Risks of De-institutionalizing Foreign Policy in Nepal

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Abstract

Background: In an increasingly complex international environment, the effective execution of foreign policy is crucial for safeguarding national interests and enhancing a country's image and dignity. Institutions, with their established rules, norms, and organizational structures, are fundamental to ensuring policy stability, coherence, and continuity in this process.

Objective: This article examines the growing trend of de-institutionalizing foreign policy in Nepal, where formal diplomatic processes are increasingly bypassed in favor of informal, ad-hoc, and leader-centric approaches. It analyzes the causes, challenges, and risks associated with this trend.

Methods: The study employs a qualitative analytical approach, drawing on theoretical frameworks of institutionalism and foreign policy analysis. It synthesizes findings from academic literature, case studies of other nations (e.g., Mexico), official reports, and contemporary Nepali political and diplomatic examples to substantiate its arguments.

Findings: The analysis identifies globalization, the rapid advancement of information technology, the democratization of foreign policy, and domestic political instability as primary drivers of de-institutionalization in Nepal. This trend has led to critical challenges, including poor inter-agency coordination, fragmented policy positions in international negotiations, weakened accountability, and suboptimal outcomes in areas like climate diplomacy and international development cooperation.

Conclusion: De-institutionalizing foreign policy poses significant risks in its effective implementation and achieving its objectives of protecting and promoting national interests. Reversing this trend through enhanced institutionalization, capacity-building within the Ministry of Foreign Affairs, and strengthening established rules and coordinating mechanisms is essential for the effective implementation of foreign policy ensuring its continuity, credibility, and efficacy.

Novelty: This article provides a specific and timely analysis of de-institutionalization within Nepal's foreign policy landscape, a subject rarely examined systematically. It connects global

drivers of this phenomenon to Nepal's unique context of political instability and institutional capacity constraints.

Introduction

In an uncertain and complex external environment that has been unfolding recently, optimum efforts are essential for the effective execution of foreign policy for protecting and promoting national interests and enhancing national identity and dignity. Despite such necessity and urgency, there are increasing informalities, ad-hoc-ism, populism, and bypassing of established procedural norms and regulations while implementing foreign policy. In other words, the trend of de-institutionalizing foreign policy is increasingly observed. Before moving to what de-institutionalizing is, it is important to note why institutions are necessary.

Institutions like an anchor hold and promote the life of political, socio-cultural and economic aspects of a country. It is essential in every area. Foreign policy and diplomacy are not an exception because 'the interactions among states and other international actors have always been shaped in part by underlying rules, norms, and institutions' (Baylis, Smith, & Owens, 2014). By institution, we mean a set of established rules, norms, organizations, and practices that structure how people behave and interact to achieve collective goals. Keohane defines institutions as "persistent and connected sets of rules (formal and informal) that prescribe behavioral roles, constrain activity, and shape expectations" (Keohane, 1989). Institutions are important for moderating competing policy preferences where disagreements over policy become predictable and relatively stable (Shearman, 2000). Institutions also provide the base from when something is planned, directed and achieved. Through the rules and procedures of institutions, a country achieves its long-term socio-economic goals. States can learn to use institutions to ease the pursuit of mutual gains (Pavehouse & Goldstein, 2017). The article also focuses on the organizational aspects of an institution since it entails rules and norms of such institutions.

Because of the instrumental role of institutions, they tend to influence actors more than actors influence them, and their impact is independent of the regime type or the decision-making actors (Carter, 2017). In Nepal too, there are different institutions which play significant roles in making of Nepal's foreign policy. Notwithstanding, the Ministry of Foreign Affairs (MoFA) is the leading institution which plays the most important role in effective implementation of foreign policy.

Moving on, it is important to mention what 'de-institutionalize' indicates. The word 'De-institutionalize' is widely used in medical sciences. According to Cambridge Dictionary, 'de-institutionalize' means "to take someone permanently out of an institution, such as a psychiatric hospital, where they have been living for a long time. It can be understood as the effort/process of moving out something away from centralized, formal, rule-bound systems toward more flexible, community-based, informal, or individual-level arrangements. By deinstitutionalizing foreign policy, the article seeks to indicate the shift from formal institutions (foreign ministries, diplomatic services, parliamentary oversight) toward personalized, ad-hoc,

or leader-centric decision-making in the execution of foreign policy. It denotes the shift from the main organization, authority & control, and norms & rules governing and operating foreign policy. It also indicates that states do not focus on strengthening the existing institution and improving its performance.

