

ISAS Insights

No. 480 – 12 January 2018

Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



The Leftist Alliance Victory in Nepal: Implications for Domestic and Foreign Policies

The provincial and parliamentary elections in Nepal in December 2017 witnessed the leftist alliance of the Communist Party of Nepal-Unified Marxist-Leninist and the Communist Party of Nepal sweeping into power. The results were a disappointment for the ruling Nepali Congress which won a mere 23 seats and was relegated to third position. There is a general belief that the elections will usher long-term stability, reconstruction and economic development into the country. This paper explores the reasons for the coalition's landslide victory and the ramifications on Nepal's foreign policy discourse with China and India.

Roshni Kapur¹

Introduction

The provincial and parliamentary elections held in December 2017 mark the beginning of a new chapter for Nepal. The leftist alliance of the Communist Party of Nepal-Unified Marxist-Leninist (CPN-UML) and the Communist Party of Nepal (Maoist Centre) won decisively in the 330 provincial assemblies and in the House of Representatives (lower house of the

¹ Ms Roshni Kapur is a former intern at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS) and a post-graduate student at the University of Sydney where she majored in Peace and Conflict Studies. The author can be contacted at kapur.roshni@gmail.com. The author bears full responsibility for the facts cited and opinions expressed in this paper.

bicameral legislature).² The coalition will now form the government in six out of seven provinces³, the exception being the Janakpur Zone (commonly known as province number two).⁴ The province is in the Terai region which is dominated by the Madhesi people.

While 165 seats are directly elected in the assembly, the remaining 110 seats are given to the parties based on proportional representation (275-member parliament). The combined communist coalition secured 70 per cent of the seats for first-past-the-post seats. The CPN-UML won 80 seats, the Maoist Centre 36, the Nepali Congress (NC) 23, Rastriya Janata Party-Nepal (RJP-N) 11, Federal Socialist Forum, Nepal (FSFN) 10 and other fringe parties five.⁵

In the proportional representation system, the voters cast their votes for a party instead of a party candidate. Although the NC, a centrist party, performed better in the proportional voting, it still lost the elections. The CPN-UML received 33.25 per cent of the votes, the Maoist Centre 13.66 per cent, NC 32.77 per cent, FSFN 4.93 per cent, RJP-N 4.95 per cent and the remaining fringe parties 10.45 per cent.

The historic elections were held in two phases on 26 November and 7 December 2017. The first phase of the elections took place in 32 districts in the hills and mountains. They were held for 37 federal parliament seats in the House of Representatives and 74 provincial assembly seats in the provinces.⁶ The second phase was conducted on 7 December 2017 for the remaining areas in 45 districts. A total of 128 federal parliament seats for the House of Representatives and 256 provincial assembly seats were contested in the second phase.⁷

The three-phased elections are a major step towards enforcing the new constitution which came into force on 20 September 2015. That constitution aims to devolve power from a top-heavy central government by giving more autonomy to the provinces. Part 7 of the constitution

² “Federal Parliament Election 2017 Result”, *myRepublica*, <http://election.nagariknews.com/federal-election-2074-nepal/candidates?lang=ENG>. Accessed on 2 January 2018.

³ “Left to form govts in six provinces”, Sedhai, Roshan, *myRepublica*, 11 December 2017. <http://election.nagariknews.com/news/32401/en>. Accessed on 2 January 2018.

⁴ “Federal Democratic Republic of Nepal”, City Population. <https://www.citypopulation.de/Nepal-Cities.html>. Accessed on 11 January 2018.

⁵ “Federal Parliament Election 2017 Result”, *myRepublica*, <http://election.nagariknews.com/federal-election-2074-nepal/candidates?lang=ENG>. Accessed on 2 January 2018.

⁶ “Nepal elections explained”, Saif Khalid and Alia Chughtai, *Al Jazeera*, 7 December 2017. <http://www.aljazeera.com/indepth/interactive/2017/11/nepal-elections-2017-explained-171126103009857.html>.

Accessed on 3 January 2018.

⁷ *Ibid.*

mandates a governmental transition into a multi-party and parliamentary form of government based on pluralism.⁸ The constitution also states that the country will be divided into seven states and the elections in the different governmental levels must be held within a two-year time frame.⁹

The year 2017 was critical for federal politics in Nepal since the local, provincial and federal elections were held in the same year. The local elections were held between May and September 2017 to elect local government officials.

The Madhes-based parties of the southern belt had earlier rejected the 2015 constitution as they were opposed to the drawing of seven provinces, arguing that it leaves them politically marginalised. This resulted in clashes for over four months between the police and demonstrators in which over 50 people died. The issue was finally resolved in December 2015 after the government agreed to amend the constitution to address the two main demands of the Madhes-based parties – constituency delimitation and proportional representation.¹⁰

Reasons for the Leftist Coalition's Victory

The elections were a three-cornered fight among the communist parties, the NC and the Madhes-based parties from the Southern belt.¹¹ The CPN-UML and the Maoist Centre formed a pre-poll alliance in October 2017 with the goal of merging after the elections. It was the first time the two main communist parties expressed their interest of a united front. The alliance won for a number of reasons.

