youth ID issued to each trainee. The theory of change was reflected in the 4 key outcome indicators in the results framework. These indicators were revised during restructuring. Eleven new intermediate outcome indicators were introduced at restructuring. All key outcome indicators supported the project outcomes. The 11 Intermediate outcome indicators captured the contribution of the components and outputs to achieving the PDOs. The indicators were specific, measurable, time bound although the outcomes were nearer to outputs in nature. Baseline would be established during implementation. Targets were well identified except for the employability outcomes. The employability of the trainees, reflected in whether they remained employed three months after the OJT, could also have been reflected by whether they gained continuous employment or if unemployment was reduced in the target cohort, although the PDO was expressed with a more limited outcome. The PMU was designated to implement the M&E design. A communication campaign would be carried out throughout implementation to disseminate project results.

b. M&E Implementation

A Project Steering Committee (PSC) consisting of key government, private sector, and civil society stakeholders would oversee project implementation. The PSC would provide guidance on policy measures, review progress, work programs, and budgets, and facilitate high level coordination among key stakeholders. The project would be implemented by the National Capital District Commission (NCDC)'s Project Management Unit (PMU). The PMU implemented the M&E.

The project baseline was carried out as part of 2015 impact evaluation. Impact evaluation was conducted as part of the continuous monitoring through surveys of participants, controls, employers, and communities. These surveys were administered at regular intervals. The conduct of the surveys was challenging to implement because of the fragile context (security, transient nature of youth trainees, etc.) but nevertheless yielded important information for the project (ICR, page 26). The 2015 AF introduced two new outcome indicators to be monitored: (i) direct beneficiaries, and (ii) percentage of grievances addressed by the project, with the latter an indicator of citizen engagement, albeit with a negative connotation.

Data was regularly collected from participants and other stakeholders. PMU reporting improved over time, actively discussing results, shortcomings, and corrective measures such as tracking female participants or drop-out rates. Implementation difficulties with surveys were experienced when the team leader of the consulting firm passed away unexpectedly and was not replaced. After that contract was terminated in 2017, enumerators and specialized researchers implemented the surveys. The surveys informed project implementation and was also used by the government and other donors for their own



analyses. One shortcoming was in capturing the success factors in OJY implementation in relation to engaging employers.

c. M&E Utilization

The project utilized the M&E outputs to inform project implementation. The surveys informed the adjustment of project activities and worked toward achieving the PDOs. Progress reports informed the NDC, Departments of Treasury, Planning, and others who were members of the Project Steering Committee, such as the National Youth and Development Agency. The scope of the data collected was reported in the ICR as having exceeded those required under M&E design. Data collected was used for cross sectional analysis and time comparisons. Occasional delays in data input and analysis affected some of the data's usefulness (ICR, page 27). A final project impact evaluation was delivered in 2018, which considered all baseline analysis and surveys to reach overall impacts. The results were posted online. Relevant data were used to prepare the government's version of the completion report as well as the ICR. Other donors and development partner reported used of the data for youth sector reports.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social Safeguards: The project was assigned an environmental assessment category of "B," requiring a partial environmental assessment (PAD, paragraph 68). The project triggered OP/BP 4.01, Environmental Assessment, and OP/BP 4.10 Indigenous Peoples. An Environmental and Social Management Framework (ESMF) was prepared, approved, and disclosed. Environmental Management Plans (EMPs) were included in civil works contracts to assure that small scale and low intensity adverse impacts were effectively managed. A social assessment was completed in April 2010 outlining positive impacts from an increase in social capital of PNG's youth and a strengthened engagement between the government and civil society (PAD, paragraph 63). That same social assessment provided background information on the Motu-Koita peoples and assessed their support for the project. The project area, the National Capital District (NCD) was urban but the Motu and Koita peoples were acknowledged to be the customary owners of the area. To comply with OP/BP 4.10, and reduce the risk of social conflict between ethnic groups in the project area, project's design did not include a separate Indigenous Peoples plan but adopted the following measures: (i) consultations to enjoin community support at preparation; (ii) consultation framework during implementation; (iii) targeted awareness raising campaigns to ensure culturally appropriate benefits; (iv) mitigating measures for culturally appropriate grievance redress mechanisms; and (v) disclosing key project documents in the local languages.



