

Annex E Context

Geography and population

Nepal is a landlocked country on the slopes of the Himalayas with a population of 26.5 million¹. The north of the country is mountainous and contains eight of the ten highest mountains in the world. The mountains slope down to the hills, and then to the Terai plain in the south.

The three geographical areas of Nepal are very distinct. The mountains run along the northern Chinese border and are sparsely populated. The hills, which include Kathmandu Valley and the capital, is a wide belt of land aligned east to west in the middle part of Nepal and traditionally includes the seat of power. Finally, the Terai covers 20 districts along the southern border with India. With more than half the country's population, this region is the most densely populated.

The population of Nepal is increasing at 1.4% per year. All districts have shown an increase of population in the last decade except for the hill and mountain areas in the eastern half of the country, which have decreased as people have moved to the Terai or Kathmandu.

Nepal is bordered by the Tibet autonomous region of China to the north and India to the west, south, and east. Wedged between two large and powerful neighbours, both of them regional giants, has forced Nepal to maintain a balance in its foreign policy. Its position also gives it strategic importance, bordering the most populous regions of India and the most sensitive area of China.

History and neighbours

During 1768-2008, Nepal was an independent monarchical state. The feudal economic and political system depended on hierarchies of gender and caste/ethnicity, which contributed to widespread poverty and discrimination. For a full century until 1950, however, the King's role was merely ceremonial with real power held by the Rana family of prime ministers. At this point and supported by India, the Congress Party aligned with the King and launched an armed revolt against the Rana administration. Since this event and the ratification of the Treaty of Friendship in 1950 and the Citizenship Act in 1952, the relationship between the Nepal and India has been asymmetric, mostly in favour of India.

Assuming power in 1951 the new regime moved slowly to establish a parliamentary democracy culminating with a new constitution approved in 1959. Divisions between the King and Cabinet, however, led to the suspension of parliament and the detention of the Nepali Congress leaders in 1960.

While a new constitution with a non-party panchayat system was established in 1962 this was in disarray by the late 1970s. The King called a referendum on the political system in 1980; yet the population voted for the continuation of a non-party system. Parties were thus illegal but the King nevertheless allowed direct elections and political parties were allowed to operate informally.

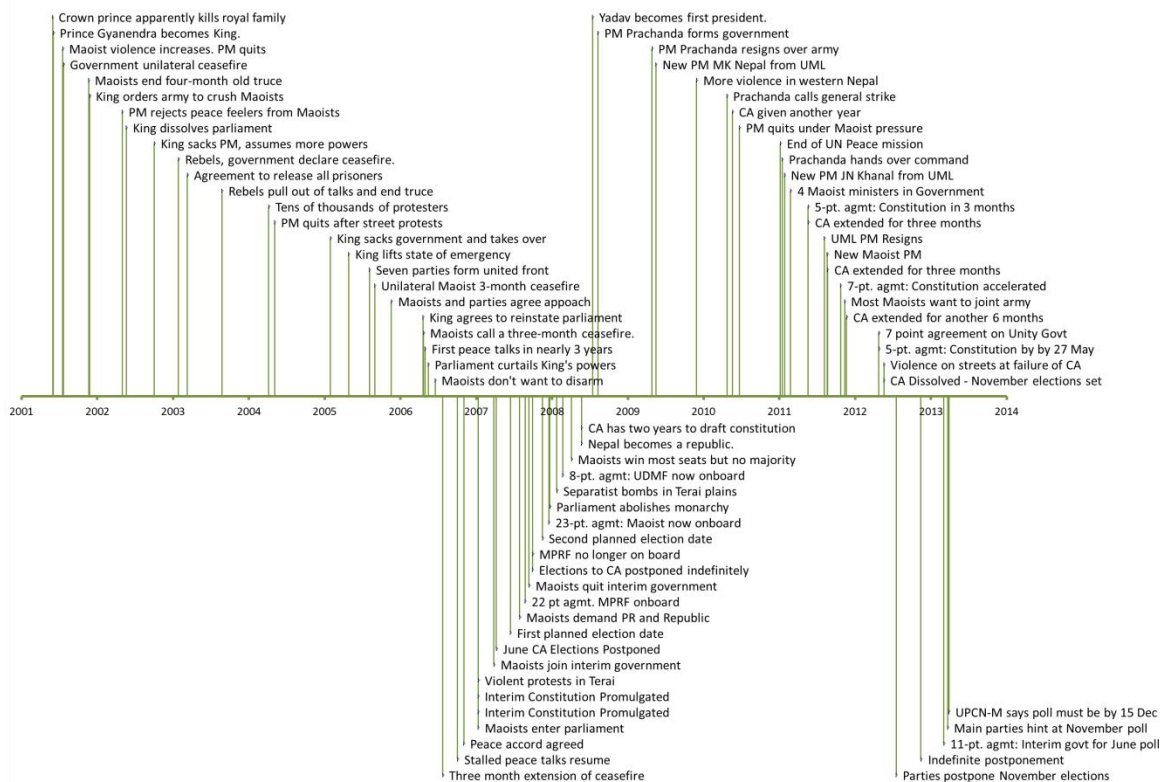
In the following decade there were further moves towards democracy and a period of political struggle yielded yet another constitution, the third since 1959. Elections in 1990 led to a Congress Party government and one branch of the Communist Party of Nepal (Unified Marxist-Leninist) (UML) became the largest opposition group. The 1990 liberalisation also led to the foundation of a large number of NGOs, largely led by UML activists.

