

A Decade of Armed Conflict and Livelihood Insecurity in Nepal

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1 The Context

Nepal, previously recognised as a peaceful country, is midst of violent conflict since 1996. The ongoing armed conflict has taken more than 1300 lives and cost billions of rupees worth of damage to property and infrastructure. Nevertheless, it has challenged the centuries' old feudal socio-cultural and political systems and brought tremendous opportunities for the restructuring of the centrally controlled, top-down and feudalistic unitary state. After the takeover of legislative power by the King on October 4, 2002 and his direct rule of 1 February 2005 and subsequent successful mass movement against the King's autocratic rules, restructuring of the state and transformation of Nepalese society is becoming reality. Poverty and inequality, social and political exclusion, gender disparity, caste or ethnic-based discrimination, corruption and mal-governance are root causes of the armed conflict and source of persistent livelihood insecurity of poor people of Nepal (Thapa and Sijapati, 2003; Upreti, 2004a). Within this over-arching context of complexity, this chapter sets out to develop an understanding of the causes and dynamics of conflict in Nepal, analyse the relationship between conflict and livelihood insecurities, and explores options leading to livelihood security and durable peace in the country.

2. Causes of conflict

The armed conflict of Nepal is the cumulative effect of structural causes, proximate causes, changing international security dimensions, psychological aspects, failure of leadership and geo-political specificity. Hence, the Maoist insurgency is not the sole product of the failure of multiparty democracy. Rather, it is the reflection of more than 238 years of top-down, exclusionary, centralist, autocratic and feudal political and social system that had nurtured social exclusion, marginalisation, poverty, discrimination and subordination in Nepalese society. A brief discussion on the different causes of conflict is presented in this section.

2.1 Structural causes:

2.1.1 Poverty:

It is well known that poverty and livelihood insecurity are closely interrelated and they are both a cause and consequence of conflict. Poverty in Nepal is one of the major determinant factors of livelihood insecurity, as vast majority of population below absolute poverty line are surviving with immense insecurity. They are excluded from access to food for bare subsistence. These problems are causing malnutrition, high infant mortality, lack of access to basic facilities such as shelter, pure drinking water, primary health care, etc. (Seddon and Hussein, 2002). More than 40 percent people of Nepal are below poverty line. Hence, poverty and livelihood insecurity is one of the root causes of conflict.

2.1.2 Discrimination and exclusion:

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State nurtured caste-, class, gender- and religion- based discriminations became one of the main causes of the conflict. State's structures themselves are exclusionary, such as declaring state as 'Hindu state', excluding employment of Madeshi people in military, not issuing citizenship certificate from the name of mother, preventing 'untouchability', denying access of landless people to land, etc.

Deep rooted social cleavages in terms of caste, ethnicity, gender and regional, cultural, linguistic and religious forms of discrimination are characteristics of Nepalese society and structural basis of conflict. People had great expectation of addressing these cleavages by the political change of 1990. However, poor performance of the successive governments developed disillusionment on Nepalese people towards political parties and government. The highly unsatisfactory democratic transition of the 1990s in terms of transformation of the state, politics and society contributed to violence. Dominance of certain groups such as Brahmin, Chhetri and Newar in all social, political and economic sectors and exclusion of ethnic groups and "lower" caste people developed strong feeling of injustice and revenge. It is also widely documented that livelihood insecurity of vast majority of Nepalese people is the outcome of such exclusion and marginalisation (Seddon and Hussein, 2002; Upreti, 2006).

Intentional exclusion is more common and serious in Nepal. Intentional social exclusion is a deliberate action of certain powerful elites² to fulfil their vested interests (to maintain prevailing economic and social structures upon which their existence is largely based) (Karki and Seddon, 2003; Upreti, 2004a). They overtly or covertly develop or use filtering mechanisms, (such as higher fees for services, literacy and numeric skills requirement to access certain facilities, rigid regulations, etc.) that limit many people to access resources and services, and exercise power (Kumar, 2006; Upreti, 2004c). Overt social exclusion includes inheritance of traditional exclusionary social practices³, myth, belief systems (e.g., caste-based hierarchy, untouchability, restriction on marriage, religion and occupation, etc.). The structural basis of Hindu society is principally shaped by a notion of exclusion and goes beyond the general social division of society (Lawoti, 2005; Upreti, 2004d). It has promoted centralised exclusionary practices in individuals' life, their food habit, marriage, religious belief, education and day-to-day activities. It has maintained rigid hierarchy. These blatantly exploitative social structures and practices are not eradicated by any political systems and still having tremendous influence in Nepalese society (Aditya *et.al.*, 2006). Polygamy⁴, discrimination against girls and women, untouchability, sexual harassment and exploitation, inhumane treatment to women who are deemed witches are still common in Nepal.

2.1.3 Skewed distribution of production resources:

Centralised policy, regional imbalance in allocating state resources, highly skewed ownership, distribution, access and control of land and other productive resources have contributed to violent conflict in Nepal. Among the production resources, land is fundamental means of livelihoods of Nepalese people. It is also a basic means of social status, which further provides basis for securing other rights such as citizenship, eligible for credits from the banks, registration of childbirth, etc. If people are landless they not only loose means of their livelihoods but also deprive from enjoying other rights and entitlements.

² Intentional social exclusion also occurs within ethnic minorities. We have widely observed that elite from within ethnic groups are exploiting weak and poor members of their own ethnic community and the Dalit do the same.

³ The Caste system is one of the most influential forms of social exclusion, as it is very rigid and fixed at birth (based on traditional hierarchical four-fold layers of society, i.e., Brahmin, Chhetri, Vaishya and Sudra).

⁴ Polyandry exists only on a negligible scale in some remote parts of Nepal

Table 1, Land distribution situation in Nepal

S.N.	Category of people	% of total population
1	Landless	24.44
2	Semi-landless (owing less than 0.20 acre or 0.08 ha)	6.98
3	Marginal cultivators (owing 0.21 to 1 acre or 0.084 to 0.4046 ha)	27.59
4	Small cultivators (1.01 to 2 acres or 0.4087 to 0.809 ha)	20.15
5	Semi-medium (2.01 to 4 acres or 0.809 to 1.618 ha)	13.42
6	Medium cultivators (4 to 10 acres or 1.659 to 4.05 ha)	6.25
7	Large cultivators (more than 10.01 acre or 4.06 ha)	1.17

Source: UNDP (2004: 176), Table 11.

The Table 1 shows a general landholding pattern prevalent in Nepal. More than 24 percent people are landless and another 6.98 percent people are semi-landless. When more than 30 percent of the population of an agricultural country is landless, they face livelihood insecurity and when state fails to provide means of their survival they frustrate with the state and some of them take arms.

Series of the rallies and mass protests (in Siraha, Saptari, Dang, Kailali, Chitwan) organised by tenants, dalits, landless, squatters and ex-kamaiyas is the evidence of their frustration. When they feel ignored, neglected, or victimised by the state, they get organised and start protest to demand their rights. This is one of the perennial sources of conflict and instability in Nepal. In addition to land, similar inequalities can be observed in access to and control over of forest (e.g., threat to forest-based livelihoods of poorest, lack of decision making role of poor, women, and water resources (e.g., privatisation of water and higher user fees).

Work of Seddon and Hussein (2002) shows that in rural areas 20 percent people are wealthy landowners and peasants and remaining 80 percent people experiences livelihood insecurity and risks. The lives and livelihoods of women, girls and children are more threatened from the conflict, as they live in chronic poverty and social insecurity. Livelihoods of poor, marginalized and socially excluded people of Nepal involve a constant struggle for their survival because of lack of their control over and access to productive resources, weak social capital and networks, lack of stable or regular source of income, etc. (Upreti, 2006; Seddon and Hussein, 2002), that has forcing poor people for deprivation and indebtedness and livelihood insecurity.

When there is huge accumulation of land and other natural resources by small section of society and other large section has to depend on limited amount of available resource, there is always competition. When some people gain more and other have to suffer, feeling of injustice develops. The above table clearly demonstrates that the unequal distribution of resource not only threatened the livelihoods of people also implanted feeling of injustice. The insurgents tactfully capitalize this feeling and gained sympathy of the exploited people. The state was simply not able or unwilling to address the concerns of poor and marginalized people (Lawoti, 2005; Kumar, 2006; Upreti, 2004c).

While we examining local dynamics of resource use pattern from the power relations perspective, 'winners take all' model is common, as local elites hold almost all production resources and exploit poor and marginalized section of society. Inequitable use of natural resources by powerful elites of village is depriving poor people. Previous study of this author (Upreti, 2001 and 2002) shows that it is almost impossible for a poor dalit people to get irrigation water in dry summer before the local elites use. Further, exploitation is not limited to physical resources.

Elite were not only capturing productive resources but also controlling the negotiation and the peace process. For instance, all three negotiations (2001, 2003 and 2006) between the government of Nepal and the Maoists did not involve broad civil society, women, socially excluded sections of society and ordinary

citizens. Public participation was ignored and the process and the in peace process neither transparent nor accountable. The main reason of such exclusionary and non-transparent process was to protect vested interests of elite in the negotiation (Upreti, 2006; Raj, 2004, Seddon, 2005).

2.1.4 Geographical isolation:

Geographical isolation and associated disparity, especially Mid Western and Far Western Regions and remote areas, have caused widespread poverty and inaccessibility. Unwillingness of investment by the state in the infrastructures such as roads, schools, hospitals, electricity, drinking water and irrigation, etc has nurtured social exclusion and increased livelihood insecurity. Such geographical isolation has caused feeling of injustice. The main reason of start and rapid expansion of the Maoist insurgency in Mid-Western Region (Rolpa, Rukum, Salyan and Jajarkot) is the geographical isolation and state's negligence (Hutt, 2004; Mackinlay, and Upreti, 2003).

Nepalese geographical terrains are composed of numerous mountains, hills, georges, valleys, churiyas, dense forests, caves and remote areas. Lack of good networks of transport and communication in these geographical terrains has favoured rebels to launch their rebellions. The open boarder (1808 km) between India and Nepal gave Maoists easy access to transport arms and ammunitions as well as to run political activities in India. Hence, geographical isolation became one of the main causes of conflict and livelihood insecurity.

2.2 Proximate causes:

2.2.1 Governance failure:

Lack of democratic legitimacy and effective governance is one of the main proximate causes of the conflict (Kumar, 2006). The successive government not only failed to address the social exclusion, acute inequalities, absolute poverty, lack of access to resources but also blatantly engaged in corruption (Thapa, 2002), nepotism, redtappism, favouritism and failure of political structures to address these issues (Sherestha, 1997; Pandey 1999).

The Nepalese state has consistently failed to reduce poverty, provide descent means of livelihoods and control exploitation of the disadvantaged communities by those in power and generate employment opportunities to the large mass of unemployed people (Upreti, 2002). Consequently, semi-educated, left-out and unemployed frustrated youths become source of civil unrest. Corruption and irregularities are blatant characteristics of governing system and political process in Nepal that had pulled state resources needed to be invested for the livelihood security of poor and marginalised people (Pokharel, 2004).

When conflict within the CPN (Mashal) mounted on the issue of participation in parliamentary election, one faction separated to participate in the election under the banner of UPF. The Unity Centre won 9 seats in the parliament and became 3rd largest party. UPF had also stood in the local election. However, during the parliamentary election of 1991, the ruling party took very repressive approach to wipe out United Peoples' Front in its stronghold areas by using state's power and resources such as local administration and police force. They brutally suppressed the members and supporters of UPF. Because of such repressions, ordinary people did not feel secure even from the widely acknowledged political change of 1990. The excessive and unlawful act of police under Operation Romeo has terrorised local people. The Parliamentary Investigation Committee has also highlighted this event. The following statement also highlights this event in more concrete way, "*Between 1990 and 1996 successive regimes in Kathmandu, starting with that of strongly anti-communist Girija Koirala, pursued a conscious policy of trying to undermine and ultimately dismantle the considerable electoral clout of the Maoists in Rukum, Rolpa, Salyan and jajarkot- a region with*

strong left support since 1950s. ...Mobilising not only party cadre, but local and regional civil administration and the police force as available and the necessary, the Girija government started a trend of committing and compromising state resources to undermine opposition parties to win local and national election. ...If free and fair elections are to be regarded as forming the most inviolable aspects of democracy, then the trend initiated by the Nepali Congress government under Koirala in the Maoist hinterland and beyond can be taken as the beginning of a series of egregious and systematic violence of democracy from within the state in post 1990 period (Pahari, 2003:7).

2.2.2 Absence of a vibrant civil society:

Since long time, there was an absence of civil society sector to closely watch the political, economic and social process and warn the government and political actors if they do wrong. Only after the political change of 1990, NGO sector strongly emerged and it had claimed as civil society actor and started to raise voice in some crucial areas such as human rights, women's rights, children's rights, access of poor people in resources, right to education, food and shelter, etc. However, this sector gradually lost its credibility and trust because of its non-transparent dealing on external funding and use of resources (often charged as *dollar ko kheti garne haru*⁵), taking vested agenda of donors and fragmented in terms of political ideology. This image has discredited the role of NGO sector. However, after the grand failure of the government to respect human rights and civil liberty of people, civil society movement emerged rapidly. If a vibrant civil society existed it could perform role of watch-dog and raise voice against the mal-governance, human rights abuses and minimise the potential for conflict to erupt.

2.2.3 Absence of non-violent mechanisms to manage public differences:

One of the proximate causes of the conflict is lack of effective non-violent mechanisms available too address the public interests and differences. The legal centric approaches were ineffective, exclusionary, expensive and ultimately unable to deal with the social cleavages reflected in terms of caste, ethnicity, gender and discrimination (Upreti, 2001). When people have no better options to resolve their differences, they have to opt for coercive and violent means. Some of the traditional non-violent mechanisms existed in Nepalese society were also religiously biased, elite-centric and hierarchical in nature and excluded people do not believe them (Upreti, 2002). If there would have effective provisions of non-violent options to the poorest and most marginalised groups and if multilateral and bilateral agencies, as well as the government of Nepal all political parties, mitigating conflict would be easier.

2.2.4 Maoist strategy and tactics:

The Maoist learnt from the strategies and tactics of Peruvian Communist party-Shining Path, Mao's strategy of protracted people's war (developing in rural areas and village and expanding to town and cities to capture state power) and Russian strategy of armed insurrection. Maoists catch-up very sensitive issues and agenda of poor people such as ending exploitation, discrimination, establishing people's rights, etc that had attracted huge portion of Nepal's population. In addition to poor people, peasants and workers, they also tactfully used media, intelligentsia and politicians of other parties in their favour. The power struggle between and within the political parties in the past 10 years have greatly contributed to expand and strengthen⁶.

