



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P508537	Investment Project Financing (IPF)	Pacific Trade	2026
Operation Name	Accelerating Trade Facilitation and Logistics In The Pacific		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
PNG & PI	Fiji, Kiribati, Micronesia, Federated States of, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu	EAST ASIA AND PACIFIC	Finance, Competitiveness and Innovation
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Finance	Ministry of Trade, Co-operatives, SMEs and Communications	11-Jun-2025	05-Sep-2025
Estimated Concept Review Date	Total Project Cost		
12-Mar-2025	111,500,000.00		

Proposed Development Objective

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

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

The project will support economic growth and resilience in the Pacific by reducing the time and cost for cross-border trade. The Project includes the following components: (i) Efficient Trade Facilitation: Infrastructure Investment and Digitalization of cross-border trade procedures and processes needed to implement integrated solutions involving the Customs Administrations and other key border management agencies (Biosecurity, Health/ food safety, standards and technical regulators), etc. (ii) Resilient Trade Logistics Infrastructure: Investments in priority logistics and customs infrastructure needed to improve trade outcomes as well as blue transformation for maritime and supply chain logistics.



The component will also finance preparatory work for larger maritime infrastructure investments that would be implemented through subsequent projects. (iii) Regional Coordination to Build Capacity in Trade Facilitation & Project Implementation Support: Support capacity building in PIFS Trade Facilitation Unit both in relation to the project and for implementation of the Pacific Regional Trade Facilitation Strategy (PRTFS) as well as capacity building for Oceania Customs Organization (OCO) through a grant to the World Customs Organization (WCO). The component will also support project implementation units at the country level for the operation.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The Pacific Island Countries (PICs) covered by this operation (Tuvalu, Fiji, Micronesia, Tonga, Samoa, Kiribati, Vanuatu, and Solomon Islands) are characterized by their small size, remoteness, geographic dispersion, and high degree of exposure to economic shocks, climate change, and natural disasters. Owing to their economic geography, growth in PICs lags peers. Although extreme poverty is uncommon, poverty and hardship exist, and access to cash incomes, basic infrastructure, social services, and nutritious food is uneven. Because the population is dispersed, often across archipelagos, physical connectivity is 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.

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. Trade across borders in the 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. This project seeks to address these barriers and enhance development outcomes for PICs through improved trade facilitation.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Project will be implemented by the Minister of Trade, Commerce, SMEs in Fiji, Ministry of Foreign Affairs and External Trade in Solomon Islands, Ministry of Trade and Economic Development in Tonga, Ministry of Trade and Commerce in Vanuatu and Ministry of Foreign Affairs and Trade in Samoa, with a project implementation unit (PIU) to be established in each IA to support project implementation. These agencies have limited prior experience with the World Bank's Environmental and Social Framework. Capacity for managing E&S risks and impacts is expected to be low. The IAs will be expected to nominate an E&S focal point to coordinate E&S assessment and planning during the project preparation period. E&S capacity and staffing requirements for implementation will be assessed during project preparation and outlined in the Environmental and Social Commitment Plan (ESCP) and are expected to include an E&S Specialist.

Regional coordination will be facilitated through existing regional bodies including the Trade Facilitation Unit within the Pacific Islands Forum Secretariat and the Oceania Customs Organization. The Pacific Islands Forum Secretariat (PIFS) comprises 18 member countries and supports its members to work together through deeper forms of regionalism in support of sustainable development, economic growth, good governance, and security. PIFS currently implement the



Pacific Strengthening Correspondent Banking Relationships Project (P502591) and have some familiarity with the ESF. The Oceania Customs Organization has no experience with the ESF. The Project will provide a grant to each regional body to support their provision of regional public goods required by the project. The grant will be used to establish a dedicated Unit at the PIFS comprising a full time Coordinator and Office, however, neither regional body will house a PIU or serve as an implementing agency.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

A.1 Environmental Risk Rating

Moderate

The environmental risk rating for the project is assessed as moderate. The project may procure equipment which will require end of life waste management (e.g. X-ray equipment, IT equipment, heavy machinery such as cranes and forklifts). The project may fund small-scale facilitating civil works for equipment (construction/renovation of storage sheds, labs and potentially drainage infrastructure for wash bays. The work types and locations are not yet confirmed but works will be small in scale and impacts are likely to be site-specific, predictable, and temporary, without impacts beyond the footprint of the Project. Institutional capacity to manage E&S risks is likely to be low, given the IAs have limited to no previous experience with the ESF. These works may generate impacts such generation of construction waste, dust, noise pollution, occupational health and safety risks and management of hazardous materials and waste, such as asbestos. Operation of washbays will require management of wastewater to avoid pollution impacts.

A.2 Social Risk Rating

Moderate

The social risk rating for the project is expected to be moderate with the scale and impacts of project activities likely to be site-specific, predictable, and temporary in nature. The project will support TA activities focused on the digitization of processes and procedures for cross-boarder trade and capacity building to enhance trade facilitation reform. The project is not envisaged to finance any civil works but rather, TA will support preparation work including environmental and social assessments for future maritime investment. Physical investments will be limited to the acquisition of equipment and assets to support maritime transportation of goods such as X-ray scanners, wash bays, weighing equipment, forklifts, trucks etc. Institutional capacity to manage E&S risks is likely to be low, given the IAs have limited to no previous experience with the ESF. As such, social risks include the potential lack of processes, systems, or structures to identify, evaluate, and manage environmental and 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. Moreover, the project presents potential risks associated with inadequate stakeholder engagement and lack of transparency in information disclosure.

