

**Importance of Soft Power:  
An Analysis of Japan's ODA with National Interests  
and Its Implications for Developing Countries**

Soo Yeon YOO

(51-238241)

Graduate School of Public Policy, The University of Tokyo

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Supervised by

Professor Toshiro NISHIZAWA

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## **Abstract**

It is not uncommon for donor countries to pursue national interests in their official development assistance (ODA) strategies. Japan has similarly expressed its national interests through various forms over time, reflecting changes in its external environment regarding security and economic dependencies. However, a critical question arises: how effective can these strategies be in recipient countries if donors solely pursue national interests? This thesis argues that by leveraging soft power elements—including technical cooperation, human resources development, capacity building, and other humanitarian values that the Japanese government emphasizes—donor and recipient countries can identify an equilibrium point. Specifically, when recipient countries can achieve mutual benefits with donor countries in sectoral development and economic and security influence, this creates a win-win strategy for both nations.

To this end, this thesis adopts a two-pronged approach. First, it conducts a literature review utilizing official Japanese government documents to analyze the development of ODA policies and soft power strategies. Second, it presents a case study of India-Japan relations by examining how both nations approach their bilateral relationship and how mutual benefits can be transmitted from Japan to India through soft power mechanisms. This research demonstrates that both countries share a vision of enhancing connectivity throughout the Asian region and recognize the importance of expanding railway infrastructure. While the Japanese government seeks opportunities to transfer its railway-related expertise and facilitate Japanese companies' expansion in India, the Indian government can adopt these practices and utilize this knowledge to advance its "Make in India" initiative.

Nevertheless, questions remain regarding whether this mutual relationship can be sustained long-term in cases where external changes affect landmark projects or when recipient countries' development speed exceeds donor countries' expectations. As India develops into an emerging donor and technology leader in Asian region, countries must seek mutual benefits through more complex collaborative mechanisms. Despite these concerns, this thesis suggests that in the short term, and in cases where there are clear mutual benefits between countries, this approach represents a viable strategy where both parties can achieve satisfaction.

## 1. Introduction

### 1.1. National interests in the development cooperation

The ongoing supply chain crisis and rising geopolitical and economic tensions in the world have led governments to strengthen economic ties with their neighboring and strategic partner countries. To achieve this, states focus on developing mutually beneficial relationships to secure potential economic, security, or cultural interests. In this context, governments are now utilizing public funding sources to seek and expand their strategic partnerships for the purpose of effective budget utilization. Additionally, combined with persistent challenges in gaining public acceptance for the use of Official Development Assistance (ODA) based on public taxation and rising domestic concerns including social polarization, donor countries increasingly tend to reflect their national interests in ODA strategy. By reflecting national interests, governments can promote to the public the potential benefits that ODA can bring to their domestic nation.

National interest has many different definitions depending on the context. However, in the context of ODA, states generally follow the view that support to recipient countries is ultimately beneficial to their own economic development and prosperity. These economic developments usually encompass the enhancement of exports of national goods and services. In light of this, pursuing national interests within the context of development cooperation is not a new concept. Bilateral donors have been incorporating national interests from the early stages of their development strategy establishment. Japan is no exception; it has consistently reflected its national interests from the start of its ODA program, due to the characteristics of its peace constitution.

However, from the perspective of recipient countries, there are concerns that such policies in pursuit of national interest may prevent sustainable economic development in the recipient country. This is because one of the most important concepts in ODA is country ownership. This concept allows the recipient country to set national priority plans that take into account the country's circumstances, and enables independent decision-making and locally-driven economic development without dependence on donor countries.<sup>1</sup>

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<sup>1</sup> Organization for Economic Co-operation and Development (OECD), *Country Ownership Over National Development Processes*, OECD Development Co-operation Tips, Tools, Insights, Practices, 2024.  
<https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/03/development-co-operation-tips->

Thus, although pursuing national interests is not a unique issue among donor countries, it is difficult to establish an equilibrium point between donor countries' interests and recipient countries' interests. If ODA is utilized primarily for economic ties, its original purpose of promoting welfare and economic growth in developing countries may not be fulfilled equitably among these regions. In addition, it raises questions about whether this ODA strategy is also beneficial for developing countries. For instance, strategies that emphasize specific sectors can lead to a debate about whether these actually address the urgent needs of these nations.

In this context, soft power functions as a mitigation instrument to balance donor countries' national interests with recipient countries' development aspirations. According to Nye<sup>2</sup>, soft power represents the ability to achieve results by influencing others through cooperative instruments that elicit positive reactions. This concept encompasses "intangible resources" such as policies, values, and culture. There are arguments that soft power may have negative impacts on recipient countries if the soft power is excessively donor-centered in policy or promotion<sup>3</sup>. However, it is evident that well-designed soft power initiatives aimed at fostering bilateral cooperation can achieve positive effects from recipient countries. Given the stable economic size and political level, soft power can contribute to promoting the country and increasing its influence toward other countries<sup>4</sup>.

In this context, the Japanese government's ODA strategy is worthy of examination due to its distinctive approach of leveraging economic and security partnerships shared with recipient countries while simultaneously promoting Japanese corporate investment. Notably, the Japanese government is promoting its expertise and technologies in developing countries with the aim of achieving mutual benefits for prosperity. Through the promotion of various diplomatic policies and technical cooperation initiatives, the Japanese government is expanding its influence throughout the Asian region. When examining the data, it is shown that Japan, along with Germany, ranks among the largest donors in terms of technical cooperation disbursements in the Asian region (figure 1)<sup>5</sup>.

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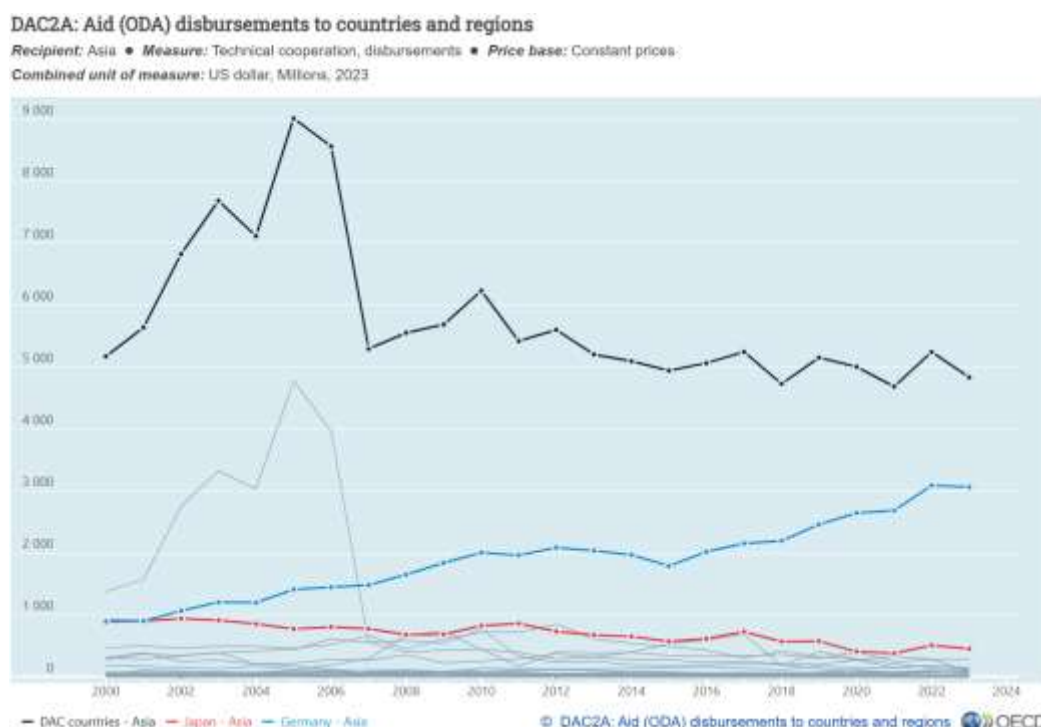
[tools-insights-practices\\_d307b396/country-ownership-over-national-development-processes\\_72dbbb6d/1a0df804-en.pdf](https://tools-insights-practices_d307b396/country-ownership-over-national-development-processes_72dbbb6d/1a0df804-en.pdf)

<sup>2</sup> Joseph S. Nye, "Power and Foreign Policy," *Journal of Political Power* 4, no. 1 (2011): 9-24, <https://doi.org/10.1080/2158379X.2011.555960>.

<sup>3</sup> Inbok Rhee, Sung Eun Kim, Jong Hee Park, and Joonseok Yang, "Citizen Responses to Donor-Centeredness in the US-China Public Diplomacy Competition," *International Interactions* 51, no. 1 (2025): 121-37, <https://doi.org/10.1080/03050629.2025.2456738>.

<sup>4</sup> Ying Fan, "Soft power: Power of attraction or confusion?," *Place Branding and Public Diplomacy* 4, no. 2 (2008): 147-158, <https://doi.org/10.1057/pb.2008.4>, 158.

<sup>5</sup> OECD, "DAC2A: Aid (ODA) Disbursements to Countries and Regions," OECD Data Explorer, accessed



**Figure 1: Technical cooperation disbursement in Asian region (Source: OECD)**

Soft power mechanisms can serve as effective instruments, as recipient countries can enhance their self-led development by incorporating capacity building and technology transfer from donor countries. Simultaneously, donor countries can expand their overseas business operations and establish foundations for long-term bilateral relationships. The key to this soft power approach lies in the achievement of mutual benefits between donor and recipient countries, as it addresses the needs of both nations.

## 1.2. Methodology, research questions and thesis structure

Based on this analysis, this thesis argues that Japanese ODA is fundamentally driven by two key factors: (i) the strategic pursuit of establishing mutually beneficial relationships with recipient countries while clearly identifying areas where shared interests exist, and (ii) the utilization of soft power mechanisms that leverage Japanese expertise to advance national interests. Specifically, Japanese ODA seeks to realize its national interests by expanding overseas investment and strengthening economic and security relationships through the implementation of soft power strategies. Therefore, this thesis hypothesizes that Japanese ODA, by aligning development priorities between recipient countries and Japanese soft power strategies, can generate benefits that satisfy both donor and recipient countries.

To evaluate this hypothesis, this thesis will involve the case study of the relationship between

Japan and India, since Japan is the largest donor to India after 2000 until 2023, contributing USD 18,000 million out of a total USD 40,944 million<sup>6</sup>. Given these commitments, India serves as an ideal case for testing the hypothesis.

Specifically, the case study will primarily focus on the evolving relationship between Japan and India throughout history, examining the implementation of soft power in major transport projects in India and determining whether it has been consistently emphasized. Through this case study, the thesis will review whether soft power and mutually beneficial relations are persistently emphasized and remain central themes in bilateral discourse. Considering this, this thesis will address the following research questions:

First, how has the concept of soft power been historically integrated into Japan's ODA strategy?

Second, what mutual benefits does India share with Japan in terms of economic development?

Third, is a mutually beneficial relationship established through soft power instruments in the relationship between India and Japan?

This thesis will examine these research questions through the following structured approach. Firstly, it will conduct a comprehensive review of existing literature regarding the necessity for donor countries to pursue national interests through ODA programs, and identify the conditions that enable donor-recipient country relationships to function as win-win partnerships. In particular, it will delve into literature focusing on Japan and India. Lastly, it will incorporate a literature review of Japanese ODA programs' effectiveness by studying case studies of recipient countries.

Subsequently, employing a qualitative analytical method, this thesis will trace the evolution of national interest conceptualization and the growing significance of soft power in Japan's ODA strategy from the 1950s through the 2020s, using a historical analysis based on official government documents. Through this literature review, this thesis aims to explore the underlying reasons for the Japanese government's development of ODA mechanisms with an emphasis on national interest. The official documents will primarily comprise papers published by the Japanese Ministry of Foreign Affairs (MOFA) and related organizations including Keidanren. Specifically, the analysis will examine how soft power principles are substantively

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<sup>6</sup> OECD, "DAC2A: Aid (ODA) Disbursements to Countries and Regions," OECD Data Explorer, accessed April 21, 2025, <https://data-explorer.oecd.org/?lc=en>.



incorporated into ODA policy implementation. This section will be followed by a critical evaluation from the international community regarding Japan's strategy. Considering the limitations of recipient countries' evaluations of donor countries, it will utilize sources from the Organization for Economic Co-operation and Development (OECD) that evaluate Japanese ODA policies.

Next, the thesis will examine the Indian government's national development plan to identify potential benefits that India can derive from Japan's interest-oriented strategies. This will be complemented by analyzing transport infrastructure projects through an examination of official speeches and documents delivered by the leadership of both India and Japan. Particularly, by examining official documents and recent media reports regarding Japan-India relations, this will further investigate whether the influence of soft power could endure in the long term if external changes cause any delays or modifications to projects. Also, by incorporating Indian media reports and relevant documents from the Indian side, this thesis attempts to maintain a neutral tone in analyzing the effectiveness of Japanese soft power in India and its relationship development.

Finally, through interview, the thesis will adopt a concrete approach to examine the importance of soft power in Japanese ODA policy and its effectiveness in fostering relationships with India. The interview was conducted with an official working at the Japan International Cooperation Agency (JICA), which is Japan's ODA implementation agency. Specifically, the interviews focused on revealing the factors that hinder cooperation and examining how soft power mechanisms can influence recipient countries' practice changes in projects and extend beyond to broader bilateral relationships. This thesis will conclude with implications for developing countries, focusing on how to leverage soft power effectively while maintaining national interests.

## 2. Literature Review

### 2.1. Necessity of pursuing national interests in donor countries

The OECD recommends the ideal level for ODA to reach 0.7% of a country's Gross National Income (GNI). However, few countries reach this level considering various reasons including the shortage of budget for international spending. In this context, bilateral donors' emphasis on national interests may be viewed as a strategy to obtain legitimacy amid budgetary constraints.

There are several reasons, mainly for bilateral donors, to pursue national interests. Foremost among these is the changing domestic circumstances in donor countries. Gulrajani<sup>7</sup> argued that foreign aid is being used intentionally to promote national interests as the proportion of ODA is decreasing compared to other types of development funds relative to the past. According to the author, when the share of ODA was larger compared to other financial resources, comparatively large amounts of ODA budget were available to pursue the primary objective of ODA, including the goal of eradicating global poverty. Gulrajani<sup>8</sup> further contended that foreign aid plays a more significant role in promoting national interests as times change, since issues including domestic inequality within donor countries are emerging. The author illustrated that during earlier periods including the Cold War and the early 2000s, there was a common humanitarian vision of global poverty reduction shared by donor countries. On the other hand, contemporary foreign aid has increasingly focused on promoting national interests, as donor countries simultaneously need to consider foreign issues and domestic economic development despite the introduction of the Sustainable Development Goals (SDGs). Through this, it can be inferred that the relative decline in ODA amounts compels donor countries to address not only the external diplomatic and economic concerns but also domestic resistance to ODA by justifying its objectives in terms of national interest.

Meanwhile, some literature argues that the pursuit of national interests in ODA is also attributable to the strategic dimensions of national development. Mawdsley<sup>9</sup> used the example of British aid to explain that aid policies that reflect national interests are one of the means to support the foreign and security policies of donor countries. According to Mawdsley, this

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<sup>7</sup> Nilima Gulrajani, "Bilateral Donors and the Age of the National Interest: What Prospects for Challenge by Development Agencies?," *World Development* 96 (2017): 375-389, <https://doi.org/10.1016/j.worlddev.2017.03.021>.

<sup>8</sup> Ibid.

<sup>9</sup> Emma Mawdsley, "National Interests and the Paradox of Foreign Aid under Austerity: Conservative Governments and the Domestic Politics of International Development since 2010," *The Geographical Journal* 183, no. 3 (2017): 223-232, <https://doi.org/10.1111/geoj.12219>.

national interest manifests in the provision of increased leadership in international organizations, as contributions to development finance enable donor countries to enhance their status and influence. In addition, the author also mentioned that the foreign aid policy toward strategic countries, including “friendly” countries or “post-conflict<sup>10</sup>” countries, can help donor countries navigate complicated geopolitical competition. Although “external profile and leverage<sup>11</sup>” are abstract concepts that do not directly affect public decisions on tax spending, the author argued that ODA can directly or indirectly influence the direction of government policy and regulation. From this literature, it can be inferred that donor countries compete for leadership strength in international society by demonstrating and enhancing their influence through ODA.

Mawdsley also saw the potential for economic profit as one of the reasons for donor countries to pursue their national interests in aid. According to Mawdsley, even though the Organization for Economic Co-operation and Development’s Development Assistance Committee (OECD DAC) recommends increasing untied aid in order to increase aid effectiveness, a significant portion of the final profit is currently transferred to donor countries through various types of contracts such as consulting contract. In addition, the author depicted the fact that ODA has been used in some cases in the past as a means for illegal transactions of donor country, such as capital flight, also supports the use of ODA as a component of national economic strategy. This implies that donor countries are pursuing economic benefits through ODA, even when this may undermine its original objectives.

The ultimate goal of ODA is to solve poverty from a humanitarian perspective. The OECD<sup>12</sup> also mentioned that it contributes to the aim of promoting prosperity and sustainable development in developing countries. However, from the donor countries’ perspectives, the goal of ODA is a kind of financial compensation for the political and economic services received from the recipient country<sup>13</sup>. In this regard, Gulrajani argued that ODA can be seen as a financial service that addresses the conflicting goals of pursuing humanitarianism and national interests by appropriately combining financial resources and selecting countries in strategic way. Reflecting this reality, the OECD<sup>14</sup> determined that when the goals of ODA differ from those

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<sup>10</sup> Ibid, 228.

