

Role of Economic Diplomacy for Development

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Abstract

This paper discusses the role of economic diplomacy in the development of Nepal with special reference to its neighboring countries and other developed countries. An underdeveloped country like Nepal, should aspire for comprehensive and progressive growth and development to enhance its international image and promote its specific identity for becoming a self-reliant country. Implementable and good national policies led by wise political leadership and efficient bureaucratic set-up are highly needed. Good understanding and appropriate evaluation of the existing ambiance of the national demands and needs must be taken into account by the national leadership for conducting economic diplomacy. The writer has used information from various secondary data sources including books, journals, periodicals, and online media in the process of writing this paper.

Introduction

Development is the target that each country tries to meet through its policies of various dimensions. The world today is much connected and interlinked through the networks of global diplomatic initiatives and actions. Currently, the global networks of socio-economic, technological, and scientific connectivity are extensively spread over various continents. No country, whether big and powerful, could remain in the autarkic status. Smaller and weaker countries are more dependent on the prevailing global trend of interdependence. They have, whether willingly or unwillingly, become part of the international cobweb. Essentially what is required is national policies that can serve the national objective to navigate its external policy in the complex and ebbing regional and global situations. There is thus a need for well-founded and well-knit diplomatic conduct to meet challenges of external threats originating from the conflict of national interests, especially of super and major powers.

Nepal faces myriad hampers and obstructions to safely handling its diplomatic businesses. It has hardly any options and choices to make in the conduct of diplomatic affairs. Geography, socio-economic constraints, internal socio-economic structure, and long-pursued external policy have made Nepal a prisoner

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of its status and external interferences, both seen and unseen. Thanks go to the past and present executors of Nepal's diplomatic activities, Nepal has, up to now, been able to maintain its independent posture. However, Nepal is still lagging far behind to make notable progress in the development arena to lift the country out of the socioeconomic status of a less-developed fate. That has hampered the steady progress of the living standards of the Nepali people at large.

Nepal in the last three decades has witnessed political upheavals of various nuances and dimensions. However, any substantial economic progress could be noted during these times. Long-existing socio-economic stagnation fed on by political instability resulting in the non-satisfactory performance on the economic front is more to be noted as an affront to the steady development of Nepali society. If such a situation runs through for decades, Nepal will be dammed to the economic hell from which it could hardly recover from the malaise of economic conditions. It is unfortunate to say that the current generation of Nepali society would certainly be blamed for the destitute condition of economic stagnation.

Consequently, Nepal genuinely needs international cooperation to get out of the trap of economic misery and trouble. Observers think that diplomacy, more attuned to development, needs to be geared up for external assistance and cooperation from friendly countries and neighbors. Nepal must be prepared to craft diplomatic initiatives and appropriate planning in the right way. Nepal has indeed been working through bilateral and international diplomatic activities since the country has been opened up to the external world in the early 1950s. However, the current need and demand have become apparent to get through successfully in the pathway of skillfully crafted diplomatic strategies for development, which have now become an utmost need for the country and its deserved progress towards transforming the Nepali society. The Sooner the steps in the right direction are initiated, the better will be its outcome. Diplomacy of Nepal must be framed for the progressive development of the country with necessary mechanisms put in place and required human skills trained as soon as possible.

The apparent need for equitable development

Nepal is still stained with the under-developed status even in the current third decade of the 21st century. It is painfully chilling to note that the country is damned to that low status because of the turbulent political situation and geographical constraint, even though other less developed countries of the region such as Bhutan, Bangladesh, and the Maldives got liberalized from the grip of that unfortunate status. Stepped-up actions and situation-deserved economic planning supported by well-lubricated mechanisms are essentially required to boost socio-economic development.