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant



E&S risks and impacts are expected to be temporary, predictable, and readily managed. Civil works required to facilitate installation and storage of equipment and assets for custom and port authorities have the potential to generate E&S impacts as does procurement of the equipment and digital infrastructure investments. The scope of civil works will be confirmed during preparation, but will be limited to small-scale facilitating works for equipment (construction/renovation of storage sheds, labs and potentially drainage infrastructure for wash bays with low-moderate environmental risk). E&S and site screening processes and mitigations for civil works will be documented in the ESCP and elaborated in the POM as will end of life waste management planning requirements. The ESCP will require that technical advisory activities be implemented in accordance with the ESS including that a Code of Conduct be developed and signed by all project workers to address SEA/SH risks.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

A stakeholder engagement plan will be prepared to inform the project approach to engaging stakeholders throughout the project lifecycle to ensure transparency, inclusivity, and accountability. The SEP will identify and analyze key stakeholders, including project-affected parties and other interested groups. Moreover, the SEP will outline the process and modalities for sharing information about project activities, seeking and incorporating stakeholder feedback, and addressing concerns and grievances through a robust Grievance Redress Mechanism.

ESS2 - Labor and Working Conditions

Relevant

Minor civil works have the potential to generate occupational health and safety risks for workers. E&S screening processes which will be documented in the POM will require consideration of occupational health and safety risks and proposed mitigations. The Project ESCP will require the Project to ensure fair treatment, non-discrimination, and equal opportunity for workers, while ensuring safe and healthy working conditions. The ESCP will furthermore establish the requirement for a grievance mechanisms for workers to raise concerns and seek redress.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

Construction waste will require management for civil works. Works locations have not yet been confirmed but E&S screening processes which will be documented in the POM will require consideration of waste disposal locations, hazardous waste management and pollution prevention and control and resource efficiency and adequate training for workers who will handle such materials. Operation of container washbays will generate wastewater which will require management. The ESCP will require consideration of wastewater management in accordance with ESS in design and preparation of SOPs which include E&S management measures. Procurement of equipment will generate waste downstream which will require management, including potentially hazardous waste management. The POM will include guidance on end of life management of waste to avoid pollution and will recommend that agreements are entered to return equipment such as x-ray scanners to the manufacturer at end of life.

ESS4 - Community Health and Safety

Relevant

The project is anticipated to involve the procurement, installation and storage of equipment and assets for custom and port authorities which have the potential to generate E&S impacts. The project will ensure the assessment and management of potential hazards, including those related to infrastructure design, the construction and/or operation of assets (such as trucks).



ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

The project involves minor civil works, namely for instillation and storage of equipment and assets for custom and port authorities. These activities are not anticipated to involve involuntary resettlement however the TA work focused on preparing future maritime investments has the potential to involve land acquisition and use impacts. The project will ensure that land use due diligence is undertaken prior to any (minor) civil works and that all TA activities incorporate the requirements of ESS5. The ESCP shall reflect the ESS5 requirements including that any land take preparation process(es) includes an assessment of land acquisition and resettlement/rehabilitation policy and regulatory frameworks in each of the participating countries to detail implementation mechanisms and conformity with ESS 5.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

Minor civil works have the potential to impact biodiversity via poor management of sediment controls or hazardous material. Potential impacts to biodiversity and sustainable sourcing of construction materials for the civil works will be documented in the ESCP and in subproject specific E&S instruments which will be required by the POM and ESCP. Technical advisory activities prepared under the project may generate downstream impacts to biodiversity conservation and sustainable management of living natural resources (e.g. feasibility studies for expanded port infrastructure which will generate E&S risks and impacts associated with both construction and expanded port operations). The ESCP will include a negative activity list including any activities with substantial or high potential impacts to biodiversity. And will require screening of TA activities.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Relevant

The project is operating in several countries that have Indigenous Peoples as per the ESS7 criteria. In lieu of standalone IPPs, the ESCP will require that IP considerations are streamlined throughout the project documents, including sub-project E&S instruments which will include tailored IP considerations relevant to the country and project activity.

ESS8 - Cultural Heritage

TBD

ESS9 - Financial Intermediaries

Not Currently Relevant

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

In Part



Partial use of the borrower's E&S framework is expected.

Use of Common Approach

TBD

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

The following instruments will then be prepared prior to Appraisal:

- 1.Environmental and Social commitment plan
2. Stakeholder Engagement Plan
3. Rapid analysis of the borrower framework against the World Bank's ESSs relevant to project activities and risks

The ESCP will outline material measures and actions for ensuring compliance with the World Bank ESF and is expected to include:

- E&S screening processes;
- subproject specific E&S instrument requirement;
- requirements for equipment end of life waste management;
- incorporation of E&S requirements in TA;
- measures to ensure adequate capacity within the IAs;
- SEA/SH activity commensurate with a low risk project (i.e inclusion of a code of conduct);
- a negative activity list, including any subproject with potential substantial or high risk to the environment.

Prior to effectiveness the Project Operation Manual (POM) will be prepared including specific procedures for E&S risk screening for civil works and TA, and waste management requirements for end of life equipment.

III. CONTACT POINT

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