

Part I

Revision of the Development Cooperation Charter and G7 Hiroshima Summit



Prime Minister Kishida, Chair of the G7 Hiroshima Summit, leaders of the other G7 and invited countries, and heads of international organizations at the Summit in May 2023

1	Revision of the Development Cooperation Charter	2
2	G7 Hiroshima Summit - Discussions and Outcomes in the Field of Development	6

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Amid the world being at a historic turning point and facing multiple crises, it is increasingly important for the international community to transcend differences in values and cooperate with each other. At the same time, building a peaceful, stable, and prosperous international community under a free and open international order based on the rule of law directly leads to Japan's national interests. To this end, the role of development cooperation, one of the most important tools of Japan's diplomacy, is becoming increasingly important.

In light of these significant changes in the situation,

Japan announced in September 2022 that it would revise the Development Cooperation Charter, which articulates the basic policy of Japan's development cooperation policies. In June 2023, the Cabinet decided on the revision of the Development Cooperation Charter for the first time in eight years.

At the G7 Hiroshima Summit held under Japan's Presidency in May 2023, Prime Minister Kishida led discussions addressing key challenges faced by the international community, including development issues.

1

Revision of the Development Cooperation Charter

The Development Cooperation Charter is a policy document that Japan's development cooperation policy is founded on. Its predecessor, the ODA Charter, was formulated in 1992. The name was changed to the Development Cooperation Charter when it was revised in 2015. The new Development Cooperation Charter was decided by the Cabinet on June 9, 2023.

(1) Background to the Revision of the Charter

Since the revision of the Charter in February 2015, many efforts have been made in order to address global issues through international cooperation, such as the adoption of the Sustainable Development Goals (SDGs) and entry into force of the Paris Agreement on climate change. On the other hand, the free and open international order that supported peace and prosperity in the post-Cold War era faces severe challenges, and the international community is becoming increasingly fragmented and confrontational. The economy and security are now directly linked and impact each country, which is visible in the disruption of global supply chains due to rapidly changing international affairs, cybersecurity issues arising from rapid digitalization, and attempts to use economic dependence as a means of coercion.

With the world exposed to such uncertainty, developing countries face difficulties in charting a path to stable development. Poverty reduction efforts have become less likely to be addressed, and health issues, including infectious diseases, climate change, and environmental issues, have become more serious. Furthermore, refugees and displaced persons have increased all over the world, and food and energy crises have exacerbated humanitarian situations. Responses in accordance with the concept of human security are

urgently needed. The role of development cooperation becomes exceptionally vital, and a variety of actors, including the business community and civil society, are required to work together to address the situation.

In the meantime, as debt issues have become more serious in some developing countries, there is an increasing need for the international community as a whole to ensure development cooperation based on transparent and fair international rules. Furthermore, as the financing gap for achieving the SDGs is widening, it has become increasingly important to collaborate with various actors, including private companies, public financial institutions, international organizations, and civil society, as well as to make efforts to mobilize new funds.

In light of these significant changes in the situation since the Charter was formulated in 2015, the current revision aims to promote ODA that not only addresses the challenges faced by developing countries but also contributes to Japan's economic and social growth, by



Mr. NAKANISHI Hiroshi, chair of the "Advisory Panel on the revision of the Development Cooperation Charter" and Professor at the Graduate School of Law, Kyoto University, submitting the report of the Advisory Panel to then Foreign Minister Hayashi

making use of development cooperation more effectively and strategically than ever as one of the most important tools of diplomacy.

The new Charter outlines the direction of Japan's development cooperation over the next approximately 10 years. In making the revision, the opinions of a wide range of experts and Japanese citizens were considered. These included recommendations by the Advisory Panel on the revision of the Development Cooperation Charter, exchanges of opinions with various sectors such as the business community and civil society, public opinion exchange meetings held in multiple locations in Japan, and public comments.

(2) Main Points in the Revision

A. Basic Policies

One of the basic policies is to conduct development cooperation centered on human agency to ensure that each individual can live happily and with dignity, positioning "human security" in the new era as a guiding principle. Under this policy, Japan strives to work on "investment in people," such as the protection and empowerment of individuals, and to work together in "solidarity" among diverse actors to achieve common goals.

