



Additional Financing Appraisal Environmental and
Social Review Summary
Appraisal Stage
(AF ESRS Appraisal Stage)

Date Prepared/Updated: 10/20/2025 | Report No: ESRSAFA1225

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

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P508550	Investment Project Financing (IPF)	PHIT	2026
Operation Name	Pacific Healthy Islands Transformation Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Pacific 1	Fiji, Kiribati, Tonga, Tuvalu	EAST ASIA AND PACIFIC	Health, Nutrition & Population
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Tuvalu, Kingdom of Tonga, Republic of Kiribati, Republic of Fiji, Pacific Community	Fiji Ministry of Finance, Strategic Planning, National Development, and Statistics, Kiribati Ministry of Health and Medical Services, Pacific Community, Tuvalu Ministry of Health and Social Welfare, Tonga Ministry of Health	15-Oct-2025	18-Nov-2025
Estimated Decision Review Date	Total Project Cost		
16-Oct-2025	239,541,809.00		

Proposed Development Objective

To increase access to quality health services within participating Pacific Island Countries, with a focus on NCD management

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

Pacific Island Countries experience some of the highest rates of non-communicable diseases (NCDs) globally, leading to significant overall mortality and acquired disability. In isolation, small island states cannot achieve the scale needed to



meet and mitigate the negative health outcomes and disabilities that impact the working-age population and hurts the economy in the long-run. The proposed Pacific Healthy Islands Transformation project (PHIT, pronounced “fit”), is a transformational investment to strengthen resilience and improve access to comprehensive quality health services within the region, with a focus on NCD prevention and control. It will serve as a regional platform for enabling scalable solutions for improved access to integrated, quality healthcare services, with regional centers of excellence for telehealth, improved continued medical education and workforce accreditation as well as regional capacity building and learning for sustained health systems improvements. All elements are inter-linked, aiming to address the evolving demographic and epidemiological shifts across the life course. The PHIT project is the Pacific flagship to advance the World Bank goal to expand affordable health services to 1.5 billion people by 2030.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The project AF targets Pacific Island Countries (PICs), with an initial focus on Fiji, Kiribati, Tonga, and Tuvalu, and the potential to expand to other countries. The project’s main goal is to address the high burden of non-communicable diseases (NCDs) and improve health outcomes through a regional platform, leveraging Fiji’s role as a medical hub. The project operates across urban, rural, and remote island settings, where populations are dispersed and infrastructure is limited. The region is marked by high biodiversity, fragile economies, and significant vulnerability to climate change and natural disasters.

Fiji has a relatively advanced health sector but faces challenges in serving remote islands and a growing urban population, which strains resources and logistics. The country’s unique ecosystems are threatened by pollution, deforestation, invasive species, and unsustainable land use, with nearly half of endemic species at risk. Socially, Fiji experiences persistent gender inequality, high rates of gender-based violence, and traditional structures that often exclude women from decision-making. Fiji is also acutely vulnerable to extreme weather, sea-level rise, and water shortages, all of which impact health and livelihoods.

Kiribati’s health system is at an early stage of development, with major human resource, financial, and infrastructure gaps. Many facilities lack adequate water, sanitation, and equipment. Infrastructure projects in Kiribati risk resource consumption and waste management issues, though most are on brownfield sites. Social risks include inequitable access to services, especially for remote and vulnerable groups, as well as challenges in communication and labor conditions. The country is extremely vulnerable to sea-level rise and extreme weather, which threaten health facilities, water, and food security.

Tonga faces moderate but manageable environmental and social risks in health projects, with a focus on waste and hazardous materials management. There are access disparities for vulnerable groups and issues with service quality and staff morale. Tonga’s fragile economy, high poverty, and high exposure to extreme weather further limit household capacity to pay for healthcare.

Tuvalu experiences severe workforce shortages, has a single hospital, and faces high costs for equipment and referrals due to its isolation. The country also contends with high youth unemployment, limited fiscal capacity, and reliance on volatile revenues. Residents of outer islands face significant barriers to accessing healthcare. Vulnerable groups in Tuvalu experience high rates of child stunting, obesity, and disability, with many facing barriers to participation in family



and community life. The country is extremely exposed to sea-level rise and climate threats, which impact health infrastructure and water supply.

