

Country Development Cooperation Policy for India

As of November 2023

1. Purpose of Development Cooperation

(1) India, with the world's largest population (United Nations estimate, 2023) and about 30% of its young population aged 15-29, has achieved remarkable economic growth in recent years, backed by a high level of IT expertise and innovations from startups. The country is a new frontier for the Japanese economy, with an increasing number of Japanese companies entering India, considering its vast market size and abundant workforce. Deepening relations with growing India and co-creating new values to address social challenges are important for future Japan-India cooperation. As the world's largest democracy, India is projected to surpass Japan in economic scale in the future (IMF, 2023). With its rapidly expanding economic scale, India is rapidly increasing its influence in the international community through forums such as the G20, and plays a vital role in shaping the international order, including the Indo-Pacific region.

(2) On the other hand, India, possessing approximately 20% of the poverty-stricken population among all developing nations, faces a significant need for socio-economic development from the perspective of Sustainable Development Goals (SDGs). Attracting foreign investment for further economic growth, India still confronts challenges in developing its nascent infrastructure.

(3) India aims for inclusive and sustainable economic growth by addressing diverse domestic challenges and needs. Through its "Act East" policy, India enhances connectivity with East and Southeast Asia, promotes investment and technological development through initiatives like "Make in India," and strives for a cooperative society beyond religious, regional, and caste conflicts. India also shows proactive commitment to achieving SDGs, evidenced by its voluntary national reviews at the United Nations High-Level Political Forum in 2017 and 2020.

(4) Supporting India's initiatives from a perspective that deepens the cooperative relationship between Japan and India, Japan's ODA is expected to continue to play a significant role. This includes securing continued investment for infrastructure development necessary to enhance the business environment, addressing social and environmental challenges arising from rapid urbanization, and achieving inclusive and sustainable economic growth. Furthermore, development cooperation with India constitutes a critical component of the "Japan-India Special Strategic and Global Partnership," aimed at maintaining and strengthening a free and open international order based on the rule of law under the vision of the "Free and Open Indo-Pacific (FOIP)." This cooperation also contributes to close coordination and practical cooperation among Japan, the United States, Australia, and India, as well as enhancing relations with emerging and developing countries referred to as the "Global South."

2. Basic policy of Japan's ODA (Overall Goals)

Cooperation in Building a Strong Foundation for Inclusive and Sustainable Growth

Under enhanced collaboration with various entities, Japan aims to strategically utilize ODA, such as promoting the "Co-Creation for Common Agenda Initiative" and mobilizing private sector funds, to co-create new solutions for social challenges by leveraging the strengths of both Japan and India. This supports India's pursuit of the 17 SDG goals and the "Act East" policy, fostering a robust foundation for inclusive and sustainable growth beneficial to both Japan and India, and promoting development cooperation that contributes to inclusive and sustainable growth, supporting the interests of both countries.

3. Priority Areas (Subsidiary Goals)

(1) Strengthening Industrial Development through Co-Creation

Supporting the manufacturing sector, vital for India's economic stability, creates new jobs for the young workforce, strengthens technological foundations, and improves productivity. Japan assists in developing essential social infrastructure for business environments in industries, including power generation, transmission, energy storage, energy efficiency, high-standard roads, ports, and industrial water supply. Moreover, support extends to investment environment improvement, small and medium-sized enterprises

(SMEs) and startups, utilization of the specified skilled worker scheme, collaboration between Japanese and Indian companies and academic institutions, and industrial development in fields such as semiconductors, ICT and digital technologies, digital transformation (DX), health, medical and healthcare, space, and more.

(2) Enhancing Multilayered Connectivity

Focusing on resolving infrastructural challenges for investment and growth, Japan supports the enhancement of connectivity within and between major cities and economic zones in India through the development of transportation hubs and distribution networks such as railways, roads, and electricity infrastructure, taking environmental considerations into account. Furthermore, Japan promotes cooperation towards creating new investments and industries by further strengthening connectivity with neighboring countries, including promoting connectivity in regions like the North East Region of India as confirmed by the Japan-India summit meeting, and organic collaboration with the "Bay of Bengal Industrial Growth Belt (BIG-B)" in North East Region of India and Bangladesh to build an "industrial value chain."

(3) Clean Socio-Economic Development

As part of continuous efforts to address social and environmental challenges stemming from rapid economic growth and urbanization, Japan focuses on improving basic social services such as healthcare and sanitation, responding to urbanization, natural disasters, and the degradation of ecosystem services, addressing social issues related to water, and supporting poverty reduction and social sector development, including increasing the income of low-income groups. Japan also supports projects related to the development of roads and water supply and sewage systems, including in rural areas, enhancing and diversifying agricultural productivity and sustainability, strengthening value chains, conserving and utilizing forest resources, and empowering women. With climate change issues in mind, we promote cooperation towards achieving a clean and resilient society, advancing decarbonization, Green Transformation (GX), and other related initiatives.

4. Points to be considered

(1) With the aim of deepening the extensive and diverse engagement between the citizens of Japan and India and establishing a foundation for strengthening bilateral relations, attention will be given to promoting close personal exchanges in various fields through development cooperation. In addition, attention will be paid to cooperation that mobilizes private funds and Indian-side funds, such as financing for Japanese companies' projects in India, financing for Indian government agencies responsible for environmental conservation, and the establishment of funds with the Indian government.

(2) In cooperation with India, which is increasingly becoming a major player in development assistance to third countries, efforts shall be made to share relevant knowledge and pursue possibilities for collaboration, keeping in mind the dissemination of the results of cooperation with India, especially in regions such as Southwest Asia, Pacific Island countries, and Africa, utilizing the strengths of both countries.

(3) Attention shall be given to the policy of the Indian government, which in principle does not accept tied aid and adopts international competitive bidding in its procurement policies. At the same time, efforts will be made to promote the introduction of Japanese technology and expertise into India through various projects.

(4) For the achievement of an equal and inclusive society, Japan and India shall pay attention to gender equality and consideration for socially vulnerable groups under the concept of "human security" in the new era when formulating projects.

Annex: Rolling Plan