

## “Co-creation for common agenda initiative”

### Strategically important areas to be addressed through the co-creation for common agenda initiative and how to proceed with cooperation

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#### Purpose of this document

- ✓ As the global community faces compound crises, Japan is determined to lead international cooperation based on the concept of "human security" as stated in the Development Cooperation Charter decided by the Cabinet in June 2023. In order to address enormous financing needs for development, it is becoming increasingly important to collaborate with various actors, including private companies, civil society, and international organizations, to make efforts to mobilize new resources. For Japan to conduct development cooperation in this international environment, it is necessary to focus resources on strategically important areas and key to addressing compound development agendas while mobilizing Japan's areas of strength. At the same time, it is essential to maximize the impact of development cooperation through partnerships with private sectors for mobilizing finances and various technologies. In addition, relations with developing countries need to shift toward mutually beneficial ones, whereby Japan can also draw on the vitality of developing countries that are increasing their presence in the international community in both political and economic spheres. ODA needs to change in order to play an important role in this process.
- ✓ The "Co-creation for common agenda initiative" is a new measure in the Development Cooperation Charter and is a means of making more effective and strategic use of development cooperation. The “Co-creation for common agenda initiative” is an approach of Japan to focus its resources and human capitals on areas that are strategically important and key to addressing

compound development agendas, with the aim of building a mutually beneficial future together. This is a new mechanism of cooperation through co-creation, in which Japan and partner countries set a joint strategy (priority areas, goals to be achieved in each area, and scenarios for the realization of cooperation), and on the basis of this strategy, through dialogue and collaboration with the partner countries, develop measures of support suited to each country and work together to realize these measures. In this process, Japan will proactively make proposals in dialogue with the partner countries in a form that is beneficial to the partner countries while mobilizing the advantage of Japan's areas of strengths, based on Japan's strategy described above, recognizing the specific development cooperation goals and roadmap to them will vary depending on the country specific circumstances of the partners. We will then work together with the partner countries to develop the content of cooperation (development goals, scenarios for realizing them, and cooperation menu) for each country.

- ✓ In the “Co-creation for common agenda initiative,” we will not only propose to developing countries the way and menu for development, and solve the development challenges of developing countries, but also jointly address the compound crises in the world through the value created by co-creation, and link it to the solution of challenges and economic growth in Japan and partner countries. We will also work to co-create social values that are appropriate for universal application throughout the international community. With these goals, we aim to maximize the collective impact of development by involving various actors (private companies, public financial institutions, international organizations, other donors, civil society, local governments, universities, research institutions, etc.) in the development platform, bringing together their respective strengths and combining them in various forms of cooperation.
- ✓ In this document, we propose the direction regarding (1) what areas of

development challenges are prioritized, (2) what the objectives are in those areas, and (3) what specific "Co-creation for common agenda initiative" will be implemented, taking into account the current development challenges and Japan's foreign policy. Since international affairs and foreign policy issues are constantly changing, this Strategy will be reviewed on an annual basis.

## 2. Strategic areas to be addressed through the Co-creation for common agenda initiative

[Basic recognition]

- ✓ The world is now facing compound crises, including climate change and pandemics, in addition to Russia's aggression against Ukraine, which has had a tremendous impact on developing countries and vulnerable populations. We must listen to the voices of these countries and people, and demonstrate cooperation on a wide range of urgent issues toward the realization of human security through a people-centered approach. Otherwise, it will be difficult to maintain and strengthen the free and open international order based on the rule of law, on which Japan places great importance. Japan itself must proactively address these challenges and lead the way toward the realization of an international society of cooperation, rather than division and confrontation.
- ✓ One of these challenges is climate change, which is a common issue that must be addressed as it affects not only humanity but also the survival of all life on earth. Japan will support the decarbonization and energy transition of partner countries in regions through the realization of the "Asian Zero Emissions Community" concept and other measures, and help vulnerable countries, such as island countries, build societies that are resilient to climate change. By doing so, we must become a flag bearer for all countries to address these issues. At the same time, it is an area where no one, including Japan, has a panacea, and it is important to overcome common challenges through co-

creation while utilizing Japan's cutting-edge decarbonization technologies.