Environmental risks across the region are primarily associated with infrastructure investments, such as dust, noise, erosion, spills, resource consumption, and waste (including hazardous and infectious waste). These risks are generally site-specific and manageable with standard practices. Many project sites are near high-biodiversity areas, especially in Fiji, requiring ongoing conservation attention. Social risks include exclusion of vulnerable groups, barriers for Indigenous Peoples and minorities, gender-based violence, and health worker safety. The project emphasizes inclusive stakeholder engagement and culturally sensitive approaches.

Despite these risks, the initiative offers significant opportunities to strengthen health systems, build capacity, improve outcomes, enhance climate resilience, and support professional development and digital innovation. Activities include construction and renovation of hospitals and health facilities, upgrades to primary care and nursing schools, improved ICT connectivity, and technical assistance for capacity building, wellness initiatives, policy reform, outreach, and training.

In summary, the project AF addresses the Pacific's unique environmental and social challenges by strengthening health systems in high-biodiversity, climate-vulnerable settings. It requires careful risk management and offers significant opportunities for improved health, resilience, and regional cooperation, while tailoring approaches to the specific needs and vulnerabilities of each participating country.

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

PHIT implementing agencies include the Pacific Community, Fiji Ministry of Finance, Strategic Planning, National Planning & Development, Kiribati Ministry of Health and Medical Services, Tuvalu Ministry of Health and Social Welfare, Tonga Ministry of Health. The Project will be implemented by the host ministries of the respective PHIT Countries and the SPC Public Health Division, coordinated under a Regional Steering Committee (RSC) and supported by a regional implementation partner. The regional implementation partner will ensure coordination across project components and countries.

The Project will establish or expand Project Management Units (PMUs) within each of the PHIT Country's Host Ministries and in SPC with qualified staff and sufficient resources to support the day-to-day management of environmental, social, health and safety risks. This will be through 'E&S staff', either a national and/or international E&S Specialist, national E&S Officer, and/or via E&S resources within a contracted regional implementation partner firm. Each PMU will be responsible for coordinating the implementation of the Project on behalf of the implementing agencies, leveraging the regional implementation partner for regional procurements of goods and services.

Recognizing that participating countries and SPC have experience implementing WB-financed projects and managing E&S risks, applying the ESF has historically been challenging due to capacity and system limitations in past operations. A regional implementation partner will therefore be engaged as a shared project implementation partner, to (a) provide hands-on implementation support including in the area of E&S risk management; (b) leverage and build PMU capacity;



and (c) procure in bulk to deliver in each country civil works, equipment, inputs and technical assistance, achieving regional economies of scale, cost efficiencies and quality for small markets with low purchasing power.

The Environmental and Social Commitment Plan mandates that the implementing agency commitments to maintaining Environmental and Social risk management staff throughout the project lifecycle, as well as investments in capacity building and sensitization of project instruments with PHIT project staff.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

A.1 Environmental Risk Rating

Substantial

The environmental risks are rated as 'Substantial' due to the potential scale and magnitude associated with construction and operations of new hospital and tertiary healthcare facilities, historically limited institutional capacity, and uncertainty surrounding specific locations in urban, rural and remote areas in Fiji, Tuvalu, and Kiribati. The TA activities are anticipated to generate long-term positive environmental and social impacts by modernizing and equipping health services, thereby promoting healthier living and enhancing the quality of life. Adverse environmental risks and impacts may be direct and indirect including dust, noise, erosion, sediment control, hydrocarbon spills, resource consumption, waste generation, worker health and safety, and hazardous waste disposal (e.g., infectious waste, asbestos, and contaminated oil). However, it is expected that the potential environmental impacts will be site-specific, predictable, and manageable through standardized environmental and social risk management practices. Under components 1 and 3, the project through various technical assistance will build the capacity of the health workforce, strengthen key clinical and management systems, and support the establishment of centers of excellence and learning across the region.

A.2 Social Risk Rating

Substantial

The project Social Risk Rating is considered Substantial due to the potential for significant, though manageable, adverse social impacts associated with the project's activities and regional context. This involves infrastructure upgrades, workforce training, community outreach, and digital health solutions. Key potential social risks stem from the project's construction and rehabilitation activities. These activities may require land use or acquisition that potentially leads to physical and/or economic displacement (ESS5). The scale of these impacts will be assessed and managed through adoption of the projects ESMF, which includes environmental and social screening of all proposed activities. Labor influx, often associated with projects of this scale, may create social tensions or GBV/SEA risks that will be assessed and managed through the LMP and Codes of Conduct (ESS2, ESS4). The project's focus on regional solutions and overseas medical referrals (OMR) could lead to inequitable access to services for vulnerable populations if not carefully managed (ESS10). Increased movement of medical students and patients domestically and internationally includes the potential for SEA/SH, the spread of infectious diseases, exclusion of vulnerable groups and medical data breaches. Given the project's regional scope and the involvement of multiple Pacific Island countries, there is a risk of social conflict or disruption if stakeholder engagement is not inclusive and culturally sensitive (ESS10). The project's activities may also impact cultural heritage sites or practices, requiring careful assessment and mitigation measures (ESS8). The project's capacity to manage social risk per the ESF is considered weak due to the



