GOVERNMENT OF NEPAL

MINISTRY OF FOREIGN AFFAIRS

INSTITUTE OF FOREIGN AFFAIRS

Closing "Two-Peak" Gap in Energy diplomacy: Moving MoFA from Crisis Management to Proactive Oversight.

Intern Name: Avishek Bist

Cluster: Energy Transition and Diplomacy

PROBLEM STATEMENT

Nepal is racing to become a major regional hydropower exporter, but bilateral energy projects and cross-border transmission infrastructure tends to move forward on paper while it stalls during operation. For Nepal, a hydropower project is not commercially useful simply because the plant is built, it also requires timely agreements, approvals, transmission connections, and coordination with India to move electricity across the border.

The Cost of Stalled Coordination:

a. Delayed electricity exports and foreign-exchange earnings
   Deferred public and private investment returns
c. Higher financing, transaction, and coordination costs
d. Delayed cross-border transmission capacity needed for power trade

Nepal does not lack institutions. It has a dense coordination architecture such as Nepal–India Joint Commission, Oversight Mechanism, Joint Steering Committees, sectoral Working Groups, and Investment Board Nepal.

The machinery exists, but the gears are not connected. MoEWRI, NEA, IBN, and MoFA engage with the same bilateral projects from different mandates, yet lack a shared, continuously updated picture of project status, commitments, and outstanding issues. Institutional knowledge often remains with individual officials and is vulnerable to staff rotation. Meanwhile, the Foreign Secretary-Indian Ambassador Oversight Mechanism has not been meeting regularly in recent times, despite officials interviewed, identifying it as an adequate

POLICY RECOMMENDATIONS

01. Convene the Foreign Secretary–Indian Ambassador mechanism on a fixed semi-annual calendar to review status and surface issues needing diplomatic attention.

02. Build a keyword-searchable record of negotiation history and technical annexes so that monitoring continuity survives staff rotation.

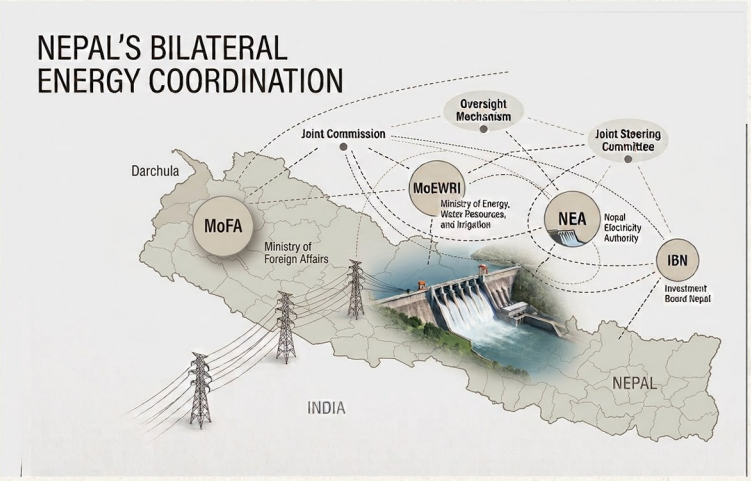
03. Maintain a digital shared, jointly updated record of project status and outstanding action points, closing the information gap between scheduled meetings.

EXECUTIVE SUMMARY

Strategic bilateral energy projects with India, including those under Treaties and the 2014 Power Trade Agreement, face chronic implementation delays. While Nepal's Foreign Policy-2077 (Sec 7, Obj 6) prioritizes economic diplomacy for socio-economic transformation, achieving this requires MoFA to coordinate domestic stakeholders into a unified national position (Sec 4.3, Pt 2). This mandate is legally anchored in the Allocation of Business Rules-2083 (Pt 21), granting MoFA authority over all negotiations, treaties, and MoUs. Furthermore, the Treaty Implementation Directive-2077 establishes a high-level Coordination Committee, chaired by the Chief Secretary with the Foreign Secretary as a member, tasked under Sec 33(2) with continuously monitoring treaty-backed projects. Although MoFA does not manage technical construction, it is legally empowered to ensure cross-border commitments and treaty terms are systematically honored.

In practice, MoFA's engagement with treaty-backed energy and infrastructure projects follows a "two-peak" pattern concentrated around treaty negotiation and signing, and once a bottleneck becomes diplomatically significant. Weak institutional memory compounds the coordination gap as without a shared record of past negotiations, staff turnover forces new team members to start from scratch, causing duplicate work and delayed follow-ups. Achievable entirely within MoFA's existing mandate and requiring no new legislation or budget, this memo recommends a two-pronged reform package: reactivating the Nepal-India Oversight Mechanism and building a searchable institutional-memory archive.

KEY VISUALS



KEY TAKEAWAY

The difference between routine technical delays and avoidable diplomatic friction is simply the active, continuous use of the oversight architecture Nepal has already built.