

News Update from Nepal
22 September 2006

The Government

The Seven-Party Alliance (SPA)-led government is struggling to stabilize its authority through an improvement in the national security, law and order and humanitarian supplies. “Rebels are becoming more organized and are blocking government activities in the countryside. The presence of the state is very limited and its hold is further shrinking,” said the UN Resident Representative to Nepal, Matthew Kahane (September 15). Due to a lack of security 68 percent of village development secretaries, 55 percent of health workers and conflict-displaced people have not returned to their workplace. Upset over the growing agitation of social groups, strikes, abduction, extortion and illegal activities, legislators blamed the government for the poor law and order situation and asked the Home Minister K.P. Sitaula to resign.

To beef up security, the government appointed Lt. General Rukmangat Katuwal as the Chief of the Army Staff (COAS) of the Nepali Army (NA) and Om Bikram Rana and Basu Dev Oli as Inspector General of Nepal Police and Armed Police Force respectively despite the objection from the CPN (Maoist) and sixteen human rights activists. The UNHCHR report made three security chiefs responsible for the death of people during the April movement. These human rights groups drew UN Secretary-General Kofi Annan’s attention to the culture of impunity. The majority of legislators criticized Premier G.P. Koirala for reappointing the suspended security officials. The chief of the High Level Probe Commission (HLPC), K.J. Rayamajhi, formed to investigate atrocities, expressed displeasure over the government’s “reward and protect” policy towards those in the commission’s suspect list and feared that they might damage the evidence against them. All the four security chiefs of the Nepali Army (NA), Armed Police Force (APF), Nepal Police and National Investigation Department briefed Premier Koirala on the security situation including the entry of a Maoist Special Team in Kathmandu. Subsequently, the security measures in Kathmandu have been strengthened.

Democratization Process

On September 6, the Parliamentary State Affairs Committee curtailed the king’s power to issue any order for enacting new Acts, Regulations and government decisions as well as receive credentials of foreign diplomats. This act would transfer all powers of the King to the Cabinet. The same day the Cabinet passed a controversial draft drawn up to amend the Citizenship Act-1963 and tabled it at the House of Representatives for debate. The cut off date for eligibility of citizenship is April 15, 1989. Once the bill is passed, citizenship can be provided in the mother’s name and to those living in the country for 15 years. Foreigners who have contributed to Nepal’s progress can also acquire it. *Samyukta Jana Morcha* has begun a campaign against it saying that this is a strategy to convert Nepal into Fiji.

The NA agreed to keep its Military Court (MC) open to the public in the course of a Court Martial. However, the MC will remain closed while taking decisions on crucial issues related to national security, public security and the protection of victims' rights. On September 15, legislators reached an agreement to make changes to the Nepali Army Amendment Bill-2006, prohibiting the army from investing its Welfare Fund (Rs 12 billion) being run by NA to establish or operate its own industries or commercial businesses. To further democratize the NA, the bill has proposed a new system for selecting army officers through a Public Service Commission while a committee headed by the Deputy-Attorney General will investigate the cases against corruption and torture. Similarly, a special court headed by an appellate court justice will take up appeals against decisions of the Military Special Court.

Peace Process

Confidence-building measures are very slow between the SPA and CPN (Maoist). The peace process is not gaining the desired pace due to the Maoists' reluctance to give up arms and the SPA's unwillingness to dissolve the revived House of Representatives. On September 3, top Maoist leaders said that the ongoing peace talks would not see progress unless the government clarifies the issue of Nepal-bound arms reportedly intercepted in India. On September 5, a member of the Maoist negotiating team, Dev Gurung, said that it was meaningless to hold a dialogue with the present government team that has no power. The cabinet discussed on how to respond to the Maoist's decision to form a 10-member high-level team for summit talks. Premier Koirala and Maoist leader Prachanda met on September 17 to clarify their confusion and agreed to hold a summit talk before the Dasain festival to settle the critical issues, such as arms management, interim statute and government, interim legislature and the monarchy's position.

The UN Secretary-General's personal representative, Ian Martin, stressed the need for a full ceasefire agreement which would help the peace process move forward. On September 18, five civil society leaders including Laxman Prasad Aryal in a statement said to activate the peace bid, "The current dilly-dallying over the 12-point and 8-point agreements and 5-point letter sent to the UN is on the one hand allowing autocrats to snatch away the people's rights again and increasing the risk of derailment of the peace process." Civil society groups organized a stage-in program to oppose foreign intervention against the peace process and exerted pressure on the government to announce the date of Constituent Assembly elections.

On September 13, the US Ambassador to Nepal James F. Moriarty said the Maoist activities are not conducive to peace. "The rebels cannot claim to be a political party until they surrender arms." He said that the country is moving towards *lok tantra* but the "frequent remarks of the Maoist chairman Prachanda violate the spirit of the ongoing peace process."

