

News Update from Nepal
30 August 2006

Government's Moves

The security situation in Nepal still remains weak. The level of violence - robbery, proliferation of small arms, mob action and activities of *Janatantrik Tarai Mukti Morcha (JTMM)*, a break-away faction of CPN (Maoist) which often engages in crossfire with CPN (Maoist) - continues. The government has not been able to establish its authority because the Seven Party Alliance (SPA) is playing the role of both government and opposition. It has to withdraw its recent decision of the price hike on petroleum products by 25%. The statement by Premier G.P. Koirala that the House of Representatives (HOR) cannot be dissolved and the CPN (Maoist) cannot join the interim government until rebels are disarmed and the King should be given a "space", evoked sharp reactions from the CPN-UML, Nepali Congress (Democratic) United People's Front and the CPN (Maoist) as they all prefer a democratic republic. The CPN (Maoist) ideologue Dr. Babu Ram Bhattarai criticized Koirala for advocating a "space" for the King. He also accused him of refusing to sign a joint letter to be sent to the UN under the influence of "invisible power." To increase the leverage of the party Premier Koirala floated an idea of unifying the two Nepali Congresses. But, President of NC (D) Sher B. Deuba said that his party is ready for a "dignified unification with appropriate position for his party men at all levels, clarifying the ideological ambiguities and shaping the party to a fully democratic one." NC (D) leaders said clearly that they do not want unification to give a space to the King.

On July 31, the cabinet approved a Bill allowing the eldest child of the monarch to become heir to the throne irrespective of gender. A committee headed by the Prime Minister will be set up in the parliament to select the heir. It also amended the law on the Royal Household Expenditure, limiting the recipients of state facilities and allowances to the king, queen, crown prince, *yubarani* (in case of the eldest daughter ascending to the throne) and the queen mother. Though the *yubarani* will subsequently ascend the throne, her husband will not be entitled to the facilities. The SPA decided to retain "ceremonial monarchy" until Constituent Assembly (CA) elections are held.

On August 13, Parliament asked the government to suspend the transaction of land owned by royal family members until all necessary arrangements for taxing those is complete. The Land Reforms Management Minister disclosed that the royal family members possess 39,378 ropanis of land and have a share in 17 companies.

On August 23, the Civil Service (second amendment) Bill has reserved 45 % seats in the civil service for underprivileged sections of society - women, *Dalits*, Janajatis, handicapped and backward people. It also agreed for an annual increment of allowance, taking into account the price index, providing trade union rights up to the section officer level, fulfillment of 10 % positions in the Under and Joint Secretary Level through open competition, and personnel from Kharidar to Under secretary level will be promoted automatically after completing 16 years in the same position. If they do not have a minimum qualification required for the upper post, they need 20 years of service.

Civil-Military Relations

On August 14, the government tabled a Bill in the HOR to replace all the previous military acts. After the Bill is passed the Commander-in-Chief of the Army will become Chief of the Army Staff, the army will be controlled by the government and mobilized on the recommendation of the Defense Council (DC). On August 23, newly-appointed acting army Chief Rukmangad Katuwal said that the Nepali Army (NA) wants to see the supremacy of the people established in the country. The government has already started to make it democratic. On August 21, the UNOHCHR has strongly demanded the revision of the bill before its adoption by the parliament as "it does not meet international human rights standards." The CPN (Maoist) prefers Security Sector Reforms (SSR) for the democratization of the army while the government prefers Disarming, Demobilization and Reintegration (DDR) of rebels under the aegis of the UN.

Interim Constitution

On August 4, NC (D) came up with 21-point suggestions for the Interim Constitution Drafting Committee (ICDC). The objective of the CA is to establish a federal republican state system and make it an inclusive, participatory and democratic one. NC (D), like the CPN-UML, said that the fate of the monarchy should be decided either through a referendum or CA elections. It said that the existing parliament should remain intact until the SPA and Maoists sign a pact for an "an alternative parliament."

On August 13, CPN-UML floated the modality of an interim legislature comprising 315 members. It includes all MPs from both Houses, the representative of CPN (Maoist), the leaders of various political parties, intellectuals, women and people from backward and excluded groups. The NC earlier called for a 325-member Interim House while the Maoists preferred 303 members.

On August 25, the ICDC handed over the draft statute to the government and Maoist negotiating teams proposing a referendum to decide the fate of monarchy. Contentious issues, such as state of emergency, appointment of prime minister, etc are to be sorted out by the SPA and CPN (Maoist) leadership. The draft provided with fundamental rights, society security for the underclass, fresh appointment of constitutional posts within six months, set up of a court to handle CA related cases and an interim legislature to be formed on the basis of political consensus.

