



News Update from Nepal 29 September 2008

Security Deficit

The growing sectarian and political strife has become an obstacle to democracy-building in Nepal. An unidentified gang killed a local Muslim in Kapilvastu, a health worker and two villagers in Rautahat and Biratnagar. An armed outfit Janatantrik Tarai Mukti Morcha (JTMM) killed a government officer of Parsa district. Kirant Janabadi Workers Party (KJWP), an underground outfit, detonated a bomb on the premises of a school at Dharan. One Maoist cadre was killed in a clash with CPN-UML in Taplejung. Repeated robbery threats forced two dozen locals at Rautahat district to flee the villages. In Sirha more than 15 CPN (Maoist) cadres and the District Police Officer were injured when a clash occurred between them and local people over the seizure of land by Maoists. On September 12, the government formed a three-member judicial commission to investigate the death of NC activist P. Khadka at police hands. On September 14, the police under the order of Home Minister Bam Dev Gautam had removed Maoists who were occupying the 16-room house of Birendra Sah in Sirha. Challenging this, Maoist Minister for Land Reforms and Management Matrika Yadav led a Maoist team to retake those properties. This event caused a rivalry between Maoist and Madhesi Jana Adhikar Forum (MJAF) as the latter defends property rights while CPN (Maoist) wants to redistribute lands to the landless. When Prime Minister Puspa Kamal Dahal asked Yadav to apologize he turned down his resignation. The government decision to cut off funds for ritual sacrifices of buffalos has been reversed as it provoked the anger of Kathmandu people. On September 28, Rastriya Janamorcha's anti-federalism strike hit life in Kathmandu. It believes that the move towards federalism will weaken the nation. A meeting of 14 armed non-state groups in Bihar, India, agreed to make Ram Bilas Yadav their chief. They rejected JTMM Singh and Goit group.

Delicate Peace Process

Despite the commitment of government to a common minimum program, the gap in perspective remains wide. On September 21, Nepal Army Chief Rookmangud Katwal ruled out the possibility of the army inducting the Maoist combatants without meeting recruitment standards. He asserted, "The NA was and would always remain far from politics, but would not make any compromise with attempts against the country's territorial integrity." NC and MJAF maintained a similar attitude. The CPN-UML too considers that Maoists combatants have to resign from their party and undergo retraining for the integration in the NA. The special representative of UN Secretary-General in Nepal Ian Martin said, "No peace process can be said to be complete while there are two armies in one country and until the future of former combatants is decided. Peace process requires efforts to heal the wounds of conflict, to clarify the fate of those disappeared, compensate victims, enable the return of displaced persons to their homes and end impunity. He stressed on to remove the causes of past or future conflict through the consensus on a new federal constitution and by ad-

dressing discrimination, injustice and poverty." NC President G.P. Koirala thinks that the peace process has "lost its momentum and international support has declined because the Maoist ignored the culture of consensus politics."

Government's Initiatives

On September 6, the cabinet shuffled six secretaries of key ministries but faced controversy over the transfer of police, approved a directive aimed at the austerity drive and reorganized the Combatants' Supervision and Management Committee, which will be headed by Janardan Sharma, Minister for Peace and Reconstruction (MPR). It will provide allowance to Maoist combatants. On September 7, Prime Minister Dahal urged civil servants to accept the mandate for change and "be ready to work in a changed political situation." He warned, "uncooperative will face action."

On September 10, President Ram Baran Yadav read out the 90-point government's programs and policies. The main priorities are constitution-making, the peace process, socio-economic transformation, role of private, public and cooperative sectors in economic progress and special plans for the Karnali region. The government's long-term plan spells: electricity at every household in ten years by generating 10,000MW electricity; clean drinking water for all in five years; motorable roads in all district headquarters in two years; the Prime Minister to head the investment board; increment in allowance and grants to local bodies; a fast track road from the capital to Tarai; survey for an electric railway from Tibet to Chitwan via Kathmandu, Pokhara and Lumbini and from east to west and formation of new nine commissions, such as the National Labor Commission to deal with the Labor and Foreign Employment, Truth and Reconciliation Commission, Commission to search Disappeared Persons, High Level Scientific Land Reform Commission, Landless Squatters Problem Resolution Commission, State Restructuring Commission, Administrative Restructuring Commission, and National Muslim Commission. These policies were passed by the majority in the Constituent Assembly (CA) rejecting 17 amendment proposals put by various parties.

On September 19, Finance Minister Dr. Baburam Bhattarai unveiled a \$3167.78 m budget. He proposed the expenditure of \$3.47 billion - \$1500.93m under regular expenditure and \$1666.97m for development expenditure. The country got \$968m from foreign sources which include \$700 billion as grant assistance and \$270m as loan. The deficit of \$600m will be arranged by mobilizing internal loans. Establishing a separate Industrial Security Force, rehabilitation of Maoist combatants, modernization of the national army, providing social security to disadvantaged groups, compensation to conflict victims, reconstruction of infrastructure damaged during the conflict are some of the other objectives. After protracted protest the Finance Minister agreed to revise the budget document.

