



A New Nepal: Developments, Dilemmas and Directions

-Achyut Wagle, Nepal



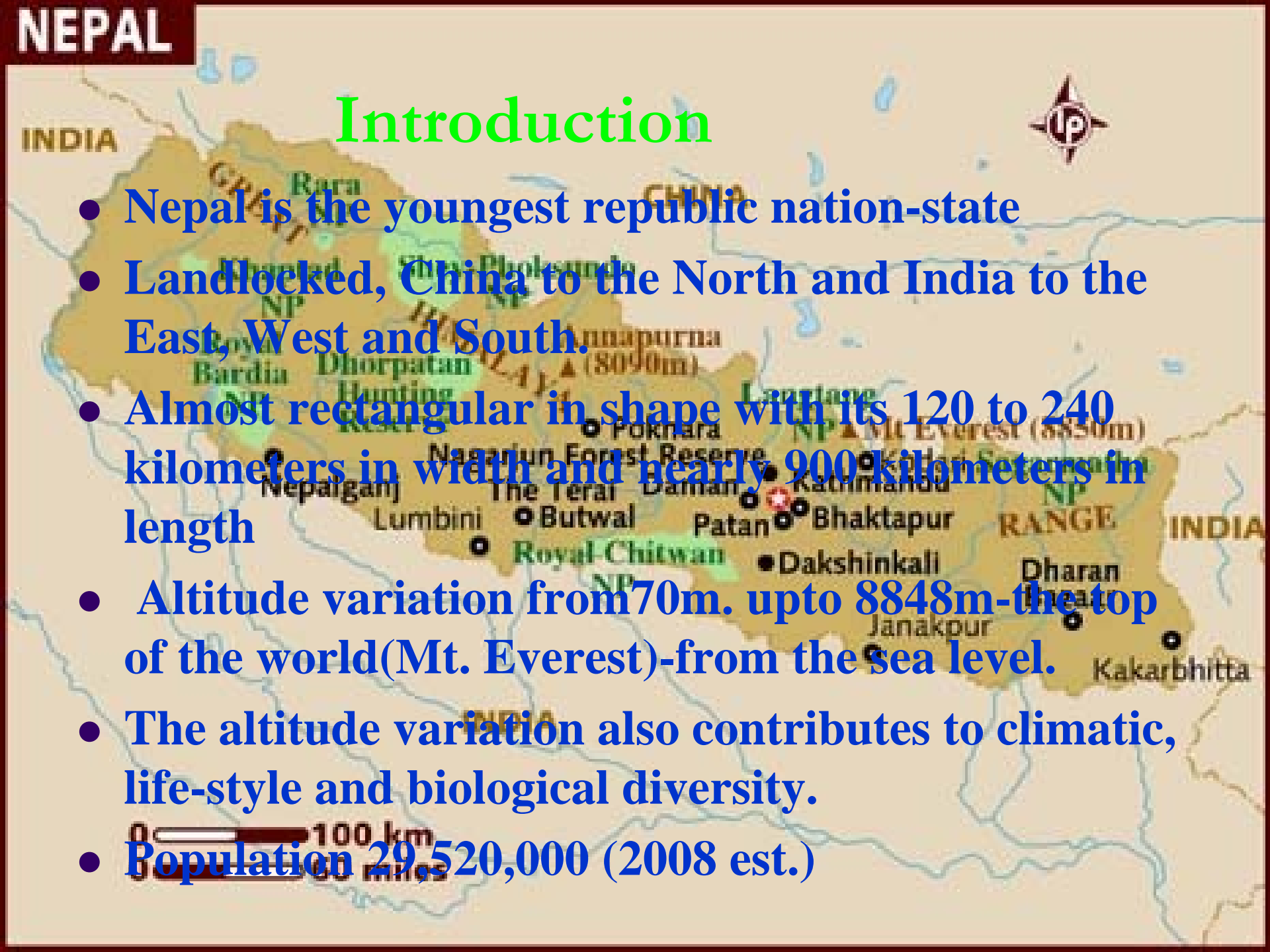
***SOUTH ASIA: ENVIRONMENT AND HUMAN
SECURITY CONFERENCE***

La Trobe University/AusAID/ARC-APFRN

2nd October 2008

Introduction

- Nepal is the youngest republic nation-state
- Landlocked, China to the North and India to the East, West and South.
- Almost rectangular in shape with its 120 to 240 kilometers in width and nearly 900 kilometers in length
- Altitude variation from 70m. upto 8848m-the top of the world(Mt. Everest)-from the sea level.
- The altitude variation also contributes to climatic, life-style and biological diversity.
- Population 29,520,000 (2008 est.)