<sup>11</sup> Ibid, 227.

<sup>12</sup> OECD, *Development Co-operation Report 2019: A Fairer, Greener, Safer Tomorrow* (Paris: OECD Publishing, 2019), <https://doi.org/10.1787/9a58c83f-en>.

<sup>13</sup> Gulrajani. “Bilateral Donors and the Age of the National Interest.”

<sup>14</sup> OECD, *Managing Aid: Practices of DAC Member Countries* (Paris: OECD Publishing, 2005), [https://www.oecd.org/content/dam/oecd/en/publications/reports/2005/06/managing-aid\\_g1gh4c85/9789264007635-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2005/06/managing-aid_g1gh4c85/9789264007635-en.pdf).

of bilateral assistance programs, finding the balance depends on the political choices of the donor country. Reinterpreting this sentence means that the ultimate goal of ODA and the self-interest of the state are not necessarily in conflict. Nevertheless, the pursuit of national interest sometimes infringes on the humanitarian goals of ODA. Subsequently, there appeared to be some potential risks on the part of donor countries<sup>15</sup>. To this end, Gulrajani et al.<sup>16</sup> argued that even though donor countries emphasize their national interests by using expressions and narratives such as “win-win,” it is important to find a balance between economic interests, geopolitical priorities, and the requests of recipient countries. This is due to the characteristics of contemporary national interest in interacting with international relations while preventing any harm or damage to national economy or diplomacy.

## **2.2. Reasons of Japan to pursue national interest**

Japan’s approach to foreign aid is not exceptional in terms of the typical reasons mentioned above. The MOFA<sup>17</sup> argued in the ODA review final report that changes in domestic and international environments have contributed to changes in ODA strategies. However, there are also unique reasons for the Japanese government to pursue national interest in foreign aid. To understand this, it is better to consider Japan’s reasons from the inception stage, considering its economic characteristics and historical background.

Firstly, the most important reason is that Japan is a country relying on exports and depending on raw materials and energy from imports<sup>18</sup>. For the Japanese government, exports and energy were the keywords that cut through the ages. This approach by the Japanese government can be confirmed through various literature. Firstly, Akao and White<sup>19</sup> analyzed that the economic vulnerability of Japan’s dependence on raw material imports, which emerged due to the oil shock in the 1970s, led to a focus on economic security. According to the authors, Japan was dependent on imported oil for more than 70% and needed solutions such as investing in the development of its own resources. To this end, it sought to increase Japan’s interdependence

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<sup>15</sup> Nilima Gulrajani, Emma Mawdsley, and Supriya Roychoudhury, *The New Development Diplomacy in Middle-Income Countries* (London: Overseas Development Institute, 2020), [https://media.odi.org/documents/the\\_new\\_development\\_v5.pdf](https://media.odi.org/documents/the_new_development_v5.pdf).

<sup>16</sup> Ibid.

<sup>17</sup> Ministry of Foreign Affairs of Japan (MOFA), *ODA Review Final Report: Enhancing Enlightened National Interest* (Tokyo: Ministry of Foreign Affairs of Japan, 2010), [https://www.mofa.go.jp/policy/oda/reform/pdfs/review1006\\_report.pdf](https://www.mofa.go.jp/policy/oda/reform/pdfs/review1006_report.pdf).

<sup>18</sup> MOFA, *Diplomatic Bluebook for 1973* (Tokyo: Ministry of Foreign Affairs of Japan, 1973), <https://www.mofa.go.jp/policy/other/bluebook/1973/1973-1.htm#Chapter%201>.

<sup>19</sup> Nobutoshi Akao and Maureen White, “Japan’s Economic Security,” *Intereconomics* 16, no. 3 (1981): 115-121, <https://doi.org/10.1007/BF02924744>.

with Asian countries through strengthening economic ties. Yasutomo<sup>20</sup> also explained that the aid policy up until the 1970s was part of economic cooperation that replaced the reparations agreement. According to the author, the ultimate goal was to import raw materials and develop markets.

This Japanese government approach of fostering strong relationships with strategic countries by leveraging financing instruments can be demonstrated through the example of early 1970s recipient country selection. For example, Qian Qin mentioned that one of the key phrases when Japan provided ODA to China in the period of 1970s and 1980s was “trade, energy, and friendship<sup>21</sup>.” This is also stated by MOFA by the sentence in the Diplomatic Bluebook for 1973 as “Since Japan is heavily dependent on foreign countries for important resources and food, it is inevitably affected decisively by the trends of the world economy<sup>22</sup>.” Through this, it can be implied that the Japanese government utilized ODA as an instrument to bridge economic cooperation and reparation with East Asian countries. However, in this period, the Japanese government hesitated to mention national interests directly in related institutions. In order to dilute political will, the Japanese government mainly invested ODA in Southeast Asia, excluding socialist countries<sup>23</sup>. This limitation of Japan suggests that although Japan recognized the importance of national interest, it intentionally kept implicit its willingness to resist opposition from the international community and to reduce reluctance from recipient countries.

However, the situation changed from the early 2000s. The Japanese government explicitly emphasized national interests in official documents. The reason for this status change can be attributed to three factors. Firstly, there was strong public criticism regarding the volume of ODA. According to a “public opinion survey on foreign policy (外交に関する世論調査, 1996-2000<sup>24</sup>)”, the percentage of respondents who said that ODA should be reduced as much as possible increased by about 10 percent over five years, from 12.9 percent in 1996 to 22.3 percent in 2000. In particular, the reasons for the decline in public opinion on ODA include the poor state of the domestic economy and insufficient finances, which accounted for a large

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<sup>20</sup> Dennis T. Yasutomo, “Why Aid? Japan as an ‘Aid Great Power,’” *Pacific Affairs* 62, no. 4 (1989): 490–503, <https://doi.org/10.2307/2759672>.

<sup>21</sup> Qin Qian, “60 Years of China-Japan Relation Formation: A Historical Analysis of Japan’s Foreign Aid to China,” *International Trade, Politics and Development* 8, no. 1 (2024): 17-31, <https://doi.org/10.1108/ITPD-06-2023-0015>, 22.

<sup>22</sup> MOFA, “Section 2,” in *Diplomatic bluebook for 1973*.

<sup>23</sup> Yasutomo, “Why Aid? Japan as an ‘Aid Great Power’.”

<sup>24</sup> Government of Japan, “Public Opinion Survey on Diplomacy (外交に関する世論調査),” Government Public Opinion Survey Database, 1996–2000, accessed April 17, 2025, <https://survey.gov-online.go.jp/>.

proportion of the reasons, at 70.5 percent and 44 percent, respectively (excluding 1996). While demonstrating clear declining patterns in public support for ODA, Hoshiro<sup>25</sup>'s research also evidences that domestic pressure contributes to ODA reduction based on public survey data. Considering the macroeconomic reasons for this shift in public opinion, the primary factor was Japan's prolonged economic recession. Sunaga<sup>26</sup> examined that combined with the economic downturn due to the bubble collapse, the public showed negative opinions toward ODA. According to Sunaga, social spending on domestic issues gained more attention in this period; since the 2000s, Japan's unemployment rate has been on the rise due to the collapse of the bubble economy. In addition, population aging was accelerating due to a decline in the birthrate. Considering the characteristics of ODA, it had to be reduced compared to other budgets because it was classified as overseas investment in the public budget<sup>27</sup>.

Secondly, ODA toward China was mainly criticized due to China's status regarding nuclear capabilities and economic influence. Considering China's historically significant portion of Japan's ODA recipients, China's rapid economic growth and potential security risks prompted the Japanese government to shift its approach from implicit to explicit regarding national interests in aid policy. According to Drifte, with China's rapid economic development and strengthening of its military influence, the political and economic pressure exerted by the Japanese government using ODA declined compared to the past<sup>28</sup>. This became more pressure for Japan combined with the negative view for China in response to military incidents such as the intensification of the territorial dispute in the East China Sea in the early 2000s<sup>29</sup>. While Japan's initial objective for ODA disbursement in China was to expand Japanese companies' presence and maintain China's position as its strategic partner, this complex political situation prompted the Japanese government to change its stance toward China and diversify its strategic partnerships in Southeast Asia. Hoshiro<sup>30</sup>'s research further evidences that the Japanese government recognized these limitations as China's influence increased and acknowledged the need for strategic reallocation of aid. As a result, it seems that maintaining ODA was

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<sup>25</sup> Hiroyuki Hoshiro, "Japan's Foreign Aid Policy: Has It Changed? Thirty Years of ODA Charters," *Social Science Japan Journal* 25, no. 2 (2022): 297–330, <https://doi.org/10.1093/ssjj/jyac01>.

<sup>26</sup> Kazuo Sunaga, "The Reshaping of Japan's Official Development Assistance (ODA) Charter," *Foundation for Advanced Studies on International Development (FASID) Discussion Paper on Development Assistance* 3, no. 4 (2004): 1-28, [https://www.fasid.or.jp/english/files/discussion\\_paper/DP\\_3\\_E.pdf](https://www.fasid.or.jp/english/files/discussion_paper/DP_3_E.pdf).

<sup>27</sup> Atsushi Kusano, "Japan's ODA in the 21st Century," *Asia-Pacific Review* 7, no. 1 (2000): 38-55, <https://doi.org/10.1080/713650809>.

<sup>28</sup> Reinhard Drifte, "The Ending of Japan's ODA Loan Programme to China—All's Well that Ends Well?" *Asia-Pacific Review* 13, no. 1 (2006): 94-117, <https://doi.org/10.1080/13439000600697704>.

<sup>29</sup> Ibid.

<sup>30</sup> Hoshiro, "Japan's Foreign Aid Policy: Has It Changed?."

unnecessary as the diplomatic and economic nature of the program became unclear to pursue the original intention. In summary, the Japanese government failed to achieve its initial objective of establishing China as a strategic and economically peaceful partner. Therefore, Japan recognized a more direct approach to cooperate with countries sharing mutual benefit-based partnership.

Lastly, the lack of a transparent decision-making system in ODA kept public opinion negative, combined with the complex system and subjects of ODA<sup>31</sup>. According to a “public opinion survey on foreign policy (外交に関する世論調査, 1996-2000<sup>32</sup>)”, the opaque operation of ODA from 1996 to the 2000s recorded an average of 29.5% of the five-year average of support for the reduction of ODA. In particular, in the 2000s, despite providing ODA to more than 150 countries, “automatic remittance<sup>33</sup>” in the absence of strategic judgment and political stance further exacerbated this situation. This public opinion led the Japanese government to establish strategies for disbursing public budget in a more transparent and strategic manner to persuade the public. In this context, Japan tried to boost and revise ODA strategies by encompassing various policies. This Japanese movement is described in the ODA final review report 2010 by suggesting three strategies: “More strategic and effective implementation of aid, strong support and understanding from the people, and mobilization of resources needed to meet development challenges.<sup>34</sup>”

Overall, it can be summarized that while the strategic and economic needs of the Japanese government led to an emphasis on national interest in ODA, this interest is increasingly being mentioned explicitly to reflect public opinion and justify the use of budget for overseas investment.

### **2.3. Relationship between donor and recipient: focusing India and Japan**

If only the donor countries can benefit from the ODA, the ODA cannot function as an effective instrument for the recipient countries, especially for countries that can choose other official flows (OOFs), such as export credit financing or private investment funds. Additionally, it is essential to consider the final users of the aid – including the public from the recipient countries – to prevent any delays in large-scale infrastructure projects or to enhance successful project

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<sup>31</sup> Kusano, “Japan’s ODA in the 21st Century.”

<sup>32</sup> Government of Japan, “Public Opinion Survey on Diplomacy.”

<sup>33</sup> Kusano, “Japan’s ODA in the 21st Century,” 43.

<sup>34</sup> MOFA, *ODA Review Final Report 2010*, 4.

completion<sup>35</sup>. However, there is limited literature or research focusing on recipient countries' perspectives and public consent regarding ODA. Moreover, in terms of the effects and goals of the recipient countries, the existing literature on this theme is insufficient. However, there is still some existing literature that focuses on recipient countries' preferences regarding strategic aid from donor countries.

Kim et al.<sup>36</sup> found that the recipient countries' preferences for foreign aid vary depending on the type of donor or the motives of the donor, and that recipient countries tend to prefer more transparent donor countries and more grant aid. According to the authors, this can be attributed to the fact that aid based on the strategic motives of the donor is considered to be relatively less transparent. However, Alrababa'h et al.<sup>37</sup> found that aid provided for strategic motives received a positive attitude. This can be seen as the existing goodwill of the recipient country towards the donor country does not have a positive impact when provided from a humanitarian perspective, and therefore they believe that strategic aid is also possible for stable aid. On the other hand, Shiga<sup>38</sup> examined that strategic ODA might be dependent on recipient countries' willingness to accept such assistance reflecting the changed economic and diplomatic environment. According to Shiga, considering the growing economic capacity of recipient countries, Japan may face a dilemma and must balance its strategic interests with recipient countries' strengthened bargaining power. Considering the diverse literature, it appears that there is no clear tendency for recipient countries to receive strategic aid; however, aid distribution relies much more heavily on other external factors, including the economic environment and other mutual interests that donors and recipients can share. However, there is still insufficient past research focusing on the importance of mutual benefit in maintaining ODA relationships.

With regard to the specific relationship between Japan and India, there are some literature reviews that evaluated India's benefit in terms of recipient countries' perspectives. Considering that India has clear needs in its economic development and its position in South Asia, there

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<sup>35</sup> Sung Eun Kim, Jong Hee Park, Inbok Rhee, and Joonseok Yang, "What Do Aid Recipients Want? Public Attitudes toward Foreign Aid in Developing Countries," *World Development* (2025), <https://doi.org/10.1016/j.worlddev.2024.106815>.

<sup>36</sup> Ibid.

<sup>37</sup> Ala' Alrababa'h, Rachel Myrick, and Isaac Webb, "Do Donor Motives Matter? Investigating Perceptions of Foreign Aid in the Conflict in Donbas," *International Studies Quarterly* 64, no. 3 (2020): 748-757, <https://doi.org/10.1093/isq/sqaa026>.

<sup>38</sup> Hiroaki Shiga, "The New Dynamics of Japan's Official Development Assistance in an Era of Great Power Competition," *Journal of Contemporary East Asia Studies* 12, no. 1 (2023): 249-63, <https://doi.org/10.1080/24761028.2023.2292438>.



should be strong mutual interests that can be shared with Asian donors who would like to strengthen their diplomatic partnerships. For instance, Daimon-Sato<sup>39</sup> stated in his paper that China and Japan's ODA approaches have also benefited India. According to the author, as both donor countries act as security partners for India, India's willingness to develop its natural resources creates a win-win situation within the ODA framework. The author said that this "complementary" relationship led both countries to treat each other as strategic partners<sup>40</sup>. Tursina et al.<sup>41</sup> also stated that since Japan and India shared a "collective identity" in open-economy and economic influence in the Indo-Pacific region, they could treat themselves as strategic partners. Other papers also suggested that Japan's pursuit of economic and security advantages aligns with India's need to develop strategic regional partners<sup>42</sup>. Considering this, the geopolitical landscape and economic purpose ties both countries with benefits in receiving and providing the ODA.

However, considering that external factors interact with the status quo of mutual benefit, there is a possibility of limitations in achieving this win-win equilibrium. For the reason, Endo and Murashkin<sup>43</sup> stated that the Japanese ODA approach could be a mutually beneficial strategy if the developing countries seek large-scale infrastructure projects through concessional loans, but only when India is satisfied with the current loan conditions. In detail, when it comes to India, there is a possibility of breaking this equilibrium considering the local companies' existence and unattractive loan conditions compared to the lower income countries<sup>44</sup>. Nonetheless, they argued that India still saw the win-win point from Japanese ODA in receiving large investments in infrastructure projects. Daimon-Sato also highlighted that the win-win point can only be achieved if Japan, India, and China can cooperate in "region-specific" public sectors including health, natural resources, and environment<sup>45</sup>. Since this infrastructure can also create a safety net and links to humanitarian goals, the equilibrium can be made at this point.

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<sup>39</sup> Takeshi Daimon-Sato, "Sino-Japan Aid War and India's Role: Possibilities for 'Win-Win-Win'," *China Report* 57, no. 3 (2021): 289-308, <https://doi.org/10.1177/00094455211023907>.

<sup>40</sup> Daimon-Sato, "Sino-Japan Aid War and India's Role," 306.

<sup>41</sup> Zahidiyah Ela Tursina, Sartika Soesilowati, and Siti Rochmawati Susanto, "Influence of Role Identity and Collective Identity on Japan's Policy on Providing Official Development Assistance (ODA) to India," *Dauliyah: Journal of Islam and International Affairs* 8, no. 1 (2023): 1-18, <http://dx.doi.org/10.21111/dauliyah.v8i1.9117>, 7.

<sup>42</sup> Purnendra Jain, *Twin Peaks: Japan's Economic Aid to India in the 1950s and 2010s* (2017), <https://jicari.repo.nii.ac.jp/records/801>.

