



PACIFIC ISLANDS FORUM SECRETARIAT
2024 FORUM ECONOMIC MINISTERS MEETING

1 – 2 August 2024

Suva, FIJI

FINAL OUTCOMES

The 2024 Forum Economic Ministers Meeting (FEMM) was convened on 1 – 2 August at the Pacific Islands Forum Secretariat (PIFS) in Suva, Fiji.

2. The meeting was chaired by Tonga, and attended by Australia, Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, New Caledonia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. French Polynesia conveyed apologies.

3. FEMM Technical Observer representatives included: Asian Development Bank (ADB), International Monetary Fund (IMF), European Investment Bank, European Union, Pacific Catastrophe Risk Insurance Company (PCRIC), International Organisation for Migration (IOM), USAID, and World Bank Group.

4. Representatives of the following Council of Regional Organisations in the Pacific (CROP) agencies attended the 2024 FEMM: Pacific Community (SPC), Pacific Tourism Organisation (SPTO) and University of the South Pacific (USP). The full List of Participants is at **Annex A**.

5. In opening the meeting, Honourable Tiofilusi Tiueti, Minister for Finance of the Government of Tonga, emphasised the 2050 Strategy for the Blue Pacific Continent (2050 Strategy) as the compass that directs the region towards a future characterised by prosperity and sustainability. This year's FEMM is based on the theme "*Accelerating Transformative Resilience in the Pacific: Partnerships for Prosperity*," highlighting the urgent need for our Blue Pacific Continent to collectively address challenges and promote shared growth.

6. Hon. Tiueti, highlighted the draft Pacific Roadmap for Economic Development (PRED), a landmark document for the region, that outlines a pathway for deeper regional economic cooperation and integration leading the region towards greater economic prosperity. Hon. Tiueti noted regional economic cooperation and integration first appeared on the FEMM agenda, twenty years ago and will continue to build regional economic prosperity. In doing so, the region must harmonise its systems and processes to generate greater trade flows between Members, to support intra-regional labour mobility amongst Members, and to encourage private sector investment and employment creation in Members' domestic economies. In closing, Hon. Tiueti, highlighted the impacts of climate change and disasters continue to pose an existential threat to Pacific economies and communities, with climate-related events often undoing many years of development progress. The Pacific Resilience Facility (PRF), a Pacific led initiative, provides an opportunity to better position the region to leverage timely access to finance by Pacific communities to build their resilience to climate change and disasters.

7. The Secretary-General Baron Waqa reiterated the importance of the region's collective goals and efforts to promote economic resilience, sustainable, and inclusive growth across the Blue Pacific. Secretary-General Waqa noted while the impacts of COVID-19 are beginning to

fade, the global economic and geo-political landscape continue to evolve rapidly and pose new challenges for Pacific policy makers. These externalities have impeded the region's ability to generate domestic economic activity, leading to the slow growth of Members' economies and with the high cost of basic goods and services also dampening the economic outlook for the region.

8. Secretary-General Waqa highlighted it was imperative for the region to adapt, innovate and implement the collective actions and priorities outlined in our 2050 Strategy and the PRED. These actions are essential to ensure the future prosperity of all Pacific people. Secretary-General Waqa highlighted the ongoing impacts of climate change, and the need to incorporate resilience-building measures in Pacific economic strategies. In closing, Secretary-General Waqa highlighted that the Pacific Islands Forum, has always been a source of reassurance and support for Members in challenging times. He noted the strength of the Forum lies in Members' unity, and together, the region can navigate the complexities of the global economy. The opening remarks for all speakers are provided under **Annexes B – C**.

9. Within the margins of the FEMM, Ministers also convened a dialogue with the Pacific's Private Sector and Civil Society Organisation (CSO) representatives and acknowledged their respective contributions towards economic recovery and growth and in building economic resilience in the Blue Pacific region. Ministers acknowledged the key issues which were raised by both the private sector and civil society representatives and were supportive of continued engagement and collaboration.

