



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 30-Apr-2025 | Report No: PIDDC01198

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Fiji, Kiribati, Micronesia, Federated States of, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	Operation ID P508537	Operation Name Accelerating Trade Facilitation and Logistics In The Pacific	
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 11-Jun-2025	Estimated Approval Date 05-Sep-2025	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Trade, Co- operatives, SMEs and Communications	

Proposed Development Objective(s)

The project will support Pacific Island Countries in reducing the time and cost of cross-border trade and strengthening trade resilience.

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Total Operation Cost	111.50
Total Financing	111.50
of which IBRD/IDA	111.50
Financing Gap	0.00

DETAILS**World Bank Group Financing**



International Development Association (IDA)	111.50
IDA Credit	53.50
IDA Grant	58.00

Environmental and Social Risk Classification

Moderate

Concept Review Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

- 1. The Pacific Island Countries (PICs) are characterized by small populations and are spread across vast areas.** The 12 PICs which are members of the World Bank include Papua New Guinea (PNG), Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia (FSM), Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. These island nations are characterized by smallness and remoteness with small populations spread across 15 percent of the Earth's surface. Kiribati itself is one of the most remote and geographically dispersed countries in the world, consisting of 33 coral atolls spread over 3.5 million square kilometers of ocean, an area larger than India. It also has the lowest GDP per capita in the region with a value closer to those found in sub-Saharan Africa. The Pacific region has 11.5 million people with populations ranging from PNG (approx. 10.4m) and Fiji (900,000) down to Nauru and Tuvalu with approximately 11,000 each. Physical connectivity is also challenging with irregular and often unreliable flights and other travel options affecting travel across the region. Pacific Island countries are also some of the most vulnerable in the world to the effects of climate change and disasters. The World Risk Index 2020 ranks five Pacific Island countries (<http://www.worldbank.org/PNG>) among the top 20 most at-risk countries, including Vanuatu and Tonga, which are ranked first and second respectively. All the countries are vulnerable to external shocks and six are Fragility, Conflict and Violence (FCV) countries.
- 2. Economic development in the Pacific is undermined by several structural challenges, including remoteness, geographic dispersion, and small market size.** These factors naturally lead to higher costs and limits in the economies of scale that PICs can achieve. Unlike the East Asian countries, the development path of the PICs has not relied on manufacturing-led development given these high costs to trade. As a result, countries in the Pacific tend to have narrow production and export bases, dominated by tourism and trade of primary commodities such as fish and wood, where the countries have a comparative advantage.
- 3. The growing susceptibility of PICs to hazards related to nature and climate has led to considerable destruction and loss.** PICs are highly exposed to adverse effects of climate change and natural hazards. From 2000 to 2019, three PICs have been ranked among the global top 10 most affected countries by extreme weather events and seven PICs among the global top twenty over the 20-year period. The range of hazards is broad, and the risks are increasing due to economic and social changes such as population growth and migration, poorly planned coastal development, unplanned urban growth in hazardous areas, and ecosystem degradation. Disasters in PICs can have



significant impacts on the economy: (i) the 2022 Hunga Tonga-Hunga Ha’apai (HT-HH) volcanic eruption and tsunami in Tonga, which resulted in losses of US\$188 million (37.5 percent of GDP); (ii) the 2020 Tropical Cyclone (TC) Yasa in Fiji – causing losses of US\$250.5 million (4.5 percent of GDP); (iii) the 2020 TC Harold in Vanuatu – resulting in damages of US\$80-100 million (10 percent of GDP); (iv) TC Harold in Tonga causing losses of US\$111 million (22 percent of GDP). Digitalization is a critical and important agenda for the Pacific Islands and the implementation of an emergency preparedness and response framework for cross border trade in a time of crisis is even more critical in such environments.

Sectoral and Institutional Context

4. **Trade across borders in the Pacific Island Countries (PICs) is costly and slow for intrinsic and extrinsic reasons.** The PICs have low container shipping connectivity, resulting from low trade volumes, fewer port calls, and limited trade opportunities. This makes shipping costly and less attractive to shipping lines. For instance, in Kiribati, there is only one international cargo shipping operator, with infrequent arrivals connecting to limited locations. Similarly, Nauru averages 8-10 ships per year, posing a threat to food security if the ship does not arrive as scheduled. Furthermore, the lack of coordination between port stakeholders often leads to unnecessary delays in vessel and cargo clearance processes, increasing logistics costs for domestic and regional traders. The implementation of data-sharing platforms, such as single windows or community systems, is still pending in most countries, hindering ports from reaching their full potential in terms of efficiency, resilience to external risks, and reducing their environmental impact. Maritime safety, particularly for domestic sectors, is also a critical issue that needs attention in the PICs.
5. **Costs are further driven by logistics and trade infrastructure gaps and excessively complex and costly procedures at the border.** Detailed analytical and advisory work carried out since 2015 in the Pacific revealed that border processes remain complex and pointed to some common issues, including the following: (i) Lack of coordination and information sharing between border agencies, which greatly increases the time to clear cargo at wharf and compliance costs; (ii) Absence of electronic system outside of customs, meaning that traders must deal with manual processes at all other agencies. This typically requires multiple visits to different offices; (iii) Absence of risk management systems to provide a fast track for traders with a good compliance record; and (iv) Information on regulations, fees and administrative procedures traders must comply with is difficult and time-consuming to find, which increases costs and reduces compliance levels.
6. **There is strong regional demand for trade facilitation reform, encapsulated in the Pacific Regional Trade Facilitation Strategy (PRTFS).** Developed by the Pacific Islands Forum (PIFS) with support from the World Bank Group, the strategy aims to reduce the time and cost of trading goods across borders, boosting trade in the Pacific. The PRTFS contributes to the Resource and Economic Development thematic area of the 2050 Strategy for the Blue Pacific Continent (2050 Strategy) and is expected to stimulate growth of international and intra-regional trade. The main purpose of the PRTFS is to implement regional reforms (actions) to reduce time and cost of trading goods across borders. The Strategy defines five strategic objectives that lead to twenty-two regional actions.