The new Development Cooperation Charter introduces the concept of "co-creation," with the aim of jointly creating new solutions and social values through dialogue and collaboration, placing developing countries at the core, and involving a variety of actors that each brings its strengths under equal partnerships. By bringing back home the new solutions and social values generated in this way, Japan also aims to develop human resources who will lead future generations in Japan and developing countries, and to lead them to solutions for Japan's own economic and social challenges and economic growth.

The Charter also stipulates as a basic policy that, amid the increase in assistance to developing countries from a more diverse range of actors in addition to conventional donors, Japan, as an actor involved in development cooperation, will lead the dissemination and implementation of international rules and guidelines for development cooperation based on inclusiveness, transparency, and fairness, and will realize cooperation that does not undermine the independence and sustainability of developing countries.

B. Priority Policies

The Development Cooperation Charter sets out three priority policies.

The first priority policy is "'Quality growth' in the new era and poverty eradication through such growth." In an era of multiple crises, "quality growth" that is inclusive, sustainable, and resilient is becoming increasingly important. Based on this, the Charter highlights that Japan will cooperate to secure the foundation and driving force

for economic growth, while also strengthening efforts to address challenges faced by developing countries, such as enhancing socio-economic autonomy and resilience in areas like food and energy security, as well as tackling new challenges such as digital transformation. Furthermore, considering the enormous demand for infrastructure in developing countries, Japan will combine cooperation on structural aspects, which makes use of its technological capabilities and knowledge, such as safety management, disaster risk reduction and resilience technologies, and addressing climate change and environmental issues, with cooperation on non-structural aspects, such as institutional development, participation in management and maintenance, and human resources development. In doing so, Japan will promote "quality infrastructure" through public-private collaboration.

The second priority policy is the "Realization of peaceful, secure, and stable societies, and maintenance and strengthening of a free and open international order based on the rule of law," which is a prerequisite for "quality growth." Under the vision of a "Free and Open Indo-Pacific (FOIP)," Japan will work to enable developing countries to enjoy the fruits of economic growth unaffected by force and coercion. To this end, Japan will promote cooperation in areas such as support for the development of legal systems, realization of good governance, humanitarian assistance and peacebuilding, and the strengthening of maritime security capacities, working together with developing countries to maintain and strengthen a free and open international order based on the rule of law.

The third priority policy is "Leading international efforts to addressing increasingly complex and serious global issues." It is highlighted that Japan will strengthen efforts to accelerate initiatives in areas such as climate change and the environment, global health, disaster risk reduction, and education, which are urgent issues facing developing countries, while also actively contributing to international discussions on post-2030 development goals.

C. Implementation

In order to vigorously promote these priority policies, the Development Cooperation Charter sets three evolved approaches in terms of implementation.

Firstly, under "solidarity to realize co-creation," Japan aims to strengthen cooperation for solidarity with various partners, including private companies, public financial institutions, etc., other donors, international organizations, civil society, local governments, universities and research institutions, human resources with knowledge about and affinity for Japan, and people of Japanese descent.

While the alignment of efforts toward the SDGs with corporate value has encouraged many private companies and investors to become more actively involved in addressing development challenges and to

promote initiatives for realizing a sustainable society, the importance of private finance for developing countries has also increased. In light of this, Japan will introduce new ODA schemes to promote the mobilization of private finance and to strengthen synergies between public and private finance.

In addition, it is also important that various actors bring together their strengths and create solutions through dialogue and collaboration. These actors include NGOs and other civil societies that are adept at providing prompt cooperation that is attuned to local needs, local governments that have experience and expertise as the main providers of basic administrative services, and universities and research institutions.