The Maoists adopted strategy of the Mao Zedong's 3 weapons for people's revolution, i.e., party (to develop and maintain ideology, and formulating policies and strategies related to people's war), people's army

⁵ *Dollarko kheti garneharu* means people of NGOs engage in illegally or semi-legally earning dollars. This perception is very widely held in Nepalese society and politics mainly because of non-transparent operational system opted by most of the big NGOs. Donors are also providing huge amount of money based on the personal relations and especial tie without considering the governance system of NGOs.

⁶ Once, in a television interview in September 2006, the Maoist suprimo Prachanda said, some ministers of the government went with them and offered information and requested to threaten their opponents within their own political parties.

responsible for attacking enemies and defending the areas under control) and united front (to consolidate friendly forces). One of the main strategies of the Maoists is to mobilise ethnic frustrations and aspirations (Thapa and Sijapati, 2003; Hogger, 2001). As a part of Mao's strategic principle to have party, people's army and united front, they have created a strong united front bringing several ethnic and regional fronts like Kirat National Liberation Front, Magrat National Liberation Front, Tharuwan National Liberation Front, Tamang National Liberation Front, Thami National Liberation Front, Majhi National Liberation Front, Madhesi National Liberation Front, Karnali Regional Liberation Front. These fronts are coordinated by CPN (Maoist) Ethnic and Regional Coordination Committee. Ethnic support is one of the foundational strength of the Maoist insurgency (Sharma, 2002).

The Maoists became successful in utilising the dichotomised identities such as oppressed-oppressor, ruler-ruled, poor-rich, landlord-landless, patriot-non patriot to establish political, social, cultural, and economic cleavages. These dichotomies fuelled the already developed feeling of injustice and frustrations of the Nepalese people. Hence, the Maoist got wider sympathy for their objectives and demands (Seddon and Hussein, 2002). The centuries old differences existed between ethnic groups and caste groups on language (Nepali v/s ethnic languages); religious practices (Hindu v/s non-Hindu); legal and judicial discrimination; denial of indigenous identities, political representation and citizenship by the state were used by the Maoists in their favour.

2.2.5 The government's strategies and tactics

Instead of resolving the conflict through dialogue and negotiation, the government opted for very coercive approach. It launched a police operation called 'Operation Kilo Sera II' against the Maoists in 18 districts between May 1998-1999. This operation became counterproductive because of higher casualty of innocent. Therefore many people especially victim's family and relatives joined the insurgency to take revenge (Sharma, 2003). In 1999, the government's decision to provide extra allowance to police force working in the Maoist influence areas helped to expand Maoists because police acted unlawfully to prove that there is Maoists influence in their working area. The motive was to get the extra allowance. Police operations such as Romeo Operation, Kilo Shera-2 and Jungle Search Operations (1998-99), Silent Kilo Shera-3, Delta and Chakrabihuya Operations (2000-May 2001) in the Maoist areas were unsuccessful to control the rebellion but contributed to develop anti-government feeling in ordinary people. This operation strategy rather helped to escalate conflict from certain geographical areas to across the country. Integrated Development Programme (November 2000 to March 2001) in Rolpa, Rukum, Salyan, Kalikot and Jajarkot, and Integrated Security and Development Programme (ISDP) implemented by the government in the Maoists stronghold districts (since May 2001) became ineffective (Thapa, 2003; Upreti, 2006). Until 1999 the confrontations, actions and counter-actions were limited to police and Maoists. Though army was deployed in the Maoist affected areas (Rolpa, Rukum, Salyan, Jajarkot and Pyuthan) under the Integrated Internal Security and Development Programme (IISDP), there were no confrontations between the army and the Maoists at that time. Later, after 2001 attack of Maoists in military barrack in Dang district, the government mobilised Nepal army to control the Maoists. However, Nepal army was not able to control the insurgency. Rather the army not only bear heavy losses but also eroded its trust from Nepalese people because of its grave human rights violations (AI, 2005a and 2005b; ICG 2003a and 2003b). The serious mistrust of people towards the military was a permanent damage to Nepal army. The government's strategy of issuing red corner notice to Maoists through the Interpol, fixing bounties on the heads of Maoist leaders, repeatedly imposing the State of Emergency, issuing Terrorist and Destructive Activities Control Ordinance, creating especial Armed Police Force, forming unified command by bringing police, armed police, intelligence and military under the command of Nepal Army, all became ineffective and unsuccessful to control the insurgency. Instead, Maoists tremendously gained from the government's failed counter-insurgency tactics and strategy.

2.2.6 Culture of denial and resistance:

The collective political psyche in Nepal especially in the context of the armed conflict is largely reflected in denial, coercion and revenge. Politicians and bureaucrats often preferred to ignore or deny the reality of exclusion, discrimination, hunger, violation of civil rights, rather than to accept these challenges as an opportunity to reform the state and society (Upreti, 2004c). All major actors of society used denial as a powerful mechanism. They deny the seriousness of the country's situation, afraid to admit that their weaknesses reflected in attitudes, behaviour and practices are responsible for the country's problems. They feel even more obstinately defensive when Nepali people confront them with evidence of their ill-intended actions. In Nepal, denial is rooted in the individual and institutional level in political parties, government departments, and other power centres. Magnitude of denial is reflected in the ideas, values, greed, and orthodoxy of major political and social actors of Nepal.

Own self-interest at stake of many key actors is the main factor in influencing the dynamics of the conflict. For example, the urban elites fear that their privilege and comfort lifestyle will be under threat; their needs/interests are, therefore, to protect this lifestyle through pacifying and neutralising the core demands of state restructuring and social change. They used the available means at their disposal including the mass media, knowledge, networks and strategic alliances they have built, including a large segment of the international community, and national power centres,. It is in the access to such diverse and powerful means that the elites display their potential to influence and direct the course of the conflict in Nepal. In sharp contrast, the poorest and most marginalised groups have few options in terms of means to influence the power-decision-making centres, and are therefore pushed to violence as a last resort.

2.2.7 Ineptitude and lack of vision of political leaders:

It is very hard to find statesmanship in any of the current political leaders in Nepal. Greed is the major factor shaping behaviour and action of political parties. Senior leaders are surrounded by coterie of people with vested interests. Nepal got tremendous financial and technical support from international community since 5 decade. However, the misery in terms of poverty, discrimination, exclusion is still rampant. Why Nepal is not able to make progress compared to India or South Korea or China, as all of them have started their economic progress in the similar time period (in the decade of 1950s). The single most reason for the lack of development of the country is due to ineptitude and lack of vision of political leaders. Nepalese politicians failed to prove themselves as leaders of Nepalese people. They reduced themselves to the leaders of fraction of their own political party (even not accepted by all members of their own political parties). This is one of the main causes of the problem.

2.2.8 Legal dimension:

It was widely perceived by many ethnic groups, marginalised section of society and independent thinkers and analysts that even the 1990's constitution, which was claimed to be one of the best constitutions of the world, is sexist and racist (Lawati, 2005). It is racist because it promotes one language, one culture and one religion and sexist because it does not treat men and women equally in fundamental issues like citizenship. The constitution also protects authoritarian institutions, which discriminate against minority religious groups, women, and lower caste people. Another general common criticism of the 1990's constitution is that it has ensured freedom of expression but failed to not ensure equity (Upreti and Dhungana, 2006). Many legal provisions are exclusionary, discriminatory and not able to give justice to poor, marginalised and socially excluded sections of society.

2.3 Ideology in Nepal's armed conflict:

The emergence of revolutionary politics of the CPN (Maoist) is based on a clear ideology (Bhattarai, 2005; Onesto, 2005). The CPN (M) has followed Mao's ideology and strategy. The Maoists perceived that the

deep-rooted oppression and the feudalistic mode of production relations, unequal power structures and the capitalistic system are the problems (Upreti, 2006; Bhattarai, 2005; Sharma, 2003). In contrary, the government and the parliamentary parties advocated for capitalist political system and constitutional monarchy. Consequently, the two seemingly opposite ideologies provided conceptual basis for shaping their behaviour and action leading to ideological conflict. The CPN (Maoist) refine their theoretical orientation called *Prachandapath* and said that it is the pathway to address new challenges of 21st century. The Maoist geared their proletariat revolution combining a Chinese strategy of protracted people's war (entering from villages to town and cities), Russian strategy of armed insurrection and discontentment of Nepalese people towards the state (Upreti, 2006; Sharma, 2003). Parliamentary parties and their successive government were confused or unwilling to realise the strong ideological dimension of the Maoist insurgency (Nickson, 2003; Karki and Seddon, 2003). Further, the state systematically underestimated and trivialised the United People's Front – the political wing of the CPN (Mashal) led by Babu Ram Bhattarai. This can be reflected by the statement of the then home minister. He said, "*we will be able to bring the present activities under control within four five days*" (Sharma, 2003: 371).

In the early years, the Nepal's armed conflict had ideological influence of Revolutionary Internationalist Movement (RIM) and Coordination Committee of Maoist Parties and Organisations in South Asia (CCOMPOSA), as CPN (Maoist) was member of both organisations (Jwala, 2002). Even it has some connection and official relations with communist party of USA (RCP). However, all of these organisations were not able to influence the armed conflict. Real ideological, strategic and tactical source of Nepal's Maoist insurgency was the insurgency of the Peruvian Communist party-Shining Path (Nickson, 2003).

2.4 Monopolisation of national politics

Nepal's national politics is monopolised by few oligarchic families, be they Shah, Rana or Koirala. Like fixed property, the politics (leadership and control of power) is inherited within these few elite families. This feudal transfer of power within elite families are backed and supported by traditional culture, values and religious systems nurtured by exclusionary and feudal state.

The current conflict is the cumulative outcome of monopolisation of national politics and the failure of the political systems that goes back to 238 years. Shah and Rana regimes as well as partyless Panchayat political system systematically denied the inclusive political process and concentrated to capture power and resources. People have frustrated with such exclusionary and centralised regimes. Hence, the Nepalese people participated in various democratic movements in different time (1950, 1979, 1990 and 2006). General public had great expectations form each political change. However, after every movement, Nepalese people have been abused as a ladder for oligarchic families and their coteries to capture state power and resources. The ruling elites consistently failed to govern the country based on the democratic ideals and the democratic norms (Thapa, 2003; Thapa, 2002; Upreti, 2006, Kumar, 2006; Hogger, 2001). This frustration became a mighty ground for social unrests and conflict. At this juncture, the Maoists proposal of *agragami chhalang* (progressive political change) and total restructuring of the state have attracted vast majority of Nepalese people. It is widely recognised that the post-democracy phase of Nepali politics failed to democratically govern the country and to alleviate the most urgent economic, social and political needs of the country (Upreti, 2006; Aditya *et al.*, 2006)

Political parties created and nurtured a narrowly politicised civil administration and security apparatus. The bureaucracy, a stable government, is increasingly engaged in fulfilling vested personal and political (party) interests, which helped to develop a widespread distrust in the democratic process and provided fertile ground for civil unrest and armed conflict. Even democratic parties and governments enacted and used draconian legislations such as Terrorist Control Act, severely violated human rights (e.g., killing innocent civilians and non-combatants, unlawful detention, disappearance, torture) that have developed very negative feeling of ordinary people toward the parties, government and security forces.

Domination of certain caste/ethnic groups exist in Nepal's political process. Representation of certain caste and ethnic groups in parliament and central committee of political party is the vivid example of exclusionary politics (See Table 2)

Table 2 Political representation of different groups (% total)

Caste/ethnicity (%)	House of representatives			Party's Central Committees					
	1991	1994	1999	NC	UML	RPP	JM	NSP	NWPP
Total seats	205	205	205	29	46	41	38	29	9
Brahmin	37.6	42	37.6	62.06	65.21	19.51	44.73	-	22.22
Chhitri	19.1	19.5	20.5	10.34	10.86	31.70	7.84	-	11.11
Newar	6.8	6.3	6.8	3.44	13.04	4.87	10.52	-	66.66
Hill ethnic groups	15.2	12.2	14.7	13.79	6.52	26.82	21.05	-	-
Terai communities	21.0	20.0	19.5	10.34	4.34	17.07	5.26	100	-
Others	2.9	2.0	2.5	-	-	-	10.52	-	-
Total	100	100	100	100	100	100	100	100	100

Source: Adapted from Hachhethu, 2003:16 (Table 3).

2.5 International dimension

The armed conflict of Nepal has very strong international dimension. The role of India and USA became crucial during the whole period of the conflict. The India's role was particularly crucial in both the escalation and resolution of the armed conflict.

After 11 September 2001, the international security dimension has changed and consequently it has great influenced the dynamics of Nepalese armed conflict. Indian and American security interests in Nepal further expanded. Though, influence of UK was not in the level of other two countries, it had significant influence in Nepal's armed conflict. The long standing tie between Nepal and UK reflected in the recruitment of "Gurkha soldiers" and royal linkage between the two countries enhanced UK interests in armed conflict. Hence, it provided military aids to Nepal government despite the vehement opposition of human rights organisations such as Amnesty International. After the 11 September attack in New York and Washington, USA took very aggressive campaign on 'war against terrorism' and Nepal was one of the top 6 countries for its military assistance. USA has provided in security intelligence, training and millions of US dollars' financial supports to strengthen the Nepal Army. Even, Belgian government provided 5000 weapons to Nepal. Selling arms is one of the major international interests in Nepalese conflict (Upreti, 2004a).

India is always concerned with a) anti-Indian activities in Nepal, particularly from the Pakistani intelligence agency (ISI) and b) support of Nepalese Maoists to Indian Maoists groups active in more than 12 states off India. Maoists had still easy access to India, strong tie with Indian ultra leftists, obtaining training and weapons from there, using Indian territories for meetings, organisation and publications. After the September 11, India declared Nepalese Maoists as 'terrorist', started to extensive search for Maoist cadres and arms caches in India, reinforced boarder security by deploying troops, sealed boarders and provided military equipment and helicopters to crack down the rebels. However, Maoists have continued their activities inside India⁷. After the king's takeover in 1st February 2005, India changed its position and not only supported alliance of seven parties to fight against the royal takeover but also facilitated to bring Maoists

⁷ Arrest of C P. Gajurel from Chhenai in August and the recent (19-20 Nov. 2003) meeting between CPN-UML leader Madav Nepal and the Maoist Chairman Prachanda and ideologue Babu Ram Bhattarai in Lucknow proves this argument.

and Seven Party Alliance (SPA) together and reached 12-point understanding between these two political forces of Nepal⁸.

