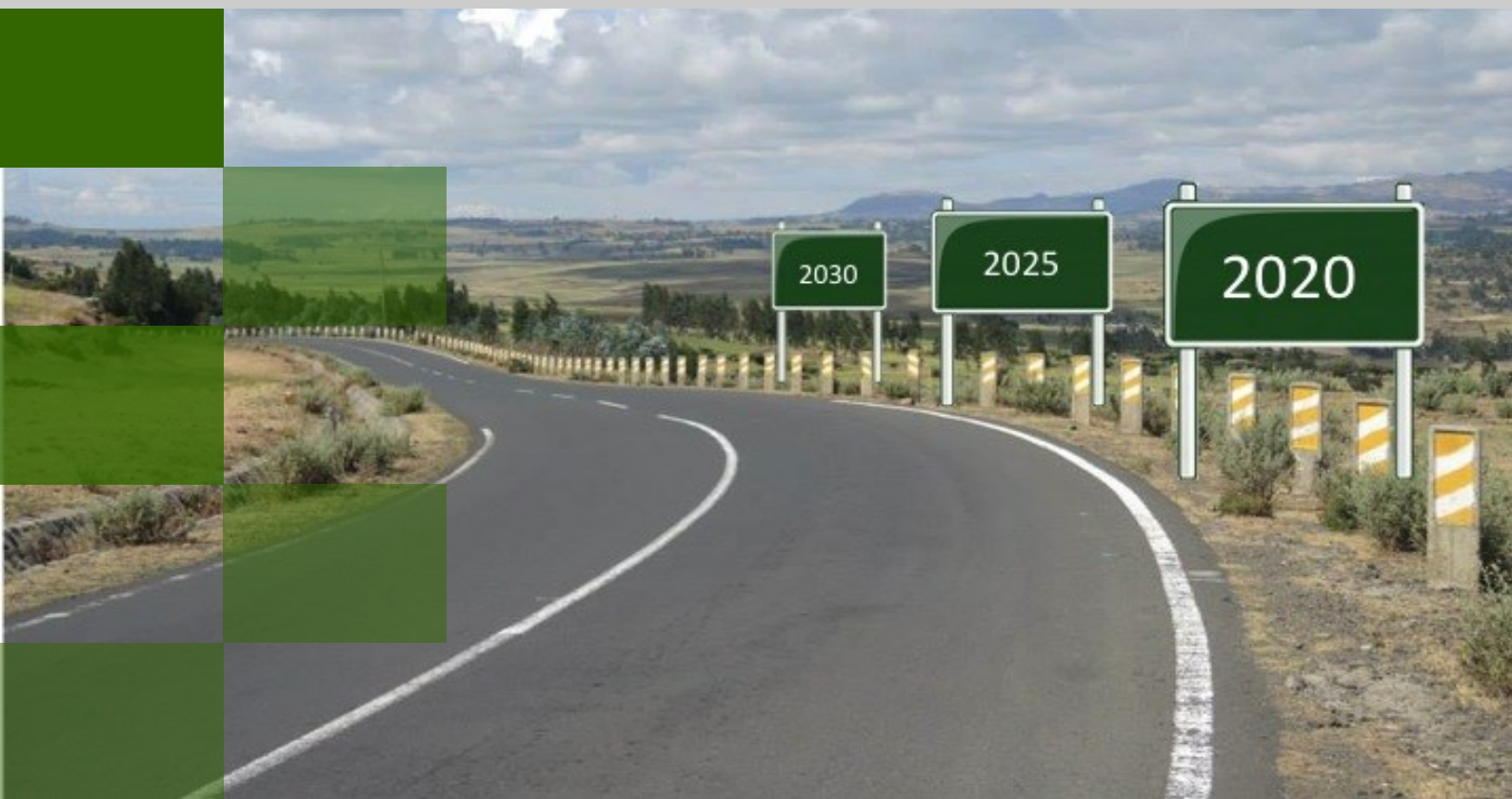


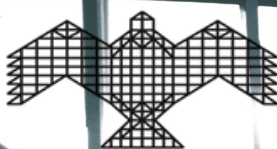
Trends. Threats. Projections

Nepal in 2022: Consolidating Stability

Anshuman Behera



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The Comprehensive Peace Agreement (CPA) that was signed by the Seven Party Alliance (SPA) in 2006 put an end to the Maoist insurgency and thereby ended the violence. However, the end of large-scale violence was no sign of the end of political instability in Nepal.

