

21 July 2023

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release

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OIA 28627

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Tēnā koe proactive release

I refer to your email of 5 May 2023 in which you request the following under the Official Information Act 1982 (OIA):

all briefings, memoirs and aide-memoir on the subject of Pacific Island public debt sustainability.

Please limit this request to the dates 1 January 2022 to 5 May 2023.

On 12 May 2023 we contacted you to notify you that your request, as currently framed, would require the review of a significant amount of information and as such would likely be refused under section 18(f) of the OIA as it would require substantial collation and research. We sought your agreement to refine your request to be for:

All key briefings, memoirs and aide-memoir on the subject of Pacific Island public debt sustainability, dated between 1 January 2022 to 5 May 2023.

On the same day, you responded and agreed to this refined request.

For the purposes of this request we have defined key briefings, memoirs, and aide-memoir as being documents where Pacific Island public debt sustainability makes up a minimum of 50% of the content of the document.

On 8 June 2023, we advised that the time limit for responding to your request was extended by 30 working days. This extension was required because responding to your request necessitated the review of a large quantity of information, and because consultations were necessary in order to make a decision on your request (section 15A(1) of the OIA refers). I am now in a position to respond.

Information relating to documents that are in scope of your request, and where relevant the applicable OIA grounds, are set out in a document schedule attached as **Appendix A**.

I note that while documents numbered 1, 2, 6, 8, 10, 15 and 16 are being withheld in full under sections 6(a) and 9(2)(g)(i), we are providing you with a summary of the information contained in these documents. This is attached as **Appendix B** (section 16(e) of the OIA refers).

Some information is being withheld under the following sections of the OIA:

- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 6(b)(i): to protect the passing of information from another government on a confidential basis;
- 7(b) to avoid prejudicing relations between any of the Governments of New Zealand and the self-governing State of the Cook Islands; and
- 7(c)(ii) to avoid prejudicing the international relations of the Government of the self-governing State of the Cook Islands;
- 9(2)(f)(iv): to protect the confidentiality of advice tendered by Ministers of the Crown and officials; and
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments.

Where the information has been withheld under section 9 of the OIA, we have identified no public interest in releasing the information that would override the reasons for withholding it.

Please note that we may publish this letter (with your personal details redacted) and enclosed documents on the Ministry's website.

If you have any questions about this decision, you can contact us by email at: DM-ESD@mfat.govt.nz. You have the right to seek an investigation and review by the Ombudsman of this decision by contacting www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā

A handwritten signature in black ink, appearing to be 'SC', written in a cursive style.

Sarah Corbett
for Secretary of Foreign Affairs and Trade

Appendix A – Document schedule

Document Schedule				
#	Date	Document Type	Title	Applicable OIA grounds
1	24 Feb 2022	Internal – Pacific and Development Strategic Governance Group Paper	Debt Dynamics in the Pacific	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
2	28 Feb 2022	Formal Message	Not Just the Sea Levels Rising: Debt Dynamics in the Pacific	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
3	19 Apr 2022	Formal Message	Pacific Regional Debt Conference – Addressing Debt Sustainability in the Aftermath of COVID-19 (Includes 2 attachments)	<ul style="list-style-type: none"> This formal message is released with redactions under the following sections of the OIA: 6(a), 6(b)(i), 9(2)(f)(iv), 9(2)(g)(i) <p>1 attachment is withheld Under the following sections of the OIA: 6(a), 7(b)(i), 7(b)(ii), 7(c)(ii)</p> <p>1 attachment is being released in full</p>
4	19 May 2022	Pacific and Development Strategic Governance Group Paper	Debt Dynamics in the Pacific	Withheld in full under sections 6(a); 9(2)(g)(i)
5	19 May 2022	Internal – Pacific and Development Strategic Governance Group Paper	Debt Dynamics in the Pacific	Withheld in full under sections 6(a); 9(2)(g)(i)
6	10 Jun 2022	Briefing	Annex: Debt Dynamics in the Pacific	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
7	16 Jun 2022	Ministerial submission	Withheld	Withheld in full under sections 6(a); 9(2)(g)(i)

Document Schedule				
#	Date	Document Type	Title	Applicable OIA grounds
8	12 Jul 2	Briefing	Debt dynamics in the Pacific: Briefing	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
9	27 Jul 2022	Formal Message	Withheld	Withheld in full under sections 6(a); 9(2)(g)(i)
10	17 Aug 2022	Briefing	Pacific Debt Sustainability – Background Brief	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
11	29 Jul 2	Briefing	Withheld	Withheld in full under sections 6(a); 9(2)(g)(i)
12	2 Sep 2022	Briefing	Debt dynamics in the Pacific (for Meeting Brief: United States Department of the Treasury Deputy Assistant Secretary for Asia, Robert Kaproth, 2 September 2022)	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
13	20 Sep 2022	Briefing	Pacific Debt Dynamics	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
14	17 Oct 2022	Formal Message	Withheld	Withheld in full under sections 6(a); 9(2)(g)(i)
15	15 Nov 2022	Briefing	Debt Sustainability	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1) <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
16	22 Feb 2023	Briefing	Pacific islands economic outlook and issues	<ul style="list-style-type: none"> Withheld in full under s6(a); 9(2)(g)(1). <p>Summary provided in Appendix 2, as per section 16(e) of the OIA</p>
17	8 Apr 2022	Outcomes document	Pacific Regional Debt Conference – Addressing Debt Sustainability in the Aftermath of COVID-19	Released in full

Appendix B – summary of documents 1, 2, 6, 8, 10, 15 and 16

Document One

The internal paper titled “Debt Dynamics in the Pacific” provides an overview of debt dynamics in the Pacific including:

- Nature and composition of debt in the Pacific;
- COVID-19’s impact on debt in the Pacific; and
- Emerging issues and risks.

Document Two

The formal message titled “Not Just the Sea Levels Rising: Debt Dynamics in the Pacific” provides an overview of debt dynamics in the Pacific including:

- Global trends prior to COVID-19;
- The effects of the response to COVID-19 on global debt levels;
- Debt in the Pacific: drivers and trends prior to COVID-19;
- Debt in the Pacific: the impact of COVID-19;
- Risks looking forward;
- The high cost of debt; and
- The future outlook for debt dynamics will depend on the domestic recovery and global factors.

Document Six

The internal briefing titled “Debt Dynamics in the Pacific” provides an overview of debt dynamics in the Pacific including:

- Current trends; and
- Recent regional responses.

Document Eight

The internal briefing titled “Debt dynamics in the Pacific: Briefing” provides an overview of debt dynamics in the Pacific including:

- Background;
- Latest developments; and
- Key concerns.

Document Ten

The briefing titled “Pacific Debt Sustainability” provides an overview of Pacific debt sustainability including:

- Key points; and
- Background.

Document Fifteen

The internal briefing titled “Debt Sustainability” provides an overview of debt sustainability in the Pacific including:

- Objective;
- Talking points; and
- Background.