Meanwhile, Indian dissatisfaction with Nepal's 1988 acquisition of Chinese weaponry led to an Indian economic blockade of Nepal from March 1989 to April 1990. The blockade served to heighten the nascent political unrest in Nepal that culminated in the first People's Movement and ultimately the adoption of multi-party democracy.

¹ This and other population data is drawn from the results of the 2011 census (CBS, 2012).

In 1996, the other branch of the Communist Party of Nepal (Maoist) (CPN-M) launched the 'People's War' against Nepal's feudal monarchy and multiparty democracy. This involved an effort to redress the asymmetric relationship with India. The Maoist '40 Point Demands', which heralded the beginning of the conflict, very clearly demonstrated the will to overturn previous exploitative agreements with India. The conflict intensified from 2001 onwards, and peace negotiations failed in 2001 and 2003. In early 2006, seven main political parties and the Maoists came together in a 'people's movement' to press for change. By November that year the Government and Maoists signed a Comprehensive Peace Agreement (CPA), ending 10 years of armed conflict.

Figure 1: Timeline of main events since 2001



Source: IRIN, News Media

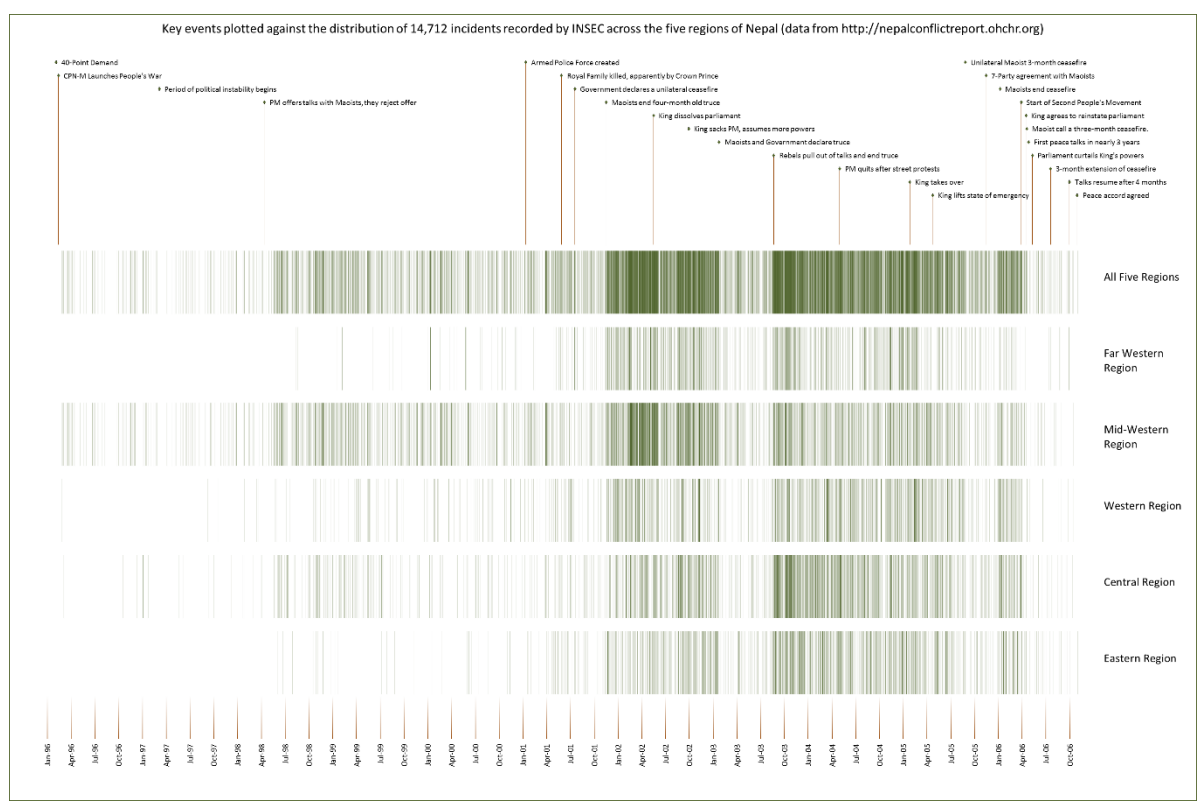
Elections brought the Maoist to power but their leadership were unable to enact the '40 demands' partly because Nepal remains keenly within India's sphere of influence both economically and geographically. The religious and social ties between the countries remain highly significant with majority Hindu populations and large numbers of Nepali's resident in India and large Madhesi communities' resident in the Terai region of Nepal.