The meeting further provided an opportunity, between the Forum Economic Ministers and Development Partners, to discuss and strengthen development coordination and cooperation between them. This was with the view of securing partner's support for the implementation of the PRED, noting PRED is a regional priority aimed at assisting countries achieve their economic development aspirations as stipulated in the 2050 Strategy and its accompanying Implementation Plan (2050 Strategy IP).

ADOPTION OF AGENDA

10. Forum Economic Ministers adopted the Revised Annotated Agenda, attached at **Annex D** and established a Drafting Committee.

REGIONAL ECONOMIC OUTLOOK

11. Forum Economic Ministers considered the global and regional economic state of play and outlook for Forum Island Countries (FICs), particularly the key economic indicators of real Gross Domestic Product (GDP), inflation, and debt distress levels as well as other key economic factors affecting economic growth and development. Members provided updates on the severe impact of climate induced disasters, global conflicts and supply chain challenges on Pacific economies in a post-COVID context. The meeting also emphasised the continuing difficulties the Pacific region is facing in terms of inflation, risk of debt distress and access to climate finance. Members emphasised the importance of identifying measures that can garner support for regional approaches to address economic development and growth challenges that can augment national capacities. Members acknowledged opportunities to harness and unlock the potential to increase fisheries returns founded on regional economic integration.

12. Forum Economic Ministers:

- (i) **noted** the economic updates measured through key indicators of real GDP growth rates, inflation and debt distress levels; and
- (ii) **considered** the economic updates and outlook to inform discussions on Pacific challenges and opportunities; and
- (iii) **urged** the Secretariat to recognise that regional policy recommendations should complement national efforts through initiatives such as the PRED concept and other key regional initiatives aimed at achieving the economic aspirations of Member States.

A. REGIONAL ECONOMIC STRATEGIES – IMPLEMENTING THE 2050 STRATEGY

UPDATE ON THE 2050 BASELINE REPORT (2024)

13. Members acknowledged the work undertaken to develop the zero draft of the 2050 Baseline Report. The meeting reiterated the need to address data gaps and relevant sections of the zero draft well in advance of the 53rd Pacific Islands Forum Leaders Meeting in Tonga.

14. Forum Economic Ministers noted efforts to develop the 2050 Baseline Report and the 2050 Monitoring and Evaluation Plan (MEL plan), and to ensure that social indicators are reflected, supported through available data towards annual reporting of the 2050 Strategy to Forum Leaders.

PEER TO PEER COOPERATION

15. Members expressed support for the Peer-to-Peer Cooperation paper. The meeting stressed the need to respect national sovereignty and to adhere to the key principle of additionality in designing the initiative. Noting, all funding should be additional and not interfere with national decision-making mechanisms. Members also highlighted the success of the previous Cairns Compact and for a review to be undertaken to determine learnings and positive experiences that can be considered in designing the new arrangement to enhance regional cooperation.

16. Forum Economic Ministers emphasised knowledge sharing must be at the forefront of the region's collaborative efforts and exchanging best practices and lessons learned will enhance Members' capabilities even more and achieve better outcomes. Ministers highlighted the significant potential of knowledge sharing in the region and reiterated that learning from each other is one of the most effective ways to gain valuable insights and practical knowledge in achieving regional economic integration.

17. Forum Economic Ministers:

- (i) **supported** the proposed regional peer-to-peer cooperation program in the concept note at **Annex E** while ensuring that the proposed regional peer-to-peer cooperation programme is driven by the needs of Members; and
- (ii) **tasked** the Secretariat to consult with Members on their specific needs, including technical capacity building, peer-to-peer learning and other relevant initiatives using an inclusive and complementary approach, involving CROP agencies and other stakeholders.

PACIFIC ROADMAP FOR ECONOMIC DEVELOPMENT (PRED)

18. Forum Economic Ministers considered the draft PRED, as mandated by the 2022 FEMM.

19. The PRED was developed as a regional collective effort to mitigate the impacts of the COVID-19 pandemic, the ongoing geopolitical tensions and threat of climate change. In endorsing the proposal to develop PRED in 2022, Economic Ministers reaffirmed the need for innovative and collective economic approaches to support the region's development aspirations. PRED was developed to support the Forum Leaders' vision under the 2050 Strategy to support the coordination and implementation of the Resource and Economic Development (RED) thematic area in the 2050 IP.