Document Sixteen

The internal briefing titled “Pacific islands economic outlook and issues” provides an overview of the economic outlook for the Pacific including:

- Global effects impacting the Pacific regional outlook;
- The impact of these challenges;
- COVID-19 economic support; and
- Debt Dynamics in the Pacific.

From: [DEVECO](#)
To: [PACREG](#); [PHM](#); [SUVA](#)
Cc: [DS PDG](#); [PACPF](#); [PACMM](#); [...PACIFIC POSTS](#); [NAD](#); [AMER](#); [MANILA](#); [WASHINGTON](#); [FM.Treasury \(Seemail\)](#); [FM.P/S MFA \(Seemail\)](#); [Cable Exchange DFAT-AUS](#)
Subject: FORMAL MESSAGE: PACIFIC REGIONAL DEBT CONFERENCE – ADDRESSING DEBT SUSTAINABILITY IN THE AFTERMATH OF COVID-19
Date: Tuesday, 19 April 2022 2:39:40 pm
Attachments: [Draft Outcomes - Regional Debt Conference.docx](#)
s6(a), s7(b)(i), s7(b)(ii), 7(c)(ii)

[IN CONFIDENCE]

TOHUTOHU KAWE – HANDLING INSTRUCTIONS

Manila: Murray (ADB); Washington: Short (World Bank)
Treasury: Van Dyke

RĀPOPOTO – SUMMARY

The inaugural Pacific Regional Debt Conference took place from 5 to 8 April 2022.

The conference was set against the backdrop of elevated debt levels in the Pacific region due to the impact of COVID-19, increasing fiscal deficits, borrowing capacity constraints, and the potential for natural disasters and climate-related events to quickly exacerbate existing levels of debt distress.

The conference discussed a range of existing and new strategies to address the debt vulnerabilities of Pacific countries from both the COVID-19 pandemic, as well as natural disaster and climate risks. ^{s6(a), s9(2)(g)(i)}

HOHENGA – ACTION

For information.

The draft conference outcomes document is attached, ^{s6(a), s9(2)(g)(i)}

Conference papers are available [here](#).

PŪRONGO – REPORT

In July 2021, the Pacific Island Forum Economic Ministers Meeting (FEMM) endorsed the convening of a Regional Debt Conference between Pacific countries and their creditors to discuss and explore options for debt relief.

2. The conference was co-convened by Fiji, the Chair of the Pacific Islands Forum, and Tuvalu, the Chair of the FEMM, and co-hosted by the Pacific Islands Forum Secretariat (PIFS) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). The Conference followed a four-day regional Symposium on Public Financial Management (co-hosted by PIFS and the European Union). Both events foreshadowed issues that will be taken forward to the 2022 FEMM.

3. Keynote speakers were Hon. Mark Brown (Prime Minister and Minister for Finance, Cook Islands); Hon. Aiyaz Sayed-Khaiyum (Minister of Economy, Fiji); Hon. Seve Paeniu (Minister of Finance, Tuvalu); Hon. Sri Mulyani Indrawati (Minister of Finance, Indonesia and Co-chair of the Coalition of Ministers of Finance for Climate Action); and Amina Mohammed (UN Deputy Secretary-General). Aotearoa New Zealand was represented at senior officials level by DEVECO and SUVA.

4. Creditors that were represented were the Asian Development Bank, Australia, China (represented by the Ambassador of the People's Republic of China to Fiji), and the World Bank. ^{s6(a)}

An important regional event given the debt dynamics in the Pacific ...

5. The debt and fiscal sustainability challenges of Pacific countries have been exacerbated by the COVID-19 pandemic response, which had the effect of severely reducing government revenues while at the same time governments sought to increase expenditures to support businesses and households.

6. This has increased fiscal deficits and led to increased debt stress for most Pacific countries, significantly constraining fiscal space. ^{s6(a), s9(2)(f)(iv)}

Bringing together debtors, creditors, and other stakeholders, was therefore particularly timely.

... with a range of strategies to address debt vulnerabilities discussed.

7. Presentations and interventions were wide-ranging, covering greater use of risk-sharing disaster financing mechanisms (including insurance); the need for development partners to support Pacific countries to access concessional finance and climate funds; the role of contingent credit lines for direct budget support; and the role of regional and global finance facilities in addressing debt vulnerabilities (such as the Pacific Resilience Facility). The need for more technical capacity building on fiscal and debt management issues was noted.

8. ^{s6(a), s9(2)(g)(i)}

International Financial Institutions emphasised the importance of focusing on sound public financial management in addressing debt sustainability.

9. There were discussions about ensuring the global debt resolution architecture was fairer to Pacific debtors. ^{s6(a), s9(2)(g)(i)}

s6(a), s9(2)(g)(i)

A focus on debt-for-climate swaps ...

10. Drawing on research from [UNESCAP](#), debt-for-climate swaps were discussed throughout the conference in a number of presentations. ^{s9(2)(g)}_(i)

s9(2)(g)(i)

11. s6(a)

12. s6(a), s9(2)(g)(i)

s9(2)(g)(i)

13. s6(a), s6(b)(i), s9(2)(g)(i)

s9(2)(g)(i)

14. s6(a)

15. s9(2)(g)(i)

Getting the fundamentals right remains important.

Released under the Official Information Act

16. The conference recognised the importance that effective public financial management systems play in ensuring debt sustainability. This includes fiscal reforms to enhance tax administration, enhance spending efficiency, and streamline operations of state-owned enterprises.

17. s6(a), s9(2)(g)(i)

TĀKUPU – COMMENT

18. s9(2)(g)(i)

the high-level participation and outcomes of the event, which had followed a four-day regional [Symposium on Public Financial Management](#), also organised by the Secretariat.

19. s9(2)(f)(iv), s9(2)(g)(i)

20. s9(2)(g)(i)

21. s9(2)(f)(iv), s9(2)(g)(i)

MUTU – ENDS



PACIFIC ISLANDS FORUM



2022 PACIFIC REGIONAL DEBT CONFERENCE

Addressing Debt Sustainability in the Pacific in the Aftermath of COVID-19

5 – 8 April 2022

Hybrid Meeting

[DRAFT] OUTCOMES

The Pacific Regional Debt Conference was convened from 5 – 8 April 2022 in response to a mandate from the 2021 Forum Economic Ministers' Meeting (FEMM) to convene a regional debt conference between Forum Island Countries (FICs) and their Creditors to discuss and explore options for debt relief.

2. The Conference was co-convened by Fiji, the Chair of the Pacific Islands Forum, and Tuvalu, Chair of FEMM, and co-hosted by the Pacific Islands Forum Secretariat (PIFS) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

3. The Conference was attended by Australia, Cook Islands, the Federated States of Micronesia, French Polynesia, Fiji, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Also in attendance were relevant UN agencies, development partners and donors, as well as representatives from the private sector, civil society, and youth organisations. The Conference was also attended by Antigua and Barbuda, Barbados, Belize, China, Indonesia, Seychelles, and the United Kingdom. This document serves as a summary of the discussions, and the Programme is attached as Annex A.

