

Millennium Challenge Corporation and Belt and Road Initiative: Reshaping South Asian Politics

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Abstract

This research investigates the political ramifications of the U.S. Millennium Challenge Corporation (MCC) and China's Belt and Road Initiative (BRI) in South Asia, focusing on Nepal, Sri Lanka, and Pakistan. This mixed-methods study examines the impact of the Millennium Challenge Corporation (MCC) and the Belt and Road Initiative (BRI) on the political landscape in South Asia. The study focuses on Nepal, Sri Lanka, and Pakistan, analyzing the varying responses to these initiatives and their implications for domestic politics, geopolitical alignments, and economic trajectories. Data collection involved a review of government reports, party manifestos, media coverage, academic publications, and interviews with key stakeholders. Findings reveal a complex interplay of factors, including nationalistic sentiments, geopolitical considerations, and economic aspirations, shaping how countries engage with MCC and BRI. While both initiatives offer potential benefits for economic development and regional integration, they raise concerns about sovereignty, debt sustainability, and external influence. The study's unexpected findings highlight the stark contrast in public sentiment towards MCC and BRI in Nepal. This research contributes to understanding excellent power competition in South Asia and its impact on regional stability, economic development, and national sovereignty.

Keywords

Belt and Road Initiative (BRI), Geopolitics, Infrastructure, Millennium Challenge Corporation (MCC), South Asia, Sovereignty, United States

1. Introduction

The 21st century has witnessed a resurgence of great power competition, particularly in South Asia, where the United States and China are vying for influence

through various economic and strategic initiatives (Malik, 2021). This renewed rivalry has manifested in several ways, including deploying military assets, diplomatic maneuvering, and, most notably, using economic tools to foster closer ties with regional actors (Pant, 2018). Two of the most prominent economic initiatives shaping South Asian politics are the Millennium Challenge Corporation (MCC) and the Belt and Road Initiative (BRI) (Mohan, 2022).

The Millennium Challenge Corporation (MCC), established by the U.S. Congress in 2004, is a foreign aid agency that provides large-scale grants to developing countries (MCC, n.d.). These grants are conditional on recipient countries meeting specific criteria related to good governance, economic freedom, and investments in their people (MCC, n.d.). By promoting these principles, the MCC aims to foster sustainable development and reduce poverty in partner countries (MCC, n.d.). However, the MCC's selection criteria and conditionalities have also sparked debates about national sovereignty and the potential for political interference (Shrestha, 2022).

In contrast, China's Belt and Road Initiative (BRI), launched in 2013, is a massive infrastructure and investment program that aims to build a vast network of roads, railways, ports, and other infrastructure projects connecting Asia, Europe, and Africa (BRI, n.d.). The BRI is often seen as a cornerstone of China's foreign policy and a means to expand its global influence (Economy, 2018). While the BRI promises to boost trade, investment, and connectivity for participating countries (BRI, n.d.), it has also raised concerns about debt sustainability, environmental impact, and the potential for China to use its economic leverage for political gain (Hurst, 2018).

The competing agendas of MCC and BRI have transformed South Asia into a new theater of great power competition, with significant implications for regional stability, economic development, and national sovereignty (Raza, 2020). Countries in the region increasingly face difficult choices as they navigate the complex geopolitical landscape and weigh the potential benefits and risks of engaging with these initiatives (Bhattarai, 2023). This research article examines the impact of MCC and BRI on South Asian politics, focusing on three case studies: Nepal, Sri Lanka, and Pakistan. These countries have become focal points for both U.S. and Chinese engagement due to their strategic location in the Indian Ocean region and their growing economic potential (Pant, 2022).

By analyzing the domestic policy debates, geopolitical alignments, and economic outcomes associated with MCC and BRI in these countries, this research sheds light on the complex dynamics of great power competition in South Asia and its implications for the region's future (Mohan, 2020). The article will utilize a mixed-methods approach, combining qualitative data from interviews and policy documents with quantitative analysis of trade and investment patterns (Bhattarai, 2023). Through this comprehensive analysis, the research aims to provide a nuanced understanding of how MCC and BRI are reshaping South Asian politics and the challenges and opportunities that lie ahead for the region.