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I Introduction

Following the century-old isolationist policies of the Rana oligarchy, Nepal politics struggled between the modern values of democracy (led by the political parties) on the one hand and the traditional forces (led by the Monarchy) on the other.

One of the striking features of Nepal politics, at least until 2018 when a new government took office following an election under the new constitution of 2015, has been its political instability. Following the century-old isolationist policies of the Rana oligarchy, Nepal politics struggled between the modern values of democracy (led by the political parties) on the one hand and the traditional forces (led by the Monarchy) on the other. The roller coaster twin pillar arrangement (read as the combination of the supremacy of the Monarchy and an elected parliamentary form of government) could only strengthen and sustain the political instability for the next six decades since the collapse of the Rana regime in 1948.

The sustained political instabilities and other important factors led to the emergence of a violent political struggle in Nepal. Carried out by the Unified Communist

Party of Nepal-Maoist (UCPN-Maoist), the Maoists in short, in 1996, a decade-long violent insurgency in Nepal, arguably, can be considered as one of Nepal's ugly experiences with political anxiety, apprehensions, and instability.

The Comprehensive Peace Agreement (CPA) that was signed by the Seven Party Alliance (SPA) in 2006 put an end to the Maoist insurgency and thereby ended the violence. However, the end of large-scale violence was no sign of the end of political instability in Nepal. Nepal witnessed the formations and collapses of governments led by one political party or the other in the following years. With the new constitution of Nepal coming into force, especially after the formation of a new government in 2018, for the last four years, there seem to be good signs of stability. Despite a few episodic turbulences in terms of changing Prime Ministers, the present parliament continues to function, offering good signs of a stable democracy.

Engaging around various aspects of political stability, this essay tries to forecast the political developments in Nepal for the year 2022. It highlights the major developments in 2021 to offer a context around which the forecast can be made. Drawing upon these major developments, the second section of the essay offers the likely scenarios in 2022. Based upon these likely political developments in 2022, the third section reasons with the implications they would have on Nepal's internal politics. The last part reflects upon the external implications of these developments.

II

Major Developments in 2021

The year 2021 began with political uncertainties. In December 2020, the then Prime Minister (PM) of Nepal, K P Oli, had dissolved the Parliament and ordered a fresh election in April-May 2021. Led by the Communist Party of Nepal-United Marxist Leninist (CPN-UML), the government that was formed in 2018 with a comfortable majority in the parliament (read with the merger of the Communist Party of Nepal-Maoist Centre led by Pushpa Kamal Dahal with the former) was facing intra party conflicts and the charges of high-level corruption and governance deficiency. Various desperate attempts made to evoking Nepali nationalism through territorial assertions against neighbouring India could offer very few avenues for K P Oli to divert the conflicts in his

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favour. The dissolution of the parliament in December 2020 witnessed a caretaker government in Nepal in 2021, to begin with.

The political uncertainties at the beginning of 2021 also witnessed unprecedented institutional confrontation in Nepal, especially between the Supreme Court and President Bidya Devi Bhandari. In its judgement on February 23, 2021, the Supreme Court of Nepal overturned the decision that led to the dissolution of the parliament and ordered the caretaker PM, K P Oli, to initiate a discussion in the parliament along with the opposition parties within the next thirteen days. Despite the efforts made by the Supreme Court of Nepal, President Bidya Devi Bhandari again dissolved the parliament in May 2021 and ordered fresh elections. This time, the Supreme Court of Nepal was seen to flex its muscle in containing the President from going overboard. On July 12, 2021, the constitutional bench of the Supreme Court ruled that the President's decision to dissolve the parliament with the advice of a caretaker PM, K P Oli, was unlawful and unconstitutional. In an unprecedented move, the constitutional bench of the Supreme Court invited Sher Bahadur Deuba to form the government in the next twenty-eight hours. Such an institutional confrontation leading to the reinstatement of the parliament is an important sign of a maturing democracy in Nepal.

