

Co-Chairs' Summary of the Japan-Pacific Islands Finance Ministers' Meeting

Tbilisi, Georgia, 3 May 2024

1. The inaugural Japan-Pacific Islands Finance Ministers' Meeting was held in Tbilisi, Georgia, on May 3, 2024, attended by Japan, 11 Pacific Island Countries (PICs), namely Cook Islands, Federated States of Micronesia, Republic of Fiji, Republic of Kiribati, Republic of Marshall Islands, Republic of Palau, Independent State of Papua New Guinea, Independent State of Samoa, Solomon Islands, Kingdom of Tonga and Tuvalu, and senior staff of the Asian Development Bank (ADB). Mr. Shunichi Suzuki, Minister of Finance, Japan, and Mr. Mark Brown, Prime Minister and Minister of Finance and Economic Management, Cook Islands, co-chaired the Meeting.

2. Ministers appreciated the first-ever opportunity to bring together the Finance Ministers from Japan and PICs. They welcomed the candid discussion and face-to-face interactions at the meeting, which further deepened mutual understanding and strengthened relationship between Japan and PICs, setting an important step towards the 10th Pacific Islands Leaders Meeting (PALM10) in July 2024 in Tokyo.

3. Ministers had an active discussion on various issues, including the current global uncertainty affecting the PICs' economies, and the development challenges facing PICs, with a particular focus on climate change, financial integrity and inclusion, and debt sustainability. PICs appreciated Japan's bilateral financial cooperation especially during the difficult period of the COVID-19 pandemic, and Ministers discussed possible future cooperation between Japan and PICs to address the challenges faced by PICs. PICs also expressed their high expectations for ADB's leading role to support PICs in addressing development challenges. In this regard, PICs appreciated the replenishment of the Asian Development Fund 14 (ADF14), where Japan, as the largest donor, contributed to the successful conclusion that reflected the views of PICs. PICs acknowledged that ADF14 will be utilized for concessional assistance to PICs for addressing their unique

development challenges including through enhancement of climate change adaptation and promotion of regional cooperation and integration.

4. Ministers recognized that climate change and natural disasters pose a major economic and social threat to the people in PICs. They discussed the importance of promoting quality infrastructure investment to support climate adaptation and to enhance the resilience of PICs to natural disasters and climate change-induced events. They also reaffirmed the important role of disaster risk financing in ensuring rapid recovery from natural disasters such as the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI). PICs welcomed the Japan's announcement to launch a pilot program for the Climate-Resilient Debt Clause (CRDC) to PICs.

5. Ministers reaffirmed the importance of financial integrity in the region to facilitate integration into the global financial system, thereby promoting financial inclusion and robust private sector development. In this context, Japan, as the incoming co-chair of the Asia-Pacific Group on Money Laundering (APG), expressed its intention to prioritize capacity building activities for PICs through the APG. They discussed issues of correspondent banking relationships as a possible impediment to the sustainable development of PICs, and concurred to having further discussion on these issues.

6. Ministers discussed public debt sustainability issues, and PICs shared their recent initiatives and commitments towards fiscal consolidation. PICs recognized the importance of strengthening their revenue collection capacity, and to this end, Japan expressed its commitment to further cooperation on capacity development activities especially in the area of public finance management, including through the Pacific Financial Technical Assistance Centre (PFTAC) of the International Monetary Fund (IMF), as well as customs operations in coordination with international organizations such as World Customs Organization (WCO) and like-minded countries.

7. Ministers agreed to continue close communication at various levels to further strengthen relations between Japan and PICs on economic and financial issues. They agreed to meet again next year.