<sup>43</sup> Kei Endo and Nikolay Murashkin, "Japan's Infrastructure Export and Development Cooperation: The Role of ODA Loan Projects in the 2010s," *Australian Journal of International Affairs* 77, no. 2 (2022): 129-49, <https://doi.org/10.1080/10357718.2022.2064972>.

<sup>44</sup> Ibid.

<sup>45</sup> Daimon-Sato, "Sino-Japan Aid War and India's Role," 303.

Through this, it can be assumed that in order to make the win-win equilibrium, it seems that there is an equilibrium point for both donor and recipient countries when it comes to the strategic needs of the recipient countries. However, in order to maintain a stable equilibrium point, it is necessary to leverage humanitarian values such as human security or other region-focused approaches in receiving and providing ODA. The external environment surrounding the bilateral relationship is also critical for maintaining this equilibrium.

#### **2.4. Evaluation of Japanese ODA policies**

It is evident from previous literature that while pursuing national interest is natural from donor countries' perspective, it is necessary to mitigate these strategic needs by incorporating values into ODA that benefit both countries. Here, the question arises as to how ODA policies are evaluated by third parties. Though there are some evaluations from the donor countries, there are not enough open resources or evaluation from the recipient countries. Yet, there are some evaluations from academics focusing on Japanese ODA policies' characteristics of emphasis on economic infrastructure or soft power.

Some literature argued that Japanese ODA have been effective for development of recipient countries. Dunusinghe<sup>46</sup> examined that economic infrastructure invested by Japanese ODA eventually contributed to Sri Lanka's economic development. Dunusinghe identified two main factors for this evaluation: firstly, Japan's past experience and emphasis on economic infrastructure provided mutual benefits, and secondly, Japan adapted its approach to accommodate the recipient's interests. Trinidad<sup>47</sup> also contended that Japanese ODA focusing on economic infrastructure and human capital investment contributed positively to the Philippines. While Japan is one of the countries focusing its ODA disbursements on economic infrastructure, its ODA strategies seemed to meet the needs of recipient countries. However, the author stated that proactive lobbying of Japanese companies and less focus on social infrastructure represented the weakest point of its policies. From other literature, Trinidad<sup>48</sup> also mentioned that Japan's reflection of recipient countries' policies to ODA policies led to

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<sup>46</sup> P. Dunusinghe, "Impact of Japanese ODA Economic Growth and Development in Sri Lanka," *Sri Lanka Journal of Advanced Social Studies* 10, no. 1 (June 2020): 55-79, [https://ncas.ac.lk/journal/journal\\_2020\\_1/article%20\\_03\\_NCAS%20journal2020.pdf](https://ncas.ac.lk/journal/journal_2020_1/article%20_03_NCAS%20journal2020.pdf).

<sup>47</sup> Dennis Trinidad, "Strategic Foreign Aid Competition: Japanese and Chinese Assistance in the Philippine Infrastructure Sector," *Asian Affairs: An American Review* 46, no. 4 (2019): 89-122, <https://doi.org/10.1080/00927678.2020.1723295>.

<sup>48</sup> Dennis Trinidad, "Japan's Official Development Assistance (ODA) to the Philippines," in *Background Paper of Japan's Development Cooperation: A Historical Perspective* 12 (2021): 1-46, [https://www.jica.go.jp/english/jica\\_ri/publication/other/20230324\\_01.html](https://www.jica.go.jp/english/jica_ri/publication/other/20230324_01.html).

discontinuous implementation due to frequent changes in government. Through this literature, it can be inferred that while Japanese emphasis on economic infrastructure was effective in gaining recipient countries' support, there are concerns about sustainable ODA policies due to low attention to social infrastructure and an unstable environment for policy implementation.

On terms of soft power, Dadabaev<sup>49</sup> argued that Japanese ODA to Central Asia had positive effects. In particular, human resources development programs laid the foundation for increasing soft power in Central Asia. However, Dadabaev also noted that Japanese soft power was not promoted effectively due to the Japanese government's lower priority for Central Asia and limited entry of Japanese entities into the region. Insebayeva<sup>50</sup> also examined that Japanese capacity building development and advising influenced Kazakhstan's foreign assistance stance. Particularly, Kazakhstan's main principles, including emphasis on technical cooperation, were based on the Japanese ODA system. Through this, it can be inferred that soft power can also influence emerging donor countries to adopt positions that are positive and cooperative toward Japan. However, there should be prerequisite conditions for recipient countries to have an environment that enables them to utilize transferred knowledge sustainably.

Through the previous literature review, it can be inferred that recipient countries react positively to Japanese ODA policies that emphasize economic infrastructure while reflecting their priorities. Considering traditional donor countries and the OECD's continuous emphasis on basic social infrastructure, the Japanese approach could be an innovative option since economic infrastructure can directly link to the economic development of recipient countries. Additionally, it can be inferred that the soft power approach can be effective when there are expected additional benefits. For instance, if an approach focuses on capacity building enhancement, it should consider whether the developed capacity can be utilized after the technical cooperation program has ended. The Japanese government, although focusing on knowledge transfer, appears to fail in maintaining sustainable outcomes in countries where there is insufficient investment or opportunities from the Japanese side.

Nevertheless, it is important to recognize that Japanese ODA policies, despite continuous criticisms regarding their focus on national interests, have succeeded in building basic

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<sup>49</sup> Timur Dadabaev, "Japan's ODA Assistance Scheme and Central Asian Engagement: Determinants, Trends, Expectations," *Journal of Eurasian Studies* 7, no. 1 (2016): 24-38, <https://doi.org/10.1016/j.euras.2015.10.002>.

<sup>50</sup> Sabina Insebayeva, "Japan's Normative Power in Central Asia: Norms, Development Cooperation, and the Long-lasting Partnership," *Journal of Eurasian Studies* 15, no. 1 (2023): 44-54, <https://doi.org/10.1177/18793665221150657>.

economic foundations for developing countries.

### 3. Movement of Japanese ODA strategy: emphasizing national interests

#### 3.1. Historical trajectory of Japanese ODA strategy

According to Hoshiro<sup>51</sup>, historically, the Japanese government has utilized ODA as a strategy aligned with national interests, serving as a diplomatic instrument. Although the government initially hesitated to explicitly mention national interest, it cannot be denied that the Japanese government integrated the external economic challenges that Japan faced and utilized ODA as an instrument to overcome these challenges. Hence, to understand how the Japanese government developed various instruments, it is essential to examine how Japanese ODA policy has evolved.

The Japanese government, following the initial announcement of the ODA Charter in 1992, subsequently revised it three times in 2003, 2015, and 2023. While the initial implementation of ODA bore characteristics of reparation, during the period spanning from the 1990s to the 2010s, Japan's development cooperation charter evolved primarily due to two significant factors: (i) China's increasing political and economic influence in Southeast Asia, and (ii) the necessity for economic normalization following the collapse of the economic bubble. This thesis will examine how the Japanese government has incorporated the concept of national interest by dividing the analysis into three distinct phases: (i) from the 1950s to the 1970s, characterized as the initial commencement of ODA strategies; (ii) from the 1990s to the 2010s, representing the stage during which national interest was explicitly formulated; and (iii) the contemporary 2020s, a period marked by increasingly complex geopolitical challenges.

#### *1950s – 1970s: emphasizing importance of raw material import*

The concept of national interests emerged in the mid-1950s when the Japanese government joined the Colombo Plan. During this period, ODA aimed not only to serve as compensation for the war but also to lay the groundwork for enhancing economic cooperation by promoting the use of goods and services produced by Japanese industry<sup>52</sup>. According to MOFA<sup>53</sup>, although the recipients were selected from countries invaded by Japan, this selection essentially established the foundation for a Japanese ODA model focused on the Asian continent. The aid

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<sup>51</sup> Hiroyuki Hoshiro, "Japan's Foreign Aid Policy: Has It Changed?."

<sup>52</sup> MOFA, *Japan's Official Development Assistance White Paper 2004, Accomplishments and Progress of 50 Years* (Tokyo: Ministry of Foreign Affairs of Japan, 2004), <https://www.mofa.go.jp/policy/oda/white/2004/part1-2.pdf>.

<sup>53</sup> Ibid.

was characterized as compensation of war to certain Asian countries. The underlying intention was Japan's justification of the purpose of enhancing economic ties. After implementing the first yen loan to India as the initiation of financial cooperation, the expectations surrounding Japanese exports led to maintaining a tied loan proportion of 100% until the 1960s. Not only could the loan enhance exports, but it also secured the path for Japan's import of raw materials during this period.

Particularly following the first oil shock in 1973, the Japanese government recognized that such loans were necessary for ensuring national security. As a result, ODA began to be utilized as an instrument for diplomacy and economic cooperation<sup>54</sup>. While acknowledging criticism from international societies, the Japanese government has defined the concept of national interest more explicitly than in the past. This is clearly evidenced by the diplomatic bluebook for 1973, which emphasized the relationship between developing countries and Japan with the following statement:

(...) The economic structure of the country depends heavily upon other countries for natural resources and energy. The developing countries, which had played, so to speak, a subordinate role in world politics and economic affairs before, became stronger in their demand for a reform of the world order with the oil crisis as the turning-point. (...) <sup>55</sup>

Through this analysis, it can be concluded that in the initial phase from the 1950s to the 1980s, prior to the enactment of the development cooperation charter, Japanese ODA policy served the dual purposes of war reparations and commercial interests, including bolstering Japanese companies' exports and strengthening relationships with import partner countries.

### ***1990s – 2000s: towards proactive approach for rising geoeconomic concerns***

As stated in the Diplomatic Handbook<sup>56</sup>, the Japanese government recognizes Japan's stance as a country with high import dependency due to a lack of natural resources amid a complex geopolitical environment. Accordingly, it has made contributions to Asia's development and promoted friendly cooperation with countries in the Indo-Pacific region as its basic foreign policy direction. In this context, Japanese ODA has been a form of "cost for building an

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<sup>54</sup> Yasutomo, "Why Aid? Japan as an 'Aid Great Power'."

<sup>55</sup> MOFA, "Chater 1," in *Diplomatic bluebook for 1973*.

<sup>56</sup> MOFA, *Diplomatic Bluebook for 1975* (Tokyo: Ministry of Foreign Affairs, Japan, 1976), <https://www.mofa.go.jp/policy/other/bluebook/1975/1975-contents.htm#CONTENTS>.

international environment to secure Japan's comprehensive security<sup>57</sup>." However, traditional donor countries criticized Japanese ODA for its lack of fundamental principles and attention to environmental issues in recipient countries. In response to international concerns regarding Japan's ODA and its Omiyage diplomacy, there has been increasing demand to establish basic policies that include humanitarian and environmental aspects. To address this, the Japanese government announced four ODA guidelines in 1991, prompting Japan to strengthen its alignment with the international order under pressure. In this regard, the initial ODA Charter, adopted in 1992, reflected humanitarian principles and interdependence between countries<sup>58</sup>. To reflect the traditional donor countries' criticism, in this period, the Japanese government did not explicitly mention the national interest.

The first revision in the early 2000s was led by public dissatisfaction regarding large-scale ODA support to China. Combined with internal economic depression – low employment rate and consumption - and China's increasing naval activity, the government needed to define ODA as a means to maintain a stable international order, rather than just a means to help impoverished populations<sup>59</sup>. The "public opinion survey on foreign policy" also supported public consent toward the changes in ODA distribution and usage. According to Sunaga, while public support for ODA continuously decreased, public support for security interests increased reflecting above external changes surrounding Japan. Therefore, a government task force recommended that ODA should be reorganized around national interests, defining it as a "political key<sup>60</sup>" to strengthen Japanese security and economic connectivity. Accordingly, the 2003 ODA Charter stated that "the peace and the development of the international community" ensures "Japan's security and prosperity<sup>61</sup>." The 2003 ODA Charter does not explicitly use the term of national interest. However, it attempted to link Japan's security to recipient countries' support. In other words, in response to criticisms of the ODA budget size and geopolitical concerns about China's rise, the 2003 ODA Charter added Japan's stability and prosperity to justify the ODA budget's use.

In summary, from the 1990s to 2000s when the Japanese government established the

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<sup>57</sup> MOFA, "History of Official Development Assistance," in *Japan's ODA Annual Report 1994* (Tokyo: Ministry of Foreign Affairs, 1995), <https://www.mofa.go.jp/policy/oda/summary/1994/1.html#1>.

<sup>58</sup> Kimio Fujita, "Development Cooperation in Japan: History and Progress," *Asia-Pacific Review* 7, no. 1 (June 2000): 15–37, <https://doi.org/10.1080/713650816>.

<sup>59</sup> Sunaga, "The Reshaping of Japan's ODA Charter."

<sup>60</sup> Ibid.

<sup>61</sup> MOFA, *Japan's Official Development Assistance Charter* (Tokyo: Ministry of Foreign Affairs of Japan, 2003), <https://www.mofa.go.jp/policy/oda/reform/revision0308.pdf>, 1.

institutional structure regarding ODA, the Japanese government expanded the notion of national interest from enhancing its supply chain to strengthening economic and diplomatic ties. However, even during this period, the government hesitated to use the term national interest directly.

### *2010s: enhancing economic ties leveraging Japanese expertise*

The second revision in 2015 expanded the concept from the previous ODA Charter to the Development Cooperation Charter. MOFA mentioned Japan as a country that contributes more actively to peace and development<sup>62</sup>. In this regard, it revised the charter to include ODA and development finance in a broad sense as development cooperation. The main purpose was to solve complex development challenges. Meanwhile, the Charter introduction mentioned that the negative and unstable impacts of changes in the global balance of power are increasing. Thus, it is essential to recognize the economic importance of emerging countries and strengthen cooperative relationships with them. Trinidad<sup>63</sup> mentioned that this includes security issues surrounding the South China Sea, such as the China-Japan dispute over the Senkaku Islands and the Chinese government's suspension of rare earth mineral shipments in 2010. Consequently, the Japanese government acknowledged the necessity to reframe its ODA approach in a more proactive direction.

In this regard, for the first time, the Charter explicitly mentioned national interest. In particular, MOFA clearly states that Japan's development cooperation is "investment for the future"<sup>64</sup>, and that cooperation in an interconnected international community ensures Japan's national interests. Examples of national interests were given as:

(...) Such cooperation will also lead to ensuring Japan's national interests such as maintaining its peace and security, achieving further prosperity, realizing an international environment that provides stability, transparency and predictability, and maintaining and protecting an international order based on universal values<sup>65</sup>.

In terms of budget allocation for ODA, the Japanese government has evolved the criteria by

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<sup>62</sup> MOFA, *Development Cooperation Charter – For Peace, Prosperity and a Better Future for Everyone* (Tokyo: Ministry of Foreign Affairs of Japan, 2015), <https://www.mofa.go.jp/files/000067701.pdf>.

<sup>63</sup> Dennis D. Trinidad, "What Does Strategic Partnerships with ASEAN Mean for Japan's Foreign Aid?" *Journal of Asian Security and International Affairs* 5, no. 3 (2018): 267–94, <https://doi.org/10.1177/2347797018798996>.

<sup>64</sup> MOFA, *Development cooperation charter 2015*, 3.

<sup>65</sup> MOFA, *Development cooperation charter 2015*, 3.



combining “reciprocal relationships<sup>66</sup>” between recipient countries and Japan. Under the reciprocal relationship framework, MOFA has been able to link Japan’s technology and expertise with the self-driven development of recipient countries. Meanwhile, the 2015 charter clearly stated that the government would move away from the passive ODA framework to active development cooperation through active proposal and collaboration with various ODA actors. In this context, the second revision of ODA is a step further from the support policy based on the request-based approach in the initial charter. It could be seen as a sign of the expansion of policy dialogue, as the term “request” was deleted in the first revision in 2003.

Through this, it can be implied that the second revision not only expanded the notion of national interest but also established the foundation for enhancing these interests by building strong relationships and implementing proactive approaches through proposals and the sharing of Japanese expertise.

### ***2020s: expanding national interest to security issues***

Given the current circumstances surrounding Japan – including Russia’s invasion of Ukraine, the ongoing effects of COVID-19, and economic polarization among nations – the strategic trend has become clearer than ever before. In this context, the Japanese government introduced a third Development Cooperation Charter, which emphasized that development cooperation plays a significant role in Japan’s prosperity<sup>67</sup>. Like the 2015 Charter, the new 2023 Charter also mentioned national interest three times. However, this Charter combines the terms of free and open Indo-Pacific and rule of law. Compared to the 2015 Charter, it appears to reflect increasing geopolitical concerns in developing countries and the importance of cooperation in addressing these issues more directly. The Charter explicitly defines the role of ODA as “more effective and strategic use of development cooperation, one of the most important tools of Japan’s diplomacy<sup>68</sup>.”

In this framework, the Japanese government newly introduced the concept of the “offer-type” approach in the Charter<sup>69</sup>. According to the Charter, this offer-type approach can provide incentives to Japan by creating projects that leverage Japanese expertise. Specifically, by

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<sup>66</sup> MOFA, *Development cooperation charter 2015*, 4.

<sup>67</sup> MOFA, *Development Cooperation Charter – Japan’s Contributions to the Sustainable Development of a Free and Open World* (Tokyo: Ministry of Foreign Affairs of Japan, 2023), <https://www.mofa.go.jp/files/100514705.pdf>.

<sup>68</sup> Ibid., 2.