b. Fiduciary Compliance

Financial Management: According to the ICR, financial management was satisfactory overall. Timeliness and accuracy of financial reporting improved over time. All financial compliance issues were addressed. Financial audit statements up to December 31, 2018 were submitted and accepted, on time or one to two months overdue. The first year's audit was late by 9 months. All financial audit opinions were unqualified. Findings and recommendations in the audit management letter were actioned and addressed. There were no findings or recommendations in management letters from 2014 to 2018. The final audited financial statements and management letter for the year ended December 31, 2019 would be due by June 30, 2020. All Interim Unaudited Financial Reports have been submitted and accepted. Timeliness of reporting improved in the second half of the project. The final IFR was due on February 15, 2020.

Procurement: Initial procurement delays were due to need to recruit and train sufficiently experienced staff. Contract works incurred were higher than designed due to escalating costs of materials and elapsed time since feasibility studies were completed. Early on, insufficient market response delayed the award and implementation of management support services to supervise labor intensive workfare services. This shortcoming was addressed at restructuring by allowing communities to identify suitable subprojects, form groups to supervise YJC activities and strengthen community participation. All 46 targeted contracts were completed, 41 were commercial and 5 were community contracts. Appreciation of the value of PNG currency during the project also negatively impacted the estimated costs of goods and services..

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR offered the following four lessons from the operations that other task teams may find useful to consider for future similar projects:

- **Unemployed or underemployed youth, when given a second chance, could become productive participants in economic activities.** In this project, the training and curated



employability of trained youth led to considerable demand. Its success was attributed to an urban target region with a sufficient number of large businesses and hence more employment options for OJT programs. The YJC activities may be less sensitive to an urban setting and could be replicable in non-urban settings. However, project expansion would be dependent on available staff to deliver the project arrangements used in this project. The lesson from this project was that giving underprivileged youth a second chance allowed them to actively participate in the economic activity of their communities.

- **Basic life skills and job readiness skills are significant foundations in structuring the Theory of Change to make young people compete in the job market.** An Active Labor Market Program like the one under the project was comprehensive and covered training, wage subsidies, and work placements. This strategy matched the unemployed school dropouts to jobs and employers after receiving training. The trainees secured on-going employment when they demonstrated workplace skills that employers valued more than technical skills. Employers valued the investments in the BLS and PET because these prepared the youth to join the work force with the expected attitude. The lesson from this operation was that equipping the target youth with basic life skills and job readiness are valued by employers for job security.
- **A strong mentoring and coaching program, combined with soft and practical life skills facilitate a change in attitudes among at-risk youth.** In this project, the skills and coaching of the trainers and community facilitators influenced a change in understanding of at-risk youth on work responsibilities, diversity in the work place, gender equity, improving health and nutrition. However, the data showed that the time was too short to achieve a turn around for young people with complex needs and contexts. The lesson from this operation was that psycho-social support therapies were important to consider in supporting out-of-work youth to foster their labor force participation.
- **At-risk youth need more time and a variety of paths to employment and employability.** In this project, employers expressed the need to go beyond the basic life skills and practical employability training and confidence boosting. They noted the need to create a more varied cadre of employable youth with higher level skills. This could be achieved by extending the time supporting trainees and introducing trade apprenticeships or technical vocational educational training (TVET). The lesson from this operation was that there are numerous ways to achieve employability of at-risk youth so that they could improve their condition and contribute to a wider economic activity.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was concise and consistent with the guidelines. It was results oriented, providing evidence from the various surveys that formed part of the project's impact evaluation to support claims regarding the achievement of objectives. The report was candid and provided the factors that led to project inefficiencies. Evidence was provided from credible sources such as project funded impact evaluations and surveys. The annexes provided



robust evidence to support the achievements reported. The quality of analysis provided a concise summary of the results of the project. Lessons were based on evidence and corresponded to the reported findings. The report emphasized results and highlighted how the activities informed the outcomes and project impacts. The report was internally consistent and the results were mutually reinforcing.

a. Quality of ICR Rating
Substantial