

## **Co-Chairs' Summary of the 2<sup>nd</sup> Japan-Pacific Islands Finance Ministers' Meeting**

Milan, Italy, May 5, 2025

1. The 2<sup>nd</sup> Japan-Pacific Islands Finance Ministers' Meeting, attended by Japan, 12 Pacific Island Countries (PICs), namely the Cook Islands, the Federated States of Micronesia, the Republic of Fiji, the Republic of Kiribati, the Republic of the Marshall Islands, the Republic of Nauru, the Republic of Palau, the Independent State of Papua New Guinea, the Independent State of Samoa, the Solomon Islands, the Kingdom of Tonga and Tuvalu, and senior staff of the Asian Development Bank (ADB) was held in Milan, Italy, on May 5, 2025. Mr. Katsunobu Kato, Minister of Finance, Japan, and Dr. Aisake Valu Eke, Prime Minister and Minister for Finance, Tonga, co-chaired the meeting.
2. Ministers welcomed this second meeting, which was held following their agreement at the first meeting held in Tbilisi, Georgia last year. PICs expressed their deep appreciation for Japan's long-standing bilateral support in essential policy areas for their sustainable and inclusive development, including through the Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation, and their strong expectation for continued support. Japan expressed its willingness to meet PICs' expectation for continued and unwavering support from Japan, even amidst global uncertainties.
3. Ministers also exchanged candid views on the key development issues in the Pacific region, such as sustaining correspondent banking relationships (CBRs), promoting disaster risk financing (DRF), and strengthening domestic resource mobilization (DRM). PICs presented the efforts they are undertaking and appreciated the initiatives by Japan over the past year to address these issues.
4. Ministers emphasized that the withdrawal of CBRs in the Pacific region is a major threat to the regional economy and society. They intensively discussed how Japan and PICs can address the issue together. PICs appreciated Japan's strong commitment to promoting key solutions to the issue, including financial support for Pacific Strengthening CBR Project by the World Bank and

Remittance Corridor Risk Assessment project by the International Monetary Fund (IMF). In addition, PICs welcomed Japan's capacity building activities through the Asia-Pacific Group on Money Laundering (APG) as its co-chair, including the regional workshop in Fiji in April, and expressed high expectations for continuing support. Ministers agreed to work together to address the issue of CBRs, including with other development partners.

5. Ministers reaffirmed the importance of promoting DRF to enhance fiscal resilience to natural disasters in the Pacific region. At COP29 in November 2024, Japan announced the launch of the pilot program to introduce the Climate Resilient Debt Clause (CRDC) for new ODA loans to fragile countries, including PICs. PICs appreciated the announcement and looked forward to the JICA's future ODA loan projects with CRDC. In addition, Ministers welcomed ADB's strengthened involvement in the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) and urged ADB to expedite the formulation of a multi-partner trust fund for PCRAFI. Japan expressed its unwavering commitment to stand with PICs in overcoming their vulnerability to natural disasters, even under the uncertain global circumstances.

6. Ministers underscored the importance of strengthening DRM for sustainable fiscal management. In this context, PICs appreciated Japan's continued support to the customs administrations of PICs, in collaboration with the World Customs Organization (WCO) and the Oceania Customs Organization (OCO), to develop their revenue collection capacity and to facilitate trade. In addition, to support PICs' fiscal consolidation efforts, Japan has supported PICs' enhancement of domestic tax systems and tax institutional capacity, in coordination with international organizations such as Organization for Economic Co-operation and Development (OECD), IMF, World Bank and ADB. Going forward, Japan stands ready to provide additional support for PICs' DRM capacity building, including through IMF's Japan Subaccount, World Bank's Fiscal Resilience Program, and ADB's Domestic Resource Mobilization Trust Fund.

7. Ministers commended ADB on the progress of its procurement reform in the Pacific region. Specifically, the introduction of regional procurement, which leverages economies of scale and enhance the competitiveness of the bidding process, will contribute to better value for money for PICs. Ministers expressed

their expectation for ADB to play an integral role in promoting quality infrastructure investment in the region, in line with their Pacific Quality Infrastructure Principles endorsed at the Pacific Islands Forum (PIF) Leaders' Meeting. Ministers requested ADB to continue to report on the progress of the reform at their future meetings.

8. Ministers agreed to continue close communication at various levels to further strengthen relationships between Japan and PICs on economic and financial issues. They agreed to meet regularly at the margins of ADB's annual meetings in the future, and looked forward to next gathering in Samarkand, Uzbekistan, in 2026.