

Navigating Political Landscapes: Overcoming Geopolitical Adversaries in Nepal's Development Diplomacy

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Abstract

Nepal has achieved remarkable economic and social progress over the past two decades, but it still faces daunting challenges. The country is still wrestling with poverty, unemployment, and inequality. Its infrastructure remains inadequate, and it lacks the necessary human capital and resources to launch a sustained economic and social development program. Nepal's political system is still in transition, with the new constitution still being implemented. The Nepali government is committed to implementing the constitution and has taken steps to establish a federal system of government. The government must continue to prioritize economic and social development for achieving a prosperous future for the country and its people. This should include investments in infrastructure, human capital, and the productive sectors. The government must ensure political stability, which is essential for the country to attract foreign investment and foster economic growth. Nepal has to take advantage of its geopolitical position, with its unique position in between two powerful and important countries- India and China. Nepal's relationship with both countries is important and should be developed further. Nepal can use its diplomatic relations and leverage to strengthen bilateral ties with both countries and build cooperation, which in turn can be used to promote the development of Nepal. Nepal should focus on building its capacity and expertise in the field of development and diplomacy. Nepal should look to further strengthen its ties with development partners such as the United Nations, World Bank, and other financial institutions. What are the challenges and opportunities of development diplomacy in Nepal? How can the shifting global geopolitical order impact Nepal's endeavors toward development diplomacy? This research revisits the prospects and challenges of Nepal's development diplomacy in the changing global geopolitical order based on a desk study.

Keywords: *Development Diplomacy, Nepal, Geopolitics, global order, India, China*

Introduction

Diplomacy is defined in its original form as "the conduct of relations between

governments and other entities with standing in world politics by official agents and by peaceful means." (Bull, 1995). When development is combined with diplomacy, it refers to development diplomacy. Both development and diplomacy emphasize the development of sovereign nations through collaboration and coordination. Development diplomacy becomes operational when states cooperate economically for the benefit of their own countries' development.

Development diplomacy is the use of diplomatic measures such as foreign aid, commercial agreements, and cultural exchange programs to promote economic and social development in other countries. According to Chin (2013), development diplomacy refers to efforts to promote national development and reform. "Development diplomacy is a tool of governmental foreign policy that aims to influence changes in the international behavior of governments to promote development" (Chin, 2013).

This implies that development and diplomacy are key components in the development of any country and that addressing poverty and inequality is critical for advancing global peace, stability, and security. Development diplomacy also emphasizes the necessity of collaborating with developing countries and other stakeholders to promote inclusive and sustainable development.

Development diplomacy connects the public to governments to achieve national goals with the assistance and support of international financial and bilateral partners. Development diplomacy is a type of public diplomacy that aims to promote favorable connections between countries by utilizing aid and other forms of assistance. It is a method for countries to create trust and understanding among themselves while simultaneously promoting economic progress. Development diplomacy is a technique that nations can employ to make the globe more stable and wealthy. It is also a means for countries to communicate with one another.

But the very notion of development policy has changed over the years with the rise of technology and different thought process. The rise of global civil society networks has provided a platform for states to engage in more direct forms of development diplomacy. These networks have enabled states to engage in more direct forms of dialogue and exchange, allowing them to share their experiences and learn from each other. The emergence of new forms of development finance, such as impact investing, has enabled states to access new sources of capital and resources for development projects. Developed countries have been providing support for development through such new financial institutions.

We must first understand the origins of development diplomacy. We have seen development diplomacy take shape as governments stabilize and political missions

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to achieve political systems are achieved. Looking back at the history of the country's development, we can see that economic activities and development projects have been undertaken in combination with national development. The terminology used varies, but the activities have occurred in tandem with the formation of autonomous nations and nation-states.

The world became a global village with the creation of liberal economic institutions and liberal domestic economic policies. As the world community recognized the increasing incompetence of state-centric economic models, economic growth through private-sector engagement, international agreements, and links earned universal esteem (Booth, 2018). With the 1944 Breton Woods agreement, liberal economic institutions such as the World Bank, IMF, and ADB were founded, ushering in a global environment.

Initiative of Economic Diplomacy in Nepal

Nepal's liberal economic strategy has prioritized infrastructure development, foreign investment encouragement, and trade liberalization. The administration has launched several initiatives to encourage foreign investment in the country. In addition, the government has taken attempts to liberalize trade by lowering tariffs and other trade barriers. The administration has also taken attempts to improve the business environment by reforming the banking sector, taxation, and other regulatory frameworks.