project's complex implementation arrangements and PIUs track record. The Pacific region is characterized by unique social vulnerabilities, including geographic isolation, limited resources, and a high prevalence of gender-based violence. These factors increase the potential for adverse social impacts and require careful consideration in project design and implementation. While the anticipated social risks are generally considered manageable with standard mitigation measures and E&S instruments (ESMF, SEF, LMF and ESCP), the project's complexity and the sensitivity of the social context warrant a Substantial risk rating. Detailed social assessments (E&S screening, ESMPs etc) will further define and confirm these risks and inform mitigation plans during implementation.

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

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

Relevant

Key environmental and social (E&S) risks associated with the project include potential pollution from construction activities, improper disposal of hazardous and electronic waste, and concerns related to community health and safety. There is also a risk of disrupting healthcare services during installation phases and challenges arising from inadequate infrastructure. Social risks encompass possible adverse impacts on vulnerable groups, exclusion from policy consultations, and resistance to change among healthcare workers. Additional concerns include privacy issues related to data sharing and the potential for job displacement. The proposed infrastructure investments may result in both direct and indirect E&S impacts, such as dust, noise, sediment control issues, hydrocarbon spills, increased resource consumption, waste generation (including hazardous waste), worker health and safety risks, non-compliance with core labor standards (including risks of sexual exploitation, abuse, and harassment), and breaches of patient data privacy. The use of existing government lands may also lead to the physical and/or economic displacement of non-titleholders. To address these risks, project infrastructure will be designed to be climate-resilient, ensuring sustainability and continued service delivery in the face of climate change. Risk management will be guided by the project's Environmental and Social Management Framework (ESMF), Labor Management Framework (LMF), and Stakeholder Engagement Framework (SEF), which will inform the preparation of country-level plans and provide guidance on construction works, waste management, and an exclusion list. An Environmental and Social Commitment Plan (ESCP) has also been prepared to ensure compliance with all E&S requirements.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

A projects Stakeholder Engagement Framework (SEF) and grievance mechanism (GM) establishes a structured approach for community outreach and two-way engagement with stakeholders, in appropriate languages, including the vulnerable and disadvantaged groups (poor, disabled, elderly, isolated communities, indigenous peoples and ethnic minorities), that is based upon meaningful, culturally sensitive consultation and disclosure of appropriate information. The SEF will inform country level project SEPs to be prepared during project implementation and once Fiji, Tuvalu, Tonga and Kiribati PMUs have established E&S staff. Extensive consultations were conducted across the project participating countries and organization since 2023 regarding the Project and related health sector initiatives. The full consultation record is provided within the SEF in Annex A. The consultations demonstrate comprehensive multi-level engagement across health and finance ministries, with particular emphasis on regional coordination, implementation arrangements and alignment of health system strengthening efforts across the Pacific Island nations.



ESS2 - Labor and Working Conditions

Relevant

A Labor Management Framework (LMF) was prepared outlining the requirements and expectations for the project to meet the conditions of the World Bank's Environmental and Social Standard 2 (ESS2) on Labor and Working Conditions. As a regional project delivered in multiple jurisdictions and involving a broad range of activities (subprojects), LMPs are required to be developed for each specific subproject relative to the activity (e.g. construction vs technical assistance) and activity location. Project activities will involve: (i) direct workers, defined as staff and consultants directly employed by the PMU, SPC, or firm, and (ii) contracted workers such as administrators and specialists, and laborers involved in civil works and technical assistance. While the project is not anticipated to involve primary supply or community workers, it should be noted that Primary Supply Workers may be relevant as the project involves infrastructure and the procurement of associated construction materials and digital hardware. The potential involvement of Primary Supply Workers will be confirmed in each subproject LMP as relevant. The LMF describes how this regional project will ensure protection and support working conditions, manage worker relationships, establish a grievance mechanism for project workers, enforce a code of conduct to prevent and mitigate GBV, SEA/SH, and STIs, address incident reporting, and enforce procedures to exclude child and forced labor. Labor Management Plans will be developed for each participating country once in-country activities are defined and E&S personnel recruited to the PMUs.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