Throughout the years, Nepal has attempted to mitigate the influence of India by courting Chinese political goodwill and support. This has included purchasing Chinese weapons and engaging large Chinese infrastructural projects connecting Nepal with the Tibetan autonomous region. China recognises the strategic significance of Nepal as a buffer zone with India. The Chinese leadership also remains vigilant in regard to Tibetan populations inside Nepal and in the border regions. However, China itself is wary of what shifts in Nepal's allegiance might do on its relations with India: Chinese

Prime Minister Wen, on a visit to Nepal in January 2012, said he had no intention of disrupting Nepal's relationship with India.²

Conflict and peace process

Figure 2: Reports on human rights incidents illustrating the spread of the conflict over time



Source: Data from the Nepal Conflict Report Database (UNOHCHR, 2012a)

Violence broke out in 1996 after the Maoists published a list of 40 demands (Bhattarai, 1996) that were not accepted by the Government. The conflict started relatively slowly and remained a low intensity conflict for some years. It was only after the declaration of a state of emergency in November 2001, following the Maoist ending a ceasefire without notice and launching simultaneous attacks on dozens of sites, that the war reached a higher intensity. The table below describes the human costs of conflict which peaked in 2002 with over 4,500 deaths (Do and Iyer, 2009-citing INSEC data).The table below describes the human costs of conflict which peaked in 2002 with over 4,500 deaths (Do and Iyer, 2009-citing INSEC data).

² Yam yesterday, yam today. The Economist, 18 January 2012.

Table 1: *The human cost of Nepal's Conflict*

Category	Estimates	Source
<i>Killed</i>	17,265	Government taskforce (2011)
<i>Disappeared</i>	1,302	Government
	3,397	NHRC
	5,700	Society of the Families of the Disappeared
<i>Displaced</i>	78,675	Government (2011)
<i>Disabled</i>	4,305	Government (2011)
	5,800	Other sources
<i>Orphans</i>	8,000	NGO report (2006)
<i>Rape</i>	Few cases reported due to stigma	None

Source: Nepal Monitor, 2011.

The pre-study to this evaluation examined literature on the armed conflict in Nepal. Academic and policy analyses point to four drivers of the conflict: power relations, poverty, inequality and violence. Power relations contributed to conflict through poor governance and exclusion policy. In Nepal, sustainable peace can only be achieved through inclusive governance (Ghani, 2007; Michel et al., 2009; World Bank and DFID, 2005).

These power relations were maintained through periods with widespread poverty and as such upheld conditions that were inherently conflictual: *“There is widespread consensus over the root causes of the conflict. The main grievances are inequitable socio-economic and political access, bad governance and corruption, as well as resulting widespread poverty”*(Kievelitz and Polzer, 2002, p. 10).

Inequality added further fuel to these factors. In all conflicts the probability of violence increases where socioeconomic inequalities are greater and run in the same direction as political inequalities (Stewart, 2010, pp. 287-288). This was the case in Nepal, where ‘political poverty’ excluded the same groups that were socially and economically excluded (World Bank and DFID, 2005, pp. 30-32). Finally, violence itself has helped sustain the conflict and possibly led to additional conflict by showing no respect for human rights.”