Nepal has fallen behind in creating an economic environment that has attracted foreign direct investment for nearly three decades. Our neighbors were seeing huge economic growth, but we were in a really bad situation. Nepal is still dealing with geopolitical tensions, which have hampered many administrations' development efforts. As a country sandwiched between the world's two major economies, Nepal could have taken advantage of tremendous economic prospects, but it has instead become entangled in the "proxy war" of great states (Khanal, 2022).

In this new geopolitical system, where Nepal stands at the center of global tension, the pace of growth has been greatly slowed. However, Nepal can turn these severe difficulties into possibilities by maintaining a delicate balancing act without jeopardizing national interests.

Evolution of Development in Foreign Policy

Diplomacy is merely a tool for managing foreign policy. If foreign policy objectives are to be met, diplomatic aptitude and the consolidation of diplomatic institutions are required. To comprehend Nepal's development diplomacy efforts, a brief historical review of modern Nepal's foreign policy is required. King Prithvi Narayan Shah, who founded modern Nepal by uniting 22 and 24 states in 1969, not only

forbade Britishers from entering the country but also envisioned a stronger Nepal economically. The idea of Shah was to make Nepal stronger in terms of growth and economic activity, as well as to strategically prevent the East India Company from moving into Nepal with the intent of seizing Nepali territories. He had championed the self-rule concept and had directed his ministers and staff to band together on the foreign product. It was not a period of economic prosperity for Nepal, but rather one of safeguarding the country's independence. Recognizing Nepal's precarious situation, Shah described it as "a yam between two boulders," with China defending the status quo and British India challenging it. "He also stressed economic and cultural nationalism, preventing the entry of both foreign traders and Christian missionaries (Dahal, 1998, p. 47).

Because the Rana period was primarily characterized by family feuds, it was not intended to focus on the economic development of a state. In terms of economic development, the Rana rule was more dependent on the East India Company, and it was loyal to the British. Economic or development diplomacy is such a recent phenomenon that such terms had yet to be coined at that time. However, commercial activity and commerce with India, Tibet, and China existed. The time of the absolute monarchy, also known as Panchayat, was one of planned progress, although it was a largely closed society. Nepal began a five-year plan during this period to plan development. It was the time when India, China, Russia, and the United States helped Nepal create basic infrastructure such as roadways, hospitals, and bridges.

Nepal's geopolitical importance was recognized by King Mahendra (1955-1972), who expanded Nepal's ties with its neighbors and beyond. "Nepal maintained diplomatic connections with several countries and was admitted to the United Nations. Nepal joined the Afro-Asian community and attended the Bandung Summit" (Acharya, 2070 BS, p. 126). During the reign of King Mahendra, China consented to build the Kodari Route, the first road connecting Nepal and Tibet. Diplomatic relations with China rapidly took on new significance following King Mahendra's accession to the throne. "It was during this period that Nepal's historical significance as a conduit of communication between South and East Asian civilizations began to be emphasized by both Nepali officials and intellectuals, often in extravagantly inflated terms" (Rose, 1971, p. 218).

Given the geopolitical sensitivity, King Birendra pursued a non-alignment strategy. According to Rose (1971), "the slogan of non-alignment, "equal friendliness for everyone," adopted in 1956, was increasingly redefined to mean equal affinity with India and China. This eventually led to a declaration of non-alignment in the Sino-Indian rivalry, effectively neutralizing Nepal (p. 282). During the cold war, King Birendra's stance on non-alignment was correct. It was perfectly matched to Nepal because the two neighbors have both similarities and differences.

During the 1990 revolution that established the twin-pillar paradigm of constitutional monarchy and multiparty democracy, geopolitics played a key influence in molding domestic politics. This also marked the beginning of Nepal's liberal economic strategy. Nepal saw the opening of several businesses supported by neighboring nations as a result of this economic liberalization program. Nepal publicly invited foreign countries to invest in the country. The diplomatic missions were directed to focus on economic diplomacy to attract more direct investment into the country. The period of elected government that followed the adoption of the new constitution is seen as a watershed point in Nepal's foreign policy and relations. KP Sharma Oli was elected Prime Minister of the Federal Republic of Nepal for the first time in 2016 and again in 2018. The signing of a Trade and Transit Agreement with China marked a watershed moment in US foreign policy. Indeed, it was a new beginning in Nepal's development diplomacy, as uninterrupted connectivity is a requirement for growth. In 2016, Nepal and China concluded a trade and transportation agreement in Beijing (Joint Statement, Nepal-China, 2016). When President Xi Jinping visited Nepal in 2019, he pledged to change the country from a landlocked to a land-linked one (Joint Statement, Nepal-China, 2019). Unfortunately, neither country has adequately implemented the deal. Nepal theoretically became land-linked, but action is required to make Nepal land-linked practically.

