

# **Development Strategies for a New Nepal: A National Debate**

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&  
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## FOREWORD

Endowed with rich cultural and natural diversity, along with enthusiastic and energetic people Nepal has tremendous potential to achieve prosperity within a reasonable time frame. However, almost all striking features of underdevelopment such as rampant poverty, unequal distribution of, access to and control over power, resources and opportunities, social injustice and exclusion, exploitation, and discrimination - have persisted for decades, and by nature they are deep-rooted and complex. Although the country had already passed through planned development for more than five decades, these pertinent issues directly related to the general public have remained unresolved, and sometimes have been exacerbated in many instances.

Historically, people from the governing caste and class and the political elites have always successfully dominated the development agenda of the country, irrespective of the changes in government systems in 1950s and 1990s. For this reason, the implementation of democratic practices and the institutionalisation of a democratic culture after the commencement of multiparty democracy in 1990, still suffered from disappointing drawbacks. The development partners have had their own agenda and interests sometimes or most of the times other than solving the overdue structural problems of the country. Despite the inherent relationship that had always existed between political and developmental issues in Nepal, the technocrat-led development has successfully dominated the scene and its often ineffective technical quick fixes that prevented any effective structural changes to materialize in the country's development. Therefore, the country largely failed to advance the cause of planned development even after more than half a century of commencing planned development in the country. The obvious political dimension of development has remained unrealised and unaddressed. The issues such as agrarian reform, trade policy, promotion of agriculture and industry, areas of comparative advantage, employment generation, encouragement of diverse and sustainable livelihoods, the role of public sector, and effective environmental management, cannot be depoliticised in the current environment.

A fresh start, as well as challenge, has now arisen; in the aftermath of *Jana Andolan (People's Movement)-II*, attempts are underway to rectify the mistakes of the past and effectively institutionalise democracy at all levels and achieve sustainable peace, coupled with the implementation of a visionary development agenda. The failure or delay of strategising a development agenda by refocusing national priorities to address the key issues of structural poverty, socio-economic exclusion and marginalisation, may further evoke public disappointment and resentment. In this context, there has been a realisation of an urgent need for a shared commitment to debate, in an open and constructive fashion, about many key issues relating to the future development of Nepal. For that reason, a process with secured agreement, both on the broad framework for a 'new development agenda' and on the identification of feasible means to actually implement the agenda, would have a significant impact on the ability and political will of Nepalese policy-makers to bring about the much sought after inclusive development in the country.

In this context, under the joint facilitation of RRN and CECI, various civil society organisations and long-time development partners in Nepal had met in Kathmandu for a two-day national conference on "Development Strategies for a New Nepal: a National Debate" that discussed and debated to visualise a new developmental agenda with strategies for building a new Nepal. The

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conference delegates included national and international development thinkers, planners and practitioners representing the general public, civil society organisations, members of the different political parties, activists, funding partners, I/NGOs, academic institutions, the private sector and government. Representatives from different sectors, e.g., Dalits, janajati, differently-abled, women and youths had voiced their experiences and concerns, and interacted with different individuals.

We are very much thankful to all the delegates and resource persons for their exceptionally high quality contributions to this conference. We would consider this a worthwhile publication if it could be of use to the politicians, planners, bureaucrats, development actors and the general public at large.

This is the analytical synthesis of the conference deliberations including reviews and reflections of the past actions. This is the beginning of the process, which we believe, would be shared at regional and local levels as well. This publication would have not come into this form had Mr. Hari Dhungana and Prof. Dr. David Seddon not taken the responsibility of editing. We are very much thankful to them. Similarly, Mr. Sarba Raj Khadka, Dr. Rishi Adhikari, Dr. Prahlad Thapa, Dr. Prabin Manandhar, Dr. Sunil Regmi, Mr. Hari Bastola, Mr. Gareth Price, Mr. Som Rai, Mr. Yogendra B. Shahi and Mr. Jeevan Bista are highly appreciated for their untiring efforts to steer the whole process from conception to finalisation of this task. Other colleagues from RRN, CECI and CCO who provided moral boost and practical support are duly acknowledged with thanks. We are also thankful to the funding partners of the conference – Danish Embassy in Nepal and Sahakarya/CECI.

It is our wish that the readers find this document a useful resource towards devising development strategies of new Nepal. However, this being the beginning of the journey, we encourage all concerned to participate in this debate and feed back and forth so as to contribute positively in nation building. With this note, we welcome comments, suggestions and remarks from the readers and thank all for the support availed to this process of engineering national debate on new Nepal's development strategies.



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March 2007

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## ACRONYMS

APP	Agriculture Perspective Plan
CA	Constituent Assembly
CBS	Central Bureau of Statistics
CECI	Centre for International Studies and Cooperation
CPN (M)	Communist Party of Nepal (Maoist)
CPN(UML)	Communist Party of Nepal (United Marxist and Leninist)
DDC	District Development Committee
GDP	Gross Domestic Product
GNP	Gross National Product
GoN	Government of Nepal
HDI	Human Development Index
MDG	Millennium Development Goal
MP	Member of Parliament
NC	Nepali Congress
NC(D)	Nepali Congress (Democratic)
NGO	Non Government Organisation
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NSP(A)	Nepal Sadbhavana Party (Anandidevi)
NRB	Nepal Rastra Bank
ODA	Official Development Assistance
PAF	Poverty Alleviation Fund
RJP	Rastriya Janashakti Party
RRN	Rural Reconstruction Nepal
SME	Small and Medium Enterprise
SPA	Seven Party Alliance
UNDP	United Nations Development Programme
VDC	Village Development Committee
WTO	World Trade Organisation
FWDR	Far-West Development Region
MWDR	Mid-West Development Region

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## EXECUTIVE SUMMARY

This review and discussion of “development strategies for a new Nepal” based on the proceedings of a recent national conference is expected to initiate a nation-wide debate for articulating and defining the development strategies for a new Nepal.

Recent political developments after the success of *Jana Andolan II*, including the approval of a new Interim Constitution and moves towards the restoration of democracy, are, understandably, at the forefront of the concerns and activities of all those involved in promoting the emergence of a ‘new Nepal’. It is, thus, important that politicians, policy makers, development community as well as the people at large reflect on the root causes of the decade-long armed conflict and a wide variety of other tensions and difficulties that characterise Nepali economy and society. These causes lie principally in the interface between politics and development, in the economic and social divisions and inequalities that generate conflict and inhibit broad-based development.

It is now crucial both to review Nepal’s recent past and to develop appropriate strategies- based on a fresh perspective and analysis of why the many much-desired changes in lives and livelihoods have not taken place and of what realistic options exist at the present and in the foreseeable future. A process is urgently required to provide a momentum for negotiating and settling Nepal’s future development policies, strategies, and priorities in a democratic and inclusive manner to respond to the wide variety of development problems and also to capture the development potentials that lie ahead.

A two-day national conference on *Development Strategies for a New Nepal: A National Debate* was held in December 2006 in Kathmandu to enable representation and participation in a wide-ranging discussion from a cross-section of Nepali society – politicians and civil society activists (including Dalit, Janajati, women’s and human rights organisations), academic and professional development ‘specialists’, from different parts of the country - to meet together to share and exchange ideas and concerns. The Conference was organized jointly by Rural Reconstruction Nepal (RRN) and Centre for International Studies and Cooperation (CECI-Nepal), with encouragement from the Asia Division of The Royal Institute of International Affairs (at Chatham House). This publication summarises the proceedings of the Conference and documents this initiative.

The Conference underscored the fact that despite considerable progress in many aspects of Nepali life over the course of five decades of planned development, the overall achievements have been unsatisfactory in terms of broad-based economic, social and political development. It was so also with respect to the expectations of the Nepali people as a whole, or even judged by the narrow criteria of the formalized targets for national development as set out in periodic five-year plans, master plans or perspective plans, or the internationally agreed Millennium Development Goals.

During the conference, there were great variations on the opinions and viewpoints that partly corresponded to ideological and partisan standpoints as well as socio-cultural identities. However, there was also a tendency of convergence on some of the core facets of development that need to be highlighted for future development policies to be broadly acceptable. There was a



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consensus within the conference on the need to reaching the depth of the development problem, and to devise policies with proper intentions, resources, and implementation mechanisms. While the major features of Nepal's underdevelopment today are very evident, the underlying causes are a matter of debate. Progress in such areas as education, health services, infrastructure, financial institutions, human resources development, and environmental conservation, have been questioned as to their distributive impacts- especially along ethnic, caste, geographic, cultural, and class lines. The great awakening among the masses and civil activists, that manifested itself following the People's Movement I of 1990, contributed both to a sense of optimism and also to raise expectations for economic, social and political change. When the anticipated changes failed to materialise to the degree that had been hoped-for, a sense of deep frustration found its expression in the launching of a 'People's War' by the CPN (Maoist) in 1996.

After a decade of conflict, the deep contradictions of Nepali economy and society became increasingly acute and visible, and a second 'people's movement' gave rise to a new sense of the potential for political change, and for real and lasting social and economic development. While generating a political crisis, this has also brought about a cease-fire, a new Constitution and interim government, with the possibility of further progressive political developments and the basis for social and economic change. This is the moment, shortly after the adoption of a new interim Constitution and formation of a new interim parliament, to question the basic structure of the state, the processes of prioritization of development programmes, the distribution of opportunities, resources and favoured positions of office, and to embark on a process of new thinking on the broader questions of Nepal's future development, politics, economy and society.

This document first reviews Nepal's past development performance, and points to why the approach to development and strategy for the development of Nepali economy and society needs a thorough review. It outlines major issues and challenges with respect to key sectors of development, including agriculture and agrarian reforms, natural resource and environment, services and infrastructure and trade. It also discusses social exclusion and regional disparities as key cross-cutting issues on weak and inequitable development performance in Nepal, and links these to the resentments expressed through forms of movements, resistances and armed conflict that were experienced in Nepal. Thus future development in Nepal needs not only to address such resentments, but also to transcend the situation with a proper reorientation in the development process and priorities towards permanent peace, prosperity and democracy.

The conference participants stressed the need to change existing development planning process and to understand development in a much wider political, economic and social context. There are five major themes on which conference discussion converged: (a) state restructuring for development, (b) social inclusion and development, (c) harnessing natural resources, (d) peace and reconstruction, rehabilitation and reconciliation, and (e) foreign aid and development. The major issues associated with these themes are presented, and are then followed by recommendations that emerged from group work and plenary feedback.

Key aspects for reorientation of development issues are highlighted. These include the overall goal of development in the future, the role of state with respect to people's demands for greater range of rights on development, seizing opportunities attached to local resources and knowledge, and rationalizing development financing to augment productivity and promote equity in fund allocations. The various recommendations and conclusions that came up in the conference have to be taken as indicative only of the views of the participants, and are meant to

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nourish a follow-up process which will involve a wider debate on Nepal's development in a much wider democratic space.

The conference as well as this document, however, is to be seen as a beginning of what is required of a broadly-based, democratically negotiated process of charting Nepal's development strategies. It is therefore to be understood by readers that this paper does not intend to be prescriptive of any particular model of development, but rather points to major nuances and faultlines which could be further explored and debated in the course of that broader process.

## WHY DEVELOPMENT STRATEGY FOR NEW NEPAL?

This review and discussion of “development strategies for a ‘new Nepal’”, which is based on the proceedings of a recent national conference, is expected to initiate a debate for articulating and defining the development strategies for a new Nepal.

While development policies, programmes and strategies developed and implemented in the past have resulted in positive outcomes in a number of aspects and unsatisfactory results in others, there is a growing concern that overall performance has been weak and inequitable. Nepal still faces rampant poverty, regional imbalance, a deepening social divide, and numerous political, social, economic and cultural problems. These problems are not only manifest in the daily lives of the people, but have led to violent conflicts, at the national, regional and local levels and has given rise to other forms of movement, resistance, aggression and civil disobedience. However, the political developments that have taken place during the second half of 2006 and in the first months of 2007 provide a new context, in which the root causes both of the violent conflict which has been ongoing for over a decade in Nepal and also of the many other tensions and divisions to be found in Nepali society may be considered in a strategic fashion with a real hope that they may actually be addressed in a timely manner.

The most recent political developments, particularly the ongoing negotiations and agreements among Seven-Party Alliance (SPA) led government and the Communist Party of Nepal- Maoist (CPN-M), and apparent progress towards a lasting peace, have led once again (as in the early 1990s) to high expectations on the part of the people of Nepal, as well as among the wider ‘development community’. The current political process is not only expected to lead to the resolution of immediate political and legal issues but is widely seen as heralding an era in which the burning issues of poverty, hunger, unemployment, backwardness, exclusion, injustice, exploitation and environmental degradation that characterize Nepali society today will be addressed and dealt with. It is important not only to review such issues in a fresh perspective, but also to build on the existing achievements of recent years. The political context is not only the key to defining development priorities, but at the same time provides a general environment and the resources, and sets in place institutions required to engage in development. It is also the case that the on-going dynamics of Nepali economy and society define and frame the direction and nature of political change.

Thus, rather than taking ongoing political process as distinct and separate from the problems confronting people in their daily lives, it is crucial that the ongoing political process in Nepal is set within an appreciation of the multi-faceted, historical and structurally-embedded development problems of Nepali economy and society. It is an opportune moment to seriously deliberate on development challenges Nepal faces, why past initiatives did not deliver development in a fuller sense, and how further development might be pursued.

In December 2006, a national conference on ‘Development Strategies for New Nepal: A National Debate’ was held in Kathmandu. Organized jointly by Rural Reconstruction Nepal (RRN) and Centre for International Studies and Cooperation (CECI), and with the encouragement of the

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South Asia division of the Royal Institute of International Affairs (at Chatham House, London), the conference brought together representatives from political parties, members of civil society, a variety of social groups as well as development experts and practitioners into a dialogue within which development strategies for a new Nepal could be debated.

A total of 137 participants (Annex 1) participated in the conference. Annex 2 provides the conference programme, which took up the agenda for development strategies for new Nepal in a relatively unconventional manner:

- (a) the conference sought participation from the political parties, including the Communist Party of Nepal- Maoist (CPN-M), and from civil society activists and various identity groups, as well as the development 'experts' and practitioners - rather than limiting participation to that of the so-called 'development community'. It actively solicited their analyses, views, grievances and standpoints with respect to development policies of the past as well as to the future.
- (b) The conference consciously expanded the scope of development, conventionally taken up within a technical framework, to set it in dialogue with politics and political ideologies taken up by various political parties and social groups.
- (c) The discussion sessions were organized in such a way that both general participants as well as panel discussants focused on issues in an interactive manner, rather than simply confront those present with prepared statements or 'papers' from panel discussants.

This document is based on the various presentations and discussions held in the conference.

The conference took up the idea that the present stage of the political process provides the development community with an opportunity to understand development problems in a broader context, and to contribute towards further development of policies and strategies. It is needed to address not only the outstanding broad political issues, but also poverty, backwardness, injustice, identity problems, and a wide range of other issues in a systematic manner. Not only is it important to understand the nature of the constraints and difficulties, it is also crucial in the context of a changing context at local, national, regional and global level to explore the development opportunities that lie ahead.

In the cross-roads of Nepal's polity, especially in its lead up to the election to the Constituent Assembly (CA), Nepal faces the challenge of transforming violent conflict and other tensions and divisions in favour of negotiated arrangements which will allow different groups within Nepali society to live in peace and tranquillity and secure lives and livelihoods that ensure well-being and tolerance for others. On the other hand, there is a need of moving the country forward with economic progress and with a fair distribution of rights and liberties, resources and opportunities within Nepal's polity, economy and society, and thereby to ensure that issues and grievances existing at broader as well as specific contexts are dealt with in a democratic manner. This review builds on the idea that violent conflict as well as other forms of resistances emerge and grow principally when development fails to effect desirable changes in the lives and livelihoods of the people.

The conference was expected to serve a guide towards charting future development strategies, to be developed through subsequent dialogues at various levels as the political course unfolds. Thus the conference intended to traverse through the development opportunities that will emerge with the changing political course in Nepal. This documentation is thus meant to serve as a precursor to the agenda of development strategies for new Nepal. This review is not meant

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to come up with any concrete prescriptions as to the course of future development in Nepal, nor is intended to end up with a wish list of 'what is to be done'. Rather, it aims to provide commentary, analysis and feed-back to political parties, the 'development community' and all of the various non-governmental social and political groups within Nepal including the government to further reflect on and take on the development agenda at their own level and in their own way.

### **1.1 Brief overview of underdevelopment in Nepal**

Nepal's poverty, hunger, exclusion, injustice and exploitation, and regional and caste/ethnic disparities are symptomatic of its state of economic, social and political underdevelopment. Though Nepal has experienced significant progress over the last few decades, characteristic features of underdevelopment continue to persist. During the post-1990 era, Nepal experienced a vibrant civil society, independent press and subsequently a great awakening as regards the rights and identities of different groups and a growing demand for a share in political participation and the development of those communities that were disadvantaged by the very processes and structures of Nepali society.

Given the increasingly vocal and powerful articulation and assertion of gender, ethnic, caste-based as well as region-specific identities, and increasing rejection of historic and 'traditional' forms of exploitation and marginalization, exclusion and injustice, through peaceful means as well as through a wide variety of forms of resistance and through the decade-long insurgency, it is essential that these problems of underdevelopment now be addressed coherently and comprehensively. The issue of 'development', and the pursuit of appropriate development strategies and policies, must transcend the conventional 'technical' spheres of development, to encompass the historically specific social and political structures within which the source of underdevelopment lies.

A brief look at the performance of the past sixty years of development in Nepal shows some progress in certain areas, but at the same time manifests a continuation of structural factors inimical to development. For instance, by the end of the Rana regime, at the beginning of the 1950s, the literacy rate was only 2%, and it has considerably increased over the last half century to attain adult literacy rate of 49% at the turn of new millennium. However, progress has been uneven and unequal, across gender, ethnic, caste, regional and class lines. More broadly speaking, considerable progress in overall development has been achieved, but equitable development is not yet realized. A sustainable development must involve the transformation of the basic structures of Nepali economy and society in a way conducive to broad-based, egalitarian economic growth and development, social inclusion and democracy.

According to the statistics, Nepal as a whole experienced appreciable poverty reduction over the last decade, with the proportion defined as being 'in poverty' declining from 42% in 1996 to 31% in 2004. But the people in rural areas were amongst those who benefited the least from this poverty decline. The country suffers from appalling rates of maternal and infant mortality, and generally low life expectancy, despite improvements which mean that (according to the UNDP Human Development Report of 2005) the life expectancy of an average Nepali is now 61.6 years. The rate of economic growth experienced significant set-back after the emergence and escalation of the Maoist insurgency, beginning with 1996.

There is also gross inequality in the distribution of wealth and income. The poorest 20 percent population receive only 6% of the total income compared to 20% richest enjoying 54.6%. The

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proportion of the population with an income below US\$ 2 per day is 68.5%. In terms of the Human Poverty Index, Nepal ranks 74th among the 103 developing countries measured with a rating of 38.7%. The incidence of poverty varies, however, according to class, caste and ethnicity. For example, the poverty incidence among Dalits and the ethnic minority communities as a whole is above 40%. There has been an encouraging trend for Nepal as measured by the Human Development Index as evidenced by the rise from the 1975 low point of 0.296 to 0.419, 0.492 and 0.526 respectively in 1985, 1995 and 2005. Despite this, Nepal ranks 138<sup>th</sup> out of 177 countries in the world in terms of the Human Development Index (HDI) (UNDP, 2006).

The role of the Nepali state in development remains weak, although its coercive power has become greater. Current public expenditure, a major portion of which is channelled to recurrent expenditures, as a percent of GDP remains only at 3.4 percent. Though this is an increase from 1991, when it was only 2 percent, it is still too low to achieve the Millennium Development Goals (MDG) by 2015. In addition, a large percentage of this expenditure relies on foreign aid, mainly on loans as well as grants, although the latest trend shows a decline in ODA. In 2003/04, the foreign aid and grants accounted for 57.65 percent of total development budget and 3.82 percent of GDP (UNDP, 2005).

Public expenditure on health is a mere 1.5 percent of the total GDP and this makes it impossible for Nepal to meet the MDG to provide basic health services to all. The rate of infant mortality declined from 108 per thousand live births in 1990 to 61 in 2005 while the 1990 maternal mortality rate of 850 per 100,000 births has been reduced to 415 in 2002<sup>1</sup>, but both of these remain unacceptably high in international comparative terms. Though over 80% of the population has access to improved water source, such water is not dependable in terms of hygiene. Furthermore, the goal of universal education seems to be unattainable at current levels of improvement, despite significant improvements - the literacy rate among 15-24 year olds increased from 49.6% in 1990 to 73% in 2005, while the net enrolment rate in primary education increased from 64% to 84% in the same period and the adult literacy rate is estimated at 48.6% (NPC and UN, 2005). Thus progress towards attaining the MDGs has in general been slow.

The progress achieved so far in Nepal, however, is distributed unequally among different groups. General improvements in indicators obscure the limitations of the gains especially among the Dalits, women and other marginalized and socially disadvantaged groups or those in particular regions. The transport network, the volume of hydro-electricity generation, and the area under community forestry, for instance, have all increased, but there remains much to be done. Even the urban centres in Nepal are now facing load shedding, and that the power distribution in urban and village areas from the centre grid is practical. There is evidence that micro-hydro, home solar systems and bio-gas are more practical alternatives and may well be supported in a comprehensive scheme, even though anecdotal evidence suggests that the subsidy policy has served mostly the upper strata of the society. The debate on how to provide the marginalized groups with electricity has grappled with the finding that distributing home solar systems almost for free could create more dependency, as seen in the current '*Karnali Ujyalo Karyakram*'.

