**ANNEX 2**

of the Commission Decision on the Annual Action Programme 2016 in favour of Papua New Guinea to be financed from the European Development Fund

**Action Document for**

*Support to the Papua New Guinea National WaSH Policy 2015 – 2030 Part 1*

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<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>Papua New Guinea (PNG) The action shall be carried out at the following location: country –wide.</td>
</tr>
<tr>
<td>4. Sector of concentration/thematic area</td>
<td>Water, Sanitation and Hygiene (WaSH)</td>
</tr>
</tbody>
</table>
| 5. Amounts concerned | Total estimated cost: EUR 23,100,000.00  
Total amount of EDF contribution EUR 23,100,000.00 |
| 6. Aid modality(ies) and implementation modality(ies) | **Project Modality:**  
<p>| 7 a) DAC code(s) | 140 Water Supply and Sanitation |
| b) Main Delivery Channel | 41000 UN Agency (UNICEF) |
| 8. Markers (from CRIS DAC form) | <strong>General policy objective</strong> | Not targeted | Significant objective | Main objective |
| Participation development/good governance | ☐ | ☑ | ☐ |
| Aid to environment | ☐ | ☑ | ☐ |
| Gender equality (including Women In Development) | ☑ | ☑ | ☐ |
| Trade Development | ☑ | ☐ | ☐ |
| Reproductive, Maternal, New born and child health | ☐ | ☑ | ☐ |
| <strong>RIO Convention markers</strong> | Not | Significant | Main |</p>
<table>
<thead>
<tr>
<th>Biological diversity</th>
<th>targeted</th>
<th>objective</th>
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<tr>
<td>Combat desertification</td>
<td>targeted</td>
<td>objective</td>
<td>objective</td>
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<tr>
<td>Climate change mitigation</td>
<td>targeted</td>
<td>objective</td>
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<tr>
<td>Climate change adaptation</td>
<td>objective</td>
<td>targeted</td>
<td>objective</td>
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9. Global Public Goods and Challenges (GPGC) thematic flagships
Not applicable.

10. SDGs
Main SDG Goal: SDG6: 'Ensure availability and sustainable management of water and sanitation for all'.
Secondary SDG Goal(s): SDG3: 'Ensure healthy lives and promote well-being for all at all ages', SDG5: 'Achieve gender equality and empower all women and girls' and SDG13: 'Take urgent action to combat climate change and its impacts'.

SUMMARY
The PNG-EU National Indicative Programme (NIP) for 2014-2020 identified WaSH as a focal sector within the framework of poverty alleviation. The proposed Action reflects this focus, is relevant for the Agenda 2030 and will contribute primarily to the progressive achievement of SDG6: 'Ensure availability and sustainable management of water and sanitation for all'. It also promotes progress towards SDG3: 'Ensure healthy lives and promote well-being for all at all ages' and SDG5: 'Achieve gender equality and empower all women and girls'. The Action will also be in line with SDG13: 'Take urgent action to combat climate change and its impacts' through enhancing adaptive capacity to climate related hazards.

The overall objective of the action is to improve the quality of life of women, men and children through contributing to increased access to safe, adequate and sustainable water supply, sanitation and improved hygiene practices in line with the National Water, Sanitation and Hygiene (WaSH) Policy. The specific objectives are 1) To enable a healthier and safer environment, particularly for women and children, reducing the impact of water borne diseases and hygiene related illnesses; and 2) To improve governance and quality of service delivery in the WaSH sector.

In order to achieve the objectives of the National Indicative Programme, the Action comprises of national, urban and rural WaSH components and a transversal WaSH Institutional Framework and Governance component. The action involves the planning and implementation of a number of coordinated and interlinked interventions which include: Capacity strengthening of the WaSH Project Management Unit (PMU) to implement the National WaSH Policy, District Development Authorities (DDAs) to implement the National Service Delivery Framework as well as the Departments of Education and Health in implementing their sectoral plans.

In line with the National WaSH Policy and the National Service Delivery Framework, involving relevant stakeholders and in particular WaSH PMU, DDAs and Departments of Education and Health, UNICEF will focus on WaSH in Rural and Urban identified Districts in schools and health centres and subsequently to surrounding communities including
promoting Open Defecation Free (ODF). In parallel, UNICEF will organise National Awareness campaigns on WaSH involving relevant stakeholders and media.

1. **CONTEXT**

1.1 **Sector/Country/Regional context/Thematic area**

An estimated 4.2 million Papua New Guineans (61% of the population) do not have access to safe water while 3.8 million (55%) do not have access to improved sanitation. Water related diseases and especially diarrhoea is one of the main causes of mortality in PNG, especially in young children. Total WaSH related deaths in PNG are estimated at 6,164 per year (Medium Term Development Plan 2 - 2016-2017). Studies have also demonstrated the impact of diarrhoea on stunting in young children. The impact of these water related diseases is exacerbated during climate change related event such as El Niño (experienced in 2015-2016) and La Niña.

