

# Livelihood Insecurity and Social Conflict in Nepal



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South Asia Regional Coordination Office

Swiss National Centre of Competence in Research (NCCR) North-South

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## Abstract

*This chapter looks at the different sources of the decade-long armed conflict in Nepal and their interrelationship with livelihood insecurity. The complexity and interwovenness of the different causes is highlighted and their collective impact on the livelihoods of the poor and marginalised people examined. Poverty, discrimination, exclusion, skewed distribution of production resources, malgovernance, failure of development, weak civil society and geographical isolation are some of the main sources of livelihood insecurity and conflict in Nepal. The strategies of the Government and the Communist Party of Nepal (Maoist) during the armed conflict, were another source of conflict and livelihood insecurity, as well as the culture of denial, political ineptitude, ideological conflict, and external forces. The Nepalese people have faced severe livelihood insecurity over the last decade, mainly because of the negative impact of the armed conflict on important sectors such as health, education, agriculture and transportation, which previously provided a livelihood for millions of people. The shift of resource from social/development sectors to military to fight the insurgency severely affected livelihoods. However, after the end of the armed conflict in November 2006 with the signing of the Comprehensive Peace Agreement (CPA) between the government and the CPN (M), the peaceful exit by the King, the successful completion of the Constituent Assembly election in April 2008, and the declaration of Nepal as a republic, a broader framework for stable political change is in place. It is hoped that the changes that are afoot within this new framework will provide livelihood security for the Nepalese people.*

## 2.1 Context

From 1996 to 2006, Nepal was in the midst of a violent conflict, which claimed more than 13,000 lives and caused billions of rupees worth of damage to property and infrastructure. On 4 October 2002 King Gyanendra took over legislative power, claiming that the Government had failed to deal with the insurgency; on 1 February 2005, he declared direct rule, ending multiparty democracy. In reaction to this, in April 2006, there was a 19-day popular uprising referred to as Jana Andolan II, in

which the people, political parties and CPN (M) rose up to overthrow the monarch and restore multiparty democracy. This precipitated the signing of the Comprehensive Peace Agreement (CPA) in November 2006 and the ended of the armed conflict between the CPN (M) and the State. Nepal is now in a state of transition towards a federal democratic republic, with a Constituent Assembly elected to write a new constitution.

Although the means were questionable, and the pain and suffering inflicted upon the Nepal people considerable, the conflict challenged the centuries-old feudal socio-cultural and political systems of Nepal. The country now has a tremendous opportunity to restructure the previously centrally controlled, feudalistic, unitary state. Hence, it is highly relevant at this point in Nepal's development to analyse the root causes of conflict and livelihood insecurity to ensure that the new state structure provides an opportunity for all Nepali people to prosper.

The notion of livelihood is complex in its scope, nature and understanding. Generally, the term livelihood comprises the capabilities, assets (both material and social resources) and activities required for a means of living. An livelihood is sustainable when it can cope with, and recover from, stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base (Chambers & Conway 1992). According to the UK Department for International Development (DFID), the livelihoods of Nepalese people will improve if they have:

1. Access to basic rights established through international conventions and access to high-quality education, information, technologies and training, and better nutrition and health
2. A supportive and cohesive social environment
3. Secure access to, and better management of, natural resources
4. Better access to basic and facilitating infrastructure, and financial resources
5. A policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all (DFID 1999)

Based on these criteria, the livelihoods of the poor and marginalised were severely threatened during the armed conflict, and are still at great risk.

Poverty; gender, caste and ethnic-based discrimination; social and political exclusion; skewed distribution of production resources; malgovernance (weak,

ineffective and corrupt governance); failure of development; weak civil society; and geographical isolation are the root causes of the armed conflict and sources of the persistent livelihood insecurity of the poor people of Nepal (Thapa & Sijapati 2003; Upreti 2006). The strategies of the Government and the CPN (M) during the armed conflict, a culture of denial, political ineptitude, ideological conflict, and external forces are some of the other sources of conflict and livelihood insecurity. This chapter aims to develop an understanding of these causes and the complexity of their interrelationship with livelihood insecurity.

## 2.2 Sources of conflict and livelihood insecurity

The armed conflict in Nepal was the cumulative effect of structural causes, proximate causes, changing international security dimensions, psychological factors, failure of leadership and geo-political specificity. The Maoist insurgency was not the sole product of the 'failure' of multiparty democracy, as claimed by some sources. Rather, it was the manifestation of the centuries-old, exclusionary, centralist, autocratic and feudal political and social system in Nepal, which had nurtured social and political exclusion, discrimination, poverty and subordination in Nepalese society.

Table 2.1 presents a broad overview of the various sources of insecurity and conflict in Nepal.

**Table 2.1 Overview of sources of insecurity and conflict**

Structural sources	External sources	Triggers and catalysts
<ul style="list-style-type: none"> <li>• Political sources</li> <li>• Socio-economic sources (e.g., caste, class and religion based discrimination and inequality; poverty and unemployment; social exclusion, etc.)</li> <li>• Geographical isolation</li> <li>• Constitutional and legal sources</li> <li>• Ideological sources</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in the international security paradigm</li> <li>• Interests of powerful nations (political, economic, e.g., in natural resources such as gas, oil, water and forests; historical legacy of autocracy; religious; strategic and military)</li> <li>• Information technology, global advancement</li> </ul>	<ul style="list-style-type: none"> <li>• Vested interests</li> <li>• Unforeseen events (e.g., the Royal massacre in Nepal on 1 June 2001)</li> <li>• Failure of political leadership</li> <li>• Failure of development</li> <li>• Psychological factors (e.g., revenge and retaliation)</li> <li>• Irresponsibility factor and a culture of denial</li> </ul>

Source: Modified from Upreti (2007)

In summary, poverty and inequality, social and political exclusion, gender disparity, caste and ethnic-based discrimination, corruption and malgovernance can be

identified as root causes of the conflict. The following sections discuss the different sources/causes of the armed conflict and livelihood insecurity in Nepal.

### 2.2.1 Poverty

It is well known that poverty and livelihood insecurity are closely interrelated and that they are both a cause and consequence of conflict. Poverty in Nepal is one of the major determining factors of livelihood insecurity, as the vast majority of the population live below the absolute poverty line and face immense livelihood insecurity. They are excluded from access to food and other resources necessary for their bare subsistence including shelter, safe drinking water, health care and education. This causes malnutrition and high infant mortality, among other things (Seddon & Hussein 2002). In 2008, it was estimated that 30.9 per cent of the population in Nepal were living below the poverty line (dropping from 42 per cent in 2000).<sup>1</sup> Hence, we can assume that poverty and livelihood insecurity were the primary root causes of the armed conflict, and are potential sources of new/ongoing conflict in Nepal.

Poverty in Nepal is a function of many things including discrimination and exclusion, skewed distribution of production resources, malgovernance and geographic isolation, among others. These will be discussed in more detail in the sections below.

### 2.2.2 Discrimination

State-nurtured discrimination (based on caste, ethnicity, gender and religion), and interrelated political and social exclusion, are also main causes of the armed conflict and of livelihood insecurity in Nepal. The state structures in Nepal are discriminatory and exclusionary in structure and operation. For example, the state constitutionally declared Nepal a 'Hindu state' in the Constitution of 1990, implicitly excluding other religious groups; Madheshi and Newari people are not properly represented in the military; citizenship certificates have been denied to those applying under the name of their mother, and to some Madheshi cultural and ethnic groups; and landless people have not only been denied access to land, but to other livelihood resources including traditional sources such as fish and forests. As well as structural discrimination, the state has applied policies and laws in a discriminatory way, and remained passive in relation to 'untouchability' and discrimination, despite the abolition of the caste system in the Civil Code of 1963 (Muluki Ain 1963).

It is widely perceived by many ethnic groups, marginalised sections of society, and social and political analysts that the 1990 Constitution, which was regarded

<sup>1</sup> <http://indexmundi.com/g/g.aspx?c=np&v=69> (accessed on 4 June 2009)



as one of the best constitutions in the world, is sexist and racist (Lawoti 2005). The 1990 Constitution promoted one language, one culture and one religion, thereby discriminating on the basis of race, and it did not treat men and women equally in fundamental issues like citizenship, thereby discriminating on the basis of gender. The Constitution of 1990 also protected authoritarian institutions, which discriminate against minority religious groups, women and so-called 'lower' caste people. Another common criticism of the 1990 Constitution is that, although it enshrined freedom of expression, it failed to ensure equity (Upreti & Dhungana 2006). In addition to the Constitution, many legal provisions are also exclusionary and discriminatory, and are unable to ensure justice to poor, marginalised and socially excluded sections of society.

Deep-rooted social cleavages along the lines of caste, ethnicity, gender, region, culture, language and religion are characteristics of Nepalese society and are a structural source of conflict. People had great expectations that these divisions would be overcome with the political change and reintroduction of democracy in 1990. However, with the poor performance of successive governments, the Nepalese people became disillusioned with political parties and the government. The highly unsatisfactory democratic transition of the 1990s, in terms of the transformation of the state, politics and society, contributed to the emergence of the armed conflict in 1996. The dominance of certain groups such as Brahmins, Chhetris and high-caste Newars in all social, political and economic sectors, and the exclusion of ethnic groups and so-called 'low' caste people created strong feelings of injustice and a need for revenge. It is also widely documented that the livelihood insecurity of a vast majority of Nepalese people is the outcome of such exclusion and marginalisation (Seddon & Hussein 2002; Upreti 2006).