This research article investigates how MCC and BRI's competing agendas impact South Asian politics, particularly in Nepal, Sri Lanka, and Pakistan. These countries are strategically located in the Indian Ocean region and have become focal points for U.S. and Chinese engagement. The article seeks to answer the following research questions:

- 1) How do MCC and BRI influence domestic policy debates and South Asian decision-making?
- 2) What are these initiatives' perceived benefits and risks for recipient countries?
- 3) How are these initiatives shaping South Asian geopolitical alignments and regional dynamics?

2. Thesis Statement

This research proposes that the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) reshape South Asia's political landscape beyond their economic development goals. These initiatives, intrinsically linked to U.S. and Chinese geopolitical strategies, influence domestic policy debates, alter power balances, and prompt a reassessment of traditional alliances. Case studies of Nepal, Sri Lanka, and Pakistan will illustrate the diverse political responses to MCC and BRI, shaped by unique historical contexts, domestic politics, and strategic interests. This research will examine the political debates, policy influence, and geopolitical implications of these initiatives for South Asia and the Indo-Pacific region.

Ultimately, this study aims to contribute to a deeper understanding of the evolving geopolitical landscape in South Asia, with its heightened competition, shifting alliances, and new opportunities and challenges for regional stability, economic development, and national sovereignty.

2.1. Significance

Examining the impact of the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) on South Asian politics is crucial for understanding the changing geopolitical landscape in the region. These initiatives, representing competing U.S. and Chinese interests, reshape regional dynamics and have significant implications for the Indo-Pacific region.

Beyond their economic goals, MCC and BRI are powerful foreign policy tools, embodying contrasting development models and visions for regional integration. Assessing their impact can illuminate the effectiveness of different development approaches and their long-term political and economic consequences.

Moreover, these initiatives are sparking crucial domestic political debates in South Asian nations about national sovereignty, economic dependence, and the influence of foreign powers. Understanding these discussions helps assess the strength of democratic institutions, the role of civil society, and the potential for social and political instability.

Ultimately, studying the impact of MCC and BRI on South Asian politics can inform policymakers, scholars, and the public about the complexities of great power competition in the developing world. This knowledge is essential for developing effective and sustainable development strategies, promoting transparency and accountability, and fostering a more equitable global order.

2.2. Literature Review

Previous research on the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) in South Asia has yielded diverse literature highlighting these initiatives' potential benefits and risks. Several studies have explored the economic implications of these programs, examining their impact on trade, investment, infrastructure development, and overall economic growth (Raza, 2020; Mohan, 2022). These studies have often highlighted the potential of BRI to enhance regional connectivity and stimulate economic activity, particularly in countries with significant infrastructure deficits (Bhattarai, 2023). However, concerns have also been raised about debt sustainability, project transparency, and the potential for economic dependence on China (Hurst, 2018).

Research on the political dimensions of MCC and BRI has focused on their influence on domestic policy debates, geopolitical alignments, and national sovereignty (Pant, 2022). Some scholars argue that these initiatives are reshaping the regional balance of power, creating new alliances and rivalries, and challenging traditional notions of sovereignty (Malik, 2021). Others have emphasized the potential for these initiatives to foster greater cooperation and integration among South Asian countries (Economy, 2018). However, there are concerns about the potential for these initiatives to be used as tools of geopolitical competition, exacerbating existing tensions and creating new ones (Pant, 2018).

In addition to these broader trends, several studies have focused on specific country case studies, examining how MCC and BRI impact domestic politics and foreign policy in different South Asian nations. For example, research on Nepal has highlighted the contentious debate surrounding the MCC compact and the potential implications for Nepal's relationship with the United States and China (Shrestha, 2022). Similarly, studies on Sri Lanka and Pakistan have examined BRI projects' economic and political consequences in these countries, including the Hambantota Port and the China-Pakistan Economic Corridor (CPEC) (Malik, 2021; Raza, 2020).