While Papua New Guinea is already ranked low in terms of access to clean water and safe sanitation in the Pacific region, coverage rates are declining further due to rapid population growth. The Millennium Development Goals (MDG) targets for water supply and sanitation have not been reached as reported in the MDG summary report for Papua New Guinea 2015. Similarly, the targets set by the Medium Term Development Plan (MTDP) 2011-2015 were not achieved by 2015\(^1\). The need for access to clean water and sanitation is also recognised in the Papua New Guinea Vision 2050, where Government seeks to increase access to clean water from 39% to 100% of the population by 2050. Similar targets, though with different time horizons, are foreseen in the Strategic Plan 2010-2030 and the Water PNG Strategic Master Plan 2012-2030. The National Education Plan 2015-2019 has also set targets on water, sanitation and hygiene promotion in schools. The new MTDP (2016-2017) sets new targets\(^2\) to be reached in WaSH that depend on whether rural or urban population are considered. Lastly the newly endorsed National WaSH Policy is consolidating and reaffirming the various targets.

1.1.1 **Public Policy Assessment and EU Policy Framework**

Since its independence in 1975, the WaSH sector of PNG has mainly focused on urban areas. The National Water and Sewerage Act of 1986 established Water PNG (formerly PNG Water Board) as a government-owned enterprise targeting the provision of urban water and sanitation. In 1996 Eda Ranu was established as another state owned enterprise to provide water and sewerage to businesses and residents in the capital Port Moresby, while Water PNG would focus on provincial and district towns. However, lack of technical expertise and funding for upgrading or maintenance led to deterioration of many systems. In absence of a dedicated policy, support to rural communities to install WaSH systems was provided on ad hoc basis. These schemes were mostly implemented by international, local non-government organisations or faith based organisations. No consolidated data exists on coverage rates or state of these systems. Anecdotal evidence suggests issues with operation and maintenance impacting on sustainability of systems.

\(^1\) Targets set out in the MTDP were 47% of the population has access to improved water source, 51% to have improved sanitation, 50% of education institutions have safe water and improved sanitation.
\(^2\) 35% of rural and 90% of urban populations use improved drinking water sources, 20% of rural and 58% of urban populations using improved sanitation facilities; including 75% of health and education facilities having access to safe water.
In 2013, the Department of National Planning and Monitoring (DNPM) took the WaSH sector under its responsibility and set up a WaSH Task Force to develop a national policy. The WaSH Taskforce was chaired by DNPM and made up of key government agencies, state owned enterprises, non-state actors and donor partners. The National WaSH Policy 2015-2030 was approved in January 2015.

The **overall goal** of the National WaSH Policy is to contribute towards improving the quality of life of Papua New Guineans. It aims to (i) reduce morbidity and mortality caused by water related diseases, (ii) improve livelihood opportunities and economic growth through improved health and reduced economic and financial losses, and (iii) increase equity of services between rural, peri-urban areas, and to disadvantaged groups. The **specific objective** of the National WaSH Policy is to provide equitable access to safe, convenient and sustainable water supply and sanitation and to promote improved hygiene practices and long term hygiene behaviour change at the personal, household, community and institutional level. Further, to ensure effective sector coordination and Government leadership, the policy foresees the establishment of a National Water, Sanitation and Hygiene Authority (NWSHA). Until the NWSHA is in place, a WaSH PMU led by a WaSH Coordinator has been established under the authority of DNPM. One of the main tasks of the PMU is the coordination of stakeholders implementing WaSH projects. The establishment of effective coordination mechanisms, operational details, monitoring and reporting lines between the PMU and national and subnational stakeholders has been initiated but is taking some time. Some support to this process has been provided through the contracting of technical expertise financed with funds from EDF 10 support measures.

The EU-PNG NIP 2014 – 2020 indicates that the EU will support country reforms in areas that have a strong multiplier effect, in line with the ‘Agenda for Change’. EU support to improve service delivery in the WaSH sector will be aligned with PNG’s relevant policies including the National WaSH Policy 2015-2030, National Strategy for Responsible Sustainable Development for PNG (StaRS) -Addendum to the Development Strategic Plan 2010-2030) and the MTDP 2 - 2016-2017. Support will be implemented in partnership with national and sub-national institutions to ensure ownership and coordination.

