

## News Update from Nepal May 29, 2006

### Power-Shift

For the first time in the country's modern history, monarchy has become truly ceremonial, at least until a Constituent Assembly election decides the fate of the 250-year institution. The Nepali parliament - dissolved about four years ago following non-stop political wrangling, and reinstated by King Gyanendra on April 24 this year in an effort to quell massive street protests - has restored the claim of the public to political will and sovereignty. But what is remarkable about the May 18 announcement of the House of Representatives is that it goes far beyond the traditional notions of democracy that Nepalis were accustomed to in the past. The House proclaimed itself as a "sovereign" and "supreme" body, removed the King as Supreme Commander of the Army, put the army under its control, declared the country as secular state, dissolved rajparishad, the royal Privy Council, made massive cut in the power and privileges of the king, including the right to decide the heir to the Nepali throne.

CPN (Maoist) Chairman Prachanda reacted, "The proclamation does not address the needs and aspirations of the people." He also said that by not even mentioning the 12-point understanding, the declaration smacks of the "parties' intention to run away with all the credit for the people's movement." Rastriya Prajatantra Party Chairman Pashupati Rana complained that the SPA undermined the role of opposition parties in finalizing the historical document. He said, "A House cannot function democratically if there is tyranny of majority." On May 21, Premier G.P. Koirala met King Gyanendra to seek "desirable cooperation from him" promising that there was room for constitutional monarchy if it cooperated with the parliament in enforcing the parliamentary proclamation. The World Hindu Federation and Shiva Sena Nepal opposed the country being declared a secular state while people from minority religions welcomed it. PM Koirala also said to the King that the government would take stern action against royalists if they orchestrate anarchy in the country.

On April 2, Prime Minister Girija Prasad Koirala formed a seven-member cabinet of ministers which was expanded later. The allocation of portfolios is below:

1.	G.P. Koirala	Prime Minister	Royal Palace, Defense, Health and Population and Industry, Commerce and Supplies
2.	K.P. Sharma Oli	Deputy Prime Minister	Foreign Affairs
3.	Gopal Man Shrestha	Minister	Physical Planning and Works
4.	Mahantha Thakur	Minister	Agriculture and Cooperatives
5.	Dr. Ram S. Mahat	Minister	Finance
6.	Narendra B. Nembang	Minister	Law, Justice and Parliamentary Affairs
7.	Krishna P. Sitaula	Minister	Home
8.	Prabhu N. Chaudhary	Minister	Land Reform and Management
9.	Chitra Lekha Yadav	Minister	Water Resources
10.	Rajendra P. Panday	Minister	Local Development
11.	Pradip Gyawali	Minister	Culture, Tourism and Civil Aviation

12.	Dr.Mangal S. Man-andhar	Minister	Education and Sports
13.	Gopal Rai	State Ministers	Forest and Soil Conservation
14.	Dilendra P. Badu	State Ministers	Information and Communication
15.	Ramesh Lekhak	State Ministers	Labour and Transport Management
16.	Man Bahadur Bishwo-karma	State Ministers	Environment, Science and Technology
17.	Urmila Aryal	State Ministers	Women, Children and Social Welfare
18.	Dharma Nath Shah	State Ministers	General Administration

The government took a number of initiatives. It revoked the election to the municipal bodies, recalled 12 ambassadors, cancelled the appointments to the District Development Committee Members, regional and zonal administrators, decided to pay out Rs 1 million to the next of kin of those killed in the mass movement and formed a judicial commission headed by former Supreme Court Justice Krishna Jung Rayamajhi to probe the atrocities committed by security forces and other officials during the movement where 21 persons died and 5000 wounded. It also scrapped all previous political appointments in the government institutions since October 4, 2002 and annulled the ordinances promulgated to amend some Nepal acts concerning, media, NGOs and Local Administration.

On May 12, five ex-ministers of the King's cabinet - Home Minister Kamal Thapa, Foreign Minister Ramesh N. Panday, state ministers for Information Shrish Rana, Local Development minister T. Dhakal and Minister for Health Nikshya S Rana were detained for 90 days and suspended Chief Secretary of the government for his role in suppressing the movement. Panday and Shrish Rana moved to the Supreme Court with habeas corpus petitions that questioned the legality of their detention. The government also suspended nine high-ranking security officials and wrote a letter to the UN for the return of the Chief of the Staff (COS), Lieutenant General Balananda Sharma, who is serving in Israel. The Rayamajhi Commission has recommended the suspension of Chief of Army Staff Pyar Jung Thapa.