Causes of De-institutionalizing Foreign Policy

The objectives of foreign policy are to protect and promote national interests and enhance identity and image of the country. This is the reason effective implementation of foreign policy can never be compromised. Today it covers a wide range of global issue areas, many of which were not traditionally considered core foreign affairs a few decades ago. However, de-institutionalizing of foreign policy is more visible in Nepal. When we discuss the causes of de-institutionalizing foreign policy; globalization, rapid advancement of information and communication technology, and democratization of foreign policy are among others the leading factors contributing to this trend.

Globalization is considered to be the most important factor in de-institutionalizing foreign policy. It resulted in the proliferation of issues and institutions in the field of foreign policy. Bayliss writes, "Since the UN's creation in 1945, a vast nexus of global and regional institutions has evolved, increasingly associated with a proliferation of non-governmental agencies and networks seeking to influence the governance of global affairs" (Baylis, Smith, & Owens, 2014). They also mention that when states expand their range of interests and integrated more fully into the global economy and world society, they would be naturally drawn by the functional benefits provided by institutions. As a result of globalization, foreign policy no longer remained within the Ministry of Foreign Affairs soon after it started to focus on diverse issues across various fields including trade, business, energy, aviation, migration, environment, health, technology and so on. In a case study on the Ministry of Foreign Affairs of Mexico (MMFA), Schiavon and Figueroa argue that globalization and neoliberal economic reforms had a significant impact on the structure, powers and diplomatic capacities of the Ministry of Foreign Affairs (Schiavon & Figueroa, 2020). They further stated that as a result of neoliberal structural reform, over the years, the Ministry of Foreign Affairs increasingly lost some of its powers to coordinate and conduct diplomacy and foreign policy, especially in highly technical areas like international trade negotiations, promotion of foreign direct investment, external debt and credit management, and even in areas like tourism and cultural promotion.

The report of a High-Level Foreign Policy Review Task Force (HLTF) formed to study challenges and opportunities of the Ministry of Foreign Affairs of Nepal expresses concern that multiple agencies are involved in conducting foreign policy and several times the Ministry of Foreign Affairs is not consulted (Giri, 2018). With the establishment of specialized agencies within the United Nations as well as various regional and international organizations, the engagement and role of domestic institutions other than Ministry of Foreign Affairs got prominence. Likewise, informal summits and processes also helped introducing new thematic areas into the foreign policy regime.

Rapid advancement of information and communication technology caused the ease of doing business with multi-institutions and actors for the international organization and diplomatic

missions. Non-traditional security threats prompted the states to cooperate and coordinate across different institutions since the urgency of response couldn't seem viable within the Ministry of Foreign Affairs. Rise of social media, influencers, citizen journalism have further multiplied the layers and places of engagement in this arena. Social media has brought drastic changes in the informality of engagement in such a way that the respective institutions are already prepared for an event before it reaches formally to the foreign ministry. They influence the shaping and unshaping of public opinion which impacts policy faster than institutions can respond. Governments even struggle to control political messaging in the age of highly influential social media platforms.

Democratization of foreign policy also contributed to de-institutionalizing it. By democratization of foreign policy means inducing the norms, values and character of democracy in the making and execution of foreign policy. Democratization has led to the broadening of actors in the formulation of foreign policy as we all inclusion of other informal institutions in decision-making. (Dosch, 2006) Although decentralization is a central trait of democracy, foreign policy is still centralized in its modus operandi. Democratization does not intend to shift the institutional focus. Rather, deinstitutionalization happens to be a by-product of decentralization.