4. In the opening remarks, the devastating socioeconomic impacts of the COVID-19 pandemic on the Forum Island Countries were noted. Most FICs, especially those that rely on tourism receipts, have experienced deep economic downturns during the period 2020-2021. Recent global developments, such as policy interest rate hikes in developed countries and the Russia-Ukraine conflict, would push up financing costs making it challenging to finance widening fiscal deficits in FICs.

5. To cope with the pandemic, FICs launched sizeable fiscal stimulus packages to help the poor, vulnerable households and small businesses. However, together with lower tax revenues due to slowdown in economic activities, these support measures have resulted in shrinking fiscal space and exacerbated the pre-pandemic trend of rising public debt levels. Worryingly, almost all FICs are currently rated as having a high risk of public debt distress.

6. Stronger fiscal positions would help FICs to ensure public debt sustainability, cope with future natural disasters, and attain the Sustainable Development Goals. To this end, various policy options were highlighted, including (a) innovative policy initiatives such as debt-for-climate swaps, (b) fiscal reforms to enhance tax administration, enhance spending efficiency and streamline operations of state-owned enterprises, (c) prudent and transparent public debt management, and (d) greater use of risk-sharing disaster financing mechanisms. More broadly, as public financial management is not the sole responsibility of fiscal authorities, the adoption

of integrated national financing frameworks would help align available fiscal and financial resources with sustainable development aspirations.

7. There are many ways that creditors and multilateral development partners can help address fiscal and debt concerns in FICs. In addition to offering generous debt relief, they could help facilitate access to concessional finance and climate funds and make the global debt resolution architecture fairer to debtors. In addition to re-considering reinstating the Debt Service Suspension Initiative (DSSI) if the current global financial situation deteriorates further, the Common Framework for debt treatments should also expand its coverage to indebted, middle-income countries and offer a debt service standstill during the negotiation process. The need for integrating debtor countries' vulnerability to adverse shocks into concessional loan decisions and debt risk assessments was also highlighted. Overall, FICs would benefit from more technical capacity building on fiscal and debt management issues.

FISCAL, DEBT AND FINANCING CHALLENGES AND MEASURES

8. The remarks and presentations provided an overview of development challenges in FICs, such as narrow and small economic bases and high transportation costs due to remoteness. Lack of domestic capital markets and limited access to international financial markets has constrained the number of options that FICs have in financing their fiscal deficits. As a result, much of the governments' external debts are owed to official creditors, especially the Asian Development Bank and China. In several FICs, debt servicing costs represent a large share of public revenues, thus hampering governments' ability to adequately provide health care services and develop infrastructure.

9. This session also highlighted the need to strengthen expenditure management (such as through rule-based procurement and multi-year spending commitments), revenue mobilization (such as by rationalizing tax incentives), and fiscal risk management (such as by reducing contingent liabilities arising from untransparent operations of state-owned enterprises and provident funds).

10. Amid rising risks of public debt distress in FICs, the discussion called for more support from creditors and multilateral development partners. Some proposals included having a clause in loan agreements that allows for debt moratorium in an event of adverse shocks and converting pandemic-induced fiscal borrowing to long-term loans. It was also noted that all stakeholders should observe the United Nations principle that urges the adoption of human rights-based approach and shared responsibility in ensuring public debt sustainability in developing countries. It is also important to ensure that fiscal consolidation, if required, does not undermine public spending on essential social services and humanitarian needs.

FISCAL, DEBT AND CLIMATE VULNERABILITY RISKS

11. FICs have suffered from significant damage and losses and sharp output volatility due to frequent and severe disasters, exacerbated due to climate change. Many countries continuously remain in a recovery phase, as new disasters strike while they are still recovering from previous ones. Going forward, recent scientific assessments suggest that FICs would face rising temperature, further rise in sea level, and more intense tropical storms. In this regard, FICs have implemented various policy initiatives to address climate shocks, such as (a) relocation of residential and commercial buildings; (b) disaster warning systems; and (c) contingency planning for infrastructure.

12. Experiences from other developing Asia-Pacific countries suggest that fiscal policy should become more flexible during emergency situations to accommodate, for instance, budget reallocations and temporary relaxation of fiscal rules. Stronger coordination between fiscal and monetary authorities also helps augment the scale of policy responses. More broadly, it was noted that the experience of the COVID-19 pandemic presents a unique opportunity to implement structural reforms that can help FICs increase resilience to future shocks.

13. In addition to losses of lives and livelihoods, disasters induced by climate change have notably weakened fiscal positions in most FICs. In response, multilateral development partners have provided climate finance through several instruments and modalities. Examples include contingent credit lines for direct budget support, catastrophe bonds, state-contingent debt instruments, and risk-pooling facilities. In addition, FICs benefited from highly concessional loans with ten-year grace periods, interest rates below one percent, and maturities up to 40 years. Some development partners highlighted the importance of South-South cooperation, which includes understanding mutual interests, recognizing different country situations, promoting knowledge sharing, and analysing the impacts of development projects on the environment and resilience to future shocks.

14. Despite commendable efforts by FICs and their development partners to promote disaster and climate finance, several challenges remain. At a fundamental level, national disaster financing strategies are not in place in several countries. The scale of financial assistance is also inadequate for FICs to build climate-resilient infrastructure, while a large portion of it is in the form of loans rather than grants. Finally, the use of disaster insurance for public infrastructure is limited due to high premium and unavailability of products that match the type of disasters being faced.

15. To address some of these challenges, the discussion noted, at a broad level, that a holistic and forward-looking approach should be adopted. Among others, several FICs should set up dedicated national reserve funds, assess the economic impacts of reconstruction projects including their revenue-generating capacity, and consider debt sustainability when seeking financial support for reconstruction projects. The importance of rebuilding infrastructure more resilient to future disasters was emphasized. At the same time, donors and creditors should seek to make financial assistance more targeted and examine the implications of their financial assistance on public debt sustainability in debtor countries.

INNOVATIVE FINANCIAL INSTRUMENTS AND MECHANISMS

16. The Pacific region is confronted with a dual challenge of fiscal sustainability risks in the short term, and financing shortfalls in critical areas, especially in the fight against climate change in the longer run, making it urgent to consider innovative financing instruments and mechanisms. In this regard, strengthened regional cooperation and coordinated advocacy by FICs at the global level would be critical for improving access to climate financing going forward. In addition to exploring innovative financing solutions, FICs could consider appropriate reforms to increase the resilience of fiscal systems and strategies. Bold ideas such as securitization of ocean resources, pooling of ocean bonds or a Pacific development bank were raised, in addition to existing initiatives and proposals.