The Committee on Development Policy (CDP) of the Socio-Economic Council of the United Nations in its latest triennial review in 2021 has granted Nepal a grace period up to December 2026 for graduation to the developing country status, keeping in view the economic downturn experienced by the country following the unfortunate onslaught of the Covid-19. In its triennial review done in 2018, Nepal has almost reached all three thresholds for graduation to the developing country status. It has achieved the necessary conditions in the Human Asset Index (HAI) and Economic and Environmental Vulnerability Index (EVI) and is also near the threshold of the GNI per-capita income in 2019. However, the unexpected onslaught of the pandemic from 2020 to 2022 pushed aside Nepal's national economy downward, which has denied Nepal earning the status of a developing economy.

Nepal is most likely to achieve the required GNI per capita (in US dollars) by December 2026. Economic experts and planners believe that Nepal could reach the target of the UN agency's projected amount by December 2026 unless some unfortunate and unseen events occur during that period. However, the developing status alone would not be enough to lift out of the level of poverty remaining at around 17.5 percent in 2019. According to economic experts, the level of poverty must be less than 5 percent of the total population. Only then a country can be described as a no poverty-grilled country. Whether or not poverty exists in the country, development diplomacy assumes a crucial role in diplomatic business dealings with countries and establishments as well as international organizations.

Circumstances for Propelling Nepal to Adopt Effective Development Diplomacy

Nepal is an under-developed economy to date and even after graduation to the developing status, all required gears and mechanisms must be well prepared for development diplomacy. The current situation of globalization has created a global status of interdependence for big and small countries alike. The rapid information and communication expansion and the quick transportation facilities, whether through air services or trans-shipment transactions have empowered executors and businesses, and have made available tremendous advantages around the globe. That has also enabled development diplomacy to be conducted efficiently and quickly. All those facilities have provided the necessary tools for development diplomacy to move on in an unrestricted way. Development diplomacy has now come to claim an inalienable space in the overall national activities about external dealings. It is the highest priority of international relations. This is mostly performed through multilateral activities on a global and regional scale. It refers to the repurposing of aid in such a way that it claims to service public diplomacy, ambitions, and aspirations while simultaneously achieving development goals. It is a specific form of public diplomacy that builds bilateral relations based on activities that are presented as

economic diplomacy. In no way, development diplomacy can be separated from the execution of economic diplomacy. In a sense, development diplomacy assumes less significance if it does not make an integrated approach with economic diplomacy that claims to be its core ingredient. Development diplomacy becomes amputated if separated from the primary need for enhancing economic and technical cooperation from its activities.

Nepal belongs to the Global South (previously Third World), which needs to receive the required resources, (financial, economic, and social included) and technological transformation to further the development process within its territory. Without tangible advances on the development front, the country can hardly meet the challenges of a fast-moving global economic environment. It may be noted that the official development assistance (ODA) offered to Nepal by advanced countries some decades ago has been drastically cut down by them. That has made Nepal depend on various sorts of loans offered by global financial institutions like the IMF, World Bank, and ADB as well as by advanced countries. That has added the burdens of loan servicing each passing year. Despite all that, Nepal has to get along with the efforts for its development with its internal resources and other external resources which are made available to its government. Once Nepal achieves the developing status by 2026, Nepal will not be able to receive ODA as it has been receiving now and lose trading and customs facilities as have been receiving now.

The crucial time has come that Nepal makes its efforts by dint of its strategic hard work. One of the requisite efforts to make the country stand on its own and self-reliance is the adoption of development diplomacy which will enable to equip the country with an important tool to make external contacts well-maintained as well as move forward to get mutual benefits from the understanding and cooperation with friendly countries and international organizations as well. However, this sort of diplomacy is distinctly different from conventional diplomacy practiced in the world. It needs separate concepts and practice to make it worth serving in the economically and technologically intricate world. In particular, developing and less developed countries are now required to navigate this diplomacy to make their economies self-standing as well as get them interwoven with globalization which has put the world on interdependence and interconnected networks. To tackle the complexity surfacing now in the global environment, must a less developed country like Nepal embrace the art and technique of development diplomacy from the intricacy of which the country need not make any escape if it is to withstand and grapple with the emerging trend on hand.