Nepal continues to be a strongly agrarian economy. The contribution of agriculture to GDP is around 40% in the 1990s – higher than in any other South Asian country, although its

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<sup>1</sup> The number stood at 815 as calculated by UNDP Human Development Report 1992 and then dropped to 515 as shown by NFFS in 1991. The 2002 National Planning Commission data showed a reduction to 415. However, this assessment has also been questioned.

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contribution to GDP has declined significantly over the last few decades. The contribution of the service sector to total GDP is also about 40 percent. An overwhelming portion of employment, involving 90.7% of Nepal's workforce, is within the informal sector, and even worse, women workforce in the informal sector is as high as 95.6%. It implies that these working people, particularly women, are hardly able to negotiate for better working conditions and even the minimum wage rate.

The Nepalese economy continues to be sustained by tourism, foreign lending and remittances, and it was the remittance that was particularly critical during times of Maoist insurgency. Official figures estimated the value of remittances in 2004 to be around US\$ 0.884 billion, but some argue that it may well be as high as US\$ 1.5 billion (Seddon et al, 2001; Karki and Seddon, 2003). These estimates include the transfer of money through informal networks which are not adequately reflected in the national accounts (NPC, 2006). Preliminary findings suggest that there is an inverse relationship between economic growth and remittance flows which could indicate that remittances serve more as compensatory transfers than investment flows. However, it also could be argued that remittances can be used for investment purposes as well as for consumption. In fact, foreign investment in Nepal is very low – Foreign Direct Investment (FDI) was less than US\$9 million in 1998. In 2002 and 2003 – partly as a result of the uncertain political situation - it actually declined by 4 and 2 millions (US \$) (World Bank, 2003).

## **1.2 Review of development efforts**

Development planning in Nepal started in 1955 with the First Five Year Plan (1955) developed as a part and parcel of the Colombo Plan. Subsequent nine periodic plans have been drawn up and implemented since then, and the Tenth Plan (2002-2007) is currently in force. The Government of Nepal (GoN) is further considering a complementary plan to specifically cater to the needs of the ongoing transitional period. The first four plans emphasized infrastructure development, like roads and electricity. There was little in the way of a theoretical basis for the development strategy adopted, although the implicit premise was that a combination of state intervention and private enterprise was required, with the state playing a leading role. Already, however, Nepal was heavily reliant on foreign aid for the infrastructural development. Implementation of these plans proved to be problematic in several respects and the achievement of the plan targets was disappointing. The Fourth National Plan tried to give a concrete basis for the reduction of inter-regional disparities. Its main objective was to promote growth centres, which were called poly-functional settlements, to cater to the diverse needs of people in their hinterlands. However, the 'growth-axis' view of development, which led to a strategy which uneasily combined liberal economics and conventional geographical planning through state intervention did not materialise in specific interventions or in any reduction in inter-regional differences and disparities – the importance of which has been pointed out by several commentators (Blaikie et al 1977, 1980 (2001); Bhattarai 2003). In the Fifth and Sixth Plans, emphasis shifted towards agriculture and industry, again without a clear strategic thrust other than a combination of state intervention and private enterprise.

Poverty reduction as a development objective was introduced for the first time in the Sixth Plan (1980-1985) and continued as a concern in the Seventh; but, again, a strategy attempting to combine targeted poverty reduction with structural adjustment and economic 'reform' failed to deliver much in the way of results. Poverty alleviation remained one of the major objectives of the Eighth Plan (1992-1997), which was formulated following the restoration of multi-party democracy in 1990 and in the light of the World Bank's own emphasis on poverty in its World Development Report for that year (1990) and in its Country Review for Nepal (1990). Poverty

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reduction received even greater attention, subsequently, with the Ninth Plan (1997-2002) adopting poverty alleviation as its sole key objective. As always, the underlying strategy was a combination of state intervention and neo-liberal policy prescriptions. Neither these plans nor the structural adjustment policies adopted from the mid-1980s at the behest of the IMF and the World Bank for largely ideological reasons produced any noticeable results in terms of reducing poverty, or tackling structural causes of poverty. It has been estimated that only 20 to 25 percent of population get benefits from planned development (Karki, 2003). The disparities in regional, social and economic spheres have not yet been reduced to any noticeable extent. On the other hand, as Mahat points out (2005) and Dr Shankar Sharma remarked in a recent conference in Kathmandu (2007), economic growth in Nepal during the 1990s, particularly during the first half of the decade, was appreciable, while average levels of poverty and social welfare appear to have improved during the last ten years (from 1996 to 2006) if the statistical data are to be believed. It is not at all clear that these significant developments are the products of any kind of development strategy or planning – they are a result of other factors, including the remarkable growth of manufactured exports in the first half of the 1990s and the continuing growth in the volume and value of remittances since the mid-1990s, which were not planned.

Underlying and permeating these development ‘plans’ were poorly conceived and incoherent in theoretical premises. During the Panchayat era, attempts to combine state intervention and the encouragement of private enterprise failed because the underlying structures of the Nepalese political economy were too deeply rooted in the historical soil of ‘feudalism’ and semi-colonialism to respond to strategies based on a concept of state directed capitalist development and the reality of a weak state with limited capacity to intervene. The failure of the 1960s development model associated with the notion of a Green Revolution and Land Reform Programme are illustrative of this problem. For a while, during the 1970s, there was some talk of ‘basic needs’ and popular participation and a number of initiatives (e.g. the Small Farmer Development Programme) within this broadly populist vision were undertaken. But still, the state’s initiatives were inept and heavy-handed for the most part, riddled with corruption and inefficiency, while the prevailing structures of the wider political economy continued to oppress and exploit the masses of the rural population through forms that gave little room for dynamic private enterprise, except at the level of the household.

The neo-liberal economic model came to dominate ‘development’ thinking in the late 1980s and early 1990s, under the influence of the international development agencies and lending institutions. The state was to provide the framework and hope was placed on private enterprise and particularly in the industrial sector, where export-led growth seemed (to some) promising. The weakness of this strategy became increasingly apparent as investment failed to take place and the export boom of the early 1990s ended, and the desperate support for the Agricultural Perspective Plan – which saw agriculture as the motor for growth - in the second half of the 1990s is in part explicable by the failure of the industrial sector to sustain its impressive growth in the first part of the decade into the second.

But much of the ‘development strategy’ adopted throughout these decades was ad hoc and based on a combination of models derived from other country experience or simply from the standardized recipes of the IMF and World Bank; it reflected a deep failure on the part of all those planners and decision-makers in national and international agencies to appreciate the real dynamics of Nepalese economy and society. In the course of this period, various governments adopted a series of ‘package’ development programmes and created a number of institutions (Box 1). Various donor agencies, bilateral and multilateral projects, and numerous non-



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governmental organizations (NGOs) were involved in many areas of development. The number of NGOs soared during the post-1990 period as the neo-liberal vision of private enterprise was supplemented by a greater reliance on non-governmental organisations and community based organisations. As the Maoist insurgency gained ground during the second half of the 1990s and into the first half of the 2000s, this reliance on indirect interventions through NGOs and CBOs continued and became entrenched as the basic 'conventional wisdom' for many concerned with 'programme and project' development in Nepal, although there was increasing doubt regarding the capacity of these institutions to undertake the tasks required of them by foreign 'development' agencies.

**Box 1.1: Some development programmes and schemes of importance**

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| ? <i>Afno Gaun Anfai Banau</i>           |
| ? <i>Garibsanga Bishweshwar</i>          |
| ? Ganeshman Singh Peace Campaign         |
| ? Remote Area Development Programme      |
| ? Women Awareness Programme              |
| ? Priority Sector Credit Programme       |
| ? Production Credit Programme            |
| ? Agriculture Development Bank           |
| ? Integrated Rural Development Programme |
| ? Agriculture Perspective Plan           |
| ? Poverty Alleviation Fund               |

The mobilization of resources received from the donors, as well as those made available from government sources, did not eventually deliver what it was meant to do. Numerous local groups, such as *Aama Samuha*<sup>2</sup>, saving-credit groups, community forestry user groups or milk cooperatives were 'established' at village level. Though the 'establishment' of such groups has often served to increase awareness of locally-specific problems and of the needs of women, disadvantaged groups or the like – to increase a concern with social justice and to recognise the pervasiveness of social discrimination - these groups are very minimally supported, as a result they have a very limited capacity to bring about any significant economic change. A relatively recent package under the Poverty Alleviation Fund (PAF) is yet to deliver its promises, though preliminary indications are that it is obsessed with bureaucratic processes rather than focusing on delivering results.

In areas under Maoist control, more attention was paid to the central political and military concerns of the insurgents than to local economic and social development, although there were attempts in several localities to address local issues and to improve small-scale infrastructure (trails, bridges and irrigation systems), re-organise farming practices, and control the exchange and distribution of goods, as well as to give greater priority to the position of women, prevent local abuses of women and socially disadvantaged groups, and generally defend and promote the interests of the poor farmers and labouring classes. 'Destruction for construction', however, was all too often the approach adopted in the course of the armed struggle, although the overall strategy and vision of the 'People's War', not only for the leadership but also for the cadres and supporters of the Maoists, was to bring about a major transformation in the political structures, so that broad-based economic and social development could take place in Nepal.

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<sup>2</sup> While it literally means 'mother groups' it refers to groups of women formed for different purposes.

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The Maoist leadership have emphasised the need for revolutionary change to eliminate 'semi-feudalism' and feudal-type structures and relations in the rural areas and to transform the distorted and bureaucratic forms of capitalism that have emerged in Nepal since the 1950s. They appear to have a vision of national capitalist development leading to a more socialised economy, but while they are overtly critical of Indian expansionism and Western imperialism, they have tended to accept the activities of foreign 'development' agencies in practice in the rural areas of Nepal (with some exceptions and occasional disturbances), if they appear to provide real material benefits for the poor and disadvantaged. Like the other proponents of 'development', they have only the most general of political ideologies combined with a shopping list of specific measures, which do not add up to a coherent development strategy for Nepal.

In the meanwhile, the Nepalese people themselves have struggled, within the existing structures and dynamics of their country's economy and society, to survive and to bring some positive change to their lives and livelihoods. Farming systems generally and agriculture in particular have become more intensive and off-farm or non-farm activities have increasingly played a significant part in household economies and livelihood strategies. Migration to the urban areas has increased, leading to rapid urban growth, as have the linkages between the country-side and the towns. More households have members working away from home, outside the district and even the region than ever before. The number and the proportion of those employed or otherwise economically active outside Nepal – in India or overseas – have both increased, particularly in the last two decades. Remittances have come to play a significant role in the dynamics of household, local and regional economies, as well as at the national level. But while these have tended to provide additional resources for investment and for the improvement of living standards, they have also served to compensate for a lack of development within the national economy. Reliance on remittances is, in the long run, not a desirable component for a national development strategy; even if, in the short and medium term these remittances may help kick-start more sustained growth in local economies. The problem is that, on the whole, remittances tend to increase inequalities – both spatial (regional and national) and social (between classes and social groups).

Migration has also – in the last decade – been a function of growing local insecurity, resulting not only from the conflict (which has certainly generated a substantial number of displaced persons and 'political' migrants, and has encouraged many to migrate out of the region and even abroad), but also from the declining capacity of local resources (whether 'natural' or agricultural) to sustain populations, particularly in remote mountain regions, e.g. the Upper Karnali. The absence of young men from the villages is barely compensated for by the remittances they send home; many villages now experience a shrinking rather than an expansion of local resources and dynamism; and while rural-urban migration is, historically, part of the process of development, it risks, in Nepal, creating an increasingly impoverished hinterland for rapidly growing urban centres, with new problems of shanty towns, slums and urban poverty in the absence of real economic dynamism in those centres. Regional inequalities are developing rapidly as the eastern 'development region' (eastern Tarai and eastern hills) and the Kathmandu Valley benefit from dynamic economic growth, and western Nepal derives considerable benefits from substantial remittances, while the mid-west and far-west, and much of central Nepal, drop further and further behind.

The political changes seen in the state governance system in 1950s, 1960s and 1990s, have tended to obscure the fundamental continuity of control by the dominant groups and ruling class and, consequently, these governments have failed to address the root causes of underdevelopment in

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Nepal, preferring to struggle among themselves for the spoils available to the most privileged in Nepali society. People from certain castes and social classes continued throughout the half century after the overthrow of the Ranas to successfully dominate the 'development agenda' of the country, irrespective of changes in government. The interventions of – and particularly the flow of funds from – foreign 'development' agencies have tended, if anything, to reinforce these structures of dominance and oppression, and to encourage corruption, while at the same time speaking the language of 'development' and change. In 1990, it seemed for a while, that the progressive forces represented by the historic People's Movement (Jana Andolan I) might be able to break through the old forms of dominance and oppression and create a new dynamic; but the 'break' with the past was not decisive and, despite certain positive changes, the ability of the 'infant democracy' to provide the framework for the fundamental transformation of the political economy so desperately required for 'development' to take place proved insufficient.

For this reason, despite the formal recognition of political parties and the restoration of certain elements of a democratic culture (including freedom of the press and proliferation of non-government organisations and civil society associations) after the commencement of multiparty democracy in 1990, the major concerns of freedom from hunger, poverty and unemployment, as well as rampant injustice, discrimination and exploitation remained inadequately addressed, both by successive governments and by the so-called agencies of development. Dalits, ethnic minority groups (Janajatis), women and other vulnerable groups in Nepalese society continued to be marginalized and disadvantaged. The feeling that they continued to exist on the periphery of mainstream politics and the reach of the development program was still very real for these disadvantaged and marginalised groups. Historical regional disparities continued and even increased, while the gap between the urban and the rural, so-called upper caste and lower caste, and rich and poor, widened further.

Increasingly frustrated by these inadequacies or failures of the 'infant democracy', the Maoist groups began to take a more radical stance and began to prepare for an armed struggle, or People's War as a means to overthrow the existing regime and create the political framework for a progressive (revolutionary) transformation of Nepal's political economy. In February 1996, the CPN (Maoist) launched a guerrilla war to gain the military and political basis for a significant and decisive political 'revolution'. Initially regarded by the government as an issue of law and order, the insurgency gained ground over a period of four years to the point where it became an increasingly urgent political issue to be resolved. Talks between the Maoists and the government were initiated in 2001, but the massacre of the Royal family, the accession to the throne of Gyanendra, the former King Birendra's brother, and the attacks on Washington and New York by the Islamist Al Qaeda, led to a hardening of the position of the government. In November 2001, the talks between the government of Nepal and the Maoists were broken off, followed by the Maoist attack on a base of the Royal Nepalese Army in Dang, leading the declaration of the State of Emergency.

The conflict intensified and casualties increased and the next two years saw the height of the conflict. The new king intervened in October 2002, in the first of two 'royal coups', dismissing the prime minister and nominating his own national government. At the local level also, the elected representatives at DDC and VDC level were terminated and there were no elections to local government. At the beginning of 2003, a ceasefire was agreed and talks were again initiated. The ceasefire was held throughout the summer but broke down in August, and the conflict resumed. By this time, the Maoists had managed to achieve effective control of a significant part of the countryside and to have a substantial presence in much of the remainder.

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Fighting continued throughout 2004 but in February 2005, the king again intervened, taking on the emergency powers he claimed were his by virtue of the 1990 Constitution, this time in a more dramatic fashion, initiating a major 'clamp-down' on the political parties and the civil society.

Even the foreign agencies generally condemned this move and called for a restoration of democracy. Their actions in support of their public rhetoric were, however, limited and some foreign powers (notably but not only the USA) continued to seek a solution in which the Palace retained an active role and the more conservative political parties collaborated to form 'a conservative democracy'. Caught between the Maoist insurgency and the Palace, which effectively controlled the Royal Nepalese Army and security forces, a combination of democratic and progressive forces began to occupy the middle ground and Nepal's political parties and civil society combined once again - as they had in 1990, but this time with more fervour and the experience of a bitter ten-year conflict behind them - to assert their independence both of the monarchy and its supporters and of the Maoists, and to demand the restoration of parliamentary democracy, removed by the successive interventions of the king (the royal coups). In this, they were supported by the various groups and associations of civil society, notably the human rights activists, journalists, lawyers and other professionals, and even business associations.

In April 2006, mass mobilisation in the streets of most major cities and towns of Nepal – a second Jana Andolan – forced the Palace (and those supporting the Palace) to reconsider its position and allow the political parties and civil society organisations to operate more freely. Eventually, through the summer of 2006, the Maoists and the 'legitimate' forces for progressive reform were able to forge an alliance and effectively marginalise the king and his supporters (external and internal) and move forward – agreeing a ceasefire and the procedures for the establishment of a framework for military demobilization and initiating a political process designed to lead towards a constituent assembly, a revised constitution and eventually an elected government. Despite some external pressure to marginalise the Maoists and even the other 'communist' parties, the alliance of the Maoists and the seven major parties that formed the SPA (Seven Party Alliance) held firm and agreed a programme for the restoration of democracy. With support from the UN, the demobilisation of the PLA and the RNA and moves towards the decommissioning of arms began to take place during November and December 2006 and in January 2007, a new Constitution was promulgated and an interim parliament was formed and took its seats, with the Maoists having a significant presence (83 Members of Parliament out of 330) in this new interim national assembly.

But as the political and legal process moves forward, it is essential to consider, at the same time, the appropriate strategy and tactics for a fundamental transformation of Nepal's political economy – a strategy for economic and social development for a 'new' Nepal, on a broad front, benefiting the mass of the Nepalese people. The present political process, involving the willingness of the state and other parties to the resolution of outstanding social, political, economic and other problems through negotiations, provides 'the development community' (politicians, civil society and non-governmental organisations, public sector ('government') workers in the different ministries and development specialists, as well as the foreign development agencies, with the opportunity to re-think their approach to development and to address in practice as well as in theory, the root causes of poverty, hunger, injustice, regional and social disparities, as well as many forms of exploitation existing in Nepali society.

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## 1.3 Some Broad Issues

### 1.3.1 Dependency and foreign aid

Nepal is highly aid-dependent. This has meant not only an increasing reliance over the years on foreign loans and grants for development purposes, but a progressive subordination of the planned development of the economy to external agencies and their ideologies of development. In a very real sense, Nepal's development strategy is now heavily influenced and guided by the ideas and ideologies of the major multilateral (IMF, World Bank, ADB) and bilateral (JICA, USAID and DFID) foreign development agencies. The political and economic priorities of the Government of India also have an undue influence – as Nepal's giant neighbour and 'big brother' its role, both formal (through trade and transit treaties and other inter-governmental agreements) and informal (through its size and 'weight' and comparative advantage, is often the crucial determinant of decisions taken by the Government of Nepal. India's economic dominance also determines to a high degree the modalities of Nepal's integration into the regional and global economy, although other forces (associated with the global political economy – e.g. WTO etc.) have an increasing impact. These forms of dependency cannot be altered overnight, but they must be the subject of careful scrutiny and consideration, and moves must be made, to reduce reliance on others, while recognising the need to interact with others, in an increasingly integrated global political economy.

Nepal started receiving foreign aid in the early 1950s, and has become increasingly aid dependent. Furthermore, the ratio of grants to loans has steadily declined over time. In 1975-76, 74% of total ODA was represented by grants. This declined to 27% in 1990 and was around 30% during 1998-1999 (Sharma, 2000). If compared with the other five countries of south Asia over the period 1980 to 1996, Nepal stands out as having the highest proportion of foreign aid to GNP, as shown in Table 1.

**Table 1.1: Comparative analysis of ODA received by South Asian countries**

Countries	Official Development Assistance as % of GNP		
	1980	1991	1996
Nepal	8.3	12	8.0
Bangladesh	9.9	8	3.9
India	1.3	1	0.6
Pakistan	5.1	3	1.4
Sri Lanka	9.8	10	3.6

*Source: Pandey, D. R., (1999)*

In 2004-05, Nepal's outstanding loans totalled 219 billion rupees (US\$ 2.9 billion) covering 43.18% of total GDP. The country is currently spending nearly 15% of its annual budget to pay the interest (People's Daily Online, 2006). The outstanding foreign debt of Nepal, as of July 16, 2006, had reached over 234 billion Nepali rupees (US\$ 3.1 billion), equivalent to over 40% of the country's total GDP of 583 billion rupees (US\$ 7.8 billion). This distressing trend seems to be moving Nepal into the category of a "debt-trapped economy" (People's Daily Online, 2006).

The heavy reliance on foreign 'aid' (lending) for the implementation of development programmes and projects in Nepal raises a question as to whether it has reached a critical point in terms of its dependency on external sources and reliance on external ideas and ideologies for its national development strategy. While foreign 'aid' can provide a valuable source of funding

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for well defined programmes and projects within an overall national strategy for development, it tends to distort government priorities, determine the selection and even the direction of programmes and policies and to derail and/or define national strategy. Almost 80% of foreign aid granted to developing countries eventually returns back to the donor country – through expenditure on offices and equipment, payment of ‘aid’ personnel and expatriate consultants – or remains in very small elite circles and the capital within the aid-receiving country (Shrestha 1995).

Furthermore, foreign ‘aid’ usually brings it with conditionalities as well as pre-conceived development models, likely to undermine any prospect of Nepal’s government itself identifying development priorities, introducing innovations and deciding on such matters as providing of social goods. At this juncture of Nepal’s history, it is particularly appropriate to consider and to analyse the ways in which Nepal negotiates for and receives foreign ‘aid’, the efficacy of aid to deliver intended results, the constraints imposed by aid conditionalities on the decision ‘space’ of competent authorities or of the people in general, and the ways in which foreign ‘aid’ delivery is mediated – whether through ‘government’ ministries and other services, through NGOs, INGOs or other groups.