### 2.2.3 Social and political exclusion

Intentional social and political exclusion is common and serious in Nepal. Intentional social exclusion is the deliberate action of certain powerful elites to protect their vested interests and to maintain the prevailing economic and social structures upon which their existence is largely based (Karki & Seddon 2003; Upreti 2004a). These elite groups overtly and covertly developed filtering mechanisms (such as higher fees for health and other basic services, the need for literacy and numeric skills to access certain facilities, and rigid regulations) to limit poor people from accessing resources and services, and from obtaining power (Kumar 2006; Upreti 2004c). Overt social exclusion includes the inheritance of traditional exclusionary social practices, myths, belief systems (e.g., caste-based hierarchy, untouchability, and restrictions in relation to marriage, religion and occupation). The structural basis of Hindu society is principally shaped by a notion of exclusion that goes beyond the



general social division of society (Lawoti 2005; Upreti 2004d). The Hindu system has promoted centralised exclusionary practices in the lives of individuals including in their food habits, marriage, religious beliefs, education and day-to-day activities. The Hindu system has maintained a rigid social hierarchy in Nepal. This blatantly exploitative social structure has not been eradicated by any political system in Nepal and still has tremendous influence in Nepalese society (Baral 2006; Aditya et al. 2006). Discrimination against women in the form of polygamy; discrimination against girls and women on the basis of gender, which affects the distribution of resources, decision making power and division of labour; untouchability of women; sexual harassment and exploitation; and the inhumane treatment of women who are deemed witches is still common in Nepal.

As well as social exclusion, the vast majority of the Nepali people have been politically excluded. Nepal's national politics has been historically monopolised by a few oligarchic families (e.g., Shah, Rana and Koirala). Like fixed property, politics (leadership and control of power) is inherited in these elite families. This feudal transfer of power within elite families is backed and supported by traditional culture, values and religious systems nurtured by the exclusionary and feudal state.

The current conflict is the cumulative outcome of the monopolisation of national politics and the failure of political systems, which goes back 240 years. The Shah and Rana regimes (including the partyless Panchayat regime) systematically denied inclusive political processes and focused on capturing power and resources. The Nepalese people have protested against this by participating in various democratic movements in 1950, 1979, 1990 and 2006. The general public has had great expectations of each political change. However, after every movement, the Nepalese people have been (ab)used as a ladder for oligarchic families and their coteries to capture state power and resources. The ruling elites have consistently failed to govern the country based on democratic ideals and norms (Thapa 2002; Upreti 2006; Kumar 2006). The resulting frustration provided fertile ground for social unrest and conflict. It is widely recognised that the post-1990 politics in Nepal failed to democratically govern the country or to alleviate the most urgent economic, social and political needs (Baral 2006; Upreti 2006; Aditya et al. 2006). Hence, the CPN (M)'s proposal of *agragami chhlang* (progressive political change) and a total restructuring of the state were able to attract a large proportion of the Nepalese people.

The political parties created and nurtured a narrowly politicised civil administration and security apparatus. The bureaucracy, the stable government, has been increasingly engaging in fulfilling vested personal and political (party) interests. This helped develop a widespread distrust in the democratic process and spurred

civil unrest and conflict. Even democratic parties and governments enacted and used draconian legislation (such as the Terrorist Control Act), committed severe human rights violations (including killing innocent civilians and non-combatants, unlawful detention, disappearances, torture), which led to the development of negative feelings in ordinary people toward the political parties, the government and the security forces.

Certain caste and ethnic groups dominate all of the political structures and processes in Nepal. This is reflected in the representation of certain castes and ethnic groups in parliament and in the central committees of political parties, a vivid example of exclusionary politics (see Table 2.2).

**Table 2.2 Political representation of different groups (% total)**

Caste/ethnicity	House of representatives			Parties' central committees					
	1991	1994	1999	NC	UML	RPP	JM	NSP	NWPP
Total seats	205	205	205	29	46	41	38	29	9
Brahmin	37.6	42	37.6	62.06	65.21	19.51	44.73	-	22.22
Chhetri	19.1	19.5	20.5	10.34	10.86	31.70	7.84	-	11.11
Newar	6.8	6.3	6.8	3.44	13.04	4.87	10.52	-	66.66
Hill ethnic groups	15.2	12.2	14.7	13.79	6.52	26.82	21.05	-	-
Terai communities	21.0	20.0	19.5	10.34	4.34	17.07	5.26	100	-
Others	2.9	2.0	2.5	-	-	-	10.52	-	-
Total	100	100	100	100	100	100	100	100	100

Source: Adapted from Hachhethu (2003, p 16, Table 3)

#### 2.2.4 Skewed distribution of resources

Centralised policies, regional imbalances in the allocation of state resources, and highly skewed ownership, distribution, access and control of land and other productive resources have also contributed to the armed conflict in Nepal. Among the production resources, land is the main means of livelihood for the Nepalese people. Owning land is also a form of social status, which provides the basis for securing other rights such as citizenship, eligibility for loans from banks, birth certificates and so forth. If people are landless they not only lose their means of livelihood, they are also deprived of many other rights and entitlements.

**Table 2.3 Land distribution in Nepal**

S.N.	Category of people	% of Total population
1	Landless	24.44
2	Semi-landless (owning less than 0.20 acres or 0.08 hectares)	6.98
3	Marginal cultivators (owning 0.21 to 1 acres or 0.084 to 0.4046 hectares)	27.59
4	Small cultivators (1.01 to 2 acres or 0.4087 to 0.809 hectares)	20.15
5	Semi-medium (2.01 to 4 acres or 0.809 to 1.618 hectares)	13.42
6	Medium cultivators (4 to 10 acres or 1.659 to 4.05 hectares)	6.25
7	Large cultivators (more than 10.01 acre or 4.06 hectares)	1.17

*Source: Adapted from UNDP (2004, p 176, Table 11)*

Table 2.3 shows the general landholding pattern prevalent in Nepal. More than 24 per cent of the population is landless and another 6.98 per cent of the population is semi-landless. If more than 30 per cent of the population of an agricultural country is landless or semi-landless, they face livelihood insecurity, and, if the state fails to provide a means for their survival, they will become frustrated and may take up arms (Hutt 2004).

The series of rallies and mass protests (in Siraha, Saptari, Dang, Kailali and Chitwan) organised by tenants, Dalits, landless, squatters and ex-Kamaiyas (bonded labourers) is evidence of the frustration of these groups. When people feel ignored, neglected or victimised by the state, they become organised and protest from time to time to demand their rights. This is one of the perennial sources of conflict and instability in Nepal. Similar inequalities can be observed in relation to access to and control over forest resources (e.g., threats to forest-based livelihoods, lack of decision-making power of poor and women over forest resources) and water resources (e.g., privatisation of water and high user fees). This situation is discussed further in chapter three.

The work of Seddon and Hussein (2002) shows that in rural areas 20 per cent of the population are wealthy landowners and peasants, and the remaining 80 per cent experience livelihood insecurity. The lives and livelihoods of women, girls and children were especially threatened by the armed conflict because many remained in the village where resources for their basic needs were scarce, whereas men were often out of the village. The poor, marginalised and socially excluded were engaged in a constant struggle for their survival because of lack of control over and access to productive resources, weak social capital and networks, and the lack of a stable or regular source of income, among other things (Upreti 2006; Seddon & Hussein 2002).

When there is a huge accumulation of land and other natural resources in the hands of a small section of society and other large sections have to depend on limited resources, there is always competition. When some people have more and others have to suffer, feelings of injustice develop. The unequal distribution of land in Nepal (see Table 2.3) not only threatens the livelihoods of people with little or no land, but has also implanted feelings of injustice. The Maoist insurgents capitalised on this, gaining the sympathy of the exploited and marginalised. The state was simply not able, or unwilling, to address the concerns of poor and marginalised people (Lawoti 2005; Kumar 2006; Upreti 2004c).

Examining the local dynamics of resource use patterns from the perspective of power relations, the 'winner-takes-all' model appears to be common; local elites hold almost all production resources and exploit poor and marginalised sections of society. The inequitable use of natural resources by powerful elites in villages is depriving poor people. Previous studies conducted by this author (Upreti 2001 and 2002a) show, for example, that it is almost impossible for poor Dalits to get access to water for irrigation in dry summers before it is used by the local elites. Furthermore, exploitation is not limited to physical resources. Elites have not only captured productive resources, but are also controlling the negotiation and peace process. None of the three negotiations (2001, 2003, and 2006) between the Government of Nepal and the CPN (M) involved representatives from civil society, women or socially excluded/marginalised groups. The need for broader participation (i.e., representation of the interests of a broad cross-section of society) was ignored, and the peace process was neither transparent nor accountable. The main reason for this was to protect the vested interests of the elites in the negotiations (Upreti 2006; Baral 2006).

### 2.2.5 Malgovernance

Lack of democratic legitimacy and effective governance was one of the proximate causes of the conflict (Kumar 2006). Successive governments not only failed to address social exclusion, inequality, poverty and lack of access to resources, but also blatantly engaged in corruption (Thapa 2002), nepotism and favouritism (Shrestha 1997; Pandey 1999).

**Table 2.4 World Bank Institute Governance Index for Nepal (1996–2006)**

Year	Dimensions of governance (in %)					
	Voice and accountability	Political stability	Government effectiveness	Regulatory quality	Rule of law	Control of corruption
1996	50.2	25.0	48.3	23.4	51.4	44.7
1998	44.2	23.6	37.4	24.4	52.4	43.2

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2000	44.7	14.4	39.3	27.3	45.2	40.3
2002	22.6	6.7	36.5	30.7	41.0	46.1
2003	23.6	5.3	32.2	32.7	36.7	51.0
2004	17.8	2.9	22.3	24.4	33.9	34.5
2005	13.9	1.4	15.6	26.3	24.8	28.6
2006	13.0	1.9	19	28.8	29.0	25.2
South Asia Average (2006)	25.5	26.8	37.7	37.0	39.3	33.9

Source: Manandhar (2007)

Table 2.4 shows that the governing situation in Nepal has deteriorated since the armed conflict started in 1996. All of the six governance indices used to measure the various dimensions of governance indicate a worsening trend.