A Journey to Republic



- CA declared Nepal a federal republic on 28 May, 2008.
- The monarchy (Shah Dynasty) ruled since unification of Nepal in 1768.

(It began in 1559, Dravya Shah as the king of one of the major principalities called Gorkha; out of which popular term Gorkhali has been derived from. It became the last 28th and the only Hindu monarchy in the world to be abolished)

- The monarchy was thought practically ended on 1st June 2001 after massacre of King Birendra.
- On 4th June 2001, brother of King Birendra, Gyanendra was crowned as the King.
- King Gyanendra's series of highly unpopular and undemocratic political moves since October 2002, coupled with influence of Maoists' decade-long 'People's War', in entire rural hinterland paved way for republicanism, sooner than expected.

Execution of Republic



- CA elected Dr. Ram Baran Yadav as the first President of Republic Nepal with 306 (52%) out of the 590 ballots cast, July 21, 2008. Paramananda Jha was elected first Vice-president.
- In the late August 2008, the Maoist Chairman Pushpa Kamal Dahal 'Prachanda' was sworn in as the first Prime Minister of Federal Democratic Republic of Nepal heading a coalition of Maoist-UML-MPRF government.
- He secured more than 80% vote in CA to be elected as PM.
- NC with 115 seats, the second largest party in the CA, has chosen to sit in the opposition.
- The CA resolution says, "Nepal shall turn into an independent, indivisible, secular, inclusive, and federal democratic republic with sovereignty and state authority vested in the people."

Immediate Priorities

- Taking peace process to a logical conclusion
- Drafting and promulgation of new DEMOCRATIC constitution
- Restructuring of the State
- Governance
- Economic Development
- International Cooperation



Taking peace process to a logical End



- The CPA signed between the Maoists and government in November 2006 and the Interim Constitution 2006 provide for the main basis to take the peace process to conclusion.
- Non-compliance to CPA, mainly by Maoists, political polarization and, NC's decision to sit in the opposition pose challenge to the process.
- The most contentious of all will be the management of People's Liberation Army (PLA), now in twenty-one UN camps. The controversy is between the integration *PLA* as an intact entity and, the integration of the individual *PLA fighters*.
- Maoist affiliated Young Communist League (YCL) continues capturing private property and 'tax' collection. Sporadic incidents of extortion, looting and vandalism are also reported. UML, the second largest constituent of the ruling alliance, has also formed similar force recently by the name of Youth Force (YF)

Drafting new **DEMOCRATIC** constitution



- The Interim Constitution of Nepal 2006, Part 7, Article 63 (1) says, “There shall be a Constituent Assembly constituted to formulate a new Constitution by the Nepalese people themselves,”
- By now, almost five months out of stipulated 2 yrs have already elapsed without commencing any iota of work.
- The very composition of CA--the Maoist as the largest party and aggregate 62 % seats with Left parties—raises apprehensions on final shape of constitution.
- Double-pronged challenge - formulation of new constitution in time and, making sure that it incorporates the universally accepted democratic principles such as separation of power, provisions not to infringe upon the individual rights, including the rights to own private property, and freedom of opinion and expression.

Restructuring of the State



- The Sub-article (1A) of 138, of the Interim Constitution added by the Fifth Amendment says, “Accepting the aspirations of the Madhesis, indigenous nationalities, the marginalized and peoples from other areas for autonomous provinces, Nepal shall be a Federal Democratic Republic.....”
- A High Level Commission shall be constituted to recommend for the restructuring of the State
- Many regional, ethnic and other interest groups and issues have surfaced with varying demands -a separate province, right to self-determination, separate nation-states—any basis of ethnic group, caste or territory.
- The Maoist sowed seed for ethnic ‘autonomous’ states creating nine such ‘states’ during insurgency.
- It is *the* most sensitive issue in restructuring process. Just a slight *faux pas* might trigger ethnic unrest putting the country’s territorial integrity itself in jeopardy.