Though, China was close to the palace in the past but remained indifferent about the armed conflict saying that it is an 'internal problem' and therefore China does not want to engage in internal politics of Nepal. However, it was very closely watching the development and used the silent diplomacy. In contrary to speculations of many people, China did not support the Maoists insurgency. Instead, it had frequently expressed dissatisfaction for the use of the name of Mao in the violent conflict of Nepal. After 2006 people's movement, China has changed its position about the Monarchy distancing with it and expressing support to people's choice.

3 Development, conflict and livelihood insecurities

In the history of Nepal's planned development, policies, strategies and practices have consistently excluded poor people and ethnic minorities. It is deeply exploitative in nature and therefore failed to address pervasive poverty, unemployment, underemployment, child labour, bonded labour, gender discrimination (Pandey, 1999; Shrestha, 1997; Upreti, 2004). The development policies and practices have divided Nepalese society into upper and lower economic and social classes. The upper social class often wants to centralise power, resources and decision process to maintain their hierarchical social structure. Neither they have confidence over their actions (they always fear for potential revolt from worst-off), nor they believe on inclusive democratic practices (as they always want to be in power) and people's decision in planning and implementing development programmes and projects. They often fear for their control of development dynamics and always defend to justify the existing model of development. That can be very clearly seen in the documents and action of National Planning Commission, an apex planning institution always captured to protect the vested interests of ruling elites.

The exploitative nature of the development policy, strategy, planning and action in Nepal itself is creating persistent tension, fear, mistrust, feeling of injustice and resentment. It is widening the gap between the rich and poor, promoting accumulation of wealth by certain elite groups at the cost of greave livelihood insecurity of vast majority of Nepalese population (Pandey, 1999, Hogger, 2001). Whenever oppressed people get opportunities to oppose such oppression, they act. This is one of the main reasons of the expansion of the Maoist conflict in Nepal as many oppressed people joined to oppose the ruling elite. Unlike the naïve belief that development interventions brings positive impacts on the well-being of socially excluded and marginalised people, the experiences of the 5 decade of planned development interventions apparently proved that it is not necessary to secure livelihood of marginalised and poor people. And such interventions often overlook or exclude the most worst-off population (Upreti, 2004; Shrestha, 1997; Pandey, 1999). Despite the long rhetoric of decentralisation, Nepal's development practices are yet strongly centralised, elite-biased, exclusionary and ultimately creating livelihood insecurity and social tension among the poorest people of Nepal.

3.1 Development assistance, conflict and livelihood insecurities

Source of more than sixty percent of development budget of Nepal is from international community. In this reference, donors' role and influence through the development assistance is substantial in development policy, strategy, structure, process and practice in Nepal. However, role and influence of development assistance is so far characterised as sectoral, competing each other on particular development issue, providing contradictory advice to the government, imposing rigidity and conditionality in their assistances (e.g., to relinquish incentive systems, force to rise prices of basic goods and services like electricity and

⁸ In his public speech in an interaction programme organised in Hotel Malla on 24 September 2006, Maoist ideologue Dr Babu Ram Bhattarai said that India had helped to reach 12-point understanding and without support of India it would not be possible to reach this understanding. .

water that often lead to severe conflict) and frequently changing priority and ultimately leading to development failure (Pandey, 1999; Shrestha, 1997).

It is worth stating one of the findings of research on impact of donor assistance in Nepal (Seddon and Hussein, 2002). Seddon and Hussein write, "Despite a heavy donor presence and sustained high levels of aid to Nepal (with foreign agencies contributing some 60 % of Nepal's development budget) and the existence of a wide variety of development programmes, that number of people falling below the poverty line has not decreased over the last twenty years. There can be little doubt that, even after half a century of development interventions Nepal is still in crisis" (Seddon and Hussein, 2002:2). There is an extensive corpus of material that evaluates the impact of donor intervention in Nepal [Acharya, 1998; Panday, 1999; Shrestha, 1997; Hogger, 2001; Upreti, 2004b; Mainali, 2003; Sharma and Rana, 2006], but following remains symptomatic of the negative repercussions of the contribution and effectiveness of donor funded development intervention to address root causes of the conflict and secure livelihoods of poor and marginalised people of Nepal. For example, USAID invested \$ 50 millions US dollars in a 15 year's (1980-1995) project called Rapti Zone Rural Area Development Project (later called Rapti Development Project) to fulfil the basic needs of the poor people of the project areas by improving household food production and consumption, improve income generating opportunities for poor farmers, landless labourers, occupational castes and women'. However, this project failed to improve well-being of poor people. Instead, the Maoists began their armed movement with the support of poor and marginalised people of the project area (Mainali, 2003).

In the changing context, some fundamental questions have been raised about the role donor assistance programme in Nepal. What achievements donor funded development programmes and projects have made after the 5 decades of their engagement in addressing inequality, marginalisation and social exclusion? How and to what extent the donors development assistance is able to meet the stated goals of alleviating poverty, empowering local people, strengthening government capacity and promoting social justice and equity? Why vast majority of poor, marginalised, socially excluded people of Nepal have supported Maoist insurgency? Why international community continued the same strategy and practice in development assistance if their development assistance is not able to minimise the gap between rich and poor, alleviate poverty, generate employment and ensure social justice and equity? It is a right time for international community assisting Nepal's development to fundamentally review and reorient their development assistance policy, strategy, approach and practice to match with the aspiration of Nepalese people reflected in the April 2006 Revolution, i.e., fundamental restructuring of the state and society.

3.2 Growing livelihood insecurity during the period of armed conflict

Livelihood comprises the capabilities, material and social resources and activities required for a means of living. Livelihood is secure when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and resources without undermining the resource base (Chambers and Conway, 1992). Once, the capabilities and resources or assets are disturbed, people face livelihood insecurity. Armed conflict in Nepal has disturbed this dynamics and consequently brought enormous livelihood insecurity. Paradoxically, it has also brought some opportunity of alternative means of livelihoods such as redistributing land to landless, forcing the government to channel resource in pro-poor activities, donors focus on social exclusion and livelihood insecurity.

One of the serious impacts of the armed conflict on livelihood of poor people is the resource shift from basic service sectors to unproductive military expenditure. The proportion of security budget is invariably increased overtime, the disproportional increase in the amount of 'administrative cost' compared to the development budget, decreased in proportion of resource allocation for basic social service sectors (e.g., health, education, drinking water, etc.).

Table 3: Comparative Expenditure in Nepal (Million rupees/Year) between 1996-2004

Fiscal Year	Total	Royal Nepal Army	Police	Palace	General	Development
1996/97	57566 (100)	2425 (4.21)	2235 (3.88)	70 (0.12)	24984 (43.40)	32581 (56.60)
1997/98	62022 (100)	2629 (4.24)	2521 (4.06)	73 (0.12)	27983 (45.12)	34039 (54.88)
1998/99	69693 (100)	3028 (4.34)	2922 (4.19)	83 (0.12)	31952 (45.85)	37741 (54.15)
1999/00	77238 (100)	3511 (4.55)	3324 (4.30)	88 (0.11)	35686 (45.81)	41852 (54.19)
2000/01	91621 (100)	3897 (4.25)	5271 (5.75)	93 (0.10)	43513 (47.50)	48108 (52.50)
2001/02	99792 (100)	4521 (4.53)	5795 (5.81)	116 (0.12)	49322 (49.42)	50470 (50.58)
2002/03	96125 (100)	7228 (7.52)	6304 (6.56)	388 (0.40)	57445 (59.76)	38680 (40.24)
2003/04	102400 (100)	7179 (7.02)	6279 (6.13)	329 (0.32)	60555 (59.14)	41845 (40.86)

Source: Pokharel (2004). Numbers in parenthesis are percentage of total budget.

The Table 3 demonstrates that the administrative cost is increased from 43.05 percent in 1997/97 to 59.14 percent in 2003/04. Similarly, the development budget is drastically decreased from 1996/97 (56.60 percent) to 2003/04 (40.86 percent). Social expenditure is decreasing but the military expenditure is increasing from 4.21 percent in 1996/97 to 7.02 percent in 2003/04. Similar trend can be observed in police expenditure. Such increase in security expenditures causes serious diversion and ramification effects. The scarce resources to be invested in the critical social sectors (education, health, drinking water, local development) to promote livelihood means of poor people are going to fund the expanded security costs. The High Commission for the Government Expenditure projects that 41 percent of the administrative cost of the country will be defence expenditure⁹ by 2014. Report of the same Commission reveals that 17 percent of the total budget of the country is used in security expenditure. Similarly, 7 percent of the total budget is allocated by the government to emergency fund, which is distributed by the government as 'financial assistance' but most of which is not properly used¹⁰. Annual growth rate of foreign loan is 7 percent and the principal and interests of such loan reaches up to approximately 15 percent of the total annual budget of the country. This has also direct negative impacts on livelihoods of poor people. The armed conflict has also widened rural-urban inequalities because the government concentrated state resources in urban areas once it failed to implement development programmes in rural areas because of the armed conflict, increased internal displacement and migration, shifted priority of the government to suppress Maoists.

In the strategic sense, the armed conflict exposed fundamental causes of livelihood insecurity remained in Nepal for more than two centuries such as poverty; social exclusion; discriminations. It has forced to mainstream national debate. The armed conflict has forced to promote transparency, minimise corruption in development activities at local level. The armed conflict has also increased the direct entitlement of land and assets to certain households and poor people in the Maoist stronghold areas (Onesto, 2005). Gender role in the rural areas has also been shifted once the Maoists movement sensitise gender discrimination and exploitation of women. It has helped to empower women, *dalit*, ethnic groups, and marginalized people of the society. Gambling and alcohol abuse has been decreased in the Maoist controlled villages. Similarly,

⁹ See *Samaya Weekly*, Year 2 Vol. 59, Jestha 20-26, 2062, Pp 37-38.

¹⁰ *Ibid*

exploitation by village moneylenders to poor people and small farmers has decreased in villages. All these changes have contributed to address livelihood insecurity. The armed conflict has forced the government to start some reform programmes such as redefining land ceiling and women's property rights, regulation for sale and consumption of liquor, formulation of anti-corruption act. Further, the Maoists introduced various community decision-making mechanisms to deal on land issues, domestic violence, alcoholism, polygamy, etc. that have given a voice to socially excluded people, poor and rural women. Maoists' raised legitimate questions to the performance and benefit of development projects in terms of volume of budget spent and types of people benefited. These concerns have contributed to improve livelihoods of poor and marginalised section of society.

To achieve secure livelihoods of Nepalese people, their basic rights should have guaranteed according to international human rights conventions. If they have access to quality education, information, technologies and training and better nutrition and health; supportive and cohesive social environment; secure access to, and better management of, natural resources; better access to basic and facilitating infrastructure, and financial resources; and a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access of basic services for all (DFID, 1999). All these conditions are not met and even seriously disturbed by the armed conflict. Hence, livelihood of vast majority of Nepalese peoples, especially poor, marginalised and socially excluded people is insecure and vulnerable. If we examine from the food sufficiency satiation, one of the important elements of livelihood security, the Table 2.4 demonstrates harsh reality.

Table 4: Number of households and food sufficiency situation

Household characteristics (food insufficiency situation)	Total no of holdings	Number of land holding
Total holdings	3364139 (100%)	26700 (100%)
Sufficient to feed household	1337965 (39.8%)	1728 (6.5%)
Not sufficient to feed household	2026174 (60.2%)	24972 (93.5%)
<ul style="list-style-type: none"> • 1-3 months insufficient • 4-6 months insufficient • 7-9 months insufficient • 10-12 months insufficient 	<ul style="list-style-type: none"> 439592 (21.7%) 877362 (43.3%) 342039 (16.9%) 357544 (16.6%) 	<ul style="list-style-type: none"> 755 (3%) 2250 (9%) 2275 (9.1%) 19633 (78.6%)

Source: CBS 2004 (Table 2.32, Pp-104-107)

If the state is failed to secure food for more than 60 percent of households and more than 16 percent households of Nepal have food insecurity all round the year, where is the responsibility of the state to secure livelihoods of its citizen and how they feel the ownership of state.

The study of the Seddon and Hussein, (2002) reveals that security forces have restricted local people from carrying more than one days food supply at a time to deny food supply to Maoists, as against the general practice of people to carry a few months supply. In rural areas, people have to walk up to 3-4 days to reach market. Traditional livelihood opportunities of local poor are jeopardised by the conflict, as they are not allowed to go to forests by the security forces to collect forest based means of livelihoods (mushrooms, young sprouts of plants, medicinal herbs, non-timber forest products, fire-woods, etc.). And, if any one found in the forest is suspected as Maoist. Because of all these problems there are frequent famines in the Karnali region (ibid: 29) and other high-conflict areas.

Though it is difficult to precisely distinguish between conflict-induced IDPs and voluntary migration (by their interests for better life), the prevalence of migration is high. Economic migration has often positively contributed to secure livelihoods, conflict induced internal displacement is creating devastating effects on the livelihoods of displaced people. India is the destination for largest number of migrants from Nepal, where

people fled due to relatively better state of accessibility (open border; similar religion, culture and language, relatives working there) etc.

Health facility is one of the important components of secured livelihoods. However, due to the damage of ambulances, health posts and other health related infrastructures, restriction of supply of medicines in the Maoist influence areas by the security forces in the suspicion of use of medicines by insurgents, increased unwillingness of medical professionals to go to remote areas for work and subsequent deficiency in health services, reduction of investment in the health sector by the state, rapid brain drain from health sector (qualified doctors and nurses leaving country) and frequent disruption of water supply and blockade of water source have created serious problems in the health sector and people's access to health facilities has been seriously disturbed.

Access to quality education is another important element of secured livelihood. The armed conflict has created anarchy in the education sector and used it as ransom by warring parties as shown by evidences from the situation in between 1996-2005. During this period, Maoists have killed 60 teachers and 66 students, caused the disappearance of 151 teachers and abducted 516 students and 62 teachers. Similarly, the state has killed 44 teachers, 172 students, detained 158 teachers and 115 students; and disappeared 14 teachers¹¹. Further, mass abduction of students and teachers by Maoists and suspicion from security forces has caused great insecurity and therefore teachers and students left schools and colleges in rural remote areas. Strike, bandhs and closures of schools have seriously obstructed the school and university calendars and hindering teaching learning environment. Schools are used as battleground by the warring parties and as camp by security forces. Schools felt confusion and insecurity when Maoists forced to follow their curriculum in schools. Regular extortion and payment of levy has added extra burden and livelihood insecurity to parents teachers and students

Regular restriction or obstruction in physical mobility of people and transportation of goods and services, placement of landmines in major roads, physical damage of roads and transport infrastructures (civil aviations towers, roads, suspension bridges, etc.), and vehicles (burning or blasting of buses, loaded trucks, ambulances, motorbikes, etc.). Blocked of truckloads of food supply in district headquarters has severely disrupted market systems (rising prices; shortage of supply of basic foods; increasing black marketing, smugglings and carteling, etc.), which caused severe livelihood insecurity of poor and marginal people.