The signs of a maturing democracy were also observed in the intra-party activities of the Nepali Congress (NC), the ruling party in Nepal. The 14th General Convention of the NC deserves mention in this regard. The convention was held on December 13-15, 2021, at Bhrikuti Mandap, Kathmandu. The members of the NC participating in the Convention privileged popularity and merit of a candidate in electing the Chairman over the Koirala dynasty. Sher Bahadur Deuba was elected as the Chairman of the Party over Shekhar Koirala in this convention. As the NC was consolidating its position in forming government and strengthening the party, the other political parties were observed to be suffering from factionalism in Nepal.

A major factionalism was observed in the newly formed NCP (which came into force with the merger of CPN-UML and the CPN-Maoist Centre). Delivering its verdict on a petition filed by Rishiram Kattel, the Supreme Court awarded the NCP name to the former, bringing an end to the unholy alliance between the CPN-UML and the Maoist Centre. Moreover, the merger of these two communist parties that enabled government formation in 2018 was never free from internal conflicts and factional activities. Factionalism, a salient feature of Nepal's communist history, proved to be the

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most critical factor in bringing down its government. Factionalism, however, was not limited to the communists alone. Nepali politics also observed factional splits among the Madhesh based political parties, such as the Janata Samajbadi Party (Upendra Yadav) and the Janata Samajbadi Party Nepal (Rajendra Mahato and Mahanta Thakur).

Political uncertainties, frequent changes in the government, and institutional confrontations reflected Nepal's governance deficit. The governance deficit was mostly felt in handling the Covid-19 pandemic issues in Nepal, among other issues. Apart from the foreign aid, in terms of providing vaccine doses, the government of Nepal contributed very little to addressing this issue.

III Likely Developments

Considering a new government in place and there is very little threat to the government's stability, the political developments for the year 2022 are likely to be around governance and development issues, preparation for elections, and the status of the major political parties. On the issue of development and governance, the Sher Bahadur Deuba faces many challenges. One of the major challenges in this regard is dealing with the pandemic and bringing down the corruption cases in Nepal. A major issue that this government faces is in terms of forging a consensus among all the political parties on the 500 USD grant through the Millennium Challenge Corporation (MCC). The MCC, which was signed between the Nepal government and the US in 2017, has not been able to get a formal sanction from the former. The MCC has remained one of the most contested issues as the provisions, as believed by some sections of political parties, didn't serve much to Nepal's national interest. Arguably, the communist government led by K P Oli faced strongest opposition from the Pushpa Kamla Dahal bloc and stalled the same being discussed on the floor of the parliament. Reports suggest that the present government has taken initial steps in pushing the MCC on the floor of the parliament as the PM declared the provisions of the MCC are not against the interests of Nepal. However, forging a consensus on this issue will be one of the essential tasks of the present government.

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As the present government faces development and governance challenges, debates are going on in Nepal on the possibility of

early elections. Rumours highlight that the present government might go for an early election. However, considering the lack of threat to the Sher Bahadur Deuba government's stability, an early election could be ruled out. Considering the present parliament completing its tenure in 2023, one might expect that the declaration for the next national assembly elections could be sometime in August-September 2022. In such a scenario, Nepal would not witness yet another dissolution of parliament. While talking about the next national assembly elections, it is essential to reflect on the status of the major political parties in Nepal.

At this point, the NC is looking to have good control over its support base. The 14th General Convention of the party has contributed substantially to consolidating the leadership position of Sher Bahadur Deuba. Considering the party is in power, it would likely have better performances across the region in Nepal in the coming years. While NC is looking good, the various factions of communists seem to be losing their grips on their respective support bases. The intra-party conflict, more than the inter communist party conflict, would make these parties lose their support base substantially. The Madhes-based parties (Janata Samajbadi Party and the Janata Samajbadi Party Nepal) seem to be struggling with internal divisions around the issues of sub-regional identities. The splits and factions among these political parties might not offer them the same result that they obtained during the 2018 elections. Considering the infightings among the communists and Madhesh-based parties, the NC would be much better positioned in Nepal's domestic politics.

IV Internal Implications

As the developments mentioned above are likely to dominate Nepal's political spectrum, they would have major internal implications on the issues of contributing to the stability of the government, addressing the economic challenges, and bridging the deep-rooted regional divide. It can be safely argued that Nepal would be politically stable in 2022. Considering Nepal's political past, a parliament completing its full tenure, despite multiple changes in the government, is no less an achievement. The present parliament faces hardly any major threat from any political party to be destabilised. This will be an unprecedented and bright spot in Nepal's experience with the democratic governance system. As stability seems to be consolidating in Nepal, the present government has the responsibility to prepare for the local and national level elections. To this extent, 2022 is going to be very

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crucial. The present parliament is going to complete its five years term in 2023. One can expect the government to announce the National election dates sometime in August-September 2022. Apart from the preparation for the elections, the present government will encounter challenges around the poor economy in Nepal.

