

International Conflict and its Implications for Nepal's Development/ Prosperity

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Abstract

Since the beginning of human civilization, conflict remains an inseparable part of human society. In today's world, conflict is an expression of heterogeneity of interest combined with amalgamation of values and belief. The most challenging job of the contemporary state is the resolution of conflicts and uniting the major layers of society around itself so as to lead the people towards development and prosperity. It is commonly believed that least developed countries, compared to developing and developed countries, are negatively affected by conflicts both in short term and long term economic and social outcomes directly and indirectly. The implications of international conflict in Nepal cannot be underestimated. Nepal needs to make every effort for better and efficient use of foreign assistance to minimize the implications of conflicts and also should make commitments for efficient governance, rule of law, transparency and accountability, zero tolerance of corruption as well as fair and equal distribution of resources.

Keywords: conflict, economic growth, global, efficient, security, resources

International Conflict

Conflict implies a situation in which unacceptable differences in interests, expectations, values and opinions arise in or between individuals or groups or states. Since the dawn of civilization on this planet, conflict has remained an important inalienable part of human society from the individual to the international level. The military or traditional conflict has adverse impacts on the peace, security and development/prosperity of a state. In today's world, conflict is an expression of heterogeneity of interest together with an amalgamation of values and beliefs. The most challenging issue of contemporary international and state politics is to manage peace and security, which is traumatized by the ongoing mismanaged conflict within and among the states. Human nature branded as the primary cause of conflict has demonstrated its ability for the management and resolution of conflicts resulting in peace and security of societies and states. Conflict is a concern for the biological and cultural survival of those who are in conflict and calls for the resolution of

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conflict. In international relations, there can be conflict among states over natural resources, economic gains and political or ideological influence. Judging from the situation of a dark world, it may be observed that contemporary international affairs are fractured by conflicts. The hottest issue and headline of international relations related to conflict not in the context of its occurrence but its dangerous consequences (ICG, 2024).

Development/Prosperity

Development involves both quantitative and qualitative improvement in the use of available resources. Most development theories do not provide a comprehensive definition of development. The term development is variously interpreted by different people and can be explained in different contexts. Development has at times been confused with economic growth measured solely in terms of an annual increase in per capita income or gross national product regardless of its distribution and degree of people's participation in effective growth (Kharel, 2023). There is a consensus about development that it should take into account the question of whether there has been a reduction in poverty, unemployment and inequality; therefore, the real meaning of development is the process of improving the quality of all human lives and capabilities by raising people's level of living, self-esteem and fundamental freedoms.

Every society needs a goal and a pointer indicating its path to prosperity (Miessler, 2020). Such a goal has to be set on the basis of history, values, culture and sense of national identity, corresponding to the needs and existing realities and uniting the major levels of society around itself to lead the people towards development and then prosperity. Random House dictionary defines the term prosperity as flourishing, thriving, good fortune and successful social status. Prosperity is such a sophisticated concept that it can be said to combine the acquisition of all essentials and chartists of the elevated life: moral height, ethical standards, purpose or goal in life, material acquisition, political stability, social cohesion and harmony as well as community and cultural vitality. Thus, the concept of prosperity is a comprehensive look into human nature, both material and non-material fulfillment (Demiessie, 2021).

Globally, countries are classified, each occupying a distinct position in the spectrum of development broadly into three categories, developed, developing, and least developed (Nielsen, 2011). These classifications encapsulate varying levels of economic prosperity, social well-being, and infrastructural advancement. In contrast, developing countries are marked by rapid industrialization, emerging markets and ongoing efforts to improve living standards, whereas least developed countries face significant challenges, including extreme poverty, limited access to

basic services and vulnerability to external shocks. International organizations and developed countries are working to address disparities through aid support programs, debt relief initiatives and capacity-building efforts aimed at supporting economic development, improving infrastructure and enhancing access to health care, fostering global equity and sustainable development. Such efforts can provide positive results only in an environment of peace and harmony on the one hand, and on the other hand, without unity among people, it would be difficult to attain prosperity as conflict would consume whatever progress might be achieved.

Interrelations between Peace, Conflict and Development/Prosperity

Peace is an investment. Peace not only creates a favorable environment for the present time but also creates expectations and a culture of peace for tomorrow. As sustainable development includes consumption and economic behavior of today, it does not create a negative impact on future generations. Positive attitude, peace and development of today also contribute to sustainable development and prosperity.