17. Debt for climate swaps were identified as an innovative financing solution that can provide debt relief in exchange for a commitment by debtor countries to earmark savings in debt servicing to investment in climate action or ocean conservation. To implement such swaps, third party intermediaries can play a constructive role in facilitating the negotiation between a

debtor and its creditors, structuring the financial transactions, and contributing technical knowhow to the implementation of the investments committed by the debtor. The recent experience of countries that implemented this mechanism has revealed its potential to provide much needed funding for climate action and ocean conservation activities. As an example, a recent debt for climate swap in the Caribbean used the proceeds of a blue bond issuance to retire government bond debt with private creditors at a large discount and fund national marine conservation priorities with the savings in debt repayments. Factors for success include a thorough accountability to all relevant stakeholders, effective partnerships, national ownership of the use of proceeds, and a strong commitment to implement urgent actions on climate adaptation or ocean conservation.

18. Several newly introduced financing facilities were also discussed. Within the Pacific region, the Pacific Resilience Facility, which aims to provide predictable, sustainable, accessible and accountable funding for disaster preparedness and climate risk resilience-building within vulnerable communities, has been established by the Pacific Islands Forum and will become operational once funding requirements are met. The Pacific Catastrophe Risk Insurance Company aims to provide timely financial relief from losses and damages caused by natural disasters. In the Caribbean region, the proposed Caribbean Resilience Fund aims to leverage long-term low-cost development financing while ensuring the availability of resources for investment in adaptation and mitigation initiatives. At the global level, the IMF has created the Resilience and Sustainability Trust which aims to address longer-term structural challenges, including climate change and pandemic preparedness, that entail significant macroeconomic risks, while the World Bank Group has introduced the Sustainable Development Finance Policy to promote transparent and sustainable financing and promote coordination among creditors.

19. Effective fiscal and public financial management systems remain an important enabler for implementing development priorities, particularly in post-disaster situations when tailored and urgent policy actions are needed, as well as, to build sustainable financial resilience and fiscal buffers. At the same time, investment in climate proofed infrastructure and in human capital, amongst others, can reduce disaster damage and losses in the long run. In this regard, the importance of strengthening absorptive capacities in the areas of fiscal and public financial management, and for project planning and management, including design, implementation, monitoring and evaluation, were highlighted.

ADDITIONAL OPPORTUNITIES TO ADDRESS COLLECTIVE DEVELOPMENT FINANCING RISKS

20. Participants at the Conference were informed about the deteriorating global economic situation due to the Russia-Ukraine conflict. Among other implications, significant increase in inflation and financing costs are expected that will add to the socio-economic challenges posed by the COVID-19 pandemic and cast a shadow on the incipient recovery. While the impact of the war on the supply of commodities such as oil and gas, wheat, and fertilizers is threatening to increase the cost of imports, the expected tightening of monetary policy and increases in interest rates by the major central banks are going to increase the cost of debt financing. Both impacts will exacerbate the difficulties of developing countries, including the FICs, to service their debts, and raise additional financial resources. While addressing some of these multiple challenges will require short term solutions such as emergency financing from the IMF, debt refinancing by bilateral and multilateral creditors, and central bank swap lines, systemic solutions are also needed, especially to address the global climate crisis. For this purpose, the upcoming G20 Summit and COP27 could consider bold measures such as increasing significantly the current global commitments to provide \$100 billion per year in climate finance

to developing countries, the provision of support to address loss and damages caused by natural disasters in vulnerable countries, and the use of carbon levies as an additional tool to finance climate mitigation and adaptation investments.

21. The sustainable development agenda for Small Island Developing States (SIDS), in line with the SAMOA Pathway and predecessor agreements, has recognised a “special case” for SIDS development given their array of multidimensional vulnerabilities, including small size, geographical isolation, debt sustainability concerns, susceptibility to natural disasters, and increasingly severe effects of climate change. It was noted that an analytical approach that identifies vulnerabilities and resilience gaps in SIDS is critical to unpack the “special case” and inform national planning and policies. In this regard, a United Nations General Assembly resolution in 2021 provided a mandate for a Multi-dimensional Vulnerability Index (MVI) to be finalized and adopted in 2022. The MVI will consider economic vulnerabilities, structural development limitations, and environmental vulnerabilities. Results of a pilot MVI showed that the SIDS represented the biggest share of the vulnerable countries across the world in all dimensions. It was highlighted that the MVI could be used to assess the impact of structural vulnerabilities on socio-economic outcomes and the ability of SIDS to achieve the Sustainable Development Goals. In addition, the MVI has the potential to (a) provide a strong basis for debt restructuring, (b) complement criteria for access to development cooperation including concessional financing, (c) inform multilateral and bilateral financing frameworks, and (d) inform the design of SIDS specific instruments, including climate financing.

22. While innovative financial instruments may offer an option to address debt challenges, the potential implications of the instruments and factors of successful experiences should be carefully assessed. Most FICs have depended on domestic fiscal policy measures, grant transfers from donors, and emergency financing from international financial institutions to respond to the initial challenges. Some of the larger FICs have synchronized the use of fiscal policy and central bank support to great effect. A range of financial instruments could be deployed to offer a package of solutions to the challenges of the debt burden and will need to be paced and sequenced, cognisant of capacity constraints within executing agencies in FICs. It was acknowledged that revenue restoration for FICs is an urgent issue and that the COVID-19 pandemic has highlighted the need for a renewed focus on revenue diversification efforts and broadening the economic base.

WAY FORWARD

23. The Outcomes from this Conference will be tabled by PIFS at the next COVID-19 Economic Recovery Taskforce for review and endorsement for presentation to the 2022 Forum Economic Ministers’ Meeting. The Outcomes will be conveyed to relevant meetings hosted by the United Nations system.

Suva, Fiji
8 April 2022

PACIFIC REGIONAL DEBT CONFERENCE

“Addressing Debt Sustainability in the Pacific in the Aftermath of COVID-19”