The existing reports highlight the poor state affairs of Nepal's economy. One of the major factors contributing to the poor state of Nepal's economy has been the constant decline of the tourism sector. The persistence of the Covid-19 pandemic has single-handedly contributed to such a situation. While tourism has contributed very little to Nepal's economy in the last two years, the lack of migration of Nepali youth to India and other countries has resulted in large-scale unemployment. According to the reports of the Asia Development Bank (ADB), it is important to mention that agriculture is going to offer modest growth in 2022. However, it will depend on the nature of the monsoon and other climatic conditions. A favorable monsoon, as it is believed, will positively contribute to Nepal's economy. Similarly, a modest economic growth can be predicted for Nepal in 2022, provided the pandemic eases, and the Nepali youth moves out of the country for employment.

The present status of Nepal politics will also have a substantial impact on bridging the regional divide in Nepal. The deep-rooted division between the Pahadi-Madhesh (Hilly-Terai) regions needs to be bridged. Given that the NC leading the government and the Madhesh-based parties suffer internal divisions, 2022 offers a good scope for the former to work around the larger pan-Nepali identity rather than sustain the division's rhetoric mentioned above. The success of the NC, arguably, will be able to bridge this gap to a great extent. Nepal's internal stability (political, social, and economic) would positively affect its external relationships.

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V **External Implications**

In terms of its external relations, Nepal will face three major issues in 2022- balancing major powers' interests: its relationship with India and the China factor. As discussed earlier, the present government has the herculean task of forging a consensus among the political parties to endorse the MCC in the parliament. An important question remains if the government has the required numbers on its side to pass the MCC in the parliament. It has been

five years since Nepal and the US signed the agreement and in December 2021 the US has expressed its displeasure as the Nepal government delays the process of formally passing it through the parliament. In a scenario when the MCC is passed in the parliament, it would further put Nepal in uneasy situations, especially it would invite displeasure from China. The MCC, in many ways, favours India's interests to which China would find difficult to accept. Accordingly, the involvement of the major powers like the US, China and India offer a challenge to the Nepalese government in terms of balancing the divergence of interests. While the present government would have situations in balancing major powers' interests, it would also have the task to normalize its relationship with its southern neighbor-India.

Nepal's relationship with India has suffered some major setbacks in the previous years. The previous government's anti-India posturing in terms of asserting Nepal's territory through introducing new maps has left some scars in India-Nepal relationships. Moreover, the involvement of the Chinese officials in negotiating between various factions of the communist government has also contributed to the strained relationships between India and Nepal. The Sher Bahadur Deuba government faces the task of making efforts to normalize its relationship with India and moreover, managing the perception of the undoing the tilt towards China. Prime Minister Sher Bahadur Deuba's visit (which got cancelled because of rising cases of Covid-19) to attend the Vibrant Gujarat Summit was considered as a well-meaning step in this direction. Considering Nepal's socio-cultural and historical ties with India, any strained relationship with the latter would hardly contribute anything in the interest of the former.

The China factor will also be an important issue for Nepal to deal with in 2022. A vital issue in this regard is going to be the difficulty of selecting specific projects under the Chinese mega initiative of Belt and Road Initiative (BRI). A formal party to the BRI, Nepal has not been able to select the specific projects under this initiative so far. The frequent change of governments has been cited as the main factor for this. Apart from the frequent change in the governments, there have been disagreements among the political parties on the nature of the projects; whether the Chinese assistance would come as aid or as a loan; and, moreover, whether Nepal needs to discuss this issue with India. Considering its stability, the present government will face these issues to address in 2022. Moreover, the government would also find it difficult to strike a balance between the projects under the BRI and under the MCC. It is important to mention that the MCC has already invited

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China's discomfort. As the Nepali Communists have been unseated from power, despite the attempts made by the Chinese officials, the present government would also have the task of keeping Beijing away from meddling in the domestic politics of Nepal.



About the author

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Views expressed are author's own