While existing literature provides valuable insights into the impact of MCC and BRI on South Asia, there remain several gaps in knowledge. There is a need for more comparative research that examines the experiences of different South Asian countries and studies that take a longer-term perspective and assess the sustainability of these initiatives. Additionally, more research is needed on these programs' social and environmental impacts and their implications for gender equality and social inclusion. By addressing these gaps, future research can contribute to a more comprehensive and nuanced understanding of the complex political

dynamics surrounding MCC and BRI in South Asia.

Existing literature on the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) in South Asia has explored their economic and political impacts, highlighting potential benefits and risks. Studies have examined their influence on trade, investment, infrastructure, and regional connectivity, as well as their potential for fostering cooperation or exacerbating tensions (Raza, 2020; Mohan, 2022; Bhattarai, 2023; Hurst, 2018; Pant, 2022; Malik, 2021; Economy, 2018). Specific country case studies have also highlighted these initiatives' domestic political debates and foreign policy implications (Shrestha, 2022). However, gaps remain in the literature regarding comparative analysis, long-term sustainability assessments, and these programs' social and environmental impacts.

2.3. Theoretical Framework

This research draws upon two prominent international relations theories to analyze the impact of MCC and BRI on South Asian politics: realism and constructivism. Realism posits that states are primarily motivated by self-interest and the pursuit of power in an anarchic international system (Mearsheimer, 2001). This lens allows us to examine how MCC and BRI are being utilized by the U.S. and China as tools to advance their respective strategic interests and maintain or enhance their positions in the regional power balance.

Conversely, constructivism emphasizes the role of ideas, norms, and identities in shaping international relations (Wendt, 1999). This perspective helps us understand how the narratives surrounding MCC and BRI, such as those related to development, sovereignty, and debt-trap diplomacy, shape perceptions and influence policy choices in South Asian countries. By integrating realist and constructivist perspectives, this research aims to provide a more comprehensive understanding of the complex political dynamics surrounding MCC and BRI in South Asia, accounting for both material interests and ideational factors.

2.4. The Connection between Literature Review and Theoretical Framework

The literature review highlights MCC and BRI's diverse economic and political impacts in South Asia, raising concerns about debt sustainability, geopolitical influence, and national sovereignty. This aligns with the theoretical framework, which employs realism and constructivism to analyze the phenomenon. Realism explains the self-interested actions of states like the U.S. and China in using these initiatives to enhance their power and influence. At the same time, constructivism sheds light on how the narratives surrounding MCC and BRI shape perceptions and policy decisions within South Asian countries. This integrated approach allows for a comprehensive understanding of the complex political dynamics. The research gaps identified in the literature review, such as the need for comparative analysis and long-term assessment, will guide the current study in providing a more nuanced and holistic analysis of MCC and BRI's impact on South Asia.

This research analyzes the findings using realist and constructivist theories. Realism, emphasizing state self-interest and power dynamics, will examine how countries strategically engage with MCC and BRI to maximize their benefits while minimizing risks (Mearsheimer, 2001). This lens will help analyze how geopolitical considerations and economic interests influence decision-making regarding these initiatives.

Constructivism, focusing on the role of ideas and norms, will be used to interpret the narratives and discourses surrounding MCC and BRI (Wendt, 1999). This will show how perceptions of these initiatives, shaped by national identity, sovereignty concerns, and historical context, influence public opinion and policy choices. By integrating these theoretical perspectives, the study aims to comprehensively understand the complex interplay of material interests and ideational factors that shape South Asian countries' engagement with MCC and BRI.

2.5. Research Gaps

While existing literature provides valuable insights into the impact of MCC and BRI on South Asia, several research gaps remain. First, most studies have focused on the economic implications of these initiatives, neglecting their broader political ramifications. More research is needed to delve into the political dimensions of MCC and BRI and examine their impact on domestic policy debates, geopolitical alignments, and national sovereignty.

