

Development Cooperation As A Diplomatic Tool In The Indo-Pacific

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1. Abstract

Development Cooperation is traditionally seen as a tool to support the pursuits and advancement of the interests of donor nations in international relations. As opposed to the instruments of "hard" military or economic power, realists see aid as a more tacit means of defining goals and inspiring gratitude towards the donor nation. In state-to-state relations, economic considerations take precedence over political factors within the framework of economic diplomacy. To encourage international employment and mobilise diaspora resources, economic diplomacy aims to mobilise resources for development, promote trade (primarily as an export basis), draw foreign direct investment (FDI) into national priority industries, and also promote tourism. The paper explores the role of development cooperation in the context of foreign policy aims. The paper also tries to formulate policy recommendations to refine development cooperation as a diplomatic tool in the Indo-Pacific.

Keywords: Development Cooperation, Diplomatic tool, Indo-Pacific, Aid

2. Introduction

In its normative form, development cooperation, also known as development partnership, involves the creation of a cooperative framework for the “promotion of social and economic development of developing countries.”¹ Development Cooperation is a comparatively newer phenomenon in the arena of international relations and has risen only after the Second World War. Development diplomacy has become the top concern in international relations in recent years. The growing recognition by countries of the interdependence of economic prosperity, stability, and security has made development diplomacy an indispensable instrument for strengthening bilateral and multilateral relations as well as tackling urgent global concerns like inequality, climate change, and poverty alleviation. The majority of the time, it is carried out through bilateral, regional, and global multilateral initiatives, with assistance from the UN and its specialised organisations. Basic components of development diplomacy include demonstrated ability, adept negotiation, well-crafted public communications, familiarity with social and cultural facets, and a wealth of public affairs management expertise.

¹ Sachin Chaturvedi et al., *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda* (Palgrave Macmillan, 2021)

While terminology varies from country to country from ‘humanitarian assistance’, to ‘development assistance’, to ‘development aid’; long-term or short-term strategic interests are always on the table. Either through generating goodwill, gaining support at the United Nations or other multilateral forums, laying the groundwork for further economic cooperation or providing an impetus for domestic industries etc development is a key tool within foreign policy.²

While “Aid diplomacy” exemplifies economic power (hard power), it is a soft power-enhancing public diplomacy tool. The global community is closely observing which nations demonstrate a willingness to respond in times of crisis and which choose to remain inactive. Some gain soft power not for their donation but for putting aside conflicts with others to aid the country in need. In 2005 a powerful earthquake struck both India and Pakistan, prompting cooperative relief efforts. Pakistan accepted 25 tons of food, medicine, tents, blankets, and plastic sheets from India, however, rejected India’s offer of helicopters to assist with relief efforts.³

3. Development Cooperation Tools and Aid Types

I. Types of Development Cooperation Tools

a. Project Finance

Project Finance is utilised to finance specific purposes such as construction or maintenance of roads, power plants, irrigation, water supply and sewerage facilities. The bilateral development assistance is used for the procurement of facilities, equipment and services, or for implementing civil works and other related works. Sometimes project finance is utilised for engineering services and also at the planning and appraisal stages of the projects. The activities in such cases include reviews of feasibility studies, detailed designing and preparation of bidding documents.⁴

b. Technical Cooperation

External agencies implement technical cooperation programmes to enhance the abilities of individuals, groups, institutions and organisations through capacity development, including advisory and technical expertise services and

² dashline.com

³ Pan, E. (2005, November 1). India-Pakistan: Peace after the earthquake? *Council on Foreign Relations*.
<https://www.cfr.org/background/india-pakistan-peace-after-earthquake>

⁴ Department of Economic Affairs, Ministry of Finance Government of India: Bilateral Development Assistance, A Handbook on Systems and Processes

training. Technical cooperation programmes are mainly aimed at skill upgradation, organisational strengthening and procedural improvements. Technical cooperation programmes are provided as grants and normally take the following forms:

- i. Consultancy services to carry out any activity related to development;
- ii. Organisational reinforcement through the provision of management and other operational or advisory personnel;
- iii. Provision of advisers in policy analysis and formulation;
- iv. Training;
- v. Research and studies, including feasibility studies for capital projects; and
- vi. Assistance for implementation of capital projects in the form of accompanying measures.⁵

c. Debt Forgiveness

Debt forgiveness is a type of external debt relief that involves the complete or partial cancellation of a developing country's debt to its creditors. It's often granted in exchange for conditions like improved governance or policy reforms.⁶ In 2013, Japan announced it would forgive about \$3 billion in debt owed by Myanmar as part of efforts to support its transition to democracy and economic reform. This was a significant step in enhancing Myanmar's financial stability.⁷

d. Grants

A grant is a type of financial assistance that a country provides to another country without the expectation of repayment. Grants are a form of foreign aid, which is any voluntary assistance that one country provides to another.⁸ Since 2000, India's Ministry of External Affairs has overseen financial assistance to over 65 countries worth over \$48 billion. This amount comprised \$14.74 billion in grants, \$32.6 billion in lines of credit, and \$656 million in capacity building and training programs.⁹

⁵ Ibid.

⁶ Jenkins, E., & Tilley, A. (2023, June 13). *Debt relief as ODA – why it's looking bad for aid transparency*. Publish What You Fund. <https://www.publishwhatyoufund.org/2020/09/debt-relief-as-oda-why-its-looking-bad-for-aid-transparency>

⁷ Win, A. A. (2013, May 26). *Japan gives Myanmar \$504M loan, forgives debt* | AP News. AP News. <https://apnews.com/international-news-general-news-946adb11b75d4c26a5ce0f4ed9bb3da6>

⁸ Kenton, W. (2024, June 7). *What is foreign aid? Forms of aid, statistics, and examples*. Investopedia. <https://www.investopedia.com/terms/f/foreign-aid.asp#:~:text=The%20term%20foreign%20aid%20refers,humanitarian%20aid%20and%20military%20assistance.>

⁹ America, O. (2024, August 22). *India's foreign assistance: trends, processes, and priorities* — ORF America. ORF America. <https://orfamerica.org/newresearch/india-foreign-assistance-priorities>

e. Loans

Loans are a type of financial assistance that a country receives from another country or international organisation to help with economic and social development. India's Development Partnership Administration (DPA) provides grants and loans to countries in the region, including the Maldives, Seychelles, Sri Lanka, Mauritius, Fiji, Papua New Guinea, Vietnam, and Laos. India also funds economic integration projects, such as highways, ports, railways, and energy pipelines.¹⁰

II. Types of Aid

a. Humanitarian Aid

Humanitarian aid consists chiefly of material and logistic support to people affected by man-made or natural disasters such as armed conflict, wars, drought, earthquakes, tsunamis and hurricanes. Humanitarian aid is a rapid response to provide material and logistic support to people affected by natural or man-made disasters. The goal of humanitarian aid is to save lives, alleviate suffering, and help people recover from emergencies.¹¹ The Pacific Partnership is an annual multinational mission that is a joint effort between Australia, Canada, Chile, Japan, New Zealand, South Korea, the United Kingdom, and the United States. It provides medical care, disaster response exercises, and repairs to community facilities.¹²

b. Military Aid

Military aid refers to assistance provided by one country to another for military purposes. This aid can take various forms, including financial support, equipment, training, and logistical support, and is typically aimed at enhancing the recipient country's defence capabilities and overall security. In November 2023, during Japanese Prime Minister Fumio Kishida's visit to Manila, Japan signed an agreement with the Philippines, committing 600 million yen in Official Security Assistance (OSA) grant aid for supplies of military equipment that would enhance the Philippine security and deterrence capabilities. Two weeks later, Japan signed a similar agreement with Bangladesh, committing 575 million yen under OSA.¹³

¹⁰ Ibid.

¹¹ Need, P. I. (n.d.). Humanitarian aid and development. People in Need.

¹² U.S. Department of Defense. (n.d.). On a mission to help in the Indo-Pacific.