### 1.1.2 Stakeholder analysis

Key stakeholders from government, international organisations and civil society have been consulted to identify challenges and opportunities in the sector. With the aim of identification of adequate demand, securing ownership and sustainability of the action from a wide range of stakeholders, a series of working meetings with key stakeholders have been facilitated to define project components, strategies and budgets. A consultation workshop for a wider range of stakeholders has been organised to involve them in the planning process, to capture further information and to seek commitment to the intervention. Preparation work with WaSH PMU, UNICEF and World Bank has been intensive to further the planning, collaboration and dovetailing of the components of the action.

The main national stakeholders involved in the proposed intervention are:

**Department of National Planning and Monitoring** which has taken WaSH under its mandate to address the acute need for action in this sector. The **WaSH PMU**, is responsible for coordinating the implementation of the National WaSH Policy, its monitoring and

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3 EU, World Bank, AusAID, UNICEF and JICA (Japanese International Cooperation Agency)
4 Establishment of NWSHA is pending merger or closure of existing Authorities following concerns over ever growing public administration and instructions by Prime Minister O'Neil to not create new Authorities.
evaluation, the establishment of a database and WaSH Fund(s), coordination of stakeholders, development and implementation of technical and economic regulations for the sector, as well as capacity development plans. The WaSH PMU would naturally be the most prominent partner in the interim period. However, its establishment as a fully functional body has faced delays. Indeed, up to date, the PMU is facing difficulties in delivering its tasks since securing both its own staff and office space is not achieved. To support the process UNICEF, World Bank and EU have provided technical and financial assistance. The current situation is a concern for all stakeholders as this process could impact the effective implementation of the policy in the short term perspective as DNPM has indicated that the new NWSHA should be established by 2020.

Department of Education (DoE): WaSH in schools is a priority under the National WaSH Policy. WaSH is a priority as well in the National Education Plan 2015-2019 which foresees the revision of National Standards and Guidelines on Water and Sanitation Infrastructure and hygiene promotion in schools. The Government has allocated an amount of PGK 20 million (approx. EUR 5,6 million) for the 2016 Department of Education budget that will be directed to improving WaSH conditions in schools.

Department of Health (DoH) is responsible to set out national water and sanitation standards in consultation with the NWSHA (WaSH PMU for the time being). Communication material for awareness campaigns (hand washing, sanitation, PHAST (Participatory Hygiene and Sanitation Transformation), CLTS (Community Led Total Sanitation) has been developed. Recurrent funding for clinics and health posts falls under the responsibility of the respective sub-national Government. All new health facilities have to be approved by DoH. Detailed design standards for WaSH in clinics and health posts do not exist at present.

District Development Authorities: In response to weak planning, service delivery, accountability and performance at subnational level over the past 20 years, District DDAs have been established in January 2015, replacing the Local Level Government Administration. DDAs are foreseen to become the major vehicle for delivering services at the local level5 and the key driver for implementation of national policies, including the National WaSH Policy 2015-2030. DDAs will be responsible for the good implementation of the National Service Delivery Framework6 at their level. Coordination and reporting mechanisms between national and subnational level have not been fully defined yet. It is the prerogative of DDAs to set their own priorities, develop 5-year plans and allocate funds accordingly including reporting on implementation. To date however, DDAs’ capacity is still very limited and thus their effective role requires some support. WB has decided to dedicate some funding for institutional strengthening of DDAs.

Water PNG and Eda Ranu: Responsibility for the provision of water and sewerage in urban areas is clearly defined. In the capital, Port Moresby, water and sanitation is the exclusive responsibility of Eda Ranu, whilst for other urban areas (Provincial and Districts capitals) it is the exclusive responsibility of Water PNG. Both are state owned enterprises (SOEs) mandated to operate on a commercial basis. This commercial responsibility means that (perceived) non-commercial peri-urban and settlement areas as well as many District Towns remain un-served. Water PNG is currently only operating in 14 Provincial Capitals (out of a total 22) and 5

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5 In 2015, Provinces, Districts and Local Level Governments received a budget of PGK 3.67 billion (approx. EUR 1.2 B) or 23% of the national budget. In addition, resources from the District Education Infrastructure Program (PGK 267 M or EUR 90 M) and District Health Infrastructure Program (PGK 178 M or EUR 60 M) are being implemented at the subnational level.

6 The National Service Delivery Framework is a component of the Planning, Implementation and Monitoring activities described in the Papua New Guinea Medium Term Development Plan 2 2016-2017
District Towns (out of a total of 67) but plans to expand and cover an additional 16 Districts and 2 Provincial towns by 2018. Selection of these new areas of intervention has been based on: state of preparedness and level of interest expressed by the provinces, districts and their DDAs, identified 'free' source of water (i.e. exempt of potential land issues where gravity fed systems will be used in lieu of pumping) and equitable geographic distribution. Where Water PNG can operate on a commercial basis with the national water, it will continue to operate the said small town. In case the operation has to be transferred to a local authority (DDA), which has the ability to set its own tariff, Water PNG will maintain a role as technical advisor after handing over the facilities.