### **1.3.2 *Globalization, Poverty and Inequality***

In the 1980s, the major focus of ‘mainstream’ neo-liberal development strategy was ‘economic growth’ through the promotion of private enterprise and markets. From the second half of the 1980s onwards, a challenge to this exclusive concern with growth and markets to be achieved by structural adjustment, privatization and liberalization was launched by a range of UN institutions, which advocated ‘adjustment with a human face’. From the beginning of the 1990s the primary concern (growth and markets) has been complemented by rhetoric of concern with poverty alleviation and, since 2001, with the elimination of poverty and achievement of the Millennium Development Goals (MDGs). Some have spoken of this as ‘capitalism with a human face’... but is it really the face of globalization in the 21st century, or merely a mask for something more sinister and threatening? Some would see globalization as a ‘juggernaut’ – a powerful and almost irresistible force, destroying, as it sweeps across the world, the structures that define and defend the national state and its economy, indeed, threatening the very notion of the nation state.

Faced with the overwhelming rhetoric and reality of globalization, those concerned to devise a national development strategy are obliged either to swim with the tide or against it. The proponents of globalization argue that poverty can be reduced and maybe even eliminated through globalization (global competition and the operation of free markets – for capital, commodities and labour). Those who criticise and oppose globalization are doubtful that poverty can be reduced in this fashion and are certain that globalization fundamentally undermines national economies and the capacity for national governments to plan and develop appropriate strategies for the development of their national economy. But the possibilities today of protecting national interests are progressively limited by the rapidly developing institutions and procedures that support and promote globalisation – room for manoeuvre must be sought and the ‘mode of integration’ within the world economy devised so as to benefit an evolving and developing national comparative advantage, and not to perpetuate and reproduce a declining and increasingly vicious national comparative disadvantage. Nepal, with its landlocked position, difficult mountain and hilly terrain, and high transport costs, and its relatively underdeveloped economy and society, faces a difficult struggle in the coming years.

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But what are the priorities? Some would argue that economic growth and development must come first; only then will there be a realistic possibility of reducing inequality and improving social justice and social welfare. This is the language of the proponents of globalisation. The concern with economic growth and the alleviation of poverty tends to ignore issues of inequality and inequity, of social justice and social discrimination. It is not only an 'economistic' perspective, but one which is 'mechanical' and 'technical', unconcerned with issues of power and control. But globalization of itself does not create winners and losers, it is the powerful states and economic forces that drive 'globalization' both as an ideology and as a reality, created in their own interests and to their own advantage. Globalisation, as it exists, even while it claims to be a 'neutral force' releasing creative potentials, giving rise to new opportunities and – in the long run – eventually reducing global, regional and country-level inequalities as the laws of supply and demand are allowed free rein, does not in reality work like that. The powerful protect their own interests and those that are least developed are the weakest in the global arena and are most likely, other things being equal, to be losers, rather than winners – unless they can discover or create new areas of comparative advantage.

In Nepal, a central rhetorical concern with 'poverty' and 'poverty alleviation' has emerged over a decade and a half. But there is little real analysis or debate about how best to alleviate poverty and promote economic growth within the national economy and no real idea of how to ensure that Nepal – one of the least developed economies in the world – can emerge as a 'winner' rather than a 'loser' in the new world of globalization, open markets and intense competition. Embracing globalization may mean abandoning the idea of national development strategy altogether; 'managing the process of integration into the global economy' may mean learning how to 'ride the tiger' and adapt to the constraints and take advantage of the opportunities of the global economy. Resisting the tide of globalization would require a much stronger position of national autonomy, protecting where necessary and launching aggressive policies for the export of capital, commodities and labour at the same time. But these imply fundamental questions about the different approaches, different ideologies, different strategies – and different relations with the foreign development agencies - that currently dominate thinking about Nepal's economic development and that may emerge in the future.

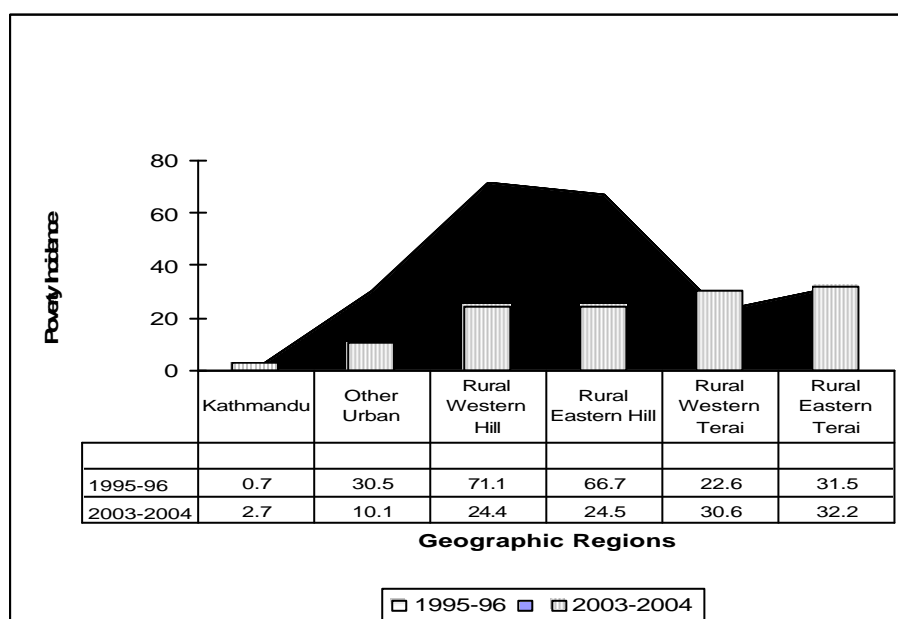
Since 1990, poverty has been a major issue in Nepal. Describing it is hard enough; explaining it and alleviating it, are even more complex. While it is very difficult to develop a widely agreed understanding on what constitutes poverty, it is generally taken to include not only the experience and objective reality of hunger, disease and malnutrition but also deprivation in the fields of education, food, shelter and clothing. Many would also wish to include other forms of social disadvantage and deprivation, including social discrimination, although these are often included as forms of social injustice – hence 'poverty and social injustice'. Statistical data can sometimes be questionable, as they are subject to manipulation by selective use of indicators to favour the particular economic model, and to influence donor agencies or to seek political leverage.

The massive growth of remittances from Nepali migrant workers employed in India and overseas during this last decade (1996/7 to 2006/7) appears to explain at least some of this decline in poverty (some say 50 per cent). If so, this is hardly the result of development planning within the context of an overall development strategy. It is the result of a multitude of individual and household decisions to take advantage of the employment opportunities (and higher wages) available in other countries to sell their labour on the international market. But as we have indicated already, remittances tend to increase spatial and social inequalities. According to the

Ravallion model, a 1% increase in mean average income is ordinarily correlated with a 2% reduction in poverty. However, Nepal's elasticity of poverty reduction with respect to growth is quite low by international standards, suggesting that growth has not proportionately benefited the poor. Indeed, the decline in poverty has been accompanied by an increase in inequality as shown by the increase in Gini coefficient from 34.2 to 41.1.

The poverty analysis across geographic regions of Nepal suggests increasing inequality. The poverty trends in Nepal (1995-96 and 2003-2004) show that while poverty has reduced in Rural Western Hill, it has simultaneously increased in Rural Eastern Hills (Figure 1). Spatial and regional inequality is growing; rural-urban inequality is growing and inequality within the rural areas and within the urban areas is growing. In part, this is consequence of the way in which the dynamics of labour migration and flows of remittances affect different localities, regions, and social groups differently; in part it is the way in which pre-existing structures of power and inequality determine those dynamics and remittance flows. Furthermore, the incidence of poverty at Ilaka Level (CBS et al., 2006) shows that poverty has shifted from the areas already influenced by poverty, i.e., Far Western and Mid Western Mountains, to the areas previously having a low incidence of poverty.

**Figure 1.1: Nepal distribution of poverty, 1995-1996 and 2003-2004**



Source: CBS (2005)

Due to an increase in the number of households receiving remittances to 32% in the financial year 2003/2004 (where average real remittances increased by 25%) and a concurrent increase in the labour market (including agricultural labour), poverty has recently been reduced to some extent. But both these factors are less significant for the Far Western and Mid Western Mountain areas.

The flow of remittances is in large part responsible for the reduction in average poverty levels over the last ten years. But it also means that Nepal has become more reliant for poverty reduction on this flow of remittances, which in turn is dependent on the access of Nepalis to foreign labour markets. Poverty reduction achieved mainly through increased remittances can



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only be sustained only if jobs are available in the Gulf or South East Asia, or elsewhere. For poverty reduction to be sustainable this temporary inflow of funds has to be accompanied with corresponding changes in the structural features within which poverty is embedded, sustained and reproduced.

Many would argue that reliance on the export of labour abroad is not a reliable basis for the broad-based development of the Nepalese economy. Other sectors need to be developed and become vibrant if Nepal is not to become as dependent on remittances as it has become with regard to foreign aid. Other resources need to be deployed and developed, to produce goods for use and goods and services for exchange as commodities both within Nepal and abroad. It is thus critical to review what are the basic resources over which Nepal has direct control, what resources need to be brought into the country (human, material, technical, financial), what resources can be used and transformed to produce exports to other countries. It is also important to consider the extent to which the appropriate structures are in place, or can be put in place to increase people's income and employment, enhance their access to education, health and means of daily life, and to improve people's access to resources, opportunities and favoured positions of office that shape their life prospects.

#### **1.4 Rationale of fresh development strategies for new Nepal**

The need for new development approaches and strategies is underscored by the fact that, despite the six decades of planned 'development' in Nepal, in which massive volumes of foreign 'aid' have been poured into the country and significant resources have been deployed by the government, Nepal continues to exhibit rampant poverty, hunger, exclusion, injustice, regional disparities and identity problems. Even with an appreciable progress in physical infrastructure, a general decline in poverty levels and positive indications in some other aspects affecting people's lives, particularly in recent decades, development in Nepal has been inadequate and inequitable. Though the status quo was powerfully challenged mainly following the People's Movement of 1990, the fundamental structures of unequal power and control, wealth and income, health and education, and ultimately of unequal lives and life chances remained largely intact.

Frustrated by the lack of fundamental change and lack of effective response to the challenges of the early 1990s, despite the opportunities available, the Maoists eventually launched an armed struggle in 1996 with the avowed aim of bringing about just such a fundamental transformation. During the last 15 years, various groups within Nepali society, particularly the women, Dalits, Janajati and Madhesi as well as people of isolated areas such as Himali region and Karnali have increasingly taken up the agenda for real change in a more vocal and powerful manner, both with peaceful as well as violent means, to assert their proper share, identity and representations in development, polity, economy and society at large. Now a political process has been initiated that promises, if all goes well, to bring the Maoist insurgents back into the mainstream of Nepali politics, and to marginalise those more conservative forces (both internal and external) that at times invoke the monarchy and its apparatus of power and control in the name of stability (at home and abroad). It is thus appropriate to call for a serious reflection on the ways in which development policies were pursued in the past, by successive governments of Nepal and by the various multilateral and bilateral government and non-government foreign agencies, and to re-define development to adjust to such voices and thereby set frame 'new' development policies and strategies in a 'new way', for a 'new Nepal'.

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The few major planning initiatives, such as the Agriculture Perspective Plan (APP) and Master Plan for the Forestry Sector (MPFS), were often conceived by outsiders and eventually proved to be grandiose wish lists with limited strategic coherence. The ten Five Year Plans also tended to be grand and over optimistic schema in which everything was identified and prioritized, but which had little strategic direction and were deprived of resources and institutions to deliver the 'promises' of development. Moreover, these plans were imposed by the state without participation of the people at the bottom. The election manifestos of the major parties also tended to draw broad sketches of the major issues facing contemporary Nepal and were often nicely presented. But these served mainly as idealised pictures of possible futures in order to canvass votes and ensure greater number of seats to the parliament. But policies that are set within a coherent and comprehensive, strategic framework, with clear guidelines for realistic operationalisation, in which institutions, resources and implementation mechanisms are specified and made effective are essential if they are to deliver the 'promises' made.

The theme, analytical framework and the process on which this document derives from the emerging debate – represented by the discussions at this conference, is largely envisioned by Nepalis. This debate, which focuses on the intersection of development and politics in Nepal, should therefore be understood as a distinctively indigenous process of articulating the possible development strategy and trajectory for Nepal. Previous governments of Nepal have tended to regard development in an opportunistic and ad hoc fashion, driven partly with the domestic circumstances, but mainly to accommodate to the policies of international lending organisations and other international agencies. Rarely was there a policy document or plan that took account, systematically and comprehensively within a coherent ideological and political framework, of Nepal's unique resources, potential and areas of comparative advantages, or indeed of its distinctive disadvantages (land-locked, mountainous, dominated by a giant neighbours, etc.). The present is thus the momentous opportunity to get development policies right from the beginning of post-conflict Nepal.

## 1.5 Summary

Nepal is now set to begin a new page in its history, with the Jana Andolan II (the people's movement of April 2006) and actions of civil society and agreements between the major political parties (including the Maoists) having recently paved the way towards peace, development and democracy by disposing of the autocratic regime of King Gyanendra. This document and the processes that will follow it up are expected to record and to promote further debate and discussion which, it is expected, will eventually coalesce into a concrete development strategy and set of policies and programmes to fully capitalise on the development potential of Nepal, while recognising the constraints and limitations that exist, both within Nepal's borders and in the world outside.

This chapter presented a brief overview of underdevelopment in Nepal, with a review of the past development efforts. It highlighted that despite apparent progress in poverty reduction and in several sectors, development performance in Nepal remains to be largely weak and inequitable. The chapter further explored some broader issues linked to dependency and foreign aid and the broad challenges that are linked to the globalisation process. In this context, the chapter highlights that Nepal experiences a continuation of deeper structural factors that resist Nepal's pursuit of peace, prosperity, democracy and social justice. It underscored the need on the part of development community, the government of Nepal and the people at large to seriously reflect on Nepal's past and to look into the future to define Nepal's development trajectory.

## DEVELOPMENT ISSUES AND CHALLENGES IN NEPAL

The previous chapter explained why it is necessary to reflect on Nepal's development performance in the past, briefly reviewed the development efforts made over five decades of development planning, and considered the outcomes. This section outlines and explains some of the core issues and challenges for future development in Nepal. The section highlights agriculture and agrarian relations, natural resources and the environment, services and infrastructure, and trade. It also highlights the distributive impacts of past 'development', and emphasizes that these problems relate to the historically specific structural factors characterizing Nepali society.

### 2.1 Agriculture and environmental issues

#### 2.1.1 Land reform and agriculture development

Although Nepal's reliance on agriculture has significantly decreased in recent decades, it is still a major sector and one that provides the basis for subsistence and livelihood for the majority of rural households (and many urban households). An overwhelming majority of Nepal's labour force is currently engaged in agriculture, which contributes about 40 % of the gross domestic product (GDP). Poverty, too, is particularly prevalent among those engaged in the agricultural sector and the causes of this impoverishment must be addressed. The poor availability of agricultural inputs, such as irrigation, fertilisers or agricultural credit and feudal production relations appear as critical deterrents to modernising the agricultural sector.

The land tenure system perpetuates within a broadly feudalistic framework, particularly in but not limited to, the parts of the Tarai region. Land ownership patterns have changed over the last decades, but it remains the case that a minority of wealthy landowners still own large proportion of land. People who have fertile land often do not cultivate it themselves but draw on the surplus labour of tenants. On the other hand, the vast majority of farmers own plots that are small and in many cases insufficient to ensure a livelihood.

The problem of marginal land holdings is more serious than that of landlessness in Nepal on the basis of most statistics, although alternative data sources show far more land-less people in the country<sup>3</sup>. All twenty-five districts that have high proportion of marginal farms with land-holding size of less than 0.5 ha are in the hill and mountain regions. In addition, there are 16 districts in the hills and mountains in which the farmer communities comprise of more than 50 % marginal farmers (CBS, 2001a). Thus the distribution of land holdings is much more skewed in the Tarai (Gini coefficient .57) than in the hills and mountains. As shown by CBS data 2001/2002, 64 % of total holders occupying 5.27 % of agricultural land with holding size between 5 to 10 hectares. Of the total, only 11 % holdings are more than 10 hectares in size and occupy 2.04 % of total

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<sup>3</sup> CBS data source shows the landlessness falls around 2 % although the research done by Zaman (1973) shows this figure to be closer to 6 percent .

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agricultural land. The proportion of land holdings of less than one hectare is approximately 74.15 percent. In the Tarai, farms of this size are marginal.

Cultivation on these small and marginal farms is not economically viable and the implications of land distribution disparity become visibly more acute when seen in terms of land quality. Rich farmers who own big holdings are also generally owners of better quality land, while smaller landowners have mostly low-quality *Pakho*<sup>4</sup> land. The households who have land holdings of 0.5 hectares size or less own about 62 % *Pakho* land and only 38 % of *Khet*<sup>5</sup> land. Conversely, those who have land-holding size of more than four hectares have 64 % *Khet* land and remaining 36 % as *Pakho* land (NRB, 1990). Thus those who own less land tend to have mainly infertile land to live on.

Nepal's agriculture, particularly in the fertile plains of the Tarai region, is characterised by the practice of tenancy. Coupled with land fragmentation, this practice reduces agricultural productivity. The record of actual tenancy as available in Central Bureau of Statistics data tends to under represent the proportion of actual tenancy, as it misses the informal and non-registered tenants. To maintain the claim to land, landowners often keep tenants on an informal basis. Property division and inheritance, poor farmers' compulsion to sell portions of land and rich farmers buying of land elsewhere for economic benefits are the major causes of land fragmentation. Many empirical studies show that land consolidation can increase agricultural productivity, although the issue needs to be investigated further (Zaman, 1973). Smaller landholders, however, seem to be more productive than larger land holdings in terms of cropping intensity (Blaikie et al, 1980). The per hectare productivity of bigger land holdings of more than 5 hectares is NRs 6,239 against that of NRs 11,717 on land holdings of less than one hectare (NRB, 1990).

The above data on agrarian structures suggests the need for a four-fold agrarian reform—the redistribution of land from landholdings over a specified size to landless and marginal farmers; the assurance of tenants' rights; measures against land fragmentation; and the implementation of land use policy. The more effective provision of agricultural inputs such as new and appropriate technologies, seeds for resilient and appropriate crops, appropriate fertilizers (there is a debate to be had regarding chemical fertilisers versus 'natural' fertilisers) and irrigation facilities to boost agricultural production is also required, ideally through the development of cooperatives. According to the Badal Commission of 2051 BS (HMG/N, 2051), it would be possible to distribute more than three *lakh* hectares of land over the ceiling if the land reform programme were to be strictly enforced. In this way, two problems would be solved at once; poverty would be combated by empowering poor people to become owners of agricultural land and the dependency of marginalised people on natural resources for their survival would lessen. However, there are contradictions, controversies as well as complications on this 'solution', as the issue of land reform is severely contested and will be explored further in the next chapter.

### **2.1.2 Irrigation and water**

Access to irrigation by size of holdings reveals severe inequality. The Agricultural Census Data of 2001/2 shows that the smaller the land holding size, the lower the percentage of holdings with irrigation, and the bigger the land holding size, the higher the percentage of holdings with irrigation. In the case of holdings sized under 0.1 hectares, only 29.5% had irrigation; for

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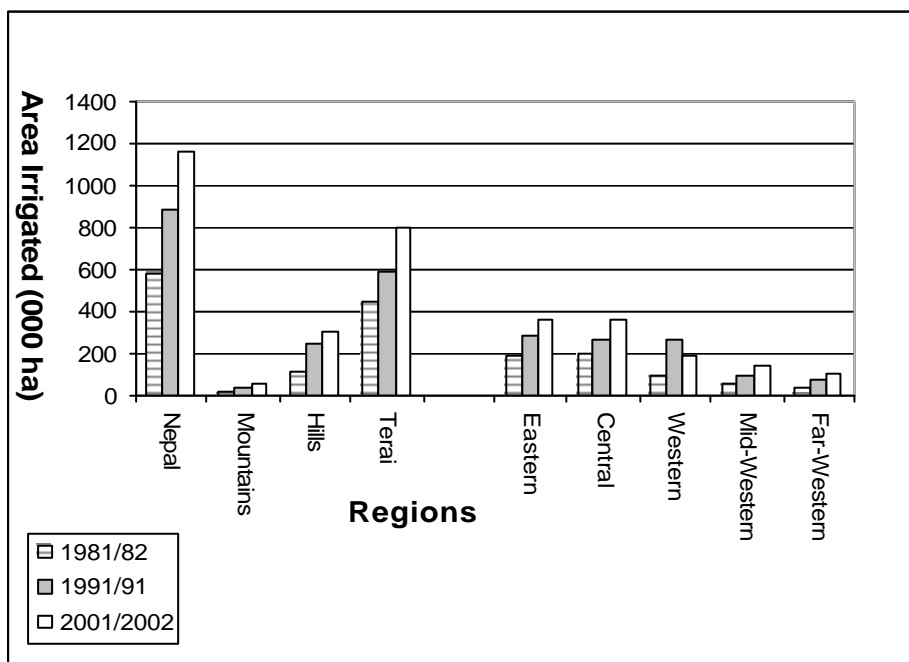
<sup>4</sup> Unirrigated and generally infertile upland in the hills

<sup>5</sup> Irrigated lowland suitable for paddy cultivation

holdings of 0.1 ha to 0.2 ha and 0.2 to 0.5 ha, the figures were 45.8% and 56.8% respectively. If we consider the upper size of holdings - those sized 3 to 4 ha - 71.7% were irrigated, while holdings of 4 to 5 ha had coverage of 71.2%, those of 5 to 10 ha had 76.6%, and in the case of holdings sized 10 ha and over, 80% were with irrigation. This pattern of inequality has not changed significantly since the study of 1981-1982.