Institutional capacity constraints can also be seen as a driving factor for other institutions to lead and move forward. Many low-income states have underfunded foreign ministries, limited training, and inadequate incentives. When institutions can't perform well, leaders bypass them. If the foreign ministry couldn't contribute to or add value to the whole process and content to the diversity of issues, other institutions may feel reluctant to engage them during the preparatory process. Lequense claims that Ministries of Foreign Affairs have largely lost their monopoly to make diplomacy to the benefit of other actors, both inside the state (head of government's offices, ministries of economics and defence, intelligence agencies) and outside the state (NGO s, international organizations, universities, celebrities) and that they have become marginal institutions in the making of diplomacy (Lequesne, 2020). At times, frustration with bureaucracy leads politicians to bypass normal channels of diplomacy (Pavehouse & Goldstein, 2017). Weak institutional arrangements may often lead to unsatisfactory national representation in international conferences and multilateral organizations. Reform in the Ministry of Foreign Affairs never paced with the changes in the world. When globalization kept expanding the issues and interests, the Ministry could not cope with the specialization required for adapting in such a rapidly changing environment.

In addition to the above causes, increasing political instability can be one of the primary reasons in case of Nepal. In the past 20 years, there have been 17 governments (Pandey, 2026). Political instability often leads to the erosion of institutional norms, rules and procedures. Aisen and Veiga (2013) demonstrates that political or policy instability weakens the efficiency of institutions.

Political instability often leads to politicization of foreign policy which subsequently tries to deviate from institutional norms and practices. Wiseman mentions that in liberal-democratic practice, politicization occurs when political leaders apply direct or indirect pressure on MoFA

staff to gain partisan advantage –stretching the norms and boundaries (Wiseman, 2020). In many places, coups, coalition breakdowns, or short-lived governments disrupt, even intentionally, institutional continuity, making foreign policy reactive instead of structured.

Challenges and Risks

De-institutionalizing foreign policy is not without challenges and poses serious risks.

Let's see the impact of de-institutionalizing the issue of climate change which is an important aspect of foreign policy. The Foreign Policy of Nepal 2020 includes a wide range of issues from security to human rights, from migration to climate change, from regional cooperation to economic diplomacy (MoFA, 2020). It also hints that forging unified national perspective on the various issues of foreign relations by having effective cooperation and collaboration with and getting support from all the stakeholders.

According to the Business Allocation Rules of Government of Nepal, the issue of Climate change is covered by the Ministry of Forests and Environment (MoFE). However, Khanal writes that MoFE is not alone to handle all the climate change related programs and needs to delegate the functions and resources to the sectoral ministries (Khanal, 2025). A report released by Oxfam claims that Nepal needs to address the challenges associated with institutional mechanisms, horizontal and vertical coordination among government institutions among others (Karki, Zuluaga, & Iyer, 2025). Confusion and duplicity persist over the institutional arrangement of negotiating and coordinating for climate finance. Comparatively low climate finance assistance to Nepal during the last decade somehow demonstrates that climate change related issue has not been managed and handled well. While climate science and domestic policy (like climate mitigation, adaptation plans, emission targets, national climate strategies) are mainly developed and coordinated by environment ministries at the national level, international climate negotiations (such as at the UNFCCC/COP) and climate finance pledges are usually handled by foreign ministries in coordination with environment ministries.

Climate change as a transnational issue has become a substantial component of foreign policy and diplomacy. Craft notes that Effective climate diplomacy merges climate and foreign policy by proactively linking national interest debates and international cooperation on climate change (Craft, 2014). However, it has not been strongly institutionalized in the arena of foreign policy like in developed countries.

Similar circumstances have occurred in international cooperation. It was even more challenging while making effort for ratifying Millenium Challenge Corporation (MCC) Nepal Compact. This can also be seen as the result of weak institutional arrangements. Baral writes that the MCC has been hotly debated and disputed when ratified in 2022 from a point of no disagreement when it was signed in 2017 (Baral, 2022).

These challenges somehow indicate that such problems can also surface owing to the tendency of shifting from observance of norms, rules and institutions. Beyond the challenges in addressing the issues, there are also risks of de-institutionalizing foreign policy.

De-institutionalizing foreign policy highly impacts the effectiveness and outcome in its implementation. It signals a gap and even a lack of authority which can continuously work on a policy matter, coordinate and follow up with relevant agencies and evaluate progress. There

seems no effective coherence in agenda-setting. It also poses serious risks during the formulation of strategies and action plans as there can be institutional bypassing and mishandling. Accountability can't be established in an environment of institutional uncertainty. Strong Coordination is inevitable in a complex environment where the issues are diverse and agencies and actors have multiplied. However, de-institutionalizing has badly impacted the inter-agency co-ordination and cooperation. This aspect seems often lacking on the part of domestic agencies while formulating relevant rules and regulations. Hocking clearly identifies that coordination has become the central concern of policymakers while working in multiple arenas (often simultaneously) with a more diverse range of governmental and non-governmental actors to frame a coherent position (Hocking, 1999).