As the Action will not address WaSH in Port Moresby, Eda Ranu will not be a stakeholder. Water PNG is the main stakeholder in water infrastructure development in district and provincial towns. Water PNG is expected to benefit from USD 50 million funding from the World Bank to implement water infrastructure in 6-8 district and provincial towns. Consequently a decision was taken to phase the EU support into two parts, with the urban infrastructure component to be implemented at a later stage.

**International Organisations**

**UNICEF** is implementing a WaSH in schools project in 19 communities under their "child friendly school" program. The program is based on an integrated approach that fosters linkages between WaSH and nutrition, menstrual hygiene management of adolescent girls to reduce drop-out rates and health promotion. UNICEF has an established relationship with DoE under which WaSH in schools fall. It also has established relationship with the DoH under which it works to improve maternal health for mothers in rural communities. UNICEF has established strong links as well with the DoE where it fostered the creation of a unit tasked with the definition of WaSH standards in schools.

**Financial Institutions**

**World Bank** is starting the implementation of its own intervention in the sector in mid-2016 with a USD 70 million (EUR 61.6 million) funding, mainly loans. The action will support three components: the urban component (through PNG Water at a total estimated cost of USD 50 million / EUR 44 million), the WaSH PMU and a rural component.

WB especially through the Water and Sanitation Program (WSP) has been a close partner of the EU starting with our common contribution to the WaSH task force (from the initiation to the endorsement of the National WaSH Policy).

The **EIB** (European Investment Bank) and **ADB** (Asian Development Bank) are not currently active in the WaSH sector in PNG. Their interest may rise in the future.

**International Non-Government Organisations (NGO) and Faith Based organisations**

A number of International NGOs and Faith Based Organisation are active in WaSH and Community Development in PNG. These organisations are actively undertaking WaSH projects, mainly as part of overall programmes aimed at rural communities, not necessarily aligned with the new Policy. Often these projects are integrated with health care projects, improving governance of communities or education projects. The group includes: World Vision, Water Aid, CARE International, Childfund, Oxfam, Live and Learn Environmental Education, Adventist Disaster Relief Agency (ADRA), Voluntary Services Overseas (VSO) and Save the Children. International NGOs usually have a main office in Port Moresby with regional offices in several provincial towns. Most of them have ongoing working relations with community based organisations to deliver WaSH services.

**Rural, Peri-urban and urban communities**
Rural and urban communities are direct beneficiaries of the project. Peri-urban communities could become indirect beneficiaries.

1.1.3 **Priority areas for support/problem analysis**

The main priority areas and problems that the scope of the Action will address include the following:

- **WaSH in Schools**
  
  There are 14,000 schools in PNG of which about 40% do not have any water source. In several others the existing water systems are inadequate, requiring refurbishment to ensure sufficient supply and/or quality of water. The situation of sanitation and hygiene in schools is also dire. The Department of Education has identified WaSH in schools as priority for 2016-17 (NB: it is expected that it will remain a priority after 2017 as well). Providing WaSH in schools is also an entry point to change behaviour in communities, with parents and teachers included in awareness campaigns, hygiene and hand washing trainings. WaSH in schools will as well have an impact on the dropping rates of female students since the absence of gender dedicated facilities is a known contributor for girls' decisions to quit school at the onset of menstruation.

- **WaSH in medical centres**
  
  There are 683 clinics and health posts, and 22 hospitals in PNG. Department of Health needs to define minimum design standards for water supply and sanitation in health facilities. Baseline data on state of water and sanitation facilities is not available, but a number of clinics were shut down in 2015 due to lack of water supply. Australia is providing support to WaSH in clinics under their health sector program.

For both WaSH in school and medical centres, the National WaSH Policy sets the following objectives by 2030: 100% of educational institutions and medical centres across the country have access to safe, convenient and sustainable water supply and sanitation facilities.

- **Strengthening institutional framework and sector coordination**
  
  As experienced with the initial activities of the WaSH PMU, a coordinated institutional support is needed to drive forward the implementation of the policy, sector coordination, monitoring and capacity building, including at sub-national levels. At national level the WaSH PMU needs capacity strengthening to implement the National WaSH Policy. This support will accompany the development of the PMU into the intended NWSHA. In line with the DDA Act 2014; Basic level of service delivery will be through DDA. Implementation of WaSH in schools and health centres projects will be out-sourced by UNICEF at the District level to support the decentralisation capacity of the DDA.