The Nepalese state has consistently failed to reduce poverty, provide a decent means of livelihood, control exploitation and generate employment opportunities (Upreti 2002a and 2002b). Consequently, semi-educated, left-out, unemployed and frustrated youths have become a source of civil unrest. Corruption and irregularity are blatant characteristics of the governing system and political process in Nepal, which have diverted state resources that should have been invested in the livelihood security of poor and marginalised people (Pokharel 2004).

Another factor leading to the armed conflict was the Government's repressive behaviour towards the supporters of the United Peoples' Front (UPF) in the early 1990s. In the parliamentary election of 1991, one of the factions of the UPF won nine seats in parliament, becoming the third largest party. However, the ruling party (the Nepali Congress) tried to wipe out the UPF in its stronghold areas in the Mid-Western Development Region using state power and resources. Under Operation Romeo, the state used local administration and police to brutally suppress the members of UPF and their supporters. As a result, ordinary people did not feel secure, even though democracy had been reinstated in the widely acknowledged political change of 1990. The excessive and unlawful acts of the police under Operation Romeo terrorised the local people. The Parliamentary Investigation Committee made the following statement (summarised by Pahari 2003, p 7):

*Between 1990 and 1996 successive regimes in Kathmandu, starting with that of strongly anti-communist Girija Koirala, pursued a conscious policy of trying to undermine and ultimately dismantle the considerable electoral clout of the Maoists in Rukum, Rolpa, Salyan and Jajarkot – a region with strong left support since 1950s. [...] mobilising not only party cadre, but local and regional civil administration and the police force as available and necessary, the Girija*

*government started a trend of committing and compromising state resources to undermine opposition parties to win local and national elections. ...If free and fair elections are to be regarded as forming the most inviolable aspects of democracy, then the trend initiated by the Nepali Congress government under Koirala in the Maoist hinterland and beyond can be taken as the beginning of a series of egregious and systematic violence of democracy from within the state in post 1990 period.*

A major boost to the Maoist cause was the local governance structure. The CPN (M) wanted to make local bodies dysfunctional to create a political vacuum, which they could then fill with their local *janasarkar* (government). The then Deuba Government greatly assisted the Maoists in meeting this objective by neither conducting local elections nor extending the tenure of existing elected bodies. Instead, he assigned the responsibilities of the elected local representatives to central government officials, which virtually eradicated local government. The CPN (M) emerged even stronger in the absence of local government, maintaining their high degree of their control. Most of the office bearers in the local government offices (except teachers and health workers) withdrew from the villages.

### 2.2.6 Development failure

In the history of Nepal's planned development, policies, strategies and practices have consistently discriminated against and excluded poor people and ethnic minorities (Pandey 1999; Shrestha 1997; Upreti 2004a). The exploitative nature of development in Nepal has created tension, fear, mistrust, feelings of injustice and resentment. It is widening the gap between the rich and the poor, promoting the accumulation of wealth by certain elite groups at the cost of grave livelihood insecurity for the vast majority of the Nepalese population (Pandey 1999). This created a group of oppressed people looking for an opportunity to oppose the ruling elite. The Maoists presented them with such an opportunity; hence, development failure is one of the main reasons for the expansion of the Maoist conflict in Nepal. It is naive to believe that all development interventions have a positive impact on the wellbeing of socially excluded and marginalised people. The experiences of the five decades of planned development in Nepal have proved that development is not able to secure the livelihoods of poor and marginalised people. Development interventions often overlook or exclude the poorest members of society (Upreti 2004a; Shrestha 1997; Pandey 1999). Despite the rhetoric on decentralisation, Nepal's development practices are still strongly centralised, elite-biased and exclusionary, and ultimately create livelihood insecurity and social tension.

More than 60 per cent of Nepal's development budget comes from the international community. Hence, the role and influence of donors through development

assistance is substantial. Donors have a significant influence over development policy, strategy, structure, process and practice in Nepal. However, the role and influence of development assistance has so far been sectoral, producing competition on particular development issues and resulting in contradictory advice to the Government. Development assistance is also rigid and conditional (e.g., on relinquishing incentive systems or on price rises in basic goods and services like electricity and water, which often leads to severe conflict), and priorities change frequently, ultimately leading to development failure (Pandey 1999; Shrestha 1997).

It is worth stating one of the findings of research on the impact of donor assistance in Nepal (Seddon & Hussein 2002):

*Despite a heavy donor presence and sustained high levels of aid to Nepal (with foreign agencies contributing some 60 per cent of Nepal's development budget) and the existence of a wide variety of development programmes, the number of people falling below the poverty line has not decreased over the last twenty years. There can be little doubt that, even after half a century of development interventions, Nepal is still in crisis. (Seddon & Hussein 2002, p 2)*

There is an extensive corpus of material that evaluates the impact of donor interventions in Nepal (Acharya 1998; Panday 1999; Shrestha 1997; Upreti 2004b; Mainali 2003; Sharma & Rana 2006), but the following remains symptomatic of the negative repercussions of the contribution and effectiveness of donor funded development interventions in addressing the root causes of the conflict and livelihoods security of poor and marginalised people in Nepal. For example, USAID invested 50 million US dollars in a 15 year project (from 1980-1995) called the Rapti Zone Rural Area Development Project (later called the Rapti Development Project) to fulfil the basic needs of the poor people in the project area by improving household food production and consumption, and improving income generating opportunities for poor farmers, landless labourers, occupational castes and women. However, this project failed to improve the wellbeing of poor people in the project area specifically because of failure of the project to reach the poor. Instead, the CPN (M) began their armed movement with the support of poor and marginalised people in the project area (Mainali 2003).

### 2.2.7 Weak civil society

As in many developing countries, there has been an absence of civil society sector to closely watch the political, economic and social processes in Nepal and to hold the government and political actors accountable if they do wrong. Only after the political change of 1990 did the non-governmental organisation (NGO) sector emerge strongly and, claiming to be an important civil society actor, has started



to raise its voice in some crucial areas such as human rights, women's rights, children's rights, access to resources for poor and marginalised groups, and the right to education, food and shelter, and so forth. However, this sector has also lost its credibility due to its non-transparent dealings in relation to external funding and the use of resources (often charged as *dollorko kheti game haru*<sup>2</sup>), its adoption of the agendas of donors and its fragmentation in terms of political ideology. However, after the grand failure of the Government to respect human rights and civil liberties, the civil society movement emerged strongly, starting in the Kathmandu Valley and quickly moving to district headquarters. If a vibrant civil society existed, it could perform the role of a watchdog in relation to malgovernance, human rights abuses, and so on, minimising the potential for conflict to erupt.

One of the proximate causes of the conflict was a lack of effective non-violent mechanisms to address problems and overcome differences. The legal system was ineffective, exclusionary, expensive and ultimately unable to deal with the social cleavages reflected in terms of caste, ethnicity, gender and discrimination (Upreti 2001). When people have no other way of resolving their differences they opt for coercive or violent means. Some of the traditional non-violent mechanisms such as *guthis* (a special endowment arrangement), *dharmas bhakaris* (a fund created for a special purpose) existed, but these were also religiously biased, elitist and hierarchical in nature, and they excluded people who did not believe in them (Upreti 2002a). If there had been a common platform available to the poorest, marginalised groups, development agencies, government offices and political parties promoting a non-violent approach to negotiation it would have helped to mitigate conflict. For example, local government bodies (village development committees) could have been one such platform, but the Government did not enable them to function.

### 2.2.8 Geographical isolation

Remoteness, especially in the Mid-Western and Far West Development Regions and other remote areas, is associated with widespread poverty and spatial disparities. The unwillingness of the state to invest in infrastructure, such as roads, schools, hospitals, electricity, drinking water and irrigation, has exacerbated social exclusion and increased livelihood insecurity. Spatial disparities have caused feelings of injustice. One reason for the start and rapid expansion of the Maoist insurgency in the Mid-Western Development Region (Rolpa, Rukum, Salyan and Jajarkot) is its geographical isolation and the state's neglect of the area (Hutt 2004; Mackinlay & Upreti 2003).

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<sup>2</sup> Meaning 'the harvesters of money'.

Lack of good networks for transport and communication in these remote regions favoured the launching of the rebellion, partly because these uncontrolled areas (forests) served as hideouts and training centres for the rebels. Hence, geographical isolation became one of the main causes of conflict and livelihood insecurity.

### 2.2.9 The Maoist's war strategy

The CPN (M) learnt from the strategies and tactics of the Peruvian communist party, the Shining Path; Mao's strategy of protracted people's war (developing in rural areas and expanding to urban centres to capture state power); and the Russian strategy of armed insurrection. The CPN (M) dealt with very sensitive issues and aligned themselves with the agenda of the poor, attracting large portions of Nepal's population. In addition to poor people, peasants and workers, they also tactfully used media, intelligentsia and politicians in their favour. The power struggle between, and within, the political parties over the past 10 years greatly contributed to the expansion and strengthening of the Maoist movement.<sup>6</sup>

The CPN (M) adopted Mao Zedong's strategy of three weapons for the people's revolution: (i) party (to develop and maintain ideology, and formulate policies and strategies related to people's war), (ii) people's army (responsible for attacking enemies and defending areas under control) and (iii) united front (to consolidate friendly forces). One of the main strategies of the CPN (M) was to mobilise the frustrations and aspirations of ethnic minorities (Upreti 2006; Thapa & Sijapati 2003). The Maoists created a strong united front, bringing several ethnic and regional forces together like the Kirat National Liberation Front, Magrat National Liberation Front, Tharuwan National Liberation Front, Tamang National Liberation Front, Thami National Liberation Front, Majhi National Liberation Front, Madheshi National Liberation Front, and the Karnali Regional Liberation Front. These fronts are coordinated by the CPN (M) Ethnic and Regional Coordination Committee. Ethnic support was one of the foundational strengths of the Maoist insurgency (Sharma 2003).