20. Ministers noted the value of regional economic integration in reshaping the focus and approaches to addressing the economic development needs of the region. In doing so, Ministers recognised the importance of PRED in developing resilient economies as well as defining the region's financial and economic development needs. Ministers also noted that in order for PRED to effectively support Members' economic development aspirations, it has to be focused on what the region can practically deliver on in the next five years to unlock binding constraints on economic integration that hinder the maximisation of economic benefits for the region.

21. Ministers reemphasised the importance of the fisheries resources and its potential to create opportunities for prosperity and expressed their support for the ongoing work being undertaken by FFA and PIFS in the implementation of the East New Britain Initiative (ENBi).

22. Forum Economic Ministers:

- (i) **noted** and **welcomed** the progressive update provided by the Secretariat;
- (ii) **supported** the rationalisation and phasing of regional priority actions (RPAs) outlined in the PRED and with the support of the Secretariat, as a basis to develop communication and advocacy materials on the PRED priorities to guide Members in their engagement with development partners;
- (iii) **recognised** in principle the draft PRED as the action plan for the Resource and Economic Development thematic area of the 2050 IP, with further work to be undertaken by Pacific Economic Sub-Committee (PESC) in addressing any

remaining issues as part of the PRED action plan; and **agreed** to present the PRED update to Forum Leaders to note their commitment to support the implementation of the 2050 IP, with the PRED action plan to be further **refined** for consideration by FEMM at the next Special FEMM;

- (iv) **recognised** the importance of strong development partner support in implementing the PRED, and leveraging capacity of development partners to support Members' priorities and **reaffirmed** the importance of streamlining engagement through the PRED to foster greater economic policy coherence;
- (v) **agreed** for the PESC to provide oversight in the implementation of the PRED, supported by the Secretariat and CROP agencies, and **agreed** for reporting on progress of the implementation of the PRED to be streamlined within the reporting on the implementation of the 2050 IP.
- (vi) **directed** the Secretariat to use the informal working group under the PESC, to review the regional priority actions and create opportunities for greater regional economic integration that are practical, realistic and achievable;
- (vii) **directed** the Secretariat to consult with Members to explore establishing a Special Ministerial Taskforce to further accelerate elements of regional economic integration to be supported by the PESC, to be considered at the Special FEMM; and
- (viii) **urged** the Secretariat to consult with the FFA to explore the convening of a Working Group on Fisheries Development involving Forum Economic Ministers and Forum Fisheries Committee Ministers to explore innovative ways to increase economic benefits from fisheries revenues, in particular through greater participation in the global fisheries value chain and diversification of revenues in collaboration with the East New Britain Initiative work underway.

MINISTERIAL TALANOA: “UNLOCKING PACIFIC RESILIENCE THROUGH PARTNERSHIPS AND INNOVATION: A *TRANSFORMATIVE AGENDA FOR GROWTH AND PROJECT*”

23. A Ministerial Talanoa was convened for Forum Economic Ministers to discuss and address the region's key economic challenges and foster a sense of urgency and optimism for the future of the Pacific in line with the theme for the 53rd Pacific Island Forum Leaders Meeting.

24. The Ministerial Talanoa provided the opportunity for Ministers to engage and reflect on pertinent economic challenges facing the region including access to climate finance, financial system reforms, macroeconomic stability, budget support, debt sustainability, loss of CBR facilities, connectivity, and fisheries development. Ministers also raised emerging issues of drugs and related socio-cultural issues. Ministers recognised the positive benefits as well as emerging challenges of labour mobility. Ministers also acknowledge the positive efforts of Members States in developing and implementing appropriate policy measures to address these issues. Ministers also raised the possibility of visa-free movement within FICs.