2 **RISKS AND ASSUMPTIONS**

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<tr>
<th>Risks</th>
<th>Risk level H/M/L</th>
<th>Mitigating measures</th>
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<tbody>
<tr>
<td>Weak institutional capacities and unclear</td>
<td>H</td>
<td>In order to ensure efficient support to the implementation of the Policy, the Action will be</td>
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7 50% of Health facilities in PNG are Government owned and managed while the other 50% are owned and managed by Faith-based Organisations and NGOs. Each of the 22 Provinces of PNG has a major hospital in the capital town.
coordination mechanisms between national and district level.

implemented with partners that are already fully efficient, whilst contributing to the general effort to improve the identified risk.

NEC (National Executive Council) does not establish the National WaSH Authority (see Footnote No. 4).

M Continued support to the interim entity (WaSH PMU) to ensure the effective implementation of the Policy and a successful transition to the NWSHA.

Authorities lack capacity to produce accurate statistical data on WaSH, health and gender targets.

M In order to ensure the availability of reliable statistical data to measure the WaSH, health and gender targets of the action, the Action will be implemented with partners which work closely together with the relevant authorities and technical assistance and capacity building will be provided at local and national level to support the authorities.

Assumptions

Government continues to see WaSH as priority and it allocates sufficient resources towards the achievement of its policy objectives in 2016 and onwards

Government implements successfully the National Service Delivery Framework

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

A review of EDF 9 programmes\(^8\) has demonstrated the following:

- In the absence of National WaSH Policy, rural water schemes were implemented on the basis of selected good proposals presented by communities following a Call for Proposal. The lack of institutional framework and prioritisation in selection of communities led to weaknesses regarding the design and implementation. Interventions took place all over PNG leading to high overhead costs and limitations for effective monitoring by both the NAOSU and the EU Delegation.

- Capacity building of rural communities and local NGOs takes time and there is a need for follow up post-construction to ensure smooth operations and maintenance.

- Ownership and institutional framework have to be clarified prior to implementation of new projects. The integrated approach of water supply, improved sanitation and awareness/training on hygiene and hand washing practices resulted in improved health and wellbeing of communities, in particular for women and children.

- The recent evaluation of the District Town Water Supply schemes identified lack of willingness to pay for services in the three intervention areas. Having recently been established, full commercial viability is yet to be reached in a rigid water tariff framework. Water tariffs are set by the Independent Consumer and Competition Commission (ICCCC) and are uniform throughout the country. Tariff adjustments are done by ICCC and it may therefore require some efforts to adapt/adjust the tariffs from one

\(^8\) Rural Water Supply and Sanitation Programme 1 and 2 (FED/2005/017-767, FED/2007/019-284) and the District Towns Water Supply Programme (FED/2006/018-524)
town to another in order to reinforce commercial viability. The latter is in fact resulting from a combination of water tariff, subsidies and taxes. It is also common that willingness of consumers to pay is directly proportional with the quality of service delivered. As such the willingness to pay may be another factor considered in selecting the places of intervention.

- The decision related to the water project (phase II) encountered extensive delays in closure due to important numbers of recovery orders that had to be issued against local implementing partners. This has been the case with decisions in other sectors, as well, in particular when programme estimates were the main implementing modality and consequently contributed to the important backlog accumulated until this year.

3.2 Complementarity, synergy and donor coordination

Since 2013, donor coordination and policy dialogue in the WaSH sector has been organised in the context of the WaSH Taskforce whose objective was the definition and endorsement of the Policy. Following the endorsement of the National WaSH Policy in January 2015 the WaSH Taskforce was reconvened with a new mandate: to accompany and advise the WaSH PMU until the full establishment of the NSWH. The WaSH task force is chaired by DNPM and members are other line ministries (Health, Education, Finance, Treasury…) as well as Development partners (EU, WB, UN) and CSOs (INGOS and local NGOS).

Endorsement of the National WaSH Policy has generated an increased interest from development partners that are eager to support the sector. As highlighted in point 1.1.2 EU and WB are leading this process together with UNICEF and are recognised as such. During identification of this action, close collaboration has been maintained between these three main partners to ensure complementarity and synergy whilst other important partners were consulted regularly. An interesting consequence of this consultation process is an indication by New Zealand that they could consider complementing access to water with energy.

In reference to NGOs the principal coordination mechanism is the Task Force but their interventions still appear ad hoc and rather driven by their historical link with specific communities.