### **Peace Negotiation**

On May 19, the cabinet meeting decided to form a three-member talk committee headed by Home Minister, Krishna Prasad Sitaula, to initiate dialogue with the Maoists. Other members are: Pradip Gyawali, Minister for Culture, Tourism and Civil Aviation, and Ramesh Lekhak, Minister for State for Labor and Transport Management. The CPN (Maoist) team is headed by Krishna B. Mahara. Other members are Dev Gurung and Dinanath Sharma. On the first day of their peace talks on May 26 both sides announced a 25-point Code of Conduct governing the ceasefire and ensuring a peaceful environment. They have agreed to invite credible national and international monitoring teams to oversee the ceasefire and compliance of the Code of Conduct. Major highlights of the Code are: respect people's mandate for democracy, progress and peace, commitment to 1948 human rights declaration and competitive multi-party polity, firm commitment to implement 12-point understanding, guarantee of civil life free of fear, no public display of arms and combatants, arms settlement through mutual agreement, no extortion, strikes and bandas, release of detainees and captives from both sides, revocation of charges, no hindrance in supply of essential goods, development works and movement of people, return of seized property, refrain from activities that provoke the other side, stop

fresh recruitment and mobilization of arms, code of conduct may be reviewed or amended if both sides agree, etc. The next round of talks will focus on the process and modalities of elections to the CA and settle the remaining differences. The coordinator of Maoists' negotiator Krishna B. Mahara argued in favor of a national convention with the participation of people from all segments of society, should annul the present constitution and draft a new one. An interim government should be formed by dissolving the present government and parliament.

## **Opposition Politics**

Expressing her serious differences over the SPA's refusal to accept her as Speaker of the HoR as per its previous promise, Deputy Speaker Chitralekha Yadav declined to become Minister for Water Resources. CPN-UML leader Pradip Nepal resigned from the party's Standing Committee expressing discontent over the formation of new cabinet. Similarly, NC leader Arjun N. KC objected the way of how the cabinet was formed without discussion in the party.

On May 10, the CPN-UML General-Secretary Madhav Kumar Nepal said that the government-Maoist talks would decide the entire process of the CA and the future of monarchy. But, he objected to CPN (Maoist)'s demand for the dissolution of House before the election of CA and formation of an interim government. On May 8, the Rastriya Janashakti Party (RJP) expressed its concern that political decisions on every issue might lead to anarchy and suggested that the government prioritize the genuine Maoist issue to guarantee security and free movement of the people rather than engaging in spoils system of hiring and firing government officials.

On May 20, NC's Central Working Committee member Narahari Acharya registered a proposal in the party to discuss about democratic republic and urged the CWC meeting to summon the meeting of party's General Assembly and take a decision on it. CPN-UML leader Bam Dev Gautam asked the SPA to join hands with the CPN (Maoist) for a republican set up in the country.

On May 20, NC (D) President Sher B. Deuba has been elected as the parliamentary party leader of NC (D). He defeated Bijaya Gachhedar by 24 votes to 13 out of 30. The Deputy Speaker and other two members did not participate.

On May 27, People's Front Nepal (PFN) suffered split. The president of breakaway faction Chitra B. KC opposed the party's decision to join and support the government and formed its own 39-member Central Committee.

## **CPN (Maoist)**

On May 2, Prachanda said that the reinstated parliament does not have a fresh mandate and it cannot solve the problem. He welcomed the government's decision to withdraw Red Corner Notices, the terrorist tags, release of 1,400 Maoists in due course of time and expressed readiness to peacefully reorganize the People's Liberation Army (PLA) to a new national army as per the "people's democratic aspirations."

On May 13, Prachanda issued a road map for peace that seeks the release of prisoners, the dissolution of parliament, scrapping of Constitution, restructuring of the army, drafting of interim statute and formation of interim government to hold elections for CA. He said that he would participate in direct talks with the government after his three-member team carried out a preliminary dialogue. The team will make preparation for the talks likely to be held between Prachanda and G.P. Koirala. He also warned the SPA that if it went against the 12-point pact, the Maoists will lead another revolt against it. He lays stress on secularism, right to self-determination and self-governance with special rights to Dalits and Women, revolutionary land reforms, independent national economic policy, strong opposition to foreign interference, scientific and people-friendly education system and employment guarantee. He justified extortion saying, "Donation was necessary for food and treatment for thousands of People's Liberation Army, the party's military wing." Stating that the present government was formed with the power of people's movement, it was the government's duty to allocate 50 percent of its budget to people in rural areas and to fulfill the basic needs of PLA.

On May 19, the Birgunj Chambers of Commerce and Industries (BCCI) threatened to close down over 500 industrial units if the pro-Maoist All Nepal Trade Union Federation (ANTUF-R) fails to hold talks with it within two days and stop intimidating the industrial sector. On May 20, Premier G.P. Koirala spoke to Prachanda and urged him to allow the operation of industries. On May 21, the BCCI and ANTUF-R signed a 11-point agreement under which the management of the industries agreed to end the contract system, provide a minimum of Rs. 100 as daily wage, issue appointment letters to employees depending on the nature of work, advertise vacancies, give 150 percent of the basic salary to the workers for overtime, etc.