The CPN (M) became successful by dichotomising identities such as 'oppressor-oppressed', 'ruler-ruled', 'rich-poor', 'landlord-landless' and 'patriot-non patriot' to establish political, social, cultural and economic cleavages. These dichotomies fuelled the already developed feelings of injustice and frustration of the Nepalese people. Hence, the Maoist gained wider sympathy for their cause (Seddon & Hussein 2002). The differences between ethnic groups and caste groups are based on language (Nepali language versus ethnic languages), cultural practices and religious practices (Hindu versus non-Hindu). The different groups have been discriminated against in various ways, including legally and judicially, through the

denial of their indigenous identity, political exclusion and by denial of citizenship by the state. These injustices were used by the CPN (M) to gather support.

### 2.2.10 The Government's war strategy

The Government's strategy for dealing with the Maoist insurgency had a negative impact on the conflict, leading to further insecurity and livelihood stress. Instead of trying to resolve the conflict through dialogue and negotiation, the Government opted for a coercive approach. It launched a police operation called 'Operation Kilo Sierra II' against the CPN (M) in 18 districts between May 1998 and 1999. This operation was counterproductive because of the high number of casualties. Many people, especially the victims' families and relatives joined the insurgency to take revenge (Sharma 2003). In 1999, the Government provided an extra allowance for members of the police force working in Maoist influence areas. This also helped to expand the Maoist movement, because the police acted unlawfully to prove the presence of the CPN (M) in their working area so that they would be eligible for the allowance. Police operations such as Operation Romeo, Kilo Sierra II, Operation Jungle Search (1998-99), Operation Silent Kilo Sierra III, and Operations Delta and Chakrabyuha (2000-May 2001) were unsuccessful in controlling the rebellion and contributed to the development of anti-government feelings in ordinary people. This strategy helped to escalate conflict in certain geographical areas. The Integrated Development Programme (November 2000 to March 2001), in Rolpa, Rukum, Salyan, Kalikot and Jajarkot, and the Integrated Security and Development Programme (ISDP) implemented by the Government in Maoist stronghold districts (since May 2001) were ineffective (Thapa & Sijapati 2003; Upreti 2006). Until 1999, the confrontations, actions and counter-actions were limited to between the police and CPN (M). Although the Army was deployed in the Maoist affected areas (Rolpa, Rukum, Salyan, Jajarkot and Pyuthan) under the Integrated Security and Development Programme (ISDP), there were no confrontations between the Army and the CPN (M) at that time. Later, after an attack by the CPN (M) on a military barrack in Dang district in 2001, the Government mobilised the Nepalese Army to control the CPN (M). However, the Nepalese Army was not able to control the insurgency. Instead, the Army bore heavy losses and lost the trust of the Nepalese people because of its grave human rights violations (AI 2005a and 2005b; ICG 2003; INSEC 2005). The serious mistrust by the people of the military caused permanent damage to the Nepalese Army. The Government's strategy of issuing red corner notices to CPN (M) through Interpol, fixing bounties on the heads of Maoist leaders, repeatedly imposing a state of emergency, issuing Terrorist and Destructive Activities Control Ordinances, creating a special Armed Police Force, and forming a unified command by bringing police, armed police, intelligence and

military under the command of the Nepal Army were all ineffective and unsuccessful in controlling the insurgency. Instead, the CPN (M) gained tremendously from the Government's failed counter-insurgency tactics and strategy.

### 2.2.11 Culture of denial

People's reaction to the political situation in Nepal, especially to the armed conflict, was largely either denial, coercion or revenge. Politicians and bureaucrats often preferred to ignore or deny the existence of exclusion, discrimination, hunger, and civil and human rights violations, rather than accept the reality and acknowledge the need to reform the state and society (Upreti 2004c). All major actors in society used denial as a powerful mechanism. Those in power denied the seriousness of the country's situation, afraid to admit that their weaknesses were reflected in the attitudes, behaviour and practices responsible for the country's problems. They were even more defensive when confronted with evidence of their bad governance and corruption. In Nepal, denial is rooted in the psychological makeup of the individual and, at the institutional level, in political parties, government departments, and other power centres. The magnitude of denial is reflected in the ideas, values, greed, and orthodoxy of the major political and social actors in Nepal.

The self-interest of many of the key political and social actors in Nepal was the main factor influencing the dynamics of the conflict. For example, the urban elites feared that their privileges and comfortable lifestyles would be lost. Their needs and interests were, therefore, to protect this lifestyle by pacifying and neutralising those trying to restructure the state or advocating for social change. The urban elite used all available means at their disposal, such as the media, information, networks and strategic alliances, including a large segment of the international community, and national power centres. It is in their access to such diverse and powerful means that the elites display their potential to influence and direct the course of the conflict in Nepal. In sharp contrast, the poorest and most marginalised groups have few ways of influence the power/decision-making centres, and are, therefore, pushed to violence as a last resort. Although there is no established causal relationship between poverty and the use of violence, in Nepal it seems that the Maoists gained most of their early support from the poorest regions and the poorest and most marginalised groups.

### 2.2.12 Political ineptitude

It is very hard to find statesmanship in any of the current political leaders in Nepal (Baral 2006). Senior leaders are surrounded by coterie of people with vested interests. Nepal has received tremendous financial and technical support from the international community over the last five decades; however, misery caused by

poverty, discrimination and exclusion is still rampant. India, South Korea, China and Nepal all started to develop economically at the same time (in the 1950s). All these countries, except for Nepal, have made huge economic progress. The single most important reason for the lack of development of Nepal is the ineptitude and lack of vision of the country's political leaders. Nepalese politicians have failed to prove themselves as leaders of the Nepalese people and have reduced themselves to leaders of their political faction (not even accepted by all members of their own political party). Hence, failure of the leadership and the absence of visionary leaders is one of main reasons for the lack of economic development, which in turn is a source of insecurity and livelihood stress.

### 2.2.13 Ideological conflict

The revolutionary politics of the CPN (M) are based on a clear ideology (Bhattarai 2005; Onesto 2005), that of Mao Zedong. The CPN (M) perceive Nepal's problems to be caused by deep-rooted oppression and feudalistic production relations, unequal power structures and the capitalist system (Upreti 2006; Bhattarai 2005; Sharma 2003). In contrast, the Government and the parliamentary parties advocated for a capitalist political system and constitutional monarchy. This resulted in an ideological conflict. The CPN (M) refined their theoretical orientation, calling it *Prachandapath* (after leader Pushpa Kamal Dahal whose alias during the insurgency was Prachanda), claiming that it was the way to address the challenges of the 21<sup>st</sup> Century. For their proletariat revolution, the Maoist combined the Chinese strategy of protracted people's war and the Russian strategy of armed insurrection with the discontentment of the Nepalese people with the state (Upreti 2006; Sharma 2003). Parliamentary parties and their successive governments were confused or unwilling to realise the strong ideological dimensions of the Maoist insurgency (Nickson 2003; Karki & Seddon 2003). Further, the state systematically underestimated and trivialised the United People's Front – the political wing of the CPN (Mashal) led by Baburam Bhattarai. This is reflected in the statement of the then Home Minister, "*we will be able to bring the present activities under control within four five days*" (Sharma 2003, p 371).

In the early years, Nepal's armed conflict was ideologically influenced by the Revolutionary Internationalist Movement (RIM) and the Coordination Committee of Maoist Parties and Organisations in South Asia (CCOMPOSA), as the CPN (M) was a member of both organisations (Upreti 2006). It even had some connection to, and official relations with, the communist party of the USA. However, none of these organisations influenced the armed conflict as much as the Peruvian communist party – the Shining Path – which was the real ideological, strategic and tactical source of Nepal's Maoist insurgency (Nickson 2003).

## 2.2.14 International dimensions

The armed conflict in Nepal has very strong international dimensions. The roles of India and the USA, and, to lesser extent, the UK were crucial during the entire duration of the conflict. India's role was particularly crucial in both the escalation and resolution of the armed conflict.

After 11 September 2001, the international security situation changed, greatly influencing the dynamics of the armed conflict in Nepal. Indian and American security interests in Nepal expanded. Although, the influence of the UK was not at the level of the other two countries, it had a significant influence on Nepal's armed conflict. The longstanding ties between Nepal and the UK (the role of the Gurkha soldiers in the British Army and the royal linkage between the two countries) enhanced the UK's interest in the armed conflict. Hence, it provided military aid to the Government of Nepal, despite the vehement opposition of human rights organisations such as Amnesty International. After 9/11, the USA took a very aggressive stance on terrorism, and Nepal was in its top six countries for military assistance. The USA also provided security intelligence, training and millions of US dollars in financial support to strengthen the Nepal Army. Even the Belgian Government provided 5000 weapons to Nepal. Selling arms was one of the major international interests in the Nepalese conflict (Upreti 2004a).

The open border (1808 km) between India and Nepal gave the CPN (M) easy access to India. The Maoists had easy access to India and strong ties with Indian ultra-leftists. They obtained training and weapons from India, and used Indian territory for meetings, to organise themselves, for publications, the collection of donations, to expand networks, and to access media. India has always been concerned with 'anti-Indian' activities in Nepal, particularly on the part of the Pakistani intelligence agency (ISI) and the support of the CPN (M) to Indian Maoists groups active in more than 12 states of India. After 9/11, India declared the CPN (M) as 'terrorists', started to extensively search for Maoist cadre and arms caches in India, reinforced border security by deploying troops, sealed borders, and provided military equipment and helicopters to crack down on the rebels. However, the CPN (M) continued its activities inside India. After the King's takeover on 1 February 2005, India changed its position. India not only supported the Seven Party Alliance (SPA) in its fight against the royal takeover, it also facilitated the meeting of the CPN (M) and the SPA and the 12-point understanding between these two political forces.