Community-managed irrigation covers 94% of the irrigated lands in mountain areas, while government supports just the remaining 6% of land. Even so, the hill regions suffer from a lack of adequate irrigation (Figure 2). Nepal's 25 districts, where irrigation is available for less than 11% of agricultural land, are located in hills and mountains. Out of these, 15 districts have less than 7% agricultural land under irrigation (ICIMOD et al, 2003). For Mountains and Hills, water harvesting and drip irrigation may complement the usual forms of irrigation to particularly to address the scarcity of water. Traditional water harvesting such as the use of ponds, terrace levelling and the use of channels to bring runoff water has resulted in a 50% increase in maize production in some areas. Soil moisture in such areas lasts two months longer than in untreated areas.

**Figure 2.1: Area under irrigation in Nepal (1981/82, 1991/92 and 2001/2002)**



Source: CBS (2005) *Monograph, Agriculture Census Nepal, 2001/2002* CBS, Kathmandu

The government needs to have a coherent strategy to improve irrigation in the country, by looking at various sources and ways to support local farmers. When considering bigger irrigation projects, it is essential to have a proper analysis of the flows of costs and benefits, and how these flows are distributed. It is also important to acknowledge that irrigation needs are diverse across the country, so are the sources and potentials for benefiting from it. Lessons from the past, particularly in relation to sharing of water with India, are worth further serious reflection.

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### **2.1.3 Food availability**

Food security is associated with changing patterns of claims and entitlement to food, which always comes with changing power structures and definitions of eligibility. A study (RRN & AAN, 2002) relates food insecurity mainly to: a) poor people's inequitable access to productive resources and community assets; and b) unequal purchasing power in the market resulting from low wages and incomes. Other factors, such as government (and development agency) policy towards the agricultural sector and towards food 'assistance' as well as environmental factors and of course pervasive caste, gender and class based inequality. At the national level, under-production and inadequate systems of transport and market exchange are the major immediate causes of food insecurity in Nepal; but the underlying factors of unequal access to resources and incomes play the crucial role. According to Agricultural Perspective Plan (APROSC & JMA, 1995), Nepal has sufficient resources to ensure food security in the early part of 21<sup>st</sup> century. Food insecurity is not fundamentally a problem of lack of food, but lack of access to food. If even four tonnes per hectare were to be produced on the 1.5 million hectare of irrigated land envisioned in the APP, this could alone feed the projected 2015 Nepal's population of 33 million people if access were ensured.

However, in reality, Nepal is still facing severe food insecurity, especially in the more remote mountain areas and among poor communities everywhere. Although programmes - such as subsidised rice programmes in the Karnali and relief projects such as food-for-work, supported by agencies like the WFP - continue to be supported by 'development' agencies, these are arguably do more harm than good by increasing dependency on these external sources, depressing local food production, and creating inefficient and wasteful methods of ensuring access to food. More attention needs to be paid to the whole system of food production, distribution and consumption, at a national, regional and local level, with a view to promoting more robust local and regional systems of production and distribution and more effective markets. The focus should be on people's right to food and food sovereignty.

## **2.2 Environmental degradation and resource access**

The environmental challenges facing Nepal are diverse, but the major ones include forest depletion, land degradation, loss of biodiversity, glacier melting and water pollution. Studies revealed that forests that covered 45 percent of Nepal's land in 1960 shrunk to 37.4 percent in 1990, and further to 29 percent in 1999 (UNEP et al, 2001).

Nepal has a rich bio-diversity and a fair record on its protection, but all too often this is achieved by simple conservation and protection measures which prevent access to forest resources, rather than by the development of integrated systems for natural resource management whereby local people are encouraged to maintain sustainable use of natural resources while exploiting them for their livelihoods. A total protected area of 10,948 acres was created in 1990 and was extended to 28,585 acres in 2005. Moreover, 13 plants, 26 mammals, 9 birds, 3 reptiles and 20 plant species are legally protected in conservation areas.

However, many challenges seem to lie ahead. The recent trend of rhino poaching shows that in last five months, ten Chitawan National Park rhinos were killed by poachers. Similarly, if Nepal loses its remaining tropical forest, 10 species of highly valuable timber, 6 fibre species, 6 edible fruit tree species, 4 traditional medicinal herb species and some 50 species of little known trees and shrubs would be permanently lost. In addition, the habitats of some 200 species of birds, 40 species of mammals and 20 species of reptiles and amphibians would be severely affected.

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Identifying and implementing sustainable measures for the exploitation of bio-diverse uncultivated forest and shrubland by local communities is a priority.

Arable land degradation and pollution are another set of problems. The surface soil loss in the hills and mountains in Nepal ranges from 5-10 tons/ha a year in well-managed land to 20-200 tons/ha a year in degraded land. Water quality is deteriorating in the rivers of urban centres, with an average of 20,846 kg BOD/day of domestic waste water being discharged into the Bagmati River in Kathmandu. Likewise, water sources in the Pokhara Valley are becoming eutrophic and agricultural pesticides have further polluted the water. Various industries are also polluting water sources (UNEP et al, 2001).

Finally, global warming is becoming a serious concern to Nepal. It has been estimated that about 15,000 glaciers have vanished in the Himalayas in last 50 years and the Himalayan glacier areas will shrink by one fifth within the next 35 years. The Water and Energy Commission Secretariat (WECS) reported in 1996 that five potentially dangerous glacial lakes (such as Dig Tsho, Imja, Lower Barun, Tsho Rolpa and Thulagi) could cause environmental havoc, including massive flooding. These lakes are all situated at an altitude of around 4,000 metres above sea level and their areas extend from 0.6 sq km to 1.39 sq km with a maximum depth ranging from 81 metres to 131 metres. There are reported 27 potentially dangerous lakes and, in ten of these, GLOF (Glacier Lake Outburst Flood) events have occurred within past few years (UNEP et al, 2001). Both preventive measures and disaster preparedness must be a priority.

However major of the most overarching themes that are getting increasing recognition with respect to environmental resources is the access to and distribution of resources. The unequal distribution of land has created economic and social inequality and tends to have adverse impact on productivity. There are also interconnections of the access to one resource to that of others. For instance, the access to water (irrigation), as already discussed, is linked to ownership of land. Similarly the persistence of poverty, aggravated by low land holdings, increases pressure on forest resources. Over time, many traditional practices, such as on water harvesting and livestock herding are getting wiped away. A relatively recent policy innovation on community forestry has helped greening of hills areas, but further policy attention is needed how this favours marginalised sections of society. While it is important to revive traditional 'best' practices, it is also imperative to look into new ways how environmental resources could be equitably managed and used.

### **2.3 Drinking water**

The Millennium Development Target set for the year 2015 is to provide drinking water and sanitation to 63% and 56% respectively of rural dwellers in Nepal, and to 85% and 80% of the urban population (Wicken, 2004). Most people still depend on 'natural' unprotected water sources rather than those provided by the government or other agencies. The most precarious situation is in districts like Dailekh, Kalikot, Achham, Jajarkot and Bajhang with only 37%, 48%, 45%, 49% and 44% of total households respectively having a drinking water facility. In the Tarai, where availability of ground water makes drinking water relatively more accessible, the arsenic pollution is particularly troublesome. A test in 2001-02 revealed that approximately 14% of tube wells in the Tarai districts are polluted<sup>6</sup>. On top of all this, the people that are poor or belong to so-called low caste are amongst those that are most deprived of access to drinking water. They

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<sup>6</sup> Arsenic Test of Tube Well by Districts-2001/2002, Environment Statistics of Nepal, 2005, CBS/NPCS

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are frequently reported to have been denied to use common water sources, and at times beaten up, for touching water collected by so-called high caste groups.

## 2.4 Services and infrastructure

### 2.4.1 Transportation

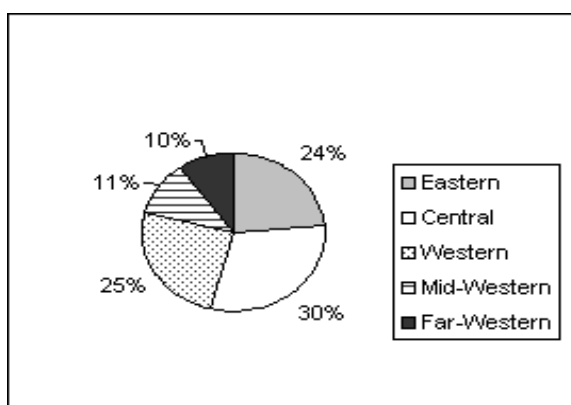
Road construction is an important indicator of the level of development occurring in any region. Nepal has a road network of a total of 15,000 km. About 57 % of road length lies in the Tarai and inner Tarai, and another 8 % of road in the Kathmandu Valley. The remaining 35 % of roads are spread throughout the Hill and the Mountain districts. The road distribution per hundred square km area is highly varied among the regions. The Tarai and inner-Tarai have 21 km road per 100 sq. km. area, while the Kathmandu valley has 147 km, and the Hills and the Mountains districts have only 5 km road length per hundred square km area. Off the roads, the reliance on trails and suspended bridges is high. Relatively few people can afford the costs of air travel, although the development of air services for the transport of passengers and goods has been relatively rapid and successful.

In the Kathmandu Valley, the major transportation problem is linked with the rapid increase of private vehicles and limited development of effective road-user and traffic management systems. During the period of 1996-2006, the number of vehicles has increased by 350% in the valley, but there has been no corresponding increase in road network, let alone be other any other facility, such of as parking (Kathmandu Post, 9 Dec 2006). Development of alternative transport networks and a stable and reliable public transport system would help address transport problems in the valley. Controls on emissions and a greater use of environmentally friendly transport can reduce congestion and pollution.

### 2.4.2 Communication

The majority of Nepalese people do not have access to telecom services, and far too slow to get connected to the information technology. Despite adopting an IT Policy in 2000, the country is still experiencing a slow pace in its development. However, a more recent upsurge in the use of mobile phones, CDMA phones and those provided from two new service providers, in addition to the Nepal Telecom, has indeed increased the telephone use, but it is limited to few cities. The regional distribution of VDCs with telephone services reveals the fact that the Mid Western and Far Western Region have especially poor rates of communication accessibility (Figure 3).

**Figure 2.2: Percentage of VDCs with access to telephone service**



Source: HMGN/UN (2005): *Nepal Millennium Development Goals: Progress Report 2005*, Kathmandu



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### 2.4.3 Power and Electricity

Most households (57.16%) use kerosene as their major energy source for lighting, 39.39% of households use electricity, 0.19% of households use bio-gas and 3.21% of households use other sources (CBS, 2001). In the rural areas, significantly more households use kerosene and other sources. Nepal has more than 6,000 rivers and streams and as a result, has in theory some 83,000 megawatts capacity for hydropower generation, although a more realistic assessment would suggest a potential of about 43,000 MW. However, at present, only approximately 600 Megawatts are generated throughout the country. Clearly, the development of its relatively abundant water resources for power generation in particular and the provision of electricity to the rural areas must be a priority for Nepal. While strategising the development of power and electricity, however, the following questions have to be addressed:

- ? Are big projects the only options for Nepal?
- ? Are there other options in relation to green GDP or the Schumacher hydropower model of 'small is beautiful'?

Discussions so far have tended to be more focused on programmes and projects involving loans and foreign investment associated with hydropower, as opposed to the possibility of utilising Nepal's own resource mobilisation and technical capabilities that have already proved successful in the 'Chilime' model. Finally, national consensus has yet to be achieved on how to tackle trans-national issues (mainly between Nepal and India) such as upper and lower riparian rights and the sharing of benefits. Here negotiations with India are of crucial importance.

### 2.4.4 Demographic issues and health services

A healthy population is an indicator of development and is a prerequisite for a prosperous society. Access to healthy living conditions is increasingly being articulated as a basic human right. But health services are unevenly distributed, such that the public health system is very weak, particularly in remote areas, while the health service is highly commercialized in the cities. Nepal has appalling rates of child and maternal mortality (see Table 2), with just 13% women having access to trained health workers during pregnancy. Five to six thousand people die annually from tuberculosis, while a significant proportion of Nepal's population is at constant risk of water-borne and communicable diseases. Decline in the population growth rate has been very slow, and at the present rate Nepal's population will double in the next 30 years.

**Table 2.1: Maternal mortality and contraceptive prevalence**

Indicators	Year		
	1990	1995	2000
Maternal Mortality Ratio	850 <sup>a</sup> or 515 <sup>b</sup>	539 <sup>c</sup>	415 <sup>d</sup>
Contraceptive Prevalence Rate	24 <sup>b</sup>	29 <sup>c</sup>	39 <sup>e</sup>

Source: *a.* UNDP Human Development Report 1992 (1988 data) *b* NFFS 1991. *c* NFHS 1996 *d* NPC 2002 *e* NDHS 2001

While some indicators on health at the national level suggest an upward trend, they are very low in international standards and far behind with respect to the Millennium Development Goals targets. The poor in particular have difficulty in gaining access to public health facilities (Table 3). Health policy and practice in Nepal focuses more on curative measures, than on adopting preventive policies. Better public health measures would assist in reducing morbidity and

mortality rates. Disease incidence would be reduced to a significant extent, just with better availability of safe drinking water and better sanitation and hygiene. As regards 'modern' medicine, there is a question as to how best to combine this with 'traditional' approaches, including those of the ancient Ayurvedic system and those of local healers. The allopathic approach has received considerable prominence in health service, though recognition of the importance of indigenous knowledge and use of local medicinal herbs and plants is also growing to some extent.

**Table 2.2: Some health indicators as of 2003/04 (%)**

Quintile Groups	Population Reporting Chronic Illness	Households not seeking health care for health problems	Mean number of children ever born per woman	Population using 'family planning' (e.g., contraceptive)
Bottom 20	3.5	43.1	3.03	26.2
20-40	4.3	40.3	2.58	32.9
40-60	4.9	34.4	2.36	32.6
60-80	5.4	29.3	2.24	43.8
Top 20	8.7	26.8	1.77	54.3
<b>Average</b>	<b>5.4</b>	<b>33.9</b>	<b>2.35</b>	<b>38.3</b>

*Source: Nepal Living Standard Survey, 2003/2004*

#### 2.4.5 Literacy

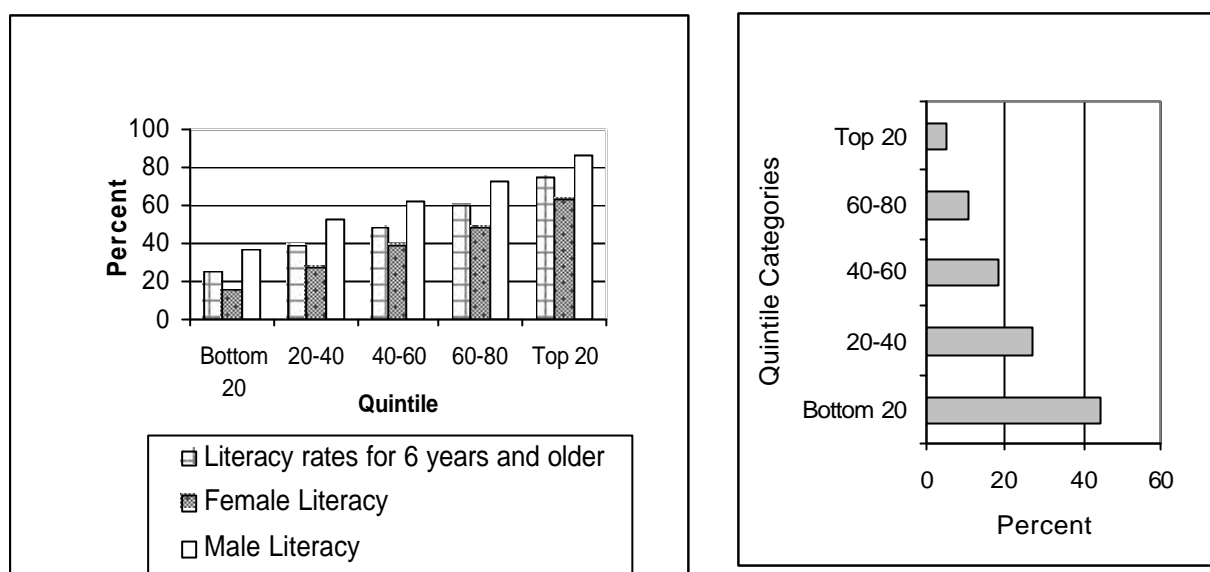
The recent increase in the literacy rate at the national level brings some hope, it is still quite low when compared with international standards. Moreover, across regions and castes/ethnicities, the literacy rate of poor regions (Table 4), and that of Dalits and Janajatis seems still precarious. Education and literacy programmes hardly reach the poorest sections and amongst the poorest or so-called low-caste groups. The literacy rate of Tarai Dalits was only 4 % in 1991 although it increased to 11.5 % in 2001. Similarly, religious minorities, Tarai Janajatis, Tarai Middle Caste, and Hill Dalits are disadvantaged; with literary rates below 15 percent (See also Figure 4.) The poor groups are particularly hit hard with respect to quality education, as quality of public education institutions has deteriorated while they cannot afford the fees to send their children to private educational institutions that have considerably increased over the last twenty years.

**Table 2.3: Districts with highest and lowest literacy rates (%)**

Year	1971	1981	1991	2001
All Nepal	13.9	23.3	39.6	54.5
Highest	Kathmandu (38.3)	Kathmandu (49.9)	Kathmandu (70.2)	Kathmandu (77.2)
Lowest	Bajura (4.10)	Kalikot (8.5)	Humla (9.19)	Humla (27.1)

*Source: ICIMOD, CBS and SNV (2003)*

**Figure 2.3: Literacy and never attended in school by income quintile**



Source: CBS/HMGN, (2004): National Living Standards Survey, 2003/04, Kathmandu

## 2.5 International relations

### 2.5.1 Challenges and opportunities of globalization

Nepal cannot declare itself detached from the modern, globalized world, but the way in which it negotiates its involvement in the international political economy will determine its chances of success or failure in development over the next decades. Clearly, a priority must be to re-think and re-negotiate as far as possible its relationship with India so as to minimise the restrictions that derive from its land-locked and dependent position vis-à-vis this giant neighbour. Another important neighbour is the People's Republic of China. The gradual opening up of Nepal to Tibet (China) will provide new opportunities and challenges for the future development of Nepal's mountain regions in particular, while a broader national policy with respect to China needs to be developed, in the light of the distinctive features of China's own process of development.

Nepal will need to consider carefully how best it responds to the opportunities and challenges of the wider global environment, including the implications of membership of regional and international organisations and institutions. Its membership of SAARC will be an important consideration, and its membership to WTO needs serious reflections in the backdrop of Nepal's unclear possibilities with respect to WTO's role in integrating the global trading system.

However, WTO provisions for "most favoured nation (MFN)" and "national treatment" should allow the space, if properly negotiated, to enhance the export potential of Nepalese products and services, notwithstanding, sanitary and phytosanitary (SPS) measures can be used arbitrarily by a member country to impose trade barriers, ostensibly to protect plant, animal and human health. This requires that Nepal's private and public enterprises involved in the export of goods and services meet the quality requirements prescribed by the developed countries. But this could be an intimidating task for Nepalese SMEs due to resource constraints and low-grade technology. The provisions in the Trade Related aspects of Intellectual Property Rights (TRIPS) and agreements relating to Technical Regulations and Standards (TRS) have trade distorting impacts for Nepal. Agreements are likely to increase the cost of acquiring much-needed

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technology for SMEs and could restrict the use of reverse engineering. Therefore, WTO agreements such as SPS, TRIPS, and Technical Barriers to Trade (TBT) will have some positive but also many negative impacts on Nepal's export producing sectors – agriculture and industry (Shrestha, 2004).

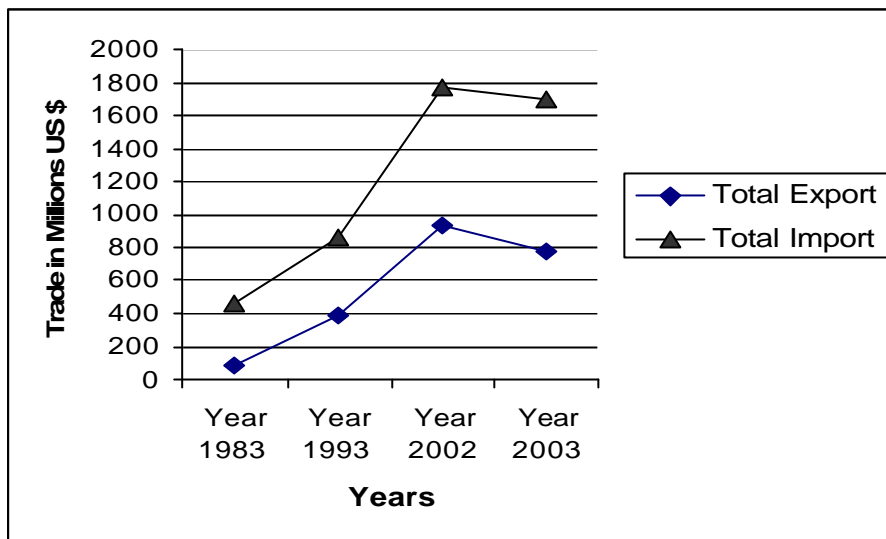
Direct remedial measures include anti-dumping, countervailing measures and safeguards, whereas indirect methods include balance of payments (BoP) cover and special safeguards in the case of agriculture. Anti-dumping measures may be taken to protect domestic enterprises against unfair practices of foreign private companies, while countervailing measures are possible to counteract the subsidies provided by foreign governments. Similarly, safeguard measures may be taken to remedy the problem of disproportionate import flows. However, it will be difficult for a country like Nepal to utilise these measures as the law enforcement and institutional mechanisms seem weak and lack trained human resources. The only solution lies in greater effort to enact the required legislation, and to develop required institutions and trained human resources to deploy appropriate trade remedy measures (Adhikari, 2004).