¹³ Jain, Purendra (2024, January 8): Japan's new security assistance to the Indo-Pacific region. *Observer Research Foundation*

c. Tied Aid

Tied aid is a type of foreign aid that must be invested in a country that is providing support or in a group of chosen countries. A developed country can offer a bilateral loan or grant to a developing nation but will be required by the government to invest the money in goods and services produced in that country.¹⁴ For example, the United States and Taiwan signed a memorandum of understanding to invest \$600,000 in the South Pacific. The investment will focus on health, climate change, and cybersecurity.¹⁵

d. Untied Aid

Untied aid is financial assistance given to developing countries that can be used to purchase goods and services from almost any country. This is in contrast to tied aid, which can only be used to buy goods and services from the donor country or a limited number of countries.¹⁶ Australia's PPP Centre in the Philippines is a public-private partnership (PPP) that has helped develop infrastructure projects worth over A\$1 billion. Australia is also supporting a similar PPP centre in Indonesia.¹⁷

e. Multilateral Aid

Multilateral aid is the support offered by several countries that share funds with foreign organisations such as the United Nations, the World Bank, and the International Monetary Fund (IMF). The funds are used to relieve hunger in developing nations. While the sector represents a minority of financial aid in the U.S., the donations provided by the country make up a large proportion of the donor funds obtained by the organisations.¹⁸

4. Geopolitical Landscape of the Indo-Pacific

The Indo-Pacific region is extremely important from a geopolitical standpoint, as it is home to some of the world's fastest-expanding economies and serves as a bridge between the Atlantic

¹⁴ Team, C. (2024, September 24). *Foreign aid*. Corporate Finance Institute.

<https://corporatefinanceinstitute.com/resources/economics/foreign-aid/#:~:text=The%20main%20source%20of%20ODA,to%20improve%20their%20own%20security>.

¹⁵ Hisahiro, K. (2024). *Japan's strategic interests in the Global South: Indo-Pacific Strategy*.

¹⁶ Aid and export credits. (n.d.). OECD.

<https://www.oecd.org/en/topics/sub-issues/aid-and-export-credits.html#:~:text=Tied%20versus%20untied%20aid,are%20fully%20and%20freely%20available>.

¹⁷ [Department of Foreign Affairs, Government of Australia](#)

¹⁸ Ibid.

Ocean, and the Asia-Pacific area. In addition, it is home to seven of the biggest armed forces in the world in addition to three of the biggest economies in the world (China, India, and Japan).¹⁹ Amid ongoing conflicts and shifting allegiances, emerging powers like India will play an increasingly important role in shaping the geopolitics of the Indo-Pacific region.

I. Role of Major Powers

Regional players are unique in their backgrounds, motivations, and limitations. Especially in the case of development diplomacy or development cooperation, it is imperative to explore the position of major players in the region to analyse and navigate their use of economic cooperation as a diplomatic tool.

a. China

For China, the term Indo-Pacific is sometimes used to refer to a broader geopolitical contest, particularly in light of the U.S.'s efforts to counter Chinese influence. Beijing's Indo-Pacific strategy is predicated on a confluence of regional and global economic, diplomatic, and military elements. More precisely, China has embraced a regional policy in which it makes investments in "strong points" near its borders and with neighbouring nations like India. China has so succeeded in achieving this objective through the BRI. The Belt and Road Initiative (BRI) is China's deliberate development of ports throughout the Indian Ocean that have the potential to serve as several naval bases. China has been successful in building key strategic points in the region including the Hambantota Port in Sri Lanka, Gwadar Port in Pakistan, and a logistic facility at Djibouti among others.

