

News Update from Nepal
31 July 2006

The Government's Policies and Programs

On July 9, Deputy Prime Minister K.P. Oli presented the government's policies and programs for the fiscal year 2006-07 in the House of Representatives (HOR). They aimed for: sustainable peace through free and fair Constituent Assembly (CA) elections on the basis of various agreements reached between the SPA and the Maoists, necessary cooperation from the UN for the peace process and for arms managements, establishment of a sensitive, efficient and accountable security mechanism to guarantee peace and security to the people and management of the security agencies according to the changed context, arrangement of welfare programs for the conflict-hit people and families of martyrs, placement of the poor, marginalized and suppressed communities at the center in resource allocations and priority to rural employment, income and infrastructure. It was endorsed with a majority consent.

The *Economic Survey of Nepal 2006* revealed that Nepal's GDP grew by 2.4 percent. The size of the total economy touched Rs. 557.9 billion (US \$7.54b). Per capita income increased to \$311. The social sector, however, presented a bleak picture - the number of schools declined by almost 6 percent and the number of health posts and primary health centers remained unchanged at 699 and 180 respectively. The availability of safe water per day has increased to 7.2 million liters from last year's 5.58 million liters. On July 12, Finance Minister Dr. R.S. Mahat presented the annual budget of Rs 143.91 billion. Of the total budget outlay he has estimated Rs 83.76 b for capital expenditures, Rs. 44.79b for recurrent expenditures and Rs 15.16b for repayment of principal amounts. The deficit of Rs 22.45 b shall be met through domestic borrowings. Rs. 1.25 b is allocated for the CA elections. Security has got Rs 18.20b, education Rs 22.77b, agriculture Rs 3.996 b, health Rs. 22.77 b, drinking water Rs Rs 6.19b, urban housing Rs 890m, irrigation Rs 4b and electricity Rs 8.41b, etc.

In order to give the six-member Interim Constitution Drafting Committee (ICDC) a democratic character, a meeting of the government and the Maoists announced an addition of nine more members to it (July 15), which was formed on June 16. New entrants in the committee are: Agni Kharel and Chattra Kumari Ghale from CPN-UML, Sushila Karki and Puspa Bhusal from NC, Chandeshwor Shrestha from People's Front Nepal, Sunil Prajapati from Nepal Peasants and Workers Party (NeWPP), Parsuram Jha from NSP-A, and Shanti Rai and Kumar Yonjan Tamang from Maoists.

Civil-Military Relations

In an effort to remove the historical distrust between the civil-military relations and bring the Nepal Army under civilian control the government has initiated several initiatives. On July 3, it scrapped the unified command of the police, army and the armed police force created to

fight against the Maoists, and proposed a new structure for the National Security Council under the chairmanship of the Prime Minister and with four other ministers - home, finance, defense, and foreign minister - as members but without an army chief. This is designed to break the historical link of the army with the royal palace. Similarly, on July 24, it also scrapped the Principal Military Secretariat inside the Royal Palace that was functioning as a crucial link between the army and the king. The Defense Ministry will carry out the composition of the coordinating mechanism. On July 27, the High Level Probe Commission (HLPC) summoned the Chief of the Army Staff (COAS) Pyar Jung Thapa along with five other army generals for interrogation over their role in the atrocities committed during the April movement. The Court also ordered the government to furnish separate written replies for not suspending Acting Inspector General of the Armed Police Force, Basu Dev Oli and Armed Police Force (APF) DIG Dilip Shrestha for their dubious role in the movement. The Supreme Court, however, refused to issue an interim order in the writ petition seeking action against Pyar Jung Thapa over his alleged role in atrocities committed against pro-democracy supporters.