The potential Resource Efficiency and Pollution risks include pollution from demolition and renovation activities, improper disposal of hazardous materials such as asbestos and infectious medical waste, and potential land contamination from toxic chemicals, for example, after facility demolition. Construction activities may also lead to sediment erosion and hydrocarbon spills, while the installation of digital infrastructure could generate electronic waste. Additionally, there are risks of healthcare service disruptions and infrastructure strain due to inadequate power, cooling, or connectivity during implementation. To address these risks, the project applies the ESS3 mitigation hierarchy, integrating hazardous waste management into environmental and social assessment and procurement processes. Where waste generation cannot be avoided, the environmental and social assessment requires minimising the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. Disposal of medical and hazardous wastes such as asbestos-containing materials should be done only in areas with required permits from relevant authorities. Infrastructure assessments ensure adequate support systems, including redundancy and backup power. Maintenance schedules and local technician training are implemented to sustain operations. Procurement emphasizes resource efficiency, by requiring construction materials from licensed sources and promoting reuse, recycling, and conservation of water, energy, and raw materials.

ESS4 - Community Health and Safety

Relevant

Community health and safety risks associated with the infrastructure investments include: i) exposure to physical hazards on sites causing injuries or fatalities; ii) labor influx and inadequate worker protocols, which may result in social tensions, increased incidents of GBV and SEA/SH, as well as the spread of STDs, including HIV/AIDS; iii) communicable diseases from transferred patients and workforce; iv) noise and dust; v) health impacts from poor management of hazardous materials (e.g., ACM) and vi) data breaches associated with the transfer of personal health data between health centers and countries. The ESMF covers mitigation measures associated with these risks and the ESCP mandates community health and safety risk management, guiding sub-project E&S assessments and



management plans. Moreover, a Personal Data Privacy Policy is streamlined throughout the ESMF and required within the ESCP.

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

Relevant

The project is expected to involve infrastructure and digital investments including renovation and expansion of Fiji's Colonial War Memorial Hospital (CWMH), upgrading and the construction of new nurse stations and health centers in Fiji, Tonga, Tuvalu and Kiribati. The sites for these infrastructure and digital investments is yet to be determined and hence, an ESMF was developed to guide the project in site selection. The ESCP mandates that a 'Site Selection Analysis' be undertaken which includes land due diligence to confirm land ownership given that involuntary land acquisition is not permitted under the project and forms part of the exclusions list. The Project intends to utilize existing government and government leased lands in Fiji, Tonga, Kiribati and Tuvalu. The 'Site Selection Analysis and ESMF will also be used to determine whether involuntary physical or economic displacement impacts are present, including to non-title holders. In the event that impacts are identified, the ESMF and ESCP require the project to develop a Resettlement Plan. The Project will not acquire new lands given land scarcity and complexity associated with acquiring customary and freehold lands within the project countries.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

The project involves new hospital construction and renovation of existing facilities, which may pose risks from potential mismanagement of sediment controls and hazardous materials and could affect both onsite and downstream ecosystems. The uncertainty around the exact locations of these activities further complicates the assessment of potential impacts, particularly in areas that may host rare, threatened, or endangered species. To mitigate these risks, the project's Environmental and Social Management Framework (ESMF) mandates the use of appropriate technical design standards and careful site selection. This includes applying exclusion criteria to avoid investments in ecologically sensitive areas. All infrastructure investments must undergo subproject-specific environmental and social assessments integrated into the design process. Activities likely to cause significant harm to critical ecosystems are explicitly excluded from the project scope, ensuring alignment with biodiversity protection goals.

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

Relevant

The project streamlines mitigation measures to address potential risks and impacts to Indigenous People and ethnic groups through the E&S Instruments. From a country level perspective however, only Fiji meets all four Indigenous Peoples (IP) criteria set out within ESS7. Screening and mitigation measures are included within the ESMF, SEF and LMP; and enforced within the ESCP. Awareness raising and stakeholder engagement will be adapted to account for such groups or individuals' particular sensitivities, concerns and cultural sensitivities. Fiji country level plans will commit the project to raising awareness and conducting stakeholder engagement with disadvantaged or vulnerable individuals and groups across the Fijian population, including across diverse ethnic groups.