<sup>69</sup> Ibid., 16.

utilizing capacity building and operations and maintenance, the Japanese government attempts to attract countries seeking competitive technologies. While active proposal of projects was mentioned in the 2015 Charter, the government has established a new term to maximize ODA effectiveness.

When implementing the offer-type approach, the Japanese government introduced the “co-creation” concept<sup>70</sup>. To manage a limited budget, co-creation will be implemented to prioritize sectors and assets while maximizing the effect of ODA. In this Charter, co-creation promotes a reciprocal relationship between recipient countries and Japan through policy consultations and other means. This builds on the self-help efforts and dialogue that Japan has consistently emphasized in its ODA, demonstrating that the Japanese government considers human resource development in both countries important and emphasizes the need for soft power in the 2023 Charter.

In this context, the Japanese government published detailed co-creation sectors in September 2023<sup>71</sup>. According to the document, this cooperation will lead to a “virtuous cycle of growth<sup>72</sup>” by increasing foreign corporate investment and strengthening supply chains. In light of this, the government suggested three key sectors closely related to strategic needs.

Each cooperation sector highlights Japanese strengths: the climate change sector calls for decarbonization through Japanese expertise in reducing greenhouse gas emissions; the economic resilience sector supports basic infrastructure for the sustainable development of resource-rich countries while aiming to diversify industries surrounding these resources and utilize Japan’s metal refining technology; meanwhile, the digital transformation (DX) sector aims to strengthen Japan’s knowledge and technology through collaboration with startups<sup>73</sup>.

This movement shows that the Japanese government increasingly recognizes the importance of technical cooperation while incorporating various emerging sectors rather than only focusing on traditional sectors.

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<sup>70</sup> Ibid., 5.

<sup>71</sup> MOFA, *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* (Tokyo: Ministry of Foreign Affairs of Japan, September 2023), <https://www.mofa.go.jp/files/100564102.pdf>.

<sup>72</sup> Ibid., 4.

<sup>73</sup> MOFA, *Co-creation for Common Agenda Initiative*.

### 3.2. International perspective towards Japanese ODA: Focusing OECD

While it is natural for the Japanese government to pursue national interest since ODA is one of its diplomatic instruments, it is worth examining whether this approach is welcomed from a third-party perspective. However, with these changes in Japanese ODA policy, there have been limited evaluations from international communities, as represented by the OECD DAC peer review. These peer reviews indicate that the OECD partially recognized the benefits of Japanese ODA policy as a catalyst for economic development in recipient countries, while ongoing discussions persist regarding Japan's pursuit of tied aid and uneven distribution.

The first criticism that the OECD addresses is untied loans. From OECD's perspective, tied loans simultaneously pursue development and commercial interests. In this regard, OECD recommended its member countries to increase the untied aid's proportion. Tied aid typically imposes conditions requiring goods and services to originate from a specific nation<sup>74</sup>. Consequently, according to existing literature, this results in higher prices from the recipient countries' perspective. Furthermore, literatures indicate that tied aid commonly corresponds with projects that reflect donor priorities rather than recipient needs<sup>75</sup>. Thus, the OECD<sup>76</sup> argued that untied aid would enhance country ownership and the effectiveness of assistance.

In this context, the OECD maintained a negative view of tied aid in Japanese assistance from an early stage. For instance, the 2010 peer review<sup>77</sup> argued that comparative interest rates through the Special Terms for Economic Partnership (STEP) program functioned as an incentive for recipient countries to choose tied aid programs over untied loan programs. Combined with the justification that subcontracts could connect to local resources and the exemption of technical cooperation, this Japanese approach did not appropriately adhere to international guidelines regarding untied aid. The 2014 peer review<sup>78</sup> also criticized Japan for not clearly demonstrating the transition from tied to untied aid by intentionally omitting technical cooperation from OECD reporting. Though Japan consistently argued that tied aid would be beneficial for transferring Japanese expertise, the OECD recommended changing the

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<sup>74</sup> OECD, "DAC Recommendation on Untying Official Development Assistance," OECD Legal Instruments, OECD/LEGAL/5015 (2025), <https://legalinstruments.oecd.org/public/doc/140/140.en.pdf>, 3.

<sup>75</sup> Paula Ganga, "Ties That Bind: Tied Aid and Economic Growth," *St Comp Int Dev* (2024), <https://doi.org/10.1007/s12116-024-09432-4>.

<sup>76</sup> OECD, "DAC Recommendation on Untying ODA."

<sup>77</sup> OECD, *OECD Development Assistance Peer Reviews: Japan 2010*, OECD Development Assistance Peer Reviews (Paris: OECD Publishing, 2011), <https://doi.org/10.1787/9789264098305-en>.

<sup>78</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2014*, OECD Development Co-operation Peer Reviews (Paris: OECD Publishing, 2014), <https://doi.org/10.1787/9789264218161-en>.

untied ratio by leveraging private sector participation. The 2020 peer review<sup>79</sup> highlighted that the trend of untied contracts awarded to Japanese companies continued to increase in least developed countries, which merits particular attention.

Based on these peer reviews, it appears that international communities expressed concern regarding the substantial emphasis on tied aid and the prioritization of national interest over developmental objectives. The peer review in 2003<sup>80</sup> highlighted this concern, noting that although ODA constitutes an essential component of diplomatic policy, national interests should not supersede primary development objectives.

The second recurring point in peer reviews concerning Japanese ODA is the unclear institutional system of poverty reduction and budget distribution. The peer reviews consistently highlight that while Japan maintains a clear focus on priority sectors and bilateral aid, the criteria governing budget distribution and poverty reduction remain ambiguous. Although the Japanese government approaches development by focusing on economic growth derived from Japan's historical experiences, the OECD<sup>81</sup> expresses concern that this approach may overlook differences in poverty conditions among recipient countries. Additionally, the 1999 peer review<sup>82</sup> argued that although the Japanese government emphasized the different circumstances between Japan's past and developing countries' contemporary environments, significant disparities remained. Despite Japan's focus on promoting recipient-led economic development, the review criticized that the capacity to utilize ODA effectively and conditions regarding literacy, private sector engagement, and national systems were substantially different. Within this context, the 2003 peer review<sup>83</sup> recommended that Japan's ODA should establish equilibrium between economic development and poverty reduction, taking into account diverse institutional environments. OECD also recommended that Japan's transition toward a proactive approach to project identification could facilitate achieving this balance. The 2014 peer review<sup>84</sup> also observed that Japan should reflect poverty reduction goals while pursuing mutual benefits in recipient country selection. Although this recommendation was presented repeatedly, up to the 2020 peer review, it appears that the Japanese government still maintains insufficient

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<sup>79</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2020*, OECD Development Co-operation Peer Reviews (Paris: OECD Publishing, 2020), <https://doi.org/10.1787/b2229106-en>.

<sup>80</sup> OECD, *Development Co-operation Reviews: Japan 2003* (2004), [https://www.mofa.go.jp/mofaj/gaiko/oda/doukou/dac/dac\\_peerreviews.html](https://www.mofa.go.jp/mofaj/gaiko/oda/doukou/dac/dac_peerreviews.html).

<sup>81</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2020*.

<sup>82</sup> OECD, *Development Co-operation Reviews: Japan 1999*, Development Co-operation Reviews, No. 34 (Paris: OECD Publishing, 1999), <https://doi.org/10.1787/9789264173576-en>.

<sup>83</sup> OECD, *Development Co-operation Reviews: Japan 2003*.

<sup>84</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2014*.

approaches in measuring poverty reduction.

While noting concerns about the Japanese government's policies, the OECD acknowledged that Japan's approach focusing on economic development is partially effective in stimulating investment in developing countries. The 2014 peer review<sup>85</sup> recognized Japanese ODA's function as a catalyst for private sector enhancement. The review noted that economic infrastructure development created a business-friendly environment for private sector engagement, aligning with Japan's approach of targeting sectors where development and business interests intersect. Additionally, the 2020 peer review<sup>86</sup> acknowledged that recipient countries had requested large-scale infrastructure projects to acquire knowledge and expertise transfer from Japan. Combined with the Japanese government's continuous emphasis on self-help efforts and its proactive approach to overcome diverse environments in developing countries, it appears that the Japanese government possesses competitive strength in establishing relationships between infrastructure development and FDI enhancement<sup>87</sup>.

Additionally, OECD<sup>88</sup> also highlighted that technical cooperation, combined with Japan's emphasis on self-help efforts, effectively facilitated human resource development in developing countries. Previously, although the OECD recognized that technical cooperation is needed for recipient countries' "endogenous problem-solving abilities<sup>89</sup>," the organization argued that Japan's approach placed greater emphasis on implementing technical cooperation itself rather than fostering overall institutional development. In light of this, the Japanese government transitioned its practice from a project-based approach to an integrated approach, as mentioned in the 2014 peer review. Based on these approaches, the 2020 peer review<sup>90</sup> commended Japan's technical cooperation approach as a good practice for countries transitioning from lower-income to lower-middle income status. Additionally, the review noted that feasibility studies could stimulate private investment in recipient countries and enhance the sustainability of ODA. The Japanese government's combination of ODA instruments between loan, technical cooperation, and grants also facilitates private investment in recipient countries.

Lastly, the OECD peer review commended Japan's position as a "bridge builder<sup>91</sup>" in

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<sup>85</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2014*.

<sup>86</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2020*.

<sup>87</sup> OECD, *Development Co-operation Reviews: Japan 2003*.

<sup>88</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2014*.

<sup>89</sup> OECD, *OECD Development Assistance Peer Reviews: Japan 2010*, 76.

<sup>90</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2020*.

<sup>91</sup> OECD, *OECD Development Assistance Peer Reviews: Japan 2010*, 68.

supporting South-South cooperation and connecting traditional donors with emerging donors. In particular, the OECD held a positive view of South-South cooperation because it effectively transfers knowledge and experience between recipient countries, enhancing inter-learning among participants<sup>92</sup>. This also aligns with the Japanese government's emphasis on regional cooperation enhancement and connectivity by facilitating interactions between countries.

Through this approach, it is evident that the Japanese government is pursuing national interests in their strategies despite international communities' concerns. However, they have attempted to mitigate this risk through promoting technical cooperation as an instrument to boost human resources development and private sector investment. Additionally, it is also notable that the Japanese government has continuously focused on economic infrastructure development (figure 2 and figure 3). While Japan not only has a large ratio compared with other DAC countries<sup>93</sup>, the Japanese government's focus on economic infrastructure reached approximately 55 percent as of 2023<sup>94</sup>. Through this infrastructure-focused model combined with technical cooperation, the Japanese government has built the foundation for advancing its national interests in recipient countries.

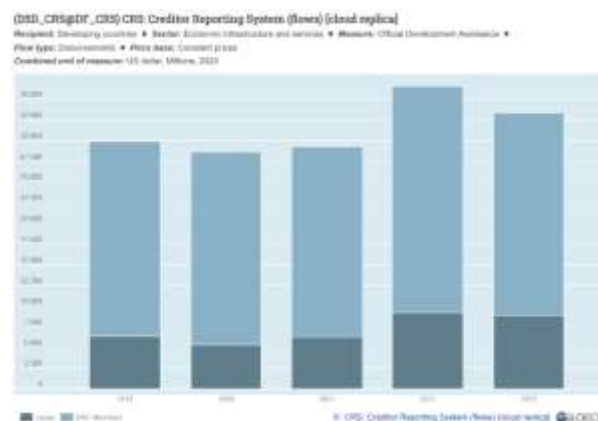


Figure 2: Ratio of economic infrastructure of Japan and DAC members (Source: OECD)

<sup>92</sup> OECD, *OECD Development Co-operation Peer Reviews: Japan 2020*.

<sup>93</sup> OECD, *DAC2A: CRS: Creditor Reporting System (flows) [cloud replica]*, OECD Data Explorer, accessed May 13, 2025, <https://data-explorer.oecd.org/?lc=en>.

<sup>94</sup> OECD, *DAC5: Aid (ODA) by sector and provider*, OECD Data Explorer, accessed May 23, 2025, <https://data-explorer.oecd.org/?lc=en>.

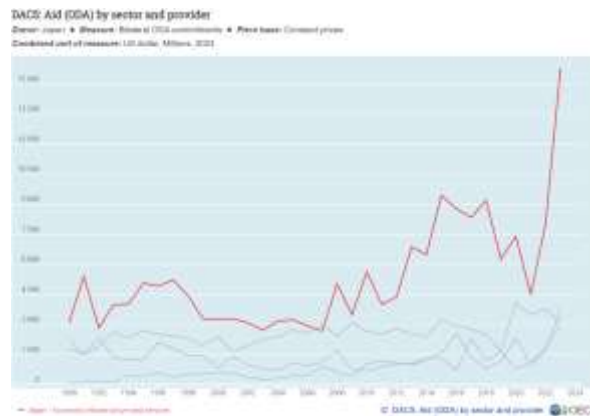


Figure 3: Ratio of economic infrastructure in Japan (Source: OECD)

### 3.3. Soft power as the instrument of Japanese ODA adaptation

Throughout history, the Japanese government has expanded its national interest from establishing concrete supply chains for raw materials to enhancing diplomatic and economic ties. It is evident that Japan's ultimate objective for ODA is to enhance Japan's security and prosperity, a theme consistently emphasized throughout the various charters. To ensure this objective in the ultimate ODA context of reaching humanitarian goals, the Japanese government needed the bridge to mitigate national interest emphasis. In this regard, the concept of sharing Japan's experience has evolved from maintaining a stable Japanese economy to implementing a proactive approach for developing countries to achieve an organic cycle as highlighted in the following sentences from the charters.

Japan will continue to provide cooperation aimed at developing countries' self-reliant development by (...) further deepening dialogue and collaboration with them while taking advantage of Japan's experience and expertise.<sup>95</sup>

This spirit and Japan's approach of building reciprocal relationships with developing countries in which both sides learn from each other as equals are good traditions of Japan's development cooperation.<sup>96</sup>

The repeated references to Japan's experience and expertise raise an important question: How precisely does the Japanese government attempt to transfer this knowledge? To address this inquiry, this thesis will incorporate the concept of soft power.

According to Singh<sup>97</sup> and Joseph Nye, "soft power" refers to a country's ability to influence

<sup>95</sup> MOFA, *Development Cooperation Charter 2015*, 4.

<sup>96</sup> MOFA, *Development Cooperation Charter 2023*, 5.

<sup>97</sup> Anuraj Singh, "The Role of Public Diplomacy in Shaping International Relations: Lessons from Japan's Soft Power Strategy," May 7, 2023, <https://pure.jgu.edu.in/id/eprint/5954/1/thegeopolitics.com->



other nations through its foreign policy and other public policy mechanisms. On the other hand, Bae and Lee defined soft power as “productive power<sup>98</sup>”. According to them, soft power is voluntarily embraced by recipient countries as they import public policies and emulate knowledge practices. Hayden<sup>99</sup> defined soft power as the connecting point between strategic communication and diplomatic implementation. According to the author, soft power can function as a communication environment that facilitates development and recipient countries’ participation. Although there is no clear definition of soft power, the literature shares a common view that soft power works as a diplomatic policy, reflecting donor countries’ practices or methods that can influence and involve recipient countries.

When it comes to the effectiveness of soft power, Gallarotti<sup>100</sup> posited that soft power, when incorporated into public policy, can effectively enhance a nation’s influence. It is attributed that it possesses the characteristic of inducing target countries to “voluntarily do what soft power nations would like them to do<sup>101</sup>.” Furthermore, Gallarotti emphasized that soft power is increasingly significant due to the economic interdependence among nations. On the other hand, Alexander<sup>102</sup> asserted that while soft power cannot be achieved through diplomacy alone, aid diplomacy is inevitably accompanied by strategic and economic interests linked to benefits. According to Alexander, although foreign assistance can positively influence domestic and international subjects, the underlying motive is rooted in pursuing the interests of donor countries. Hall and Smith<sup>103</sup> argued although it is hard to measure the effectiveness of soft power, the government emphasizes soft power due to its belief in its “strategic value<sup>104</sup>” and its belief in contribution to democratic diplomacy.

Considering this, it can be implied that soft power effectiveness cannot be measured within a

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[The%20Role%20of%20Public%20Diplomacy%20in%20Shaping%20International%20Relations%20Lessons%20from%20Japans%20Soft%20Power%20Strate.pdf](https://doi.org/10.1057/s41268-019-00169-5).

<sup>98</sup> Yooil Bae and Yong Wook Lee, “Socialized Soft Power: Recasting Analytical Path and Public Diplomacy,” *Journal of International Relations and Development* 23, no. 4 (2020): 871-898, <https://doi.org/10.1057/s41268-019-00169-5>.

<sup>99</sup> Craig Hayden, “Scope, Mechanism, and Outcome: Arguing Soft Power in the Context of Public Diplomacy,” *Journal of International Relations and Development* 20, no. 2 (2017): 331-357, <https://doi.org/10.1057/jird.2015.8>.

<sup>100</sup> Giulio M. Gallarotti, “Soft Power: What It Is, Why It's Important, and the Conditions for Its Effective Use,” *Journal of Political Power* 4, no. 1 (2011): 25-47, <https://doi.org/10.1080/2158379X.2011.557886>.

<sup>101</sup> Gallarotti, “Soft Power: What It Is”, 28.

<sup>102</sup> Colin Alexander, “The Soft Power of Development: Aid and Assistance as Public Diplomacy Activities,” in *Handbook of Communication for Development and Social Change*, ed. Jan Servaes (Singapore: Springer, 2020), [https://doi.org/10.1007/978-981-15-2014-3\\_74](https://doi.org/10.1007/978-981-15-2014-3_74).