Political Parties Bring Contending Political Visions

On July 8, General-Secretary of the CPN-UML, Madhav Kumar Nepal said that the responsibilities of the ailing prime minister should be transferred so as to keep up the momentum of the government. The President of the Rastriya Prajatantra Party (RPP) Pashupati S. Rana criticized the SPA and its government for not being able to carry out credible ground-work towards restoring lasting peace in the country. On July 10, the Chairman of the Rastriya Janashakti Party S.B. Thapa suggested to the Interim Constitution Drafting Committee (ICDC) to arrange for making people fully sovereign, to insert a provision in the statute for assessing the people's opinion through a referendum before taking any decisions on issues of national importance and to opt for a mixed model electoral system for the CA election where 75 representatives are represented from the district while 230 are elected under a proportional election system. The party suggested 30 experts, technocrats and professionals nominated to the assembly of parties, election of 3 percent women and turning Upper House an ethnic assembly.

On July 14, the NeWPP presented a 14-point suggestion to the ICDC, stressing the need for an interim 151-member advisory assembly in place of the present HOR. The party suggested 17 members each from NC, NC (D), CPN-UML, five each from NeWPP, People's Front Nepal, Nepal Sadbhavana Party (A) and United Left Front, 25 from the Maoists and four from the civil society in the new assembly. It suggested that the Upper House should be scrapped, the Prime Minister should be elected from the assembly, there should be a proportional representation of parties in the council of ministers and the CA should comprise 205 members and 103 of them should be directly elected from 75 districts and another 102 through a proportional representation system. The party suggested an electoral system for the appointment of the chief justice, army chief and police chiefs and the formation of a nine-member committee of the SPA and Maoists to mobilize the integrated army.

On July 30, CPN-UML has said that the nation should go for CA polls and a referendum together, in order to gauge public opinion on the fate of monarchy. It reiterated that the existing parliament should remain active and perform legislative responsibilities until the SPA

and CPN (Maoist) formulate an alternative body by replacing the parliament. The ICDC should incorporate a constitutional court that would immediately resolve any shortcomings, disputes and legal constraints while going for the CA and in the process of formulating a new constitution. It also supported the proportional election system for the CA and there should be an independent election system while going for the CA, referendum and local elections in a free and fair manner.

Maoists Strategies

On July 3, Prachanda issued a special directive to all district committees of his party to collect only voluntary donations, to refrain from opening new customs points and to halt for the moment the operation of people's courts in big cities and the capital. But, in an interview in *Sanghu Weekly* on July 3 he said, "We have not abandoned the line of protracted war. What we have done is a fusion of mass revolt and insurgency. If people's aspirations are crushed people will have to revolt and we will lead the revolt." The CPN (Maoist) is trying to create a broader "republican front" and aligning with like-minded political parties and civil society for peaceful agitation to initiate a structural transformation of the polity. The weekly magazine *Ghatana Ra Bichar* reported Prachanda saying, "The weapons of the Maoists belong to the people. They will use those whenever is necessary. The strength of the People's Liberation Army (PLA) will not be reduced. Only the army of the state will be reduced. The recruitment in the PLA will continue and they will be given new training and equipments." The PLA will not merge with the Nepal Army. They will remain as a separate unit under the command of the interim prime minister and the field level command belongs to their respective parties.

Civil society

On July 5, the Citizens' Movement for Democracy and Peace (CMDP) warned of street protests to remind the SPA of their commitment to the CA elections. It said that the ruling parties have given the people enough reason to question their integrity by indulging in non-issues or secondary issues in parliament. "People's only demand during the movement was CA elections to establish a republic state but this has become overshadowed now," said Dr. Devendra Raj Panday. He pointed out many faults, such as the non-suspension of the Chief of the Army, no change in the palace machinery, a culture of impunity, and even a violation of the 12-point agreement. On July 25, putting forth several demands to the government and CPN (Maoist), such as the implementation of the 8-point agreement, taking the peace process to a purposeful conclusion, announcing the date for CA elections, dissolution of parliament, respect to the ceasefire code of conduct in letter and spirit, action against high level army officers responsible for human rights abuses during the peaceful movement and a republic, civil society groups have begun their protest program in 30 districts of the country.