China often employs foreign aid as a strategic tool, using it as a bargaining chip in its diplomatic relations. This approach follows a "carrot and stick" strategy. Within this approach employed by China, China provides aid to incentivize cooperation, enhance infrastructure, and promote trade. When nations do not align with China's interests, it can reduce or withdraw aid, making it clear that support is contingent on compliance. This tactic

¹⁹ India, F. (2024, September 24). *The top 10 largest economies in the world in 2024*. Forbes India. <https://www.forbesindia.com/article/explainers/top-10-largest-economies-in-the-world/86159/1>

pressurises countries to adhere to Chinese policies or take stances favourable to Beijing.

b. United States of America

For the United States., the Indo-Pacific is a central focus of its foreign policy and military strategy. The region is critical for maintaining a rules-based international order, ensuring freedom of navigation, countering China's growing influence, and supporting its allies. To unite forces and gain an advantage over its rivals in the Indo-Pacific, the United States has encouraged some nations by elevating the concept of "freedom, equality, and reciprocity," improved bilateral and multilateral cooperation, given financial and humanitarian aid, invested in strategic projects, and developed a code of conduct under international law and customs. Additionally, to share advantages and responsibilities, Washington has strengthened its connections with allies including Japan, the Republic of Korea, Thailand, the Philippines, and Australia while stepping up its collaboration with ASEAN members. However, while the efforts made by the United States contributed to and promoted development in the region, it would be futile to say that this was free support.

c. Russia

For Russia, the Indo-Pacific is often viewed in the context of balancing against the U.S. and its allies, particularly in the context of Eurasian and Arctic security. Russia is less focused on the Indo-Pacific in a direct way compared to the U.S. or India, but it does view the region as important, especially in terms of its relations with China and its interest in maintaining influence in Central Asia and the broader Eurasian space. Moscow, like other superpowers, has prioritised the Indo-Pacific region in its marine strategy. Therefore, the main goals of Russia's Indo-Pacific Strategy have been to establish a "comprehensive strategic partnership" with China as a means of counterbalancing the United States and lessening the pressure from Washington and the West, as well as to transform the Far East into an "international centre of development" and a commercial hub connecting Russia with other nations in the Indo-Pacific. In addition, Russia has actively promoted its ties with other regional nations,

organisations, and forums for cooperation in the areas of economic, political, and security. Moscow views these ties as a vital avenue for upholding its territorial interests and expanding its power in the Indo-Pacific.

d. India

For India, the Indo-Pacific is seen as a critical space for security, trade, and geopolitics. India's concept of the Indo-Pacific reflects its historical role in the Indian Ocean region, where it has strategic and economic interests, and it emphasises a vision that includes inclusive security, freedom of navigation, and respect for international law. India's steps toward joining an Indo-Pacific world were very much a result of its strategic location. There was a change in its immediate neighbourhood and its security environment, and this change—almost unilaterally brought about by China's increasing presence—threatened New Delhi's position as a primary regional power and security provider.²⁰ To preserve a delicate balance of power, India's Indo-Pacific strategy is focused on advancing regional security, defending its maritime interests, and fostering economic linkages within the area. For India, maintaining its security and promoting multilateral collaboration depends heavily on the Indo-Pacific region. Given the escalating maritime disputes in the South China Sea, the plan places a strong emphasis on respect for international law, freedom of navigation, and a dedication to a rules-based international order. India has strengthened its strategic alliances with nations in Southeast Asia, the Indian Ocean, and the Pacific by actively interacting with regional actors through platforms like the Quad (the United States, Japan, Australia, and India). India has an inclusive view of the Indo-Pacific region that prioritises peace, sustainable development, and economic cooperation over conflict.

e. Australia

²⁰ "Darshana M. Baruah" (n.d.). *India in the Indo-Pacific: New Delhi's Theater of opportunity*. Carnegie Endowment for International Peace.

<https://carnegieendowment.org/research/2020/06/india-in-the-indo-pacific-new-delhis-theater-of-opportunity?lang=en>

Because of its closeness and reliance on trade routes between the South China Sea and the Pacific, Australia views the Indo-Pacific as a crucial strategic area. With a strong focus on containing China's influence, Australia has grown more in line with the United States in its goal of a free and open Indo-Pacific. By frequently taking part in multilateral forums like the Quad and advocating for a rules-based order in maritime and international law, it also emphasises the significance of regional alliances and stability. Promoting regional economic alliances and free trade agreements (FTAs), such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), is a key component of Australia's economic strategy. To promote economic growth and integration, Australia has also worked with nations in Southeast Asia and the Pacific Islands through trade, investment, and development assistance. Australia has also been actively involved in promoting regional economic resilience through the Indo-Pacific Economic Framework (IPEF), which was introduced by the United States. This framework focuses on supply chain security, clean energy, digital trade, and sustainable infrastructure.