25. Ministers reiterated that securing the future of the Blue Pacific Continent cannot simply be left to chance, business as usual cannot continue, but rather requires a concerted, sustained and collective regional approach to realise greater regional economic integration.

B. PACIFIC ECONOMIC SUB-COMMITTEE UPDATES

CORRESPONDENT BANKING RELATIONSHIP (CBR) ROADMAP UPDATE AND IMPLEMENTATION

26. Forum Economic Ministers considered a progressive update on the CBR work undertaken by the Secretariat to date, in collaboration with the World Bank and key partners. The paper highlighted the development and implementation of the CBR Roadmap (Roadmap), and the outcomes achieved to date and recognising the special circumstances of Small Island Developing States (SIDS).

27. Australia provided an update on the Pacific Banking Forum. In addition, Australia and New Zealand reiterated their commitment to assisting Forum Members address the decline of CBRs.

28. Forum Economic Ministers **noted** the progressive update on the implementation of CBR Roadmap, including the Pacific Banking Forum outcomes.

PACIFIC STRENGTHENING CBR PROJECT

29. Forum Economic Ministers considered an update on the Pacific Strengthening Correspondent Banking Relationship (CBR) Project developed by the World Bank and other development partners, in close collaboration with the Forum Secretariat. Forum Economic Ministers noted the importance of Pacific knowledge and context.

30. Economic Ministers expressed grave concerns about the negative socioeconomic impacts of the derisking and debanking in the region, particularly for Members who are facing the imminent risk of losing CBR and banking services.

31. Economic Ministers recognised that the project will be financed by participating FICs' International Development Association (IDA) grants and credits from the World Bank. Participating Member countries include Fiji, Kiribati, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The project financing is US\$77 million, over a 6-year period. The project is anticipated to commence implementation by the last quarter of 2024.

32. Forum Economic Ministers:

- (i) **noted** the progress to date on the project to address the decline of CBR in FICs; and
- (ii) **noted** the Project implementation arrangements and governance structures to be established within the Secretariat.

ASSESSMENT OF SOCIO-ECONOMIC IMPACTS OF HUMAN MIGRATION IN THE REGION

33. Forum Economic Ministers considered an update on the work undertaken by the Secretariat to progress the 2023 FEMM discussions around the economic implications of the regional labour mobility schemes and the need to consider the socio-economic impacts of human mobility more broadly including labour mobility. Ministers welcomed this timely exercise to inform improvements in capital mobility, which includes human, financial and intellectual mobility, within the region in order to maximise benefits and minimise costs.

34. Ministers recognised the importance of human mobility to the Pacific as a critical development issue. Member States acknowledged the need for a mutually beneficial and ‘differentiated’ approach towards these issues acknowledging that individual circumstances vary across Member States where some countries are labour sending countries and others are receiving countries. Ministers also reinforced the importance of consolidating existing work in the region on these issues and to engage with other organisations working in the human mobility area. Members also requested the inclusion of investment parameters that leverage remittances as a key component of the socio-economic assessment. Ministers acknowledged the importance of a vibrant economy in retaining its peoples and reemphasised the need to provide more employment opportunities to help people cope with the high cost of living.

35. Forum Economic Ministers:

- (i) **noted** the work undertaken to date by the Secretariat and partners to support labour mobility work in the region and **recognised** the role of the Forum Trade Ministers Meeting (FTMM), as the principal Ministerial meeting with oversight on labour mobility issues, including addressing the welfare of workers participating in labour mobility schemes and the cost of remittances;
- (ii) **reaffirmed** the complementary role of FEMM in addressing related economic issues in domestic economies;
- (iii) **welcomed** the proposal for an assessment of socio-economic and cultural impacts of human mobility in the Pacific that builds on existing work and supports countries to minimise risks and maximise benefits; and
- (iv) **tasked** the Secretariat, in consultation with FTMM, to develop a Terms of Reference, in further consultation with Members and relevant CROP Partners and other stakeholders, to refine the scope with a clear methodology of the impact assessment of socio-economic of human mobility in the Pacific, including labour mobility and outward migration on Pacific economies, taking into account a balanced approach, for consideration through FEMM and FTMM.