The democratic peace theory states that democratic states are less likely to go to war with one another as compared to other forms of government (Doyle, 2024). Why they do not fight is explained by the democratic peace theory (MoFA, n.d.). Democratic nations typically prioritize an inclusive, negotiated peace process where values such as human rights and democracy are upheld, ensuring that all stakeholders have a voice and that the resolution is fair and just. Democracies built on core values suggest that fostering peaceful conflict resolution is peacefully accomplished. Political equality and representation, respect for the rule of law, accountability and transparency, and free and fair elections are equally important. By upholding these principles, democracies foster an environment that not only promotes peace but actively deters aggression, terrorism and crime (US Department of State, 2024).

It is believed that maintaining peace and development is both an end and a means. Vicious cycles like ongoing conflict and other threats such as climate change and poverty must be tackled to build and sustain peace (Bouzar, 2016). Multiple conflicts are disrupting the food and supply chains thereby contributing to the rising risk of famine and forced displacement throughout numerous countries.

It is necessary to understand how conflict within or between countries impacts nation's economic and social development pathways (Le, Bui, & Uddin, 2022). Different international studies indicate that the higher a country's income level, the less significant the negative effects of conflict on its development/ prosperity. It means least least-developed countries are negatively affected by conflicts both in terms of short and long-term economic and social outcomes.

About fourteen months of conflict between Israel and Hamas and a three-year war waged by the Russian Federation against Ukraine have become damaging not only for those countries but also globally compounding the economic challenges that arise from conflict. The Global Peace Index has estimated that the global economic impact of violence in 2023 was equivalent to USD 19.1 trillion-equal to 13.5 percent of the global Gross Domestic Product (IEP, 2024). It has internationally called for the full use of diplomatic tools and mechanisms outlined in the UN Charter to peacefully resolve conflicts as a robust universal approach to prevent conflicts and violence (UN, 2023).

The world is experiencing a growing trend of increased geopolitical polarization, driven by international geo-strategic, technological, economic, and military competition, particularly among the United States, Russia and China, all permanent members of the United Nations Security Council. Additionally, ideological divides are widening with the rise of authoritarian leaders and far-right beliefs, including in Western democracies. As a result, nations are increasingly prioritizing national interests and opposing agendas for global peace and stability. The continued use of veto power (Bulmer, 2017) by sitting permanent members of the UN Security Council (the US, Russia, China, France and the United Kingdom) both directly and indirectly involved in ongoing conflicts such as the Russia-Ukraine War, Palestinian Hamas-Israel War, underscores the failure of international security architecture. This lack of consensus on collective action reveals the UN's growing ineffectiveness in fostering solutions for global peace, development and stability leading countries to become increasingly reluctant to depend on the UN on matters of national security.

Despite these ongoing conflicts, effective conflict resolution is necessary for global prosperity. One of the immediate benefits of effective conflict resolution is the restoration of investor confidence, a massive driver in a country's economic prosperity (Imm, 2022). The specter of conflict deters investment, both domestic and foreign, due to uncertainties surrounding security and stability. Therefore, resolving conflicts sends a positive signal to the business communities, fostering an environment where investment can flourish. Successful conflict resolutions often pave the way for regional collaboration that benefits all involved parties. The European Union stands out as a testament to how nations, historically at odds, can forge economic alliances after resolving deep-seated conflicts. Regional collaboration not only enhances economic integration but also contributes to a sense of shared stability, minimizing the likelihood of conflicts.

Economic incentives are a pivotal force in promoting global stability. Foreign aid, for instance, is a potent economic instrument in the pursuit of peace with nations

recovering from conflict or facing economic challenges regularly receiving assistance from counterparts experiencing greater stability. Investment, both domestic and foreign, also emerges as a building block for sustainable peace (Zielińska, 2016). Development programs, too, wield considerable influence in shaping the trajectory of nations. Bodies such as the UN, The World Bank, and regional organizations play pivotal roles in orchestrating cooperation among nations. Programs initiated by such organizations' development endeavors have helped to address economic disparities and contributed to the establishment of societal frameworks for peace. Individuals, communities and nations can be instrumental in contributing to global peace through deliberate economic measures. Individual initiatives that promote economic literacy, entrepreneurship and inclusive economic participation can serve as catalysts for peace. Communities as the building block of societies, play a pivotal role in the pursuit of peace through economic channels. Community-based economic projects, shared resources and collaborative ventures can foster cohesion and understanding (Ndjama & Westhuizen, 2024).