Governance



- Crisis of governance is not new phenomenon in Nepal-political leadership of all hues in course of history without much exception utilized the state apparatus for their vested, political interests.
- The decade-long internal conflict drastically shrunk the presence of any form of state mechanism to the capital and a few regional urban centres.
- Corruption, nepotism, favoritism and non-performance have, as in the case of many underdeveloped countries, been the permanent features both at political and bureaucratic leadership Nepal.

Governance contd..



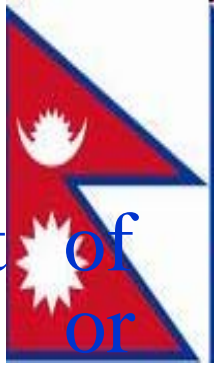
- As Maoist rose to power without dissolving the YCL and several other structures parallel to the state, the ‘**one-nation-two-state syndrome**’ has started to manifest bureaucratic levels of administration.
- The incumbent Land Reforms Minister led a group of Maoists party workers to capture a private land.
- The Local bodies are without the office-bearers for last six years.
- Key positions in many constitutional bodies like Commission for the Investigation of Abuse of Authority and Public Service Commission have remained vacant, in some cases, for years.
- Poor service delivery and law and order situation
- Others may say it but we Nepalese actually practice “old habits die hard”

Economic Development



- Dualistic Economy- more than one-third of the population with very limited interaction with market, dependent on subsistence farming.
- The post-civil war economy faces three-pronged challenges- reconstruction of infrastructures and public amenities destroyed during the war, catching-up the development process that was completely stalled by the conflict and, providing immediate relief to the people who are for long facing acute shortages of basic supplies and unbearable inflation.
- A conceptual clarity is first required regarding economic policy of the Maoist-led government.

Economic Development contd..



- Nepal must attract FDI to meet the cost of massive reconstruction, initiation of large or medium sized hydropower projects and construction of other infrastructures.
- The tag 'Maoist' itself is still a big anathema and intimidating factor to large international as well as national investors.
- Concerns on industrial relations and ind. security
- On 18th September, government presented its highly populist, unrealistically ballooned and hugely deficit budget, 2008. Issues of heavily loss-incurring PSUs were not addressed and overall trait is of controlled economy. Emphasis on PPP.

Highlights of budget '08



- *Total Outlay* : US\$ 3.3 billion (+45% of last year)
- *Recurrent expenditure* : US\$ 1.8 billion
- *Capital expenditure* : US\$ 1.3 billion
- *Repayment of loans* : US\$ 230 million
- *Revenue* : US\$ 2 billion (+32% of last year)
- *Foreign Aid and Credit* : US\$ 900 m(+91% of last year)
- Projected GDP growth : 7 %
- Inflation projected : 7.5%

On September 13th, Asian Development Bank published a revised economic outlook for Nepal that estimated growth of 5.6 percent against earlier estimation of 3.8 for 2008, and 5 per cent for 2009. The inflation would remain 13.4% in 2008 and will go down to 8.5 in 2009, it said.

International Cooperation



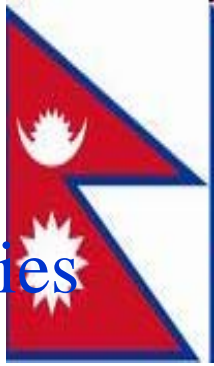
- Support of international development partners in the form of financial and human resources, and technology transfers occupies very prominent place in Nepal's development efforts.
- The six major donors are The World Bank, Japan, UK, Germany, Denmark and USA, approximately accounting for more than 75 percent of gross overseas development assistance.
- Nepal's annual debt servicing (interests and repayments) devours about 15% of GDP.
- Nepal Development Forum--NDF is the main basis for government-donor relations. To harmonize the both, the process and resources, of the external assistance, Government had agreed to an Aid Integration Process framework but with very limited success, so far.