ENGAGEMENT WITH PRIVATE SECTOR AND CIVIL SOCIETY GROUPS

36. Forum Economic Ministers acknowledged with great appreciation the presentations by the Private Sector and Civil Society Groups summarised respectively at Annex F and Annex G.

C. REGIONAL CLIMATE FINANCE OPPORTUNITIES

PACIFIC RESILIENCE FACILITY (PRF)

37. Forum Economic Ministers considered an update on the status of the PRF, the domicile evaluation process and outcomes from the technical evaluation panel, noting that the Panel applied a set of complementary principles in addition to the evaluation criteria to assess the bids.

38. Noting the importance of establishing the PRF with appropriate legal personality, Ministers also discussed and considered the need to convene a virtual Special FEMM to finalise the legal structure, domicile legislation and the transitional arrangements.

39. Ministers highlighted that the size and returns of the fund, need to consider the costs associated to run the PRF and develop a pipeline of community projects, and cautioned not to underestimate the time, effort and operational costs of running the PRF.

40. Forum Economic Ministers:

- (i) **acknowledged** the progress made on the PRF set-up and establishment;
- (ii) **considered** the PRF domicile evaluation recommendations conveyed by the Secretary General and **agreed** to endorse the recommendation of the technical evaluation panel, to **recommend Tonga as the country of domicile for the PRF** to be considered by Pacific Islands Forum Leaders;
- (iii) **endorsed** the recommendation that Forum Officials Committee (FOC) and Forum Foreign Affairs Ministers (FFMM) be consulted on the PRF legal structure prior to submission to Leaders;
- (iv) **endorsed** the recommendation for a virtual Special FEMM to be tasked by Leaders to finalise the legal establishment, including finalising the PRF Constitution, operationalise the domicile and activate the transitional arrangements; and
- (v) **encouraged** Members to join the PRF as founding Members and to support the PRF as the historic first Pacific-owned and led regional financial institution for the Pacific;

- (vi) **agreed** on the importance of ensuring the PRF delivers maximum benefit for Pacific communities by adopting a simple and cost-effective operating model. This will ensure efficient access to approvals and disbursement of funds;
- (vii) **emphasized** that the rate of return on the initial capital size of USD\$500 million, was not to be over-consumed with operationally running the PRF and to be vigilant on costs and delivering to communities. On this the Ministers underlined the need to pay stronger attention to the returns withdrawal rules which will be co-designed with Members to ensure the long-term sustainability of the PRF;
- (viii) **expressed** faith and full confidence in the evaluation process and endorsed the recommendations of the Panel and tasked the Secretariat to share a summary of the Evaluation Report to the bidding countries;
- (ix) **expressed** their appreciation to the panel and commended the Secretariat's approach to managing the evaluation process and reiterated their full confidence in the probity and quality level of the process, as well as the depth of experience, skills and expertise of the evaluation panel;
- (x) **reiterated** the mandate of the PRF was not to be like other existing global funds that are too slow and too complicated, and emphasized that the PRF must focus on expedient and efficient delivery as key to the PRF's success;
- (xi) **committed** to efforts to strengthen regionalism and economic co-operation, and reiterated their commitment to fostering greater unity as a Pacific family and highlighted the need for a more equitable distribution of development benefits that regional organizations bring to a country;
- (xii) **emphasized** that all Forum Island countries need to have easy access to the PRF; and
- (xiii) **directed** the Secretariat to ensure the final legal form confers appropriate legal personality to the PRF and is implemented quickly.

CLIMATE AND DISASTER RISK FINANCE

41. Forum Economic Ministers requested an update on the recommendation from 2023 FEMM to develop a Regional Climate Finance Access Strategy. The Secretariat presented a progress update on this work and noted that the Strategy had been expanded to also include a focus on mobilising investment into the region hence the expansion of the strategy to be the Climate Finance Access and Mobilisation Strategy (CFAMS).