Implication of International Conflicts for Nepal's Development/Prosperity

Intrastate conflicts have been deeply rooted in most South Asian countries. These conflicts and the implications of international conflicts are greatly hampering the development and prosperity of the region. Terrorism, separatist movements, extremism, ideological conflicts, Marxist-Naxalite movements and different campaigns have imposed huge obstruction in the region (Dixit, 2023). International conflict and the implications of such Asian conflicts cannot be ignored as they are equally harmful to the development and prosperity of Nepal.

Historically, Nepal has passed through various changes. Because of its unique geopolitical location, there country has faced both challenges and opportunities (FES International, 2023). As a landlocked nation surrounded by formidable economies on all sides, Nepal is presented as what may be called the "Sword of Damocles" (Bakalis, 2005). In such a situation, Nepal can no longer be restricted to being a passive pawn in this global chessboard game with international players. Using soft power resources that create plenty of opportunities, Nepal should play a decisive role while simultaneously achieving national interest and preparing itself for a new world order. On an international level, efforts should be furthered on the rationale of self-preservation and self-protection in association with other smaller nations (Alvarez, 1919). For the nation's prosperity, we should actively seek to diversify trade, attract infrastructure investment, consolidate economic relations, develop connectivity, and garner development and security through cooperation with neighboring countries and the international community. Bilateral, multilateral

and international assistance will help to reduce poverty, promote infrastructure development, connectivity as well as minimize the implication of regional and international conflicts (Alesina & Dollar, 2000).

The data below provides a comprehensive overview of foreign assistance for Nepal from the fiscal year 2017/18 to 2021/22.

Foreign Assistance

Fiscal Year	Grant	Loan	Total (NPR in ten million)
2017/18	8,490.4	11,709.4	20,199.8
2018/19	3,342.9	10,482.7	13,825.6
2019/20	3,010.5	18,977.8	21,988.3
2020/21	2,738.7	19,798.4	23,537.1
2021/22	9,330.7	14,461.0	23,790.7

Source: Ministry of Finance, Nepal.

The table above reveals that in 2018/19 the amount of foreign assistance was decreased due to the effect of Covid-19. At the end of December 2023/24, the Ministry of Finance reported a new foreign aid commitment totaling NPR 224 billion. Compared to the previous fiscal year the commitment has risen by 237 percent (Ceo, 2024). Out of that, foreign grant commitments increased by 153 percent while foreign loan commitments surged by 280 percent. But received and utilized foreign assistance amounted to NPR 44.8 billion only (The Rising Nepal, 2024).

The rate of utilization of foreign assistance in Nepal is not encouraging. For several years the ratio of capital expenditure of assistance and internal sources has been less than 50 percent. The reason behind this is a lack of ownership, transparency and accountability on the one hand, and on the other hand, it is marred by bureaucratic harassment, political instability and a culture of corruption which hinder the effective use of foreign assistance (Gong & Yang, 2019).

Another important observation is that a higher volume of foreign assistance seems to be used for humanitarian and social welfare rather than production activities and economic potential sectors. The major potential areas of foreign assistance include hydropower development, tourism promotion, modernized agriculture sector and the creation of a favorable environment for foreign direct investment (Investment Board Nepal, n.d.). The government needs to adopt a proactive approach to mobilizing foreign assistance rather than waiting for donors to dictate their terms. It should also take the initiative in seeking out assistance that aligns with the country's long-term prosperity/development goals. Such an approach not only empowers

the country to take ownership of its development but also reduces dependency on external resources. All these efforts will help to ensure that assistance is used effectively and in a manner that promotes development/prosperity and minimizes the implications of international conflict (UNDP, 2023).

Conclusion

Peace requires dedication, vigilance, and collaboration on a global scale to reduce conflict, manage disputes and promote cooperation among individuals, communities and nations. It is not hard to understand and realize that the journey of peace involves a collective commitment. Empowering individuals, fostering community-centric approaches, shaping the national policy frameworks, encouraging international collaboration and aligning sustainable goals can pave the way for a future where the economics of peace is synonymous with development/prosperity. Directly or indirectly, the implications of international conflict in Nepal cannot be ignored. Nepal also needs to make serious efforts for better and more efficient governance by respecting universal human rights and through equal distribution of resources to achieve our goals of prosperity.

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