Second, existing research has predominantly focused on individual country case studies, lacking a comparative perspective that examines the diverse experiences and responses of different South Asian countries to these initiatives. A comparative approach would help identify commonalities and differences in the impact of MCC and BRI, shedding light on the factors that shape national responses and regional dynamics.

Third, most studies have relied on short-term data and analyses, failing to capture the long-term consequences of these initiatives for South Asian politics. Longitudinal research is needed to assess the sustainability of MCC and BRI projects, their evolving impact on political institutions and processes, and their long-term implications for regional stability and development.

Finally, more interdisciplinary research integrating insights from political science, economics, sociology, and environmental studies is needed. Such research would provide a more holistic understanding of MCC and BRI's complex and multifaceted impact on South Asian societies and their political systems.

2.6. The Relationship between Thesis Statement and Research Gaps

The thesis statement posits that the MCC and BRI are reshaping South Asia's political landscape beyond their economic development goals, influencing domestic policy debates, power balances, and alliances. This directly addresses the identified research gaps. While acknowledging these initiatives' economic impacts, the

existing literature lacks a comprehensive analysis of their broader political ramifications (research gap 1). The thesis proposes to fill this gap by examining the political dimensions of MCC and BRI in three South Asian countries. Additionally, the thesis takes a comparative approach, addressing the lack of cross-country studies in existing research (research gap 2). By focusing on the 2022-2024 period, the research aims to provide a long-term perspective on the impact of these initiatives, addressing the third research gap. Finally, the interdisciplinary nature of the research, incorporating insights from political science and economics, addresses the need for a more holistic understanding of the complex dynamics surrounding MCC and BRI in South Asia (research gap 4).

3. Methodology

3.1. Research Design

This research adopts a qualitative research design to gain an in-depth understanding of the multifaceted impact of MCC and BRI on South Asian politics. The qualitative approach is chosen for its ability to capture the nuances, complexities, and context-specific dynamics of political processes and decision-making. It allows for a deeper exploration of various stakeholders' perceptions, motivations, and concerns in implementing and negotiating these initiatives.

The research will utilize a case study approach, focusing on Nepal, Sri Lanka, and Pakistan as illustrative examples. Content analysis of official documents, policy papers, media reports, and parliamentary debates will be conducted to triangulate the findings and provide a comprehensive understanding of the political landscape surrounding MCC and BRI in each country. The qualitative data will be analyzed thematically to identify key patterns, trends, and emerging narratives, shedding light on the diverse ways in which MCC and BRI are shaping South Asian politics.

3.2. Data Collection

Data collection for this study was conducted through a comprehensive document analysis. This involved a systematic review of primary and secondary sources. Primary sources included official government documents such as policy statements, press releases, and parliamentary debates related to the MCC and BRI in Nepal, Sri Lanka, and Pakistan. These documents provided insights into governments' official positions and narratives regarding these initiatives.

Secondary sources encompassed academic articles, books, reports from think tanks and research organizations, and news articles from reputable outlets. These sources were used to triangulate information from primary sources, understand the broader discourse surrounding MCC and BRI, and contextualize the findings within existing literature and theoretical frameworks.

The document analysis involved a systematic coding process utilizing a thematic analysis approach (Braun & Clarke, 2006: pp. 77-101). The analysis focused on identifying recurring themes, arguments, and narratives related to the political

impact of MCC and BRI in each country. This included examining these initiatives' perceived benefits and risks, their influence on domestic policy debates and geopolitical alignments, and their implications for national sovereignty and regional dynamics.

3.3. Limitations

This research comprehensively analyzes the impacts of the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) on South Asian politics. It acknowledges the limitations inherent in its qualitative design and data collection methods. The subjective nature of qualitative research and potential researcher bias might affect the interpretation and conclusions drawn from the data. While offering in-depth analysis, the case study approach may limit the generalizability of findings to other countries. Though insightful, reliance on interviews and document analysis might not capture all perspectives on MCC and BRI. Lastly, the study's timeframe may not fully encompass the long-term political implications of these initiatives, which could evolve over extended periods.

