Outline

• The Country Partnership Framework
• Building Blocks for the CPF
• The PNG Medium Term Development Plan III (MTDPIII)
• The Systematic Country Diagnostic (SCD)
• Lessons learnt – Previous CPF
• Targeting our focus
• Current portfolio
• Proposed CPF Priority Areas
• Proposed IDA18 and IFC pipelines
• Key Risks
• Key questions for discussion
Country Partnership Framework – What is it?

- Sets **WBG program priorities** to support PNG achieve twin goals of eliminating extreme poverty and boost shared prosperity
- Is **selective and derives program priorities** from intersection of priority areas identified by the systematic country diagnostic (SCD) which is the main analytical input for the CPF, government priorities and WBG’s comparative advantage
- Is **results focused** (includes a WBG results framework)
- Is **flexible** and can be revised through mid term reviews to reflect changes in country priorities, circumstances and learning from implementation
- Is a **joint WBG product**, agreed with the government, and discussed by the World Bank Group Board.
Building blocks of the CPF

1. PNG Medium Term Development Plan III
2. Review of Previous Country Partnership Strategy
3. Creation of Systematic Country Diagnostic

DRAFT Country Partnership Framework
### Key Objectives

1. Increase the internal revenue on a sustainable basis to secure sufficient resources from domestic tax collections, non-tax revenues and export earnings;

2. Increase training, capacity and employment opportunities for PNG citizens

3. Increase PNG ownership and benefits in the formal business sector

4. Improve quality of service delivery in rural districts across the country

5. Create a safe and competitive environment to attract foreign and domestic investments

6. Support provinces and districts to generate sustainable internal revenue

7. Manage population growth at a sustainable level and promote family planning

8. Improve evidence-based planning process

### Key Result Areas

1. Increased Revenue and Wealth Creation

2. Quality Infrastructure and Utilities

3. Sustainable Social Development

4. Improved Law and Justice and National Security

5. Improved Service Delivery

6. Improved Governance

7. Responsible Sustainable Development

8. Sustainable Population
Poverty Reduction and Shared Prosperity

Pillar 1
Prudent macroeconomic policy management and effective implementation

Pillar 2
Improving access to and use of quality services

Pillar 3
Enabling private sector development for inclusive job creation and growth

Pillar 4
Risks to sustainability of inclusive growth and poverty reduction

Cross-Cutting Theme: Strengthening Governance and Institutions
### Constraints

**Pathway 1: Prudent Macroeconomic management and implementation:**
Weak and volatile macroeconomic management leading to (i) constrained fiscal space limiting the government’s ability to mitigate the impact of commodity price volatility (ii) a weak monetary policy transmission mechanism and (iii) an imbalance in the foreign exchange market.

### Recommendations

- **Macroeconomic management** - Laying the groundwork for an effective monetary policy environment; Correcting the imbalance in the foreign exchange market
- **Fiscal policy** - Improving tax administration and policy; Using fiscal anchor and SWF to support the management of mineral resource flows; An effective and sustainable debt management strategy
- **Public financial management** - Rolling out the PEFA Roadmap; Improving accountability and transparency of budget execution; Improving cash management
### Constraints

**Pathway 2: Access to services in rural and urban informal areas**
Limited availability of and access to quality services such as health, education, infrastructure and law and order, particularly in rural and informal urban areas.

### Recommendations

- **Health services** - Improving access to medication; Combating TB; Addressing child undernutrition; Improving health services for women;
- **Education** - Expanding vocational training; Providing training to teachers
- **Infrastructure**: Improving access to power particularly for those households closest to existing transformers; Improving access to water and sanitation facilities; Improving internet connectivity; Improving road infrastructure in rural areas
## Pathway 3: Private Sector Development and Jobs

Constraints in the business environment limit job creation and development of a more diversified economy. Potential for inclusive growth through informal and formal sectors in agriculture, tourism and fisheries.

<table>
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<tr>
<th>Constraints</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>• Improve management of land; Improve access to key infrastructure along trade corridors; Extending financial literacy program; Partner with private sector to support apprenticeship programs</td>
<td>• Improve productivity of the agriculture sector; Improve productivity of the fisheries sector; Support the development of the tourism sector</td>
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### Constraints

Pathway 4: Risks to Poverty Reduction and Sustainable Growth
Complex and varied risks to poverty reduction including across economic, social, and political areas.