Youth Militancy in Party Politics

In the context of the youth militancy being fostered by major parties, President Ram Baran Yadav called all political parties and civil society to "move ahead unitedly to create a civilized society free of violence." The CA has also barred gun-totting private guards of Maoists in the Constituent Assembly (CA). On September 2, CPN-UML criticized CPN-Maoist's

views that "the NC as the principal enemy after the abolition of monarchy" and argued that the staying out of the NC from the government can cause an adverse impact on the constitution-making process. Stating that CPN (Maoist)'s Young Communist League (YCL) and Youth Force of CPN-UML are acting like extra-legal force, the NC planned the mobilization of its cadres and people across the country against "possible undemocratic activity." On September 9, the NC established its own youth force as a part of Nepal Youth Force (Nepal Tarun Dal) "to combat corruption and anarchy." On September 18, Nepal Tarun Dal arrested five employees of the Nepal Oil Corporation including the assistant manager while taking bribes. Nepal Sadbhavana Party (A) has also formed Madhesi commandos to "safeguard the rights of Madhesi people." At Ramechhap the clash between CPN (Maoist) affiliated YCL and CPN-UML affiliated Youth Force caused the imposition of curfew. Similar clashes occurred at Hetaunda injuring six persons. The Prime Minister statement that his party's ultimate goal is a People's Republic raised eyebrows of other parties. On September 18, NC President G.P. Koirala called the Prime Minister's statement that "he is neither in favor of democracy nor in favor of communism" and that he wants to bring "fusion of communism and democracy, just like is an atom bomb." Secretary-General of CPN-UML J.N. Khanal on September 21 told media persons that "the British model parliamentary system has become outmoded. We have to leave that outdated model in the new political context."

On September 12, the Central Committee of CPN (Maoist) endorsed a reshuffle within the organization. Mohan Baidya became the chief of the party's organizational department, Barshna Man Put, the chief of PLA, and Post Bahadur Bogati Deputy Parliamentary leader in the CA. On September 9, disgruntled Maoists formed a Revolutionary Left Wing (RLW). A 15-member executive committee led by former Brigade Commissar headed by Krishna Adhikary has been formed. Its statement said, "The Prachanda-led government is a bourgeoisie reformist government as it has been heading towards a capitalist multi-party political system and cooperating with inner and outer reactionaries."

On September 18, the full body of the Supreme Court barred the president of Nepal Bar Association Bishwo K. Mainali from practicing his profession for six months as a punishment for his controversial remark that "judgeship is a license for corruption." On September 23, judges and advocates settled their discord and signed a four-point agreement to improve their relations and withdrew the case against Mainali.

Social and Natural Ills

The Economic Freedom of the World 2008 Annual Report ranks Nepal in 128th position in the global ranking of economic freedom. The Corruption Perception Index (CPI) ranks Nepal in 121 positions among the 180 countries in the world. The local administration in Sunsari started to provide identity and relief cards to 50,000 people displaced by the Koshi flood. The displaced Indians will also receive the facility. The flood cut Nepal's road connection to the Eastern part of the country. Similarly, consumers in Kathmandu have to face more than 37 hours of power cuts. This is caused by the collapse of the transmission tower in Eastern Tarai and the low level of water in the Kulekhani hydro-project. USAID offered \$800,000 to flood victims. Flood toll climbs to 45 in far-western districts.

The government formed a nine-member committee, headed by the Ministry of Peace and Reconstruction to implement the 13-point agreement reached with Haliya Liberation Federation. Haliya is a form of bonded labor practiced in far-western region of the country and about 10,000 persons were under this system. The Kathmandu Metropolitan Police Range has raided 21 dance bars, guest houses, casinos and star hotels. Owners of these institutions fear that the police crackdown will render 200,000 workers and 15,000 of these establishments jobless. On September 18, the Children Search Coordination Center of the government revealed that around 4,098 children were lost in 20 months.

Foreign Affairs: Balancing Act

On September 8, in an interview to the *Kathmandu Post* Foreign Minister Upendra Yadav said, "In the eyes of foreign envoys, Nepal's foreign ministry does not exist. Some diplomats bypass the Foreign Ministry and meet with the Prime Minister directly." Fed up with Tibetan protests against the Chinese embassy in Nepal and the Chinese insistence on containing anti-Chinese elements, Home Minister Gautam's directive made the illegal Tibetan immigrants leave the country. Media reports that some US and European NGOs are trying to protect them.

During Prime Minister Dahal's four-day visit to India (September 14-18) and meeting with Indian Prime Minister Man Mohan Singh a number of issues of common interest were discussed - the reconstruction of the breached embankment along Saptakoshi river, review of the Treaty of Peace and Friendship of 1950, Trade and Transit, the 1954 Koshi River Agreement, border dispute, expediting the work of Pancheshwor project, Nepal's growing trade deficit with India in tune of \$409.39m and Indian investment. On September 16, India and Nepal agreed to renegotiate the 1950 treaty in the light of the new international scenario. India responded to Nepal's plea and agreed to appoint a foreign secretary level joint mechanism to review bilateral treaties, including the 1950 treaty and Mahakali treaty. It announced a relief assistance of \$4.29m to Nepal to support flood relief, \$2738.25m credit for fuel supply, establish three-tier joint mechanism for water resource development, implementation of Naumure Hydro-electric project at Rapti, rebuild the East-West Highway and lift ban on export of food items and cooperation on cross-border crime.

On September 20, Prime Minister Dahal left for New York to attend the 63rd UN General Assembly meeting. He also visited the Karl Marx House in Germany. On September 23, during his meeting with US President George Bush at the UN Headquarters in New York he said, "We need your support in economic transformation." He also hoped for a change of US policy towards the Maoists as they have listed it on their terrorist watch list. In the process of image-making Prime Minister Dahal met many world leaders. On September 23, Defense Minister Ram B. Thapa led a three-member delegation to China and met his counterpart. The latter provided a military aid of \$1.3m to Nepal. On September 10, the UN Secretary-General Ban Ki-moon approved a \$10m grant to Nepal from the UN Peace Building Fund.

Contact: Daniel.Reichart@fes.de, Tel.: 030 – 26 935 7404
Ulrike.Ehnes@fes.de, Tel.: 0228 – 883 7452