Nepal and China have reached an agreement to construct railways. Similarly, Nepal and India have agreed to construct railways connecting Raxaul and Kathmandu. India has also committed to building an east-west railway in Nepal. Physical infrastructure development is visible initially, followed by human life quality. Nepal is still in the process of creating critical infrastructure for national development. Nepal's geographical location presents both hurdles and opportunities, whether it's a political movement or historic agreements with neighboring countries and the international community. Nepal is always on the hunt for fresh opportunities. The change Nepal is seeking is not political in nature, but rather a transition from the Least Developed Country to a Medium and Developed Country.

Changing World Order and its Impact on Development

The world's heartland is no longer Eurasia, but rather Asia Pacific. Officials in the United States refer to it as the Indo-Pacific area. World powers have focused their efforts on controlling the Indian Ocean and the South China Sea to rule the world.

The US has boosted its military presence and drills in the South China Sea and Indian Ocean, which have been perceived as greater military participation. The Obama administration's Asia Pacific Strategy (APS) has made great success, and it has been aggressively relaunched as the Indo-Pacific Strategy (IPS), which is more military-oriented. Despite claims that it wishes to create a free and peaceful Indo-Pacific area, the United States Indo-Pacific policy seeks to halt China's ascent.

Similarly, the United States launched the bloc strategy as well as a regional and sub-regional army alliance. The Quadrilateral Security Dialogue (QUAD) was founded in 2007 to confront China, while another military pact, AUKUS, was announced on September 15, 2021, between Australia, the United Kingdom, and the United States. "The quadrilateral alliance is a clear illustration of an offensive containment strategy directed at China," says one observer (Sangroula, 2018, p. 44). The Indo-Pacific Strategy is seen as a counter-strategy to China's Belt and Road Initiative (BRI), an ambitious flagship program introduced by President Xi Jinping in 2013.

Nepal signed the BRI in 2017, however, it is not a member of the IPS. Nepal's avowed foreign policy would exclude it from joining any alliance or program of a more militaristic kind. The United States urged Nepal to join the IPS strategy. However, Nepal has received a \$500 million grant from the United States Millennium Challenge Corporation (MCC), which has already been approved by Nepal's parliament. Nepal is currently in a tough situation due to its geopolitical location and the formation of a new global order that targets Nepal's rising neighbors. The rivalry between China and the United States has manifested itself through such economic projects not in Asia or South Asia, but in Nepal too.

As the world's two quickest economies, China and India have tremendous potential to establish themselves as Asian powers, even though both countries share rivalries and cooperation, which has hampered regional development significantly. They continue to have unresolved border issues and territorial disputes. As a result, unless these internal concerns are resolved, the area will be unable to attain an Asia-led or China-led international order, which is essential for realizing the "Asian Century." China and India can work together to make developed Asia a reality. Nepal has played a role in bringing the two neighbors and growing powers together, putting their differences aside to establish a strong relationship on shared ground, which can be referred to as Asian-ness.

Nepal can achieve prosperity if it receives projects from financial institutions in China, India, and the West. Economic or development diplomacy cannot function until a sovereign government joins these organizations. Isolation from the world's technological progress will drive Nepal even deeper into turmoil. The development partners are the starting point for development diplomacy.

Balancing Act for Development Diplomacy

Nepal has prioritized development diplomacy politically and structurally, but it has also faced geopolitical obstacles. Nepal has pursued a liberal economic strategy, obtaining loans and grants from international and regional financial institutions. India, China, and the United States have increased attention to Nepal, assistance assisting in significant and massive infrastructure projects. Nepal has also responded

to similar offers of friendly assistance. We all know that each country has its interests, and each official reiterates those interests.

India and China have been key development partners for Nepal, and Nepal has also defended its genuine interests, which are security-related. Nepal has openly invited both countries' officials and commercial sectors to invest in Nepal. Nepal has also stated that it will guarantee the security of such investments. Tamang (2021) has reiterated that Nepal can take a path of development by equally maintaining relations with India and China irrespective of how these countries behave with the governments of Nepal. "In the absence of maintaining a balance between these two big powers, Nepal is likely to suffer from a troubled political and economic crisis" (p.304).

However, Nepal has been embroiled in a complex geopolitical rivalry and battle for some time. Political stability is required for development efforts to begin, and neighbors want to collaborate with a stable Nepal. Political instability has begun to undermine Nepal's ideal growth environment. When Nepal signed the BRI and MCC in 2017, it was viewed as a significant departure for Nepal's growth, but Nepal has unnecessarily fallen into the trap of these two competitive powers to accomplish its worldwide goal.