It is especially urgent to identify the market products that have export potential. However, to realize actual gains, Nepal needs to restructure its poor transportation linkages between the farm/firm and the market, reduce costs of production, and acquire and utilise enhanced but appropriate technology. The subsidisation policy of the Nepalese government must also be shifted towards poor regions and sections while aiming to create positive multiplier effects to promote wider economic development.

### *2.5.2 Trade, imports and exports*

Nepal's overall international trade is experiencing a trade deficit with imports increasing much faster than exports (Figure 5). However, the trade that was mostly confined to India has been increasingly diversified. The proportion of India in total trade in the 1970s was about 60% and it has declined to 28% in the 1990s. However, the import-export trend shows that the trade deficit with India has been continuously increasing. In 1974-1975, the export and import ratio with India was about 1: 2. In 1984-1985, it reached at ratio of 1:3 and in 1994-1995 the ratio increased to about 1:4 (Sharma, 2000). Similarly, Nepal's trade deficit with China is also increasing. So it would be increasingly challenging for future planning in Nepal to deal with increasing trade deficits, mainly with respect to Nepal's giant neighbours.

Figure 2.4: Export and import scenario of Nepal



Source: World Bank (2004)

## 2.6 Search for root causes: key cross-cutting issues

The political economy of Nepal is a complex configuration of different structures and dynamics. Unavoidably, as part of the global economy and dominated by the advanced capitalism of specific states, Nepal is characterised internally by a specific constellation of diverse modes and forms of production, exchange and consumption, different eco-environmental economic regions, different sized settlements, and different ethnic and caste groups. Therefore, economic models of development alone seem too sectoral and too concentrated on limited range of factors to be analytically adequate, especially as they do not include social and ideological spheres and configurations.

Since the founding of modern Nepal during the later half of the eighteenth century, the rulers in Nepal have established and consolidated a hierarchy beneath them. This unification process has more recently been questioned- on economic, social, political and cultural grounds. For instance, the *Dibya Upadesh* (divine counselling) of Prithvi Narayan Shah categorically included only the courtiers. According to Shah (1982), only 17 powerful people ruled this country during the Panchayat Regime, all of whom had special connections with the Royal Palace. Those governing elites have nearly always been from certain caste and ethnicity. Newars and people of Tarai were excluded from joining the Nepal Army. Systems such as bonded labour and untouchability have all been in practice in Nepal for a long time.

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### Box 2.1: Some socio-economic issues in Nepal

- a) **Unequal access to assets.** e.g., out of 4.1 million families, approx 1 million do not have land,
- b) **Unequal participation in the market.** only the city elites participate in the market and majority are deprived of market and benefits of exchange
- c) **Unequal access to human development.** People in Kathmandu or major cities have access to human development- for instance many in Kathmandu can afford Rs. 15 thousand per month for a child's fee- some even attach social status to high fee paying parents.
- d) **Unjust and inefficient governance.** We received formal equality, but in practice we do not have substantive equality- in human development, assets ownership, market link. Political system did not deliver such equality.

Source: Remarks of **Dr. Prakash Chandra Lohani**, RJP

Similarly, the political economy of the regional structure of Nepal can be attributed to the traditional concentration of merchant, bureaucratic and industrial capital in economically healthy areas, thus creating the chronic morbidity in the vast hinterlands (Bhattarai, 2003). Malaria eradication in the Tarai ecologically impacted the spatial dimension (Gurung, 1969). Since 1950, the linking up of railways with the adjoining border area of India shifted the development centres of Nepal towards the south, upsetting the previous balance between north and south. It made Tarai the dominant market centre rather than the inaccessible hill and mountain regions. However, trade circulation between east and west remained low due to difficulties in reaching from one part to another. The hills and the mountains became largely markets for imported goods. This economic process slowed down the flow of capital, thus further increasing gaps between the regions. The whole process has pushed the rural economy into the position of being the recipient of change rather than the generator or motor of change and more dependency has been created. The people of the more deprived regions have little alternative but to become seasonal or temporary labourers in India and elsewhere.

#### 2.6.1 Social exclusion

The issue of social inclusion will be discussed in the following points:

**Governance by caste and ethnicity:** So-called High caste (hills) and Newari (Kathmandu Valley) people are over represented in government by a factor of two in comparison with the rest of Nepal's population. Only 0.3% of the government seats are held by Dalits, although they represent over 12 % of the population. Only 7.1% of the government incumbents are drawn from the Janajati group, although they comprise 36% of the total population. These disparities in government services have increased demands for a reservation policy to be considered for the groups that have been underrepresented. However, there is a need to observe the facts and indicators minutely based on economic strata vis a vis caste, region and gender.

**Cultural and linguistic exclusion:** The 'melting pot' concept of inclusion is not a pragmatic approach in the face of Nepal's cultural and linguistic diversity. In saying this, people should have the right to express their different cultural constructions as long as these do not undermine fundamental human rights of others.

In Nepal, the debasing condition of so-called ‘untouchability’ continues to persist and has made the Dalits some of the most deprived peoples in the country. In addition, the Madhesi people are another example of cultural and linguistic exclusion.

**Gender Exclusion:** The seats in parliament that are held by women totals to 6.7 percent and as of mid 2006, women held 5.9% and 16.7% of the seats in the lower and upper houses. Economically, women are excluded from participating in the formal sector and only 49 percent work. Further, the adult literacy rate of women stands at 34.9 percent of the female population, significantly low compared to adult male literacy.

The right to equal treatment under the law forms the foundation for the equal use and exercise of all the rights guaranteed by the state irrespective of sex. However, discrimination against women exists not only as a practice entrenched in social and cultural structures, norms and values but is also exercised through state enacted laws. A study conducted by the Forum for Women, Law and Development (FWLD), “Discriminatory Laws in Nepal and Their Impact on Women, 2006” has identified 173 discriminatory legal provisions of the various 83 Acts and Regulations including the Constitution and the Civil Code. The major areas of discrimination are rights related to property, marriage and family, nationality, legal and court proceedings, trafficking and sexual abuses, employment and education. Though the Gender Equality Bill has brought about 56 reformations in various legal provisions in recent years, there are still 117 legal provisions that directly discriminate against women.

**Table 2.4: Women’s representation in national level politics**

Year	House of Representatives			National Assembly		
	Women MPs	Total MPs	Women %	Women MPs	Total MPs	Women %
1991	7	205	3.41%	3	60	5
1994	7	205	3.41%	5	60	8.3
2000	12	205	5.85%	9	60	15

Source: Nijamati Kitab Khana, (MOGA, 2004)

In Nepal, the political system was almost closed and political participation was extremely limited to women up until 1990. After the popular movement of 1990 (Jana Andolan I), parliamentary democracy was restored and a new constitution was promulgated. The new constitution stated that at least 5% of women candidates from each political party should be guaranteed seats in the House of Representatives and at least three women should be nominated to the National Assembly. The Local Government Act of 1997 also guarantees at least 20% female representation in local level politics, but practically reality does not live up to these legal provisions (Table 6).

**Table 2.5: Women representation in local level politics**

Local Government Bodies	Total	Women	% of Women
	Representatives	Representatives	Representatives
District Councils	10,000	150	1.5
District Development Committees	1,117	70	6.7
Municipalities	4,146	806	19.5
Village Development Committees	50,857	3,913	7.7
Village Councils	183,865	3,913	2.1
Ward Committees	176,031	35,208	20

Source: *Nijamati Kitab Khana, (MOGA, 2004)*

Similarly, the civil service- the gateway to employment and bureaucratic decision-making - does not provide a gender-friendly environment in general. In most cases, women's voices are not heard and their interests are not represented in the Nepalese bureaucracy. Of the total 10,856 positions in civil service, the representation of women is very nominal; women only have 4.63% representation, while in the special class women hold only three (3.52 %) out of 58 seats (Table 7).

**Table 2.6: Number and proportion of women in the Nepalese civil service 1998/99**

Position	Total position	No of women staff			
		Admin services	Non admin services	Total	%
Special class	85	1	2	3	3.52
Class one	633	5	20	25	4.1
Class two	2,719	20	66	86	3.36
Class three	7,418	32	357	389	5.24
Total	10,856	58	445	503	4.63

Source: *Nijamati Kitab Khana, (MOGA, 2004)*

### 2.6.2 Regional disparities

Both the dynamics of 'development' and earlier development planning in Nepal have created and sustained major and growing regional disparities. It has had a serious impact on resource development. The lack of basic infrastructure such as roads and power has significantly impaired the development of mountain regions. Given their relative lack of development of infrastructure and lack of appropriate support to develop their own distinctive resources and comparative advantage, these regions have been unable to achieve the levels of development that have been possible, by and large, in the hill and Tarai regions. The concentration of the most productive agriculture, manufacturing and business in a few areas has created more disparities. The levels of Human Development, Per Capita Income, and Gross Domestic Product(GDP) are low in the Far Western and Mid-Western Hills and Mountains, but relatively high in the Kathmandu Valley, the Western Hills and parts of the eastern hills and central and eastern Tarai.<sup>7</sup>

Although the per capita GDP in the Central Tarai is better, the level of HDI in some districts is low. The situation is the best in the Eastern Tarai in terms of both GDP and Human

<sup>7</sup> Because of the close proximity to the Kathmandu Valley, the situation is better in the Central Hills.



Development Index. The Eastern Hills and Mountains reflect better HDI rates although the per capita GDP is average.

The distribution of least developed districts in the different eco-regions according to the composite index of different development indicators (done by ICIMOD 2003) shows another glaring evidence of regional disparities. Of total 25 least developed districts, 16 districts fall in the Hills and Mountains of the FWDR and MWDR (Table 8).

The Karnali region itself is further proof of massive regional development disparities. Every year, the media report that the Karnali Zone is suffering from famines and endemic diseases. This is the only zone in Nepal not connected by a motor road. It is, thus, not surprising that there is no medium and large-scale industry in Karnali. The average Human Development Index is below 0.35 while Nepal's average is 0.47. Literacy rate in the districts of Karnali are as follows: Dolpa-25.8%, Jumla-26.3%, Humla-20.9%, Mugu-34.1% and Kalikot-20.5%. Female literacy rate is below 12.8% in all the districts (KIRDARC, 2002). Special attention needs to be paid to the development potential of regions, like the Karnali Region, which have a distinctive history and distinctive features. Usually 'remote' from Kathmandu and the centres of power in Nepal, they have been marginalised and 'underdeveloped'. The Karnali Region has, for example, a range of natural resources and substantial potential for agro-pastoralism which, in the past, enabled it to provide the basis for sustainable livelihoods and a rich cultural and political life.

**Table 2.7: Distribution of least developed districts by eco-development region**

(Number of total districts in parenthesis)

Eco-Belt	Eastern	Central	Western	Mid-Western	Far-Western	Total
Tarai	1 (5)	5 (7)	1(3)	0 (3)	0 (2)	7(20)
Hill	0 (8)	1 (9)	0 (11)	4 (7)	4 (4)	9 (39)
Mountain	0 (3)	1 (3)	0 (2)	5 (5)	3 (3)	9(16)
Total	1 (16)	7 (19)	1 (16)	9 (15)	7 (9)	25(75)

Source: ICIMOD/CBS/SNV (2003)

## 2.7 Understanding of the grievances

Most of the issues identified above are historical and deeply embedded within the social structure of Nepali society. The issues with respect to agriculture and agrarian reforms, natural resources, services and infrastructure development, and in trade have had different impacts across the cross section of Nepal's population. Those deprived of equitable access to services, resources and opportunities have more recently been increasingly vocal and powerful in expressing their resentments.

The development of independent media and civil society in general during the post-1990 dispensation have created an atmosphere in which people in general, and more specifically those disadvantaged in with respect to development, politics, economy and society have adopted various means to express their grievances. One most prominent of them has been in insurgency waged by CPN (M) since 1996, which has begun to transform itself towards adopting largely peaceful means since mid-2006. There have been ongoing movements for access to land, recognition of native languages, restructuring of the state, identity recognition of such diverse

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groups as Janajatis and Madhesi. Some of these movements have taken up peaceful democratic means, while others have adopted violence and intimidation of one kind or the other.

It is particularly in this post-1990 period that whole of Nepal's history, politics, economy and society, and various policies shaping them are criticized for promoting homogenization, injustice, exploitation, exclusion and marginalization of various groups. It is coming up more clearly that unless Nepal addresses the deep and structural causes leading to such problems, a stable, integrated, prosperous and democratic Nepal does not materialize. It is not only in the interest of those that were previously disadvantaged, but for all of the population of Nepal.

## **2.8 Summary**

The previous sections of this chapter pointed out to some of the key developmental challenges facing Nepal. The various forms of deprivations, injustice, exclusion, and marginalization as well as identity problems are now brought to surface and are being debated openly. This chapter explored some of the critical development issues facing Nepal and discussed how a critical reflection can support Nepal's future development to become credible. Amongst the challenges that need utmost attention is to initiate and speed up reforms and restructuring in agriculture, land ownership, natural resources management, services and infrastructure. However, it is beyond the scope of this document to consider them in a more comprehensive way.

This chapter underscores that it is necessary to look into the implications of Nepal having acceded to the WTO and the challenges and opportunities linked to it. It was pointed out that the persistence of poverty and underdevelopment in general are linked primarily to several aspects of social exclusion and disparities, which are maintained and reproduced within the historically-specific architecture of the Nepali state and society. What is then needed is to review the structural causes, the sources of resentments and to look for opportunities, both within domestic and external arenas. This provides the politicians, policy makers and the development community as well as the people at large an opportunity to contribute to devise development policies and strategies that are able to address them to a deeper level.

Taking this opportunity, however, requires a rigorous, democratic and inclusive process within which stakeholders can shape and prioritize future development policies and strategies for Nepal. The conference on which this document is based was meant to serve as a precursor to this process. The next chapter will cover a discussion of the process to take up reconceptualizing development in Nepal in the light of the issues that are on top of the political agenda, and a range of themes that future development strategies should adopt.

## RE ORIENTING DEVELOPMENT INTO A NEW CONTEXT IN NEPAL

Previous chapters discussed key features of Nepal's state of development, and pointed out the need to have a fresh start for developing new policies and strategies in the context of changing course of polity in Nepal.

Building on the presentations and discussions of the *Conference on Development Strategies for a New Nepal: a National Debate*, this chapter brings to light the major aspects that any credible development strategies for the future should be based. The following sections of this chapter start with outlining a process for devising the future development policies and strategies in Nepal, and then move on to include the core themes that future development strategies should adopt. It will also highlight the priorities on some of the aspects with which development in Nepal could be conceived in a fresh approach.

### 3.1 Process to development strategies for new Nepal

As indicated earlier, this document is intended to draw on the discussions that took place during the conference and to set in motion a debate on the agenda of development strategies for new Nepal.

As was pointed out in the conference, there is considerable unease within a sizeable cross-section of the Nepali society on the ways in which the development agenda so far has been captured and dictated by a particular group of professionals and institutions (domestic and foreign) and thus moved in line with their self-serving interests. This conventional practice was identified as serving to 'import' and homogenize development policies, programmes and projects despite the great ethnic/caste, cultural, regional, class-based diversity that exists in Nepal. An indifference to such diversity was a fundamental flaw in conventional ways of understanding the development problem, appreciating the subtleties within it, and defining priorities and prescribing programmes and projects. Thus a fundamental change on the modus operandi of development planning in Nepal is required, especially towards making it a **national** phenomenon, owned by Nepalis as a whole, transparent and responsive to **priorities established through a democratic process and responding and catering to the diverse ethnic, regional and cultural requirements of the people of Nepal.**

Nepal's future development policies and strategies have to evolve out through a democratic, transparent and inclusive process. Panellists and participants in the conference highlighted that past development was obsessed with Western notions of what constitutes a good society, rather than appreciating deeply-laden Eastern religious and spiritual tenets. It includes such values as emancipation from *dukha* (suffering), ownership of the self ('*Afno Nath Anfai Ho*' in Buddhist philosophy, which includes the ideas of rights and liberties) and *paropakar* (taking responsibility for the 'other') and a deeper attachment to and respect for nature. An inclusive and 'owned' development emerges only with adherence to such spiritual and folk values.

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While periodic planning in Nepal, in recent years, has included a routine consultation process at regional and district levels, and while development agencies (foreign and national, governmental and non-governmental) claim to adopt participatory tools in planning and execution of development projects, the 'participation' of the people in identifying and prioritizing development programmes is exercised only in an instrumental fashion and remains woefully inadequate. The absence in recent years of democratically elected bodies at the national, district and village level has hampered the necessary involvement of local and national government in a transparent process of developing, preparing, planning and implementing policies, programmes and projects identified and prioritised by a democratic process. But even before the period of the royal dictatorship and intensification of the conflict, procedures for involving people in the process of development planning and implementation was grossly inadequate.

Devising future development policies calls for an open debate, active civic engagement, and a dialogue with politics, so as to be able to redefine development at a wider and deeper context. This conference was organized as a step in this process. There was a participation not only of representatives from the 'development community' in Nepal (based mainly in Kathmandu), but also of representatives of political parties, women activists, leaders of Dalit and ethnic and nationalities' organizations, those from the Madhesh, Karnali and Himali areas, *Mukta Kamaiya* ('liberated' bonded labourers of western Tarai), journalists, activists in civil society (including differently able people, human rights activists and activists concerned with sexual identity rights) and those working with movements around rights to land, water, forests, etc. The conference programme was organized in such a way that participants and panellists were in a dialogue, with respect to the issues that have been taken up in this document and the language of communication was Nepali.

The participants and panellists expressed their enthusiasm at this approach and concluded that the conference proved to be an opportunity to understand Nepal's development problem in a new and refreshing context. It was also pointed out that, in future, there should be increased representation from the Madhesi communities.

The conference organizers pointed out that this conference was a beginning of what should constitute a rigorous and wider process of articulating Nepal's development agenda. The discussions and conclusions that were drawn up in the conference, brought together in this document, will be returned to the participants and panellists, so that they may pursue the development agenda further with their corresponding institutions and societies. It is anticipated that this conference will be followed by a series of smaller workshops and 'conferences' at regional and local levels so that the agenda is debated widely and is developed by many different interests.

### **3.2 Reconceptualizing development in the new context**

The panellists, as well as the other participants of the conference, highlighted the view that in the changing context in Nepal, development as a project needs to be reconceptualized. The following are the major points that emerged in the conference.

**Social justice:** Development in 'new' Nepal should be constructed around the principles of social justice. It should promote the indivisibility of human dignity and a respect for equality of rights,

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resources and opportunities. Nepal should develop institutions guaranteeing a just distribution of benefits and burdens in development, society, polity and economy.

**Focus on human being:** Development in the past was sectoral, externally driven and largely materialistic. It was devoid of human face and lacked people centred programmes in any significant extent. Thus new Nepal needs a **development with a human face**- with an appreciation that development is for human beings. The various 'sectors' and agencies of development need to be considered in the interface with the people, rather than themselves positioned on the centre. Thus state policies on development should be centred on the issues, opportunities and concerns of the people. The state must respond to the expressed needs and the demands of the people. People have to be consulted first before approving any development and infrastructure programmes. National development and national security are meaningless unless there is human development and human security.

**Development-politics interface:** It is very important to understand that **development is a political issue**. Development policies in the past were disconnected from politics, but future development needs to be in dialogue with ongoing political processes and needs to engage with political parties, the media, civil society and the people at large. Development priorities have to be debated and settled through a democratic, inclusive political deliberation. The involvement and interventions of ministries and foreign agencies needs to be agreed and approved by the Nepali people, through their elected representatives in government, at the national, district and local levels. The technical aspects of development should be designed, developed and deployed as services to the people, whether by public/civil servants or by private sector providers.

**Development as a right:** Development in the past was taken up as the powerful groups supplying development to those who were perceived to be the needy. It was given, at best, as a matter of charity. However, future development should adhere to the principle that people have the right to active involvement in development according to the priorities they define. It should be the duty of the government to seek to know what people want, determine how differences can be reconciled in a democratic and inclusive manner, and to respond to the priorities that emerge.

**Development models and Nepal's diversity:** Conference participants highlighted that past development just served to import global models of development and apply them in a blanket way amid the diverse contexts in Nepal. It was also pointed out that Kathmandu-centred planning exercises glossed over the social, cultural, economic and regional diversity that exists in Nepal, and were thus both inappropriate and inevitably detached from local people. Thus it is not only necessary to properly devise strategies with respect to the specific situations of Nepal, but within Nepal they need to be adjusted with respect to the subtleties within and amongst the different cultures, identities and languages and to local needs and circumstances.

**Build on and expand the opportunities for development:** Development policies in the past did not appreciate the potentials and opportunities for development, nor did they promote further **exploring, expanding and taking advantage of this potential and these opportunities**. The potential lies in Nepal's rich natural resources, its diverse cultural heritage, the energy and commitment of its people and the progress that has already been achieved with respect to human resource development, institutions, civil society, media and the financial sector. Within the increasingly globalized world, Nepal also needs to be pro-active, resourceful and outward-looking in its search for opportunities.

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**Change of culture and thinking:** Ms. Durga Sob, a Dalit activist, highlighted in the conference that development needs to have a strong element of changing the culture and thinking among people. Access to roads, electricity or safe drinking water, for instance, are themselves not sufficient ending caste or culture based discriminations. Thus people need to develop a culture of equality in a real sense and respect others' dignity, identity and cultures.

### 3.3 State restructuring for development

The panel discussants and participants of the conference focused considerable attention on the agenda of **restructuring of the Nepali state**. There was a convergence on the idea that development is a political issue, and until politics 'gets it right', development cannot proceed in the right manner. In this context, the success of the People's Movement (Jana Andolan II) in mid 2006 raises the expectation of a re-structuring of the state in tune with aspirations of peoples of various identities, caste and ethnic groups, taking into consideration the differences between different geographic regions, and thereby creating a conducive atmosphere for peace, unity in diversity, development and democracy. There was a consensus among panel discussants and participants in the conference on the rejection of highly centralized, unitary state of Nepal as it was proven to be subversive to the voices, identities, cultures as well as development aspirations of ethnic communities, minority groups, Madhesis, Dalit communities and the people of Karnali. However, the leaders of political parties and other participants had their own versions on the particulars of the restructuring agenda and what would bring unity without homogeneity.