Peace Process

Legislators flayed the government accusing it of surrendering to the Maoists and signing the 8-point pact with the rebels to dissolve the HOR without even consulting it. CPN-UML legislator Raghuj Pant accused the Home Minister Krishna Prasad Sitaula of acting like a lackey escorting the Maoist chief Prachanda. Former Premier Surya B. Thapa labeled the leaders of the SPA "autocratic" for signing the pact with the Maoists to dissolve the House

without consulting it. NC party secretary Benup Raj Prasain said, "NC legislators demanded an amendment in the 8-point agreement and accused Home Minister Sitaula "for failing to represent the people and the party's spirit." On July 4, Premier G.P. Koirala formally requested the UN to help monitor and manage the weapons and forces of the government as well as those of the Maoists in order to ensure free and fair CA elections. Maoist leader Dev Gurung said that letter to the UN is unacceptable because "it was sent without our consent." When the content of the letter was disclosed by Deputy Prime Minister Oli to the parliamentary committee it further generated resistance from the Maoist side as it talks about the decommissioning of the Maoist's weapons. On July 14, the tripartite meeting between NC, CPN-UML and Maoist leaders that took place at Godavari failed to generate consensus on either the "alternative to the dissolution of parliament" or management of arms. On July 24, voicing serious objections to a government letter sent to UN Secretary-General Kofi Annan, Maoist Chairman Prachanda himself wrote to Annan stating that decommissioning of only the rebel army was "unthinkable" as it also violates the 12-point pact and 8-point agreement. He, however, pledged to cooperate with the UN in any manner with the UN team. On July 19, the Parliamentary Committee for Monitoring Dialogue Process and Ceasefire directed the government to sign a peace accord, a ceasefire treaty and a human rights accord with the Maoists to facilitate the UN to play a role in Nepal's peace process.

International Community

The US, India and Japan prefer the decommissioning of the Maoists' arms before they join the interim government. In contrast, the CPN (Maoist) declines to do so before a final political settlement. On July 15, the US Assistant Secretary of State for South Asia and Central Asian Affairs Richard Boucher said that the US supports a possible role the UN could play in the ongoing peace process in Nepal by disarming the Maoist rebels. But political parties on their own should take a sincere initiative in this regard. He said, "The Nepal army has an important role to play, while the PLA should disarm for peace and security. On July 17, the head of a visiting EU delegation, Neena Gill, said the Maoists should be disarmed before the elections to the CA and supported the role of the UN. She said that the government needs to deal with the issues of law enforcement, something which has lately become critical, by being able to differentiate between criminal and political elements. The Maoists need to allow development projects and NGOs work in their areas.

On July 27, Staffan de Mistura, the head of the UN assessment mission, which arrived in Kathmandu said, "Clarity among all concerned is absolutely essential if the UN is to play an effective role as an impartial third party in Nepal." He added, "We have come here to listen to everyone." On July 30, Mistura emphasized the urgency for key Nepali actors to arrive at a "common understanding - on the issue of arms management in particular - before the mission returns to New York after three days and presents its report to Secretary-General Kofi Annan.

Corruption and Culture of Impunity

The old Nepali aphorism, "Law for the poor, immunity for the powerful" still holds true. Patronage politics, rent-seeking tendency and impunity system are the main barriers to establish a rule of law and foster a rational development process. This is the reason rule en-

forcement agencies fail to implement laws and, as a result, perpetuate structural injustice. On July 25, the HOR passed a resolution asking the government to ratify the Rome Statute of the International Criminal Court (ICC) paving the way for justice to the people and end the state of impunity.

On July 6, the parliamentary Public Accounts Committee (PAC) summoned the chief priest of the Pashupati Nath Temple to discuss the state of income and expenditure at the country's largest religious establishment. There has been a problem because of a lack of systematic record keeping. The High Level Probe Commission grilled former ministers, secretaries, former Chief Justice Hari Prasad Sharma, former Speaker Tara Nath Ranabhat for their support to the royal takeover and many politicians and journalists for receiving money from the government and to rationalize their actions.

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