PROVISIONAL PROGRAMME

5 - 8 April 2022

DAY 1	TUESDAY 5 APRIL 2022
OPENING SESSION	
1.00pm	<p>Welcome Remarks Pacific Islands Forum Secretary General, Mr. Henry Puna ESCAP Executive Secretary, Ms. Armida Salsiah Alisjahbana</p> <p>Special Remarks Minister of Finance of Indonesia and Co-chair of the Coalition of Ministers of Finance for Climate Action, Hon. Sri Mulyani Indrawati UN Deputy Secretary-General, Ms. Amina Mohammed</p> <p>Keynote Address Minister of Finance, Tuvalu, Forum Economic Ministers’ Meeting Chair, Hon. Seve Paeniu</p>
SESSION 1	
2.00pm	<p>Theme Question for Session 1 <i>What are the fiscal, debt, and financing challenges faced by Pacific Island Countries to recover from the COVID-19 pandemic, what policy measures have been implemented to create fiscal space and restructure public debts, and what additional measures need to be implemented to strengthen fiscal governance and effectiveness?</i></p> <p>Moderator Former Minister of Finance and Governor of National Reserve Bank of Tonga, Mr. Josh ‘Utoikamanu</p> <p>Keynote Speaker Prime Minister and Minister for Finance, Cook Islands, Hon. Mark Brown</p> <p>Background Presentations Asia and Pacific Debt Developments, Chief, Pacific Islands Division, Asia & Pacific Department, International Monetary Fund, Mr. Todd Schneider Pacific Debt Landscape, Expert in Pacific Economies, Mr. Scott Roger</p>
3.00pm	<p>PANEL 1 – TALANOA SESSION</p> <p>Spokesperson and Member of the Government of New Caledonia for Budget, Finance, and Health, Mr. Yannick Slamet Permanent Secretary of Finance, Barbados, Ms. Nancy Headley Executive Director, Pacific Islands Association of Non-Governmental Organisation, Ms. ‘Emeline Siale ‘Iolahia Pacific Youth Forum Against Corruption, Pacific Youth Council, Mr. Josaia Tokoni</p> <p><i>At the end of the Panel presentations, panellists will have one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>

4.00pm	<p>PLENARY SESSION</p> <p><i>After the plenary session, the Moderator will summarise the discussions and thank all participants.</i></p>
5.00pm	<p>CLOSED SESSION: MEMBER COUNTRIES</p> <p><i>Proceedings will deliberate on the process to prepare the conference outcomes.</i></p>
DAY 2	WEDNESDAY 6 APRIL 2022
SESSION 2	
1.00pm	<p>Theme Question for Session 2</p> <p><i>What are the debtors and bilateral & multilateral development partners perspectives and insights on fiscal, debt, and climate vulnerability risks, including loss and damage caused by natural disasters, faced by Pacific Island Countries and what measures should be implemented to reduce such risks?</i></p>
	<p>Moderator Acting Lead Economist, Department of Foreign Affairs and Trade, Australia, Mr. Clinton Pobke</p> <p>Keynote Speakers Minister of Finance, Tonga, Hon. Tatafu Moeaki Director General, Budget Financing and Risk Management, Government of Indonesia, Ministry of Finance, Mr. Luky Alfirman Director of the IDA Resource Mobilisation and IBRD Corporate Finance, Development Finance, World Bank, Mr. Samuel Maimbo</p> <p>Background Presentations Debt Drivers and Climate Risks in the Pacific: Programme Adviser – Climate Finance & Team Leader Resilience, PIFS, Mr. Exsley Taloiburi Ensuring Public Debt Sustainability in the Pacific: Director, Macroeconomic Policy and Financing for Development Division, ESCAP, Mr. Hamza Malik</p>
2.30pm	<p>PANEL 2 – TALANOA SESSION</p> <p>Minister of Economy, Fiji, Hon. Aiyaz Sayed-Khaiyum Director General, Pacific Department, Asian Development Bank, Ms. Leah Gutierrez Ambassador of the People’s Republic of China to Fiji, H.E Mr. Qian Bo High Commissioner, British High Commission, Fiji, H.E. Mr. Brian Jones</p> <p><i>At the end of the Panel presentations, the moderator will invite the panellists for one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>
3.30pm	<p>PLENARY SESSION</p> <p><i>After the plenary session, the Moderator will summarise the discussions and thank all participants.</i></p>
DAY 3	THURSDAY 7 APRIL 2022
SESSION 3	
1.00pm	<p>Theme Question for Session 3</p> <p><i>What is the potential of innovative financial instruments and mechanisms such as the Pacific Resilience Facility, debt for climate swaps and contingent disaster financing to strengthen financial resilience to climate-related risks going forward?</i></p> <p>Moderator</p>

	<p>Senior Adviser Economics, Development Economy and Prosperity Division, Pacific and Development Group, New Zealand Ministry of Foreign Affairs & Trade, Ms. Chris van Hooft</p> <p>Keynote Speakers Minister of Finance, Tuvalu, Hon. Seve Paeniu Special Advisor to the Government of Belize on Climate Finance, and former Ambassador of Belize to the United Nations, Ms. Janine Felson</p> <p>Background Presentations Pacific Resilience Facility, Senior Adviser Economics, PIFS, Mr. Denton Rarawa Debt for Climate Swaps, Acting Chief, Financing for Development Section, ESCAP, Mr. Alberto Isgut</p>
2.00pm	<p>PANEL 3 – TALANOA SESSION</p> <p>Debt Manager, Ministry of Finance and Corporate Governance, Antigua and Barbuda, Ms. Nadia Spencer-Henry Economist, Strategy, Policy & Review Department, International Monetary Fund, Ms. Johanna Schauer Innovation, Technology & Co-funding Manager, Private Sector Facility Division, Green Climate Fund, Mr. Andrey Chicherin Lead Economist, IDA Mobilization and IBRD Corporate Finance, World Bank, Ms. Abha Prasad Chief Executive Officer, Pacific Catastrophe Risk Insurance Company, Mr. ‘Aholotu Palu</p> <p><i>At the end of the Panel presentations, panellists will have one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>
3.30pm	<p>PLENARY SESSION</p> <p><i>After the plenary session, the Moderator will summarise the discussions and thank all participants.</i></p>
5.00pm	<p>SESSION 4</p> <p>Keynote Speaker Director, Sustainable Development Solutions Network, Professor Jeffrey Sachs</p>
DAY 4	FRIDAY 8 APRIL 2022
SESSION 4	
1.00pm	<p>Theme Question for Session 4 <i>What additional solutions are available to address the collective development financing risks faced by Pacific Island Countries, and what role can the provision of concessional finance based on a multidimensional vulnerability index (MVI) play in this regard?</i></p>
	<p>Moderator High Commissioner of Nauru to Fiji, H.E. Mr. Michael Aroi</p> <p>Keynote Speakers Minister of Finance, Palau, Hon. Kaleb Udui, Jr</p> <p>Background Presentation UN Resident Co-ordinator, Samoa, Ms. Simona Marinescu</p>
2.00pm	PANEL 4 – TALANOA SESSION

	<p>Former Minister of Environment, Seychelles, Mr. Didier Dogley Executive Director, Jubilee Australia, Mr. Luke Fletcher Associate Director, Sovereign & International Public Finance Ratings, Standard & Poors Global Ratings, Mr. Martin Foo Pacific Economist, Australia New Zealand Banking Group, Mr. Kishti Sen Pacific Resilience Partnership (PRP) Youth and Young Climate Leaders Alliance, Papua New Guinea, Mr. Kim Allen</p> <p><i>At the end of the Panel presentations, panellists will have one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>
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4.30pm	<p>VOTE OF THANKS Acting Secretary General, Pacific Islands Forum, Mr. Filimon Manoni Director, Macroeconomic Policy and Financing for Development Division, ESCAP, Mr. Hamza Malik</p>
5.30pm	<p>CONFERENCE OUTCOMES</p> <p><i>The Secretariat will then proceed to the final session for the reading of the conference outcomes for Members.</i></p>



2022 PACIFIC REGIONAL DEBT CONFERENCE

Addressing Debt Sustainability in the Pacific in the Aftermath of COVID-19

5 – 8 April 2022
Hybrid Meeting

OUTCOMES

The Pacific Regional Debt Conference was convened from 5 – 8 April 2022 in response to a mandate from the 2021 Forum Economic Ministers' Meeting (FEMM) to convene a regional debt conference between Forum Island Countries (FICs) and their Creditors to discuss and explore options for debt relief. This document serves as a summary of the discussions, and the Programme is attached as Annex A.