Relationship to CPF

7. **The PIC-9 Regional Partnership Framework (RPF, FY17 – FY21) documents the World Bank’s commitment to Strengthening the enablers of growth and opportunities.** The RPF is for the 9 PICs namely, Kiribati, Republic of Nauru, Republic of The Marshall Islands, FSM, Republic of Palau, Independent State of Samoa, Kingdom of Tonga, Tuvalu, and Vanuatu. The World Bank interventions in trade facilitation and infrastructure will support the efforts



of the PIC-9 to strengthen macroeconomic management, improving access to basic services and connective infrastructure and addressing the prevailing knowledge gaps. Further, the RPF recognizes the opportunities associated with accessing regional IDA for activities that have spillover benefits for the region.

C. Proposed Development Objective(s)

The project will support Pacific Island Countries in reducing the time and cost of cross-border trade and strengthening trade resilience.

Key Results (From PCN)

8. The proposed PDO indicators for the operation include the following:

- Trade costs for imports and exports (time and cost)
- Port turnaround time for container vessels (days)
- # of firms that benefit from improved infrastructure (number)
- Availability of crisis response trade facilitation measures (binary)

D. Concept Description

9. Component 1: Efficient Trade Facilitation

10. Sub-component 1.1: Digitizing cross border trade. The component will focus on financing a National Single Window (NSW) integrated solution at the country-level that enables automated and digitalized trade. The Project seeks to build on existing systems both to ensure interoperability and harmonization across the region and to build on existing technical capabilities. The investment in system expansion will include the following:

- a. The project will finance the design, development and implementation of an NSW integrated solution and the associated reform and modernization of customs and other border management agency requirements, for the digitalization of processes and procedures for cross-border trade and access to trade-related information through a Trade Information Portal (TIP). The NSW integrated solution will improve transparency and integrity, lower trade transaction costs, improve inter agency coordination and reduce the time taken to clear goods. The system will also allow for the exchange of trade-related info for risk management, clearance and release of cross-border trade, including an Integrated National Targeting Center, and access to trade-related information through a TIP.
- b. The project will invest in several areas to enable this connectivity which will include: the physical infrastructure, redesign and reform of cross-border trade procedures and processes needed to implement the integrated solution for the digitalization of processes and procedures for cross-border trade within the Customs Service and other key border management agencies; upgrades to back office digitalization in key agencies that will share data through the integrated platform, allowing seamless exchange of data to facilitate efficient border clearance (such agencies may include Biosecurity, Health/ food safety, standards and technical regulators).



11. **Component 2: Trade Facilitation and Operations Improvement.** This component involves physical improvements and capacity building for the customs, border agencies, and port operations to reduce the time and costs for international trade as well as enhance climate resilience.
12. **Subcomponent 2.1: Small-scale trade facilitation equipment and assets.** To facilitate trade and maritime transport of goods in the Pacific countries, the ports, including the custom facilities, would have to be adequately equipped. This Subcomponent will support acquisition of equipment and assets that could be required by the custom and port authorities based on the needs and capacities of each project country. A close-ended list of trade facilitation and logistics enhancing assets will be used to prioritize such investments at the country level and will include -inter alia- X-ray scanners to check containers and cargo for prohibited items, container wash bays to facilitate compliance with import requirements in key regional trade partners, weighing equipment for verifying the weight of cargo ensuring compliance with road weight limits, laboratory testing equipment for conducting sample test of cargos, cranes to load and unload containers from and to shore, forklifts for moving smaller cargo or pallets, trucks for transporting containers or bulk cargo within the port area and etc. The Subcomponent will also support capacity building on operation and maintenance of these equipment and assets to relevant authorities.
13. **Component 3: Project Management and Regional Capacity Building**
14. **Sub-Component 3.1 Project Implementation Management.** This subcomponent will finance Project Management Units and their operations.
15. **Sub-Component 3.2 Capacity building in regional bodies to support trade facilitation reform.** While most Project resources all delivered through country level interventions, the Project also seeks to strengthen regional capacity to support trade facilitation reforms. This recognizes the regional nature of trade facilitation and ensures country level investments remain aligned to broader regional commitments (WTO TFA obligations, the PIFS Regional Trade Facilitation Strategy, etc.).

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts



16. Environmental and social risks and impacts for the project are considered moderate and are expected to be temporary, predictable, and readily managed. Key environmental risks for the project include management of end of life equipment including potentially hazardous waste and e-waste, risks associated with small scale civil works including occupational health and safety hazards, generation of construction waste, dust, noise pollution, and potential for hazardous materials and waste, and risk associated with operation of wash bays including management of wastewater. Key social risks associated with project include a potential lack of processes, systems, or structures to identify, evaluate, and manage social risks, including impacts on vulnerable groups throughout the project lifecycle. Labor-related risks such as failing to provide fair, safe, and healthy working conditions including SEA/SH incidents during capacity-building activities, both in training sessions and on online platforms. Inadequate land use screening or stakeholder engagement and lack of transparency in information disclosure.
17. During preparation an ESCP will be prepared outlining material measures and actions for ensuring compliance with the World Bank ESF and is expected to include: E&S screening processes for civil works and equipment, subproject specific E&S instruments, end of life equipment waste management, incorporation of E&S requirements in TA, as well as measures to ensure adequate capacity within IAs. The ESCP will include a negative activity list, including any subproject with potential substantial or high risk to the environment.

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APPROVAL

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