<sup>103</sup> Ian Hall and Frank Smith, “The Struggle for Soft Power in Asia: Public Diplomacy and Regional Competition,” *Asian Security* 9, no. 1 (2013): 1-18, <https://doi.org/10.1080/14799855.2013.760926>.

<sup>104</sup> Hall and Smith, “Struggle for Soft Power in Asia,” 10.



unified framework. However, it seems evident that soft power is frequently utilized to increase donor countries' positive influence among recipient countries, although the real motive is to lay the foundation for achieving their national interests. Reflecting on this literature, this thesis assumes that soft power in development assistance can refer to any institutional framework or knowledge transfer that leverages donor countries' expertise. It can include any form of ODA instrument, from capacity building and technical assistance (e.g., feasibility studies) to technical cooperation.

For Japan, which has constitutionally prohibited the enhancement of military power and its diplomatic application since the conclusion of World War II, pursuing diplomatic and economic influence through soft power has been essential. Combined with Japan's economic needs for natural resources and recovery after World War II, Japan required a bridgehead to import resources stably and to establish a platform from which they could export their competitive infrastructure. In this context, Japan's approach leveraging ODA can be translated into soft power since the ODA can influence developing countries' stance toward Japan. Söderberg<sup>105</sup> contended that infrastructure itself can be interpreted as a form of soft power, as the capital and technical expertise are derived from Japanese government assets. According to Söderberg, through these infrastructural investments, the Japanese government appears able to establish strong economic foundations with recipient countries. On the other hands, Iwata<sup>106</sup> also agreed that soft power in ODA towards Africa can be categorized into diplomatic policies and included the example of human securities and working style development. Through these literatures, it can be inferred that soft power is closely linked to Japanese influence in developing countries through the strategic deployment of ODA. In this context, the Japanese government focused on transferring Japanese technologies; this was introduced in the form of "quality infrastructure" policy, various loan schemes, and human resources development.

Firstly, a factor that has enhanced the utilization of Japanese experience is the Japanese government's infrastructure policy. The government has consistently implemented infrastructure export policies. Under the leadership of the Abe administration, these strategies focused on Japanese companies' foreign investment through the infrastructure market. The term quality infrastructure emphasized qualitative growth led by Japan in developing countries

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<sup>105</sup> Marie Söderberg, "3. Japan's Oda As Soft Power" In *Japan in Decline*, (Leiden, The Netherlands: Brill, 2010), <https://doi.org/10.1163/ej.9781906876364.i-230.22>.

<sup>106</sup> Takeshi Iwata, "Japan's Soft Power in Africa," *Ritsumeikan Annual Review of International Studies* 12 (2013): 103-14, <https://www.ritsumeai.ac.jp/ir/isaru/assets/file/raris/raris-12-Iwata.pdf>

across Indo-Pacific region<sup>107</sup>. According to Endo and Murashkin<sup>108</sup>, the infrastructure policy combined with STEP rules increased the participation of Japanese companies, regardless of the loan type. In particular, the infrastructure export policy increased project opportunities in developing countries. Simultaneously, Japan gained benefits in certain transport and rail sectors due to its competitive technologies and STEP conditions. Yoshimatsu<sup>109</sup> also argued that the quality infrastructure policy was designed to stimulate the domestic economy during periods of recession and to leverage this approach in enhancing strategic and economic partnerships. The Japanese MOFA argued that this quality infrastructure policy promoted “visible Japanese development cooperation<sup>110</sup>.” Combined with the “strengthening connectivity” agenda of the ASEAN summit, this infrastructure policy established the foundation for Japanese companies to invest<sup>111</sup>. Gaens and Sinkkonen<sup>112</sup> also argued that under the objective of enhancing connectivity among Asian nations, the Japanese government has highlighted its national interests by promoting infrastructure projects. According to this research, economic infrastructure not only strengthens the “physical” corridors between Japan and ASEAN countries but also improves connectivity in human resources and technology. Through these initiatives, it appears that the Japanese government has developed a strategy to incorporate and expand Japanese expertise in both upstream and downstream aspects of development projects.

The second approach was the introduction of various types of ODA including technical assistance. This was continuously mentioned in official documents that emphasized it would enhance technology transfer through technical cooperation<sup>113</sup>. Kusano<sup>114</sup> supported that technical cooperation functioned as a key factor for the development of Asian recipient countries by supporting structural preparation. The author also noted that the Japanese government extended this program to foster aid-based cooperation. According to Japan Forum

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<sup>107</sup> MOFA, “Seminar on Promoting Quality Infrastructure (質の高いインフラの推進に関するセミナー),” April 12, 2018, <https://www.mofa.go.jp/files/000353516.pdf>.

<sup>108</sup> Endo and Murashkin, “Japan’s Infrastructure Export and Development Cooperation,” 2022.

<sup>109</sup> Hidetaka Yoshimatsu, “Japan’s Export of Infrastructure Systems: Pursuing Twin Goals through Developmental Means,” *The Pacific Review* 30, no. 4 (2017): 494–512, <https://doi.org/10.1080/09512748.2016.1276953>.

<sup>110</sup> MOFA, *White Paper on Development Cooperation 2023*, January 23, 2025, <https://www.mofa.go.jp/mofaj/gaiko/oda/files/100784127.pdf>, 144.

<sup>111</sup> MOFA, *Japan’s ODA White Paper 2013*, May 2, 2014, [https://www.mofa.go.jp/policy/oda/white/2013/html/honbun/b1/s2\\_1.html](https://www.mofa.go.jp/policy/oda/white/2013/html/honbun/b1/s2_1.html).

<sup>112</sup> Bart Gaens and Ville Sinkkonen, “Contentious Connectivity—the USA, Japan, and the Free and Open Indo-Pacific,” *East Asia* 40 (2023): 265–91, <https://doi.org/10.1007/s12140-023-09407-7>.

<sup>113</sup> MOFA, *Japan’s Official Development Assistance Annual Report (Summary) 1995, 1995*, <https://www.mofa.go.jp/policy/oda/summary/1995/index.html>.

<sup>114</sup> Kusano, “Japan’s ODA in the 21st Century,” 2000.

on International Relations<sup>115</sup>, the technical cooperation can be the transfer from regionally and economically adjacent countries to other countries for efficiency. This formation of technical cooperation will strengthen Japan's alliance with countries leveraging technology as soft power. Additional literature also suggests that providing technical assistance enhances Japanese companies' access to emerging economies. Nishitateno<sup>116</sup> argued that the "loan-grants" package contributes to strengthening the connectivity between ODA and infrastructure, particularly in recipient countries. The paper also indicated that pre-investment using grants (e.g., feasibility studies) could foster a supportive environment in recipient countries for Japanese companies to secure project bids.

This loan variation was also supported by Keidanren, the Japan business federation. Keidanren continuously emphasized the importance of technical assistance in large-scale infrastructure. This is because it can accelerate the expansion of companies into overseas markets and increase the utilization of human resources. In 1999, Keidanren argued that packaged assistance combining operations and maintenance components is important to increase recipient countries' attraction<sup>117</sup>. Keidanren also mentioned that grants are key to transferring Japanese know-how to recipient countries<sup>118</sup>. In light of this, Keidanren tried to involve itself more directly in recipient countries. For instance, Keidanren urged for JICA's private sector advisor scheme so that corporations could directly connect to recipient countries on behalf of the government. The 1998 Keidanren proposal<sup>119</sup> emphasized that technical cooperation and integration with Official Development Assistance, including feasibility studies and yen loans, can enhance the overall implementation of large-scale infrastructure projects. These proposals by Keidanren showed that the Japanese business industry recognized the benefit of foreign investment leveraging ODA.

The last approach was the human resources building, based on "strengthening connectivity" of the ASEAN summit. The connectivity encompasses "physical, institutional, and people-to-

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<sup>115</sup> Japan Forum on International Relations, "The Policy Recommendations on 'Japan's ODA in the 21st Century'," (Tokyo: The Japan Forum on International Relations, March 1998), [https://www.jfir.or.jp/en/wp-content/themes/JFIR\\_2021\\_en/pr/pdf/16.pdf](https://www.jfir.or.jp/en/wp-content/themes/JFIR_2021_en/pr/pdf/16.pdf).

<sup>116</sup> Shuhei Nishitateno, "Does Official Development Assistance Benefit the Donor Economy? New Evidence from Japanese Overseas Infrastructure Projects," *International Tax and Public Finance* 31 (2024): 1037–65, <https://doi.org/10.1007/s10797-023-09788-8>.

<sup>117</sup> Keidanren, *Policy Proposal on Japanese ODA and the Japan Bank for International Cooperation*, September 21, 1999, <https://www.keidanren.or.jp/english/policy/pol111.html>.

<sup>118</sup> Ibid.

<sup>119</sup> Keidanren, *Promotion of Privately Funded Infrastructure Projects in Developing Countries*, January 27, 1998, <https://www.keidanren.or.jp/english/policy/pol073.html>.

people<sup>120</sup>.” The Japanese government emphasized this connectivity because it could ultimately enhance regional cooperation in Asia through the established network infrastructure<sup>121</sup>. Under this initiative, the Japanese government focused on system to transfer its expertise and technologies by establishing various training program and sending professionals to local countries<sup>122</sup>. Through this, Japan not only promote investment of Japanese companies but also developing cooperation among private entities. In light of human resources development, the MOFA also launched the Dispatch of Experts Program, which is implemented under the JICA<sup>123</sup>. This was one of the key examples for technical cooperation. The dispatch of experts not only enhanced the effectiveness of the project but also allowed for rapid response<sup>124</sup>.

Additionally, this “invest in people” policy was closely linked with the Japanese government’s emphasis on the importance of rule of law. The Japanese government encompassed the rule of law to lay the foundation for economic development of recipient countries, because the achievement of quality growth depends on strengthening human rights<sup>125</sup>. For instance, Kuong<sup>126</sup> argued that Japan’s legal assistance projects not only helped establish a rule of law system in Asian countries but also created opportunities for strengthening bilateral cooperation.

Mixed with rule of law, the Japanese government approached national interest reflection through two segments; firstly, it enhanced connectivity security by emphasizing the maritime sector<sup>127</sup>. For example, Japan supported the technology transfer regarding deep sea-bed to developing countries and emphasized the importance of territorial sea. Additionally, the government reflected the potential benefit of Japanese entities by asserting Japan’s stance in international economic and social regulations to form a more favorable environment<sup>128</sup>.

Three approaches of the Japanese government clearly show that the Japanese government, by enhancing investment and influence of Japanese entities in developing countries, aims to

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<sup>120</sup> MOFA, *Japan’s ODA White Paper 2013*, 13.

<sup>121</sup> Ibid.

<sup>122</sup> MOFA, *White Paper on Development Cooperation 2023*.

<sup>123</sup> MOFA, *A Guide to Japan’s Aid* (Tokyo: Ministry of Foreign Affairs of Japan, 1998), <https://www.mofa.go.jp/policy/oda/guide/1998/2-4.html>.

<sup>124</sup> JICA, *Japan International Cooperation Agency Annual Report* (Tokyo: JICA, 2001), 133-36, [https://openjicareport.jica.go.jp/pdf/11671310\\_05.pdf](https://openjicareport.jica.go.jp/pdf/11671310_05.pdf).

<sup>125</sup> MOFA, *Development Cooperation Charter 2015*.

<sup>126</sup> Teilee Kuong, “Legal Assistance in the Japanese ODA: The Spark of a New Era,” *Asian Journal of Law and Society* 5, no. 2 (2018): 271–87, <https://doi.org/10.1017/als.2018.31>.

<sup>127</sup> MOFA, *Diplomatic Bluebook 2023* (Tokyo: MOFA, September 29, 2023), 250-55, <https://www.mofa.go.jp/policy/other/bluebook/2023/pdf/pdfs/3-1.pdf>.

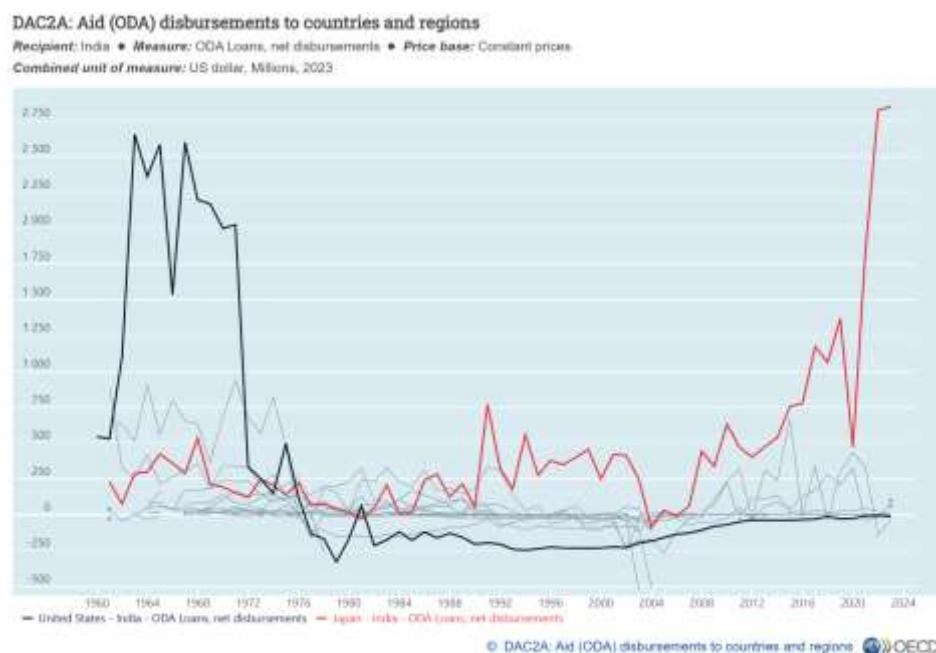
<sup>128</sup> Ibid.

achieve the ultimate goal of increasing its influence in recipient countries.

Through this analysis, this thesis can answer the first research question. Regarding national interests in ODA strategy, Japan prioritizes diplomatic and economic interests that reflect geoeconomic concerns, as well as Japan's characteristics as a nation dependent on raw material imports. To pursue these interests, Japan has facilitated technology transfer to enhance physical and economic connectivity with strategic Asian countries. Notably, various infrastructure export policies and financing instruments have strengthened this connectivity in ways that recipient countries have found acceptable.

#### 4. Influence of Japanese soft power on India

##### 4.1. Overview of strategic partnership framework between India and Japan



**Figure 4: Net disbursements to India (Source: OECD)**

India was one of the first recipient countries after Japan initiated its ODA program. Also, it is the largest recipient countries as of 2023 among the DAC countries (figure 4)<sup>129</sup>. According to the OECD DAC, Japan, from 1991, was the highest donor to India in annual ODA net disbursements except for the period between 2004 and 2006. Compared to the United States or the United Kingdom, which dominated most of the aid toward India from 1960 to 1971, Japan continuously increased its aid volume to India, especially after 1991 and after 2005. For 1991, scholars interpret the increase as a reflection of the Cold War's conclusion. During the Cold

<sup>129</sup> OECD, *DAC2A: Aid (ODA) Disbursements to Countries and Regions*, OECD Data Explorer, accessed May 2, 2025, <https://data-explorer.oecd.org/?lc=en>.

War, Japan's approach to India was not proactive; however, after the Cold War, Jain<sup>130</sup> explained that both countries began to enhance bilateral relations. Aligned with this literature, Horimoto<sup>131</sup> also argued that Japan was the only country which disbursed loans to India when it faced a financial crisis due to foreign currency shortage. The 1991 data in Figure 5 also supported this argument by showing that Japan was the top country in terms of ODA disbursement to India. For the early 2000s, the data indicated that due to the decrease of ODA toward China, Japan eventually had sufficient budget to invest in countries including India. From this, it can be inferred that while incentives for Japanese government ODA disbursement to India were minimal until the early 1990s, India emerged as one of the main recipient countries thereafter.

However, still there are questions arising why Japan's ODA dramatically increased in India. For this answer, Jain<sup>132</sup> views Japan's provision of ODA to India as a continued demonstration of political strategy. In the 1950s, aid to India was driven by economic advantages derived from the supply of raw materials like iron ore and by India's efforts to mend and restore diplomatic relations with Southeast Asian countries that were colonized by Japan before the war<sup>133</sup>. Even before the formal establishment of ODA in 1958, Japan provided development finance to India, though official ODA began with the announcement of yen credit aligned with India's Second Five-Year Plan. During the 1950s, India was one of the largest beneficiaries of Japan's ODA, primarily for economic purposes such as importing raw cotton to revitalize the textile industry<sup>134</sup>.

Conversely, since the late 2000s, Japan has been endorsing economic and security interests in providing aid to India. In this regard, the "Global Partnership" was established in 2000. During this period, the partnership focused on bilateral relationships in economic and IT technology sectors<sup>135</sup>. However, at this time, the partnership placed greater emphasis on security issues including terrorism and nuclear weapons rather than economic partnership. This shift appears to be attributed to the unstable situation surrounding Pakistan and India during that period.

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<sup>130</sup> Purnendra Jain, "Japan's Development Assistance to India: A Strategic Edge," *Japan Forum* 33, no. 2 (June 2018): 240–60, <https://doi.org/10.1080/09555803.2018.1530283>.