2. The Conference was co-convened by Fiji, the Chair of the Pacific Islands Forum, and Tuvalu, Chair of FEMM, and co-hosted by the Pacific Islands Forum Secretariat (PIFS) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

3. The Conference was attended by Australia, Cook Islands, the Federated States of Micronesia, French Polynesia, Fiji, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Also in attendance were relevant development partners and donors, as well as, representatives from the private sector, civil society, and youth organisations. The Conference was also attended by Antigua and Barbuda, Barbados, Belize, China, Indonesia, Seychelles, and the United Kingdom.

4. In the opening remarks, the devastating socioeconomic impacts of the COVID-19 pandemic on the Forum Island Countries were noted. Most FICs, especially those that rely on tourism receipts, have experienced deep economic downturns during the period 2020-2021. Recent global developments, such as policy interest rate hikes in developed countries and the Russia-Ukraine conflict, would push up financing costs making it challenging to finance widening fiscal deficits in FICs.

5. To cope with the pandemic, FICs launched sizeable fiscal stimulus packages to help the poor, vulnerable households and small businesses. However, together with lower tax revenues due to slowdown in economic activities, these support measures have resulted in shrinking fiscal space and exacerbated the pre-pandemic trend of rising public debt levels. Worryingly, almost all FICs are currently rated as having a high risk of public debt distress.

6. Stronger fiscal positions would help FICs to ensure public debt sustainability, cope with future natural disasters, and attain the Sustainable Development Goals. To this end, various policy options were highlighted, including (a) innovative policy initiatives such as debt-for-climate swaps, (b) fiscal reforms to enhance tax administration, enhance spending efficiency and streamline operations of state-owned enterprises, (c) prudent and transparent public debt management, and (d) greater use of risk-sharing disaster financing mechanisms. More broadly, as public financial management is not the sole responsibility of fiscal authorities, the adoption

of integrated national financing frameworks would help align available fiscal and financial resources with sustainable development aspirations.

7. The merits of the Common Framework for debt treatments were acknowledged. However, the participants highlighted the need for it to be strengthened to ensure timely and effective implementation, for example through broadening its coverage to include indebted middle-income countries or by instituting a debt service standstill during the negotiation process. In addition, there could be consideration of reinstating the Debt Service Suspension Initiative (DSSI) if the current global financial situation deteriorates further. The need for integrating debtor countries' vulnerability to adverse shocks into concessional loan decisions was also highlighted. Overall, FICs would benefit from more technical capacity building on fiscal and debt management issues. In addition, despite the ongoing bi-lateral support to FICs in managing debt stress vulnerability by creditors and multilateral development partners, participants noted the need to facilitate greater access to concessional finance, and easier and more coherent access to climate adaptation funds.

FISCAL, DEBT AND FINANCING CHALLENGES AND MEASURES

8. The remarks and presentations provided an overview of development challenges in FICs, such as narrow and small economic bases and high transportation costs due to remoteness. Lack of domestic capital markets and limited access to international financial markets has constrained the number of options that FICs have in financing their fiscal deficits. As a result, much of the governments' external debts are owed to official creditors, especially the Asian Development Bank and China. In several FICs, debt servicing costs represent a large share of public revenues, thus hampering governments' ability to adequately provide health care services and develop infrastructure.

9. This session also highlighted the need to strengthen expenditure management (such as through rule-based procurement and multi-year spending commitments), revenue mobilization (such as by rationalizing tax incentives), and fiscal risk management (such as by reducing contingent liabilities arising from untransparent operations of state-owned enterprises and provident funds).

10. Amid rising risks of public debt distress in FICs, the discussion called for more support from creditors and multilateral development partners. Some proposals included having a clause in loan agreements that allows for debt moratorium in an event of adverse shocks and converting pandemic-induced fiscal borrowing to long-term loans. It was also noted that the United Nations principle that urges the adoption of a human rights-based approach, and the Busan Partnership for Effective Development Co-operation, inter alia, underpin the need for shared responsibility to enable more sustainable debt outcomes in FICs. It is also important to ensure that fiscal consolidation, if required, does not undermine public spending on essential social services and humanitarian needs.

FISCAL, DEBT AND CLIMATE VULNERABILITY RISKS

11. FICs have suffered from significant damage and losses and sharp output volatility due to frequent and severe disasters, exacerbated due to climate change. Many countries continuously remain in a recovery phase, as new disasters strike while they are still recovering from previous ones. Going forward, recent scientific assessments suggest that FICs would face rising temperature, further rise in sea level, and more intense tropical storms. In this regard, FICs have implemented various policy initiatives to address climate shocks, such as (a)

relocation of residential and commercial buildings; (b) disaster warning systems; and (c) contingency planning for infrastructure.

12. Experiences from other developing Asia-Pacific countries suggest that fiscal policy should become more flexible during emergency situations to accommodate, for instance, budget reallocations and temporary relaxation of fiscal rules. Stronger coordination between fiscal and monetary authorities also helps augment the scale of policy responses. More broadly, it was noted that the experience of the COVID-19 pandemic presents a unique opportunity to implement structural reforms that can help FICs increase resilience to future shocks.

13. In addition to losses of lives and livelihoods, disasters induced by climate change have notably weakened fiscal positions in most FICs. In response, multilateral development partners have provided climate finance through several instruments and modalities. Examples include contingent credit lines for direct budget support, catastrophe bonds, state-contingent debt instruments, and risk-pooling facilities. In addition, FICs benefited from highly concessional loans with ten-year grace periods, interest rates below one percent, and maturities up to 40 years. Some development partners highlighted the importance of South-South cooperation, which includes understanding mutual interests, recognizing different country situations, promoting knowledge sharing, and analysing the impacts of development projects on the environment and resilience to future shocks.

14. Despite commendable efforts by FICs and their development partners to promote disaster and climate finance, several challenges remain. At a fundamental level, national disaster financing strategies are not in place in several countries. The scale of financial assistance is also inadequate for FICs to build climate-resilient infrastructure, while a large portion of it is in the form of loans rather than grants. Finally, the use of disaster insurance for public infrastructure is limited due to high premium and unavailability of products that match the type of disasters being faced.