42. In consideration of the importance of addressing the economic impacts of climate change on the region's development aspirations, and in consideration of the ongoing work on the PRED, the CFAMS will form part of the implementing mechanisms of the PRED.

43. Forum Economic Ministers:

- (i) **noted** the formulation of the Pacific Climate Finance Access and Mobilisation Strategy (CFAMS) as part of the implementation priority of PRED;
- (ii) **noted** the importance of proper sequencing of the regional economic priorities and **agreed** the CFAMS will be considered by FEMM at its next meeting;
- (iii) **recognised** the parallel efforts of the Regional Programmatic Approach for Climate Action (RPACA), and the need to have it integrated with the CFAMS work;
- (iv) **encouraged** Members and Development Partners to engage with the development of a regional climate change taxonomy to support improving the public climate investment decision making and reporting through climate budget tagging, with the work to be coordinated by the Secretariat through Climate Finance-PFM Technical Working Group (TWG) with support from partners; and
- (v) **provided** further feedback on how the regional disaster and climate risk finance efforts could be better coordinated and strengthened.

D. ANY OTHER BUSINESS

PROPOSAL FOR A PUBLIC FINANCE MANAGEMENT (PFM) COORDINATION MECHANISM

44. Forum Economic Ministers **considered** a proposal by Tonga to establish a Public Finance Management (PFM) regional coordination mechanism at PIFS to effectively coordinate PFM work in the region and inform the FEMM annually about resource mobilisation.

45. Forum Economic Ministers:

- (i) **endorsed** the next steps to progress the development of the Regional Coordination Mechanism at PIFS and for the PESC to provide oversight on this development whilst ensuring complementarity with the work being undertaken under Peer-to-Peer Cooperation as well as other regional work streams to ensure coherence and to avoid duplication;
- (ii) **noted** the proposed establishment of an enhanced regional Coordination Mechanism and to further develop a Terms of Reference to clarify the role of the mechanism which will be consulted with Members and for the Secretariat to work closely with PFTAC and other development partners, to be agreed by PESC;
- (iii) **discussed** and **endorsed** in principle the steps to progress the development of the regional Coordination Mechanism at PIFS and for the Pacific Economic Sub-Committee (PESC) to provide oversight on this development;

- (iv) **reaffirmed** the importance of better alignment of existing and proposed mechanisms to the PRED to avoid duplication of efforts and reiterated the important role of the PESC as its primary technical advisory body whereby all existing and proposed mechanisms, including the Technical Working Group on PFM and Climate Change Finance, will report to for policy coherence; and
- (v) **endorsed** PFM to be a standing agenda item of Forum Economic Ministers Meeting.

REVIEW OF THE FEMM CHARTER

46. Forum Economic Ministers **considered** and **endorsed** the revised FEMM Charter 2024, **Annex H**, with the inclusion of an informal Ministerial *Talanoa* for more strategic discussions.

OBSERVER APPLICATION BY THE GLOBAL GREEN GROWTH INSTITUTE (GGGI)

47. Forum Economic Ministers **considered** the application from Global Green Growth Institute to be a Special Technical Observer at FEMM, and agreed this will be revisited after the finalisation of the regional engagement mechanism under the RRA.

48. Forum Economic Ministers **noted** GGGI non-recognition of some Forum Members UN status and **highlighted** the need for future applicants to recognise all Forum Members in order to be considered.

NEXT FEMM AND RELEASE OF 2024 FEMM PAPERS

49. Forum Economic Ministers considered the hosting arrangements for the 2025 FEMM, including the release of the 2024 FEMM papers.

50. Forum Economic Ministers:

- (i) **directed** the Secretariat to consult with the Government of New Caledonia on whether their bid to host the 2025 FEMM in accordance with the FEMM Charter remains valid;
- (ii) noted Samoa's interest to host the 2025 FEMM should New Caledonia not be in a position to host; and
- (iii) **considered** the established criteria and **supported** the recommended document release classifications contained in **Annex I**.

Pacific Islands Forum Secretariat
2 August 2024
Suva, Fiji