3.3 Cross-cutting issues

Gender issues: The Action is expected to reduce healthcare costs, decrease the exposure of women and girls to sexual harassment and assault, increase adolescent girls’ school attendance and reduce drop-outs at onset of menstruation. Women, men, girls and boys will take part in participatory planning, design of WaSH infrastructure, implementation, monitoring and evaluation of project activities. Women/women’s organisations will participate in the planning and implementation of WaSH awareness campaigns. Specific gender awareness trainings will be planned prior to construction and local women’s groups will be trained and tasked to conduct health and hygiene trainings. In educational facilities and medical centres, the Action will ensure that there is a balance of the number of males and females benefit from having access to WaSH facilities.

Human rights issues: From inception of the programme, implementing partners will consult and involve local and district government, traditional leaders, community members, health authorities, school authorities and pupils in the planning and decision making processes to

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9 UNICEF, World Bank, Australia and EU. Others may join in the future.
10 The ministry of Education mentioned that the lack of Sanitation facility and privacy was the second cause of drop-out (after school fee) for girls aged 11-14.
guarantee that the planning and implementation of the programme include the views and needs of vulnerable groups. Accessibility to WaSH for persons with disabilities will be guaranteed and land ownership issues related to the project will be dealt with in a fair and appropriate manner.

Potential negative socio-environmental impacts related to the development of small-scale WaSH infrastructure are mostly disturbance to the ground and vegetation cover, cutting of a small number of trees for timber, temporary construction impacts such as dust, noise, waste and wastewater generation, increased erosion potential, disruption to domestic activities and safety risks. The negative environmental impacts are small-scale, site-specific and manageable. Potential adverse environmental impacts need to be assessed during the inception phase of the project and can be mitigated.

Climate Change Adaptation and Disaster Risk Reduction: Urban communities are often located in hazard prone areas including in coastal zones, making them particularly vulnerable to storm surges and sea level rise. The return of the El Niño weather phenomenon in 2015 has resulted in significant consequences of water scarcity hardship to many rural inhabitants across significant areas of PNG territory. Disaster Risk Reduction and Climate Change Adaptation will be mainstreamed in the project. The lack of basic services, including WaSH systems, can exacerbate the negative effects of climate change. The Action will contribute to the Climate Change Adaptation effort of PNG notably in the WaSH sector, considered a priority sector in its Intended Nationally Determined Contribution (INDC) 2015 and that 40% of the Action budget is accounted for as a contribution to DEVCO's financial commitments towards climate relevant action.

WaSH infrastructure designs, standards and guidelines will consider safeguards, including gender, equitable access/disability, environment/environmental baseline/EIA/management of adverse environmental impacts, Climate Change Adaptation/Disaster Risk Reduction and land issues.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG6: 'Ensure availability and sustainable management of water and sanitation for all', but also promotes progress towards SDG3: 'Ensure healthy lives and promote well-being for all at all ages' and SDG5: 'Achieve gender equality and empower all women and girls'. The Action will also be in line with SDG13: 'Take urgent action to combat climate change and its impacts' through enhancing adaptive capacity to climate related hazards. This does not imply a commitment by Papua New Guinea benefiting from this programme.

The overall objective of the proposed program is to improve the quality of life of women, men and children through contributing to increased access to safe, adequate and sustainable water supply, sanitation and improved hygiene practices in line with the National WaSH Policy.

Specific objective 1: To enable a healthier and safer environment, particularly for women and children, reducing the impact of water borne diseases and hygiene related illnesses.

Result 1: Improved sanitation and hand-washing facilities in schools and health centres with particular focus on less favoured districts.
Result 2: Increased awareness among the population on the importance of hygiene and sanitation, and increased number of communities without open defecation.

Specific objective 2: To improve governance and quality of service delivery in the WaSH sector.

Result 3: Strengthened institutional framework and enabling environment for WaSH service delivery leading to improved governance in the WaSH sector, ensuring that climate change adaptation is indeed mainstreamed as foreseen in the related policy documents (National WaSH Policy and the more overarching National Strategy for Responsible Sustainable Development for PNG (StaRS) -Addendum to the Development Strategic Plan 2010-2030).

4.2 Main activities

The activities detailed below are presented by project modality and main result areas. Results 1 and 2 are delivered through indirect management with UNICEF. Result 3 is delivered through direct management.

Result 1: Improved sanitation and hand-washing facilities in schools and health centres with particular focus on less favoured districts.

