FEMM ACTION PLAN

The nineteenth meeting of the Forum Economic Ministers was held in Rarotonga, Cook Islands on 29 October 2015. The Forum Economic Ministers Meeting (FEMM) was chaired by the Minister for Finance and Economic Management of the Cook Islands, the Honourable Mark Brown, and supported by the Secretary General of the Pacific Islands Forum, Dame Meg Taylor.

2. The following Forum Member Countries were represented: Australia, Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. FEMM Observer representatives included: the Asian Development Bank, the European Union (European Investment Bank), the Secretariat of the Pacific Community, the South Pacific Tourism Organisation, the United Nations Development Programme, the University of the South Pacific and the World Bank Group (including the International Finance Corporation). Private Sector representatives also attended this meeting.

3. The theme of the Forum Economic Ministers Meeting was “Building Public-Private Partnerships as a Catalyst for Economic Growth”, given the specific focus on Private Sector Dialogue at FEMM.

STATE OF THE REGION

4. Ministers considered a discussion on the State of the Region which included an overview of recent economic issues of the region, short-to-medium term economic growth prospects, as well as the Framework for Pacific Regionalism (FPR) and role of Economic Ministers in implementing the Leaders Priorities. Ministers:

   Regional Economic Update
   i. Noted the short-to-medium term economic growth prospects of the region;
   ii. Noted the potential negative impacts of El Nino on the economy and livelihoods of people in FICs;
iii. **Considered** timely and appropriate policy responses, with support from development partners, to provide relief and support to the vulnerable groups in respective countries to address the adverse impacts of El Nino; and

iv. **Considered** building fiscal buffers.

**Framework for Pacific Regionalism: Leaders’ Priorities & Issues for Economic Ministers**

i. **Noted** the progress made, and supported the implementation of the FPR process and the Specialist Sub-Committee on Regionalism (SSCR);

ii. **Noted** the recommendations of the SSCR relevant to Economic Ministers;

iii. **Reaffirmed** the importance of the five regional priorities as endorsed by Forum Leaders;

iv. **Acknowledged and supported** the convening and reporting role of the Forum Secretariat in relation to the Joint Fisheries Task Force, endorsed by the Leaders;

v. **Agreed that** the Forum Secretariat work with FFA, PNA and other relevant organisations to undertake an evaluation on the Monitoring, Control and Surveillance and compliance regimes for consideration by Leaders and provide regular updates to the Economic, Foreign and Fisheries Ministers;

vi. **Encouraged** development partners, including the Post Forum Dialogue Partners, to support the Forum Secretariat, FFA, PNA and other relevant regional organisations with appropriate resources, to implement, in collaboration with other agencies and partners, the Leaders’ decisions related to increased economic returns from fisheries activity, and maritime surveillance;

vii. **Welcomed** Australia’s offer to assist Member States to access global funds for climate change assistance;

viii. **Recognised** the importance of ICT infrastructure and connectivity to all aspects of the economy, especially the private sector, and encouraged Members, development partners and the private sector to invest in the development of ICT infrastructure and connectivity;

ix. **Urged** the private sector to take advantage of the opportunities that will arise from improved ICT connectivity; and

x. **Directed** the Forum Secretariat and relevant regional organisations to work with Development Partners to coordinate and align efforts on implementing Leaders Priorities as well as broader development issues. The Ministers indicated their preference to consider the Pacific Possible Report at the next FEMM.

**G20 Update – Pacific Perspective**

i. **Noted** Australia’s presentation on the G20;

ii. **Noted** Turkey’s 2015 G20 agenda focuses on 3 priorities: implementation of previous commitments; investment and inclusiveness. Australia noted the particular relevance of the latter to low-income countries;
iii. **Recognised** the importance of remittances to Pacific economies and the work of the G20 in addressing the high cost of remittances;

iv. **Expressed** with ongoing concern the increased costs associated with the wholesale closure of bank accounts of Money Transfer Operators (MTOs) and their Agents;

v. **Recognised** the international dimensions of the closure of MTOs and their agents, and committed to exploring opportunities for collective efforts by FICs, especially through their overseas representatives to increase awareness and encourage solutions at an international level;

vi. **Requested** all Member countries to find opportunities to facilitate meetings between FICs and other nations, such as the G20 and APEC Members, to deepen ties with the region; and

vii. **Noted** the establishment of the G20 Global Infrastructure Hub in Sydney and encouraged FICs to make use of this facility in addressing their ICT connectivity needs.

**Pacific Opportunities – Leveraging Asia’s Growth**

i. **Noted** ADB’s report on ‘Pacific Opportunities – Leveraging Asia’s ‘Growth’; and

ii. **Requested** the Forum Secretariat to work with ADB and World Bank to present on practical implementable policies at country to leverage the opportunities from the Asian countries at next FEMM.

**2018 APEC**

i. **Invited** PNG to provide updates at all FEMM leading to the 2018 APEC.