Firstly, both the CPN-UML and Maoist Centre performed well in the local-level elections. While the CPN-UML won 294 seats, the Maoist Centre secured 106 seats in the 753 local

⁸ “The Constitution of Nepal”, 20 September 2015, p. 53. <http://www.wipo.int/edocs/lexdocs/laws/en/np/np029en.pdf>. Accessed on 4 January 2018.

⁹ “2074 BS- a year of elections in Nepal“, Rastriya Samachar Samiti, *Himalayan Times*, 25 November 2017. <https://thehimalayantimes.com/nepal/2074-bs-year-elections-nepal/>. Accessed on 3 January 2018.

¹⁰ “End in sight for Nepal blockade”, PTI, *The Hindu*, 21 December 2015. <http://www.thehindu.com/news/international/nepal-to-amend-constitution-to-address-madhes-demands/article8014180.ece>. Accessed on 11 January 2018.

¹¹ “Nepal Set for 3-Way Competition in Upcoming Legislative Elections”, Kamal Dev Bhattarai, *Diplomat*, 19 October 2017. <https://thediplomat.com/2017/10/nepal-set-for-3-way-competition-in-upcoming-legislative-elections/>. Accessed on 25 December 2017.

bodies.¹² The NC, which was the biggest party after the 2013 Constituent Assembly elections, fell to second place after winning 266 seats. The victories of these parties indicated that they would perform well during the provincial and parliamentary elections.

Secondly, the CPN-UML and Maoist Centre joining forces in October 2017 was a tactical move. The Maoist Centre was an alliance partner in the incumbent government led by NC President Sher Bahadur Deuba. It suddenly decided to switch sides to the main opposition party, the CPN-UML. The new political alignment between the country's two dominant communist parties was a surprise for the NC (the oldest political party in Nepal and the biggest party in the recently dissolved assembly).¹³

Thirdly, the leftist coalition had a strong and persuasive agenda that appealed to many voters. It campaigned widely on economic development and long-term stability – issues that ordinary Nepalese have been frustrated with. Nepal's political environment has been in a state of flux. There have been 10 prime ministers in the last 11 years.¹⁴ The short-lived governments hindered the country's economic growth and recovery after the two earthquakes in April and May 2015. In 2016, the country witnessed a zero per cent gross domestic product growth. The economy grew by 6.9 per cent in 2017.¹⁵ The leftist alliance managed to convince the voters that it would work on long-term stability, reconstruction and economic growth.

Implications for Relations with China and India

Khadga Prasad Oli is now set to take over the new leadership when he succeeds Prime Minister Deuba. He won the seat in the Jhapa-5 constituency after defeating his opponent Khagendra Adhikari from the NC.¹⁶ Early polls indicated that Oli would become the country's next prime

¹² “Local Election 2017 | Nepal – Overall Result”, *myRepublica*. <http://election.nagariknews.com/overall-results/local-election-2074-in-nepal-results?lang=ENG>. Accessed on 2 January 2018

¹³ “Nepal Set for 3-Way Competition in Upcoming Legislative Elections”, *op. cit.*

¹⁴ “Alliance of Communist Parties Leading Nepal Election Results”, Associated Press, *VOA News*, 9 December 2017. <https://www.voanews.com/a/nepal-elections-communist-alliance-leading/4156466.html>. Accessed on 25 December 2017

¹⁵ “Nepal: Economy”, Asian Development Bank, 15 July 2017. <https://www.adb.org/countries/nepal/economy>. Accessed on 25 December 2017.

¹⁶ “Nepal election results: Left alliance heading towards majority, K.P. Oli seen becoming PM”, Shirish B Pradhan. *Livemint*, 10 December 2017. <http://www.livemint.com/Politics/kkosLYrGzQp4JGGxrp9YpK/Nepal-election-results-Left-alliance-heading-towards-majori.html>. Accessed on 25 December 2017.

minister as the left parties were already in the lead at the onset.¹⁷ Oli previously served as the prime minister from October 2015 to August 2016 but was forced to resign when he was accused of not upholding power-sharing agreements.¹⁸

The election outcome is likely to have ramifications on Nepal's foreign policy discourse. Nepal is a natural buffer between the two regional giants India and China. While the NC has traditionally been closer to India compared to China, the communist parties tend to lean more towards China. Oli visited the Nepal-China border point in Rasuwagadhi on 19 December 2017 to explore ways to upgrade it to international standards. The route is the only transit and trade point between Nepal and China.¹⁹

During his earlier tenure as prime minister, Oli had strengthened the country's bilateral relations with China by signing a number of trade and transit agreements.²⁰ The new government is likely reverse the cancellation of the Budhi Gandaki hydropower project – it was scrapped by the outgoing administration. The project was awarded to state-owned Chinese Gezhouba Water & Power (Group) Co Ltd by former Prime Minister Pushpa Kamal Dahal through the signing of a memorandum of understanding by the two sides.²¹

India has reacted positively to the election results. Indian Prime Minister Narendra Modi called to congratulate the alliance's leaders on 21 December 2017 on their election victory.²² The Indian Ministry of External Affairs statement read, "Our open border is a reflection of our unique bonding. He (the PM) reaffirmed India's commitment to strengthen these bonds of

¹⁷ "Nepal elections: Left in lead, Oli likely to be new Prime Minister", Ghimire, Yubaraj, *Indian Express*, 10 December 2017. <http://indianexpress.com/article/world/nepal-elections-left-in-lead-kp-oli-likely-to-be-new-prime-minister-4976174/>. Accessed on 4 January 2018.