Although, China was close to the Palace in the past, it remained indifferent about the armed conflict saying that it was an 'internal problem' and that China does not want to engage in the internal politics of Nepal. However, it was watching developments very closely and used silent diplomacy. Contrary to the speculations

of many people, China did not support the CPN (M) insurgency. Instead, it had frequently expressed dissatisfaction with the use of Mao's name in the conflict. After the 2006 people's movement, China changed its position on the monarchy, distancing itself and expressing support for the people's choice.

## 2.3 Effect of the armed conflict on livelihoods

Livelihoods are secure when they can cope with and recover from stresses and shocks and maintain or enhance capabilities and resources without undermining the resource base (Chambers & Conway 1992). Once capabilities and resources or assets are disturbed, people face livelihood insecurity. The armed conflict in Nepal disturbed these dynamics and consequently led to enormous livelihood insecurity. It also created some opportunities for alternative means of livelihood through the redistribution of land to landless, by forcing the Government to channel resources to pro-poor activities, and by prompting donors to focus on social exclusion and livelihood insecurity.

To achieve livelihood security for the Nepalese people, their basic rights must be guaranteed (according to international human rights conventions) in the constitution and legislated into national law. Furthermore, the Government must ensure the access of Nepali people to quality education, health services, markets, information and technology. Other important factors in livelihood security are secure access to and better management of natural resources; better access to basic and facilitating infrastructure and financial resources; and a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to basic services for all (DFID 1999). None of these conditions have been met to date and all were seriously disturbed by the armed conflict. Hence, the livelihoods of the vast majority of Nepalese people are insecure and vulnerable.

### 2.3.1 Diversion of state funds

One of the serious impacts of the armed conflict on the livelihoods of poor people was the resource shift from basic service sectors to unproductive military expenditure. The proportion of the budget dedicated to security invariably increases overtime. This increase in military expenditure and the disproportionate increase in the amount of 'administrative costs' compared to the development budget led to a decrease in the proportion of resources allocated to basic social service sectors (e.g., health, education, and drinking water).



**Table 2.5 Comparative expenditure in different sectors in Nepal (million rupees/year) 1996-2004**

Fiscal year	Total budget	Royal Nepal Army	Police	Royal Palace	General (administrative costs)	Development
1996/97	57566 (100%)	2425 (4.21%)	2235 (3.88%)	70 (0.12%)	24984 (43.40%)	32581 (56.60%)
1997/98	62022 (100%)	2629 (4.24%)	2521 (4.06%)	73 (0.12%)	27983 (45.12%)	34039 (54.88%)
1998/99	69693 (100%)	3028 (4.34%)	2922 (4.19%)	83 (0.12%)	31952 (45.85%)	37741 (54.15%)
1999/00	77238 (100%)	3511 (4.55%)	3324 (4.30%)	88 (0.11%)	35686 (45.81%)	41852 (54.19%)
2000/01	91621 (100%)	3897 (4.25%)	5271 (5.75%)	93 (0.10%)	43513 (47.50%)	48108 (52.50%)
2001/02	99792 (100%)	4521 (4.53%)	5795 (5.81%)	116 (0.12%)	49322 (49.42%)	50470 (50.58%)
2002/03	96125 (100%)	7228 (7.52%)	6304 (6.56%)	388 (0.40%)	57445 (59.76%)	38680 (40.24%)
2003/04	102400 (100%)	7179 (7.02%)	6279 (6.13%)	329 (0.32%)	60555 (59.14%)	41845 (40.86%)

Source: Pokharel (2004)

Note: Numbers in parenthesis are percentage of total budget.

Table 2.5 demonstrates that administrative costs have increased from 43.40 per cent in 1997/98 to 59.14 per cent in 2003/04. The trend continues to increase further.

### 2.3.2 Damage to infrastructure

Table 2.6 shows the estimate of the value of damage to property and infrastructure during the armed conflict and the amount needed for reconstruction. The total destruction was estimated at about 5 billion rupees, out of which 3.8 billion rupees is required to reconstruct, and damage worth 1.2 billion rupees has already been reconstructed.

**Table 2.6 Damage to physical infrastructure during the armed conflict in Nepal**

S.N.	Ministries and constitutional commissions	Damage (NRs.)	Cost of Reconstruction (NRs.)
1	Ministry of Local Development	596446000	161722000
2	Ministry of Water Resources	342703000	297243000
3	Ministry of Health and Population	417000	130130000
4	Ministry of Forest and Soil Conservation	354461000	377123000
5	Ministry of Education and Sports	20960000	44984000
6	Ministry of Agriculture and Cooperatives	260755000	00
7	Ministry of Industry, Commerce and Supplies	18123000	15064000
8	Ministry of Environment, Science and Technology	3209000	00
9	Ministry of Information and Communication	741555000	145166000
10	Ministry of Culture, Tourism and Civil Aviation	134747000	26550000

11	Ministry of Physical Planning and Works	25174000	19746000
12	Ministry of Land Reform and Management	12187000	00
13	Ministry of Defence	24799000	00
14	Ministry of Finance	4666000	2270000
15	Home Ministry	2428646000	2428203000
16	Ministry of Women, Children and Social Welfare	230000	00
17	Supreme Court	27489000	165555000
18	Election Commission	2946000	00
19	Office of Attorney General	201000	00
20	Public Service Commission	4780000	00
21	Total	5004494000	3813756000

Source: Ministry of Peace and Reconstruction (2007)

### 2.3.3 Health

Access to health facilities is an important component of livelihood security, because physical and psychological readiness and ability to work and tap opportunities is higher if individuals are healthy. During the armed conflict ambulances, health posts and other health related infrastructure were damaged and the supply of medicines restricted in Maoist influenced areas to prevent them from falling into Maoist hands. Medical professionals were unwilling to go to remote areas for work, which led to a deficiency in health services. State investment in the health sector decreased leading to a rapid 'brain drain' as qualified doctors and nurses left Nepal for better opportunities. Frequent disruption of water supply and blockades of water sources by insurgents created serious problems in the health sector. Blockades and restrictions on visiting district headquarters by the insurgents has seriously disrupted or obstructed people's access to health facilities.

### 2.3.4 Education

Access to quality education is another important element of livelihood security. The armed conflict created anarchy in the education sector and warring parties held schools to ransom. Between 1996 and 2005 the CPN (M) killed 60 teachers and 66 students, caused the disappearance of 151 teachers and abducted 516 students and 62 teachers (not including mass abductions for indoctrination purposes). Similarly, the Army killed 44 teachers, 172 students, detained 158 teachers and 115 students, and caused the disappearance of 14 teachers (The Himalayan Times 10 July 2005). Further, the mass abduction of students and teachers by CPN (M) and suspicion on the part of the security forces caused great insecurity. As a result, teachers and students left schools and colleges in rural remote areas. Strikes, *bandhs* (forced temporary closure of businesses and schools and the restriction

of movement by vehicle) and the closure of schools have seriously obstructed the school and university calendars, and the teaching/learning environment. Schools were used as battlegrounds by the warring parties and as camps by security forces. Students and teachers felt confused and afraid when the CPN (M) forced them to follow their curriculum in schools. Regular extortion and payment of levies added an extra financial burden on parents, teachers and students.

The performance of community schools in villages and remote areas was very poor because the teachers, students and parents were obliged to participate in the programmes of the CPN (M). The School Leaving Certificate (SLC) examination results from conflict-affected areas were poor and a high percentage of students failed, creating frustration among the under-educated youth. School leavers who were unable to obtain (suitable) employment consequently became restless, angry and disconnected from society, and some of them joined the rebellion.

### 2.3.5 Transportation

The regular restriction or obstruction of the movement of people and goods during the insurgency (and since) has severely affected livelihood security, particularly of people in remote areas. Transportation was regularly obstructed, and for long periods of time, during the insurgency by the placement of landmines on major roads and due to physical damage to roads, transport infrastructure (civil aviation towers, roads, suspension bridges, etc.) and vehicles (burning or blasting of buses, loaded trucks, ambulances, cars, motorbikes, etc.). Blockades prevented truckloads of food and other goods from reaching markets and from reaching district headquarters, which severely disrupted market systems (leading to price rises; shortages of basic foods; increases in black marketing, smugglings, and cartels, etc.), all of which have caused severe livelihood insecurity.

The disruption of transport slowed down economic activities. Big construction projects (e.g., Melamchi Drinking Water Project, Kali Gandaki 'A' Hydro Power Project, various road construction projects, etc.), which required a huge amount of construction materials, were not able to continue work smoothly. This had a direct impact on daily wage labourers. Many ongoing infrastructure construction projects (e.g., the Chhinchu Jajarkot Road Construction Project) were stopped due to security risks and many other projects slowed down. All these transport and travel related problems created severe livelihood insecurity.

### 2.3.6 Market disruption

The Maoist strategy of sabotaging the infrastructure of large companies such as Unilever Nepal, Surya Tobacco Company, Coca-Cola Bottlers Nepal, and various distilleries has had a negative effect on the employment of labour and created

livelihood insecurity. It has also had a substantial negative impact on the economy, which affects the livelihoods of many people.

During the insurgency market opportunities were severely constrained and trade imbalances observed. The local *hat-bazaar* (a local market where people gather to buy and sell goods) system was disrupted and there were shortages of goods and services due to physical damage to goods and food stuff (hundreds of truckloads of goods were destroyed by the Maoists). As a result, the black market flourished. The diversion of scarce resources to unproductive uses and the destruction of capital severely weakened essential service delivery mechanism. Farmers were forced to throw away the milk, vegetables and other agricultural products on the road because of the frequent transport *bandhs*, which forced people towards bankruptcy. Employment opportunities were also severely constrained due to the scaling down of existing industries. All of these factors created an unfavourable environment for investing or establishing new enterprises. People engaged in self-employment, agriculture and small-scale cottage industries left their villages/occupations due to insecurity. Because of market disruption, uncertainty and insecurity (looting, robbery, etc.) the banking sector was also significantly affected. This has had a major impact on productive investment and employment generation in Nepal.