Likewise, flow of information becomes multi-channeled and creates confusion. The information is also not uniform. While multi-agencies are involved, a solidified position can't be guaranteed. In the lack of a unified and consolidated position, governments often lag in negotiations. Rozental points out that foreign representatives get upper hand and play one department off another taking advantage of agency-wise diverse views and positions (1999). The Government of Nepal has enforced a Diplomatic Code of Conduct for the domestic agencies while dealing with the foreign representatives and organizations. However, its effective implementation is still awaiting. Giri (2020) points out that the foreign ministry is increasingly ignored in the meetings of foreign envoys with the leadership of various political parties, and even with the President.

Most importantly, other institutions often focus on technical aspects but are not accustomed to concentrating on sensitivity to the issue and context. Domestic institutions selectively follow institutions like the ILO, WTO, WHO and so on claiming that these are purely technical issues and within the scope of a single agency. How the situation unfolds internationally and regionally is regularly observed by the Ministry of Foreign Affairs. What impact such a situation will lead to is mostly unattended. What other countries are doing on a specific issue is rarely consulted. We hardly find other domestic institutions in Nepal making sufficient efforts and necessary consultation for analyzing strategic options and international practices in the matter of their engagement with foreign countries and international organizations.

Recommendations

Addressing challenges in international cooperation and diagnosing and identifying security threats are highly sensitive in foreign policy. If there is vacuum in institutional authority and continuity, there might be lapses and gaps and will be very hard to tackle. Consolidated institutionalization of foreign policy and strengthened executing institutions are essential as a way forward.

Strong institutional arrangements including rules and norms can only give foreign policy stability, credibility, expertise, and implementation capacity. It does not mean to assign all the cross-cutting issues of foreign policy within a single institution. Rather, it intends to suggest developing strong and effective institutional arrangements with authority, rules, norms, and explicit mandates and implementing them. The Ministry of Foreign Affairs does not seek to monopolize, rather it is always striving to coordinate and provide strategic policy input. It has

made continued efforts to adapt itself to such a challenging domestic and external environment where diversification of foreign policy actors looks inevitable and even desirable.

Meanwhile, the Ministry of Foreign Affairs is also focused on developing its capacity building so as to contribute to the diverse agenda arising in foreign policy today. It is necessary to focus on supporting the existing institutions to adapt to new circumstances rather than rethinking or reshaping the fundamentals of the institutions themselves. Olsen demonstrates how both the French and German MFAs advanced organizational reforms in the early 2010s to enhance in-house economic expertise and, to some degree, streamline relationships between diplomats and various business interest organization, and domestic agencies relevant to the state-market nexus (Olsen, 2020). He also states that a globalizing economy changes the relations between government and business and demands that foreign ministries and their diplomatic networks respond to the need to enhance their country's competitive advantage and share of the global marketplace.

Levitsky and Ziblatt believe that today democracies no longer end with a boom- in a revolution or military coup-but with the slow and steady weakening of democratic institutions, and the gradual erosion of political norms at the hands of elected leaders (2018). This can also be implied in the case of de-institutionalizing foreign policy. It is important to note that "with weakened formal institutions, *quasi-states* derive their legitimacy from informal domestic practices in combination with external sources, which in turn impacts on their foreign policy in fundamental ways" (Alden & Aran, 2017). Gradual erosion of norms and weakening of institutions will be detrimental to the effective implementation of foreign policy. Therefore, enhanced institutionalization of foreign policy is essential.

Conclusion

To summarize, this article argues that foreign policy must be institutionalized for its effective implementation and expected outcome. However, the trend of de-institutionalizing it is growing. Although globalization, rapid advancement of information and communication technologies, and democratization can be attributed to the trend, de-institutionalizing foreign policy in Nepal is complemented by the increasing political instability. Institutional capacity constraints have equally fueled it. To address the challenges, this trend needs to be reversed by focusing on enhanced institutionalization of foreign policy and creating conducive environment for stronger institutions to establish coherence, increase effectiveness and ensure continuity.

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