**PRIVATE SECTOR DIALOGUE WITH ECONOMIC MINISTERS AND PUBLIC-PRIVATE PARTNERSHIPS (PPPs) FOR SUSTAINED ECONOMIC GROWTH**

5. The Private Sector Dialogue Workshop statement was delivered to the Economic Ministers and a number of issues were discussed including, ICT connectivity and policy options to enhance and support the private sector, especially through PPPs. Ministers:

i. **Directed the** Forum Secretariat with ADB and the World Bank to undertake a comprehensive analysis of PPP arrangements undertaken in the Pacific region to identify PPP best practices with specific consideration to their applicability to SMEs;

ii. **Considered** country-led financing mechanisms, such as credit guarantee facilities, to support their national private sector, particularly their SMEs;

iii. **Supported** a conducive environment through investment in appropriate regulatory frameworks and effective institutions to attract private investment; and

iv. **Noted** that PPP’s need to be considered thoroughly on a country-by-country basis noting that its success is significantly dependent upon the political and social accessibility of PPP’s in the respective Member States.
PRIVATE SECTOR DIALOGUE

6. Ministers noted the outcomes of the Private Sector Dialogue (PSD) which included the following recommendations:

- The need to build the capacity of private sector to access finance for business solutions, and the need to commit support towards efforts on financial literacy programs for the private sector to enable the access to, and management of development funds, investment ready projects, loan and credit schemes, establish on-line banking payment systems and to support regional efforts to achieve ease of cross-border transactions;
- The impact of non-trade barriers to business operations, exports and foreign direct investment, the private sector called on governments to take measures to improve the business and investment climate in FICs including the simplification process of the cost of doing business;
- Formalising a national dialogue process between the National Private Sector Organisations (NPSO) and the national governments to encourage open dialogue on all policy and development issues;
- Recognising that investment strategies by Government can create an environment of growth and prosperity for the private sector and the PSD tasked the Forum Secretariat to work with National Investment Promotion Agencies and NPSOs to provide technical and policy assistance;
- Calling on Multilateral Development Banks to review their criteria for public private partnership projects that prevent MSMEs to participate in project implementation;
- That Governments must recognize the importance of ICT connectivity to business development and are critical for economic and social well-being of communities such as virtual education and health resources;
- The need to align the PSD agenda to the Forum Economic Officials Meeting agenda; and
- Encouraging Member countries to include a representative from their NPSO in their national delegations to FEMM.

SESSION 3: FINANCING FOR DEVELOPMENT: LOOKING AHEAD

7. Recognising the financial challenges faced by FICs in optimally delivering public goods and services and in meeting its national priorities as well as regional and international development targets, the meeting considered options of financing for sustainable development of FICs and discussed potential strategies for FICs moving forward. The meeting considered and acknowledged the funding channels currently provided by Multilateral Banks in the Pacific region, specifically the Asian Development Bank and the World Bank. Ministers:

Options for Development Financing for FICs

i. Acknowledged the challenges in the development finance landscape in the region and seek ways and means of improving domestic resource mobilisation and enhancing financial infrastructure development;
ii. **Considered** the mobilisation of regional savings into regional investment facility with support from development partners; and

iii. **Discussed** the new financing options and its implementation at the national level to raise additional revenues to finance development.

**Disaster Risk Financing: Pacific Catastrophe Risk Insurance Pilot (PCRAFI) Facility**

i. **Acknowledged** the generous and continued financial support of the Government of Japan since the inception of the PCRAFI insurance program, and the announcement made by Prime Minister Abe to continue to provide financial support for the expansion of the Program in cooperation with the World Bank during the Seventh Pacific Island Leaders Meeting (PALM 7) Leaders Declaration;

ii. **Agreed** to establish a PCRAFI facility in the form of a Trust, whose beneficiaries are participating FICs (with the sole purpose to establish and own an insurance captive) to provide disaster and climate risk insurance, created as an independent legal entity;

iii. **Noted** the domicile of the facility in the Cook Islands pending further legal due diligence;

iv. **Called** on development partners to provide the necessary funding to allow for the establishment of a facility. In particular, to invite Germany and other G7 member countries to provide financial support under the G7 Climate Risk Insurance Initiative;

v. **Agreed** to establish the dedicated PCRAFI facility, with support of PIFS and the World Bank, by August 2016 for the start of the fifth season of the PCRAFI insurance program;

vi. **Directed** PIFS, World Bank and partners to develop the necessary linkages and agreements with other regional facilities to ensure the necessary transfer of experience and technical knowledge to the Pacific;

vii. **Welcomed** the development of a mutual insurance fund as part of the PCRAFI insurance program, supported by the Forum Secretariat and the World Bank under the Pacific Resilience Programme; and

viii. **Called** on the World Bank to continue to provide technical assistance to support the establishment of the PCRAFI facility.

**Building Financial Infrastructure for SIS: Experience of Cook Islands**

i. **Noted** the work being undertaken in the Cook Islands and reviewed prospects for their own payments system.