The Maoist strategy of 'sabotage' of infrastructures forced to large companies such as Uniliver Nepal, Surya Tobacco Company, Coca-Cola Company, distilleries has negative effects in the employment of labourers and created livelihood insecurity. It has also great negative economic impacts that affects livelihood of many people. Disruption of local *haat-bazar* system, back marketing, shortage of goods and services, physical damages of goods and food stuff (hundreds of truck-loads of goods were destroyed by Maoists), reduction in market opportunities, trade imbalance, diversion of scarce resources to unproductive use, obstruction of market and transport had several time forced farmers to throw away the milks, vegetables and other agricultural products, scaling down of existing industries and un favourable environment for investing or establishing new enterprises have reduced employment opportunities. All these problems have negative effects in livelihoods of people.

4 Expansion of Maoist and shrinking of the state presence in Nepal's politics and natural resources

Together with the advancement of the Maoist insurgency in Nepal, this landlocked mountainous country faced unique situation in managing natural resources. The armed rebellion started by the Communist Party of Nepal (Maoist) (CPN-M) in February 1996 in the four western hill districts of Nepal is ever increasing and now expanded all over the country. The ongoing armed conflict between the government and the CPN-M is

¹¹ Himalayan Times Daily, 10 July 2005

posing a severe threat to human security in the country. The situation of natural resource management became complicated particularly after the declaration of Janasarkars or people's government, United Revolutionary People's Council in centre and local levels (autonomous regions¹², district and village level peoples' government) by the Maoists and declaration of its 75 point 'Common Minimum Policy and Programme of United People's Council' (2002), which drastically contradicts with the policy and programmes of the government of Nepal. What Maoists say this situation is 'old regime' (state) and the 'new regime' (the Maoists). The confrontation between the 'old' and 'new' regimes resulted into shrinking of state presence in rural areas and overwhelming domination of Maoists that has direct implications in managing natural resources.

The major challenge faced by the government of Nepal to manage natural resources is the rapid expansion of the Maoists and establishment of their own governance structures and procedures. According to the strategy of the Maoist, first they exert enormous pressure to the government offices by using force and physical 'sabotage' (such as bombing and destruction of office buildings, burning office vehicles, etc.), psychological pressure to the staff (threatening the government staff to stop implementing government programme and execute the activities defined by them, charging monthly levies, extortion, asking to leave the office and go back to home, etc.) , blockade or even physical action to staff if they do not obey the Maoist. In this way, they were able to create vacuum in the village and established their own governing structures. Hence, they took total charge of village by pulling out the government offices and staff in their strong hold.

4.1 Maoist governing structures:

Since 2001, Maoists developed their formal governance structures in their influenced areas. They have categorised their influenced areas as 'controlled zones', 'influence zones', 'grey zones', and 'non-influence zones' and administered natural resource policy accordingly. They claimed that they have up to 80 percent of the geographical territory of the country under their control, except the district headquarters and government military bases. In their controlled areas the following structures were visible.

- Peoples Government (*Janasarkar*)
- People's court (*Janaadalath*)
- Peoples Liberation Army (*Janasena*)
- Militia

In their government structures there are five categorises of hierarchy as:

- Central Peoples' Government
- Autonomous Regions
- District People's government
- Local People's government

Maoists are using '*Janasatta Sanchalan Nirdeshika*' (Directives for People's Government) as their regularity framework to operate their government. However, the Directives is primitive, contradictory with many international human rights and legal standard and much guided from the 'people's War' strategy of the Maoists, instead of applying modern governance principles.

¹² Seti-Mahakali Autonomous Region (Hill area of Seti and Mahakali Zone), Bheri- Karnali Autonomous Region (Hill area of Bheri and Karnali Zone), Tharuwan Autonomous Region (Western Terai area of Rapti to Mahakali Zone), Magarant Autonomous Region (From Kali Gandaki region to the hill area of Dhaulagiri, Rapti and Lumbini Zone), Tamuwani Autonomous Region (Gandak Region), Tamang Saling Autonomous Region (Hill area of Bagmati, Narayani and Janakpur Zone except Kathmandu valley), Newar Autonomous Region (Kathmandu valley), Kirant Autonomous Region (Hill area of Mechi, Koshi and Sagarmatha Zone) and Madhesh Autonomous Region (Awadh area of mid Terai and Bhojuri and Mithila Pradesh of Eastern Terai).

In the central level, the Maoists had instituted United Revolutionary People's Council, a parallel central government of the Maoists, which had developed 75 points common minimum policy and programme. The aim of this policy and programme is to guide the struggle to complete the New Democratic People's Revolution and to guide the state after the revolution. They have also established the "People's Liberation Army (PLA)"

The Maoist formed United Revolutionary People's Council (URPC) in 2001 September and the aim of URPC is to institutionalise the New Democratic Republic under the leadership of CPN (Maoist). Its constitution describes a four layered organization viz. central, regional, district and village/town. There are also nine autonomous regions (Sharma, 2002) as follows:

1. Seti-Mahakali Autonomous Region
2. Bheri- Karnali Autonomous Region
3. Tharuwan Autonomous Region
4. Magarant Autonomous Region
5. Tamuwan Autonomous Region
6. Tamang Saling Autonomous Region
7. Newar Autonomous Region
8. Kirant Autonomous Region
9. Madhesh Autonomous Region.

Out of these nine autonomous regions, six have been formed based on ethnicity and the remaining three (Seti-Mahakali, Bheri-Karnali and Madhesh) are based on regional classifications. They have their own rules and regulations to manage natural resources. Most important criterion of managing natural resources was to collect the financial resource to run the people's war. Hence, sustainability of natural resource was not priority of the Maoist resource management strategy.

The Maoists have formed 'District People's Government, or *Jilla Janasarka*' and Village People's government. These structures are parallel alternatives to the government structures at central, district and Village levels.

The Maoists have categorised their geographical territories into:

- a) Core areas (where they have complete control),
- b) Secondary areas (areas adjoining the core areas where control of these areas swings between them and the government)
- c) Grey areas (not strong influence of any sides),
- d) Non-influence areas (mainly cities and urban areas)

They develop their strategies according to this category.

Box 1 Maoist's policy in natural resource management (extracted from the Common Minimum Policy and Programme of the United People's Council)

Point 8: ...In order to continue transforming the extremely backward condition of productive forces, the principle of "Grasp revolution and promote production" shall be made the basic guiding policy for economic development.

Point 26. ...the main policy of agrarian revolution shall be to abolish the feudal, semi-feudal and bureaucratic capitalist production relations in the land and develop national capitalist relations, of which "land to the tiller" shall be the main policy tenet. In other words, the lands owned by feudal, bureaucratic capitalists and various Guthis (a type of feudal ownership by social and religious institutions), in the places where the old reactionary power structure have been smashed, shall be seized without any compensation and distributed to landless and poor peasants, and the tillers shall be made the owners of the land. In case of rich and medium level peasants, their lands shall not be seized but ceiling shall be imposed on them keeping in mind the ratio of availability of land and population. In the places where old state structure has not been totally smashed or people's state power has not been founded as yet, only reformative measures shall be taken in the initial stage, according to which ceilings on lands shall be implemented, tenurial rights of tenants shall be guaranteed, the rate of land rent shall be reduced and made one-third, interest rate of credits shall be reduced, Guthi lands shall be turned into 'raiker', i.e. governmental lands etc.

Point 27. Landless and poor peasants shall be relieved of all kinds of debts, and labour-service and other charges levied on them shall be abolished.

Point 28. Medieval feudal practices like 'Kamaiya', 'harwa-charwa' (different forms of labour services against debts to the landlords) shall be completely abolished and re-settlement and employment shall be arranged for them.

Point 31. ... Special attention shall be paid on the development of agricultural industries and proper arrangements shall be made for agricultural markets. Balance shall be maintained in the prices of industrial and agricultural products.

Point 32. Co-operation shall be taken from local revolutionary peasants' organizations, particularly in preparing actual records of ownership of the land, determining class status (i.e. landless, poor, middle, rich and feudal) of the peasants in the villages, determining the real tillers and implementing effectively the land-reforms during the implementation of revolutionary land-reform policy and programmes, and general masses of the peasants shall be mobilized. In addition, the land reform programmes shall be implemented stagewise in both class and regional terms, and during this process, full attention shall be paid to local particularities. While implementing revolutionary land reform programme in the autonomous areas of oppressed nationalities and regions, care shall be taken to prevent historical incursions into them.

Point 33. The lands seized from feudal and bureaucratic capitalists and acquired from the rich peasants above the ceiling during the implementation of land reforms and public uncultivated land shall be distributed among all peasants of the village keeping in view the land they own without any ethnic or gender discrimination and on equal basis, and that shall be their private property. In this context, the proportion of quality of the lands, or irrigated and un-irrigated lands, shall be obviously taken care of.

Point 35. Large forests, big irrigation projects, mines, grazing meadows, large uncultivated lands, rivers, lakes etc. shall be in possession of local People's Governments as public properties. Similarly, places of historical and natural (scenic) importance, arts and artifacts etc. also shall be in possession of the People's Governments.

Point 36. Land and property shall be distributed to the office-bearers of the People's Army, People's Governments and mass-organizations and their families who come from the villages like other common peasants. In doing so, special priorities shall be given to the families of martyrs. Old landlords and their families, and office-bearers of the old state who come from the villages, and their families, shall be given, like common peasants, land and properties to labour and earn a living. Reactionary traitors and war criminals however shall not be given any land and property.

Point 37. The documents of land ownership, other transactions and credits enacted before the implementation of revolutionary land reform shall be declared null and void and the People's Governments shall investigate and issue

4.2 Conflict and complications in managing natural resources

In this section, I am discussing the problems and complications observed in managing natural resources and livelihoods of people based on the natural resources.

Table 5 Overview of complications

S.N.	Issues of complication	State position	Maoists position
1	Land	<ul style="list-style-type: none"> Property rights legally guaranteed but weak in practice 	<ul style="list-style-type: none"> Seizing of lands off landlords and absentee landlords, no property rights granted in natural resources, 'Ownership for tiller' in operation.
2	Taxation	Weak enforcement,	Imposition of tax
3	Institutions (organisations)	<ul style="list-style-type: none"> Staff leaving rural areas and concentrating in district headquarters, Weak in functioning, 	<ul style="list-style-type: none"> Janasarkars, peoples' court active and openly implementing their policy and programme, damage of government offices
4	Local security	<ul style="list-style-type: none"> Security forces leaving rural areas, curfew, check posts, destruction of standing crops and encroachment of farm lands 	<ul style="list-style-type: none"> People's Liberation Army and Militia dominating local areas, Blockades, strikes,
5	Agriculture	<ul style="list-style-type: none"> Not able to protect farmers, Security forces get priority in budget, failed to ensure marketing of agricultural products and supply of agricultural inputs 	<ul style="list-style-type: none"> Maoist started collective or cooperative farming in their core areas. In other areas, they have encouraged farmers to cultivate in the lands of land lords and stopped to pay rent to the land lords. Most of the tenants did not pay the share to the landowners .
6	Forest	<ul style="list-style-type: none"> Tension between the government and Users federation in controlling forest resources No control of government over forest resource 	<ul style="list-style-type: none"> Used as a regular source of revenue to run the armed insurgency Used as means for hiding and training Mobilisation of forests users in their support and political programmes
7	Water	<ul style="list-style-type: none"> Not able to smoothly implement hydropower projects, construction of irrigation projects but able to operate small drinking water project¹³ 	<ul style="list-style-type: none"> Big projects as source of money from extortion and tax

4.2.1 Land use issues

In some of their controlled areas, CPN (M) evicted local landlords and village elites from their village and captured their lands. Hence, local landlords are not able to cultivate their lands and consequently the scarce

¹³ Health and drinking water projects running in the rural areas were less obstructed by Maoists as they are directly related to poor people.

land resource is under utilized. Most of the confiscated lands were left fallow and some was distributed to poor people. However, in most cases the poor people are not able to utilize because of fear from security force. The CPN (M) cadres are confiscating lands from landlords according to their policy. The Section –IV, point 26 of the Common Minimum Policy and Programme of United People's Council (the Maoist government) states, *"the agrarian revolution is the basic foundation of the New Democratic/ People's Democratic Revolution. Therefore, the main policy of agrarian revolution shall be to abolish the feudal, semi-feudal and bureaucratic capitalist production relations in the land and develop national capitalist relations, of which 'land to the tiller' shall be the main policy tenet. In other words, the lands owned by feudal, bureaucratic capitalists and various Guthis (a type of feudal ownership by social and religious institutions), in the places where the old reactionary power structure have been smashed, shall be seized without any compensation and distributed to landless and poor peasants, and the tillers shall be made the owners of the land. In case of rich and medium level peasants, their lands shall not be seized but ceiling shall be imposed on them keeping in mind the ratio of availability of land and population. In the places where old state structure has not been totally smashed or people's state power has not been founded as yet, only reformative measures shall be taken in the initial stage, according to which ceilings on lands shall be implemented, tenurial rights of tenants shall be guaranteed, the rate of land rent shall be reduced and made one-third, interest rate of credits shall be reduced, Guthi lands shall be turned into 'raiker', i.e. governmental lands etc"* (Upreti, 2004a:408). Hence, seizing of land from landlords and feudal elites is a regular activity of the Maoists.

After the ceasefire, the government and the rebels agreed a 25-point code of conduct. In this agreement, one of the 25 points is to return the ceased lands of local landlords by the government. However, the Maoists redefined the land ceiling and offered to return 10 bigha of lands and remaining ceased land will be decided by the interim government¹⁴

4.2.2 Taxations

Direct tax on good and services is one of the main revenues for Maoists. In addition, they also regularly collect donation and levies. All employees getting monthly salary have to pay either 1 month salary per year or up to 10 of their income. It is reported in the Nepalese press that big industries and business houses (many of them also belong to the king) may huge amount of money regularly in addition to the regularly money paid by their staff. Big private schools, nursing homes, transport and tourism companies, and all good earners regularly pay money to the Maoist.