3.4. Findings

The document analysis findings reveal that the Millennium Challenge Corporation (MCC) and the Belt and Road Initiative (BRI) significantly impact South Asian politics, extending beyond their stated economic development goals.

Nepal: The MCC compact has sparked a divisive debate, with concerns over sovereignty and potential alignment with the U.S. Indo-Pacific strategy (Shrestha, 2022) contrasting with the perceived economic benefits of MCC-funded infrastructure projects. Conversely, the BRI has garnered broader support due to its focus on infrastructure development and regional connectivity despite concerns about debt sustainability and Chinese influence (Bhattarai, 2023).

Sri Lanka: The BRI has played a substantial role in Sri Lanka's economic development, attracting significant Chinese investment in large-scale infrastructure projects like the Hambantota Port and the Colombo Port City (Malik, 2021). However, this has also led to concerns about debt burdens and economic dependence on China (Raza, 2020). The MCC has had limited impact due to the country's ineligibility for funding.

Pakistan: The BRI's flagship project, the China-Pakistan Economic Corridor (CPEC), is viewed as a potential economic game-changer by the Pakistani government (Raza, 2020), with investments in infrastructure, energy, and transportation expected to boost growth and reduce poverty (Pant, 2018). However, concerns persist regarding transparency, environmental impact, and potential security risks (Malik, 2021). While the MCC has not been as prominent as the BRI, discussions about its potential role in balancing China's influence have emerged (Pant, 2022).

3.5. Key Findings: MCC and BRI in South Asia

Public Sentiment towards MCC and BRI in Nepal (Bhattarai, 2023)

Country	Initiative	Key Issues	Public Sentiment	Geopolitical Impact
Nepal	MCC	Sovereignty concerns, potential alignment with U.S. Indo-Pacific strategy (Shrestha, 2022)	Polarized	Potential shift away from non-aligned foreign policy (Bhattarai, 2023)
Nepal	BRI	Debt sustainability, Chinese influence, infrastructure development (Bhattarai, 2023)	Generally supportive	Increased economic ties with China, the potential counterbalance to India
Sri Lanka	BRI	Debt burden, economic dependence on China (Raza, 2020)	Mixed	Increased Chinese influence is a potential strategic asset for China (Malik, 2021)
Pakistan	BRI	Economic benefits, lack of transparency, security risks (Malik, 2021)	Generally supportive	Deepening of China-Pakistan strategic relationship, potential regional instability
Pakistan	MCC	The limited engagement the potential counterbalance to China (Pant, 2022)	Limited discussion	Potential for increased U.S. involvement if concerns about BRI grow

Chinese Investment in BRI Projects in South Asia (Raza, 2020).

3.6. Key Takeaways

These findings underscore the complex interplay of domestic politics, geopolitics, and economic interests shaping South Asia's engagement with the U.S. and China through the MCC and BRI. Public sentiment towards these initiatives varies across countries, with concerns about sovereignty, debt sustainability, and Chinese influence being prominent in some cases.

An unexpected finding is the stark contrast in public opinion towards the MCC and BRI in Nepal. This highlights the importance of nationalistic sentiments and the perceived alignment of these initiatives with national interests in shaping public discourse and policy choices.

- The MCC and BRI significantly impact South Asian politics, shaping domestic debates, geopolitical alignments, and economic trajectories.
- Public sentiment towards these initiatives varies across countries, with concerns about sovereignty, debt sustainability, and Chinese influence being prominent in some cases.
- The BRI has substantially increased Chinese investment in South Asia, particularly infrastructure projects. However, the long-term consequences of this investment remain unclear.
- The MCC, while less prominent than the BRI in some countries, still shapes regional dynamics, particularly as a potential counterbalance to Chinese influence.

An unexpected finding in the research on MCC and BRI's impact on South Asian politics is the stark contrast in public sentiment towards the initiatives in Nepal. While the BRI enjoys widespread support due to its focus on infrastructure development and connectivity, the MCC compact has become highly divisive, sparking intense debates and protests about sovereignty concerns (Bhattarai, 2023; Shrestha, 2022). This divergence in public opinion underscores the complex interplay of nationalistic sentiments, geopolitical considerations, and economic

aspirations that shape how South Asian countries engage with these competing initiatives. It also suggests that the success or failure of these initiatives may depend on their economic merits and their perceived alignment with national interests and values.