The conference participants stressed the indispensability of peace and democracy. Only within the framework of a peaceful and democratic state can restructuring be articulated and settled to the satisfaction of all groups. Socio-economic progress and social justice are achievable only within the framework of a stable, democratic, peaceful and representative polity. Thus it is important not only to reject violence, in whatever forms and manifestations, for whatever purpose and pretext, but at the same time necessary to recognise and address the major and fundamental underlying faultlines within the state of Nepal.

#### Box 3.1: Pre-conditions for a new Nepal

1. Peace- no freedom is possible without peace.
2. Republicanism- the idea is linked to norms and practices within a family, state and other institutions.
3. Socio-economic transformation- do away with feudal relations in state, in land ownership and other spheres of life
4. Inclusiveness- Nepali people comprise of men, women and third gender- and a diverse range of caste, ethnic groups and social and cultural identities. Inclusiveness should be conceived in both a wider and a detailed level.
5. Restructuring of state- the state should be reconceived anew by reconciling geographic, cultural, linguistic and ethnic variations in the country.
6. Democracy- all issues should be considered within the framework of democracy – and not within autocracy or authoratiranisms.

Source: remarks of **Nilambar Acharya**, politician/analyst

As Nilambar Acharya pointed out, feudalism remains in Nepal in various forms and is spread from the level of the state to political parties to an individual family. Transforming the feudal culture and feudal practices requires considerations in two key aspects:

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(a) **The Monarchy.** The monarchy in Nepal is the main source and symbol of feudalism. Within a monarchical system (control by Palace, courtiers, ruling elite and royal army), it would be very difficult to conceive of inclusion, peace and full democratisation- it is a deterrent to the democratic development in the country.

(b) **Security.** Politics should be de-linked from violence. As long as we resort to violence for any political goals, and unless the people are made free from the fear of violence, any resolution regarding development cannot be sustained.

### Box 3.2: Why is democracy important?

We selected democracy, simply because it is internally inclusive. It recognises equal opportunities for all, and adheres to the idea that people are equal. This has come down from the Greek times to the present Nepal. NC-D has given high importance and priority to internal party democratisation.

But in the past 10-15 years, while there is equality in the democracy, even within this some people had better privileges. People, whether women, Dalit, Madhesi or Janajati, had the right to stand for MP, but did not have a level playing field. The present challenge is that they should be capacitated towards attaining an equitable share of rights and opportunities.

Having recognized such aspects, we began affirmative action just recently. Vidya Bhandari MP (CPN-UML) proposed, Kamala Panta MP (NC-D) and I supported in four proposals, including the one of the reservations for women in the Parliament. NC-D is the only one party which developed the *kadamjama* (Karnali, Dalit, Mahila, Janajati and Madhesi) policy. Our party in the future will involve much greater number from these groups- who will then participate in process for developing their own leadership, or give verdict in favour to those who are liberal to them. Thus, democracy provides a framework to negotiate and compromise to the satisfaction of all.

Source: Remarks of NP Saud MP, NC(D)

Box 3 provided some of the key features that were considered the prerequisite to realise a new Nepal. However representatives from political parties had their specific viewpoints on the idea of future Nepal. For instance, Suresh Ale Magar (Leader, CPN-M) pointed out that the future policy of the CPN (M) includes adopting a federal system, undertaking as a major state responsibility the delivery of basic services ( education, health, etc), and taking various other measures as articulated in the course of the insurgency, within the framework of nationalism and Nepali sovereignty.

### Box 3.3: Agenda for change in future Nepal

- a) We should have republican system.
- b) We should have inclusive polity- but this is not possible within a centralized state structure- so there is no alternative to federalism.
- c) Production relations to date are feudal, and rights to land and natural resources should be firmly established.
- d) Distribution system should be based on social justice principles- right from a family to the state level.
- e) Our movements to a wide range of rights should continue.

Source: Dr. Renu Rajbhandari, Women Activist, sum-up of the first day, second session

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The following sections provide an overview of what was discussed and debated surrounding the idea of restructuring of the state.

### 3.3.1 *Traversing through the major ideas*

While discussing on the agenda of the restructuring of the state of Nepal, the conference panellists and participants also discussed issues of wider political relevance. Box 6 gives a brief of how the CPN (M) considers democracy and violence, and the way it interprets the compromises being made in the course of government-Maoist negotiations.

#### **Box 3.4: Democracy, violence and compromise**

We had, until very recently, two governments and two armies, and indeed two ideologies. But we also had the compulsions that brought the Seven Party Alliance and Maoists together for a compromise. The Maoists are not doing away with its previously articulated agendas on Janajati, Madhesi, Dalit and other disadvantaged groups. The recent agreements are compromises we have made.

Peace and democracy are important, but democracy for whom? This should be taken in a relative context- it is important to look at whether democracy serves all people. Politics is a bloodless war in itself. The source of violence is the state and its weaponry. Thus to have politics free of violence, we should move towards statelessness. If forced to raise arms, any other group may well respond in this way to such force. The 238-year old, brahmanistic, monarchical system should be abolished, and we reject any model of a state under the influence of foreign forces, especially of US.

Source: Remarks of **Suresh Ale Magar**, CPN (M)

Further, Narahari Acharya of NC highlighted the need of thinking the political, economic and social problems of Nepal in a completely fresh context. Box 7 below shows how he made the case of *decentring* [*Akendrit*] rather than the discourse of decentralization.

#### **Box 3.5: Scoping the agenda for new Nepal**

The pursuit of a new Nepal has been taken up at several critical junctures of Nepal's history. At present, many agenda that remained beneath the surface have come up more powerfully. Issues not taken up earlier have now been articulated as rights. The point is to understand and internalize the new agendas. Many people have resentments of various sorts, historically based, and we should be prepared to listen to them in a serious manner.

We need to take up things in a fresh context. Karnali is remote from Kathmandu, and on the other hand, Kathmandu is remote as far as Karnali or other areas that remained marginal are concerned. The state in Kathmandu should be *decentred* [*akendrit*] rather than decentralized. Wherever people's arms reach, state should reach there. So the agenda should be *decentring*.

The interim constitution is interim, not a final one. The interim constitution does not have a scope to define the full range of constitutional elements. For instance, why national animal or a national colour are required, if they are to create problem among people?

Source: Remarks of **Narahari Acharya**, NC Leader



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In addition, Bamdev Gautam of CPN (UML) emphasized that the problems of the country need to be prioritized; and the solution should follow the priorities. Box 8 shows that the most urgent priority for CPN (UML) is to have a republican democracy, with a federal structure.

### **Box 3.6: Political priorities for new Nepal**

Nepal is heading to a new situation/direction. We have too many and too diverse problems. In the process of the democratic transition- issues of Madhesi, Janajati, women must be solved. It should first be recognized that in the 21<sup>st</sup> century, weaponry cannot solve any political problems, which is now being realized by the Maoists, and seen elsewhere in case of US military interventions in Iraq and Afghanistan. Parties have come together, with an appreciation of each other's powers, and that all problems confronting Nepali society have the prospect of solution. However, the addressing of the problems should follow the main problem.

- ? The main problem is the monarchy, and removing it is the first priority. We are convinced that monarchy, which is the source and symbol of feudal cultures and practices, is the main impediment to Nepal's development and in any form should be rejected and removed. In the meanwhile, other issues have to be identified and addressed, towards the process of republican democracy.
- ? We have to abolish feudal production relations, replacing them with 'democratic capitalism'.
- ? Nepal is a multi-caste, multi-ethnic, multilingual country, unlike in Japan or Korea. This diversity calls for federalism, and the experience of 238 years indicated that a unitary structure is not conducive to progress and development in Nepal.
- ? People have demanded inclusiveness- of women, Janajati, Madhesi and Dalits. Having been empowered to rule themselves, the people will be able to protect and develop their resources, culture and economy.

In this way, Nepal will be republican, federal, and inclusive. The agreements made after Jana Andolan II are truly historical, and need to be institutionalized.

Source: Remarks of **Bamdev Gautam**, CPN (UML) Leader

### **3.3.2 Undoing the centralized state**

There was a convergence in the conference on the idea that the present centralized, unitary state has to be transformed in favour of a federal structure. Participants from Madhesi background (especially Sri Prasad Shah) pointed out that their resentment goes back to the unification of Nepal, which is seen as incomplete and exclusive. Among Janajati activists, the present state system is perceived as subversive to their identities, languages, cultures and rights to self-determination. In general, the unitary centralized state is problematic in that it suppresses people's right to govern them, determine their destiny, and minimizes development potential and distorts democracy. As Min B Shahi MP (CPN-UML, Mugu) pointed out, federal system includes having access and control over resources (e.g., Rara National Park to local people) with a devolution of power, to collectively determining the identity and futures of the respective regions.

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**Box 3.7: *Jatiya* (racial or ethnic) state model can not be defended**

We have a restructuring agenda- federal, regional or *Jatiya* (ethnic/caste based). But it is dubious whether the idea of an ethnic/caste or racial state is credible. [Adolph] Hitler tried to establish a 'Jatiya' (racial) state [in Germany]. But it did not materialize and, worse, this led to terrible atrocities. But ethnic/caste identities can be reconciled within a federal system.

We have said that we should have 5 regions/states, based on:

- ? population
- ? geography
- ? language
- ? economic relations
- ? cultural and community identities

The making of states should not only be determined based on only the political party lines, but with a consideration of overall national interest. A committee at central level (within NC) is working on the modality of federalism.

Remarks of **Narahari Acharya**, NC Leader

Though most panellists and participants expressed the view that the country should now be organized into a federal structure, its exact model did not come up during the conference. Many participants and panellists (especially CPN-M representative and Norbu Ghale) suggested ethnic autonomy (*Jatiya swashashan*), which was an indication of state-building with ethnic groups/caste as the main basis. Dr. Prakash Chandra Lohani of RJP expressed that it would be appropriate to have 12 to 15 states in Nepal. CPN (UML) representative highlighted that people will promote their identity, protect culture and effectively mobilize local resources within a federal system. It was also pointed out that NC has set-up a commission to look into the federal issue, and the federal model needs to be determined based on a composite of criteria (Box 9).

**Box 3.8: Student views for new Nepal- what we need next?**

- ? We have no alternative to broader and deeper level of democratization process- with the rejection of present unitary, centralized structure—towards federal, with right to self-determination- with representations from ethnic variations.
- ? Equitable distribution of resources – access and control
- ? Economic and social transformation
- ? Education sector needs change: from unilingual education to be changed to mother tongue, and be professional and skill-based.
- ? Decentralisation is like a date-expired medicine, so federalism is essential.
- ? If we are autonomous within our own state- we can chart our development pathway...

Remarks of Ms. **Ram Kumari Jhankri**, ANNFSU- Student leader

Some participants (e.g., Indra Tamang) pointed out that federalism itself is not the panacea for Nepal's problems. Mr. Tamang and Basanti Shahi suggested for a better, effective and real decentralization. This decentralization should be with resources and power, vis-à-vis responsibilities. They suggested that the real decentralization provides the basis for effectively harnessing natural resources that are currently wasted, underused or misappropriated. But for others, the proposal for decentralization was inappropriate (see also Box 10). Box 11 summarizes the major recommendations presented by the group on state restructuring:

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### Box 3.9: Major recommendations on state restructuring

#### On State and its characteristics

- ? Ending of unitary, centralized state, and establishment of democratic republic.
- ? Federal structure for Jatiya and regional autonomy; and rights for self-determination for economic, social, cultural and linguistic development.
- ? Arrange equitable access of all to state, means of production and distribution
- ? Ensure in all state structures the proportional representation based on population
- ? State should adopt tri-lingual language policy (mother, contact and international language)
- ? An electoral system based on proportionality and schedule should be adopted
- ? An accountable government system should be adopted.
- ? Make constitutional reservations for women, Dalit and Janajati
- ? Develop and implement strictly the laws to end discriminations of all sorts
- ? Along with restructuring of state, bureaucracy should also be restructured.

#### On Socio-economic Policies

- ? Political restructuring should be accompanied by social and economic restructuring.
- ? State policy should be youth-friendly, youth participation should come up as a priority
- ? All state physical infrastructures should be friendly to the disabled and differently able persons.
- ? School education should be established as a fundamental right up to secondary level.
- ? Loans should be provided based on academic certificates.
- ? Rights to education, health, employment and resources should be established as fundamental rights.
- ? Women and men should have equal access to and control over property and loan system
- ? Agricultural revolution is essential to new Nepal for which land reform is a must.
- ? At village levels, agricultural cooperatives should be developed.

Source: Conference **Group presentation and comments**, II day

### 3.3.3 Democratisation of political parties

Panel discussants as well as participants of the conference underscored the indispensable role of political parties in democratic Nepal. The parties are important, not just because of their stand on and struggle for peace, progress and democracy in the country, but also because they serve as the principal medium to represent the people with various faiths, identities, classes, as well as caste/ethnic groups. Moreover, the political parties are the routes to the seat of the government, so a channel to state power. Many participants as well as panellists resented with the parties, especially on the way they forget their promises. The conference participants emphasized that political parties have to transform themselves to be much more inclusive, transparent, accountable and democratic.

### Box 3.10: Change in party leadership is required

[During Jana Andolan II] 5 million people came out onto the streets, revived the parties and parliament. But the same parties, same leadership were then reinstated and given the right to rule. New Nepal will not emerge just with reactions, but we need 'establishments' or institutions of our own to pursue and articulate what kind of change we want. To bring about a republican Nepal, we cannot proceed just with patchy initiatives- but initiatives should be taken up in a comprehensive manner within an overall strategy.

So we have taken an initiative for a 'Congress campaign for a republican Nepal' to bring the agenda more widely to people's attention.

Source: Remarks of **Narahari Acharya**, NC Leader

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A number of participants pointed out the various flaws in the political parties. These were both general as well as specific to the individual parties. As Ram Kumari Jhankri (ANNFSU) pointed out, there are 'small kings' within political parties- even after removing power from the king, they show a tendency that whoever is vested with power tends to retain and expand it, rather than sharing with others. Bimala Rai Paudel stressed that political parties should have clearer visions for a new Nepal, and should have a clear commitment for development and change. Box 13 shows how certain ethnic group is very poorly represented in the political parties. Dil Bahadur Nepali thus advised that restructuring of the state should start with political parties. His advice was that, if any party did not restructure corresponding to the diversity of the country, this should not be recognized as the national party.

### **Box 3.11: Tharu representation in political parties**

We analyzed the organizational structure of political parties in Dang, Banke, Bardia, Kanchanpur, where 35% of the population comprises Tharus. But Tharus have only 16% representation in the parties, and even that it is not people with decision-making status. In the central committees, we see either zero or at best a meagre representation of Tharus among political parties. Until Tharus have meaningful access to political parties and are politically included, a new Nepal is unlikely- it is fruitless to conceive of a new Nepal.

Source: Remarks of **Balkrishna Chaudhary**, development activist, Banke

Conference participants and panellists pointed out that, despite the great role of the political parties to further the cause of democracy in Nepal, they are still a long way on internal democratization. Dilip Khawas stressed that for Nepal to transform into a new model- there should be transparency among parties- and that they should be suited and concerned to the diverse regions and identities of Nepal.

### **Box 3.12: What should political parties consider?**

- ? A priority is the need among our political leaders to develop clear visions on a wide range of political, social and economic issues.
- ? Our unitary, centralized state system, spearheaded by the king, is now seriously challenged – the challenge came mainly from the People's movement II- the monarchy must thus be removed providing a way for federal, democratic republic – with rights for self determination & with proportional representation.
- ? Some attempts are going on to retain and perpetuate the monarchy, despite the opinions of the majority within the Nepali Congress. So there is further need to increase the pressure from them on the Prime Minister.
- ? Nepal has 13% Bahuns, 15% Chhetris, but they have maximum access to and control over to the national polity. This seemed to give a misperception that these are the only ones loving the country. So there is a need to expand the ownership on the country, by allowing other people access to power.
- ? Rejecting federalism is to advocate for the status quo.

Remarks of **Met Mani Chaudhary**, Dang

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### 3.3.4 Rectification of regional imbalances

While a balanced regional development was taken up as a policy in development planning in the past, it served only as political rhetoric. Regional disparities continue to persist in Nepal, with development not reaching to Karnali and other remote areas as well as to the Tarai.

Participants from Karnali (Jeevan Shahi, Humla and Chandra B. Shahi MP, Mugu) highlighted that present budgetary allocation is based on population, rather on geography. They pointed out that the budget for any one of Sunsari, Morang or Rautahat districts is greater than that of the Karnali zone as a whole, as it is determined in part by population. They pointed out the need to devise programmes and projects to specifically rectify the regional inequalities.

#### Box 3.13: Karnali & regional imbalance

The state did not develop a programme to address Karnali region problems. Karnali still faces hunger and malnutrition- in addition to numerous other problems of isolation, etc. Despite the need to allocate budget with respect to geographic region, budget is being prepared on the basis of population.

Until now state did not have any clear development strategy for Karnali. We still have a situation in the 21<sup>st</sup> century where many people die of hunger.

Source: **Chandra B. Shahi** MP, Mugu

Norbu Ghale stressed that as we will be having the Hulaki highway in the Tarai, so in Himali region we should have Himali highway from Olangchungola to Darchula. He stressed that Prachanda (CPN-M) gave false promise to the people of backward regions to entice them support their war. We need to transplant a new 'brain' to undo with the prejudices of all kinds: of religion, of regional preferences, of language, etc. Many conference participants highlighted that the federalism provides a solution to balance out regional inequalities.

Norbu Ghale also pointed out that poverty, exclusion and injustice is not only happening along the lines of caste, ethnic/groups, and religions. But even the Thakuri and Brahman of Karnali are also marginalized, suggesting that 'regions' and 'class' are other equally important factors upon which future development needs to be reconsidered.

### 3.3.5 Promoting socio-cultural diversity and identities

Conference panellists and participants highlighted that Nepal's politics and development in the past promoted social, cultural and linguistic homogenization. As Bamdev Gautam asserted Nepal is, unlike Japan or Korea, not a homogeneous country. The representative democracy now on the agenda provides the opportunity to promote the socio-cultural diversity and plural identity of diverse social, religious, cultural and regional groups in Nepal.

Many participants and panellists in the conference highlighted why socio-cultural diversity and identities are very sensitive aspects of social as well as political life. These are not just tangible elements characterizing a society, such as language, religion, ethnicity, cultural identities or occupations, but sometimes exist in symbolic and other more subtle forms such as what is a national animal or a national colour. Norbu Ghale questioned the proclamation of secularism when Nepal's law still prohibits Janajati to have beef, which- so he argued- was a violation of

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their human rights. Narahari Acharya (NC), however, questioned on this discourse, suggesting we would be better off without having a national animal or a national colour, if it is to be contested by many groups.

Many of the participants, particularly Norbu Ghale, highlighted that the diversity of the country in terms of language, religion, culture, regions and ethnic groups needs to find a proper place in the new Nepal. It was also stressed that apart from these, class is another feature characterizing Nepali society- so that future development should be considered. The future 'development model' in the country should therefore be designed in light of these diversities, rather than imposing some particular model.

Not only have the remote areas of the hills and Mountains suffered the regional disparities, Sri Prasad Sah highlighted the cultural difference that subsists between the Pahadi and Madhesi communities. It is increasingly been articulated that the Tarai region suffered state discrimination in its development. Leaving aside other issues, one of the long-standing resentments of the Madhesi people has been the construction of Mahendra Highway running through the *Charkoshe* forest in the northern part of the Tarai plains, rather than running along the *Hulaki Marga* that traditionally linked the settlements in the Tarai. Despite having immense economic potentials, the absence of a proper strategy in the Tarai has perpetuated poverty, discrimination, and an under-use of the resources. He asserted that many issues such as of gender, inclusion, ethnic communities, have to be disaggregated across these groups, only with which the development problems can be understood.

#### **Box 3.14: Political agreements sidelined ethnic issues**

Nepal was run by traditional monarchical system for 238 years, and now we want the monarchy out from Nepal. To transform from the unitary, monarchical system, Nepal must change to federalism. My analysis is that Nepal's 3920 villages converge into approximately 12-13 intensive areas for ethnic groups, which could be developed into autonomous states.

Maoist misused the ethnic sentiments in favour of their strategic goals. However, the causes and factors of conflict have been sidelined in the ongoing decisions made in 8-party agreements.

It is also suspicious that there would likely be ethnic domination within these federal structures. We should understand that within the ethnic regions, all people should have equal rights- rather than forcing the minorities to flee.

Source: Remarks of **Balkrishna Mabuhang**, Janajati Pratisthan

Norbu Ghale pointed out that in the new Nepal, free education should be made available in mother tongue. He suggested that Mahendra Sanskrit University be transformed to a multicultural university rather than just promoting Sanskrit language. People with their own native languages should not be forced to study Sanskrit as a compulsory subject. At present, scholars of Buddhism and other religions or faiths have been marginalized. Future Nepal should duly reflect that country is represented by people with Dhoti, topi and bakkhu (symbolic to Terai, Hill and Mountain respectively).

### **3.4 Social inclusion and development**

Social inclusion was a key focus of the discussion in the conference. Panel discussants as well as the participants agreed on the need to develop a proper political framework within which all social groups in Nepal find their proper share, identity and representation in development,

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polity, economy and society and to have a right to determine the destiny on their own. The discussion on this theme covered a wide range of strands to include problems of women and gender, of disadvantaged and backward groups, of Dalit communities, Madhesis, and ethnic and indigenous nationalities, youth and children and minority identity groups.