Taxation by the CPN (M) on local agricultural goods and transportation has influenced agricultural marketing dynamics and hampered agricultural production. The CPN (M) has introduced a levy on transportation of food items and agricultural product exports from the local areas to external markets. The CPN (M) charges tax to transporters for the transportation of goods to hill areas from the terai region. During November–December 2004, they taxed transporters fetching goods to many hill districts¹⁵. For example, CPN (M) charged rupees 800 per month per mule, which generally fetches 80 kg of food per trip from Sanfebagar to Dolpa. Darchula, Achham, Baitadi, Bajhang, Bajura, Dadeldhura and Doti districts of Far Western region and Dailekh, Dolpa, Humla, Jajarkot, Jumla, Kalikot, Mugu, Puthyan, Rolpa, Rukum, Salyan, and Surkhet from Mid Western region have frequently suffered from the tax-related market obstructions. Food Security Bulletin No 7 (Page 4) reports that *'in most part of Bajura and some of Doti and Achham, the CPN (M) collects compulsory donation of 2 kg of cereals or other crops per household every season. For example, in Jupu VDC (Achham) alone, the CPN (M) reportedly collected 4.5 MT of paddy in this reporting cycle. In addition, households report that they are required to feed one of two CPN (M) cadres on a daily basis'*. Such intervention consequently causes household food insecurity. The WFP VAM report indicates that feeding

¹⁴ Said by the Head of the District peoples' Government of CPN (Maoist) Rupandehi District Mr Binod Upadhaya talking with Himal Fortnightly, 17-31 August 2006.

¹⁵ See WFP Nepal Food Security Bulletin No 7 for detail.

one or two extra members adds a 17 to 35 percent food burden to a family of 5.7 members. Taxes on road transportation by the CPN (M) combined with the price hike in Terai source markets caused rice prices to increase by one to four rupees in Salyan and Pyuthan during November-December 2004.

In some cases, CPN (M) cadres started to demand fees from the migrant workers (e.g., up to Rupees 5000 in Salyan and Jumla), regular monthly tax to teachers, government and NGO employees (8 percent in mid western and western regions) (FSB, 7:6).

It is reported that farmers have to pay certain amount of their farm product to the CPN (M). FSB No 7 (p.6) quotes, *'In most parts of the mountain and hill districts, the CPN (M) also requires each farming household to surrender a proportion of its produce every season. In general this proportion equals seven days of household food consumption. In Dolpa district, respondents assess that the actual amount is in the range of 20-60 kg of cereals. In Jumla, they claim it is 10 kg. As in the Far Western Region, the same households tend to be obliged also to feed one of two CPN (M) cadres on a daily basis. In Salyan, business professionals are required to pay the CPN (M) between NRs 200 and 700 a month to conduct their trade.'*

4.2.3 Institutional functioning

In the Maoist control areas all government institutions are dysfunctional except health posts, agricultural service centres, schools and few other low profile, apolitical service providing institutions. These institutions are operating in the Maoists control areas because they are following instructions and fulfilling conditions of the insurgents as well as directly related to the services of poor and marginalised people. Nevertheless, they are not able to operate according to the rules and regulations of the government. There are only two alternatives with the government in this regard: 1) closing of the offices in the Maoist strong hold area, or 2) let these offices informally allow working according to the conditions posed by the insurgents.

In the core areas of Maoists, they ask government offices either to implement the programme activities of 'New Regime' or to leave the areas. Further, the 'New Regime' regularly collected taxes and levies (one month's salary or 10 percent of monthly salary) and other supports (food, donation, clothes, etc.) from the staff of the government offices. Only those staff who fulfil these demands stay in the Maoist controlled areas and others not able or willing to pay have to leave.

In case of staff of NGOs and INGOs, they pay the 10 percent or one month salary and work in the Maoist controlled areas. All I/NGOs are funded by donors and implementing programme activities according to the donors' conditions (often working with poor, marginalised, socially excluded, programme activities directly and immediately benefiting to the most disadvantaged groups). These conditions are favourable to Maoists and therefore they do not obstruct donor supported development activities until the implementing staff regularly pay money and do not obstruct the Maoist objectives. Swiss, German, Danish, Dutch, Swedish, Finnish, funded development activities were less obstructed by the Maoists. However, Maoists are against the US and they did not allow implementing the US funded projects. Hence, USA provided money to German and or kept in the basket fund to be used by other soft donors. The 10 major donor agencies (which cover more than 80 percent of development assistance) developed 'Basic Operating Guidelines' (BoG) which does not allow to pay to rebels but it is impossible for Nepali implementing staff to continue their job in the Maoist strong hold areas without regularly paying them. Hence, this BoG is a tool for face saving for donors as they rely on BoG and keep silent on the payment by the partner staff to insurgents as private business.

Staff of development agencies (government, non-government and donors) share that it is very easy to work in the Maoist controlled areas because there is no any difficulty once money is paid to them. They are insecure in the grey areas where both the government and the rebels have no full control. They also share their experiences of dealing with the government army and the insurgents. They fell much more insecure

with the government army than the Maoists because the military shuts on suspect; does not allow time to explain and labels the victims after punishment as Maoist supporter. Against such behaviour of the military, by and large, Maoists listen, give chance to explain and the development staff working in rural areas feel more comfortable Maoists than the government's armed force.

4.2.4 Security situation

Obstruction on food supply and transportation in rural areas is a common phenomenon developed by the ongoing armed conflict in Nepal. Both the security forces and the rebels have obstructed within their areas of influence. For example, security forces restrict the flow of dry foods or readymade foodstuffs to the rebel-influenced rural areas whereas the rebels restrict supplying or marketing of food and agricultural items from their influence areas to district headquarters. The impact of the ongoing conflict on the food grain marketing because of the damage of road infrastructures is huge.

Security forces have frequently created obstructions to local people to get foodstuffs. They have quantified allowable amounts of foodstuff (e.g., 10 kg cereals per person per trip to villages in Jumla district), provision of prior permission to import foodstuffs from other districts (e.g., in Pyuthan district). Several restrictive rules imposed by the government are directly hitting farmers. For example, farmers need to get recommendations from the Village development committee (VDC) Secretary to sell their rice¹⁶ but these secretaries are often unavailable in village due to insecurity.

Most of the district headquarters of mid and far western hilly districts have faced Maoist blockade and access restrictions in the last few years. In some cases, such restrictions are related to only movement of food stuffs and in other cases; it is on both people and goods. In November-December 2004 the price of rice in the district headquarters of Rolpa and Rukum was up to 25 percent higher due to blockade. It was noticed that even rumour of future blockades and *Bandhs* has caused to hike price of commodity¹⁷. The food items they blocked to go to the district headquarters from rural areas were potato, vegetables and diary products. The study of the Seddon and Hussein, (2002) reveals that security forces are restricting people from carrying more than one days food supply at a time to deny food supply to Maoists, as against the general practice of people to carry a few months supply. In rural areas, people have to walk up to 3-4 days to reach market. Traditional livelihood opportunities of local poor are jeopardised by the conflict, as they are not allowed to go to forests by the security forces to collect forest based means of livelihoods (mushrooms, young sprouts of plants, medicinal herbs, non-timber forest products, fire-woods, etc.). And, if any one found in the forest is suspected as Maoist. Because of all these problems, there are frequent famines in the Karnali region (ibid: 29) and other high-conflict areas.

The previous study of the author shows that well established local *hat-bazaar* system existed in eastern hills of Nepal has now been severely affected (the frequency, total hours of transaction, numbers of buyers and sellers and diversity of agricultural items reduced drastically) with negative effects to small holders producers and buyers of low purchasing power (Upreti, 2005). Bartering and exchange of goods as well as selling of commodities produced in own farm in the local *hat-bazaar* and purchasing of the required food and non-food items from the money earned of sell of goods was a common practice earlier. Now this system has severely disturbed in rural areas because of the security risks as security forces do not allow people to gather or the insurgents melt in such gathering for their purpose or people simply do not go to local *hat-bazaar* because of fear and risk of being caught in the problems.

Truck loads of foodstuffs have been burnt. Trucks fetching buffaloes from the terai were set on fire by CPN (M). Farmers from Chitwan, Kavre and Dhading districts have not been able to sell their milk and fresh

¹⁶ See Nepal Weekly Year 5, No 45 (26 June 2005/12 Ashad 2062) for the detail story.

¹⁷ For example, the price of rice in Salyan district head quarters was simply gone up one rupee per kg due to rumour of blockade (FSB, 7:5).

vegetables due to the prolonged *bandhs* and blockades and they have thrown their commodities on the highway as a protest.

Table 6 Feeling security situation by respondents

No	Feeling of the respondents	f	%
1	Highly insecure	13	17.56
2	Insecure	20	27.02
3	Relatively secure	26	35.13
4	Secure	10	13.51
5	Highly secure	5	6.75
	Total	74	100.0

Source: Primary data¹⁸ (2006)

The Table 6 indicates the feeling of insecurity by respondents of Chitawan. More than 40 percent of the respondents feel insecure and only slightly more than 20 percent respondents perceive that they are secure at the current situation of conflict. More than 35 percent respondents feel the present situation is relatively secure.

Frequent transport strikes and *bandhs* have not only restricted physical mobility but also constrained the transportation of goods and services to the needy areas. Furthermore, placement of landmines on major roads is used by the warring parties, physical damage to vehicles (burning or blasting of buses, loaded trucks, motorbikes, etc.), increases feelings of insecurity. Disturbing and humiliating security checks on roads have severely affected the smooth functioning of agricultural marketing in Nepal. Furthermore, some ongoing road construction projects (e.g., Chhinchu Jajarkot road construction project) were affected due to security risks.

4.2.5 Agriculture

Agriculture is one of the sectors of the economy which is hard hit by the ongoing armed conflict in Nepal in terms of production, processing and marketing. Several direct and indirect effects of the ongoing conflict have been observed in social, economic and political systems in general¹⁹ and the household food security²⁰ (Seddon and Adhikari, 2005) and agricultural production and marketing sectors in particular (Upreti, 2005).

The 'land to the tillers' slogan of the Maoist has gained sympathy from tenants, poor farmers and marginalized people. In a study by the author (Upreti, 2005), the key informants²¹ explained that most of the big landholdings in the insurgents' stronghold areas are either directly regulated by Maoists, or exerting pressure over tenants to stop paying contractual payments to landlords. The Maoists ask to pay the landlords' share to them. The government is not able to function in land administration in their control area. Such situation has created uncertainties for farmers, tenants negatively impacted the production and productivity because these productive lands are either uncultivated or under-cultivated or cultivated with no or low investment. They further explained that some of the commercial farmers (e.g., tea growers in Ilam and Panchthar) are facing continuous pressure to pay regularly to the insurgents. It was also reported that investment in agriculture sector by the Agriculture Development Bank (ADB) and other financial institutions is disturbed. It has become extremely difficult for ADB staff to visit the field, as the insurgents are very

¹⁸ The survey was conducted in February 2006 in Chitwan district of central Nepal.

¹⁹ See the conflict related database maintained by OCHA, UN Office in Kathmandu for detail. Many *bandhs*, blockades and obstruction related information for this study have been drawn from the information maintained by OCHA.

²⁰ Details on the monitoring of the food security situation of 32 districts of Nepal can be found in the issues 1 to 11 of the 'Food Security Bulletins' produced by the Vulnerability Assessment and Mapping Unit of the WFP Nepal.

²¹ The respondents were ordinary farmers; small growers; traders and marketers as well as rural landlords and local elites who left their villages due to insecurity and staying in Kathmandu.

negative towards ADB loan and they have damaged several branches of the Bank and destroyed documents in the past. For example, all branches of ADB in Chitwan were moved from rural areas to the district headquarters.

Both farmers and staff of the ADB share that many farmers are not able to pay back the bank loan due loss of their business (e.g., according to the Chitwan Poultry Association, nearly 75 percent of small poultry farmers of Chitwan had closed their business). Big farmers and entrepreneurs are hardly surviving but very uncertain about the high risk in investing in agriculture due to political crisis. In some cases, even farmers are not collecting money after the approved loan from the bank (Upreti, 2005). Senior officer from the Regional Office of ADB, Biratnagar explained that medium to big agricultural projects are worst hit by the conflict in the EDR.

The Maoists has highlighted the importance of agriculture in their 75 points Common Minimum Policy and Programme. The 31st point states (Upreti, 2004a:409), "...*Special attention shall be paid on the development of agricultural industries and proper arrangement shall be made for agricultural market...*". The Section -V, point 31 of the Common Minimum Policy and Programme of United People's Council (the Maoist government) states, that 'Fertilizer, seeds, pesticides, agricultural tools shall be made available to the peasants at cheap rates and with ease. Special attention shall be paid on the development of agricultural industries and proper arrangements shall be made for agricultural markets. Balance shall be maintained in the prices of industrial and agricultural products'. The point 45 of the same documents states, 'Consumer co-operatives shall be encouraged so as to avail the people of consumer goods at cheaper prices and with ease. The state shall make necessary interventions in order to keep the prices of commodities stable and well managed. Appropriate customs policy shall be pursued to provide support to the indigenous goods. Special measures shall be taken to avail of consumer goods at cheap prices in remote areas. However, neither they are able to fully implement their policies nor ready to allow the unhindered continuity of existing agricultural production and marketing system.

The ongoing armed conflict and political crisis has directly and indirectly affected price variation of agricultural products and food commodities. This study has identified different categories of conflict-related factors affecting price of the agricultural commodities in Nepal. They are: price fixed (often less than market price) by rebels themselves, fluctuation of price due to *bandhs* and blockades (increase in final market points but decrease in production or collection centres), used crisis as an opportunity by the traders and retailers to hike commodity price and increased transportation cost leading to price rise.

Discussion with the representatives of farmers associations, cooperatives, agricultural bank, agricultural office and traders in Chitwan district has clearly revealed that growers of the perishable products (e.g., milk, poultry products and fresh vegetables) are suffering more from the blockade and *bandhs*. Representatives²² of the poultry growers shared that they are losing approximately 10 million rupees in a blockade of 1 day.

The longer the duration of blockades, the higher the loss. The price variation incurs in poultry feed, small chicken (*challa*), dressed meat, eggs and vaccines have negatively affected the poultry growers. The vegetable growing farmers are also equally frustrated with the fall in prices of their fresh vegetables due to blockades, strikes and civil unrest. Collectors were not able to collect vegetable from farmers or collection centres because of *bandh* and it was not possible for farmers to sell all vegetables in local markets. The vegetable price of local markets on the days of *bandhs* falls almost to zero and they have to dump their

²² Members of the Focus Group Discussion (FGD) were represented by Nepal Poultry Entrepreneurs Association, Association of Hatchery Industries, Association of Poultry Ration Producers, Association of Egg Producers; Association of Livestock and Poultry related Raw Materials Producers and Association of Livestock and Poultry related Medicine Dealers.

products. The representatives of the milk producers²³ expressed their deep frustration. They shared their suffering from the conflict and crisis as well as the milk holidays declared by the Dairy Development Cooperation. In 2003-4 (2060 BS), they suffer 14 days from blockade and 35 days from 'milk holidays'. In 2004- 5 (2061 BS), they suffer 21 days from blockade and 38 days from 'milk holidays' and in 2005-6 (since Sharawan 2062) they suffer 37 days from 'milk holidays' and 4 days blockades. During these days they were not able to sell their milk. Consequently, all three categories of producers (poultry, milk and fresh vegetables) are facing problem to pay back bank loans. The key informants from the Agricultural Bank in Chitawan district agree that loan repayment is a major problem because of the price insecurity and instability of agricultural and livestock products in the market.