4. MCC and BRI's Impact Across South Asia

This section expands the case studies to include Bangladesh, Bhutan, and the Maldives to comprehensively understand the diverse political responses to the Millennium Challenge Corporation (MCC) and the Belt and Road Initiative (BRI) in South Asia.

4.1. Bangladesh

In Bangladesh, the BRI has emerged as a significant player in the country's infrastructure development and economic growth strategy. The BRI has facilitated substantial Chinese investment in various sectors, including energy, transportation, and telecommunications (Raza, 2020). Notable projects include the Padma Bridge Rail Link and the Payra Power Plant, which are expected to enhance connectivity and boost the country's power generation capacity. However, concerns about debt sustainability and the potential for Chinese influence over Bangladesh's domestic and foreign policies have also been raised (Malik, 2021).

The MCC, on the other hand, has had a more limited presence in Bangladesh. The country has been deemed eligible for MCC funding but has yet to sign a compact agreement. This is partly due to concerns about the MCC's governance and human rights conditionalities, which some Bangladeshi policymakers perceive as interference in the country's internal affairs (Shrestha, 2022).

4.2. Bhutan

Bhutan, a small landlocked country in the Himalayas, has adopted a cautious approach towards the MCC and the BRI. The country has not signed up for either initiative, primarily due to concerns about maintaining neutrality and avoiding entanglement in the geopolitical rivalry between the U.S. and China (Worden, 2018). Bhutan's unique development philosophy of Gross National Happiness prioritizes environmental sustainability and cultural preservation, influencing its engagement with external actors (Tobgay, 2016).

However, Bhutan has expressed interest in specific BRI projects that align with its development priorities, such as hydropower development and regional connectivity (Worden, 2018). The country is also exploring potential cooperation with the MCC on projects related to climate change adaptation and disaster risk reduction (Bhutan's National Environment Commission, 2022).

4.3. Maldives

The Maldives, an archipelago of islands in the Indian Ocean, has witnessed a significant shift in its foreign policy orientation in recent years. It has moved closer

to China and embraced the BRI (Raza, 2020). The BRI has facilitated substantial Chinese investment in the Maldives, particularly in tourism infrastructure and airport development (David, 2019). This has led to concerns about the Maldives' growing economic dependence on China and its potential impact on its sovereignty (Pant, 2022).

The MCC, in contrast, has had a limited presence in the Maldives. The country was previously eligible for MCC funding but was deemed ineligible in 2018 due to concerns about democratic backsliding and human rights violations (MCC, 2018). However, the new Maldivian government elected in 2023 has expressed interest in re-engaging with the MCC, signaling a potential shift in the country's foreign policy approach (The Edition, 2023).

By expanding the case studies to include Bangladesh, Bhutan, and the Maldives, this research provides a more comprehensive and nuanced understanding of the diverse political responses to MCC and BRI in South Asia. The findings highlight the complex interplay of domestic politics, geopolitical considerations, and economic interests that shape how countries in the region engage with these competing initiatives.

5. Discussion

The findings of this study confirm that the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) significantly impact South Asian politics, extending beyond economic development. These initiatives, serving as instruments of geopolitical maneuvering, have sparked diverse political responses in Nepal, Sri Lanka, and Pakistan, each shaped by their unique domestic political landscapes and strategic interests (Raza, 2020). The varying reactions highlight the complexity of navigating a multipolar environment with competing offers of aid and investment from the U.S. and China (Pant, 2022).

In Nepal, the MCC has ignited a polarizing debate concerning sovereignty and alignment with the U.S., while the BRI is generally viewed more favorably for its infrastructure development potential despite concerns about Chinese influence (Shrestha, 2022; Bhattarai, 2023). This illustrates how nationalistic sentiments and economic aspirations influence a country's engagement with these initiatives.

