



## **News Update from Nepal**

10 September 2008

### **Human Security**

Systemic crisis continues to grip Nepal due to security, authority and basic needs deficits, poor service delivery, ongoing political conflicts and culture of impunity. Within six months 50 persons were killed in the country while 150 persons became victim of human rights violations. Shortages of essential public goods, such as food, cooking gas, petroleum products and school books have compounded the crisis further. The flood of Saptakoshi River damaged the Koshi dam and rendered 30,000 homeless, affected 1,000 villages, killed 7,000 livestock and put 13 Village Development Committees at high risk. Crop worth Rs. 300 million washed away. Experts argued that the non-maintenance of the dam by India under the agreement led to the flood havoc. Local administration, Nepal Army and international organizations are involved in humanitarian operations. The US provided \$50,000 for flood victims, the EU \$1.5 million, China \$300,000 and the World Food Program mobilized emergency food aid to feed 50,000 flood victims. The World Food Program has identified Nepal as "hunger hotspots." Nearly 4.2 million people of Nepal are facing a food deficit.

### **Law and Order**

Death of three persons in a road incident in Nawalparasi district caused the torching of a police post. Non-state armed actors, such as Janatantrik Tarai Mukti Morcha (JTMM-Singh) detonated a powerful bomb at the land revenue office in Jaleswor and Gaur and District Development Committee and District Land Revenue Office at Rajbiraj. Bombs exploded in Pokhara. JTMM (Rajan) abducted two persons in Mahottari. Various Tarai parties also threatened Nepali weeklies published from the district to stop publishing news in Nepali. The daughter of a noted surgeon, Dr. Upendra Devkota, Megha was kidnapped in Kathmandu and was released after he paid Rs. 100 million. Police operation arrested one of the five persons. The police and workers of Narayani Rolling Mill at Bara strike killed one worker and injured 50. In Sirha, a medical student and an old lady were killed by an unidentified group.

The death of a bus driver by robbers in Sarlahi district caused one week-long transport strike in the eastern part of Nepal. The strikes of transporters in the west against the syndicate system lasted about a month causing the dearth of supply of essential goods in hills. On August 11, Youth Force of CPN-UML and Young Communist League (YCL) of CPN (Maoist) clashed at Casino Anna over the dispute on their respective unions. They also clashed at Dhanakuta over collecting donations injuring 14 persons. To prevent further clashes, the local administration clamped a curfew. On August 13, fifty-four prisoners broke out of the jail in Sirha and freed themselves after taking two policemen under their control. Police killed one prisoner. On August 17, one army person was injured when an unidenti-

fied group detonated a socket bomb inside the residence of Vice-President Permanand Jha. On August 30, police action killed Chief of underground Tarai Army Kaushal Sahani.

## **Power Shift**

The consensus strategy that characterized Nepal's politics since the popular mass movement of 2006 marked a shift to a majoritarian one. The coalition of Nepali Congress (NC), CPN-UML and Madhesi Jana Adhikar Forum (MJAF) which elected President, Vice-President and Chairman of the CA became short-lived as the latter two parties shifted its alliance to CPN (Maoist) by signing a seven-point deal and frustrated the then Premier G.P. Koirala's strategy to form a non-Maoist government. The seven-point deal involves the drafting of a Common Minimum Program (CMP), power-sharing, code of conduct and operation of the government including the army and police on a consensus basis. The CMP involves: consolidation of national unity and nationalism, drafting of a new constitution, restructuring the state on a federal line, taking the peace process to a logical end, improvement in law and order and immediate relief to those injured or killed during the People's war, mass movement and Madhesi movement, and socio-economic transformation through the introduction of a policy related to land. The coalition code involves: the government would be run on a consensus basis and a high level Political Coordination Committee will guide the government on political and policy level issues. Its jurisdiction and regulations have been finalized, ministers have to abide by the code of conduct and the cabinet will have the final say on the operation of security agencies.

On August 1, CPN (Maoist) expressed regret at breaking alliance with CPN-UML to rebuild political trust. Similarly, on August 6, CPN (Maoist) chairman Puspa Kamal Dahal issued directives to his party's youth wing, YCL, to immediately dissolve its para-military structure and return private and public property seized by the party during the armed conflict as per the demands of the political parties. On August 8, the four big parties - CPN (Maoist), NC, CPN-UML and MJAF - failed to meet the President's extended deadline to form a national unity government. The disagreements persisted over the Common Minimum Program, power-sharing, code of conduct, creation of the environment of trust and demand of NC for Defense Ministry. As CPN (Maoist) failed to muster a majority on August 10, President Dr. Ram Baran Yadav issued a directive to elect the Prime Minister through majority votes of the CA in accordance with the Interim Constitution.

The NC rejected any participation in a Maoist-led new government unless it is given the Defense Ministry portfolio considering its role in the settlement of issues related to the Maoist combatants and their weapons. It also insisted on the dissolution of the Maoist YCL, destruction of Maoist weapons, handover of property seized by CPN (Maoist) to the rightful owners, amendment to the constitution and an end to acts of intimidation and political intervention in constitutional bodies.