Remark: Very little data is currently available to establish baselines, targets and criteria for the selection of action location. This is due to the fact that the WaSH sector has been an orphan sector as explained above. However several surveys are currently ongoing in both the Education and Health sectors. The results of these surveys will be used during the inception phase by UNICEF to determine final baselines, targets, selection criteria and location that will be validated by the Project Steering Committee.

a. UNICEF will confirm water source and the particular WaSH needs in each identified school and health centre.

b. UNICEF will provide the manual on design standards and guidelines on water and sanitation and hygiene, on WaSH in schools and health care facilities (rural and urban), including features for environmental consideration and climate change adaptation.

c. UNICEF will provide the WaSH field guidance materials and training of trainers with respect to capacity development on WaSH facilities use, operation, maintenance and hygiene promotion, hygiene practice and Open defecation free (ODF).

d. To implement WaSH in the identified Districts, in close collaboration with the concerned DDAs (as part of the contribution to their capacity development in implementing the National Service Delivery Framework), UNICEF will launch a call for proposals and award grants to (I)NGOs:
   i. to install/build water and sanitation facilities in identified schools and health centres (see a. above),
   ii. to roll out participatory hygiene promotion training to identified schools and health centres communities and subsequent communities.

e. Within the Delegation Agreement (DA), a "third party monitor" will be financed to provide quality assurance through monitoring the quality of the implementation by both UNICEF and the beneficiary(ies) of the call for proposals. The terms of reference will be developed and agreed during the inception phase of the DA.
Result 2: Increased awareness among the population on the importance of hygiene and sanitation, and increased number of communities without open defecation.

**Remark:** ODF status of communities is described under Result 1. d. ii.

UNICEF will lead the development and implementation of national WaSH awareness campaigns which have two components:

a. Advocacy with decision makers and key influencers on sanitation and hygiene behaviour.

b. Raising public awareness and knowledge on sanitation and hygiene (national awareness campaign).

Result 3: Strengthened institutional framework and enabling environment for WaSH service delivery leading to improved governance in the WaSH sector.

**Remark:** this result will be achieved in close coordination with the other development partners and ongoing support to the named Institutions.

Result 3.1: The National WaSH Policy is implemented by the WaSH PMU.

a. Develop and implement the capacity development plan.

b. Identify technical assistance needs in close cooperation with the other development partners and ongoing support to the WaSH PMU.

c. Develop and use a WaSH MIS.

d. Set-up a regulatory framework.

e. Implement the WaSH strategy in support of the National WaSH Policy.

Result 3.2: The National Service Delivery Framework is implemented by the selected DDAs.

**Remark:** see also Result 1, d.

a. Develop and implement the capacity development plan.

b. Identify technical assistance needs in close cooperation with the other development partners and ongoing support to the stakeholders.

c. Implement the National Service Delivery Framework.

Result 3.3: The National WaSH Policy is incorporated in the sectoral plans of the Departments of Education and Health.

a. Develop and implement the capacity development plan.

b. Identify technical assistance needs with the concerned Departments in close cooperation with the other development partners.

c. Update and improve sectoral plans in line with the National WaSH Policy.

4.3 **Intervention logic**

The PNG-EU National Indicative Programme for 2014-2020 identified WaSH as a focal sector within the framework of poverty alleviation. The proposed Action reflects this focus and is relevant for the Agenda 2030 and will contribute primarily to the progressive achievement of SDG6, SDG3 and SDG13.

The Action will contribute to improving the quality of life of men, women and children through increased access to safe, convenient and sustainable water supply, sanitation and improved hygiene practices including achieving Open defecation free (ODF) in line with the National WaSH Policy in the selected Districts. It will also contribute to a healthier and safer
environment, particularly for women and children, by reducing the impact of water borne diseases and hygiene related illnesses.

Improved governance and quality of service delivery in the WaSH sector are also targeted. Assumptions in this respect are that government continues to see WaSH as priority and it allocates sufficient resources towards the achievement of its policy objectives in 2016 and onwards. The Entities in charge of implementing the National WASH Policy and the National Service Delivery Framework (WaSH PMU, DDAs and relevant Departments) will also continue implementing the Policies and Plans and will generate reliable WaSH, health and gender specific data.

The Actions involves undertaking a number of coordinated and interconnected interventions. It is envisaged that the Overall and Specific Objectives and Results of this Programme will be achieved through:

**A sixty months Delegation Agreement with UNICEF**

In line with the National WaSH Policy and the National Service Delivery Framework, involving relevant stakeholders and in particular WaSH PMU, District Development Authorities and Departments of Education and Health, the intervention is intended to address WaSH in Rural and Urban identified Districts focusing on schools and health centres and subsequently to surrounding communities including promoting Open ODF. In parallel, UNICEF will organise National Awareness campaigns on WaSH involving relevant stakeholders and media. UNICEF will be responsible for monitoring, evaluation and capacity building.

**Complementary support measures**

The WaSH PMU is expected to evolve within the next couple of years into the National WaSH Authority. During this time, the PMU is expected to operationalise the policy and start implementation. However, poor technical capacity of the PMU risks it not achieving its mandate. District Development Authorities have the mandate to implement the National Service Delivery Framework, but have limited capacity. Departments of Education and Health need capacity strengthening for updating their sectoral plans in line with the National WaSH Policy. Hence, this component is foreseen for technical assistance to the PMU, the DDAs and Departments of Education and Health. This support will be complementary to that which will be provided by the WB and UNICEF under their projects.