In some of the CPN (M) influenced areas, they fix prices of the local agricultural products and other merchandise goods. Generally, the price fixed by them is cheaper than the market price, and price of district headquarters. For example, rebels had set retail prices of local livestock products in the northern and southern parts of the Bajura district. Price of mutton, chicken, ghee is fixed as 19, 33 and 20 percent less than the existing market price in the district headquarters. Similarly, the price of rice fixed by rebels in Binayak of Achham district was six rupees lesser than the market price Rs 14 per kg fixed by them as against the market price of 20 per kg in Mangalsen)²⁴.

Interestingly, in some areas the CPN (M) cadres have transported food and other merchandise commodities from road-head markets to local markets and the 'cooperatives' operated by them and therefore there is no added local transport charge in the retail price. By implication, cooperatives operated in the Dolpha and Humla districts were selling rice in 5-8 percent less price than the subsidised rate of Nepal Food Corporation (FSB, 7:5).

In some of their influenced areas, the CPN (M) also prohibits farmers to sell their products in district headquarters or other bigger marketing centres. For example, farmers of Toli VDC of Bajura district were prohibited to see their ghee in Sanfebagar, a bigger market centre of nearby Achham district. As a consequence, 12 -15 percent livestock grower of this VDC have given up livestock growing (Upreti, 2006). Such cases of restrictions are observed in Makawanpur, district too.

Milk producers and green vegetable farmers in Chitwan district expressed their deep frustrations for failure of the government to provide storage facilities to safely store their products during the time of the blockades, *bandhs* and other obstructions. The farmers' representatives, agricultural technicians and the members of the Federation of Nepalese Chambers of Commerce and Industries at district level argue that establishing a dairy processing plant in the main milk production centres such as Chitwan and operating larger cold storage facilities in the major pocket areas of fresh vegetable production areas such as Dhading, Chitwan or Jhapa will minimise these problems.

CPN (M) has operated communal farming schemes to provide food security to poorest families in 11 VDCs of Jumla district (Sinjha area). The poor farmers involved in communal farming receive part of the production.

4.2.6 Displacement and impact on NRM

Conflict-induced displacement in Nepal is becoming a major concern particularly after the breakdown of the peace talks in August 2003. The phenomenon of displacement has significantly increased together with the

²³ Participants in the FGD were Raman Pathak and Eak Narayan Poudel from Central Milk Producers Association, Basanta Lamichhane from District Association of Milk Producers and chairman of Janaki Milk Producers Cooperatives, Shovakar Chapagain, Chairman of Annapurna Milk Producers Cooperative, and Shankar Raj Bhandari, Chairman of District Milk Producers Association.

²⁴ See page 3 of Food Security Bulletin 7 of WFP Nepal for detail.

increased intensity of conflict. For example, approximately 24000 people of 3500 households of Rajapur areas of Bardiya District alone left their village and entered Baharaich and Bachhya areas of India²⁵.

A report of the Inter-Agency Internal Displacement Division (IDD) Mission to Nepal (11-22 April 2005)²⁶, concludes that '*Nepal faces a very serious political, security and humanitarian situation in which preventive measures are urgently required to prevent further deterioration.*' It further states, '*While the full magnitude of population displacement is unknown, best reliable estimates suggest that up to 200,000²⁷ Nepalese may have been internally displaced by the conflict, with perhaps 2 million or more moving to India in recent years*' (IDD, 2005). It is very hard to find the correct and complete data on Internally Displaced Persons (IDPs). The situation of silent IDPs is even unclear as they are not in limelight. Some people even estimate the numbers of IDPs is 600000²⁸. This situation has direct negative impacts in agricultural production.

Looking to the confrontational approach of the main domestic actors of the current crisis, it is more likely to anticipate the high intensity of the conflict. In such a situation, the food marketing system of Nepal will be seriously affected. The major effects will be caused by more frequent obstruction, blockade, and psychological pressures to stakeholders of market (such as extortion and donation) and damage of agricultural infrastructures. It will also contribute to deteriorate border trade with India that ultimately increase the food insecurity. Because of the ongoing conflict, newly renewed Transit Treaty between India and Nepal²⁹ has restricted the movement of highly sensitive goods to only 7 out of 15 transit points but there is no identification of highly sensitive goods yet. This may have negative some effects of agricultural marketing in Nepal (if the Indian government assesses the negative effects of export of some of the agricultural commodities from Nepal to their agricultural market, at that time they may identify these products as highly sensitive). Another added provision in this treaty is that now onwards India can use Nepalese territory for moving goods from one Indian destination to another which could affect the Nepalese agricultural market (Nepal may not compete with India once this provision is implemented).

4.3 Growing livelihood insecurity due to two regimes within one state

Livelihood comprises the capabilities, material and social resources and activities required for a means of living. Livelihood is secure when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and resources without undermining the resource base (Chambers and Conway, 1992). Once, the capabilities and resources or assets are disturbed, people face livelihood insecurity. Armed conflict in Nepal has disturbed this dynamics and consequently brought enormous livelihood insecurity. Paradoxically, it has also brought some opportunity of alternative means of livelihoods such as redistributing land to landless, forcing the government to channel resource in pro-poor activities, donors focus on social exclusion and livelihood insecurity.

One of the serious impacts of the armed conflict on livelihood of poor people is the resource shift from basic service sectors to unproductive military expenditure. The proportion of security budget is invariably increased overtime, the disproportional increase in the amount of 'administrative cost' compared to the development budget, decreased in proportion of resource allocation for basic social service sectors (e.g., health, education, drinking water, etc.).

To achieve secure livelihoods of Nepalese people, their basic rights should have guaranteed according to international human rights conventions. If they have access to quality education, information, technologies

²⁵ See Samaya Weekly (Year 2, No 63, Ashad 17-23, 2062/1-7 July 2005) for the detailed story.

²⁶ The mission was led by Dennis McNamara, accompanied by Carmen van Heese (IDD) and Romano Lasker (CRD).

²⁷ Source – Global IDP Database, Norwegian Refugee Council

²⁸ However, the official estimate of the government is 6000-7000 IDPs only.

²⁹ The Transit treaty between Nepal and India, which was expired on 6 January 2006 and India had extended for 3 month was renewed on 31 March 2006 for the 7 years.

and training and better nutrition and health; supportive and cohesive social environment; secure access to, and better management of, natural resources; better access to basic and facilitating infrastructure, and financial resources; and a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access of basic services for all (DFID, 1999). All these conditions are not met and even seriously disturbed by the armed conflict. Hence, livelihood of vast majority of Nepalese peoples, especially poor, marginalised and socially excluded people is insecure and vulnerable.

The study of the Seddon and Hussein, (2002) reveals that security forces have restricted local people from carrying more than one days food supply at a time to deny food supply to Maoists, as against the general practice of people to carry a few months supply. In rural areas, people have to walk up to 3-4 days to reach market. Traditional livelihood opportunities of local poor are jeopardised by the conflict, as they are not allowed to go to forests by the security forces to collect forest based means of livelihoods (mushrooms, young sprouts of plants, medicinal herbs, non-timber forest products, fire-woods, etc.). And, if any one found in the forest is suspected as Maoist. Because of all these problems there are frequent famines in the Karnali region (ibid: 29) and other high-conflict areas.

Though it is difficult to precisely distinguish between conflict-induced IDPs and voluntary migration (by their interests for better life), the prevalence of migration is high. Economic migration has often positively contributed to secure livelihoods, conflict induced internal displacement is creating devastating effects on the livelihoods of displaced people. India is the destination for largest number of migrants from Nepal, where people flew due to relatively better state of accessibility (open border; similar religion, culture and language, relatives working there) etc.

Health facility is one of the important components of secured livelihoods. However, due to the damage of ambulances, health posts and other health related infrastructures, restriction of supply of medicines in the Maoist influence areas by the security forces in the suspicion of use of medicines by insurgents, increased unwillingness of medical professionals to go to remote areas for work and subsequent deficiency in health services, reduction of investment in the health sector by the state, rapid brain drain from health sector (qualified doctors and nurses leaving country) and frequent disruption of water supply and blockade of water source have created serious problems in the health sector and people's access to health facilities has been seriously disturbed.

Access to quality education is another important element of secured livelihood. The armed conflict has created anarchy in the education sector and used it as ransom by warring parties as shown by evidences from the situation in between 1996-2005. During this period, Maoists have killed 60 teachers and 66 students, caused the disappearance of 151 teachers and abducted 516 students and 62 teachers. Similarly, the state has killed 44 teachers, 172 students, detained 158 teachers and 115 students; and disappeared 14 teachers³⁰. Further, mass abduction of students and teachers by Maoists and suspicion from security forces has caused great insecurity and therefore teachers and students left schools and colleges in rural remote areas. Strike, bandhs and closures of schools have seriously obstructed the school and university calendars and hindering teaching learning environment. Schools are used as battleground by the warring parties and as camp by security forces. Schools felt confusion and insecurity when Maoists forced to follow their curriculum in schools. Regular extortion and payment of levy has added extra burden and livelihood insecurity to parents teachers and students

Regular restriction or obstruction in physical mobility of people and transportation of goods and services, placement of landmines in major roads, physical damage of roads and transport infrastructures (civil aviations towers, roads, suspension bridges, etc.), and vehicles (burning or blasting of buses, loaded trucks, ambulances, motorbikes, etc.). Blocked of truckloads of food supply in district headquarters has severely

³⁰ Himalayan Times Daily, 10 July 2005

disrupted market systems (rising prices; shortage of supply of basic foods; increasing black marketing, smugglings and carteling, etc.), which caused severe livelihood insecurity of poor and marginal people.

The Maoist strategy of 'sabotage' of infrastructures forced to large companies such as Uniliver Nepal, Surya Tobacco Company, Coca-Cola Company, distilleries has negative effects in the employment of labourers and created livelihood insecurity. It has also great negative economic impacts that affects livelihood of many people. Disruption of local *hat-bazar* system, back marketing, shortage of goods and services, physical damages of goods and food stuff (hundreds of truck-loads of goods were destroyed by Maoists), reduction in market opportunities, trade imbalance, diversion of scarce resources to unproductive use, obstruction of market and transport had several time forced farmers to throw away the milks, vegetables and other agricultural products, scaling down of existing industries and un favourable environment for investing or establishing new enterprises have reduced employment opportunities. All these problems have negative effects in livelihoods of people.

5 People's power and new hope for livelihood security

A country undergoing with armed conflict since 1996 initiated by Maoists is now at the crossroad of transformation from the centuries old feudal, top-down, autocratic and exclusionary monarchical regime by the non-violent people's movement of April 2006. Intense power struggle between political parties and palace reached at its peak when the king resumed the executive power on 1st February 2005 by a coup. The dissolution of the parliament by the King as a result of an intense power struggle, unwillingness of the then government to conduct local elections or to extend the tenure of the elected representatives, the 4 October 2002 event of removal of the then Prime Minister and finally the 1st February 2005 royal takeover³¹ had provided strong ground for April 2006 non-violent peoples' movement in Nepal.

Then major political parties came together and formed an alliance (popularly called as Seven Party Alliance³² or SPA) to protest the king's took over. They also decided to collaborate with the CPN (Maoist) to defeat the king, which CPN (Maoists) was proposing since last two years. That strategy brought the two major forces of the country together fighting against the king. As a consequence, the 12-point understanding reached between them, which ultimately paved the path to launch the mass agitation in April.

The non-violent people's movement (popularly known in Nepal as *Janaandolon*) of 6- 24 April 2006 (also simultaneously used in this chapter as April Revolution) proved that people's power can defeat autocratic, feudal regime that was not possible from the 10 years of the armed conflict. Here some of the reasons of success of the non-violent movement to bring down the 4 centuries old Nepali royal dynasty have been discussed. People from all walks of life such as women, marginalized groups, ethnic communities, disabled, youth, children students, housewives, labourers, peasants, workers, street-vendors, business people, retailers, peace and human rights activists, journalists, lawyers, scholars and researchers, poets, writers, school teachers, university professors, doctors, nurses, shoe makers, tailors, government employees, technicians, artists, film actors and actresses participated in the non-violent movement. During the whole period (15 months) of the direct rule of the king, the state was very coercive. But the high-handness of the government during the April 2006 was intolerably excessive.

Despite the rigorous efforts and strong attempts of the king to justify his takeover, domestic protest mounted and international community did not convinced. In his attempts to convince Nepalese people and international community, he repeatedly reiterated about the grand failure of the political parties to contain

³¹ The first February royal takeover includes the resumption of executive power by the King, removal of the multi-party government, detention and arrest of political leaders, civil society members, journalists and human rights activists, censorship on media, and imposition of the State of Emergency and suspension of civil rights.

³² The Alliance is composed of Nepal Communist Party United Marxist-Leninist (CPN-UML), Nepali Congress Party (NCP), Nepali Congress Party (Democratic) (NCP-D), Nepal Sadbhawana Party (Anandidevi), Nepal Peasants and Workers Party, United leftist Front and Samukta Janamorcha.

violence, to restore peace, to control corruption and improve the deteriorating economic situation of the country. In all his speeches, public comments and interviews, the king vehemently expressed his dismay with political parties as, *“Nepal's bitter experiences over the past few years tend to show that democracy and progress contradict one another. Multiparty democracy was discredited by focusing solely on power politics. Parliament witnessed many aberrations in the name of retaining and ousting governments. Not a single House of Representatives was allowed to complete its tenure. Continuous confusion and disorder resulted in the obstruction of the democratic process.”*³³ He further said at the time of the royal takeover in the 1st February, addressing the Nation, *‘...today we have once again reached a juncture, where in keeping with popular aspirations, a historic decision must be taken to defend multiparty democracy by restoring peace for the nation and people. Even when bloodshed, violence and devastation has pushed the country on the brink of destruction, those engaged in politics in the name of country and people continue to shut their eyes to their welfare. Tussle for power, abuse on gaining authority on gaining power and unhealthy competition in fulfilling personal and communal interests at the expense of the nation and citizenry contributed further to deterioration in the situation. ...It is now time to bring to an end the ongoing act of terrorist violence and pledge, in earnest, to fulfil the people's aspirations with the restoration of peace and security in the country.... As it is our responsibility to preserve our nationalism, national unity and sovereignty, as well s to maintain peace and security in the country and ensure that the state of the nation does not deteriorate any further, we have, by virtue of the State Authority as exercised by us and in keeping with the spirit of the Constitution of the Kingdom of Nepal 1990, taking into consideration Article 27 (3) of the constitution, dissolved effective from today, the current Council of Ministers to fulfil the people's desire for the restoration of peace and security and to activate soon the democratic dispensation’*³⁴.