**SESSION 4: SPECIFIC ISSUES ARISING RELATED TO FEMM STANDING AGENDA ITEMS**

8. Ministers:

   **Public Financial Management Reforms**
i. **Reaffirmed** their endorsement of PFTAC’s approach for greater PIC staff involvement in preparing and owning PEFAs and PFM Roadmaps;

ii. **Supported** the development of a similar approach to implementation of the TADAT and future Tax Administration Reform Roadmaps that may subsequently be developed; and

iii. **Encouraged** the IMF in its role as the TADAT secretariat to introduce a self-assessment process similar to the successful one in use for the PEFA in recognition of the strong benefits of self-assessments for FICs.

### Forum Compact & SDGs and SAMOA Pathway

i. **Acknowledged** the decision of Forum Leaders that future reporting of the Pacific Regional MDGs Tracking Report and the Tracking the Effectiveness of Development Efforts in the Pacific Report be referred to the Forum Economic Ministers for endorsement and to provide updates, if so required;

ii. **Acknowledged** the leadership and ownership of Forum Island Countries (FICs) and Development Partners in implementing the Forum Compact over the past 5 years;

iii. **Noted** that an independent and consultative evaluation of the Forum Compact will be undertaken highlighting key achievements, remaining challenges and proposed next steps in support of the Framework for Pacific Regionalism and implementation of the S.A.M.O.A. Pathway, Global Partnership for Effective Development Cooperation and the SDGs; and

iv. **Agreed** that the Secretariat consolidate its monitoring and review processes of development partnerships to better assess the key policy, political, and development drivers for effective partnership engagement in support of the Framework for Pacific Regionalism.

### Regional Statistics Initiative

i. **Supported** greater use of regional and international statistical standards by National Statistical Offices (NSOs) across the region; and

ii. **Considered** addressing resources requirements of their NSOs for improved statistical compilation, especially in light of demands placed on NSOs for reporting against the Sustainable Development Goals (SDGs).

### Regional Tourism Initiative

i. **Noted** the importance of having appropriate cruise and aviation infrastructure, and assistance to fully recognise the untapped potential of cruise ship tourism;

ii. **Explored** financing options that are appropriate for the development of critical infrastructure; and

iii. **Supported** women businesses in tourism by aligning policies and initiatives to create an enabling environment.
Economic Empowerment of Women

i. **Called** for an urgent review and reform of all national policies, legislation and practices that continue to sustain unequal pay, poor wages and conditions of work, limited maternity protection and sexual harassment; and

ii. **Promoted** the alignment of investment and lending policies of investors, financial institutions, the private sector and development banks with government efforts to promote women entrepreneurs.

Climate Change Financing

i. **Emphasised** the need for readiness support that is fit for purpose for the region to access global climate funds, including the Green Climate Fund (GCF), and to provide ongoing assistance to Pacific representative(s) on the GCF Board and other multilateral funds;

ii. **Encouraged** FICs to utilise the Secretariat of the Pacific Regional Environment Programme (SPREP) as a regional implementing entity and other multilateral implementing entities accredited to the GCF, for access to the GCF while strengthening their national systems for direct access and greater involvement of the private sector;

iii. **Welcomed** the GCF initial resource mobilisation of up to US$10.2 billion and **reaffirmed** that all adaptation financing should be channeled as 100% grants to vulnerable FICs to reduce any additional economic stress and government debt burden;

iv. **Encouraged** development partners to provide adequate resources to progress existing initiatives, including the Pacific Climate Change Finance Assessment Framework, and support FIC friendly modalities for increased and simplified accessibility to global climate funds; and

v. **Supported** further work on exploring the role of Economic Ministers in progressing climate change and disaster resilient development through policy initiatives, such as, the draft Strategy for Resilient Development in the Pacific (SRDP) and Pacific Resilience Partnership.

Non-Communicable Diseases (NCDs) Roadmap

i. **Noted** that there has been mixed progress in implementing the Pacific NCDs Roadmap and further actions are needed, including an acceleration of actions to tackle tobacco use, utilisation of taxes to support behavioural change and support for effective interventions; and

ii. **Considered** establishing timelines at the national level, in line with regional commitments, for implementation of the key recommendations of the NCDs Roadmap, including targets for achievement of each of the Roadmap components.
EMERGING & OTHER ISSUES FROM FEMM

9. FEMM considered two key issues in this session, specifically, the Feasibility of the Proposal for a Pacific Economic Forum and the proposal of a Ministerial Working Group for FEMM implementation. Ministers:

Feasibility of a Pacific Economic Forum (PEF)

i. Noted the Feasibility Study and welcomed the work that was done; and

ii. Requested the Forum Secretariat to consider the best way to facilitate a broad participation by Academia, Civil Society and the Private Sector in FEOM and return with recommendations for the consideration of Economic Ministers at the next FEMM.

FEMM Implementation: Ministerial Working Group

i. Noted the proposal to form a Ministerial Working Group.

Arrangements for Next FEMM

i. Directed the Secretariat to consult with Leaders, given the diversity of views expressed, around the frequency of future FEMM annually or biennially;

ii. Agreed to a rotation of FEMM between the Secretariat Headquarters in Suva and a Member State; and

iii. Agreed that the next FEMM be held prior to the Forum Foreign Ministers and the Forum Leaders Meetings in accordance with Leaders request for all Ministerial meetings to report to Leaders.