II. Regional Institutions

Since 2017, the Australia-India-Japan-US consultative group, the “Quad,” has been steadily institutionalised by routinizing regular official meetings and establishing working groups to discuss specific areas of cooperation. The Australia-UK-US security partnership, the “AUKUS,” was established to strengthen Australia’s power projection capabilities in East Asia by helping Australia acquire nuclear submarines and enhancing intra-member security cooperation in such areas as cyber security and defence technology transfer. Moreover, the United States initiated the Indo-Pacific Economic Framework (IPEF) to facilitate regional economic cooperation.²¹ AUKUS also marks a change in the Indo-Pacific security environment. AUKUS goes one step further by giving Australia the freedom to act more autonomously, especially when it comes to protecting its maritime interests. The Commonwealth’s increasing interest in the Indo-Pacific and recognition of its rising strategic significance are reflected in the U.K.’s inclusion. AUKUS strengthens these countries’ combined capacity to protect a rules-based order and address the threats posed by the region’s growing authoritarianism, notwithstanding objections expressed by China and other regional actors like France (which was left out of the agreement).

Similarly, The Quadrilateral Security Dialogue (QUAD) has become a vital tool for promoting collaboration and tackling common security issues in the Indo-Pacific area in recent times. The QUAD’s emphasis on strategic cooperation encompasses more extensive economic, diplomatic, and technical aspects in addition to conventional security concerns. However, balancing the many national interests and goals of its member nations is one of the main issues faced by QUAD.²² In line with India’s Act East Policy and strengthening its position as a major actor in the Indo-Pacific, India views the Quad as a forum to strengthen its relations with the United States and its neighbours in the area. In a similar vein, more collaboration in technology, economic growth, and security benefits Australia and Japan. By upholding international standards, bolstering maritime security, and encouraging sustainable development, its principal objective is to preserve peace and stability in the area.

²¹ Koga, K. (2023). Institutional dilemma: QuAD and ASEAN in the Indo-Pacific. *Asian Perspective*, 47(1), 27–48. <https://doi.org/10.1353/apr.2023.0001>

²² Dwivedi, D. (2024, August 8). *From QUAD to squad: informal alliances in the Indo-Pacific*. Geopolitical Monitor. <https://www.geopoliticalmonitor.com/from-quad-to-squad-informal-alliances-in-the-indo-pacific/>

5. Role of Development Cooperation

Post-WWII, the Marshall Plan marked the beginning of modern aid, where the US aimed to rebuild Europe and contain communism, establishing aid as a vital foreign policy tool for diplomacy and development. The occupation and reconstruction of Japan from 1945 to 1952 involved significant development aid, primarily facilitated by the United States. Although Japan was not part of the Marshall Plan, the U.S. provided extensive economic support through direct aid and programs aimed at rebuilding its economy, which included financial assistance, food aid, and material support. Beyond China, countries like Russia, India, and Turkey increase aid to assert influence in a shifting global order, diverging from Western aid norms and being labelled as “emerging donors.” The evolving role of aid reflects a new global political order, where donor countries old and new seek to maximise their interests²³

Most nations in the globe participate in the foreign aid process, either as donors, beneficiaries, or frequently as both. Alternatively, assistance may be given to support and encourage a cordial or cooperative government. Assistance from international organisations like the International Monetary Fund (IMF) has played a crucial role in supporting and encouraging a stable and cooperative government, especially in countries facing economic challenges.²⁴ Both the granting and the denial of foreign assistance can be a valuable mechanism designed to modify a recipient state’s behaviour.²⁵

I. Infrastructure Development

One of the best examples of using infrastructure development as a diplomatic tool is China’s Belt and Road Initiative (BRI). Launched in 2013, the Belt and Road Initiative (BRI) aims to build a massive trade route and infrastructural network spanning Asia, Europe, and Africa, with an emphasis on the Indo-Pacific region. China has made significant investments in infrastructure projects including ports, railroads, and highways as part of this program, hoping to increase its power and get access to vital resources.²⁶

²³ Peiadmin. (n.d.). Aid, infrastructure, and diplomacy. Policy Entrepreneurs Incorporated.

