



PACIFIC ISLANDS FORUM SECRETARIAT

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FORUM ECONOMIC OFFICIALS MEETING

FORUM ECONOMIC MINISTERS MEETING

10-12 August 2022
Port Vila, Vanuatu

AGENDA ITEM 4C: THE FUTURE OF COVID-19 ECONOMIC RECOVERY TASKFORCE (CERT)

Purpose and Recommendations

Purpose

This paper provides an update on the proposal for the continuity of the COVID-19 Economic Recovery Taskforce (CERT) noting that the mandate for the current CERT will come to an end once economies recover, and the need for a long-term mechanism that deliberates on important regional economic issues and operationalises FEMM decisions. This proposal had been agreed to by CERT for presentation and consideration by FEMM.

Summary

In 2020, FEMM recognised the value of collective action in addressing common challenges and agreed to establish CERT comprising interested Members to lead a coordinated response to address the economic impacts of the COVID-19 pandemic. The CERT had met six (6) times since it was first established and introduced four initiatives around economic recovery. The CERT has demonstrated the value of having a mechanism that provides timely guidance and advise which assists the Secretariat to effectively support Members.

The economic implications of the 2050 Strategy for the Blue Pacific Continent (2050 Strategy) are envisaged to be captured in the proposed Blue Pacific Economic Strategy (BPES) to drive regional economy strategy formulation, co-ordination and implementation, starting with fiscal recovery in the short-term to determine sustainable medium term and long-term fiscal stability pathways. It is therefore proposed that CERT is re-casted as a **Pacific Economic Committee** to provide oversight to strengthen the implementation of FEMM mandates and drive the economic transformation of the Pacific.

A. Background

The COVID-19 Economic Recovery Taskforce (CERT) was established as a voluntary taskforce for Members to monitor regional economic recovery efforts of Pacific countries. The CERT has met six (6) times up to July 2022, with a core focus on the following key areas of economic recovery:

- i. the impact of COVID-19 on Pacific debt levels discussed at the inaugural Pacific Regional Debt Conference;
- ii. the importance of Public Financial Management (PFM) in strengthening the quality of the Pacific's response and recovery post-pandemic through the PFM Symposium;
- iii. the importance of resuscitating trade and the supply chain challenges, through the Freight Assistance Package and a study of supply chain disruption in the Pacific caused by the COVID-19 pandemic;
- iv. the development of quick reference economic, PFM and social dashboards that policy makers can use to monitor at a high-level Members' responses to, and impact of, COVID-19 pandemic; and
- v. the development of the Blue Pacific Economic Strategy (BPES) concept note as the strategic economic pathway to achieve the 2050 Strategy endorsed by Leaders.

B. Evolving from Monitoring Economic Recovery to Driving Economic Transformation

2. CERT is currently monitoring a critical period of economic recovery for the Pacific against a fluid and complex backdrop, as Government's manoeuvre to recover faster, in a stable, forward looking way that shifts our regional mind-set towards a more resilient Pacific. Some of the key challenges that will shape the economic recovery landscape includes quicker, efficient and sustainable access to finance amidst complex geo-political tensions, and slower than expected revenue restoration while seeking new ways to raise revenues, to name a few.

3. While the purpose of CERT was to consolidate and monitor economic recovery efforts regionally, COVID-19 has now presented the Pacific with an opportunity to review the suitability of our regional economic framework to meet emerging demands and specifically to consider the long-term recovery post-pandemic. This is also an opportunity to consider how the broader regional economic transformation agenda to support the 2050 Strategy will be operationalized, not as a separate exercise, but as a coherent regional approach to short, medium, and long-term economic transformation.

4. The best economic defence is offense, and consensus amongst Members to act in unison to drive economic reforms and transformation to build economic resilience is very important. All global economic regions are strengthening solidarity and we collectively strive towards economic survival and posterity in a challenged planet with scarce resources. Regional economic collaboration and knowledge sharing is critical to avoid recovery missteps and access opportunities to make recovery and continued economic development non-regressive and economic transformation more efficient.

C. Strengthening the Economic Formation to Deliver the 2050 Strategy

5. With Leaders endorsement of the 2050 Strategy, the proposed Blue Pacific Economic Strategy (BPES) will need a single central economic platform to drive formulation, co-ordination and implementation to support the 2050 Strategy.

6. The current regional economic formation for the Pacific is only political at the Ministerial level through FEMM, supported by PIFS, and does not have legislative authority, appropriation or national implementation powers. The current Forum Economic Officials Meeting (FEOM) usually takes place a day before FEMM to discuss and finalise recommendations to be tabled to FEMM on

the next day in accordance with the meeting protocols and is not a continuous forum to discuss or implement a focused regional economic transformation agenda.

7. Therefore, the need to establish a platform that ensures continuity of dialogue and engagement as the BPES is formulated within the context of the 2050 Strategy is critical. Such a platform will ensure that all members national economic aspirations around economic recovery and transformation are sufficiently reflected in the BPES.

D. The Evolution of CERT to the Pacific Economic Committee

8. The proposal therefore is for CERT to evolve into the Pacific Economic Committee (PEC) that consists of Senior Ministries of Finance Officials of Member Countries to strengthen our Pacific economic formation. The key drivers for the PEC are:

- i. To enable the continuity of CERT economic recovery under a more permanent structure, so we can follow through as a region on the sustainable implementation of recovery initiatives to embed economic reforms and transformation;
- ii. To strengthen the implementation thrust of the FEMM mandate. FEMM remains the peak political body in the Pacific providing a strategic vision to address key economic challenges while PEC will be the mechanism that provides oversight and drives implementation of the economic transformation agenda of the Pacific; and
- iii. To shape the formulation of the BPES for tabling to FEMM.

9. The alternative to the discontinuation of CERT or not setting up PEC after CERT ends, is that the region does not continue a member-led economic recovery and reform pathway, returning to the status quo once things normalize as it was before COVID-19, continuing to react to shocks, which is a common phenomenon of starting something, then stopping, without follow through.

Pacific Islands Forum Secretariat
29 July 2022