Bhattarai (2022) argues Nepal must take advantage of its geopolitical location for focus development. "Nepal's location, which was considered an obstacle to development, can prove to be a boon in the changed context. We must seize the opportunities to benefit from both of these rising economies" (p.14).

The Prime Minister's Office and the Ministry of Foreign Affairs are the two ministries immediately concerned with foreign affairs. The Ministry of finance is also directly linked with the diplomatic missions for conducting development diplomacy. Those who conduct effective diplomacy are ambassadors, consul generals, and other authorities in ministries and missions. The Policy, Planning, and Development Diplomacy and Overseas Affairs Division, as well as its overseas embassies, are part of the Ministry of Foreign Affairs. The division's primary mission is to promote and improve foreign trade, investment, and climate change (MoFA, 2022).

Unfortunately, Nepal's political and bureaucratic leadership could not maintain a balanced approach to immediate neighbors China and India and the superpower United States. If the balance is lost, the foreign investment of any country can be questioned. As a member of global trade regimes such as WTO and regional, sub-regional forums including SAARC, BIMSTEC, BBIN, BRI, etc., it has utilized trade privileges such as duty-free and quota-free access (Sharma, 2018). But Nepal's political leadership needs to act in a balanced way to deal with these forums and to move forward with the bilateral and multilateral agencies.

Requirements for Effective Development Diplomacy

Diplomatic skills are used to foster trust and understanding among nations, as well as to provide a platform for debate and collaboration. This can be accomplished through diplomatic visits, meetings, and information exchanges. Diplomatic skills can also be used to resolve international disputes and conflicts, as well as to promote peace and stability. Trade agreements, foreign aid, and investment incentives are all economic strategies that can be used to build economic links between states. Foreign investment and job creation can both benefit from investment incentives.

As a result, Nepal's primary priority this time should be on honing the country's diplomatic skills to effectively perform development diplomacy. Nepal must strengthen its diplomatic institutions. Ambassadors and mission officials must be capable of managing development diplomacy. Shrestha (2021) suggests institutional readiness and coordination among parties. "Improving managerial skills and strengthening the MoFA's institutional capability is required for the practice of economic diplomacy." (p. 64).

Nepal should focus on building strong relationships with countries that have the resources to support its development efforts, such as the United States, Japan, the European Union, and others. Nepal can leverage the expertise and resources of international organizations such as the United Nations Development Programme (UNDP), the World Bank, and the International Monetary Fund (IMF) to support its development efforts.

Nepal can participate in regional initiatives to foster regional cooperation and economic integration, such as the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Nepal can build a favorable investment climate to attract private sector FDI, which can offer capital, technology, and skills to support its development goals.

Nepal should prioritize strengthening its citizens', organizations', and institutions' capacity to participate in the global economy and engage with the international community. Nepal should express its development aims and needs to the international community, as well as actively engage with other countries and international organizations, to get the assistance it requires to meet its objectives.

Overall, development diplomacy requires a strategic and coordinated approach, and Nepal should work closely with its development partners to achieve its development goals.

Conclusion

No doubt, Nepal's major focus at this moment is to make the country prosperous and happy. To achieve this, Nepal should go forward with a clear agenda, ignoring the impediments. Nepal's geopolitical location cannot be a challenge if handled appropriately, with national interests at the forefront. Government policies and programs have not stymied the development process. The main issue in Nepal is not a lack of policy, but rather an unwillingness to implement the policies. If geopolitical equilibrium is preserved via action, and the institutional competency of concerned stakeholders, including diplomatic missions, is strengthened, neighboring countries and international agencies will be more willing to invest in Nepal.

Nepal can improve its ability to fulfill its development goals by strengthening its partnerships with other countries, international organizations, and development agencies. This can involve strengthening Nepal's conversation, cooperation, and collaboration with its development partners. Nepal can endeavor to expand trade and investment opportunities, which will aid economic growth and job creation. This could include promoting its products and services in international markets, attracting foreign investment, and increasing bilateral and multilateral commerce.

Investing in infrastructure, such as transportation, electricity, and communication networks, can boost economic growth and raise Nepal's level of living. Nepal can cultivate a competent workforce and boost its competitiveness in the global economy by investing in education and human capital development. Nepal can use technology, such as digital infrastructure, to fuel economic growth, improve access to services and information, and boost competitiveness.

By implementing these strategies and others, Nepal can move forward with development diplomacy and achieve its development goals. However, it is important to note that development is a complex and long-term process that requires the sustained commitment and collaboration of a wide range of stakeholders, including the government, private sector, civil society, and development partners.

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