Tourism, an important livelihood sector in Nepal, was also severely affected during the conflict. Some big hotels closed due to onerous labour strikes. Demands by the Maoists for huge donations from big business were frequent and created a negative image internationally about the situation in Nepal. Forced donations and levies imposed on tourists and restrictions on the movement of tourists due strikes, *bandhs* (forced temporary closure of businesses, schools and transport) and blockades led to a reduction in the number of tourists visiting Nepal.

### 2.3.7 Food security and livelihoods

An examination of the food availability situation in Nepal, which is one of the most important elements of livelihood security, reveals that 60.2 per cent of households experience food insufficiency. Table 2.7 demonstrates the harsh reality.

**Table 2.7 Food sufficiency of Nepali households**

Household characteristics (food sufficiency situation)	Total no of households	Total number of households with land holdings
Total	3364139 (100%)	26700 (100%)
Sufficient to feed household	1337965 (39.8%)	1728 (6.5%)
Not sufficient to feed household	2026174 (60.2%)	24972 (93.5%)
1. 1-3 months insufficient	439592 (21.7%)	755 (3%)

2. 4-6 months insufficient	877362 (43.3%)	2250 (9%)
3. 7-9 months insufficient	342039 (16.9%)	2275 (9.1%)
4. 10-12 months insufficient	357544 (16.6%)	19633 (78.6%)

**Source:** Adapted from CBS (2004 pp 104-107, Table 2.32)

If the state fails to secure food for more than 60 per cent of households and more than 16 per cent households in Nepal have food insecurity all round the year, the legitimacy of the state is in serious question.

A study conducted by Seddon and Hussein (2002) reveals that during the insurgency security forces restricted local people from holding more than one-day's food supply at a time to deny the CPN (M) access to food, as against the general practice of people to hold a few months supply. This imposed great hardship on the people as in rural areas people have to walk up to three or four days to reach the nearest market.

The traditional livelihood opportunities of local poor were jeopardised by the conflict, as they were prohibited by the security forces from entering forests to collect forest based means of livelihood (e.g., mushrooms, young sprouts of plants, medicinal herbs, non-timber forest products, firewood, etc.). Anyone found in the forest by security forces was suspected to be Maoist. As a result, there were frequent famines in the Karnali region (Ibid, p 29) and other high-conflict areas.

### 2.3.8 Land, agriculture and water resources

Land is symbol of power, prestige and social status. It is also a means of production. Land is one of the natural resources that has been most affected by the armed conflict. During the conflict, power brokers and local elites captured valuable land resources using their networks and connections with state power centres and traditional power structures. Hence, land remained one of the major means of exploitation. As a result, the CPN (M) targeted landowners, evicting local landlords and village elites from Maoist controlled villages and capturing their lands. In some areas, especially in the Maoist controlled areas, they redistributed the land to the poor. However, because of intimidation by the security forces, the poor could not make use of the land. Local landlords were not able to cultivate their land and, consequently, scarce land resources were underutilised. The Government at that time started a Land Bank concept to buy land back from the landlords and sell it to the landless. However, critics say that it is a game plan of the feudal government to serve the interests of the feudal elites by buying their lands.

The Maoist slogan 'land to the tillers' gained the sympathy of the tenants, poor farmers and marginalised groups, but the conflict disrupted traditional production relations in rural areas. In a recent study (Upreti et al. 2008) key informants

explained that most of the large landholdings were either directly controlled by the CPN (M) or the CPN (M) exerted pressure on tenants to stop paying contractual payments to landlords. The CPN (M) asked tenants to pay the landlords' share to them. This had a negative impact on the productivity of land, as lands were either uncultivated or under cultivated or cultivated with no/low investment. Some of the commercial farming (e.g., tea gardens in Ilam and Panchthar, which are usually owned by middle class to rich farmers or local elites with strong links with power centres) was controlled or disturbed by the CPN (M). Such control ultimately forced the commercial farmers to leave the area. Rich and medium class commercial farmers faced continuous pressure to pay the Maoists huge sums of money. Such extortion greatly affected commercial farming including tea gardens, fruit farms, livestock farming, and cardamom, broom grass and ginger growing. In turn, this negatively affected agriculture processing and distribution systems.

Investment in the agriculture sector by the Agriculture Development Bank (ADB) and other financial institutions decreased. It became extremely difficult for ADB staff to visit the field, as the insurgents were very negative towards ADB loans and had damaged several branches of the ADB destroying documents. Many farmers were unable to invest money loaned due to loss of their business. Big farmers and entrepreneurs were not ready to take the risk of investing in agriculture due to insecurity. In some cases farmers did not even draw down after the approval of the loan from the bank (Upreti 2005c).

The CPN (M) recognised the importance of agricultural development in their 75 point Common Minimum Policy and Programme. The 31st point states, "...Special attention shall be paid on the development of agricultural industries and proper arrangement shall be made for agricultural market". However, what they say (or write) and what they do are often different. The office buildings for agriculture and forestry (e.g., the Regional Agriculture Directorate in Biratnagar, Agriculture Development Office in Dhankuta, Forestry and Agriculture offices in Khotang, etc) were bombed by the insurgents. Several restrictive rules imposed by the Government directly hit farmers. For example, farmers needed a recommendation from the VDC Secretary to sell their rice, but there were no VDC secretaries available due to the conflict; the CPN (M) stopped the selling of timber by community forestry user groups; and communities/local people had to pay tax twice (to the Government and the CPN (M)) on the sale of non-timber forest products.

Similarly, investment in water resource was severely disturbed due to the armed conflict. Investment in water resources for hydropower, irrigation, drinking water, recreation and industrial uses was limited because the political environment was not conducive. Water sources were also polluted by the war and normal water supply systems disturbed.

### 2.3.9 Violation of human rights

Human rights abuses by the warring parties severely threatened the livelihood security of the Nepalese people as they were not able to freely engage in livelihood earning activities. The UN High Commissioner for Human Rights, Louise Arbor issued the following press statement highlighting the severe human right crisis during her visit to Nepal (23-26 January 2005): "I would warn the leaders of the insurgency not to misread development in the wider world or to believe that they can operate outside of the law." A series of reports by Amnesty International (Nepal: Killing with Impunity 20 January 2005; Nepal: State of Emergency Deepening Human Rights Crisis, 1 February 2005 and Nepal: A Long Ignored Human Rights Crisis Now on the Brink of Catastrophe, 18 February 2005) highlighted the worsening human rights situation in Nepal. Similarly, Amnesty International in its statement of 19 December 2004 stated:

*The heightened threats occur as the international community reacts to the human rights situation with growing alarm. The UN Working Group on Enforced or Involuntary Disappearances (WGEID) concluded a visit to Nepal on Tuesday having received more reports of disappearance cases than from any other country in the world. (Upreti 2005a, p 7)*

The then Secretary General of the UN, Kofi Annan also repeatedly expressed his concern about the crisis in Nepal. His statement of 23 December 2004 issued by his office demonstrates his worries about the deteriorating situation in Nepal:

*The Secretary-General is deeply troubled by reports of an escalation of fighting in Nepal and of continued grave human rights violations. The conflict is undermining democracy and human rights and seriously hindering development activities. Reports that human rights defenders in Nepal face grave threats to their safety and security are very disturbing. The safety and ability of the National Human Rights Commission and all human rights activists to carry out their essential work should be guaranteed. In that regard, the recent signing of a Memorandum of Understanding between His Majesty's Government of Nepal and the Office of the High Commissioner for Human Rights is a welcome step. The Secretary-General once again calls for an urgent cessation of fighting and the initiation of dialogue between the Government and the Communist Party of Nepal (Maoist) with the participation of all political and civil forces. He stands ready to assist such a national effort. (Upreti 2005a, p 7)*

The Secretary-General of the International Commission of Jurists (ICJ) while visiting Nepal said on 30 November 2004:

*We are deeply concerned about the escalating and gross human rights abuses being committed by both sides of the conflict in Nepal. Addressing the breakdown of the rule of law cannot wait for a peace settlement. On the*



*contrary, urgent steps can and must be taken to protect non-combatants, halt the spiralling descent into lawlessness and build the confidence for a political process. (Upreti 2005a, p 7)*

According to the reports of globally reputed organisations such as International Crisis Group and Amnesty International, the situation further worsened after the royal takeover of February 2005 (AI 2005a and 2005b; ICG 2005).

### 2.3.10 Displacement

Migration from rural areas to urban areas and from the hills to the Terai has been a general demographic phenomenon in Nepal for the last 40 years, particularly after the eradication of malaria in the Terai. Therefore, it is difficult to distinguish between conflict-induced Internally Displaced People (IDP) and voluntary migration (in search of a better life). The prevalence of both types of migration in Nepal is high. In the past decade the rate of migration continuously increased. Economic migration often positively contributes to secure livelihoods (Thieme 2006); conflict induced internal displacement, on the other hand, has devastating effects on the livelihoods of displaced people. Conflict-induced internal displacement is one of the main forms of migration in Nepal (Pyakuryal et al. 2008). India is the destination for the largest number of migrants from Nepal, due to ease of accessibility (open border, similar religion, culture and language, relatives working there, and so forth). More information about conflict-induced displacement is discussed in Chapter 7.

### 2.3.11 Gender relations

Gender roles and gender relations in the villages have drastically changed in the areas most affected by the armed conflict (Upreti 2005). Because of displacement of men from the villages, the conventional roles of men and women have changed. For example, women have started to plough the fields in the absence of male family members, which was previously culturally forbidden. Women have also been starting to take on other functions performed by men such as participating in meetings and discussions, attending funerals and dealing with outsiders (e.g., security forces and insurgents). As well as changing the role of women, the conflict has increased the work burden of women as they now have to perform the tasks of their absent men folk, as well as their traditional roles

Several cultural restrictions have been forcefully changed by the CPN (M) in Maoist influenced areas. Women have been empowered and opportunities opened up for them. For example, during the conflict, women took decisions and other responsibilities in the absence of their husbands and other male family members. Women participating in the armed conflict as combatants in the People's Liberation Army (PLA) discovered a new environment.