The current peace process began with a November 2005 twelve-point agreement between the Maoists and the seven political parties who had won the most votes in the 1999 elections to form a common front for democratic change (UCPN-M and Seven Party Alliance, 2005).(UCPN-M and Seven Party Alliance, 2005). This agreement launched the second ‘people’s movement’ which eventually led to the Comprehensive Peace Agreement (CPA) of 2006. The CPA covered a comprehensive list of issues that would transform Nepali society. Some of these issues were supported by the international development partners, others were effectively dealt with by Nepali parties only, and still others were largely left aside. The key points of the CPA included:

- A formal end to the armed conflict
- Promulgation of an interim constitution
- Election of a constituent assembly to act as an interim parliament
- Stripping the King of all political power
- Commitment to the rule of law, social justice and equality
- Restructuring the state
- A programme for socio-economic transformation and the end of feudalism

- Reforms on land, education, health, shelter, employment and action on corruption
- Cantonment of the Maoist People's Liberation Army and safe storage of their arms
- Confinement of the National Army to barracks and safe storage of their arms
- A formal role for UNMIN on monitoring arms and observing CA elections
- A formal role for OHCHR in monitoring human rights
- An end to illegal tax collections and extortion
- Release of the detained information on the disappeared
- Creation of National Peace and Rehabilitation and Truth and Reconciliation Commissions
- A commitment to human rights throughout all legislation and government bodies
- A request to the international community to support in establishing democracy and lasting peace.

These points are still held up as the objective of the peace process and progress can be measured against these. The Constituent Assembly (CA), for example, was elected in April 2008 and began to serve as an interim parliament pending the drafting and ratification of a new constitution and fresh elections. The CA abolished the monarchy and declared Nepal a republic, thereby achieving bullets three and four above.

Yet, this peace agreement was followed by the rise of other smaller armed conflicts, especially in the Terai, and Nepal has not achieved the political stability and economic progress envisaged by the CPA. The political parties have continued to debate many of the key issues and the CA was extended several times before it was dissolved in May 2012 because it failed to agree on a new constitution. New elections have been scheduled for 2013.

New minor agreements continue to form the peace process, signalling incremental progress though neither at a speed envisaged by the parties in 2006 nor by civil society groups and development partners today. These agreements include:

- The Twenty-Three Point Agreement of 23 December 2007. This cleared the way for the Maoists to re-join the Government and to agree to elections by mid-April 2008. However, the signatories were the same parties that had originally signed the 12-point agreement of 2005. The Madheshi parties were only brought on board in January and February 2008, to prevent their boycott of the elections.
- The Seven Point Agreement of 3 February 2011 on Maoist support for the UML candidate for PM and to end the political deadlock (UCPN-M and CPN (UML), 2011). (UCPN-M and CPN (UML), 2011). The points include an agreement on an end to feudalism and on socio-economic transformation, federalism, integration of ex-Combatants, long term-partnership with rotating future government leadership, and support for the ULM candidate for Prime Minister. About half of the points were implemented.
- The Five Point Agreement of 28 May 2011 extending the CA for three months (UCPN-M et al., 2011b). Among other points the agreement specified that the draft of the constitution and the basic tasks of the peace process would be complete within three months. These key elements were not implemented.
- The Seven Point Agreement of 1 November 2011 on reintegration of the Maoist combatants (UCPN-M and CPN (UML), 2011). (UCPN-M and CPN (UML), 2011). The agreement also addressed the forming of the Truth and Reconciliation Commission (TRC) and the Commission to Inquire of Enforced Disappearances (COID); providing a relief package for conflict victims; implementation of past agreements for building trust; returning private and

public properties seized by the Maoists and accelerating the constitution building process. Several of the more technical elements of this agreement were implemented, but the agreement to return all seized property and to disband the Young Communist League's paramilitary structure were not.

- The Five Point Agreement of 3 May 2012 on the formation of a unity government (CPN (UML) et al., 2012a, 2012b). Only two of the five elements were effectively implemented (the formation of a new government and regular dialogue between the top leaders), the other three were not (resolving all outstanding constitutional issues in three days, meeting the deadline of 27 May, and completing all outstanding work on the peace process).

At midnight of 27 May 2012 the CA mandate expired. Federalism had developed as the most divisive issue and some observers were surprised that the Maoists were holding so firm onto the extension of federalism on both an administrative and ethnic basis.³The issue of federalism had contributed to an on-going current of 'identity politics' and, to many observers, the failure to produce a constitution and the sudden lack of a parliament was a set-back not expected only months earlier. It seemed that Nepal had not progressed as far along a transition path as many had predicted and programmed for in their country strategies a few years earlier.

The evaluation covers the period up to May 2012. Subsequent events indicate that progress is still uneven and that, while the security situation appears relatively calm, lack of economic progress and continued political deadlock could lead to increased societal tension.

³ Interviews in Kathmandu, November 2012.