Nepal has indeed planned to adopt economic diplomacy as part of its national efforts to achieve development objectives since 1993 when the Ministry of Foreign

Affairs was restructured to meet several challenges arising out of the practice of the free and fair market around the world. At present, the Ministry has the set-up up the Policy Planning, Development Diplomacy and Overseas Nepalese Citizens Affairs Division. The division has been tasked to conduct and oversee development diplomacy abroad. The division has also installed a development diplomacy section to conduct diplomacy concerned with development businesses with foreign missions based in Kathmandu and foreign countries through Nepal's missions abroad. Experts believe that only a section of development diplomacy would not be enough to handle all businesses and relevant activities of development diplomacy which are now considered an indispensable activity as part of the external efforts for economic cooperation with foreign countries. For Nepal not to just handle diplomacy but for economic survival in the complex economic situation, a broadly organized mechanism equipped with highly trained diplomats with knowledge and skills need to be put in place.

Important functions of development diplomacy are as follows:

- The primary function of development diplomacy is to promote and extend economic and technical cooperation with foreign governments and other foreign entities as well.
- The function of contacting and cultivating with international organizations like the United Nations and international financial institutions like the World Bank Asian Development Bank, IMF, AIIB, WTO, etc. bears its main responsibility.
- The function of furnishing necessary information about the home country's economic and development status to foreigners becomes part of official duty as is required to be discharged timely.
- The functions of providing important information about the host country to the home government is also a necessarily desired duty, in particular about their economic health and other areas with which the home government can work together for mutual benefits
- The functions of developing mutual contacts with the economic and technical entities of the host country with the possibility of cooperation for mutual advantages has its bearings.
- The function of exploring possible collaboration with technical and research institutes of the host country and the home country forms a part of Nepali envoys abroad
- Engaging with the appropriate institutions and groups of individuals who

are interested in Nepal's economic welfare should be the duty of Nepali diplomats assigned abroad

- Initiating a process for promoting people-to-people contacts should be envisioned as part of development diplomacy to promote economic linkages at the grassroots level.
- Propitiating necessary actions that can encourage entrepreneurs of the host countries to invest in various fields of the national economy of Nepal
- Last but not least, engaging with the private sectors and corporate houses of the host country needs to be taken up as their unavoidable function in the present perspective

Conclusion

The performing of development diplomacy is easier said than done in action. The performers of development diplomacy need to be, without a doubt, knowledgeable and skilled in handling its complex function. This sort of diplomacy demands a good ability to conduct public diplomacy. In reality, development diplomacy is an offspring of public diplomacy in action. In its term, the conduct of public diplomacy naturally calls for the quality and ability of public communications. Knowledge and acquaintance with various fabrics of local situations are required to conduct public communications, for which language efficiency, most preferably local language proficiency, remains a great need for the effective performance of public diplomacy.

It may be noted that due orientation and appropriate training with good attention paid to the country/countries of assignment properly imparted could do a good justice for envoys and diplomats, both senior and junior included for their productive performance abroad. Additionally, their good knowledge about the country of assignment in its various fabrics, in particular about the political culture, economic status, and social and cultural aspects will be an essential qualification as an asset for effective diplomatic performance. More so, the possession of crucial knowledge about the diplomatic culture and its recent practice which will endow and equip Nepal's diplomats with essential and qualitative skills indeed proves to be their valued diplomatic capital.

Far more preferable is the well-managed mechanism in the Ministry of Foreign Affairs staffed with highly knowledgeable and skilled diplomats and stuffed with all requisite information and diplomatic literature of recent origin which would invariably serve the purpose of strategically advancing development diplomacy to fulfill the aspirations of most desired development for the country and its teeming millions of people.

The current structure of diplomatic mechanisms dealing with development diplomacy placed under the Ministry looks very small to cope with the demand for development diplomacy to be visibly successful. If development diplomacy is to be effectively promoted, a separate division for the conduct of development diplomacy needs to be put in place. The division needs to be headed by a senior diplomat with wider knowledge as well as experience with the process of managing necessary affairs. Meanwhile, the division should be manned with well-trained and duly oriented personnel to move on with the relevant businesses and activities to put development diplomacy on the right track. Better now than later in accentuating the process for improvement and advancement.

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