### **Civil society**

Civil society groups are building sustained pressure on the political leadership so that they do not deviate from democratic process and supporting the movement of indigenous people to guarantee their participation in the upcoming elections to a constituent assembly." Human Rights activist Padma R. Tuladher asserted, "It was civil society leaders who convinced people to take part in the movement when the masses were critical of the parties for their past mistakes. But, right after victory, the parties have started ignoring the people's strength." Leader of Citizens Movement for Democracy and Peace (CMDP) Dr. D.R. Panday appealed to all the people not to vote the political party which fails to go with republic agenda in course of CA elections.

On May 23, a committee representing the National Planning Commission, Ministry of Finance, Social Welfare Council, Ministry of Foreign Affairs and Ministry of Home have passed the draft to categorize INGOs into three groups by grading them on the basis of their institutional management, programs formulated on the basis of national priority, work areas and geographical areas of the programs, implementation, monitoring, evaluation and achievements and effects of the program.

On May 11, Maoist district committee (Rukum) leader Purna Gharti in a statement said the "NGOs and INGOs should launch their programs after coordinating with District People's Government (DPG) as per the concepts of Central People's Council (CPC) and Magarat Autonomous Region (MAR).

The UN High Commissioner for Human Rights (OHCHR)-Nepal expressed concerns over the use of the Public Security Act (PSA) against five ministers of the previous royal government. "OHCHR-Nepal believes that the use of the PSA raises serious questions about the legality of the arrests and detention. According to the detention letters issued by the Chief District Officer of Kathmandu, all detainees were "involved in conspiratorial activities including organizing secret meetings likely to jeopardize the sovereignty of the people and the people's rights achieved by the people's movement. The detention letters however do not indicate the basis on which these accusations are being made, nor do they give specific details of the "conspiratorial activities" and how such activities "immediately jeopardize the sovereignty, integrity, or public tranquility and order of the Kingdom of Nepal." He also blamed the Bhairab Nath battalion of the Army for playing central role in disappearing 49 Maoist suspects and asked the government to take action against culprits. The Nepali Army said that it will abide by the directives of the government.

### **Foreign Affairs**

On May 2, Norwegian Minister of International Development Erik Solheim arrived in Kathmandu for four-day official visit and offered his country's willingness to assist Nepal in conflict resolution and economic recovery. Foreign Minister Oli and Home Minister Sitaula, however, ruled out the possibility of appointing any mediators or facilitators as the government is going to talk to the Maoists directly.

On May 2, the US Assistant Secretary of the state for Southeast and South Asia, Richard Boucher, during his two-day visit to Nepal told premier Koirala that the US would "go by whatever the people of Nepal decide" and expressed the US readiness to help Nepal in "political process, economic recovery and security area." On May 18, Boucher expressed doubt about Maoists intentions: "The Maoists have been an exceptionally brutal insurgency, and their forces have become accustomed to control over the countryside exercised through terror. They must renounce violence and instruments of control, such as extortion, that have terrorized Nepal."

On May 5, Samuel Tamrat from the UN Department for Political Affairs has made a 10-day visit to Nepal to "review the situation and help build on those positive developments, towards a negotiated solution to the country's instability." The UN has agreed to assist Nepal in arms management, monitor the ceasefire and to serve as an observer during the election of CA if the government requests it. On May 17, media revealed that India and the UN have taken each other into confidence on the questions of keeping Nepal's armed force - the Nepalese Army and the PLA under its supervision during CA elections. He said, "The UN could play a major role. But there should be a detailed agreement between the government and the Maoists for a viable ceasefire and a mechanism to monitor the ceasefire. Demobilization of both the armies, integration of the Maoist army and downsizing the Nepali army are some for the pertinent issues that should be addressed soon. He also indicated that the UN is waiting for a mandated role for its involvement in Nepal though the world body has been involved in silent diplomacy for quite some time. He said that the capacity of the police should be boosted to maintain law and order in the country in the absence of both the armies.

## Economy

About 47 percent of Nepalese are chronically hungry. Thirty districts suffer from food deficit. Food shortage has gripped remote districts due to inaccessibility and limitation of transportation facility. Nepal is also hit hard by the phasing out of quota system for textile, with the value and volume of its ready made garment exports declining by 22 and 28 percent respectively. On May 15 issuing a White paper Finance Minister Dr. Ram S. Mahat promised to bring Interim Reform Programs, committed to take action against defaulters and called donors for immediate budgetary support. Nepal has sought \$1.2 billion for reconstruction and rehabilitation and has appealed to the international community for help. On May 17, major donors of Nepal expressed willingness to support Nepal's development but urged the government to formulate a concrete and practicable plan which highlights national priorities and development strategies. Nepal's development needs are: revival of project terminated or downsized earlier; commencement of projects postponed after Feb. 1 move; budgetary support to deal with the liquidity crisis; relief and rehabilitation of conflict victims; reconstruction of destroyed infrastructure; a new investment package with focus on infrastructure; development of power projects to solve energy crisis; and community-based infrastructure and income generating programs.

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