Time and again, the king was highlighting the role of Shah Dynasty in nation building of Kingdom of Nepal referring to the unification process initiated by the King Prithvi Narayan Shah. Like his forefathers, he wanted to be centre of the Nepal's politics, which was flatly denied by the SPA and the CPN (Maoist). While giving his long speech on the first of February, he had miscalculated the people's desire of peace and his own ability to deliver it. All ordinary people were tired of violence but he failed to realize that the monarchy itself was the root cause of the structural conflict in the country because of its feudalistic, exclusionary and regressive nature. He did not declare ceasefire, did not invite the Maoists for peace talks, taken political parties into confidence and reached a negotiated settlement. He was over reliant on security force and coercive strategy than political negotiation. However, his strategy and tactic to get support for his regime from international community in the name of ‘war against terrorism’ and military-reliant coercive approach failed. Hence, the April people's movement was basically the ultimate result of the king's action and behaviour reflected in the grand failure of his government. Repression, gross violence of human rights, blatant abuses of state power and resources, abuses of authority, tense relation with international community became remarkable features of the king's direct rule. If the king had not suppressed political parties, they would not realize the need to work with CPN (Maoist) to fight against the regressive regime and there would not be possibility of April Revolution without the support of CPN (Maoist). The 12-point understanding (see Annex 1) between the SPA and Maoists was precisely the outcome of the suppression of the king.

SPA was protesting the king's rule right from the beginning but Nepalese people did not trust them because of their past performance and therefore they did not meaningfully participate in the earlier protest programs (Upreti, 2006). Once the SPA and the CPN (Maoist) reached the 12-point understanding and publicly

³³ The King's address to the nation at the time of the Royal takeover on 1st February 2005. It was the morning of 1st February (10:50 am), security officials under the command of army were deployed in all strategic places such as media houses, party offices, security forces were sent to arrest or detain political leaders, human rights activists, telephone lines were cut and the king address to the nation for more than 34 minute to take the executive power. Prime minister and all other ministers were detained in their own office and residences (Upreti, 2006). There was a meeting of the king with the security forces (all three forces military, police and armed police force in the evening of the 31 January. Even the king met the prime minister in the same day but the prime minister was not aware of the plan. Later, Mr Deuba acknowledged that when he met the king he felt that something could happen but he did not suspect such big step from the king.

³⁴ See The Kathmandu Post. 2 February 2005 for the full text of the speech of the King.

acknowledge their past mistakes and promise for not to repeat the mistakes (points 6 and 7), promised to work together to resolve 10 years armed conflict, establish peace and implementing the concept of absolute democracy in the country, people came to street and started to challenge the royal regime. Non-violent people's movement of April was precisely the outcome of this realization.

5.1 People's Power (6-24 April) and political change:

SPA called a nationwide general strike (*Nepal band*) for 4 days (6-9 April). In response, hundreds of thousands of people came to streets across the country because they were convinced from the 12-point understanding reflected as an outcome of the collaboration between the SPA and the CPN (Maoist). On 5th April, CPN (Maoist) declared a ceasefire to support the general strike. The SPA was saying that the general strike will be peaceful but the royal government was saying that the infiltration of CPN (Maoist) will make the general strike violent and at that time the government will take all necessary measures to protect people and property. The government asked the SPA to called-off the general strike and threatened to suppress it by use of force if the organizers do not obey the government. Despite the continuous pressure and threat from the government and Nepal army (who was leading the unified command-police, armed police, military and intelligence), SPA decided to continue the protest.

One the first day of the general strike on 6th April, protesters organized mass rallies all over the country and in some areas protestors had started to dismantle the statues of the Shah Kings. This was further expanded in following days. Even before the start of people's movement, the royal government mobilized unified command to prevent people coming to the street and political leaders and activists were arrested either from their residence or at the first encounter in the demonstration. People appeared in different parts of the town and district headquarters and organized demonstrations all over the country. The king's government took very repressive measures and frequent and excessive baton charges and gun fires became routine. On the 1st day of the general strike, CPN (Maoist) fiercely attacked in Sarlahi district and defeated the unified command that had severely demoralized the security forces. Consequently, the security force discharged their anger to peaceful demonstrators in different parts of the country. Mass in the streets in Kathmandu valley and other many parts of the country were expanding irrespective of gunfire and very repressive measures of the autocratic government. On the evening of the 7th April, the government imposed the night time curfew and extended to days and night on 8th and 9th April with 'shoot on sight' order. However, people continuously defy the curfew and came to the streets in mass. By the 9th April, almost 90 percent of the political leaders actively leading the protest and more than 70 percent of vocal civil society and human rights activists and journalists supporting the protest were arrested and jailed.

As the government took very repressive measures, the officially declared nationwide general strike (6-9 April) expanded for indefinite period and people from all walks of life came to streets to protest the brutal measure taken by the government during the 4 days pro-democracy protest. Civil disobedience across the country paralyzed the nation. The king's government and its home minister with proven track record of anti-democratic royalist totally failed to keep law and order in the country even with full mobilization of unified command and state resources and power. Even government employees from courts, ministries and departments, corporations and companies had joined the civil disobedience and protest. Civil servants, banking sector and state-owned public sector employees jointed the protests. Even, tourists and foreign citizens had joint the protest in Kathmandu and Pokhara. Solidarity for the ongoing democratic movement was such massive that in even small rural district more than 200000 people gathered every day³⁵ and the number of people coming to street in Kathmandu reached up to 2 million. The 'Royal Nepal Army'³⁶ used helicopters for surveillance over peaceful demonstrations in different parts of the country and directing ground troops to suppress the mass rallies. As per the order of the military officers from the surveillance

³⁵ The Kathmandu Post April 24, 2006.

³⁶ After the successful April revolution, name of the Royal Nepal Army was changed by the revived Parliament to Nepal Army.

helicopters, ground forces opened fire at the demonstrations in different parts of the Kathmandu. Commanders of security forces gave order to their commanding officers to prevent gathering of protesters and to shoot them. The Home Minister himself was working at the Army Headquarters for coordinating with the Military Chief and Valley Command Force to suppress the people's movement. The government attempted to justify its suppression saying that it found Maoists infiltrated in the demonstrations and therefore the government has to take stringent measures. So, during the 19 days of peaceful protest, the king's government killed 25 people, wounded more than 5000 people and created horror all over the country. In addition to the unified command, the government massively mobilized 'vigilantes', criminals, and royalist youths to suppress the pro-democracy movement. Home Minister spent millions of rupees weekly for this purpose. However, it did not work.

When the people's movement massively expanded, the king invited SPA to talk with him. On his message to the nation on the occasion of New Year's Day on 14th April, he said, '*...Democracy demands restraint and consensus as all forms of extremisms are incompatible with democracy. While facing the challenges confronting the nation democracy also emphasizes acceptance of the pre-eminence of the collective wisdom in charting a future course*³⁷. However, the SPA 'Movement Coordination Committee' said the king's message was 'meaningless' and 'mentioned nothing'. It stated, '*The king has used the trump card of dialogue at a time when he is completely isolated at the national and international level. The idea of the dialogue is a ploy by the royal regime to create confusion among the people and the international community*'. Hence, the king did not succeed to weaken the people's movement in the name of dialogue³⁸.

When the king failed to convince SPA, he attempted to use international community particularly India and USA who were in favour constitutional monarchy. International community in general and these two countries in particular pressurized the SPA to accept the king's offer. From his rigorous attempt, the king succeeded to bring Dr Karan Singh³⁹ who is relative of the Nepalese royal family, as especial envoy of the Indian Prime Minister Dr Manamohan Singh to mediate with the SPA. On 19 April Dr Karan Singh met SPA leaders and discuss the package prepared by the Indian government. His formula was to have negotiation between the king and SPA that ensure constitutional monarchy and handing over of the executive power by the king to SPA. The King accepted his package of negotiation. Accordingly, on the night of 21 April he addressed to the nation and said, "*we, through this proclamation, affirm the executive power of the Kingdom of Nepal, which was in our safekeeping, shall, from this day, be return to the people and be exercised in accordance with Article 35 of the 1990's constitution*⁴⁰'. However, people in the street were in no mood to compromise unless the king accepts all the demands of protesters (fully accepting the 12-point understanding, nothing less than constituent assembly election).

After this offer of the king, India expressed its hope that the king and political parties will reconcile and move ahead. At the same time, Envoys of USA, France, Sweden, UK, Germany and Finland reached to the house of SPA senior leader Girija Prasad Koirala on 22 April to pressurize SPA leaders to accept the offer of the king. However, once the protesters knew that the foreign diplomats are exerting pressure to SPA leaders to compromise with the king, the huge mass of thousands of demonstrators reached to the residence of the Girija Prasad Koirala where envoys and SPA leaders were having meeting and chanted slogan against the king's offer and warned the SPA leaders not to compromise from the pressure of foreigners and to keep the movement going on. Ultimately the SPA leaders have to respond positively to the huge mass and they

³⁷ The Himalayan Times 14 April 2006.

³⁸ In the past 14 months of his direct rule, the king consistently denied the frequent requests of political parties, civil society and international community to open dialogue with the political parties and reached to a negotiated settlement. .

³⁹ Foreign Secretary Mr Shyam Sharan (who was Indian Ambassador to Nepal earlier) and Mr Pankaj Sharan (Joint Secretary of Indian External Affairs) were also accompanied him and Mr Shayam Sharan had also talked with the Royal Nepal Army at that time.

⁴⁰ The Article 35 of the 1990's constitution states the executive power shall, pursuant to this Constitution and other laws, be vested in His Majesty under this constitution shall be exercise upon the recommendation and advice, and with the consent of the council of ministers, except as otherwise expressly stated that it may be exercised exclusively by Him Majesty or at his discretion or on the recommendation of any institution or official. Such recommendation, advice and consent shall be submitted through the Prime Minister.

rejected the offer of the king as well as the suggestions of a group of foreign diplomats. People's peaceful movement continued with more strengths and wider support. By the 23rd April more than half of country's population came to the street and protested the king's rule and demanded the election of constituent assembly. Overwhelmingly, the street demand shifted to have republican state and punishment to the king.

Mass demonstration turned to violent in different parts of the country when the repressive royal regime brutally suppressed by mobilizing its army against the peaceful demonstrations. It was not acceptable for any conscious people and therefore people oppose the repression by coming in the street in millions. Military failed to control the mass and SPA leaders become more encouraged from the people's support and they declared to form parallel government (which Maoists were suggesting them from the beginning of reaching of the 12-points agreement), if the royal regime is not ready to surrender.

Finally, the military surrendered with the power of people and it had reported to the king that they could not control the mass millions of demonstrators coming to the streets. As the military was the sole base of his 1st February coup, the king has no other options then to surrender with people. Mass movement was increasingly expanded and if the king was not ready to accept the street demand, the protesters may enter the palace and kick the king out. Realizing the people's power, failure of international community to reconcile between the king and the SPA and people's overwhelming support to 12-point understanding and the strength of the Maoists, the king decided to surrender with the people. Then a tactical package of the negotiation was offered by the nexus of palace and international power centres to the SPA leaders. This package had two conditions to be agreed by the SPA leaders which leaders of bigger parties of SPA accepted right before the king's address to the nation and people on mid-night of 24 April. First, existence of constitutional monarchy be ensured and the second, not to touch the military. Once, this negotiation between the SPA and palace was reached, on the mid night of 24 April 2006, the king finally, surrendered with people. In a televised speech he said, '*Realizing the people's movement and seven party alliance's roadmap we have revived the House of Representatives which would help resolve the national problems, including violence...*'⁴¹. The CPN (Maoist) and some critical analysts were not happy from the negotiated settlement accepted by SPA. They argued that the people's movement would definitely overthrow the monarchy from the peaceful street protest of 2 more days if the SPA had not accepted the king's offer. However, the CPN (Maoist) was not able to continue the movement further.

5.2 April People's Movement: alliance of compulsion

The major political parties such as Nepali Congress (both splinters), Communist Party of Nepal (United Marxist-Leninist) and to some extent other members of SPA and the CPN (Maoist) had deep adversarial relation and attempting to finish each other. The formers were in the government and using state power to suppress the rebels and the CPN (Maoist) was fighting against the state and ruling parties. Despite the vehement request of peace activists, civil society leaders and intellectuals to opt for non-violent approach of conflict transformation, for 8 years political parties were continuously denying the request and used force to defeat the CPN (Maoist). Political parties never realized the need of state restructuring and transformation of stratified vertical social structures and skewed economic and political relations. All major political parties were overwhelmed by status quo and power hungry attitude and behaviour. They were not only intensely engaged in internal power struggle but also continuously bargaining with the king. Hence, they never make serious efforts to end the violent conflict by negotiated settlement. Instead, they used the Maoist armed conflict as means to grab and retain power. Major political parties only realized their serious weakness and erosion of public trust when the king arrested and jailed them and imposed autocratic rule in the 1st February 2005.

⁴¹ The Kathmandu Post 25 April 2006.

On the other side, Maoists were concentrating to strengthen their power, weaken political parties instead of meaningfully engage with political parties to change the feudalistic political system. They used the palace and regressive forces against political parties and vice-versa. However, their magic expansion and success in managing 'people's war' was able to control 80 percent of the territory of the country but not able to capture the state. Therefore, the armed conflict reached to a situation of strategic stalemate. The CPN (Maoist) defeated the Nepal army in many individual fights and attacks but not able to defeat the state and form their government. Hence, they were also seeking for concerted arrangement to defeat the king and his army. For that, they have changed their strategy and ideologically shifted from totalitarian and centrally controlled political system to more competitive multi-party politics.

Therefore, the decision of both sides (CPN (Maoist) and the SPA) was based on the necessity and compulsion created by the king. Hence, the king and his autocratic government was the primarily responsible for bringing these two opposing forces together and to reach the 12-point understanding which laid the foundation of the April Revolution (Upreti, 2006). In the modern history of Nepal, significant political changes are taking places in the last two years in general and in April 2006 in particular. The April revolution also bringing the ten years of armed conflict is in the final stage of negotiated settlement.