<sup>131</sup> Takenori Horimoto, *Indo: daisan no daikoku e* [India: Towards the Third Major Power] (Tokyo: Iwanami Shoten, 2015), quoted in Jain, "Japan's Development Assistance to India."

<sup>132</sup> Jain, "Japan's Development Assistance to India."

<sup>133</sup> Ibid.

<sup>134</sup> Purnendra Jain, "Twin Peaks: Japan's Economic Aid to India in the 1950s and 2010s," JICA Research Institute, Working Paper No. 139, February 2017. <https://jicari.repo.nii.ac.jp/records/801>.

<sup>135</sup> MOFA, "Japan-India Summit Meeting (Summary)," August 23, 2000, [https://warp.ndl.go.jp/info:ndljp/pid/8896781/www.mofa.go.jp/region/asia-paci/pmv0008/india\\_s.html](https://warp.ndl.go.jp/info:ndljp/pid/8896781/www.mofa.go.jp/region/asia-paci/pmv0008/india_s.html).

This relationship further evolved toward economic partnership after 2005. During the delegation visit to India in 2005, Prime Minister Koizumi announced the “Eight-fold Initiative for Strengthening Japan-India Global Partnership<sup>136</sup>.” Based on the mutual complementarity of the two economies, the initiative’s main pillars include (i) promoting increased investment by Japanese companies in India, (ii) prioritizing social infrastructure in ODA, (iii) resuming the Japan Overseas Cooperation Volunteers (JOCV) program, and (iv) promoting the construction of corridors using the STEP program<sup>137</sup>. The partnership was clarified to function as strategic by specifying the strengthening of cooperation on energy security and the improvement of the Asian oil market. Combined with the “arc of advantage and prosperity” concept, the partnership began to exhibit clear characteristics of leveraging ODA as a budgetary resource, fostering cooperation in investment, and supporting institutional building<sup>138</sup>.

In the 2006 delegation-level visit, the press releases highlighted cooperation in the energy sector and freight corridor development, including feasibility studies<sup>139</sup>. This visit became the foundation of economic cooperation and the Japan-India Joint Study Group<sup>140</sup>. In December of the same year, the summit meeting emphasized the importance of India’s economic development and agreed to deepen the partnership from a Global Partnership in 2000 to a “Strategic and Global Partnership” in 2006<sup>141</sup>. This partnership involved not only the STEP scheme to integrate Japanese technology export, but also included the participation of various private entities to facilitate logistics platforms linked to rail. Additionally, the statement addressed developments in regional economic cooperation, including free trade and community building<sup>142</sup>.

In a 2007 speech titled “The Confluence of Two Seas,” Prime Minister Shinzo Abe defined India as a “Partner” with whom Japan shared common interests and values<sup>143</sup>. He mentioned three major projects in pursuit of a “broader Asia”: (i) cooperation in maritime transportation

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<sup>136</sup> MOFA, *Japan-India Partnership in a New Asian Era: Strategic Orientation of Japan-India Global Partnership*, Accessed April 20, 2025. <https://www.mofa.go.jp/region/asia-paci/india/partner0504.html>.

<sup>137</sup> Ibid.

<sup>138</sup> MOFA, *Diplomatic Bluebook 2007* (Tokyo: MOFA, 2007), <https://www.mofa.go.jp/policy/other/bluebook/2007/chapter1.pdf>.

<sup>139</sup> MOFA, “Foreign Minister Aso’s Visit to India (Joint Press Release),” January 4, 2006, <https://warpp.ndl.go.jp/info:ndljp/pid/8896781/www.mofa.go.jp/region/asia-paci/india/joint0601.html>.

<sup>140</sup> MOFA, “The Fourth Meeting of the Japan-India Joint Study Group,” June 5, 2006, <https://warpp.ndl.go.jp/info:ndljp/pid/8896781/www.mofa.go.jp/announce/event/2006/6/0605.html>.

<sup>141</sup> MOFA, “Joint Statement Towards Japan-India Strategic and Global Partnership,” December 15, 2006, <https://warpp.ndl.go.jp/info:ndljp/pid/8896781/www.mofa.go.jp/region/asia-paci/india/pdfs/joint0612.pdf>.

<sup>142</sup> Ibid.

<sup>143</sup> Shinzo Abe, “Confluence of the Two Seas,” Speech at the Parliament of the Republic of India, August 22, 2007, <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.



security, (ii) Japanese support for energy efficiency-related technologies, and (iii) the Mumbai-Delhi Industrial Corridor. In stating that “a strong, prosperous and dynamic Japan is in the interest of India<sup>144</sup>” in the joint statement, Prime Minister Singh appeared to recognize that both Japan and India acknowledged this mutually beneficial relationship helped both countries pursue their national interests in economic and security spheres.

In this context, the partnership was elevated to a “Special Strategic and Global Partnership” in 2014, beginning with the summit meeting between Prime Minister Modi and Prime Minister Abe<sup>145</sup>. In this agreement, both countries acknowledged that India’s railway modernization plan was leading to commercial foreign investment in high-speed railway and station redevelopment fields by Japanese companies, and they specified that they would actively utilize ODA loans for projects including the Dedicated Freight Corridor (DFC) and Delhi-Mumbai Industrial Corridor (DMIC). The India-Japan Investment Promotion Partnership, also based on this agreement, aims to promote economic development and prosperity in both countries by specifically mentioning (i) doubling the number of Japanese companies in India, (ii) ODA support for the India Infrastructure Finance Company Limited (IIFCL) to support Public-Private Partnership (PPP) infrastructure projects, and (iii) promoting measures to increase Japanese/Indian participation in Indian infrastructure projects<sup>146</sup>.

From 2017, this partnership has been strengthened under the Free and Open Indo-Pacific strategy and Act East policies<sup>147</sup>. This new agreement included cooperation in connectivity enhancement and regional cooperation development. By adding the Free and Open Indo-Pacific initiative, the Japanese government was able to broaden the connectivity region from Asia to the Indo-Pacific region including Africa. This implied the strategic approach of the Japanese government to position India as a hub for regional connectivity. Recent speech of former Prime Minister Kishida in 2022 also defined India as an “indispensable partner.”<sup>148</sup> In particular, the

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<sup>144</sup> Ministry of External Affairs, Government of India (MOEA), “Joint Statement Towards India-Japan Strategic and Global Partnership,” December 15, 2006, <https://www.mea.gov.in/bilateral-documents.htm?dtl/6368/Joint+Statement+Towards+IndiaJapan+Strategic+and+Global+Partnership>.

<sup>145</sup> MOFA, “Japan and India Vision 2025 Special Strategic and Global Partnership,” December 12, 2015, [https://www.mofa.go.jp/sa/sw/in/page3e\\_000432.html](https://www.mofa.go.jp/sa/sw/in/page3e_000432.html).

<sup>146</sup> MOEA, “Tokyo Declaration for India - Japan Special Strategic and Global Partnership,” September 1, 2014, <https://www.mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo+Declaration+for+India++Japan+Special+Strategic+and+Global+Partnership>.

<sup>147</sup> MOFA, “Japan-India Joint Statement (Toward a Free, Open and Prosperous Indo-Pacific),” September 14, 2017, <https://www.mofa.go.jp/files/000289999.pdf>.

<sup>148</sup> Fumio Kishida, “The Future of the Indo-Pacific - Japan’s New Plan for a ‘Free and Open Indo-Pacific’ - ‘Together with India, as an Indispensable Partner’” (keynote speech, SSB, New Delhi, India,



speech mentioned India as a remarkable example of the Global South functioning as a cooperation hub for quality infrastructure development in the South Asia region. In line with this, connectivity was expanded into “multi-layered connectivity,” emphasizing the importance of regional connectivity<sup>149</sup>.

#### **4.2. India’s potential interest sharing with Japan**

Through the statements by both countries’ leaders, it can be inferred that both nations recognized their evolving strategic importance to each other, transitioning from mere export-import partners to diplomatic allies. Specifically, as both nations shared security interests regarding their neighboring countries, they sought to address these concerns through maritime and connectivity enhancement. Additionally, it is worth recognizing that the partnership initially focused on IT technologies and subsequently broadened to encompass security concerns and economic development, particularly in enhancing regional connectivity. Considering India’s current focus on connectivity through infrastructure, it is evident that the Indian government has prioritized the modernization of railways and roads. However, there remain ambiguous areas regarding what specific interests or potential benefits the Indian government might derive from Japanese ODA strategies. To explore this further, this thesis will examine Indian national development plans, particularly those related to transportation infrastructure.

The Indian government has continuously emphasized the importance of “last mile connectivity” between people, goods, and services<sup>150</sup>. However, according to Kant, 64% of freight is still transported using roads. Considering the inflation caused by oil price fluctuations, the Indian government has attempted to increase the market share of rail freight. Various economic cluster development plans by the Indian government have further reinforced the strategic importance of railway infrastructure<sup>151</sup>. Although India possessing the fourth largest railway network in the world, connectivity remains under the average due to (i) higher end-to-end costs when considering terminal charges, and (ii) insufficient terminal handling service capabilities<sup>152</sup>. To this end, the National Railways Plan 2030 is to increase the freight transport rate of railways to 45% and develop new high-speed rail and freight corridors utilizing PPPs<sup>153</sup>. The newly

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March 20, 2023), <https://www.mofa.go.jp/files/100477791.pdf>, 5.

<sup>149</sup> Ibid.

<sup>150</sup> Amitabh Kant, “Speeding Up with Gati Shakti,” National Institution for Transforming India (NITI Aayog), October 13, 2021, <https://www.niti.gov.in/speeding-gati-shakti>.

<sup>151</sup> Ibid.

<sup>152</sup> Ministry of Railways, Government of India, “National Rail Plan (NRP) for India,” accessed May 2, 2025, [https://www.indembassy-tokyo.gov.in/public\\_files/assets/pdf/NRP.pdf](https://www.indembassy-tokyo.gov.in/public_files/assets/pdf/NRP.pdf).

<sup>153</sup> Press Information Bureau, Government of India, “National Rail Plan (NRP) for India – 2030,” February

published 2020-2025 National Infrastructure Pipeline report also asserted that infrastructure sector resilience is fundamental to economic growth and identifying roads, railways, and energy as core infrastructure sectors<sup>154</sup>.

Within this context, the Indian government has developed comprehensive policies regarding railway infrastructure development in their national planning framework. India's development plans are broadly categorized into the Five-Year Plans issued by the Planning Commission until 2017 and the Three-Year Action Agendas issued triennially beginning in 2017 by the National Institution for Transforming India (NITI Aayog).

The Twelfth Five-Year Plan (2012-2017) emphasized the significance of major railway corridors in response to increased freight transportation demands resulting from India's economic growth<sup>155</sup>. Simultaneously, it emphasized the importance of learning based on the experiences of previously implemented railway management projects. Specifically, the national plan referenced Japan's Total Quality Management (TQM) and explicitly emphasizes the importance of quality improvement and learning. This recognition stemmed from Japan's economic development in the 1980s, which was facilitated by quality improvements in railway and road transportation infrastructure. Additionally, the twelfth plan continuously emphasized connectivity and infrastructure development. Stating that infrastructure investment is key to increasing investor demand and economic growth, the plan noted that railways had insufficient internal resources and capacity. In this regard, it appears that while the Indian government shared the interest in increasing connectivity, the government recognized the importance of infrastructure development.

India's benchmarking of Japanese infrastructure standards is further reflected in the Three-Year Action Agenda<sup>156</sup>. The Three-Year Action Agenda 2017-2020 addresses the establishment of an innovation ecosystem for Public-Private Partnership (PPP), infrastructure, and connectivity infrastructure development to stimulate growth. In particular, it identified challenges in maintaining existing Indian railway capacity and the additional complications arising from inefficient transportation of raw materials. These issues persist because railway freight rates are

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11, 2022, <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1797575>.

<sup>154</sup> Press Information Bureau, Government of India, "A Strong V-Shaped Recovery of Economic Activity," January 29, 2021, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1693183>.

<sup>155</sup> India Planning Commission, *Twelfth Five-year Plan (2012-2017) – Faster, More Inclusive and Sustainable Growth* (New Delhi: Government of India, 2013), [https://www.niti.gov.in/sites/default/files/2023-08/12fyp\\_vol1.pdf](https://www.niti.gov.in/sites/default/files/2023-08/12fyp_vol1.pdf).

<sup>156</sup> NITI Aayog, *India Three Year Action Agenda 2017-18 to 2019-20* (New Delhi: Government of India, 2017), [https://www.niti.gov.in/sites/default/files/2021-08/India\\_ActionAgenda.pdf](https://www.niti.gov.in/sites/default/files/2021-08/India_ActionAgenda.pdf).

maintained at high prices to cross-subsidize the passenger sector, while freight capacity on congested routes operates at 100% utilization. Consequently, this document highlights (i) the development of the first high-speed rail (Mumbai-Ahmedabad High Speed Rail, or MAHSR) through cooperation with Japan, and (ii) improvements in passenger service quality, among other initiatives. Additionally, the agenda emphasized the importance of developing semi high-speed rails in order to increase regional connectivity and job opportunities.

Through this analysis, it can be inferred that the Indian government has prioritized the development of railway infrastructure. In this context, Japan's quality infrastructure policy appears to be particularly attractive to India, especially when combined with technology and knowledge transfer opportunities. To achieve the mutual benefit of high-speed rail, it seems that the Japanese government could lay the foundation for Japanese companies to invest in India.

#### **4.3. Japan's "soft power" transfer to India**

India's engagement with Japanese ODA strategies demonstrates a form of soft power manifested through technology transfer, management practices, and capacity building initiatives. This cooperation raises the question: have both nations achieved a mutually beneficial relationship by incorporating these soft power strategies and sharing mutual benefits?

To address this issue, this thesis collected various official documents from India and Japan for a case study of the MAHSR project. The official documents mainly consist of joint statements between the two countries issued during summit meetings and other related documents. The achievement of mutual beneficial relationship will be examined to determine whether the projects contributed to the ultimate objectives of the MAHSR project, including Make in India initiative and technology transfer. For this purpose, the study focuses on two points: first, whether the project's importance is continuously emphasized throughout different periods, and second, whether the project has expanded to incorporate soft power projects or related initiatives. There were limitations regarding sources from the Indian government due to blocked websites or language barriers, so the study mainly focused on joint statements reflecting bilateral opinions and documents from the Japanese side. Therefore, there will be biased evaluation due to the source limitations; however, it was revealed that the two nations have a concentrated focus on the transport sector and are committed to keeping the MAHSR project implemented as their flagship project.

In 2014, both countries agreed upon several transport infrastructure projects<sup>157</sup>. Among these, the MAHSR project stands as the first high-speed rail initiative in India, which commenced in 2017. In light of India's strategic intention to adopt high-speed rail technologies from Japan, the project aimed to enhance connectivity infrastructure<sup>158</sup>. Through this 2014 joint statement between both countries, JICA conducted a feasibility study for the project in 2015. This project emerged from the Vision 2020 of the Ministry of Railways, which had identified the Pune-Mumbai-Ahmedabad corridor for technical study<sup>159</sup>.

The project pursues two primary objectives: advancing the "Make in India" initiative and facilitating technology transfer<sup>160</sup>. Regarding technology transfer specifically, three criteria were paramount for this project: (i) high-speed rail technologies, (ii) operation and maintenance capabilities, and (iii) human resources development.

To support these objectives, the Indian government established a joint venture involving the Department of Industrial Policy and Promotion (DIPP), the National High Speed Rail Corporation Limited (NHSRCL), and the Japan External Trade Organization (JETRO) to advance the Make in India initiative<sup>161</sup>. Although this initiative focused on India-based manufacturing, the Japanese government still participated in the selection of potential components and systems to be incorporated into the initiative. For instance, regarding the procurement of 24 train sets, both countries reached an agreement on the 66 train sets as the components to be included within the framework of the Make in India initiative<sup>162</sup>.

Additionally, human resources development programs, including specialized training in high-speed rail operations and relevant Master's degree programs, have been implemented<sup>163</sup>. Firstly,

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<sup>157</sup> Prime Minister of Japan and Prime Minister of the Republic of India, "Japan-India Joint Statement: Intensifying the Strategic and Global Partnership," New Delhi, January 25, 2014, <https://www.mofa.go.jp/files/000025064.pdf>.

<sup>158</sup> Ibid.

<sup>159</sup> Ministry of Railways, *VISION-2020*, Government of India Ministry of Railways (Railway Board), December 2009, [https://www.thehinducentre.com/the-arena/current-issues/69127349-VISION-2020\\_Eng\\_SUBMITTED-TO-PARLIAMENT.pdf](https://www.thehinducentre.com/the-arena/current-issues/69127349-VISION-2020_Eng_SUBMITTED-TO-PARLIAMENT.pdf).

<sup>160</sup> Press Information Bureau, Government of India, "In the presence of Prime Minister of India, Shri Narendra Modi and Prime Minister of Japan, Shri Shinzo Abe, Ceremony for commencement of Work for First High Speed Train Project (popularly referred as Bullet Train) between Mumbai Ahmedabad to take place on 14th September 2017," September 11, 2017, <https://pib.gov.in/PressReleasePage.aspx?PRID=1502412>.

<sup>161</sup> Ibid.

<sup>162</sup> MOFA, "India-Japan Cooperation in Railways," accessed May 8, 2025, <https://www.mofa.go.jp/files/000413509.pdf>.