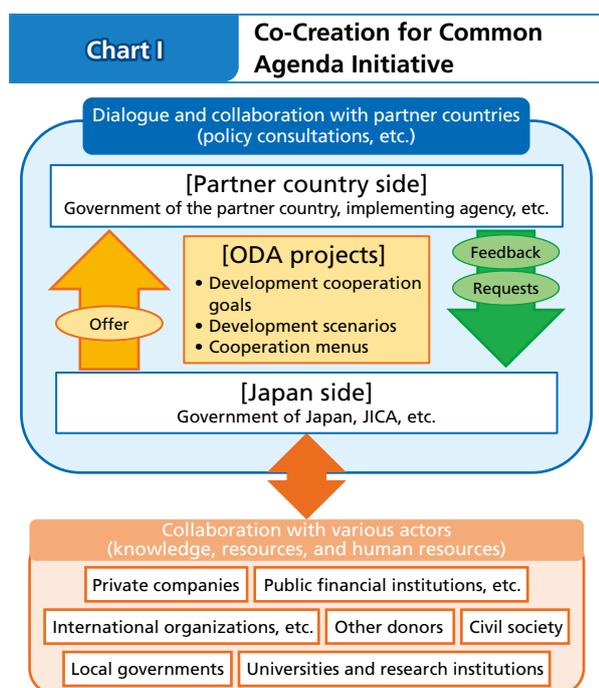
Secondly, under “further enhancement of strategic approach,” Japan seeks to strengthen its strategic cooperation by launching a new “Co-creation for common agenda initiative” that proactively proposes cooperation menus, mobilizing the advantage of Japan’s areas of strengths. In the “Co-creation for common agenda initiative,” Japan will jointly formulate development cooperation goals in areas that should be strategically addressed in relation to foreign policy, as well as development scenarios and cooperation menus for the realization of cooperation, through dialogue and collaboration with the partner countries, and then propose and create attractive projects for partner countries that leverage Japan’s strengths. In doing so, Japan aims to maximize the impact of development by involving various actors, bringing together their respective strengths and combining them in various forms of cooperation.

Japan selects and announces areas that are strategically important based on its foreign policy, and focuses ODA-related resources and human capitals in these areas. This is intended to enhance the predictability of project implementation, thereby encouraging the participation of various actors, including private companies, in ODA projects (Chart I). By doing so, Japan aims to make its development cooperation more proactive and strategic in order to address challenges facing developing countries as well as its own challenges and economic growth.

Thirdly, Japan will work constantly for a renewed “fine-tuned system design that meets the objectives” with flexibility, efficiency, and promptness as keywords. This includes proposing comprehensive cooperation packages through the “Co-creation for common agenda initiative,” strategically utilizing grant aid and technical cooperation for countries with relatively high income levels, and improving methods for providing emergency humanitarian assistance. Particularly in collaborating with private companies, promptness is important; therefore the project formulation process for grant aid will be expedited, and the approval process for technical cooperation will be streamlined.

(3) Promoting the “Co-Creation for Common Agenda Initiative”

In September, to promote the newly launched “Co-creation for common agenda initiative,” Japan released the strategic document “Co-creation for common agenda initiative,”¹ which shows strategically important areas to be addressed and how to proceed with cooperation in line with Japan’s foreign policy. This strategic document identifies (i) Climate change response and GX (Green Transformation), (ii) Economic resilience, and (iii) Promotion of digitalization and DX (Digital Transformation) as areas of strategic importance on which Japan should focus its resources and human capital based on its foreign policies. Going forward, in accordance with this strategic document, Japan will jointly formulate development cooperation goals, development scenarios, and cooperation menus for respective areas through policy dialogues with each country. With regard to the cooperation menu, 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 a comprehensive agreement will be reached in accordance with the needs. A platform for dialogue with relevant stakeholders from both Japan and developing countries will be established in each country. Through these efforts, Japan will work to realize the



¹ “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
<https://www.mofa.go.jp/files/100568059.pdf>



Prime Minister Kishida holding a ceremony for the exchanges of notes related to Japan-Cambodia bilateral cooperation with Prime Minister Hun Manet of Cambodia in December (Photo: Cabinet Public Relations Office)

development cooperation goals set through co-creation with various stakeholders, and thereby seek to address challenges facing developing countries as well as its own challenges and economic growth.

In December, at the Japan-Cambodia Summit Meeting with Prime Minister Hun Manet of Cambodia, Prime Minister Kishida agreed on the list of cooperation items of the “Co-creation for common agenda initiative” to support the development of Cambodia’s digital economy and society,² and the two leaders agreed that they will continue to strengthen cooperation in the digital area.

Japan will continuously strive to improve the system in order to evolve ODA in line with the direction indicated in the Charter, including the promotion of the “Co-creation for common agenda initiative.”

² See MOFA’s website (<https://www.mofa.go.jp/files/100597093.pdf>) for details on the list of cooperation items of the “Co-creation for common agenda initiative” in the digital area for Cambodia.