### Box 3.15: CPN-UML and social inclusion

Our country is multicultural, multilingual, and multi-regional. Development should be based on equal participation and proportional representation. Our party has tried out for the first time for 33% for women reservation; there is equally strong opinion to represent to the same level as of population. We have raised this position which we think are congruent with people's aspirations. Nepal's political parties have however failed to come up with concrete roadmap on inclusion issues.

Inclusiveness should be considered:

- ? party leadership
- ? state
- ? means of production

On talking about participation we have it in 'substance' and in 'form'. We think that parties are ideologically constructed and should not ignore 'substance' in preference to the form.

Source: Remarks of **Bamdev Gautam**, CPN (UML)

### Box 3.16: CPN (Maoist) on inclusion issues

CPN (M) is different from other parties from ideologies, principles and philosophy. The party will demonstrate these in practice. On inclusiveness, we understand in two ways:

- ? Representation in ideology and policy, and
- ? Representation in body, but not in ideology and policy

So representation should be both in ideology/ policy and in body form. We say that we should have 50% women representation- we are working towards that.

Source: Remarks of **Suresh Ale Magar**, CPN (M)

It was also pointed out in the conferences (See Box 19) that, after the success of Jana Andolan II, too many groups have come forward to misuse the idea of inclusion. Their main intention has been to seek a space in the interim legislature. Thus the issue of inclusion needs to be understood into a proper institutional context of multiparty politics.

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### Box 3.17: Inclusion in context

While inclusion is very important for a representative democracy, the demand for inclusion should not provoke social divisions, which is sometimes blown out of proportion. It also seems like an urge to return to *Baise Chaubise*<sup>8</sup> state system. Now that many people participated in Jana Andolan II, so has been the claims from temporary teachers, widowed wives of deceased policemen, and many other groups are asking for representation in the legislature. If we want for addressing everything just within the interim constitution, the attempt of holding CA elections by June 2007 turns out to be difficult. The interim statute is meant just to give some basic framework.

In the past 15-16 years, the knowledge of rights and its appreciation was the result of democracy following the *Jana Andolan I* in 1990. We have achieved considerable progress not only in development arenas, but also in the consciousness of the people. This should be taken as positive development. Nepali Congress- Democratic (NC-D) is clear on two issues:

- ? Fruits of democracy get distributed equally among all sections of society only through to a certain period reservations are provided.
- ? If Sunsari & Morang district is combined, it is economically greater than 9 districts of far-western development region. This regional imbalance should be addressed through regional autonomies. 'Jatiya' autonomy should be taken up in cultural forms, but rather equal rights to be accorded to all.

Source: Remarks of NP Saud MP, NC-D

#### 3.4.1 Proportional women representation and gendering development

Gender activists and other participants and panellists in the conference discussed the deprivations, exploitation, exclusion and denial of justice to women. While women constitute over half of Nepal's population, their representations and a space in development, polity, economy and society remains marginal. At the household level, women are forced to disproportionately high scale of domestic work, denied of income sources and exposed to violence, such as linked sometimes to dowry. While women issues are common to a great extent across the country, the specific issues are culturally specific and are different across regions, caste/ethnic groups, in cities and villages, and across the class to which people belong to. As Lucky Sherpa, a Janajati women activist, pointed out, Nepal's Janajati women are facing threefold discrimination - being a woman, being a Janajati, and being Janajati women. Hindu patriarchal values imposed upon ethnic communities are particular deterrent to women's freedom among these communities. Similarly, women issues get exacerbated across those belonging to Madhesi and Dalit communities and Karnali region. The problem is further serious among widowed and other single women. The suffering of women is mainly sourced to the patriarchal and feudal structure of the family, society and the state.

Nepal's feminist movement gained momentum during the post-1990 dispensation, though the pursuit of goals set out since the International Year of Women 1975 is far from realized. While this movement is led by city-based women elites, it is important to distinguish between the feminist movement and the feminist project. A wide variety of initiatives taken by women at various levels and great scale of their participation in the recent Jana Andolan II is suggestive of the awakening among women of their rights and responsibilities in society and polity.

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<sup>8</sup> This is a group of 46 principalities in western Nepal that existed prior to Nepal's unification in the second half of eighteenth century.



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However women still face a high level of discrimination in the state, in politics, in society and within a household. Even in cases of rape, women do not have access to justice and rapists receive political patronage. No leaders in any political party have abdicated their post in favour of women. Dr. Renu Rajbhadari and other women activists in the conference expressed dissatisfaction on the continuation of discrimination against women even in the interim constitution, though Advocate Sindhunath Pyakurel defended that specific contexts were noted in during the drafting process that called for specific restrictions. Women are even denied of their own identity; rather they are identified by someone's daughter or wife, and lack the opportunity to proactively come forward to assert their identity. The conference participants also asserted that CPN (M) misused women and their sentiments to die for the party interests, but did not come up with any concrete plan for the upliftment of women.

Women activists expressed their resentment that, even with a huge role of women in Jana Andolan II, the reinstated legislature did not provide for a proportional representation of women in politics and state institutions. In spite of the demand for 50% reservation, the newly formed interim constitution provides only 33% for women. Women are yet to find a space in political parties, where their role is quite marginal. Even the civil society movement does not pursue women agendas at a comprehensive level.

The following are some of the major recommendations on gender that emerged in the conference.

- ? Ensure proportional representation of women in politics and state institutions.
- ? Transform the feudal norms and values and structures of Nepali society to facilitate women empowerment.
- ? Any reservation does not work unless women's human dignity is established. So all should support promoting feminine dignity.
- ? Until we recognize women's reproductive roles and disparities arising from them, with duly addressed, no solutions are likely.
- ? There should be joint (woman and man's) ownership of land and property.
- ? Ending discriminations of all forms in Nepal's constitution and the laws.
- ? Education needs to be made compulsory for girl child and should be implemented across all societies.

### **3.4.2 Dalit communities<sup>9</sup>**

In the 2001 census Dalit population in Nepal was estimated to be 3.1 million, but the figure is contested by Dalit rights organizations who claim it to be around 5 million. Dalit communities have always been denied of a dignified life: deprived of basic services from state, and living under poverty and destitution which further aggravated by untouchability. Only 10.7% Dalits are literate, with women literacy just 3.2%. While the Dalits derive their livelihoods from agriculture, the Dalits possess just 1% of agriculture land in Nepal. Out of 2.5 million landless people in Nepal, 1.5 million are the Dalits. Sixteen percent of Hills Dalits and 95% of Tarai Dalits are landless, and 71% Dalits live under the poverty line.

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<sup>9</sup> The term Dalit means 'downtrodden' and as such could be considered a secular concept, but it generally refers to those groups who are recognised as so-called 'low-caste' within the Hindu caste hierarchy.

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**Box 3.18: Injustice crosses caste/regions**

In Karnali, even 'upper- caste' people are marginalised in comparison to national standard. It is the Dalits in this region that are in the further margins. Karnali should be represented by the people living there.

Kathmandu people do not know the problem of Karnali. Dalits should not be victimized in the name of Hindu religion. We are the follower of Hindu religion and all of humans should be equal. Why should we be deprived of power and resources?

Source: Remarks of **Jagat Bishwakarma**

However, Dalit issues are diverse and deeply laden in the Nepali society (Box 21). Existing social, political, juridical and administrative system has failed to eradicate untouchability and discrimination against Dalits. Dalit activists asserted that Maoists (CPN-M) gave sweet promises to the youths of the Dalit communities to join the insurgency, but are insincere to their promises. The Maoist insurgency victimized the group to a significant extent, causing orphanage, disability and isolation. The Nepali state did not understand why this hard-working and skilful people continue to live under poverty. Their professions are being encroached upon mainly due to market system.

**Box 3.19: Dalit issue is not just untouchability**

Dalit's problems are not just of untouchability. There are economic, social/cultural and political contexts behind the untouchability, injustice and discrimination against Dalits. The Dalits are losing their valuable skills and professions and their rights over land resources have been denied.

For inclusive state, Dalits need a progressive reservation. On social/cultural front- untouchability should be taken up seriously and removed. It is also necessary that the proportion of the population of Dalit should be determined in a scientific and impartial manner. Reservations and privileges should be distributed accordingly.

Source: Remarks of **Dil Bahadur Nepali**, Kaski

Dalits problems cannot just be captured within untouchability, but they represent a class of working men and women, who lack access to means of production and to opportunities and resources. As Durga Sob pointed out, Dalits are not a caste as such but represent an identity group confronting such discrimination, exploitation, untouchability, poverty, and a denial of human dignity. At the same time, it is equally important to look at political economic factors why Dalits continue to be poor, despite possessing important skills and workmanship. Ms. Maina Achhami pointed out that the interim constitution does not substantially differ with 1990 constitution in matters of women, Dalit, Madhesi and Janajati. She mentioned that even though Maoists had blown up the Dalit agenda, Bahun and Chhetris [from Maoist and other parties] collaborated in developing the new constitution, provoking Dalits to prepare to raise arms against discrimination on their rights and identity.

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### Box 3.20: What do Dalits want?

We by birth are engineers and skilled people. The state needed our skills, but treated us as untouchable.

- ? First, we need republican democracy
- ? Second, Maoist war or other linguistic, ethnic or other forms of conflict and various forms of disparity should be settled
- ? Third, land should be allocated to the landless
- ? In employment and professions, Dalit professions should not be encroached and their rights to employment should be guaranteed.
- ? Untouchability and all forms of discriminations against Dalits should be removed.

Source: Remarks of **Bal Bahadur Pariyar**

Dalit participants in the conference demanded reservation, as compensation to the past disparities. While various models of reservation have been proposed, at the core Dalits need a proper share in power and positions. Political parties should fully appreciate the sufferings of the Dalit - in all its manifestations. For a new Democratic Nepal, Dalit communities need to be represented in a proportionate manner in politics and the state, and promoted to freely participate in the market.

#### 3.4.3 Brief highlight of issues of Madhesi and Janajati groups

Nepal's social diversity crosses religious, ethnic, caste, regional and cultural lines, and may well be symbolically represented as Dhoti, Topi and Bakhu in cultural terms. The issue of Dalits was discussed above, but a very brief sketch of the issues linked to Janajati, Madhesi, Himali and other identity groups is taken up here. However, this cultural diversity hides within it the class divisions that exist within Nepal's political economy. As participants from Karnali region pointed out contrary to a common perception, Thakuri or Brahmans are amongst the most marginalized in Karnali region. So are class divisions prominent in other regions of the country, with poor groups or families condemned to live under injustice and exploitation of various sorts.

**Madhesi**<sup>10</sup>: Sri Prasad Sah pointed out that Madhesi communities are amongst the most marginalized in Nepal. It was highlighted that Madhesi people have experienced discrimination in development, economy and polity for a long time, and are even identified with such derogatory terms as *Madise*, *Marsya* or *Bhaiya* rather than 'Madhesi'. It is not intended here to fully elucidate the totality of the problems linked to the Madhesi people, but to highlight the idea that the development issues confronting the Tarai region need to be understood in a proper historical, political and cultural context. Madhesi communities have increasingly articulated about the exclusion over the period of Nepal's history, discrimination in the military and police service, a denial of dignity, and the sense of 'otherness' within hill-centred Nepali nationalism.

While Madhesi communities share many development problems with the rest of Nepali society, it is very important to recognize that they are culturally distinct from Himali or Pahadi communities. Accordingly notions of development as well as its approaches and methods need to be properly conceived and adapted while considering the Madhesi communities. Madhesi activists have increasingly raised voices on the proportional representation system, structure of budget allocation, distribution of electoral constituencies, and the idea of land reform. An

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<sup>10</sup> The term 'Madhesi' refers generally to the peoples in Nepal's Tarai region that show cultural traits believed to have been linked to the ancient 'Madhyadesh' in the Gangetic plains.

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inclusive development in the new Nepal needs a fuller appreciation of these and other sensitivities.

**Janajatis:** Janajatis comprise approximately 36% of Nepal's population, and are spread throughout the country. These include as diverse as Rai, Magar, Gurung, Chepang, Limbu or Sherpa in the hills and mountains to Tharu or Dhimal in the Tarai. The Janajati communities feel to have been encroached upon their cultures, religion and value systems, and a sense of cultural homogenization. On the other hand, despite being *Bhumiputra*<sup>11</sup>, the Janajati community has inequitably low access to land and as a whole is underrepresented in Nepal's development, politics, economy and society.

### Box 3.21: Janajati are underrepresented

I agree with Nilambar Acharya that human dignity should be indivisible. However, Janajati dignity is divided. .... We have sweet relations between ourselves only when I speak in your language, but speaking in my own language you do not understand my feelings. So I am divided- my dignity and sentiments are not recognized.

In Nepal's population, 14 Jati have over 2% population. Only 13% city people have over 90% of state power, just Brahmin and Chhetri, with 13% and 16% of Nepal's population have about 98% of power. Women with 51% population have less than 2% of involvement in Nepali state power. Without changing such structure, access to resources, political participation and power, we cannot have a dynamic Nepal.

I have objection to have cow as the national animal. My national animal should be pig. How many Brahmins accept this?

Source: Remarks of **Balkrishna Mabuhang**, Janajati Pratisthan

One of the Janajati communities, the Tharus in western Nepal, experienced centuries of exploitation in the form of *Kamaiya* (bonded labour). Now, a significant portion of Tharu and other Janajatis do not have land, which is the backbone of their livelihoods. The problem of the Kamaiyas continues to persist, though they were 'liberated' in 2000. Tharus continue to be identified as *sukumbasi*<sup>12</sup>, *kamaiya*, *haruwa* or *charuwa*- the terms that degrade their glory and self-respect as human beings. The Tharus continue to be denied of land ownership and access to political parties. Shanti Chaudhary highlighted that the Tharus live in 23 districts of Nepal with a significant portion of Nepal's population, but Tharu women have not yet even attained the level of VDC<sup>13</sup> chair-person. Tharu women are deprived of rights, and lived under *kamaiya* and *Kamlari*<sup>14</sup> system, and have very little access to politics and education. While we talk of reservations to women, we need to consider its distribution across women of all ethnic groups.

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<sup>11</sup> Literally 'son of the land', the term refers to ethnic peoples that are historically and culturally linked to particular regions or territories.

<sup>12</sup> The terms *Sukumbasi*, *kamaiya*, *haruwa* and *charuwa* respectively refer to the landless, bonded labour, servant and herders.

<sup>13</sup> The full form of VDC is 'village development committee', the village level tier of political organisation as recognised in the Local Self Governance Act of Nepal.

<sup>14</sup> *Kamlari* refers to the servant status of Tharu girls.

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### Box 3.22: Interim constitution and ethnic women

As people did not fully get the fruits of development in 1990, the same is beginning to emerge in the present context. If we had had a federal structure, the Maoist conflict would not have so aggravated. Moreover, movements and the Maoist war brought to surface the issues of distribution of opportunities and resources that funnelled to the comprehensive peace accord. However, the accord is incomplete, and has given just a momentary feeling of peace. I also perceive of ethnic strife given that their concerns are not sufficiently taken on board in the ongoing political processes and agreements. A fuller inclusion model is to be worked out.

Within Nepal's women movement it was not recognized that women in Nepal were a heterogeneous group. Even with the present 33% reservation accorded for women for Members of Parliament, it is not clear which class, caste, ethnic group benefits. This should be attended to.

Source: Remarks of **Lucky Sherpa**, HIWN

Further, as Lucky Sherpa, Met Mani Chaudhary, Balkrishna Mabuhang and other Janajati participants/panellists pointed out in the conference that the CPN (Maoist) misused the sentiments of the Janajati people to fight for the Maoist cause. Now many Janajati youths have been disabled, an unknown number of them killed, and others widowed and orphaned. They pointed out the need to struggle for their own cause, rather than to be misused for other vested interests. Upliftment of the Janajati communities needs a proper orientation and clarity of purpose among themselves.

#### 3.4.4 Youths, differently able and identity groups

**Youths:** The participants and panellists in the conference highlighted that the youth and children comprise a core beneficiary of any future development strategy of Nepal. The country produces approximately 300,000 workforces annually, and a significant portion of the youth is compelled to move to gulf and other countries in search of employment. Lack of employment opportunities in industrial and other productive sectors within the country has ended up with hopelessness and desperation among the youth population. The educated youth find it very hard to find employment, nor is their education sufficiently geared to provide competencies and skills and to inculcate a sense of self-entrepreneurship. As Ram Kumari Jhankri (ANNFSU) opined, the youth students have always been instrumental to support leaders get the seat of power, but the students have to compromise their studies to ascertain that government does its own work. The youths have often been 'misused' for achieving political goals set out by political parties, and are given false promises, which are forgotten afterwards. Thus future development strategies should support energizing their creativity and visioning in order to be able to mature into skilful, competent and responsible citizens of the country.

**Differently able people:** Representatives from the National Federation of the Disabled-Nepal (NDFN), Birendra Raj Pokharel and Arjun Timsina, informed that Nepal presently has a population of some 3 million differently able people, but were resentful over the indifference of development planning in Nepal to the wide range of problems facing them. This is a virtually invisible disadvantaged group whose human rights are formally guaranteed but ignored largely in practice. The differently able people are leading a miserable life; many are uneducated and are at the margin of the margins, even though they participated actively in the democratic movement. The differently able people were unhappy that, even though thousands of people became disabled during the Maoist insurgency, there is no mention in the agreements between

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the government-Maoist talks on supporting them. The representatives demanded that they needed social justice, and an end to all discriminations against the differently able population. There is a need to consider and guarantee privileges for differently able people and at the same time support them to develop their capacities to live on their own. The representatives asked that in new Nepal, the society should respect their personal integrity, glory and self-respect.

Apart from the youths and differently able people, the participants from the Blue Diamond Society also brought to attention of the problems the homosexuals face in their everyday living. Bhumika Shrestha informed that homosexuals are harassed and hated in the society, and politicians turn deaf ears to their grievances. The police and administration shows heavy-handedness to them. Suresh Ale Magar (CPN-M) said that being a homosexual is neither weakness and crime nor being devoid of sexuality but we should also consider whether we are working against rules of nature. Mr. Ale pointed out that the issue deserves to be further discussed with the members of this group.

### *3.4.5 Inclusion in politics, education, health, economy and culture*

A group of conference participants which focused on proportional social inclusion in future Nepal identified a range of spheres for proportional social inclusion. It highlighted that a proportional social inclusion is necessary in economic, social, political, cultural and educational opportunities for the people that are impoverished, and those of Janajati, Madhesi, women and Dalit and those living in Karnali region.

The group came up with the following two overall recommendations, and this will be followed by more specific recommendations in subsequent paragraphs.

- ? Poor, Dalit, Janajati, and socially excluded groups should be included with respect to gender, class, child, youth, old and on geographic and regional considerations, and inclusion policies should be considered case by case in several aspects.
- ? In social organizations, government offices, political parties and their sister organizations, inclusion should be based on proportional representation of all people.

**Inclusion in education:** A number of obstacles for inclusion in education were identified. It was highlighted that Nepal has discriminatory educational policy along the languages, rural-urban divide, educational institutions, etc. People with non-Khas<sup>15</sup> mother tongue face numerous problems in formal education. The other obstacle was the increasing commercialization in education and the other policy lapse is that the differently able children, such as the deaf, cannot study beyond grade 5. Similarly is the need to understand the major contribution made in recent years by a great number of private schools and educational establishments in the country. However, private schools run by businessmen and those run by teachers need to be distinguished. Private institutions are filling the void created by state's incapacity to deliver education.

The following points were taken up as recommendations in the conference:

- ? Provide compulsory education up to class 12,

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<sup>15</sup> The non-Khas languages are those several mother languages spoken in Nepal, which are distinct from the official 'Nepali' language. The term 'Khas' refers to the people who ruled over a large kingdom centuries ago from the present-day Karnali region, and their language is believed to be the source of what is now mostly referred to as the Nepali language.

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- ? Harmonize quality in education across schools, rural-urban areas, and regions.
  - ? Develop educational institutions based on population and geographic regions.
  - ? Provide education in mother language at all levels of education
  - ? Mahendra Sanskrit University should be made 'multicultural university'
  - ? Some participants argued for collectivization of the existing private schools. Participants pointed out the need to distinguish schools that are merely used for profit and those that are run by teachers themselves and are used for academic excellence. It is thus needed to recognize the role these schools have played in education sector over the years.
  - ? Ensure the right and provide opportunities for the differently able people (e.g., the blind as well as the deaf) to education.
  - ? Present education – that does not provide with life skills - should be annulled and taken up anew.

**Inclusion in health sector.** Obstacles in health sector include lack of physical infrastructure in health sector, lack of skilled human resources, lack of awareness as well as the negligence of the state. The following were the strategies suggested:

- ? Develop physical infrastructure as per need.
- ? Mobilize human resources to the local level.
- ? Develop human resources from the local level.
- ? Basic health services and health education should be made free.
- ? All should have access to safe drinking water.
- ? Basic health (and primary health service) as well as the reproductive health should be adopted as a fundamental right.
- ? Women should have the right to decide on reproduction.

**Inclusion in politics.** Obstacles of inclusion in politics include lack of equal representation, and the domination of feudal, centrist, paternalistic and Brahmanistic values within politics. It is also of the lack of honesty, transparency and accountability within political parties and the leaders. The following were the strategies suggested:

- ? Develop a federal state system through restructuring of the state.
- ? Include representations of the downtrodden and "backward" communities based on their HDI.
- ? End feudal, centrist, paternalistic and Brahmanistic culture within the political parties.
- ? Maintain proportional representation based on population of women, Dalit, Madhesi and Janajati and minorities.
- ? Take action against those who discriminate on the basis of sex, caste or ethnicity or patronize such discrimination.