15. To address some of these challenges, the discussion noted, at a broad level, that a holistic and forward-looking approach should be adopted. Among others, several FICs should set up dedicated national reserve funds, assess the economic impacts of reconstruction projects including their revenue-generating capacity, and consider debt sustainability when seeking financial support for reconstruction projects. The importance of rebuilding infrastructure more resilient to future disasters was emphasized. At the same time, donors and creditors should seek to make financial assistance more targeted and examine the implications of their financial assistance on public debt sustainability in debtor countries.

INNOVATIVE FINANCIAL INSTRUMENTS AND MECHANISMS

16. The Pacific region is confronted with a dual challenge of fiscal sustainability risks in the short term, and financing shortfalls in critical areas, especially in the fight against climate change in the longer run, making it urgent to consider innovative financing instruments and mechanisms. In this regard, strengthened regional cooperation and coordinated advocacy by FICs at the global level would be critical for improving access to climate financing going forward. In addition to exploring innovative financing solutions, FICs could consider appropriate reforms to increase the resilience of fiscal systems and strategies. Bold ideas such as securitization of ocean resources, pooling of ocean bonds or a Pacific development bank were raised, in addition to existing initiatives and proposals.

17. Debt for climate swaps were identified as an innovative financing solution that can provide debt relief in exchange for a commitment by debtor countries to earmark savings in debt servicing to investment in climate action or ocean conservation. To implement such swaps, third party intermediaries can play a constructive role in facilitating the negotiation between a debtor and its creditors, structuring the financial transactions, and contributing technical knowhow to the implementation of the investments committed by the debtor. The recent experience of countries that implemented this mechanism has revealed its potential to provide much needed funding for climate action and ocean conservation activities. As an example, a recent debt for climate swap in the Caribbean used the proceeds of a blue bond issuance to retire USD500 million in government bond debt with private creditors at a large discount and fund national marine conservation priorities with the savings in debt repayments. However, the Caribbean context was acknowledged as being particularly suitable for debt swaps due to the elevated debt levels held by private creditors. In the Pacific context, it was noted that the implementation of debt swaps needs to be evaluated on a case-by-case basis, taking into account the technical and resource requirements. Factors for success include a thorough accountability to all relevant stakeholders, effective partnerships, national ownership of the use of proceeds, a strong commitment to implement urgent actions on climate adaptation or ocean conservation. Participants discussed the potential impact of debt swaps on a debtor country's credit ratings, noting that debt relief and swaps offered by official creditors are unlikely to constitute a sovereign default. With regards to this and other issues, such as the impact of swaps to the cost of borrowing and access to concessional resources, some participants suggested that further analysis in the Pacific context is desirable.

18. Several newly introduced financing facilities were also discussed. Within the Pacific region, the Pacific Resilience Facility, which aims to provide predictable, sustainable, accessible and accountable funding for disaster preparedness and climate risk resilience-building within vulnerable communities, has been established by the Pacific Islands Forum and will become operational once funding requirements are met. The Pacific Catastrophe Risk Insurance Company aims to provide timely financial relief from losses and damages caused by natural disasters. In the Caribbean region, the proposed Caribbean Resilience Fund aims to leverage long-term low-cost development financing while ensuring the availability of resources for investment in adaptation and mitigation initiatives. At the global level, the IMF has created the Resilience and Sustainability Trust which aims to address longer-term structural challenges, including climate change and pandemic preparedness, that entail significant macroeconomic risks, while the World Bank Group has introduced the Sustainable Development Finance Policy to promote transparent and sustainable financing and promote coordination among creditors.

19. Effective fiscal and public financial management systems remain an important enabler for implementing development priorities, particularly in post-disaster situations when tailored and urgent policy actions are needed, as well as, to build sustainable financial resilience and fiscal buffers. At the same time, investment in climate proofed infrastructure and in human capital, amongst others, can reduce disaster damage and losses in the long run. In this regard, the importance of strengthening absorptive capacities in the areas of fiscal and public financial management, and for project planning and management, including design, implementation, monitoring and evaluation, were highlighted.

ADDITIONAL OPPORTUNITIES TO ADDRESS COLLECTIVE DEVELOPMENT FINANCING RISKS

20. Participants at the Conference were informed about the deteriorating global economic situation due to the Russia-Ukraine conflict. Among other implications, significant increase in

inflation and financing costs are expected to add to the socio-economic challenges posed by the COVID-19 pandemic and cast a shadow on the incipient recovery. While the impact of the war on the supply of commodities such as oil and gas, wheat, and fertilizers is threatening to increase the cost of imports, the expected tightening of monetary policy and increases in interest rates by the major central banks are going to increase the cost of debt financing, for Governments, as well as, households and the private sector. Both impacts will exacerbate the difficulties of developing countries, including the FICs, to service their debts, and raise additional financial resources. While addressing some of these multiple challenges will require short term solutions such as emergency financing from the IMF, debt refinancing by bilateral and multilateral creditors, and central bank swap lines, systemic solutions are also needed, especially to address the global climate crisis. For this purpose, some participants noted the upcoming G20 Summit and COP27 could consider bold measures such as increasing significantly the current global commitments to provide \$100 billion per year in climate finance to developing countries, the provision of support to address loss and damages caused by natural disasters in vulnerable countries, and the use of carbon levies as an additional tool to finance climate mitigation and adaptation investments.

21. The sustainable development agenda for Small Island Developing States (SIDS), in line with the SAMOA Pathway and predecessor agreements, has recognised a “special case” for SIDS development given their array of multidimensional vulnerabilities, including small size, geographical isolation, debt sustainability concerns, susceptibility to natural disasters, and increasingly severe effects of climate change. It was noted that an analytical approach that identifies vulnerabilities and resilience gaps in SIDS is critical to unpack the “special case” and inform national planning and policies. In this regard, a United Nations General Assembly resolution in 2021 provided a mandate for a Multi-dimensional Vulnerability Index (MVI) to be finalized and adopted in 2022. The MVI will consider economic vulnerabilities, structural development limitations, and environmental vulnerabilities. Results of a pilot MVI showed that the SIDS represented the biggest share of the vulnerable countries across the world in all dimensions. It was highlighted that the MVI could be used to assess the impact of structural vulnerabilities on socio-economic outcomes and the ability of SIDS to achieve the Sustainable Development Goals. In addition, the MVI has the potential to (a) provide a strong basis for debt restructuring, (b) complement criteria for access to development cooperation including concessional financing, (c) inform multilateral and bilateral financing frameworks, and (d) inform the design of SIDS specific instruments, including climate financing.

22. While innovative financial instruments may offer an option to address debt challenges, the potential implications of the instruments and factors of successful experiences should be carefully assessed. Most FICs have depended on domestic fiscal policy measures, grant transfers from donors, and emergency financing from international financial institutions to respond to the initial challenges. Some of the larger FICs have synchronized the use of fiscal policy and central bank support to great effect. A range of financial instruments could be deployed to offer a package of solutions to the challenges of the debt burden and will need to be paced and sequenced, cognisant of capacity constraints within executing agencies in FICs. It was acknowledged that revenue restoration for FICs is an urgent issue and that the COVID-19 pandemic has highlighted the need for a renewed focus on revenue diversification efforts and broadening the economic base.