ESS8 - Cultural Heritage

Relevant



ESS 8 is currently deemed relevant due to the undetermined location of the CWM Hospital new build activities. The project intends to utilize government-owned land for any new constructions, which is anticipated to be previously disturbed with no cultural significance; however, once site selection is made this will be verified. As per the ESCP and ESMF, the site selected for the new hospital facility will be subject to a site-specific screening process and any cultural values evaluated and protected/avoided in accordance with ESS8. Contractors will implement the Chance Find Procedures located in Annex 6 of the ESMF. The ESMF also includes a Chance Find Procedure to manage unexpected discoveries of archaeological, historical, or cultural materials during project construction or operation.

ESS9 - Financial Intermediaries

Not Currently Relevant

N/A

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

The project will rely on Borrower frameworks for in-country activities that involve the design and or construction of infrastructure where risks have been screened as low or moderate - augmented with gap filling measures such as screening, broadening of scope of assessment, and the utilization of the project e to ensure compliance with ESS1. The project's ESMF utilizes the Borrower Framework by aligning with both the World Bank Environmental and Social Framework (ESF) and the national laws and regulations of the participating countries: Fiji, Kiribati, Tonga, and Tuvalu.

Use of Common Approach

No

Not Relevant

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 implementation?

The Environmental and Social (E&S) instruments will guide country-level investments, including technical assistance, capacity building, and civil works. Country-level E&S plans will be developed following project effectiveness and will be based on finalized country activities. The Environmental and Social Commitment Plan (ESCP) outlines the material measures and actions required to ensure compliance with the Environmental and Social Framework (ESF) requirements. The following E&S instruments are to be prepared following project effectiveness, as referenced in the ESCP:



- Site Selection Analysis for new health facilities, including but not limited to the CWM Hospital renovation and new healthcare facilities. Due prior to finalization of site selection for any new facility.
- Environmental and Social Impact Assessment (ESIA) for all subprojects involving major civil works, including the construction of new healthcare facilities. ESIA must include baseline data, impact assessment, alternatives analysis, mitigation measures, monitoring plan, and public consultation summary. Due at the same timeframe as subproject national planning and development approvals and prior to release of subproject bidding documents.
- Subproject-specific Environmental and Social Management Plans (ESMPs), including but not limited to the CWM Hospital renovation and new healthcare facilities. Each ESMP should detail specific mitigation, monitoring, and institutional arrangements, and include sub-plans; e.g. Hazardous Waste Management Plan (HWMP), Cultural Heritage Management Plan (CHMP), and a Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Action Plan, where relevant. Due prior to release of subproject bidding documents.
- Labor Management Procedures (LMPs) for each relevant subproject should address terms and conditions of employment, grievance mechanisms, and measures to prevent child and forced labor. The LMP will include sub-plans where relevant including a Labor Influx Management Plan (LIMP). Due prior to release of subproject bidding documents.
- Stakeholder Engagement Plan (SEP) for each subproject must outline stakeholder identification, engagement strategies, and a functioning Grievance Redress Mechanism (GRM). The project-level GRMs will be established and operational before project activities commence, accessible to all stakeholders, and equipped to handle sensitive grievances (e.g., SEA/SH). Due no later than 120 days of subproject approval.
- Contractor ESMP: Incorporation of the relevant aspects of the ESCP—including, inter alia, the subproject ESIA, ESMP, SEP, LMP, integrated Infrastructure and Service Provision Plan (ISPP) and Code of Conduct—into the E&S specifications of the procurement documents and contracts with contractors and supervising firms. This includes, if relevant, the preparation of Construction ESMPs (C-ESMPs). Due as part of the preparation of procurement documents and respective contracts.
- Resettlement Plans (RP) for each subproject under the Project where such a plan is required, as set out in the Environmental and Social Management Framework (ESMF). Due prior to carrying out the relevant works, including before taking possession of the land and related assets.
- Environmental and Social (E&S) requirements, as outlined in the ESCP, ESIA, ESMP, LMP, and SEP (etc), will be systematically incorporated into all relevant project documentation. This includes procurement documents and contracts—such as C-ESMPs and Codes of Conduct—as well as the Project Implementation Manual (PIM), technical manuals, operational guidelines, bidding documents, and supervision contracts.

III. CONTACT POINT

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