Gender violence is another dimension of the armed conflict. During the conflict, there were increased incidences of rape by perpetrators from both the armed forces and the Maoists. Both sides used rape as a deliberate tactic to intimidate the opposing side (AI 2005a and 2005a). The Nepalese press has frequently reported that incidents of rape were increasing. Reports of Amnesty International and various national human rights organisations stated that rape and intimidation were common characteristics of the armed conflict in Nepal. Rape survivors experience serious psychological effects and feelings of insecurity, anger and revenge. They are also often blamed by their family and the society and treated as social outcasts by the community. There were also some reported cases in the Nepalese media of a connection between the spread of HIV/AIDS and the armed conflict as some female IDPs were directly or indirectly forced into the commercial sex industry (Upreti 2006). Men forced to migrate for work or due to the conflict brought the disease back to their villages, infecting their wives and other partners. There has been a high increase in the commercial sex sector in IDP influx areas such as Nepalgunj, Surkhet and Kathmandu.

The number of single women and widows increased during the armed conflict. These women have difficulty in securing access to government compensation, basic rights and resources such as land and public services, etc. The subordination and exploitation of women is common during civil war. However, the situation in Nepal is exacerbated by cultural practices. If a women's husband is killed by either warring party, she and her children can end up displaced because of insecurity and fear.

In Nepal, women were not just victims of the conflict, they also actively participated as combatants. In the Maoist PLA, approximately 30 to 35 per cent of the fighting forces were women. This showed both men and women in Nepal that women are equally capable of fighting and serving in the armed forces. As a consequence, the Nepal Army has started to recruit female soldier.

In agriculture and resource management sectors in the conflict affected areas farming systems were very much dependent upon women as their men left the villages to avoid the warring parties. Field research (Upreti 2005a) revealed that women were taking responsibility for both the household and agriculture including crop production, livestock and the marketing of agricultural products.

### 2.3.12 Trigger for reforms

In a strategic sense, the armed conflict exposed the fundamental causes of livelihood insecurity prevalent in Nepal for centuries, making these issues a topic of national debate. The armed conflict has forced the promotion of transparency and the minimisation of corruption in development activities at the local level. The

armed conflict has also increased the direct entitlement to land and assets of certain households and poor people in the Maoist stronghold areas (Onesto 2005). As discussed, gender roles in rural areas have also shifted, particularly since the CPN (M) vehemently opposed discrimination against, and the exploitation of, women. Thus, the conflict has helped to empower women, Dalits, ethnic groups and marginalised people in Nepal. Gambling and alcohol abuse has also decreased in Maoist controlled villages (Upreti 2006). Similarly, the exploitation of the poor and small farmers by village moneylenders has decreased in rural areas. All of these changes have contributed to addressing livelihood insecurity. The armed conflict has forced the Government to start some reform programmes on such as issues as the maximum landholding ceiling, women's property rights, the regulation of the sale and consumption of liquor, and the formulation of anti-corruption legislation. Further, the CPN (M) introduced various community decision-making mechanisms to deal with land issues, domestic violence, alcoholism, polygamy, and so forth, which have given a voice to socially excluded people, the poor and rural women. The CPN (M) raised legitimate questions regarding the performance and benefit of development projects in terms of the volume of budget spent and the types of people who have benefited. These concerns have contributed at a strategic level to improving the livelihoods of poor and marginalised sections of society.

## 2.4 Newly emerging sources of insecurity

In its transition towards an inclusive, federal democratic republic, Nepal is facing new challenges and threats to security and livelihoods. Even with a fully functional elected government, Nepal is still struggling with a weak law and order situation and increasing violence causing insecurity and livelihood stress. General strikes (*bandhs*), closures (even indefinite closures) and blockades are still routine, and even turn violent (burning vehicles, smashing or destroying public and private property, harassing travellers, etc.). Killing, bombing, kidnapping, looting and extortion continue. In addition, Nepal has experienced shortages of fuel (gasoline, kerosene, petrol) and power cuts of up to 16 hours a day. All of this has placed a burden on businesses (leading to the permanent closure of some businesses and factories), increased unemployment, and put pressure on daily wage earners who find it harder and harder to work. At the same time, rising commodity and food prices have increase the cost of living.

### 2.4.1 Ethnic movement

On the political front, the Terai region has become increasingly insecure and violent since the promulgation of the Interim Constitution. Some of the Madheshi<sup>3</sup>

<sup>3</sup> 'Madheshi' is a term used to describe the people from the Terai (or 'Madhesh'), the plain region of Nepal.

groups and political parties claim that their demands for ethnic autonomy (reflected in the slogan 'One Madesh One Pradesh') are not being met. The movement is both powerful and aggressive. The Madhesh uprising in January/February 2007 (during which 27 people lost their lives) resulted in the amendment of the Interim Constitution 2007 to incorporate federalism and proportional representation, two of the main issues in the ethnic movement. It also succeeded in increasing the number of seats in Constituent Assembly allocated to the Terai from 43 per cent to 49 per cent. The regional parties have emerged as new political force in Nepal. The Madheshi movement regrettably turned out to be anti-Pahadi<sup>4</sup> (although the Pahadi's are not the only ones being targeted). Madheshi armed groups have been involved in kidnapping, extortion and killings (Hachhethu 2009). This lack of law and order in the Terai has brought about a new source of livelihood insecurity. Market disruption due to strikes and demonstrations, blockades preventing the transportation of goods from India and the Terai to urban centres in Nepal, and the closure of businesses and factories, some temporarily and others permanently, are common place as the different political actors promote their causes. All these factors have created livelihoods insecurity.

#### 2.4.2 Emergence of armed groups in the Terai

The security situation in the Terai is also severely affected by several small, armed groups that have emerged in the wake of the ethnic movement and are taking advantage of the extremely poor transitional security situation in the Terai. These groups include Janatantrik Terai Mukti Morcha (led by Jwala Singh), Janatantrik Madesh Mukti Morcha (led by Goit), Janatantrik Terai Mukti Morcha (led by Bisphot Singh), Madeshi Mukti Tiger, Terai Cobra; Python, Terai Baggi, Terai Army, Madeshi Virus Killers Party, Royal Defence Army, Gorkha Line Mukti Morcha, Liberation Tigers of Terai Ilem (LTTE) and the Kirat Workers Party (mainly in Udayapur and Khotang), and many more. There are more than 60 armed groups active in Nepal. Most of them have no political aim, but are encouraged by being reported in the media and perhaps by the Maoist access to power by use of violence to extort resources and to be popular leaders. There are only five or six armed groups with political aims and an organisational structure. Their formal demands are mostly related to the recognition of their community's/ethnic group's interests and representation in state structures; however, some of these groups want autonomy or a separate state. The open border with India has greatly contributed to the organisation and expansion of several militant and fringe groups, most of whom have no political base, popular support, or clear organisational structure.

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<sup>4</sup> 'Pahadi' is a term used to describe the people from the hills, as opposed to the people from the Terai.

### 2.4.3 Criminal groups

There are also many criminal groups active in the Terai, based both in India and Nepal. Chhotelal Sahani, Sanju Baba, Raju Singh Rathor and the Munna Singh Groups are a few of the many groups mainly operating from India). This is creating severe insecurity and obstructing the normal livelihood activities of people. The open border between India and Nepal is becoming a haven for illegal arms traders and smugglers. The phenomena of criminal-led insecurity, such as the kidnapping of children, murder and attempted murder, robbery, the illegal trafficking of arms and ammunitions, human trafficking, drug trafficking, massacres, and forced displacement are continuing (Upreti 2009).

### 2.4.4 Militant arms of political parties

A new security dilemma is emerging as the main political parties are organising their youth as fighting forces against each other. Violent clashes between workers of different political parties are frequent. All the major political parties have created coercive sister youth organisations such as the Young Communist League (YCL) by CPN (M) (the largest party), Youth Force (YF) by the CPN (UML) (third largest party), Madesh Rakshya Bahini by Nepal the Sadbhavana Party, Madeshi Youth Force by Madheshi Janadhikar Forum (fourth largest party). These organisations are operating without any legal mandate, reinforcing the 'might is right' culture that was prevalent during the worst of the Maoist insurgency, and are consequently creating enormous insecurity and fear all over Nepal. The Police Force is stretched, politicised and demoralised and consequently not able to act against the unlawful actions of these groups.

## 2.5 Changing political context

Nepal is now undergoing an historic transition from a feudal, centralist, autocratic and exclusionary state, to an inclusive, federal democratic republic. The popular uprising of April 2006 (Jana Andolan II) toppled the monarchy and led to the signing of the Comprehensive Peace Agreement in November 2006 and the election of the Constituent Assembly charged with the task of writing a new constitution for Nepal. While this is being done, the Nepal Army has been confined to its barracks and the PLA in cantonments.