<sup>163</sup> Brijesh Dixit (National High Speed Rail Corporation Limited, New Delhi), "Concepts and Challenges for the Growth of HSR in India" (presentation, Japan Transport and Tourism Research Institute, Tokyo, February 6, 2018), [https://www.jttri.or.jp/docs/181106\\_presentation-02.pdf](https://www.jttri.or.jp/docs/181106_presentation-02.pdf).

this included the establishment of the National Academy of Indian Railways campus in Vadodara. Specifically, these human resources training initiative aims to enhance and expand the transfer of operation and maintenance technologies from Japan, under the aegis of the Make in India initiative<sup>164</sup>.

Through these initiatives, both governments consistently emphasize and recognize the importance of technical transfer and human resource exchange through the MAHSR project. The public sector has supported this soft power transfer through various forms of collaboration. For instance, a Memorandum of Understanding between the Research Designs and Standards Organization (RDSO) and Japan Railway Technical Research Institute specifically outlined cooperation areas including train operation safety and maintenance techniques as points of mutual interest between the two parties<sup>165</sup>. Additionally, the Memorandum of Cooperation signed by the Indian Ministry of Railways and the Japanese Ministry of Land, Infrastructure, Transport and Tourism ensured the technology transfer in 10 areas including railway safety and station development<sup>166</sup>.

Subsequently, this emphasis on technology transfer and the Make in India initiative expanded to encompass various railway transport projects. For instance, the 2016 joint statement expanded the mutually agreed projects to include additional candidates such as the Chennai and Ahmedabad Metro systems. Furthermore, to bolster the Make in India initiative, a new “Skill Transfer Promotion Program” was established to enhance human resources cooperation between the two nations<sup>167</sup>. By emphasizing the significance of connectivity through the implementation of the “Expanded Partnership for Quality Infrastructure,” it can be inferred that both nations concurred on the enhancement of the transportation network<sup>168</sup>.

The 2017 Joint Statement also recognized the importance of transport infrastructure<sup>169</sup>. Defining the economic cooperation as the partnership for prosperity, the two countries highlighted the commencement of the MAHSR project. Private sector’s participation through business matching was also emphasized, elaborating the expansion in high-speed rail cooperation. Additionally, while strengthening the partnership in the high-speed railway sector,

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<sup>164</sup> Press Information Bureau, “Ceremony for First High Speed Train Project.”

<sup>165</sup> Press Information Bureau, Government of India, “India and Japan ink three agreements for cooperation in Railway Sector,” December 13, 2015, <https://pib.gov.in/newsite/PrintRelease.aspx?relid=133138>.

<sup>166</sup> Ibid.

<sup>167</sup> Prime Minister of Japan and Prime Minister of the Republic of India, “Japan-India Joint Statement,” Tokyo, November 11, 2016, <https://www.mofa.go.jp/files/000202950.pdf>.

<sup>168</sup> Ibid.

<sup>169</sup> MOFA, “Japan-India Joint Statement (FOIP).”

the Indian government sought to increase the Make in India initiative while Japan proposed technology transfer development and technology cooperation for conventional railways and rail safety systems. JICA's technical cooperation in railway safety was also enlisted in the statement as part of the agreement. After 2017, no joint statements were disclosed to the public. However, the project has still been emphasized in summit meetings held in 2022 and ministerial meetings held in 2024.

Keidanren also highlighted this milestone project by highlighting how infrastructure development would increase sustainable and integrated growth, as stated during the 2018 India-Japan Business Leader Forum<sup>170</sup>. According to the Japan Railway Technical Service (JARTS), training and certification services have been implemented since 2023 for specific components of the MAHSR project. Technical knowledge, including expertise in slab track works, has been transferred through the deployment of Japanese professionals to project site<sup>171</sup>.

In 2022, JICA also initiated the technical cooperation of the MAHSR project by expanding its components in station surrounding areas development<sup>172</sup>. This technical cooperation encompassed the dispatch of railway experts to India and the transfer of knowledge regarding station area development. As a flagship project, the MAHSR project seemed to involve various areas where Japanese entities have competitive strengths.

Through the MAHSR project and associated partnerships, it can be observed that the Indian government strategically pursued technology transfer and human resource exchange to develop a priority infrastructure sector. In response, the Japanese government engaged at both public and private levels to support this sector development. By effectively leveraging Japan's soft power resources, it seems that both nations have established a system that delivers mutual benefits aligned with both nations' national interests.

#### **4.4. Between mutual benefit and locally-driven development**

However, regarding whether mutual benefits can exist throughout the long term, this is not clearly evident in the project. One of the interests that the Japanese government pursued for this

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<sup>170</sup> Japan Business Federation, "Joint Report of the India-Japan Business Leaders Forum 2018," October 29, 2018, <https://www.keidanren.or.jp/en/policy/2018/093.html>.

<sup>171</sup> JARTS, "Opening of T&C Services for Project Engineers of Track Works of Mumbai-Ahmedabad High Speed Rail Project (MAHSR)," accessed April 21, 2025, [https://www.jarts.or.jp/english\\_04.html](https://www.jarts.or.jp/english_04.html).

<sup>172</sup> JICA, "JICA Extends Technical Cooperation for Station Area Development along Mumbai - Ahmedabad High Speed Rail (MAHSR) Corridor - Aims to develop surrounding areas of MAHSR stations -," October 12, 2022, <https://www.jica.go.jp/english/overseas/india/information/press/2022/press221012.html>.

project was the export of services. At the same time, however, the Indian government pursued the implementation of the Make in India initiative by leveraging technology transfer. In this regard, one of the issues surrounding the project was the export of rolling stock from Japan<sup>173</sup>. According to Indian media reports, there was a disagreement between the two countries regarding this issue, which caused delays in the project. Although there were agreements to deploy certain models, it appeared that there were delays in provision and cost increases<sup>174</sup>. To resolve this issue, the Indian government proposed two alternatives: firstly, they would deploy Indian-made Vande Bharat trains under the Make in India initiative; secondly, they contracted to change the signal system from the Japanese system to a European system<sup>175</sup>. Although this disagreement has been partially mitigated by an agreement whereby the Japanese government would provide two types of rolling stocks at no cost for trial runs<sup>176</sup>, it shows limitations of mutual benefit frameworks in the long term when national interests are in conflict.

The mutual benefit can only remain stable when there are no external changes to the project and economic context. First, the Indian government has reached a level where it can produce its own high-speed rail using locally-driven technologies through the Make in India initiative and technology transfer. Although the Japanese government intended to export rolling stock for promotional purposes and to increase its influence, this appears to conflict with India's Make in India initiative. Considering the characteristics of large-scale infrastructure projects—cost changes and technology changes throughout construction periods—if the Indian government faces burden from increased costs, there is a possibility that it will retain the option to use its own rolling stock<sup>177</sup>.

Second, as recipient countries grow, they will be wary of relying on just one major investor. For

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<sup>173</sup> "India to Launch Vande Bharat Trains on Mumbai-Ahmedabad High-Speed Corridor," *Railway Supply*, January 29, 2025, accessed May 22, 2025, <https://www.railway.supply/en/india-to-launch-vande-bharat-trains-on-mumbai-ahmedabad-high-speed-corridor/>.

<sup>174</sup> Kuldeep Negi, "Mumbai–Ahmedabad Bullet Train: India To Get E5, E3 Shinkansen Trains Free From Japan As Inspection Vehicles By Early 2026," *Swarajya*, April 16, 2025, accessed May 22, 2025, <https://swarajyamag.com/news-brief/mumbaiahmedabad-bullet-train-india-to-get-e5-e3-shinkansen-trains-free-from-japan-as-inspection-vehicles-by-early-2026>.

<sup>175</sup> "Vande Bharat to Run on Bullet Train Track as Shinkansen Known for Rare Delays Faces Delays from Japan," *Economic Times*, January 22, 2025, accessed May 22, 2025, <https://economictimes.indiatimes.com/industry/transportation/railways/vande-bharat-to-run-on-bullet-train-track-as-shinkansen-known-for-rare-delays-faces-delays-from-japan/articleshow/117454016.cms?from=mdr>.

<sup>176</sup> Kuldeep Negi, "Mumbai–Ahmedabad Bullet Train: India To Get E5, E3 Shinkansen."

<sup>177</sup> Arun Kumar Das, "Indian Bullet train, not Japanese, to run first on Mumbai-Ahmedabad high-speed rail corridor," *Financial Express*, January 21, 2025, accessed May 23, 2025, <https://www.financialexpress.com/business/railways-indian-bullet-train-not-japanese-to-run-first-on-mumbai-ahmedabad-high-speed-rail-corridor-3721673/>.

example, if the signaling system and all technologies are made or learned from Japan, the follow-up procedures will naturally go to the Japanese government's willingness, as the Japanese government planned to leverage soft power. However, it appears that the Indian government recognized that dependence on a sole partner could create significant delays if there are disagreements or delays due to adherence to original procurement sources<sup>178</sup>.

Through this analysis, it appears that although there is mutual benefit between donor and recipient countries, it can only last when there are no disputes regarding national interest implementation. As the recipient country develops, there is more effort required between the two countries to maintain the equilibrium point.

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<sup>178</sup> MRT Online Desk, "India explores alternatives to Japan for Mumbai-Ahmedabad Bullet Train Project amid delays," *Metro Rail Today*, November 28, 2024, accessed May 23, 2025, <https://metrorailtoday.com/news/india-explores-alternatives-to-japan-for-mumbai-ahmedabad-bullet-train-project-amid-delays>.



## **5. In-depth Analysis of soft power**

### **5.1. Methods and limitation**

This thesis attempted to examine whether the Indian government and Japanese government shared potential interests in developing national railways and exporting railway technologies, respectively. Under the ultimate objective of increasing connectivity in the South East Asia region, it appeared that each country at least achieved their initial targets.

However, there remain some unclear areas due to limitations in publicly disclosed information. Particularly, through official documents alone, it was difficult to examine the limitations of soft power instruments in developing countries and how these elements will be proactively used in recent initiatives. Additionally, it was challenging to assess soft power's effectiveness in fostering bilateral relationships.

Therefore, an interview with an official from JICA was conducted in late May in person in Tokyo to explore these issues. The interview questions were distributed in advance via email (Appendix 1). The author obtained prior consent for recording and confidentiality option from the officer before the interview. The interview lasted approximately 50 minutes, and the responses from the JICA officer were supplemented with additional research and press releases from the JICA official website to gain a more in-depth understanding. The purpose of the interview was to explore soft power's influence on ODA implementation in India and on fostering bilateral relationships.

Due to time constraints and limited interviewees, there were still limitations and a potentially biased approach that did not fully reflect the Indian perspective. Additionally, the responses from the interviewee do not reflect the official position of the Japanese government. Given that issues of national interest are sensitive and contentious, no quantitative framework or approach was employed to measure the outcomes. Instead, this thesis attempts to incorporate the following lessons by combining interview responses with existing literature.

### **5.2. Effectiveness of Japanese soft power in India**

#### ***Soft power's influence on the implementation of projects and changes in practices***

According to the interview, the one identified strength of Japanese ODA is identified as the soft components. This can be demonstrated through two main types. Firstly, according to the JICA, beyond grants and technical cooperation, soft components are also integrated into loan

programs with the objective of ensuring the smooth implementation of projects and securing the sustainability of cooperation outcomes<sup>179</sup>. According to the interviewee<sup>180</sup>, these soft components enabled the JICA to transfer its knowledge and practices to recipient countries during the implementation of loan components. For instance, the interviewee revealed that the Delhi Metro Rail Cooperation project (DMRC project) facilitated Japan's transfer of safety protocols and delivery time procedures, while also expanding gender equality initiatives in India by promoting gender equality and introducing women-only rolling stock. JICA's publication also evidences the finding that the DMRC project incorporated "integrated management with timetable adjustments"<sup>181</sup>, which ultimately enhanced intermodal connectivity. Although the soft components comprise elements of loans, it appears that they can leverage soft power (e.g., capacity building) to foster effectiveness and sustainable projects.

Secondly, through the interviewee, it was revealed that these soft components can affect changes in Indian practices toward global standards in the long term and influence the growth of their self-ownership in the project. While large-scale infrastructure projects are divided into several phases, soft components such as capacity building are integrated in the initial phases. According to the interviewee, it emerged that the Indian government, in subsequent phases, modified their practices to reflect Japanese construction methods (e.g., using safety helmets during construction). Notably, they were also able to independently manage operation and maintenance, which aligns with Japan's emphasis on fostering self-ownership among recipient countries. For instance, the Indian government did not require further capacity building or assistance after changes in practices, because it has already reflected good practices at construction sites.

Through this approach, it can be inferred that the JICA not only achieves effective construction and project sustainability but also facilitates transfer of its expertise. The JICA country analysis paper also emphasized that it will prioritize the implementation of technical assistance where Japanese comparative advantages can be effectively utilized<sup>182</sup>.

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<sup>179</sup> JICA, *Soft Component Guidelines* [ソフトコンポーネント・ガイドライン] (4th ed., November 2020), [https://www.jica.go.jp/Resource/activities/schemes/grant\\_aid/guideline/ku57pq00001t6gnl-att/soft\\_202011.pdf](https://www.jica.go.jp/Resource/activities/schemes/grant_aid/guideline/ku57pq00001t6gnl-att/soft_202011.pdf), accessed May 27, 2025.

<sup>180</sup> Anonymous interview conducted on May 27<sup>th</sup>, 2025. All subsequent references to 'the interviewee' refer to this source.

<sup>181</sup> Value Planning International, Inc., *The Study on Strengthening Intermodal Transfer Functions of Urban Railway Systems Final Report Summary* (Japan International Cooperation Agency, September 2009), [https://openjicareport.jica.go.jp/pdf/11969227\\_02.pdf](https://openjicareport.jica.go.jp/pdf/11969227_02.pdf), 23.

<sup>182</sup> JICA, *JICA Country Analysis Paper for India* (last updated March 2025),

### *Influence to third countries for fostering bilateral relationship*

Regarding soft power's influence on fostering the relationship between India and Japan, the interviewee did not clearly mention direct correlations between soft power and bilateral networks. However, it was revealed that by leveraging soft power, they can enhance India's self-ownership while incorporating other countries into triangular relationships. For instance, some successful projects in India have become a milestone for Japan's engagement with other recipient countries. According to the interviewee, study tours are organized for officials from other Southeast Asian and African countries to observe well-executed projects in India. For instance, JICA announced that delegations from Kenya and Tanzania visited an Indian university funded by JICA to examine best practices in startup ecosystem development and management<sup>183</sup>. Leveraging examples of successful ODA projects in India, these approaches can not only create a trickle-down effect for recipient countries but also present opportunities to influence Japanese ODA practices in other recipient countries while enhancing triangular cooperation with India.

Regarding the question about soft power's impact in India, the interviewee responded that focusing solely on technical cooperation and grants would not have a significant impact in India, considering their relatively small amounts compared to ODA loans disbursed in the country. However, the interviewee commented that when combined with the soft components of loan schemes, these initiatives have partially contributed to bilateral relations. For instance, the DMRC project impacted India by promoting women's employment through the advancement of gender equality and enhanced safety measures, which were also goals of India. However, the interviewee also commented that soft power and its influence do not always align with Japanese intentions, considering that the consulting and procurement processes are under the Indian government's responsibility.

It was not easy for the interviewee to answer about the independent effects considering that the total portion of soft power components is smaller than the loan. However, it was still revealed that there is a connection between capacity building and the importance of practice changes in the relationship with India when there is a need on the Indian side to modify traditional practices.

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[https://www.jica.go.jp/overseas/india/\\_icsFiles/afieldfile/2025/05/08/jcap\\_in\\_en\\_202503.pdf](https://www.jica.go.jp/overseas/india/_icsFiles/afieldfile/2025/05/08/jcap_in_en_202503.pdf), accessed May 27, 2025.

<sup>183</sup> JICA, "Officials from Kenya and Tanzania Visit Hyderabad to Learn from India's Startup Ecosystem," July 29, 2024, [https://www.jica.go.jp/english/overseas/india/information/press/2024/1546385\\_53431.html](https://www.jica.go.jp/english/overseas/india/information/press/2024/1546385_53431.html), accessed May 27, 2025.

### ***Factors hindering cooperation; how can this be solved?***

Regarding project implementation, the interviewee indicated that some project delays were partially attributed to India's bureaucratic organizational structure. In particular, state government projects sometimes experienced delays due to complicated decision-making processes. According to Indian press reports, it was also found that some project components were delayed due to the previous state government of Maharashtra regarding the MAHSR project<sup>184</sup>. Additionally, from the Japanese perspective, finding suitable Japanese companies to invest in India also presents challenges. Considering the initial investment costs and technologies applicable in India, few companies can easily participate in projects. JICA's country analysis paper also revealed that the growth in the number of Japanese companies in India has remained stagnant for several years<sup>185</sup>.

However, regarding follow-up questions about potential conflicts between Japanese expertise transfer and the Make in India initiative, the interviewee responded that there remains room for cooperation between the two countries, despite the difficulty of balancing capacity building with the promotion of Japanese companies in India. It is also noteworthy that the JICA, through implementing investment sector program loans in Tamil Nadu and Gujarat, has addressed this challenge. According to JICA's press release<sup>186</sup>, this program aims to enhance the ecosystem for Japanese companies' project implementation while improving the investment environment for states in India.