5.3 Verge of abolition of royal dynasty

From the 10 years of republican campaign of the CPN (Maoist) and the behaviour of the present king and his close allies, the existence of royal dynasty is in serious crisis and verge of abolition. After the 1st February royal takeover, major political parties supporting constitutional monarchy such as CPN (UML) decided to go for republican political system and Nepal Congress dissociated from the constitutional monarchy. Youth, ethnic communities, dalit communities, intellectuals and scholars, journalists and young politicians are overwhelmingly demanding for republican political set up in the country. Those who were encouraging the king to go for active monarchy are also now changing their position. Many of them are arguing for a republican state. In the rural areas, Maoists have prepared people against the monarchy and oriented for republican system. Hence, at present those who want monarchy in this country are negligible and not able to change dynamics of overwhelming demand of republican system in Nepal. USA, because of its strategic interests (sustaining monarchy to counter the radical communists coming to power and being head of the state that encourage global revitalization of radical communists to take arms and come to power), is indirectly supporting the palace but USA is in very difficult position as it has to deny the popular public sentiment while supporting the king. Therefore, in formal statement USA is saying that it will respect the verdict of Nepalese people about the position of monarchy. If there is a free and fair referendum (some of the political parties are demanding for it at the time of constituent assembly election) to decide the fate monarchy, it will most likely to end the 400 years of monarchy with overwhelming majority.

5.4 CPN (Maoist) in April people's movement

Maoists and SPA leaders had discussed and reached an agreement in New Delhi on 19 March 2006 to coordinate their actions and activities for the April 6-9 nationwide general strike⁴². Maoists not only declared unilateral ceasefire on 3rd April 2006 and halt all offensive operations in district headquarters and Kathmandu valley but also lifted the transportation blockade they have imposed in Kathmandu just previous week⁴³ to make the people's movement successful.

Once, the SPA and the CPN (Maoist) agreed to constituent assembly election to restructure the state and to decide the fate of the monarchy, public confidence drastically increased and they came to the street. CPN (Maoist) leader Prachanda issued several statements against the royal takeover and expressed his

⁴² Kantipur Daily, 20 March 2006.

⁴³ Kantipur Daily 4 April 2006.

commitment to support the struggle of political parties to restore democracy. Senior leaders of CPN (Maoist) and SPA visited in New Delhi to discuss collaboration modality to fight against the royal takeover. They discussed with various Indian politicians on this issue. In October, the 7-party alliance gave mandate to Madav Nepal and Girija Prasad Koirala to talk with the CPN (Maoist). After a series of discussions and meetings⁴⁴, they agreed to a 12-points understanding. The CPN (Maoist) declared a unilateral ceasefire for three months on 3 September and said that it was their step forward to collaborate with the political parties. This ceasefire was a very strategic choice of the CPN (Maoist) because:

- a) They gave the message across the world that they want peace and political settlement of the conflict,
- b) They created a difficult position for the king, as the sole strategy of the king was to win international support on the ground of controlling terrorists. The king had planned to attend the UN General Assembly where he could strongly argue to justify takeover as a bold step to control terrorism. When they declared ceasefire, the king faced a very awkward situation. He has to justify his takeover in UN as for establishing peace in Nepal but if he was not reciprocating ceasefire how he could establish peace. This situation raised serious questions on the intention of the king. Obviously, his intention was not restoring peace and therefore he did not reciprocate ceasefire. All this led him to cancel his plan to address UN General Assembly in September 2005.
- c) CPN (Maoist) also gained more sympathy from Nepalese people and international community because of their unilateral ceasefire,
- d) Strong pressure mounted over the king's government domestically and internationally to reciprocate by declaring ceasefire. When the government refused to reciprocate, CPN (Maoist) and people opposing the 1st February takeover campaign against the king's real intentions,
- e) They organized political programs, trained their cadres and fighters and accomplished organizational activities such as meetings and conventions, training and orientations, expansion of public relations, etc.

During the king's direct rule, CPN (Maoist) moved very strategically especially demonstrating to Nepalese people and international community that they are genuinely committed to peace, willing to collaborate with political parties and publicly accepted the multi-party democracy, and respect of rule of law and human rights. But they also equally exerted military and political pressure to the king and Nepal army. In collaboration with the SPA, they foiled local election, which was presented by the king as his commitment to democracy. So, use of coercive measures by CPN (Maoist) against the king and its government and army and political support to SPA created favourable environment for April Revolution. They had declared national strike in 1st week of April but they withdraw to make the 5 days protest organized by SPA successful. Further, they sent large number of people from rural areas to cities and town centres for mass rallies and protest, they publicly supported the general strike and mobilized their forces to make the protest successful. Hence, Maoists have contributed substantially and procedurally to make the April Revolution successful. Ten years of Maoists armed conflict and 12-point understanding were foundation for the April Revolution.

5.5 New hopes for peace and livelihood security

After the demise of autocratic regime of the king from the 19 days of people's power in April 2006, new political equation is emerging. The feudal force of the country is sidelined and new thinking, perspective and approaches of restructuring of the state, addressing peoples concerns and inclusive democracy are emerging. SPA formed the government and negotiating with the Maoists to end the 10 years of armed

⁴⁴ see *Nepal Weekly*, Vol. 6, No. 15, 20 November, 2005 for detail on the talks between the Maoists and the political parties.

conflict. The state restructuring and establishing republican state are the two major agenda of negotiation. They reached a historic 8 point agreement (see annex 2) in this process and series of negotiation going on to finalise interim constitution, interim parliament, interim government, management of arms and armies, election of constituent assembly election to write a new constitution. People are hoping that after the state restructuring, issues and concerns of poor, marginalised, socially excluded people, women, ethnic groups will be addressed and their livelihood will be secured. However, this is a gigantic task that requires vision, commitment and serious efforts of political leaders, political parties, civil society, bureaucracy and all sections of society, that have to realised yet.

6. Conclusions

Rampant poverty, structural inequality, political oppression, social discrimination against certain groups (e.g., Kamaya, women, Dalit, etc.), failure of the public administration, wide spread corruption and continuous failure of the successive governments to address these structural problems are the root causes of the current conflict in Nepal. The Maoist insurgency is only the manifestation of these problems. Feudal legacy, political instability, dependency syndromes, lack of transparency and the social exclusion are further contributing to fuel the conflict.

The people of Nepal have lost trust in the political change of 1990 because of broken promises and failed delivery. They harbour deep mistrust toward the government and political parties because of their poor performance and their many failures. This paper argues that many of the challenges faced by the young democracy in Nepal today are the products of the inherent social exclusion, the lack of public engagement in governance practices and failure to recognise pluralism in Nepali society. This chapter highlighted the challenges and potential for conflict transformation, and argues that this requires a radical shift in current thinking and practice. The principle of inclusiveness must be exercised by civil society, political actors and other segments of the nation. The chapter concludes that a culture of tolerance, respect for diversity, inclusiveness, and reconciliation must be incorporated into governance principles and practices. The root causes of conflict such as social exclusion, centralism, unequal access to resources, and marginalisation of ethnic minorities, gender discrimination and religious biases need to be properly addressed to create lasting peace in Nepal. It is essential for all political and social actors to change their perceptions, shed stereotypes and promote tolerance and the principle of inclusiveness. In essence, the current conflict should be used as an opportunity for broader political and social reform in Nepal. Acute insecurity and instability, governance problems, social and economic inequalities and environmental injustice have greatly contributed to escalate the armed conflict. The armed conflict has not only caused negative impacts, it has also positively contributed to alter the unequal social relations in society.

So far, the state is simply not able to offer a descent minimum living standard to the vast majority of Nepalese population. Worst-off population is entrenched in deprivation trap and cyclic phenomenon of social exclusion. In contrary, very small fragment of population is the dominant affluent class who holds the reins of power, privileges and large proportion of the country's resources. Such a centralised political, economic and social power is creating and maintaining unequal social systems and poor people are suffering more. In a feudal social system like ours social, political and economic entitlements are centralised to small group of elites.

Though this nation faced crisis for the past 10 years, there are arrays of emerging hopes after the defeat of autocratic regime by the people's power of April 2006. The Maoists and SPA are entering into serious political negotiation for the restructuring of the state and establishing democratic republic. If the negotiation is succeeded, this nation will transform into an inclusive modern Nepal where concerns of poor and marginalised will be addressed.

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Annexes

Annex 1. Unofficial translation of 12-Point Understanding between Seven Parties and Maoists (22 November –2005):

1. Today, democracy, peace, prosperity, social advancement and a free and sovereign Nepal is the chief wish of all Nepalese. We completely agree that autocratic monarchy is the main hurdle in (realising) this. It is our clear view that without establishing absolute democracy by ending autocratic monarchy, there is no possibility of peace, progress and prosperity in the country. Therefore, an understanding has been reached to establish absolute democracy by ending autocratic monarchy, with all forces against the autocratic monarchy centralizing their assault against autocratic monarchy from their respective positions, thereby creating a nationwide storm of democratic protests.
2. The seven agitating parties are fully committed to the fact that only by establishing absolute democracy through the restoration of the Parliament with the force of agitation, forming an all-party government with complete authority, holding elections to a constituent assembly through dialogue and understanding with the Maoists, can the existing conflict in the country be resolved and sovereignty and state power completely transferred to the people. It is the view and commitment of the CPN (Maoist) that the above mentioned goal can be achieved by holding a national political conference of the agitating democratic forces, and through its decision, forming an interim government to hold constituent assembly elections. An understanding has been reached between the agitating seven parties and the CPN (Maoist) to continue dialogue on this procedural work-list and find a common understanding. It has been agreed that the force of people's movement is the only alternative to achieve this.
3. Today, the country has demanded the establishment of permanent peace along with a positive solution to the armed conflict. Therefore, we are committed to ending autocratic monarchy and the existing armed conflict, and establishing permanent peace in the country through constituent assembly elections and forward-looking political outlet. The CPN (Maoist) expresses its commitment to move along the new peaceful political stream through this process. In this very context, an understanding has been reached to keep, during the holding of constituent assembly elections after ending autocratic monarchy, the armed Maoist force and the royal army under the supervision of the United Nations or any other reliable international supervision, to conclude the elections in a free and fair manner and accept the result of the elections. We expect reliable international mediation even during the dialogue process.
4. Expressing clearly and making public institutional commitment to the democratic norms and values like the competitive multiparty system of governance, civil liberties, human rights, the concept of

- the rule of law, fundamental rights etc, the CPN (Maoist) has expressed commitment to move forward its activities accordingly.
5. The CPN (Maoist) has expressed its commitment to create an environment allowing the political activists of other democratic parties displaced during the course of the armed conflict to return to their former localities and live there with dignity, return their home, land and property seized in an unjust manner and carry out their activities without let or hindrance.
 6. Undertaking self criticism and self evaluation of past mistakes, the CPN (Maoist) has expressed commitment not to repeat such mistakes in future.
 7. The seven political parties, undertaking self evaluation, have expressed commitment not to repeat the mistakes of the past which were committed while in parliament and in government.
 8. In the context of moving the peace process forward, commitment has been expressed to fully respect the norms and values of human rights and press freedom and move ahead accordingly.
 9. As the announcement of municipal polls pushed forward with the ill-motive of deluding the people and the international community and giving continuity to the autocratic and illegitimate rule of the King, and the talk of elections to Parliament are a crafty ploy, we announce to actively boycott them and call upon the general public to make such elections a failure.
 10. The people and their representative political parties are the real guardians of nationality. Therefore, we are firmly committed to protecting the independence, sovereignty, geographical integrity of the country and national unity. Based on the principle of peaceful co-existence, it is our common obligation to maintain friendly relations with all countries of the world and good-neighbour relationship with neighbouring countries, especially India and China. But we request the patriotic masses to be cautious against the false attempt by the King and (his) loyalists to prolong his autocratic and illegitimate rule and delude the patriotic people by projecting the illusory "Mandale" nationalism and questioning the patriotism of the political parties, and appeal to the international powers and the people to support, in every possible way, the democratic movement against autocratic monarchy in Nepal.
 11. We call upon the civil society, professional organizations, various wings of parties, people of all communities and regions, press and intellectuals to actively participate in the peaceful movement launched on the basis of these understandings centered on democracy, peace, prosperity, forward-looking social change and the country's independence, sovereignty, and pride.
 12. Regarding the inappropriate conducts that took place between the parties in the past, a common commitment has been expressed to investigate any objection raised by any party over such incidents, take action if found guilty, and to make the action public. An understanding has been reached to settle any problem emerging between the parties through peaceful dialogue at the concerned level or at the leadership level.

Annex 2, On-official translation of the eight-point agreement

1. To follow the 12-point understanding between the SPA and the CPN (Maoist) and the 25-point code of conduct signed by the Nepal government and the CPN (Maoist) with honesty and firmness.
2. By expressing commitment towards democratic norms and values including competitive multi-party system of governance, civil liberties, fundamental rights, press freedom and rule of law, launch activities in a peaceful manner.
3. To urge the United Nations to help in the management of arms and armed personnel of both the sides and to monitor it in order to conduct elections for the Constituent Assembly in a free and fair manner.
4. To form an interim constitution, constitute an interim government accordingly, to announce the date for elections of the Constituent Assembly (CA), to dissolve the House of Representatives on the basis of consensus and after making alternative arrangements, and dissolve the "people's governments" formed by the CPN (Maoist) on the basis of 12-point understanding between the

- SPA and the CPN (Maoist), the spirit of the preamble of the ceasefire code of conduct and by guaranteeing the people's rights acquired from the people's movement of 1990 and the recent historic people's movement.
5. To take decisions on the basis of consensus on the issues of national importance that may have far-reaching consequences.
 6. To guarantee the fundamental right of the Nepali people to take part in the constitution making process and in the elections for the CA in an environment free of fear, intimidation and violence and invite international observers to monitor the CA elections as per the need.
 7. To transform the ceasefire between the government of Nepal and the CPN (Maoist) in a permanent peace and to resolve the problems through negotiated settlement by forward-looking restructuring of the state so as to address the problems related to class, ethnicity, regionalism and gender and by placing the issue of democracy, peace, progress, forward-looking movement and independence, dignity and sovereignty of the nation in the center.
 8. The government and Maoist negotiating teams have been directed to accomplish all the above-mentioned tasks immediately.

Signed by senior most leaders of the SPA and Prachanda, chairman of the CPN (Maoist) after the first summit meeting between the two sides at the Prime Minister's official residence at Baluwatar in Kathmandu on Friday, June 16, 2006