¹⁸ "Nepal Prime Minister Khadga Prasad Oli resigns", *Al Jazeera*, 24 July 2016. <http://www.aljazeera.com/news/2016/07/nepal-prime-minister-khadga-prasad-oli-resigns-160724134624798.html/>. Accessed on 4 January 2018.

¹⁹ "Indian interests in Nepal are being elbowed out by China", Harsh V Pant, *DNA India*, 25 December 2017. <http://www.dnaindia.com/analysis/column-indian-interests-in-nepal-are-being-elbowed-out-by-china-2570307>. Accessed on 6 January 2018.

²⁰ "Will Nepal drift away from India?", Mahmood Hasan, *Daily Star*, 18 December 2017. <http://www.thedailystar.net/opinion/bystander/will-nepal-drift-away-india-1506349>. Accessed on 6 January 2018.

²¹ "Communist Parties' Victory in Nepal May Signal Closer China Ties", Bhadra Sharma et al, *New York Times*, 15 December 2017. https://www.nytimes.com/2017/12/15/world/asia/nepal-election-winners.html?_r=0. Accessed on 6 January 2018.

²² "Narendra Modi congratulates Nepal PM-in-waiting KP Sharma Oli over election win, conveys Indian support to nation's development", PTI, *Firstpost*, 22 December 2017. <http://www.firstpost.com/world/narendra-modi-congratulates-nepal-pm-in-waiting-kp-sharma-oli-over-election-win-conveys-indian-support-to-nations-development-4270571.html>. Accessed on 7 January 2018.

friendship and work with the incoming government on a broad range of development and reconstruction projects.”²³

Indo-Nepali relations suffered a setback when Oli blamed India for the blockade by Madhesi groups along the shared border in September 2015. However, the new alliance is likely to remain cognisant of its unique relationship with India. The two neighbours have a deep-seated history of culture, religion and cooperation characterised by people-to-people contacts and open borders. Bilateral relations between India and Nepal cover multiple areas such as culture, high-level exchanges, defence cooperation and development assistance. Nearly six million Nepali citizens reside in India and approximately 600,000 Indians live in Nepal.²⁴

India played a big role in disaster management immediately after the earthquake in Nepal in April 2015. It dispatched National Disaster Response Force teams and airplanes carrying relief and rescue supplies that managed to reach the affected sites within six hours of the earthquake. The total relief support was around US\$67 million (S\$89.4 million). In June 2015, India also provided a post-earthquake reconstruction scheme amounting to US\$1 billion (S\$1.33 billion).²⁵

India also provides a significant amount of development assistance to Nepal that covers health, infrastructure, education, water resources, and rural and community development. The two neighbours also have a mutual power agreement to meet the power necessities in the border zones. In October 2014, India and Nepal ratified the Electric Power Trade, Cross-border Transmission Interconnection and Grid Connectivity agreement that aimed to strengthen cross-border power trade, electricity transmission and grid connectivity.²⁶

²³ “PM’s telephone calls with political leaders from Nepal”, Ministry of External Affairs, 21 December 2017. http://www.mea.gov.in/press-releases.htm?dtl/29229/PMs_telephone_calls_with_political_leaders_from_Nepal. Accessed on 7 January 2018.

²⁴ “India-Nepal Relations”, Ministry of External Affairs, 11 April 2017, p. 1. http://mea.gov.in/Portal/ForeignRelation/India_Nepal_Relations_11_04_2017.pdf. Accessed on 7 January 2018.

²⁵ Ibid, p. 2.

²⁶ Ibid, p. 4.

Conclusion

The pan-leftist alliance will now run the government for the next five years. It will exercise control over six provinces and a majority of the local-level bodies. The new constitution will undergo its first test of validity. The elections mark a leap forward towards democracy, decentralisation and inclusive participation. However, based on past experiences, there is no assurance that the leftist coalition will ensure economic development, reconstruction and political stability as it promised during its election campaign.

On international relations, Oli will need to demonstrate balance and pragmatism on the country's foreign policy with China and India. While the new administration may lean towards China, it is unlikely to distance itself from India. With Indo-Nepali relations covering many important areas such as culture, high-level exchanges, defence cooperation and development assistance, the communist coalition is likely to uphold its unique relationship with its neighbour India.

.