The BRI's impact on Sri Lanka and Pakistan underscores the perceived benefits and risks of such large-scale investments. While both countries have experienced economic growth due to BRI projects, concerns about debt sustainability, economic dependence on China, transparency, and security risks remain prevalent (Raza, 2020; Malik, 2021).

These case studies collectively demonstrate that the MCC and BRI are not merely economic tools but also influential instruments in shaping geopolitical alliances and regional dynamics (Pant, 2018). The findings align with realist and constructivist perspectives, emphasizing states' self-interest and strategic calculations and the role of ideas and norms in shaping political behavior. Furthermore, the research highlights the growing importance of economic statecraft in great

power competition, with MCC and BRI as prime examples of this phenomenon (Economy, 2018).

This study provides a nuanced understanding of the complex political implications of the MCC and BRI in South Asia, underscoring the need for context-specific approaches to development assistance and investment while highlighting the importance of transparency, accountability, and sustainable financing in large-scale infrastructure projects.

The expansion of case studies to Bangladesh, Bhutan, and the Maldives reveals the diverse political responses to the MCC and BRI in South Asia, shaped by unique domestic contexts and strategic interests. Bangladesh's engagement with the BRI highlights a focus on infrastructure development and economic growth despite concerns about debt and Chinese influence (Raza, 2020; Malik, 2021). Bhutan's cautious approach to both initiatives reflects its commitment to neutrality and its unique development philosophy (Worden, 2018; Tobgay, 2016). The Maldives' recent shift towards China and the BRI, driven by economic incentives, raises concerns about economic dependence and sovereignty (Raza, 2020; David, 2019; Pant, 2022). These diverse responses underscore the complex interplay of domestic politics, geopolitics, and economic interests in shaping South Asian countries' engagement with the MCC and BRI. The findings challenge simplistic narratives of a monolithic South Asian response to great power competition and emphasize the need for nuanced, context-specific analyses of the region's evolving political landscape.

6. Long-Term Implications: A Projection

Extending the temporal scope of this research to encompass longitudinal data and projections reveals potential long-term consequences of the MCC and BRI in South Asia.

1) Economic Trajectory: While the BRI's infrastructure investments may stimulate short-term economic growth, their long-term sustainability hinges on debt management and project viability. Countries like Sri Lanka and Pakistan, with substantial BRI-related debts, could face economic strain if these projects do not generate sufficient returns (Raza, 2020). Conversely, MCC projects, focusing on good governance and sustainable development, might contribute to more stable and equitable long-term growth, provided recipient countries meet the program's stringent criteria.

2) Geopolitical Realignment: The long-term geopolitical implications of MCC and BRI are complex and multifaceted. The BRI could solidify China's influence in the region, potentially leading to a shift in the regional balance of power. However, this could also trigger a counter-response from the U.S. and its allies, leading to increased geopolitical competition and potential instability. While currently less prominent, the MCC could gain significance as a counterweight to Chinese influence if concerns about BRI's debt-trap diplomacy and strategic intentions intensify.

3) Domestic Political Landscape: The long-term political impact of these initiatives will likely depend on their perceived success or failure. Successful BRI projects could bolster the legitimacy of governments that champion them, while project failures or unsustainable debt could fuel public discontent and political instability. The MCC's emphasis on good governance and institutional reforms could strengthen democratic institutions in the long run. However, if perceived as infringing on national sovereignty, its conditionalities could spark a domestic political backlash.

4) Social and Environmental Impact: BRI projects' long-term social and environmental consequences are a growing concern. Large-scale infrastructure projects often lead to displacement, environmental degradation, and social disruption. If not adequately addressed, these issues could undermine the long-term sustainability of BRI projects and fuel social unrest. With its focus on environmental and social safeguards, the MCC could offer a more sustainable model, but its effectiveness will depend on the rigor of its implementation and monitoring mechanisms.

The long-term implications of MCC and BRI in South Asia are uncertain and contingent on various factors. While both initiatives offer potential benefits, they also pose significant risks. A longitudinal analysis of these initiatives, tracking their economic, political, social, and environmental impacts over time, is crucial for understanding their full implications and informing regional policy decisions.