The Action comprises of national, urban and rural WaSH components and a transversal WaSH Institutional Framework and Governance component summarised in the following figure.

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11 It is foreseen to establish a large service contract including provision for a pool of non-key experts all focusing around the WaSH sector.
The action will be implemented in coordinated and complementary interventions with the Institutional beneficiaries and relevant Development Partners.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Budget support

Budget support is not considered for this Action.

5.4 Implementation modalities

5.4.1 Procurement (direct management)

<table>
<thead>
<tr>
<th>WaSH Policy Implementation Technical Assistance Facility</th>
<th>Type</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancies in support of programme</td>
<td>Services</td>
<td>1</td>
<td>2018-2020</td>
</tr>
</tbody>
</table>

The D+3 is applicable for all contracts on the exception of Audit and Evaluation. There is also an N+1 applicable to the future PAGoDA.

5.4.2 Indirect management with an International Organisation

A part of this action may be implemented in indirect management with UNICEF in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable by virtue of Article 17 of Regulation (EU) No 323/2015. This implementation entails that, in line with the National WaSH Policy and the National Service Delivery Framework, involving relevant stakeholders and in particular WaSH PMU, District Development Authorities and Departments of Education and Health, UNICEF is intended to address WaSH in Rural and Urban identified Districts focusing on schools and health centres and subsequently to surrounding communities including promoting Open Defecation Free (ODF). In parallel, they
will organise National Awareness campaigns on WaSH involving relevant stakeholders and media.

This implementation is justified because UNICEF is internationally recognised for its actions in the WaSH sector and also one of the main actors in the WaSH sector in PNG. In PNG, UNICEF has a proven track record of implementing WaSH interventions, including pilot WaSH projects in schools and health centres. They have also been instrumental in the creation of a specific unit at the Department of Education for the definition of standards and design of WaSH facilities. Using this prior expertise and their strong links with key stakeholders, makes UNICEF the only realistic implementing partner for a project in this area (WaSH) of this scale (outreach at national, district and rural levels and management of a large budget).

The entrusted entity would carry out the following budget-implementation tasks: UNICEF may use their own procedures and systems and may propose the engagement of (I)NGOs for part of the implementation of the Delegation Agreement through grants.

### 5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

In accordance with Article 22(1)(a) of Annex IV to the ACP-EU Partnership Agreement the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: Australia and New Zealand. The supplies originating there shall also be eligible.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

### 5.6 Indicative budget

<table>
<thead>
<tr>
<th></th>
<th>EU contribution (amount in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4.1 – Procurement (direct management)</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>5.4.2 - Indirect management with an international organisation – UNICEF</td>
<td>21,300,000.00</td>
</tr>
<tr>
<td>5.9 – Evaluation, 5.10 - Audit</td>
<td>150,000.00</td>
</tr>
<tr>
<td>5.11 – Communication and visibility</td>
<td>150,000.00</td>
</tr>
<tr>
<td>Contingency</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>23,100,000.00</td>
</tr>
</tbody>
</table>
5.7 Organisational set-up and responsibilities

A Project Steering Committee (PSC) will be established for the Action. The PSC will meet at least bi-annually and more often if needed. The Department of National Planning and Monitoring and the EU will co-chair the PSC, members of which will include: WaSH PMU, UNICEF, Department of Education, Department of Health, and Department of Provincial & Local Government Affairs (optional the District Development Authorities (DDAs) of the identified Districts).

The PSC will be the body responsible for the general oversight, policy guidance and monitoring of the Action; and its decisions will be based on agreement by consensus. The Delegation will maintain a key role in monitoring and overview of the Action. The WaSH Policy Implementation Technical Assistance Facility component will be implemented by the Delegation using the direct management modality.

UNICEF will implement the Action through a Delegation Agreement (PAGoDA2).

During the negotiations with UNICEF the following two points will be agreed:

- Importance of compliance with visibility guidelines and commitment to ensure wide publicity about the EU funding
- A maximum of 40% of the whole budget will be dedicated to operational expenditures, the rest being exclusively dedicated to the final beneficiaries (infrastructures, trainings and sustainability measures)

Compliance with the two above points will be monitored closely by the Delegation during implementation.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).
The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded in the second year of the Programme and one contract shall be concluded at the end of implementation.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded at the end of the Programme.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action as well as the appropriate contractual obligations.

6 Preconditions

Not applicable
APPENDIX 1 - INDICATIVE LOGFRAME MATRIX

Attached as separate document.