CPN (Maoist)

Despite a situation of no-war-no-peace, the war of nerve between the government and the CPN (Maoist) continues. On August 13, the Chairman of CPN (Maoist) said that the monarchy should be suspended in the interim constitution. He said that the "government of SPA is conspiring to make the King active again. We will not return to the jungle if we had to face a revolt again. We will bring about a republic legally staying in the cities." The same day, Dr. Baburam Bhattarai alleged that elements within the SPA and outside the country are trying to disrupt the ongoing peace talks by unnecessarily complicating the "already settled" issue of arms management in the 12-point and 8-point pacts. On August 21, Maoist negotiator K.B. Mahara alleged the plot of foreign forces to prevent the CA elections.

Civil Society

Civil society groups are often organizing huge rallies in Kathmandu. Human rights activist Krishna Pahadi said, The Premier is carrying a "carcass" in the name of saving ceremonial monarchy and the royal palace was trying to create anarchy in the country with the help of the SPA. Dr. D.R. Panday demanded the establishment of a democratic republic, dissolving

of the HOR and the declaration of the date for the CA elections. Padma R. Tuladher blaming the SPA leaders of “being mere puppets of the US and the Palace” said, “You are in the government through our mandate. You should be following our mandate rather than that of the US, India or the UN.” On August 9, indigenous peoples groups demanded a “democratic republic, elections for CA and state reforms and the fulfillment of the desire for the indigenous people.” During a sit-in-protest in Kathmandu, Dr. Panday said, “I want to warn the political parties that they won’t last long by ignoring citizens’ demands.” Nepali citizens cannot put up with two states, two forces and two governments. Dr. Sunder Mani Dixit added, “The Maoists should be immediately brought into an interim government. CA elections are not possible without this. Separating them from their weapons is not necessary. Keeping them under monitoring in cantonments suffices.” The Coordinator of the Interim Constitution Drafting Committee Laxman Prasad Aryal (on August 19) revealed that the country could not move forward as per the spirit of the popular movement due to unreliable statements of the Premier on the King and the Maoists.

Lingering Peace Process

Premier Koirala instructed his party men not to oppose the 8-point pact signed between the SPA and Maoists. On August 8, Deputy Premier Amik Sherchan raised the possibility of foreign intervention and asked the people that they should be prepared to take up arms. He added, “the leaders opposing the 8-point pact were against the spirit of the April movement.” CPN-UML leader Bam Dev Gautam said, “Influenced by foreign advice, Prime Minister Koirala and Deputy Premier K.P. Oli, want the Maoists to pull out of the peace talks.”

On August 9, the government and CPN (Maoist) agreed to keep the rebel combatants in specified cantonment and NA personnel within barracks. Premier Koirala and CPN (Maoist) chairman Prachanda signed separate letters of similar content inviting the UN to help monitor their arms and armed personnel. The five-point pact spells: a) continuing the Office of High Commissioner for Human Rights (OHCHR) monitoring of the rights situation; b) helping monitor the 25-point Code of Conduct; c) Confining Maoist combatants and their weapons in designated cantonments and letting the UN monitor them; d) Confining the NA personnel and their weapons in barracks to ensure that they are not used for or against any side; and e) observing the CA elections. The modalities for all arrangements, including arms and ammunitions will be worked out among the parties and the UN.

On August 21, the government and Maoists held informal talks and agreed to take up the draft interim constitution and discussed how to implement the five-point agreement. They also agreed to finalize detailed plans for setting up camps for Maoist combatants - especially the places for camps - before the UN team arrives.

International Community

The US, the EU, India, Japan and Finland say that the Maoists should be allowed to join the interim government after the management of their arms. The UN mission led by Steffan de Mistura after extensive consultation and filed visits identified four areas in which the UN, with the support of all sides, could positively contribute to the peace process. He said, “These are arms and armies management, electoral assistance (for the CA elections), assistance in monitoring the code of conduct, and expansion of human rights activities in Nepal.” On August 24, UN Secretary-General Kofi Annan has appointed senior UN official and human rights expert, Ian Martin, as the head of a new mission to be stationed in Nepal to facilitate the arms management.

On August 13, visiting US senator, Arlen Specter, said that the US is anxious to see a “unified government” in Nepal, there should be a peaceful government in place and all parties in the government will have to be willing to abide by democracy and by democratic rules. So that means by negotiations and by dialogue and not by the force of arms. The Maoists have a military force. They cannot have an army of their own within an army when they are in the government. It is my hope that Nepal will work out its problems. On August 27, visiting US Congressmen led by Jim Kolbe expressed similar views. The US government has also provided Nepal \$ 32.8 million under grant agreements as part of a total US development package for Nepal of \$ 45 million in 2006.

Irregularities

On August 1, the Parliamentary Public Affairs Committee asked the government to retrieve the amount distributed by the royal government as bounty to mobilize the media in favor of the King's takeover. On August 15, Nepal Rastriya Bank revealed that 53 business groups have defaulted their banking loan amounting to Rs. 25 billion and said that the financial sector cleansing was impossible unless the defaulters were forced to pay back loans.

Contact: Marei.John@fes.de, Tel.: 030 – 26 935 915
Ulrike.Ehnes@fes.de, Tel.: 0228 – 883 508