International Cooperation cont...



- The government adopted an interim plan(2008-2011) in view of the country's ongoing political transition. Major external partners including The World Bank, UNDP and European Union suitably responded by announcing their own support strategies for three years.
- MDGs, MTEF and IAP provide platform for development partners to coordinate their efforts.
- Australian aid in context and new beginning in investment (SMEC)
- All donors uniformly have aristocratic or privileged class orientation in employment opportunities and dealings which has a significant bearing in the nature of the outcome of donor-funded projects.

Some Issues and Thoughts



- Maoists' rise to power is largely an outcome of a series of serendipities.
- There has been a meteoric rise in the communist influence (62% CA members) in Nepal's politics over the years.
- Maoists' double standard is serious matter of concern
 - Prachanda : 'Don't believe in parliamentary system'
 - using the 'parliament' as springboard to achieve the ultimate goal of 'proletarian dictatorship,'
 - The Nepali Maoists have not disassociated from COMPOSA- Coordinating Committee Of Maoist Parties & Organisations of South Asia (also known as South Asian Communist Corridor)
 - RIM-Maoist Relationship has however changed

South Asia's Maoist Web



News Clips



New Political Thesis Editorial (The Rising Nepal-The Government Mouthpiece) 2008-09-22

Political parties disowning the parliamentary system one after another. A week after the CPN (Maoist) Chairman and incumbent Prime Minister Pushpa Kamal Dahal disapproved and disowned the parliamentary system in his statement given to the plenary of the Constituent Assembly, the CPN (UML) General Secretary Jhal Nath Khanal has remarked that his party was also not in favour of retaining and reinforcing the existing parliamentary system.

Land reforms minister leads land grab op

Himalayan News Service Siraha, September 15:

Maoist cadres, led by Land Reforms Minister Matrika Yadav, seized a two-storey 16-room house belonging to Birendra Shah and 11 bighas of land belonging to 75 persons in Ramnagar Mirchaiya-3 in Siraha today, a day after the police evicted the Maoists from the property on the direction of Deputy Prime Minister and Home Minister Bamdev Gautam.

Besides Yadav, CA members Mahendra Paswan and Jagat Yadav and Maoist district coordinator Dilip Shah reached Ramnagar Mirchaiya at 10 am and re-grabbed the land. Yadav then asked Dalits and squatters to construct huts there, which they dutifully began in the afternoon.

Maoists intensify land grab campaign, The Kathmandu Post

BARA, Sept 22 - Not even a week after Maoist minister Matrika Yadav retook a huge swathe of land and house belonging to several locals of Siraha, local Maoist activists here in Bara district captured seven bigha land belonging to former king Gyanendra's elder sister Shanti Singh at Simara-2, Sunday. Subsequently, Maoist cadres invited landless squatters over loud speaker and distributed land to them.

In the presence of their district committee member Jivan Kalikote and VDC secretary Bishnu Prasad Rijal, the Maoists gave away 10 dhur land to each squatter family.

Some Issues and Thoughts Cont..



- Indian viewpoint, engagement and pattern of cooperation to the Maoist government is crucial for the regional political stability
 - Strategic engagement to counter Maoists at home
 - Vested interest-driven engagement
 - Bureaucratic powwow among three layers of open-border relations
- India, despite having its own problem of sporadic violence from radical communists, has manifested somehow overtly supportive approach to the Maoist-led government in Nepal.





Conclusion



- **Nepal will remain in volatility of political transition until a new democratic constitution is drafted and promulgated**
- **Politics of engagement than politics of isolation could be the better strategy to transform Maoists into a responsible political force**
- **It is also important for preventing some rational thinking leaders in Maoist party to succumb to the radical pressures from their own party**
- **Apathy and indifference of international community and media, to the appalling situations contribute to further deterioration of the situation. By the time when international community responds to, it is invariably too late like in Darfur, Afghanistan or Zimbabwe.**
- **Lets work together to prevent Nepal to become a tangent to so called 'axis of evil' and another hot-spot in the world for all the wrong reason.**



Thank you !