<https://pei.center/publication/aid-infrastructure-and-diplomacy/>

²⁴ Pakistan: IMF Reaches Staff-Level Agreement on Economic Policies With Pakistan for 37-month Extended Fund Facility, 2024

²⁵ oxfordre.com

²⁶ Anwar, A. (n.d.). South Asia and China’s Belt and Road Initiative: Security Implications and Way Forward. *Hindsight, Insight, Foresight: Thinking About Security in the Indo-Pacific*, 161–163.

<https://dkiapcss.edu/wp-content/uploads/2020/09/10-Anwar-25thA.pdf>

Several nations, like Sri Lanka, Pakistan, and Myanmar, have emerged as important BRI partners because they welcome Chinese investments that have the potential to boost their economies and create jobs. But these initiatives frequently have heavy debt loads, raising questions about sovereignty and the possibility of "debt-trap diplomacy." For instance, the government of Sri Lanka leased the Hambantota Port to a Chinese business for 99 years after the port was constructed with loans from China, but the company was unable to pay back the debt.

In 2013, India announced \$500 million in credit for Myanmar. In 2018, EXIM Bank of India agreed to the transfer of \$198 million to the Myanmar Foreign Trade Bank. As a South Asian state of huge strategic importance for New Delhi's 'Neighbourhood First' and 'Act East' policy, the development cooperation partnership between India and Myanmar is bound to increase further, with an eye on balancing China's growing influence in the Bay of Bengal.²⁷ The India-Myanmar-Thailand Trilateral Highway is a significant endeavour under the Act East Policy, to improve connectivity between the markets of Southeast Asia and India. These initiatives under the banner of development cooperation have allowed India to create a stronghold for itself in the Indo-Pacific region.

The idea of a "Free and Open Indo-Pacific" (FOIP) has been welcomed by Japan as a diplomatic catchphrase as well as a strategic objective. Japan has contributed to growth by funding energy projects, port infrastructure, and transportation networks, especially in nations like Vietnam and Indonesia.

II. Human Development

Aid programs aimed at less developed nations are frequently being viewed as a means of expanding one's national interests, and a means of enhancing the perception of the states who provide aid. Development aid is closely linked to soft power because: it shapes positive attitudes, including gratitude and admiration toward the donor; it serves transmission of information about the donor and the values it stands for; it raises interest in the donor country; and it is also often based on non-material resources that a donor state has to offer, such as knowledge and know-how: achievements and discoveries in science, technologies, environment, health, political system, social life, and so on.²⁸

²⁷ 9dashline.com

²⁸ researchgate.net

India's development diplomacy of Vaccine Maitri during the COVID-19 Pandemic highlights the aforementioned case. India has decided not only to vaccinate its people but also to assist neighbouring countries. India always has prepared to help out countries in emergencies such as tsunamis, floods, earthquakes, and even epidemics/endemics and so on. During the COVID-19 pandemic, India's appropriate responses and responsible approach had come into more visibility when India had shown its willingness and capacity to deliver global health interventions. It has provided telemedicine services, vaccines, testing kits, personal protection equipment, respirators, extended credit lines, shared pandemic experiences and other services to address the health concerns of not only its neighbouring countries but also the world at large, through its contributions to development, healthcare and peacebuilding.²⁹ Similarly, the United States is a leading contributor of humanitarian assistance in response to the Rohingya crisis, having provided nearly \$2.4 billion to support the regional response since the escalation of violence in August 2017. U.S. assistance has reached nearly 1 million Rohingya refugees residing in Bangladesh and helped support stability in the region.³⁰

III. Climate Change and Sustainable Development

Development assistance is essential for assisting with adaptation and mitigation measures since climate change poses existential threats. Countries in the Indo-Pacific region that are particularly vulnerable to the effects of climate change include Bangladesh, Indonesia, the Philippines, and the Pacific Island states. Development aid can target industries including agriculture, renewable energy, disaster preparedness, and community resilience.