- ✓ Looking at the global economy, the prolonged Russia's aggression against Ukraine has had a significant negative impact, as commodity market prices, particularly food and energy prices, have skyrocketed. In addition, the spread of COVID-19 and the stagnation of production systems, logistics, and movement of people caused by Russia's aggression against Ukraine have destabilized the supply of a wide range of commodities, including IT products, auto parts, medical supplies, and food, revealing the vulnerability of the international supply chain. These soaring food and energy prices and disruptions in international supply chains have worsened Japan (as a non-resource country) and partner country's trade situations, threatening the livelihoods and security of its people, and have increased the risks of overseas investment for companies, causing them to scale back their overseas operations or reduce their appetite for overseas investment. In addition, the globalization of markets has brought about new problems, such as the weaponization of economic dependence by some nations, economic coercion, and the expansion of their own power, making it difficult for all developing countries to maintain their economic and social autonomy and enjoy development only through globalization. Under these circumstances, while maintaining the importance of a multilateral trading system, strengthening the economic resilience and economic security of developing countries is an urgent issue in order to secure a virtuous cycle of growth, in which the developing countries' quality growth is secured while also benefiting Japan's economy.
- ✓ Furthermore, the spread of COVID-19 disrupted the movement of people and goods for a certain period, resulting in the reorganization of supply chains and the digitalization and online shift of economic and social activities. Japan itself, under the concept of Society 5.0, is on its way to becoming a human-centered society that balances economic development and the

resolution of social challenges through the advanced integration of cyber (digital) and physical space. While taking advantage of Japan's technologies and exploring new ways of digital society through co-creation, we need to build a win-win relationship by constructing highly secure digital networks and ensuring a virtuous cycle between the growth of developing countries and the development of Japan's economy.

[Cooperation Field]

- ✓ Based on the above, the "Co-creation for common agenda initiative," will be implemented in the following areas where there is a particular need for strategic ODA implementation. We will continue to flexibly review the target areas.
  - ① Climate Change Response and GX (Green Transformation)
  - ② Economic resilience (supply chain resilience, ensuring equitable access to critical mineral resources, fostering industries for industrial diversification, etc.)
  - ③ Promotion of digitalization and DX (Digital Transformation)

### 3. Concrete ways to proceed with the Co-creation for common agenda initiative

[Purpose of cooperation]

- ✓ In carrying out the "Co-creation for common agenda initiative" in each of the areas listed in 2. above, we shall aim for the following:
  - (1) Quality growth in developing countries.
  - (2) Through "co-creation" with developing countries and other actors, create new measures to address issues for which Japan does not have solutions, and return the benefits to the socioeconomic growth of the partner countries and Japan (including new development and research of new technologies through collaboration with the private sector and academic institutions, demonstration, and strengthening human connections among researchers).

(3) Through cooperation with domestic and foreign private investors, private companies, and OOF (other official flows), Japan will be chosen as a trusted partner of developing countries and further strengthen diplomatic relations with such countries by achieving development effects that exceed resource inputs from ODA. We will also build mutually beneficial relationships, such as by strengthening the economies of both the developing countries and Japan.

[How to proceed]

- ✓ In this document, "Development Cooperation Goals" and "Development Scenarios" for each sector common to each country will be formulated, also taking into account the JICA Global Agenda.
- ✓ Based on the above, countries will be selected and policy dialogues will be held with the countries. Through the dialogue, the content of cooperation (development cooperation goals, development scenarios, and cooperation menu) for each country will be jointly formulated.
- ✓ With regard to the above menu of cooperation, while presenting the medium- to long-term resource inputs from Japan (guidelines in terms of financial and human resources, outline of Japan's technical and financial cooperation, etc.), the content of policy initiatives on the part of the partner country will also be discussed, and if necessary, a comprehensive agreement will be reached. A platform for dialogue with relevant stakeholders from both Japan and developing countries will be established in each country.
- ✓ Through these efforts, we will work to realize the development cooperation goals we have set through co-creation with various stakeholders.

#### 4. Development cooperation goals and development scenarios for the "Co-creation for common agenda initiative" in each field

(1) Climate Change Response and GX

**"Development Cooperation Goal"**: To promote the implementation of the Paris Agreement through equitable and feasible forms of decarbonization and support for energy transition, while taking into account each country's situation in addressing climate change. In addition, while taking into account the need to ensure energy security, we will promote the compatibility of development challenges faced with climate change measures, and promote the building of sustainable and resilient societies.

**"Development Scenario"**:

A. Institution building and Human resource development etc. for implementation of the Paris Agreement

- In order to implement the Paris Agreement, promote support for the formulation and implementation of development plans, long-term strategies, etc., human resource development, capacity building support, and expansion of the scale of climate finance in each country.