The CPN (M) emerged as the largest political party in the Constituent Assembly Election held on 10 April 2008 and led the coalition government for nine months (September 2008 to mid-May 2009). At the time of writing, the ideologue of the CPN (M), Baburam Bhattarai, Finance Minister while presenting the country's budget for the fiscal year 2008/09 in the Legislature Parliament on 19 September

2008, identified some major challenges for the development of Nepal: (i) underdevelopment and absolute poverty; (ii) the stagnation of the agriculture sector, (iii) widespread unemployment and semi-unemployment; (iv) inequality and discrimination, (v) inadequacy of physical infrastructure, (vi) economic dependency, (vii) the deteriorating quality of public education and educational discrimination, (viii) corruption and (ix) very weak service delivery. These problems are widely cited to be the root causes of the armed conflict and livelihood insecurity of poor people of Nepal. Regarding underdevelopment and extreme poverty, the Finance Minister wrote:

*Alarming figures of extremely low per capita income and more than half of population living below absolute poverty line present an awful image of the overall economic condition. Average growth rate of 2 per cent during the period of last fifty years clearly reveals that there is structural bottleneck in the economy. Therefore, breaking the vicious circle of poverty and underdevelopment through rapid economic growth along with its equitable distribution is the major economic challenge of the day. (MoF 2008)*

Identifying the problem is said to be half of the solution. Now it is up to the Government of Nepal to address this issue. In Nepal, challenges related to underdevelopment and poverty are well identified. The problem is lack of commitment, capacity and sincere efforts to address these issues. Similarly, the Government assessment of the stagnation of the agriculture sector is:

*Despite agriculture sector being a source of employment for about 68 per cent of manpower, its contribution to Gross Domestic Product is only 32 per cent. Poverty is rampant among those engaged in agriculture because the per capita productivity is the lowest one. Our goal of rapid economic growth and poverty alleviation can never be achieved until we succeed to increase productivity of agriculture sector and shift the excess manpower from agriculture to the other sectors of economy by way of creating opportunities for gainful employment. Overall transformation of agriculture sector cannot take place without breaking the century-long feudal production relations rooted in the sector. Because of the feudal-based production relations, where peasants cultivating the lands do not have their ownership and those owning the land do not cultivate, productivity of agriculture is always low creating adverse impact on the economic growth. (MoF 2008)*

This is not an easy task for the Government, particularly with the deep tension between the major political parties over land related issues. Breaking the feudal relations of production means challenging the status quo, which is reinforced by most of the senior leaders of all the major political parties, as most of them come from either a feudal socio-economic background or from that mindset. The Maoist led government's assessment of the situation of unemployment and semi-unemployment was:

*Unfortunately, our youth force is unemployed within our own country and are compelled to engage in painful foreign employment. Brain drain of educated and trained manpower is increasing. It has become a major challenge to create employment opportunity within the country for those youths who are marginalized from the mainstream of development, and make them participate in the process of building new Nepal. (MoF 2008)*

Addressing widespread semi-unemployment and disguised unemployment requires a holistic approach to development, and the institutional arrangements and procedural provisions are complicated. This presents serious problems in tackling unemployment, disguised employment and underemployment. Until there is a national consensus on addressing the root causes of the conflict, which is highly unlikely, achieving livelihood security and economic prosperity and social stability will be extremely difficult.

When the citizens of Nepal are engaged in democratic practices and when the state protects the human rights of its citizens, ensures social justice and promotes equity, livelihood security will improve. For that, economic development, political stability, lasting peace and inclusive democratic practices are required. The new constitution, to be framed by the 601 members of the Constituent Assembly, will hopefully ensure these conditions. The start is promising: the Constituent Assembly is the most diverse legislature in the history of Nepal, with as the 191 women and 49 Dalits, and numerous other previously marginalised and excluded groups finding representation. For the first time a broad cross-section of Nepal will be involved in writing a constitution to represent all of their interests. The livelihoods of the Nepalese people will be secure in the future if the new constitution: (i) ensures the participation of all members of society in decision making (ii) deals with some of the structural causes of poverty in Nepal, and (iii) addresses social discrimination. In addition, the state must provide a conducive policy framework and responsive institutional arrangements to ensure equity and livelihood security, and sincerely implement these mechanisms in the new Nepal.

Regrettably, the political environment seriously deteriorated in April and May 2009. The political parties, deeply entangled in their vested political interests and personal egos, have put aside the important components of a successful peace process such as constitution making, addressing PLA issues, restructuring of the state and delivering peace dividends. The termination of chief of the Nepal Army by the Government resulted in the collapse of the coalition government led by UCPN (M) and a deep political divide and mistrust. The ousting of the UCPN (M) from the Government raised serious concerns among the Nepalese people about the potential for future conflict. Although, the senior leaders of the CPN (UML) are well known to be moderate politicians, and one of the few important players in the past

peace process, Mr Madhav Nepal, was elected as Prime Minister with the support of 22 out of 24 political parties present in the parliament, the challenges ahead for him are serious given the seriously deteriorated relationship between the UCPN (M) and the CPN (UML).<sup>5</sup>

## 2.6 Conclusions

Livelihood security cannot be achieved without addressing the problems of poverty, structural inequality, political and social exclusion, discrimination, and bad governance. The political change of 2006 paved the way for a federal democratic republic, but it also brought with it enormous challenges. The changed political context has provided a broader framework for change, but structurally embedded, pervasive socio-cultural and economic discrimination and inequality on the basis of caste, ethnicity and gender are still obstructing factors that must be overcome.

The livelihood basis and options of poor and marginalised people were severely affected during the decade of conflict in Nepal. State funds were diverted away from development to fight the insurgency. Damage to property and infrastructure during the armed conflict is estimated at 5 billion rupees, of which 3.8 billion rupees is required to reconstruct. Health, education, transport and markets were all severely disrupted. Food security in Nepal hit an all time low, with 60.2 per cent of households experiencing food insufficiency. The conflict also negatively affected agriculture processing and distribution systems, as well as investment in water resources. The serious violations of human rights committed by both the security forces and the insurgents created a culture of fear in which people were not able to freely engage in their usual livelihood activities. Conflict-induced internal displacement further disrupted livelihoods and left many villages without a male workforce. All of these factors severely disrupted livelihood security in Nepal.

Supporting people to achieve livelihood security should be a priority of the new

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<sup>5</sup> The UCPN (M) blame the CPN (UML) for the collapse of the UCPN (M) led coalition government as the CPN (UML) was second largest coalition partner. The UCPN (M) led government had a series of disputes with the Chief of Nepal Army (such as denial of entry of Defence Minister into one of Nepal Army Barracks in Chitwan, recruitment of Nepal Army personnel despite the disapproval of UNMIN and the coalition government, opposition of the discontinuation of Nepal Army Generals after their retirement, withdrawal of Nepal Army players from the national games due to participation by the PLA, resistance of Nepal Army Chief to the integration of PLA into the Nepal Army, submission of a complete draft of the constitution by Nepal Army Chief to National Interests Protection Committee of CA containing some provisions that contradict political agreements, labelling the CPA simply as a political document and not legally binding, and so forth etc.). Hence, the UCPN (M) wanted to remove the Chief of Nepal Army from his post and sought approval from the main coalition partner CPN (UML), whose general secretary gave the go ahead before visiting China in late April 2009. But once the Government issued the termination letter to the Army Chief, the CPN (UML) withdrew from the coalition government and coordinated all other political parties to oppose the decision. They requested the President to keep the Army Chief in the post against the decision of the Government. Hence, the President issued a letter at midnight asking the Army Chief to continue in his position. Consequently, the UCPN (M) resigned from government.



government. The government should give priority to addressing the structural causes of the conflict (exclusion, discrimination and unequal distribution of resources). Changing existing power relations is an important structural means of enhancing the access of poor and marginalised people to alternate livelihood opportunities. Similarly, development strategies should consider the need to create livelihood security, which will also help to address the structural causes of the conflict, and strengthening peace and security.

A critical examination of the overall impacts of development programmes (Pandey 1999; Shrestha 1997; Upreti 2004a) raises the fundamental question as to why development has failed to address poverty and social exclusion in Nepal, the major structural causes of the conflict. The question directly points towards the performance of the government, the governing system and the development administration (proximate causes). The effective implementation of the Tenth Five Year Plan was severely affected during the period of the escalated conflict (2002–2006) and by malgovernance within the development administration of Nepal. Rural-urban inequalities, internal displacement and migration, the diversion of funds by the government to security and the fragile state of the private sector have held Nepal's development back and are jeopardising Nepal's prospects of achieving the Millennium Development Goals by 2015.

The people of Nepal lost trust in the political change of 1990 because of broken promises and failed delivery. They harbour a deep mistrust toward the Government and political parties because of their poor performance and many failures. Hence, the politicians and ruling elite that emerged after the political change of 2006 have to learn a lesson from the past. Many of the challenges faced by Nepal today are the product of the inherent weaknesses of the governing systems, social exclusion, the lack of public engagement in governance practices and failure to recognise pluralism in Nepali society. These issues need through consideration.

The main political actors and the government are still able to offer the Nepalese people a realistic hope of attaining a decent standard living. The poorest groups are entrenched in a deprivation trap – a cycle of social exclusion and poverty. This needs to be addressed or it will sow the seeds for future discontent and instability. Livelihood security is essential to lasting peace.

To ensure the livelihood security of the Nepalese people requires a radical shift in current thinking and practices. The principle of inclusiveness must be applied by civil society, political actors and other segments of society. A culture of tolerance, respect for diversity, inclusiveness and reconciliation must be incorporated into governance principles and practices. The root causes of conflict such as poverty, social and political exclusion and the marginalisation of ethnic minorities, discrimination, unequal access to resources, and bad governance need to be properly addressed

to create lasting peace in Nepal. It is essential for all political and social actors to change their perceptions, shed stereotypes and promote tolerance and embrace inclusiveness. In essence, the current conflict should be used as an opportunity to broaden political and social reforms in Nepal. The armed conflict undoubtedly had many negative impacts, but it also contributed positively to altering the unequal social relations in Nepalese society. These gains must be consolidated, and Nepal must move forward to create a society in which all of its citizens can prosper and live in dignity.

Although Nepal has experience armed conflict for the past ten years (and suffered the causes of the conflict for a lot longer), there is a ray of hope emerging. After the defeat of the autocratic regime by the people's movement of April 2006, the new government and the Constituent Assembly are entering into serious political negotiations for the restructuring of the state and the establishment of an inclusive federal democratic republic. If the negotiations are successful, this nation will be transformed into an inclusive modern Nepal, where all citizens are represented. A Nepal where everyone has an equal right to dream, work and prosper.

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