### Recommendations

- **Social risks** - ensure benefit-sharing agreements in the resource sector are fairly constructed and implemented; addressing urban informal settlements and unemployed youth
- **Environmental risks** - mitigating the impact of climate change
Institutional capacity constraints in PNG have been central to most challenges faced in achieving CPF outcomes and targets.

Strong results indicators will assist projects to better articulate and capture project benefits, particularly for women and girls.

A greater level of engagement by central agencies in WBG project management would promote a better understanding of project progress and implementation challenges.

An early focus on safeguards to facilitate implementation of projects.

Adequately resourced social and environmental specialists and management are key.
Targeting our Focus

**SCD Pathways**
- Ensuring prudent macroeconomic policy management and implementation
- Deepening and widening access to good-quality services
- Enabling private sector development for job creation and inclusive growth
- Managing risks to inclusive growth and poverty reduction

**CPF Focus and Cross-Cutting Areas**
- **Focus Area 1.** Improved Macro and Fiscal Resilience
- **Focus Area 2.** Encourage private sector growth and job creation particularly in the non-resource sector
- **Focus Area 3.** More effective and inclusive service delivery particularly in underserved areas

**Mid Term Development Plan III**
- Increased Revenue and Wealth Creation
- Quality Infrastructure and Utilities
- Sustainable Social Development
- Improved Law and Justice and National Security
- Improved Service Delivery
- Improved Governance
- Sustainable Population
- Responsible Sustainable Development

**Cross-Cutting Area: Governance and Institutions**

**Cross-Cutting Area: Governance**

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**World Bank Group**

**The World Bank**

**IFC International Finance Corporation**
### Country Partnership Framework
Proposed Priority Areas for FY2019-2023

<table>
<thead>
<tr>
<th>Focus Area 1. Improved Macro and Fiscal Resilience</th>
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<tbody>
<tr>
<td>Objective 1: Strengthen Macro economic policy management:</td>
<td>Objective 1. Improve access to financial services and promote SMEs</td>
<td>Objective 1. Improve access to and quality of public and private services that improve human development.</td>
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<tr>
<td>Objective 2: Support governance improvements in the resource sector</td>
<td>Objective 2. Improve competitiveness and productivity of agriculture and tourism</td>
<td>Objective 2. Expand and improve planning and delivery of sustainable infrastructure services.</td>
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<td>Objective 3: Deepen economic participation of women and youth</td>
<td>Objective 3. Improve community access to basic infrastructure and services in rural areas.</td>
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Strengthening governance as a cross cutting theme
Ten active projects (US$397.5 million)

**Infrastructure**
- Road Maintenance and Rehabilitation
- Water Supply and sanitation
- Energy Sector Development Project

**Economic**
- SME Access to Finance
- Productive Partnerships in Agriculture
- Tourism Sector Development

**Government and Administration**
- Rural Service Delivery Program

**Social**
- Emergency Tuberculosis

**Cross Cutting**
- Urban Youth Employment
- Inclusive Development in Bougainville

**LENDING PORTFOLIO BY MTDPIII PRIORITY AREA**

- **Economic**, 23%
- **Infrastructure**, 63%
- **Govt and Admin (RSDP)**, 6%
- **Social (Health)**, 4%
- **Cross Cutting (Youth)**, 4%

**PID Loan Portfolio by MTDPIII Priority Area**

- **Papua New Guinea Scale Up**
  - IDA17 National: US$155m
  - IDA18 National: US$250m
  - IBRD: US$235m
Key Risks for CPF Implementation

1. Commodity price driven fiscal volatility impacting public financing (e.g. counterpart financing)
2. FX availability
3. Low disbursement due to implementation capacity challenges and bottlenecks (e.g. procurement)
4. Environmental and social risks
5. Limited size and scalability of the private sector
Key Questions

1. Do the proposed CPF Focus Areas reflect PNG’s development priorities? Which sectors should the World Bank concentrate its efforts given its comparative advantage, and investments by the Government and other development partners?

2. What areas of project design and implementation can we improve on?

3. How can we support training and capacity building for implementing agencies better?

4. How should cross cutting areas such as governance and gender be addressed in our projects?

5. The WBG has raised exploring greater geographical convergence to improve the impact of support in the country. How can we do this better?