In the Indo-Pacific area, Japan has become a major player in climate change development assistance. Its contributions stem from the nation's own experiences with natural disasters, which have shaped the way it views resilience and vulnerability. The International Cooperation Agency (JICA) of Japan contributes a sizable amount of funding to initiatives that strengthen catastrophe resilience and advance sustainable development. As an example, Japan has provided funding for the development of climate-resilient infrastructure in the Philippines and Indonesia. Strengthening

²⁹ Singh, B., Singh, S., Singh, B., & Chattu, V. K. (2022). India's neighbourhood vaccine diplomacy during COVID-19 Pandemic: Humanitarian and geopolitical perspectives. *Journal of Asian and African Studies*, 58(6), 1021–1037. <https://doi.org/10.1177/00219096221079310>

³⁰ Dili, U. E. I. (2024, February 16). The United States' enduring commitment to the Indo-Pacific: Marking two years since the release of the Administration's Indo-Pacific Strategy - U.S. Embassy in Timor Leste. U.S. Embassy in Timor Leste.

infrastructure throughout the region is the goal of the "Coalition for Disaster Resilient Infrastructure" effort.

Through its aid programs, Australia has made significant commitments to fight climate change in the Indo-Pacific region. Millions of dollars in financing have been committed by the Australian government to support low-emission technology and increase climate resilience in the Pacific Islands. The "Australian Infrastructure Financing Facility for the Pacific" targets projects that increase resilience against the effects of climate change and, in the end, fit in with larger regional security objectives. Its main objective is sustainable infrastructure development.

6. Case Studies in Action

I. United States of America and the Island of Palau

According to officials and analysts, the United States and the island nation of Palau are collaborating to improve operational flexibility, airpower projection, and air domain awareness in the Indo-Pacific region. The building of an unmanned tactical multi-mission, over-the-horizon radar (TACMOR) station on Babeldaob Island and the renovation and recertification of a military runway on the island of Peleliu are examples of cooperative defence infrastructure projects in Palau.

II. Japan and the Indo-Pacific

Decades before the recent vogue for economic statecraft, Japan pioneered the use of foreign investment and development assistance to advance its national interests. Since Japan emerged from the U.S. occupation after World War II, it has used the tools of economic diplomacy to promote the development of non-communist Asia to strengthen its economic prospects.³¹ Japan's Partnership for Quality Infrastructure was established in 2015 to advance sustainable, high-quality infrastructure development in the Indo-Pacific area. Large-scale projects like ports, highways, and energy facilities are among those for which financing is provided, with a focus on community development and environmental sustainability.

III. The Pacific Islands Forum

A regional organization focused on economic and political affairs, the Pacific Islands Forum seeks to improve collaboration between the nations of the Pacific Islands. In order to address environmental concerns, boost governance, and improve socioeconomic outcomes, the initiative promotes cooperation among member states. As a result of the initiative, regional fishery management frameworks, methods for coping with climate change, and increased capacity-building initiatives have been established, improving livelihoods and bolstering community resilience around the Pacific.

7. Challenges

The continually evolving system of international cooperation that includes development cooperation has shortcomings in the way it addresses global concerns. The way that these issues are currently being

³¹ warontherocks.com

addressed at the national, regional, and international levels is disjointed and adversely coordinated across a variety of policy domains (such as security and climate change policy).

1. Concerns remain regarding development partnerships becoming competitive to the point of being detrimental to regional partners. For instance, the geopolitical rivalry between the US and China, with their respective strategic initiatives, forces smaller nations to employ tactical hedging which can hinder constructive regional cooperation.³²
2. Uncoordinated activity by several donors on related initiatives can result in confusion, wasteful use of resources, and duplication of effort in recipient nations.
3. Regional partners may face pressure from competition to comply with donor demands that do not always correspond with local goals. Because of the decreased recipient agency, development cooperation is less able to meet real requirements.
4. Furthermore, certain partners can give priority to making quick infrastructure expenditures at the expense of environmental or sustainable issues. Long-term development may be hampered by this as it may cause social dislocation and environmental deterioration.
5. Competitive alliances damage international collaboration by giving priority to bilateral agreements that perpetuate power disparities. The ability of regional institutions to tackle cross-border difficulties may be hindered by their inability to sustain unity and collaborative frameworks. These can also exacerbate inequality as some projects may favour certain groups over others.