B. Contribute to sustainable development and climate change action in developing countries and build sustainable and resilient societies (promote mitigation and adaptation)

- Through the reduction of greenhouse gas emissions and enhancement of absorption, Japan's technology and know-how will be utilized to simultaneously achieve sustainable development and climate change countermeasures.
- To address the challenges of increasing weather disasters, which are also affected by climate change, and rising temperatures and sea levels over the medium to long term, we will support each developing country in improving its resilience to climate change. In doing so, we will make maximum use of the technologies and knowledge of Japanese companies and local governments.
- In the energy transition, it is important to achieve both decarbonization and a stable energy supply. To ensure sustainability and stability during

the transition, the project will support the development of diverse technologies and the promotion of their social implementation.

(2) Economic Resilience

(1) "Development Cooperation Goal": To increase the economic resilience of developing countries to various international risks, and to ensure synergies between these economies and a free and open world economy.

(2) "Development Scenario:

A. Strengthen and diversify the global supply chain and industrial structure

- Based on the concept of "co-creation," we will support countries in securing fairer access to international markets and strengthening the autonomy and resilience of their economies and societies. We will do this by developing industrial investment policies and business environments, supporting supply chain diversification, and fostering human resources, including companies and entrepreneurs, while leveraging the potential of each country, including its major industries. In doing so, with particular attention to low-income countries, island countries, and other vulnerable countries, we will mobilize private capital to meet the demand for finance needed to solve local problems, and promote the strengthening of cooperative and collaborative relationships between Japanese companies and local companies.
- To build stronger and more trustworthy relationships between Japan and developing countries as partners in trade and investment, we will provide support for achieving balanced and quality growth, while taking advantage of the characteristics of each country in their efforts toward diversification of their industries and employment.

B. Ensure stable mineral resource development for both resource-rich countries and the international community



- The fair and sustainable development and stable supply of important mineral resources are required for new power sources and next-generation industries to realize a decarbonized society. They are also important for achieving quality growth in developing countries that have the potential to develop such resources, and reducing risks to the global economy at large. Therefore, we will provide support, starting with the diversification of supply sources and suppliers.
- In addition, in order to support sustainable and stable development in resource-rich countries, the project will support the development of basic infrastructure, including education, health, water, sanitation, and transportation, as well as human resource development, while striving to create employment and promoting long-term support for the diversification of industries in areas surrounding mines.
- Furthermore, in order to contribute to the transition to a circular economy and sustainable development of the world economy, including developing countries and Japan, an international recycling system by extracting precious metals from waste will be established with developing countries, utilizing Japan's metal refining technology. This will prevent overexploitation of resources and promote the effective use of important mineral resources whose use is expected to increase rapidly.

### (3) Promotion of digitization and DX

(1) "Development Cooperation Goal": To achieve a society in which developing countries and their citizens can benefit from digitalization in a safe, equitable, and stable manner.

(2) "Development Scenario":

A. Promotion of the use of digital technologies to solve development challenges and collaboration with the private sector

- In addressing issues in developing countries, we plan to balance economic

growth and social issues by integrating physical and cyber (digital) space in various areas and fields, and work on cooperation that produces higher results and value addition than before through the use of digital technologies and data. We will bring together the results of our efforts and lessons learned, and implement projects with high problem-solving ability to achieve the SDGs.

- Collaboration with digital partners, such as start-ups, is essential to achieve further development results. To promote the participation of digital partners, we will support the development of data utilization infrastructure and related legal systems, and work to solve issues through co-creation while exploring and acquiring new knowledge and technologies in Japan and overseas. We will also emphasize that the experience gained in cooperating with developing countries will be returned to Japan and contribute to the strengthening of knowledge and technologies in Japan.

B. Development of foundations to promote digitalization based on the concept of DFFT (Data Free Flow with Trust)

- We support the establishment of foundations so that developing countries can enjoy the benefits of digitalization of their economies and societies, as well as to reduce the disparities and security risks associated with digitalization. Specifically, the project will aim for the "development of human resources and industries that will lead digitalization," "digital infrastructure," and "support for cyber security to ensure the safety of digital space". In addition, cooperation on inclusive AI governance and interoperability will be considered, taking into account international discussions.
- Support for the development of foundations for digitalization is also important from the perspective of creating a mutually beneficial

environment for developing countries and Japan in the digital society. Through cooperation, we will work on exchange and mutual development related to the digitalization of economy and society, and the creation of a free and safe digital space.