WAY FORWARD

23. The Outcomes from this Conference will be tabled by PIFS at the next COVID-19 Economic Recovery Taskforce to review and consider recommendations to be presented to the 2022 Forum Economic Ministers' Meeting. The Outcomes will be conveyed to relevant meetings hosted by the United Nations system.

Suva, Fiji
8 April 2022

Released under the Official Information Act

PACIFIC REGIONAL DEBT CONFERENCE

“Addressing Debt Sustainability in the Pacific in the Aftermath of COVID-19”

PROVISIONAL PROGRAMME

5 - 8 April 2022

DAY 1	TUESDAY 5 APRIL 2022
OPENING SESSION	
1.00pm	<p>Welcome Remarks Pacific Islands Forum Secretary General, Mr. Henry Puna ESCAP Executive Secretary, Ms. Armida Salsiah Alisjahbana</p> <p>Special Remarks Minister of Finance of Indonesia and Co-chair of the Coalition of Ministers of Finance for Climate Action, Hon. Sri Mulyani Indrawati UN Deputy Secretary-General, Ms. Amina Mohammed</p> <p>Keynote Address Minister of Finance, Tuvalu, Forum Economic Ministers’ Meeting Chair, Hon. Seve Paeniu</p>
SESSION 1	
2.00pm	<p>Theme Question for Session 1 <i>What are the fiscal, debt, and financing challenges faced by Pacific Island Countries to recover from the COVID-19 pandemic, what policy measures have been implemented to create fiscal space and restructure public debts, and what additional measures need to be implemented to strengthen fiscal governance and effectiveness?</i></p> <p>Moderator Former Minister of Finance and Governor of National Reserve Bank of Tonga, Mr. Josh ‘Utoikamanu</p> <p>Keynote Speaker Prime Minister and Minister for Finance, Cook Islands, Hon. Mark Brown</p> <p>Background Presentations Asia and Pacific Debt Developments, Chief, Pacific Islands Division, Asia & Pacific Department, International Monetary Fund, Mr. Todd Schneider Pacific Debt Landscape, Expert in Pacific Economies, Mr. Scott Roger</p>
3.00pm	<p>PANEL 1 – TALANOA SESSION</p> <p>Spokesperson and Member of the Government of New Caledonia for Budget, Finance, and Health, Mr. Yannick Slamet Permanent Secretary of Finance, Barbados, Ms. Nancy Headley Executive Director, Pacific Islands Association of Non-Governmental Organisation, Ms. ‘Emeline Siale ‘Ilohahia Pacific Youth Forum Against Corruption, Pacific Youth Council, Mr. Josaia Tokoni</p> <p><i>At the end of the Panel presentations, panellists will have one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>

4.00pm	<p>PLENARY SESSION</p> <p><i>After the plenary session, the Moderator will summarise the discussions and thank all participants.</i></p>
5.00pm	<p>CLOSED SESSION: MEMBER COUNTRIES</p> <p><i>Proceedings will deliberate on the process to prepare the conference outcomes.</i></p>
DAY 2	WEDNESDAY 6 APRIL 2022
SESSION 2	
1.00pm	<p>Theme Question for Session 2 <i>What are the debtors and bilateral & multilateral development partners perspectives and insights on fiscal, debt, and climate vulnerability risks, including loss and damage caused by natural disasters, faced by Pacific Island Countries and what measures should be implemented to reduce such risks?</i></p>
	<p>Moderator Acting Lead Economist, Department of Foreign Affairs and Trade, Australia, Mr. Clinton Pobke</p> <p>Keynote Speakers Minister of Finance, Tonga, Hon. Tatafu Moeaki Director General, Budget Financing and Risk Management, Government of Indonesia, Ministry of Finance, Mr. Luky Alfirman Director of the IDA Resource Mobilisation and IBRD Corporate Finance, Development Finance, World Bank, Mr. Samuel Maimbo</p> <p>Background Presentations Debt Drivers and Climate Risks in the Pacific: Programme Adviser – Climate Finance & Team Leader Resilience, PIFS, Mr. Exsley Taloiburi Ensuring Public Debt Sustainability in the Pacific: Director, Macroeconomic Policy and Financing for Development Division, ESCAP, Mr. Hamza Malik</p>
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DAY 3	THURSDAY 7 APRIL 2022
SESSION 3	
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	<p>Moderator Senior Adviser Economics, Development Economy and Prosperity Division, Pacific and Development Group, New Zealand Ministry of Foreign Affairs & Trade, Ms. Chris van Hooft</p> <p>Keynote Speakers Minister of Finance, Tuvalu, Hon. Seve Paeniu Special Advisor to the Government of Belize on Climate Finance, and former Ambassador of Belize to the United Nations, Ms. Janine Felson</p> <p>Background Presentations Pacific Resilience Facility, Senior Adviser Economics, PIFS, Mr. Denton Rarawa Debt for Climate Swaps, Acting Chief, Financing for Development Section, ESCAP, Mr. Alberto Isgut</p>
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DAY 4	FRIDAY 8 APRIL 2022
SESSION 4	
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	<p>Moderator High Commissioner of Nauru to Fiji, H.E. Mr. Michael Aroi</p> <p>Keynote Speakers Minister of Finance, Palau, Hon. Kaleb Udui, Jr</p> <p>Background Presentation UN Resident Co-ordinator, Samoa, Ms. Simona Marinescu</p>

<p>2.00pm</p>	<p>PANEL 4 – TALANOA SESSION</p> <p>Former Minister of Environment, Seychelles, Mr. Didier Dogley Executive Director, Jubilee Australia, Mr. Luke Fletcher Associate Director, Sovereign & International Public Finance Ratings, Standard & Poors Global Ratings, Mr. Martin Foo Pacific Economist, Australia New Zealand Banking Group, Mr. Kishti Sen Pacific Resilience Partnership (PRP) Youth and Young Climate Leaders Alliance, Papua New Guinea, Mr. Kim Allen</p> <p><i>At the end of the Panel presentations, panellists will have one last round of words, before the Moderator thanks the Ministers and esteemed panellists for the Talanoa session and opens the floor for the plenary session, for questions from participants.</i></p>
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<p>4.30pm</p>	<p>VOTE OF THANKS</p> <p>Acting Secretary General, Pacific Islands Forum, Mr. Filimon Manoni Director, Macroeconomic Policy and Financing for Development Division, ESCAP, Mr. Hamza Malik</p>
<p>5.30pm</p>	<p>CONFERENCE OUTCOMES</p> <p><i>The Secretariat will then proceed to the final session for the reading of the conference outcomes for Members.</i></p>