

CONTEXT AND ROADMAP FOR THE DOCUMENT

1. This document outlines the World Bank's Regional Engagement Framework for the Pacific region for FY2006-09. The region comprises 9 Pacific Island member countries (PICs): Fiji, Federated States of Micronesia (FSM), Kiribati, Marshall Islands, Palau, Samoa, Solomon Islands, Tonga, and Vanuatu. This regional framework provides the strategic directions for the World Bank's engagement in the Pacific region that leads into an assistance program, as well as some selected regional initiatives, for each of the member countries.

2. This strategy should thus be considered a regional framework within which country-specific objectives and expected impacts can be more specifically defined, while recognizing that the depth and composition of country-specific assistance will be primarily demand-driven and flexible—particularly in those PICs where Bank re-engagement is at an early stage.

Structure of this Paper

3. Section I starts out with a description of the main characteristics of the PICs that pose constraints on economic growth, with many of them being recognized as unchangeable such as geography, size, or even inheritance of fragmented colonial structures. It is in the socioeconomic manifestations of these fundamental characteristics where there is scope for better management. The discussion in this section sets the stage for addressing some of them through this strategy.

4. Section II outlines a role for the World Bank, articulating the rationale for its involvement in the region and identifying the key issues to which its engagement would be responding. It also lists the constraints faced in defining a business model and identifies a product mix for activities going forward. In that context, lessons from experience and the recent OED evaluation of the Bank's activities in the Pacific, as well as client feedback, are discussed.

5. Section III spells out the regional framework, presenting the thematic pillars of this strategy and the likely focus areas within each pillar. Section IV provides an overview of the balance between regional analytical products and country-level activities, which is expected to continue to evolve. Section V discusses the importance of partnerships in implementing this strategy, both within the Bank and with the IFC and Foreign Investment Advisory Service (FIAS) groups, as well as with our bilateral donors and multilateral financial institutions. Section VI outlines the expected thematic outcomes of the Bank's assistance during the strategy period that are appropriate for its level of engagement in the region. Section VII presents the risks along with actions being pursued to mitigate them.

6. Section VIII contains the 9 country chapters that present the economic update, overview of donor activities, and the key issues shaping the Bank's response with details of its current and expected program in the country. Annexes A-I provide the country data at-a-glance and country social and economic indicators. Annex J includes a summary of nonlending services in the Pacific Islands.