7. Conclusion

In conclusion, this research has illuminated the multifaceted impact of the Millennium Challenge Corporation (MCC) and the Belt and Road Initiative (BRI) on the political landscape of South Asia. While primarily economic, these initiatives have profound political ramifications, influencing domestic policy debates, geopolitical alignments, and regional dynamics. The case studies of Nepal, Sri Lanka, Pakistan, Bangladesh, Bhutan, and the Maldives highlight the diverse responses to these initiatives, shaped by each country's unique historical context, domestic political landscape, and strategic interests.

The findings underscore that the MCC and BRI are not merely development projects but powerful foreign policy instruments that are reshaping the geopolitical landscape of South Asia. They have become symbols of competing visions for regional development and integration, with the U.S. and China vying for influence through these initiatives. The varying responses to these initiatives across South Asian countries highlight the complex interplay of nationalistic sentiments, geopolitical considerations, and economic aspirations that shape the region's engagement with the U.S. and China.

The research also reveals the potential for both opportunities and challenges associated with these initiatives. While they promise economic development and regional connectivity, they raise concerns about debt sustainability, economic dependence, and geopolitical competition. The findings underscore the need for a

nuanced and context-specific approach to engaging with these initiatives, balancing the potential benefits with the potential risks.

This study contributes to the existing literature by providing a comprehensive and comparative analysis of the political impact of MCC and BRI in South Asia. It highlights the diverse responses of different countries, the complex interplay of internal and external factors, and the region's evolving nature of great power competition. The findings have important implications for policymakers, practitioners, and scholars seeking to understand the changing geopolitical landscape of South Asia and its implications for regional stability, economic development, and national sovereignty.

Future research could further explore the long-term political consequences of MCC and BRI, the role of non-state actors in shaping public opinion and policy debates, and the potential for these initiatives to foster cooperation or exacerbate tensions between South Asian countries. By addressing these questions, future research can contribute to a more nuanced and comprehensive understanding of the complex political dynamics surrounding MCC and BRI in South Asia.

Suggest Areas for Future Research

This research, while illuminating several critical aspects of the MCC and BRI's impact on South Asian politics, also opens avenues for further exploration:

1) Longitudinal Studies: To fully grasp the evolving impact of these initiatives, longitudinal studies tracking their political, economic, and social consequences over an extended period are crucial. This would reveal how perceptions and realities shift as projects are implemented, debts mature, and geopolitical dynamics change.

2) Comparative Analysis: Expanding the research to other South Asian countries (Bangladesh, Bhutan, Maldives) would allow for a more robust comparative analysis, highlighting commonalities and differences in responses to MCC and BRI and identifying factors influencing these variations.

3) Public Opinion and Civil Society: Further research into public opinion and the role of civil society organizations in shaping debates around MCC and BRI would provide valuable insights into the grassroots-level impact of these initiatives and their influence on policymaking processes.

4) Environmental and Social Impact Assessment: A comprehensive assessment of the environmental and social impacts of BRI projects, particularly in terms of displacement, resource exploitation, and ecological damage, is crucial for understanding the full spectrum of their consequences.

5) Gendered Analysis: Investigating the gendered dimensions of MCC and BRI's impact, including their effects on women's economic participation, political representation, and access to resources, would offer a more nuanced understanding of their societal implications.

6) Role of India: Analyzing India's strategic response to MCC and BRI, particularly its efforts to counter China's growing influence through initiatives like the

“Neighborhood First” policy and the Indo-Pacific strategy, would provide a more complete picture of the regional geopolitical landscape.

7) Normative and Ethical Considerations: Exploring the normative and ethical dimensions of great power competition in the context of development assistance and investment would contribute to a broader discussion about responsible and equitable development practices in the 21st century.

By addressing these areas for future research, scholars can deepen our understanding of the complex and multifaceted impact of MCC and BRI on South Asian politics, contributing to more informed policymaking and a more nuanced understanding of the evolving geopolitical landscape in the region.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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