Party Politics

The Rastriya Prajatantra Party Chairman P.S. Rana has asked the SPA and Maoists to hold summit talks to understand the people's desire for peace. He accused both the forces of "imposing an authoritarian rule in the country." Amidst the din of unity between the two Nepali Congress Parties, the media report that so far no serious homework has been done. The General Secretary of NC K.B. Gurung spoke about the indispensability of the king for

the unity of the country; another General Secretary R.C. Poudel argued that the 11th Convention of the NC has already abandoned the concept of monarchy. Still, another group led by Narahari Acharya has formed a republican front which does not have any space in the party. NC (Democratic) president Sher B. Deuba is looking for a dignified unification from the top to bottom while former Premier K.P. Bhattarai warned Deuba of either to fall in step for unity or face isolation. Cadres of NC (Democratic) demonstrated against Deuba at Biratnagar for groupism in the party. The US Ambassador to Nepal James F. Moriarty advised the political parties to be united for democracy while Sharad Yadav, a member of the delegation of Indian leaders, advised the SPA and Maoist leaders “not to sever their ties.” The CPN-UML General-Secretary M.K. Nepal, the main coalition partner in the ruling regime, threatened Premier Koirala to opt out of the government if he does not follow the SPA guidelines. He also advised the government to stop “appointing corrupt persons.”

CPN (Maoist)

Opposing Premier Koirala’s remarks of “not recognizing the CPN (Maoist) as a political party unless it is decommissioned,” CPN (Maoist) in its September 1 central committee meeting in Kamidanda formulated a two-phased program. In the first phase, it decided to put pressure on the government through peace talks for the implementation of the 8-point program, interim constitution, interim legislature and formation of an interim government for the CA election. It will also create a broad-based republican front and in case of the breakdown of talks prepare people for an urban revolt. In the second phase, it will organize a nationwide movement to defeat imperialists and their local collaborators for the resumption of peace talks and holding of unconditional CA elections. The Maoist leadership prefers a political approach before the management of arms while the SPA prefers the management of arms before a political settlement. The meeting also formed a 10-member team led by Prachanda to sort out the issue whether the party should settle for an interim constitution that accepts monarchy in its current form. It is above the peace talk team. It blamed the US and India for trying to disrupt the peace process.

The Chief of the Maoist’s talk team Krishna B. Mahara warned that his party would go for a “Kathmandu-centered revolution” and said that there was no question of the Maoist fighters laying down their arms until monarchy was abolished and the army was restructured. “The ruling alliance is increasing its proximity with the royal regressive forces to prepare for a massive suppression of revolutionary forces. The consignment of arms coming to Nepal, movement of US military trainers in Kathmandu and talks between SPA leaders and palace officials were indications of a conspiracy against them.” On September 13, the Maoist allegation that the government was ferrying arms and ammunition from across the border was proved wrong by the eight-member team led by the coordinator of the ceasefire monitoring committee. The Home minister claimed that vehicles were to be utilized by UN peacekeepers while the Maoists smelt a “conspiracy.” In September, students affiliated to the CPN (Maoist) organized sit-in demonstrations in the army headquarters in Kathmandu and Eastern Division headquarters in Ithari demanding that they make public the whereabouts of their missing relatives.

Foreign Affairs

Germany provided a grant assistance of 100,000 € to the UN High Commissioner for Refugees in Nepal while the US has provided \$750,000 to feed the Bhutanese refugees. After his week-long visit to China in August, Deputy Premier K.P. Oli said that China was positive towards Nepal's request to expand its Qinghai-Tibet railway line to the Nepal border. The government has appealed for US \$120 million aid in cash or kind to deal with the devastations caused by recent floods and draught which affected more than 13,000 people in the Western region. The Asian Development Bank has agreed to provide a grant assistance of \$ 55.2 million for road connectivity. The International Organization for Migration (IOM), the principal intergovernmental organization in the field of migration affiliated to the UN, formally established its liaison office in Kathmandu. It deals with the migration and human trafficking issue. According to the IOM report 2006, altogether 819,000 Nepalese migrants contributed \$ 785 million in remittances, representing 12 percent of the country's GDP and 65 percent of the country's foreign exchange.

Economy

Nepal is moving towards a debt-trapped economy. Foreign loans are alarming at a time when the development expenditure is declining. Foreign loans have largely gone under the regular expenditure. The debt servicing now is about 8 percent of the government expenditure. The outstanding foreign debt of Nepal as of July 16, 2006 has reached over Rs. 234 billion which comes to over 40 percent of the country's total GDP that stands at Rs 583 billion. Every Nepali now owes a loan of Rs. 13,000 as per the latest government figures. The Asian Development Bank projects Nepal's economic growth at two percent due to the adverse impact of poor rain on the agricultural production. Nepal's economic growth rests on political stability and credible mechanisms to resolve the violent conflict. On September 16, the World Bank's Vice-President for South Asia Praful Patel said that the time has come for Nepal to go into the second-generation reform with a renewed commitment of dealing with willful defaulters. The government, however, has not been able to take action against them. The International Monetary Fund has agreed to renew the Poverty Reduction and Growth Facility (PRGF) agreement for the next year, despite the slow pace in fulfilling "prior commitments" agreed three years ago.

Media

On September 15, the High-Level Media Commission in its report suggested the government to allow up to 49 percent foreign direct investments in media industries, all staff, top managers should be Nepali, set up a separate national broadcasting authority to regulate the media, a Constitutional Information and Communication Commission should be set up to ensure the right to information, no license for FMs with a capacity less than 30 watts if local bodies and universities run it, privatization of *Gorkhapatra*, autonomous NTV and Radio Nepal to come under parliament and at least 33 percent staff should be made permanent in 5-year old media. *Dristi* and *Sanghu* weeklies branded foreign investments in media anti-national.

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