8. Policy Recommendations

1. Concentrate development cooperation on initiatives that strengthen climate resilience, providing funds for sustainable agriculture and renewable energy to nations that are at risk from climate change. Incorporate climate resilience into development initiatives, and finance and offer technical support for projects that address climate change. Dedicated research grants can be made along with setting up targets and timelines. The donor nation can launch a program under tied aid to provide funding

³² orfonline.org

for SDG initiatives, focusing on building transparency and research-based action plans for continued funding.

2. Low-interest loans can be offered for the implementation of projects for sustainable infrastructure. Projects like solar, wind, and hydroelectric power can be funded through low-interest loans, reducing reliance on fossil fuels and lowering greenhouse gas emissions. On similar lines, grants in aid can be made to set up sustainable infrastructure in the receiver nation.
3. Promote cultural and educational exchanges to foster understanding and bolster diplomatic ties amongst Indo-Pacific nations. Provide joint research projects, scholarship programs, and educational exchanges to link universities around the Indo-Pacific region. These collaborations in education can foster cross-cultural communication and cooperation as well as a common understanding among future leaders.
4. Invest in programs aimed at preventing violence and promoting peace that deal with the underlying causes of instability and support the inclusive government. Encourage programs that encourage communication between various community groups. Organisations with grassroots connections can tailor programs to community needs, facilitating dialogue and providing services. Agencies like UNDP and UNICEF can provide technical support, funding, and capacity-building assistance for peace initiatives.
5. Encourage initiatives that provide vulnerable communities—women and youth in particular—more authority to promote inclusive economic growth and lessen inequality. This can entail funding female-owned enterprises, encouraging girls' education, and making sure that women's opinions are heard when making decisions on development. The South Asian University is an example of the same.
6. Use technology-driven solutions to improve development projects' efficacy and efficiency, especially in the areas of governance, education, and health. A real-time monitoring system can be developed for the same with routine audits. Similarly, a centralised digital platform accessible via the web for stakeholders to input and access data related to development projects can be created through the bilateral sharing of

technology. A separate institution can be set up for routine audits and for overseeing the work.

7. Promote cooperation between public and commercial sectors to finance and carry out development initiatives that optimise resource efficiency and creativity. Develop a clear legal framework that defines the roles, responsibilities, and risks for both public and private partners in PPPs. The donor nation can offer tax incentives or matching grants for private companies that invest in development projects aligned with government priorities. A partnership can be set in place to develop solar farms, with the government providing incentives and the private sector investing in technology and construction.

8. Connecting regional trade agreements with development cooperation can be used to boost economic integration. Countries can be offered technical expertise to help them achieve trade standards, upgrade their infrastructure, and make it easier for them to access markets. Establish regional centres with a funding of 60-40 ratio between the donor and the receiver nations respectively to provide technical assistance, share best practices, and serve as hubs for knowledge exchange on trade standards and regulations. Develop digital platforms to promote cross-border e-commerce, helping small and medium-sized enterprises (SMEs) access larger markets.

9. Conclusion

Development assistance has been long employed by multiple stakeholders to advance their strategic national interests. While nations may indulge in development cooperation out of goodwill, the fact of the matter remains that most nations deploy development assistance to resolve diplomatic issues amicably and advance strategic interests. Development Cooperation is a vital diplomatic tool where all hard power fails. Therefore, strategic deployment of such aid is imperative for a nation looking to build its image as a strong player in the region. The Indo-Pacific region has seen its fair share of development cooperation ties between stakeholder nations. More often than not, these associations are between the more advanced nations and the developing ones. Several policy steps can be taken to diversify development assistance as well as use it effectively as a diplomatic tool, ranging from forming subject-specific associations to venturing into public-private partnership models.

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