## **Government Formation**

On August 14, CPN (Maoist) chairman P.K. Dahal filed his nomination as a joint Prime Minister candidate of CPN (Maoist), CPN-UML and MJAF. NC leader Sher B. Deuba also filed his nomination for the same post for what he calls "to save the fundamentals of de-

mocracy." The CA voted overwhelmingly to elect Maoist Chairman Dahal to the post of Prime Minister, ending a four-month long stalemate. Dahal bagged 464 votes in the 594-member CA against NC candidate Deuba's 113 votes. The National People's Front (4 seats) and Nepal Worker and Peasants Party (5 seats) did not vote. After being elected, Dahal announced that he would step down as the chief of the People's Liberation Army, end YCL's para-military and return the property to its legitimate owners.

The new government formed under the Prime Ministership of Puspa Kamal Dahal on August 18 has been partially expanded on August 22 with the inclusion of 8 ministers, 4 from CPN (Maoist) and 4 from MJAF. CPN-UML ministers did not take oath as they demanded that Home Minister Bam Dev Gautam must have second rank in protocol after the premier. After negotiation the six-party government agreed to form a 24-member cabinet on August 31:

- Pushpa Kamal Dahal : Prime Minister and the Ministry for Women, Children and Social Welfare (CPN-Maoist)
- Bamdev Gautam : Deputy Prime Minister and Minister for Home Affairs (CPN-UML)
- Dr. Baburam Bhattarai: Finance (CPN-Maoist)
- Upendra Yadav : Foreign Affairs (MJAF)
- Ram Bahadur Thapa (Badal) : Defence - (CPN-Maoist)
- Bijaya Kumar Gachhedar : Physical Planning and Works (MJAF)
- Bishnu Paudel : Water Resources (CPN-UML)
- Krishna Bahadur Mahara : Information and Communications (CPN-Maoist)
- Jay Prakash Prasad Gupta : Agriculture and Cooperative (MJAF)
- Asta Laxmi Shakya : Industry (CPN-UML)
- Dev Prasad Gurung : Law, Justice and Constituent Assembly (CPN-Maoist)
- Rajendra Mahato : Commerce and Supplies (Sadbhawana Party)
- Matrika Yadav : Land Reform and Management (CPN-Maoist)
- Gopal Shakya : Youth and Sports (CPN-UML)
- Renu Kumari Yadav : Education (MJAF)
- Pampha Bhusal : General Administration (CPN-Maoist)
- Hisila Yami : Tourism and Civil Aviation (CPN-Maoist)
- Giri Raj Mani Pokharel : Health and Population (Janamorcha Nepal)
- Kiran Gurung : Forest Soil Conservation (CPN-UML)
- Janardan Sharma : Peace and Reconstruction (CPN-Maoist)
- Gopal Kirati : Culture and State Restructuring (CPN-Maoist)
- Ram Chandra Jha : Local Development (CPN-UML)
- Lekh Raj Bhatta : Labour and Transportation (CPN-Maoist)
- Ganesh Shah : Environment, Science and Technology (CPN-United)

### **Inner Party Democracy**

Lack of inner party democracy in Nepal has caused factionalism and splits in various parties. On August 19, the Chure Bhawar Ekta Samaj Party leader Keshav Mainali dissolved the party's central committee as his rival led by Megh B. Thapa suspected him of undemocratic behavior and taking money during the prime ministerial and presidential elections. NC is also facing a tussle within the party. The G.P. Koirala faction wants to dissolve the entire district chapters of the party while the Sher B. Deuba faction calls for a 60/40 ratio in the seat adjustment between the two factions at all levels. NC central working committee

extended its tenure by one year due to "internal and external causes." CPN-UML, CPN (Maoist) and Rastriya Prajatantra Party-Nepal are facing similar contradictions over leadership and policy questions. The factionalism in the CPN (Maoist) is surfacing between hard liner Mohan Baidya and soft liner Prime Minister-Finance Minister duo with Defense Minister Ram B. Thapa in between. Baidya still holds that his party's ultimate goal is a People's Republic while his counterpart seems to have settled with a federal democratic republic.

## Foreign Affairs

Despite controversy the then Premier G.P. Koirala attended the 15<sup>th</sup> SAARC summit in Colombo, Sri Lanka held on August 2-3. The SAARC leaders endorsed two agreements on the South Asian Regional Standards Organization to improve the South Asian Free Trade Area (SAFTA) and South Asian Development Fund in Bhutan with a capital of \$207 million. Afghanistan has joined SAFTA. The leaders also explored and finalized recommendations of the SAARC Food Bank and SAARC Development Bank. They welcomed Australia and Myanmar for the Observer Status. The 16<sup>th</sup> summit will be held in Male, the capital of the Maldives in 2009.

Prime Minister Dahal made a five-day official visit to China beginning from August 23 to attend the closing ceremony of the Beijing Olympics. On August 24, he met Chinese President Hu Jintao and Prime Minister Wen Jiabao and urged the Chinese side for greater connectivity between the two countries to promote trade, investment and tourism. During the meeting China expressed "respect for the social system and the way of development Nepal has taken" while he expressed commitment to the one-China policy.

On August 28, Foreign Minister Upendra Yadav before leaving for 10<sup>th</sup> Bay of Bengal Initiative for the Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) ministerial meeting in Delhi said that as per the Koshi agreement it was India's responsibility to provide relief and rehabilitation to flood victims. Nepal sought facilitation measures to boost its sub-regional trade.

On August 7, Japan agreed to cancel an outstanding debt of \$107 million to the government of Nepal. The World Bank agreed to provide Nepal a grant assistance of \$12.23 million for the implementation of Peace, Health and Rural Water Supply Projects. The Bank gave Nepal \$4.367 million to pay Maoist PLA \$576 each and families of those killed during insurgency \$1,439 for each death.

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