### ***Interview Findings***

The interview findings demonstrated that capacity building and other soft components, combined with hard infrastructure, contributed to improvements in certain customs through project implementation. Additionally, it can be inferred that soft power can function as one of the elements to foster relationships if it is well organized and leveraged to implement and maintain projects for the long term; however, it is not the sole effective instrument for

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<sup>184</sup> TOI Business Desk, "Mumbai-Ahmedabad Bullet Train to Be Operational by 2028, Says Maharashtra CM Devendra Fadnavis," *Times of India*, April 29, 2025, <https://timesofindia.indiatimes.com/business/infrastructure/mumbai-ahmedabad-bullet-train-to-be-operational-by-2028-says-maharashtra-cm-devendra-fadnavis/articleshow/120723320.cms>, accessed May 27, 2025.

<sup>185</sup> JICA, *JICA Country Analysis Paper for India*.

<sup>186</sup> JICA, "JICA Extends ODA Loan of INR 2,106 Crores for Tamil Nadu Investment Promotion Program (Phase 3) in India," March 27, 2025, [https://www.jica.go.jp/english/overseas/india/information/press/2024/1565712\\_53431.html](https://www.jica.go.jp/english/overseas/india/information/press/2024/1565712_53431.html), accessed May 27, 2025.

leveraging areas of Japanese comparative advantage.

Nevertheless, recipient countries have recognized the importance of utilizing soft components to positively transform customs and practices, and while balancing recipient countries' willingness with self-ownership principles, soft power can serve as an effective tool for enhancing cooperation. Given India's growing influence and development trajectory, JICA faces the challenge of balancing Japanese expertise transfer with locally-driven environments. However, it can still be implied that where there is room for cooperation between Japanese and Indian businesses in future industries, the institution can reach a new equilibrium point.

## 6. Implication to recipient countries

### 6.1. India's ODA policies leveraging soft power as an emerging donor

Through qualitative analysis, including literature review and interviews, it is evident that the Indian government has adopted certain practices and incorporated experiences through soft power-based instruments embedded within ODA.

When it comes to contemporary India, it is also essential to recognize that while India maintains its position as a recipient country, it is simultaneously establishing itself as an emerging donor. Specifically, in conjunction with India's Act East policy, India is strategically engaging with its neighboring countries. Within this context, can soft power be leveraged to accomplish mutual benefits? By examining the similarities between India's development assistance practices and the Japanese approach, it will be possible to identify potential answers to this question.

The Indian government's public policy shared similar interests and policy direction as Japan. The Act East Policy and former Look East Policy both targeted commercial relations, cultural exchange, and connectivity with Southeast Asian and Indo-Pacific countries<sup>187</sup>. It is notable that the policy was initially designed as an economic initiative; however, it has now integrated strategic and political perspectives. When considering strategic partnership enhancement through shared mutual benefits with neighboring countries, it becomes evident that India's approach is similarly oriented toward enhancing its regional influence. The Indian government's plan to connect India, Myanmar, and Thailand through high-speed road networks was the typical example based on this policy direction<sup>188</sup>. Neighborhood First Policy also shares commonalities with Japanese ODA strategies<sup>189</sup>. According to the Indian government's Q&A regarding the Act East Policy, two key points emerge: first, while the Indian government focused on bilateral cooperation in development, the support is also based on the requests of recipient countries. Additionally, the main instruments include capacity building through the Indian Technical and Economic Cooperation Program (ITEC) and technical consultancy. These similarities imply that the Indian government recognizes the policy effectiveness based on

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<sup>187</sup> Press Information Bureau, Government of India, "Act East Policy," December 23, 2015, <https://www.pib.gov.in/newsite/printrelease.aspx?relid=133837>.

<sup>188</sup> Anil Wadhwa, "India's Act East Policy" (lecture, Dr. Harisingh Gaur University, Sagar, M.P., August 9, 2019), Ministry of External Affairs, Government of India, <https://www.mea.gov.in/distinguished-lectures-detail.htm?840>.

<sup>189</sup> Ministry of External Affairs, Government of India, "Question No-1456 India's Act-East Policy," Lok Sabha Unstarred Question, July 28, 2023, <https://www.mea.gov.in/lok-sabha.htm?dtl/36927/QUESTION+NO1456+INDIAS+ACTEAST+POLICY>.

mutual benefit and soft power to ensure influence in recipient countries.

Additionally, these Indian government policies demonstrated similar effects to those of Japan's approach toward India's partner countries in terms of strengthening partnerships. For instance, Sato et al.<sup>190</sup> examined that India is increasing its economic partnership with ASEAN countries by enhancing Indian companies' investment in Cambodia. The paper also depicted that emerging donors' approaches are based on their experiences as recipient countries. Khanna and Moorthy<sup>191</sup> argued that India's focus on infrastructure development and student scholarships contributed to Afghanistan's recovery. According to these authors, such initiatives generated positive responses from the Afghan public.

There is limited evidence whether these policies are affected by Japanese ODA strategies; however, it seems evident that the Indian government is approaching its strategic countries by leveraging mechanisms that use soft power, including capacity building and human resources development. Through this, it can be inferred that Indian government recognized the soft power's importance and reflected the technical cooperation in their development strategies. Leveraging soft power, the Indian government built relationships with Southeast Asian countries and enhanced its national brand<sup>192</sup>. While it remains unclear whether soft power strategies will be effective in the long term, as their goal is to extend countries' influence to target countries, it appears that the Indian government is attempting to derive benefits from these strategies.

## **6.2. Implication to recipient countries: effectiveness of soft power**

Through the research, it seems that if the recipient countries are sharing the benefit with the donor countries, the soft power can be the foundation for them to increase and develop skills and local-driven technologies. Particularly, infrastructure is the complex of complicated technologies while creating significant economic impact. Leveraging this, the recipient countries can get benefit in the short-to-medium term. Therefore, to import soft power projects from donor countries, recipient countries should carefully consider whether locally-driven

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<sup>190</sup> Jin Sato, Hiroaki Shiga, Takaaki Kobayashi, and Hisahiro Kondoh, "Emerging Donors' from a Recipient Perspective: An Institutional Analysis of Foreign Aid in Cambodia," *World Development* 39, no. 12 (2011): 2091-2104, <https://doi.org/10.1016/j.worlddev.2011.04.014>.

<sup>191</sup> Shrey Khanna and P. Moorthy, "Analysing India's Soft Power Functioning in the Twenty-first Century: Possibilities and Challenges," *India Quarterly* 73, no. 3 (2017): 292-311, <https://doi.org/10.1177/0974928417716224>.

<sup>192</sup> Khath Bunthorn, "Soft Power in India's Act East Policy: A Cambodian Perspective," *India Quarterly* 79, no. 2 (2023): 189-208, <https://doi.org/10.1177/09749284231165110>.

technologies can be improved through technology transfer. For instance, Indian Railways has announced that a new factory in Tamil Nadu will produce forged wheels, with more than 68% of these wheels intended for export<sup>193</sup>. Considering India's transition to an exporter position, it seemed that Indian government could improve its railway technologies by technology transfer.

However, recipient countries should carefully consider the background and scope of each project, especially those with long-term implications. For example, large-scale infrastructure projects cannot be easily halted after construction begins, even if there are significant contractual failures or changes in external environments. Additionally, recipient countries' changing economic status also becomes a factor that alters the situation. While these factors can be advantageous to recipient countries in some ways, it appears that recipient countries should carefully consider the effects and their development progress when accepting soft power initiatives from donor countries.

Lastly, it is important to strike a balance between soft power and the pursuit of national interests. While some argue that India has built strong relationships with South Asian countries by leveraging soft power, including humanitarian assistance<sup>194</sup>, there is a counterargument that India's strongly diplomatic approach to soft power does not contribute to building a positive image among South Asian countries<sup>195</sup>. Therefore, to create positive effects through soft power, a balance must be maintained within the triangle of mutual benefit between countries, well-developed international humanitarian values, and soft power instruments. While this balance should serve as groundwork from the donor side, it is equally important for recipient countries to recognize how to receive these strategies with good judgment. Through this triangular balance, recipient countries will gain not only opportunities to enhance their infrastructure but also to strengthen their comparative advantages transitioning to emerging donors.

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<sup>193</sup> Admin, "India to manufacture rail wheels and export Vande Bharat rakes: A leap towards becoming a global rail manufacturing hub," Rail Analysis, March 16, 2024, <https://railanalysis.in/rail-news/india-to-manufacture-rail-wheels-and-export-vande-bharat-rakes-a-leap-towards-becoming-a-global-rail-manufacturing-hub/>.

<sup>194</sup> Suheel Ahmad Parry and Aaqib Ahmad Bhat, "India's Humanitarian Diplomacy in South Asia: Navigating Determinants, Prospects, and Challenges," *Res Militaris* 13, no. 2 (January 2023), [https://www.researchgate.net/profile/Aaqib-Bhat-7/publication/369693507\\_India's\\_Humanitarian\\_Diplomacy\\_in\\_South\\_Asia\\_Navigating\\_Determinants\\_Prospects\\_and\\_Challenges/links/643f6acb1b8d044c6333ff49/Indias-Humanitarian-Diplomacy-in-South-Asia-Navigating-Determinants-Prospects-and-Challenges.pdf](https://www.researchgate.net/profile/Aaqib-Bhat-7/publication/369693507_India's_Humanitarian_Diplomacy_in_South_Asia_Navigating_Determinants_Prospects_and_Challenges/links/643f6acb1b8d044c6333ff49/Indias-Humanitarian-Diplomacy-in-South-Asia-Navigating-Determinants-Prospects-and-Challenges.pdf).

<sup>195</sup> Chandra D. Bhatta, "Emerging Powers, Soft Power, and Future of Regional Cooperation in South Asia," *Asian Journal of Political Science* 27, no. 1 (2018): 1-16, <https://doi.org/10.1080/02185377.2018.1557062>.



## 7. Conclusion

This thesis examined how the Japanese government reflected its national interest in ODA strategies, and how recipient countries can utilize these strategies while pursuing mutual benefit.

Through the analysis, it seems evident that the Japanese government strategically integrates economic benefit with diplomatic and security considerations by addressing geoeconomic concerns surrounding Japan. The primary motivation appears to be building bilateral economic ties and enhancing participation of Japanese entities. This emphasis reflecting external concerns is interpreted through various terms from “Arc of Advantage and Prosperity” to “Free and Open Indo-Pacific.” Through these terms, the Japanese government could integrate the Southeast Asian region and Pacific region into its strategic alliance. Additionally, to achieve this goal, ODA strategies incorporate national interest by facilitating the transfer of Japanese expertise and practices to recipient countries. Specifically, these strategies involved the form of technical assistances and cooperation laying foundations and cooperation ties for large-scale projects, and capacity building to enhance human exchange. These strategies have been developed by involving notions of rule of law or quality growth to promote the direct benefit to Japan.

When recipient countries can derive mutual benefit or develop sectors where Japan possesses comparative strength, this ODA approach appears to satisfy both governments’ objectives at least. Through the case study of the relationship between India and Japan, it is shown that both countries share mutual benefits in the transport sector. While the Indian government prioritizes transport to enhance connectivity for economic development, the Japanese government sees the possibility of exporting Japanese expertise while strengthening economic ties with the Asian region via India. In this regard, the Indian government has realized benefits by receiving technology transfer and human resources training facilitated by the Japanese government. This cooperation has subsequently expanded into additional transport projects. Considering that the both countries’ ultimate goal is to strengthen the connectivity, leveraging transport was the optimal option to satisfy both countries’ benefits.

This thesis makes an academic contribution by arguing that national interest pursuit in ODA is not necessarily counterproductive when structured to generate mutual benefits for both donor and recipient countries. Given that national interest pursuit remains a contentious theme in ODA discourse, there is limited research evaluating its value and sustainable conditions when donor countries pursue national interests. This thesis addresses this gap by establishing conditions for maintaining national interest-oriented strategies while balancing the need to meet recipient

countries' development priorities. Through the Japan-India case study, this research demonstrates that while both countries share mutual interests in railway transportation, India can utilize Japanese ODA to enhance its local technologies and environmental standards, while the Japanese government leverages this opportunity to export railway-related technologies overseas and increase foreign investment.

Furthermore, this thesis emphasizes the importance of soft power in reflecting national interests and extending influence toward recipient countries—effects that were effectively utilized in subsequent projects, considering the historical trajectory of India-Japan relations. Soft power functions as an instrument that cultivates an environment for expanding business and technology overseas. While there is insufficient evidence regarding long-term sustainability, leveraging soft power undeniably creates opportunities for donor countries to advance their interests while enabling recipient countries to develop locally-driven solutions.

However, as depicted in the implications, there remain unclear areas for recipient countries regarding when soft power gives positive effects in the long term. For instance, combined with economic development and positional changes as emerging donors, recipient countries may lack further participation and locally-driven opportunities in long-term large-scale projects. Additionally, due to limited access to research resources from the recipient country, this thesis primarily relied on sources from the Japanese government. To mitigate potential pro-Japanese bias, the study incorporated reviews from international organizations and Indian media reports. However, this approach presented challenges in establishing a neutral analytical stance between Japan and India. In particular, more consideration could be given to evaluating the effectiveness of soft power in transport projects from the Indian perspective. In this context, there is a clear need for follow-up research that examines mutual benefits from the Indian viewpoint, investigates the detailed objectives of recipient countries, and develops a quantitative framework to assess the relationship between soft power and its effects.

Furthermore, additional research should be conducted to examine whether long-term outcomes are genuinely mutually beneficial to both recipient and donor countries. Considering the current status of pending issues in the MAHSR project regarding the signaling system bidding and high-speed rail issues, mutual benefit can only last when both countries agree to areas where they can earn national interest. Since comparative strengths and technologies can change during the long period of large-scale infrastructure projects, it seems that in order to realize national interest, there should be clear statements regarding components between bilateral countries.

Lastly, further study is expected regarding the opposite scenario where recipient countries do not share mutual benefits or sectoral priorities with donor countries. Combined with further research on developing frameworks for soft power in development assistance, this will contribute to understanding whether soft power can act effectively to create additional benefits even when there are no shared priorities between countries.

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## Appendix

### 1. Interview questions

Interview questions were formally distributed to the interview before the interview.

#### ➤ Importance of soft power

- a. What distinguishes Japanese Official Development Assistance (ODA) from traditional donors' approaches, particularly regarding soft power (e.g., technical cooperation) and implementation frameworks?
- b. From the perspective of donor country, how does technical cooperation contribute to fostering favorable perceptions and strengthening bilateral relationships with recipient countries?
- c. If technical cooperation projects fail to produce expected effects in recipient countries, what factors might explain this limited impact? What methods might positively increase their effectiveness?
- d. Combined with the latest modification of the development charter, particularly regarding the "offer-type" approach, to what extent will technical cooperation serve as an effective instrument?
- e. What are the comparative strengths and limitations of incorporating soft power elements in ODA, particularly within large-scale infrastructure projects such as transportation?

#### ➤ Japan – India relationship

- f. How would you assess the effectiveness of soft power components (e.g., technology transfer and human resource development) in the Indian transport project, particularly in the Mumbai-Ahmedabad High Speed Rail (MAHSR) project?
- g. Regarding Japan's soft power projects in India, could you identify specific implementation challenge? What factors contributed to these difficulties?
- h. What approaches might help foster cooperation between technology transfer and local manufacturing target? For example, how can soft power elements accommodate "Make in India" initiatives?
- i. India appears to be adopting elements of Japan's ODA strategies. Which aspects of Japan's soft power strategy do you observe being adopted, and what factors might explain this pattern of policy transfer?

## 2. Summary of interview's key points

### ➤ Importance of soft power

- Japan's emphasis on respecting the self-ownership of recipient, combined with capacity building, can enhance recipient countries' self-ownership of development processes.
- When soft components are integrated with loan programs (e.g., capacity building activities), they contribute to bilateral relationships by promoting sustainable practice changes in recipient countries.

Before Japan's ODA	JICA's ODA Intervention	After*
Local staff did not frequently use helmets	Japanese participants (consultants, companies) trained local staff on safety helmet usage at construction sites.	Local staff developed habits of wearing helmets, resulting in improved safety standards
Limited awareness of gender equality	Built women-only train cars and promoted women's employment	Increased understanding in women's employment through improved transportation access

\* This effect is not solely attributed to the soft components, but may also be influenced by the hard components.

- When recipient countries demonstrate strong ownership, conflicts may arise with ODA programs due to localization challenges. To address this issue, Japanese ODA customizes input technologies to align with local customs. Additionally, through policy dialogue with state governments and officials, Japan identifies new project areas for potential collaboration.
- However, evaluation is complex due to the combination of concessional loan effects and recipient country-owned procurement procedures, making it difficult to assess impacts definitively.

### ➤ Japan – India relationship

- The primary challenges JICA faced included India's complex bureaucratic system and different project owners. Additionally, it was difficult to identify Japanese companies with appropriate technologies that could be effectively adopted in the Indian context. Considering cost and time constraints, finding suitable partners proved challenging.
- Currently, JICA and India are strengthening their relationship by conducting study tours for third parties (e.g., African countries and Southeast Asian countries) to showcase India's infrastructure development. Through this trickle-down effect that promotes Japanese ODA to other countries, both nations can further strengthen their relationship through collaborative initiatives.