**Economic inclusion:** The conference group on inclusion identified a number of obstacles for the participation of women as well as other groups in economic spheres or productive activities. These include denial of equal access to and control on inherited property, natural resources and other economic resources. Women, differently able and "backward" groups have little or no access to and control on the outputs of production, nor do these groups have access to market. The society negates the recognition of women's domestic work as productive. The idea of *the equal wage for equal work* is also not implemented in practice. The following were the strategies suggested in the conference:

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- ? Provide land rights to women, Janajati, Dalit, poor and the landless, and apply ceilings on property.
  - ? Develop and implement policies to increase access of women and backward groups to the outputs of production.
  - ? Ensure inclusion in domestic and foreign employment.
  - ? Ensure inclusion in skills development and technical education.
  - ? Ensure equal participation of both the men and women in both domestic and external work/activities

**Cultural inclusion:** The conference participants identified that the consideration of women as second class citizens, untouchability to Dalits and domination of feudal culture were key obstacles on cultural aspect of Nepali society. For improvements in cultural aspects, the following strategies came up in the conference:

- ? End the social norms that disenfranchise Dalits and women .
- ? There should be a policy that women should not be the means of advertisement, and should not be promoted as such.
- ? End women violence, including an end to *Deuki*, *Chhaupadi*, and *Kumari* systems<sup>16</sup>.
- ? Provide cultural freedom to Janajati.
- ? Increase participation of women in cultural practices
- ? Close down cabin or dance restaurants.
- ? Widowed women should also be encouraged to marry
- ? Government buildings in Nepal should be constructed in a differently able-friendly way.

**Reservation/Affirmative action:** Participants and panellists in the conference discussed the issue of reservation or affirmative action in various contexts. Participants justified reservation both to ensure proportional representation in politics and society, and as a means of rectification of past injustices. It was however pointed out that reservation cannot be defended for an infinite period of time, but should be taken as a time-bound plan. There was a concern that reservation tends to benefit the city-dwelling groups, and may invite numerous social problems- as has been the case in India. Dr. Prakash Chandra Lohani (RJP) proposed an affirmative action strategy based on Human Development Index (HDI) and most participants who spoke on the matter agreed to this proposal. Within this, the affirmative action has to be considered to a detailed level, with priority accorded to the communities with the least HDI. Once those who receive affirmative action reach a national average, such policy needs to be withdrawn.

### 3.5 Harnessing natural resources

Land, water and forest resources are crucial aspects of the agrarian economy of Nepal. Forest and agriculture are very closely interlinked, especially within the complex 'traditional' farming system. Water resources development is crucial with respect to the development of small and mega hydro projects, providing irrigation and drinking water. Capturing the development potential in future Nepal requires not only such strategies with which land, water and forest resources are developed to a fullest extent, but also that their development, management and use is both equitable and is in the interest of all Nepali people. Thus it is important to have technical

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<sup>16</sup> Deuki and Chhaupadi are linked to culturally sanctioned practices observed on women in Far-western region, while 'Kumari' refers to the 'Living Goddess' in Kathmandu within which the selected Kumari is supposed to be celibate throughout life.



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progress in adopting new technologies, introducing new varieties or breeds, provision of inputs in a timely manner, increasing access to market and thereby increasing efficiency of production. It is equally important to ensure equity in the access, ownership and rights over such resources. Closely linked is the issue of land reform, which is often taken up and understood in a conventional sense- imposition of some arbitrary ceiling on land ownership and distributing the surplus to others. Rather than pursuing the narrow line, land reform has to be pursued as a comprehensive scheme, which promote socially preferred land uses consistent with technical potential of optimizing agricultural production and to allot for such other uses as are socially desirable.

### 3.5.1 Transforming agriculture and agrarian relations

The basic issues of land reform, agrarian development and food availability issues were discussed earlier. The panellists and participants in the conference discussed the agenda further, and put forward their opinions and stands. There was a consensus that present patterns of agriculture, of land management and ownership are a deterrent to a full realization of the potentials from the land resources. Thus, reforms are required at the technical level on uses of land, the methods and techniques of agriculture, and on such overarching aspects as access to and distribution of land.

#### Box 3.23: Tharu community and access to land

Tharu community is the *Bhumiputra*, but are presently identified as *Sukumbasi*, *Kamaiya*, *Haruwa*, *Charuwa* and *Kamlari*. The Tharus withstood the malaria, and reclaimed the dense forests in the adverse conditions, and made the Tarai suitable for human settlement. The Tharus are the fourth largest in the population of Nepal, but very few of them own a sizeable acreage of land. Unless they have meaningful and adequate access to political parties, or politically included, we are unlikely to have a 'new' Nepal. It is fruitless to conceive of a new Nepal.

Source: Remarks of **Balkrishna Chaudhary**, Banke

Agriculture constitutes a means of livelihoods for an overwhelming majority of Nepal's population. However, agriculture provides neither a full level of employment to the farmers, nor does it ensure reasonable level of income and food security to the majority of farm households. Farmers remain at the margin of the mainstream, treated as second-class citizens and have had a very minimum role to shape policies even though they comprise a large majority of the voting population. The wings related to farmers within political parties are led by those who are not farmers. Marketing of farm products experiences disintermediation in the agriculture market, such that benefits of exchange are appropriated by a few in such a way that farmers get an unduly low fraction of the price paid by consumers. Further, the farmers experience an unfavourable competitive edge with respect to farm product imports, as electricity and other farm inputs are easily available and highly subsidized in India.

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### Box 3.24: Agriculture issues at a glance

Nepal is agricultural country, but agriculture and land issues are messy. Even after land reforms, agriculture has not commercialized. People talk about revolutionary or other types of land reform, but they fail to come up with any concrete scheme of what this reform does. It should come up very clearly on what is the direction of reform. Nepal's real farmers have very little land and are able to feed for just a few months. Those elites who have more land continue to give lip service to farmer rights. Farmers grow crops, but traders determine the prices. These all aspects should receive special attention.

Source: Remarks of **Dilip Kumar Khawas**, Morang

While agriculture development has long been a priority in Nepal's development planning, the relatively heavy investment in agriculture turned out to be a waste. Agriculture scientist Dr. Jharendu Panta pointed out that research and development in agriculture is not linked to the opportunities that are available amid the ecological diversity of the country. There is surprisingly no significant change in agricultural practices and techniques just outside the premises of the Nepal Agriculture Research Council (NARC) research centres spread across the country. Further, agriculture extension was supply-driven, rather than geared to cater to the farmer needs, local potentials and trends in the farm market. While drawn up meticulously, the Agriculture Perspective Plan (APP) failed due to lack of committed resources and its dependency on high proportion of unsustainable external inputs. A major flaw in agriculture development has been the inability to understand agriculture in its interface with land distribution, the supply of farm inputs such as irrigation, electricity, seeds, pesticides and fertilizer, credit, and the availability of the means of transportation, and a lack of an understanding of market dynamics. Thus apples produced in Karnali, Manang or Mustang districts end up rotting on trees, while consumers in Kathmandu have to buy low-grade imported apples at high prices. Farmers producing fishes in central-eastern Tarai, citrus in Dadeldhura, Sindhuli, Gorkha and Syangja or Bhojpur, coffee from Gulmi, mango from Siraha experience numerous marketing problems and confront such other problems as of storage and processing. More recently frequent strikes and blockades spurred by political wrangling have severely affected agriculture and the trade of farm products.

In addition, Nepal's accession to WTO would progressively pose a number of challenges to the ways in which farm products are produced and marketed from Nepal. A proper system of providing a Geographical Indication (GI), which would improve marketing advantages for Nepal's indigenous varieties and breeds as speciality products from particular regions, is yet to evolve. Tea from Ilam, and a good deal of specific varieties of cereals (e.g., rice variety of *Jethobudho* of Pokhara), vegetables and fruits may well be attached to specific ecological belts of Nepal's Tarai, mid-hills and the Mountains. A proper homework is required both to explore items that would attract GI, and also to negotiate internationally to promote the interests of Nepali farmers.

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### Box 3.25: Two aspects of agriculture- agriculture development and land ownership

On agriculture, we need to consider two interrelated components: (a) land ownership, and (b) agriculture development. For an equitable system of land ownership, we need what can be called a revolutionary land reform or a scientific land reform. On agricultural development we need: (a) professionalization- including production of speciality crops, developing technical competence and capacity for a scientific agriculture, and (b) commercialisation- to orient agriculture in line with any other successful enterprise.

In Nepal we have the plans developed over 50 years, which have focused only on agriculture development, but never considered land reform in a serious manner. Now onwards, we need radical change in land ownership and agriculture development. Farmers receive 90%, 100% and 60-70% subsidy in US, UK and India respectively, but we have no support to the farmers. We also should consider our diversity that can lead us to have competitive advantage with respect to other countries.

Source: Remarks of **Bamdev Gautam**, CPN (UML)

While conference participants and panellists asserted the need of land reform, the idea of what exactly it is did not come up fully in the conference. A recent surge in the false divorce and family separation cases in parts of the Tarai, as a means to pre-empt losing of land, is symptomatic of how the talk of land reform at the political level intimidates the land-owners. Some participants advocated for fixing an upper limit in the land, and distributing the surplus to the landless. A few suggested seizing the land without compensation, but it was not discussed whether it reconciles with the security of private property adopted as a constitutional right since 1990 and whether this removes economic inequalities in Nepal. There was also a concern expressed by participants that country cannot progress without a defence of private property, and that ceilings on land should be considered on the basis of economic valuation of land, rather than just with reference to the size of land-holding. Thus, a detailed investigation would be necessary to determine a proper cut-off point for fixing land ceilings, and to assess whether the surpluses would be sufficient to solve the landlessness problem. A Land Reform Commission (2051), headed by Keshav Badal (called Badal Commission), did evaluate such aspects and made a number of recommendations. But they were neither implemented nor would the findings be valid amid the social changes over the past 12 years. The landlessness problem tends to reproduce unless a proper economic strategy to pre-empt falling down to landlessness is devised and implemented.

### Box 3.26: *Mukta Kamaiya*<sup>17</sup> and land reform

For long time, *kamaiya* problem was one of the major socioeconomic issues in Nepal. Approximately 6 years ago, the Public Accounts Committee of the House of Representatives recommended that *kamaiya* (bonded labourers) should be liberated without paying *sounki*<sup>18</sup>. It was because *sounki* was unjust. However liberation of the bonded labourers should be taken in a package. But the package, such as of residence, health, education, and economic security, is yet to materialize, resulting into a great suffering of the previous bonded labourers in western Tarai. Even the warring parties misused the *Mukta Kamaiya*, cashing on their hunger and poverty. They were badly mobilized for encroaching upon property and land of other people. They should be allocated with land and resources, partly to be available under land reforms. This remains to be a challenge.

Source: Remarks of **NP Saud** MP, NC(D)

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<sup>17</sup> The term 'Kamaiya' refers to bonded labourers in mid-western Tarai of Nepal, and Mukta Kamaiya refers to those that were 'liberated' by a government decree in 2000.

<sup>18</sup> The term 'sounki' refers to the principal amount, which a landowner provided as a loan to another person. That person was thus required to work life-time and over generations for 'repayment' of the same sounki.

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It is therefore important that land reform in Nepal needs to be understood in a wider context. Land is of much greater importance than other forms of property. Conventionally land-owning households have had much greater political power and prestige. Land is also linked to the basic identity of the household; landlessness implies isolation, destitution and indignity within the rural spaces. In general, the panellists and participants converged on the need to develop policies to change existing agriculture practices, transform dual ownership of land, and initiate land reform, though a full scheme did not evolve during the conference. Participants also pointed out that there are barren lands earmarked for industries, but these have neither industry nor are tilled. Thus it is very urgent to come up with a programme of land distribution that is socially just and conducive to increasing food security and agricultural productivity and pursuant to optimum use of land.

### **Box 3.27: Linking agriculture research and development to local potentials**

Until now, agriculture in Nepal has gone in a way that research is on one side; opportunities are on the other. Some 10 years ago, agriculture research in Karnali focused on how to use fertilizers or spacing, but just outside the research centre, this research did not have any impact. It has still not changed.

We are still subsidizing food transport for Karnali region. If agriculture is not totally changed, even a four-fold increase in budget does not change the poverty and hunger in Karnali or other areas. It was supported to produce apples in Jumla, but it lacked a linkage to market, making the support largely irrelevant. What is important is to capture opportunities that exist with emphasis on harvesting of local opportunities.

Source: Remarks of **Jharendu Pant**

The conference participants highlighted the need to bring about agriculture policies and land reforms to a detailed level. It was stressed that it is not enough now just to talk of land reform programme alone, rather it should come out clearly what it means. The following intends to capture the key recommendations of the conference, both as received from group presentation and also from the comments of the participants.

- ? Women and men should have joint ownership on land.
- ? The government should provide farmers with a package of subsidies, to harmonize with and to provide a competitive edge with respect to farm products imports.
- ? The government should develop a package to provide insurance on agriculture production.
- ? Land use should follow land capability classification: lands should be used for purposes that are most suited based on characteristics of land. A framework for incentives to effect such uses need to be developed.
- ? To realistically end the dual ownership over land resources, a scientific land reform should be in place.
- ? Land resource needs to be redistributed, though there was no consensus in the conference on how this be done, e.g., by providing compensation or not. In Nepal 11% rich people own about 60% of land, thus necessitating a respectful and proportional distribution to tillers. It is necessary to ensure land rights of those that have land based livelihoods. This should be carried out in a manner that pre-empts further land fragmentation.
- ? Agriculture research and development and government's agriculture policy should fully promote the commercialisation and industrialisation of agriculture- based on agro

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ecological variations/regions by transforming existing traditional agricultural practices and farming systems.

- ? Land use information system needs to be developed.
- ? Together with agriculture development, a comprehensive plan needs to be drawn up to provide irrigation to all relevant areas in the Tarai and hills areas.
- ? Political leaders should not give confusing messages on land reform and agriculture: they need to be clear of whether they are politically committed to institutionalize the ownership of agricultural land.
- ? Further development of agriculture needs to be based on the concept of groups and cooperatives in order to ensure farmer interests through providing economies of scale and greater political leverage of farmers.
- ? Agricultural roads are a must to promote marketing.

### 3.5.2 Water resources

Nepal has a very rich network of rivers suitable for hydropower and irrigation and enough sources for drinking water. However, people in villages and cities are yet to have access to safe drinking water and to get electricity in their houses and to get their lands irrigated. Unsafe drinking water has caused diarrhoea and many other communicable diseases to a significant extent, particularly affecting the children amongst the poorest. Lack of irrigation in the fertile land of Tarai and many parts of the hills have resulted in the under-use of agriculture potentials and misery and destitution among farming communities.

While Nepal is amongst the richest countries in the world in terms of hydropower potential, Nepal is continuously having power shortage, which hampers not only the daily lives, but in industrial production, agriculture development and a wide variety of service sectors.

#### Box 3.28: Access to drinking water is a fundamental right

I am talking of rights devolution on the control and management of natural resources. The current development policy is itself a problem: upper level giving and lower level accepting development. The state is centralized and unitary, and the local is under pressure of the centre, and lacks devolution. The feudal state structure have denied and marginalized the majority on economic, social, political and cultural lines. To bring all of them into mainstream, their access to decision making level should be ensured. Natural resources are under the control of state and few elites. Natural resources- land, forest and water- should be given to legitimate users.

Drinking water is not recognized as fundamental human right into the constitution. Now drinking water projects in Kathmandu and Pokhara are going to be privatized. Can human rights be privatized?

Source: Remarks of **Indra Tamang**, Fedwasun

There was a group presentation on water resources development and a number of comments were received from the conference participants. The following takes up the key recommendations of the conference with respect to water resources development.

- ? The right to safe drinking water should be taken up as a fundamental constitutional right of the people. The state should take responsibility for providing clean water for peoples of the hills and the Tarai.

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- ? The state should recognize and institutionalize the local people's rights and ensure on the access to and control of water resources. The local people and local governments (or state governments within federal Nepal) should jointly develop plans and schemes of harnessing water resources.
  - ? Large and small hydropower projects should be implemented based on principles of sustainable development.
  - ? There should be a limit on harvesting underground water with pump and develop a system of monitoring and control on sewage dumping.
  - ? All international agreements entered to by the Government of Nepal on water resources should be immediately adjusted to ensure national interest.
  - ? While considering on high dam projects, such as Koshi high dam, the government should consider its implications on the neighbouring districts- especially the problems of inundation in Morang or Sunsari districts due to high dam. The negative consequences have to be dealt with prior to project approval.
  - ? As water resources use and management has international or regional dimensions, Nepal needs to develop greater bargaining capacity and a mature political understanding. Similarly international advocacy is needed to capture resources to balance out the costs for such problems as Tso Rolpa glacial lake melting due to global warming.
  - ? Drinking water projects should not be privatized and sold to foreigners. Nepali people of various religions and faiths also celebrate rivers as goddesses- so without having consultation with local people- no diversion projects should be taken.

### **3.5.3 Forest resources**

Forest resources in Nepal provide the people with basic resources to their sustenance and constitute an important element within the farming system. Conservation and management of the resources are also crucial to tackle environmental degradation. However existing policies and programmes on conservation of forest, wildlife and biodiversity are centralized and the scheme of rights accorded to the people are contentious. Despite a heavy investment in the protection of wildlife within National Parks and Reserves, the ongoing killing of One-Horned Rhinoceros continues unabated, and the poachers pardoned of their sentences. While the community forestry programme is considered a successful programme, mainly in the hills, its implementation in the Tarai is contested.

The following are the major observations of the conference:

- ? There is a need to ensure the access, control and rights of the people, especially of the poor, women, Dalit, Madhesi and Janajati, to the forest resources. At the same time, centralized control on the local forest resources has to be revoked.
- ? Nepal needs to seek and negotiate international financing to balance out the 'incremental' costs involved in protecting forest, wildlife and biodiversity in general. Until now Nepal has allocated 20% of land into Protected Area (PA) system and it manifests an international free riding on biodiversity conservation. However, the level of poverty in Nepal cannot sustain this level of protection and the ensuing resource use restrictions. So Nepal should actively pursue to establish and institutionalize international liability to Nepal as its right.
- ? We should also consider the interface of local people and local governments after Nepal transforms the present model of state into federal or some other forms of decentralization.

- ? Particularly in the Tarai region, as Sri Prasad Sah pointed out, the present community forestry model needs to be adapted/changed/reviewed to ensure an equitable benefit distribution to the people of Madhesi communities.
- ? The National Parks and Reserves should be fully devolved to local people and governments. The local people should have the right to determine how such areas could be developed and should be empowered to take management decisions. No such areas should be attached to the royal families.

### 3.6 Peace and reconstruction, rehabilitation and reconciliation

*Peace and reconstruction, rehabilitation and reconciliation* (3R) was one of the five themes to which conference discussions converged. This theme was considered critical, not only in the backdrop of the emerging solution to the decade-long Maoist insurgency since the second half of 2006, but also to engage the conflict actors in the development as well as post-conflict recovery process, that underpins permanent peace. Participants and panellists highlighted that a sustainable peace only comes with the proper dignity and social justice guaranteed for all.

#### Box 3.29: What is peace? Its components

	[A]	[B]
P	Progress	Political transformation
E	Equality and equity	Economic empowerment
A	Access to development, policy making and resources	Access to resources
C	Change of society- transformation of mindset	Culture of acceptance
E	Easy life caused by these above	Equitable society
	<i>[source: group presentation]</i>	<i>[source: inputs from Yamuna Ghale]</i>

Nepal's development needs to incorporate efforts at peace-building and reconstruction, rehabilitation and reconciliation as a matter of urgency. Peace is not only a physical state, but a social manifestation within which people of all faiths, ideologies, identities, caste/ethnic groups as well as regions have the opportunity to pursue their personal and family as well as collective well-being. However, even with the CPN (M) joining interim legislature and rays of hope for peace, there are too many issues on which development efforts have to be focused in post-conflict Nepal. The Nepali people are still not having a full sense of peace. There are people who have been disappeared from both the government forces and Maoists. People continue to have families separated due to conflict. The properties seized by the combatants are not yet returned to the owners. Tens of thousands of people victimized by the conflict are living in squatters around the city margins that still feel uncertain to return to their original homes.

The conference set up a separate group to discuss on peace and reconstruction issues. It pointed out key aspects of why peace is disrupted, outlined what could be the possible set of remedies for the disrupted peace, and provided a set of recommendations on what further actions are needed for the peace-building and its sustainability.

It was highlighted in the conference that there are four principal reasons leading to disruption of peace and the pursuit of armed conflicts. It is the discrimination, promoted both by the state and existing at the social level across class, caste/ethnic groups and regions. Armed conflicts also result with disparities of various sorts, such as in land distribution, income, identities, or indicators of development. Lack of a proper strategy to logically contain conflicts and disputes

within manageable limits with proper political, economic and social packages also lead to deterioration of the conflict situations. A disruption in development activities, especially amid ongoing violence and armed conflict, also leads society to a vicious cycle of armed conflict. Thus a proper policy both to prevent armed conflicts and to remedy past conflicts needs to be in place.

The conference group that discussed on this theme, however, did not come up with measures and strategies to contain or prevent conflict. It identified a number of remedial measures, which are particularly relevant within post-conflict situations. It was noted, as Sharada Pokharel highlighted in the conference, that the political parties have collided for mutual impunity in the ongoing negotiations, rather than working towards transforming conflict in a comprehensive manner. It is therefore important on the part of the civil society to be much more alert on the way in which post-conflict process moves on. It is particularly crucial that conflict issues are settled not only to the satisfaction of political parties, but that they are settled with a proper system of justice to the conflict victims. Table 9 provides the remedial measures and strategies that were presented and recommended in the conference.

**Table 3.1: Remedial measures and strategies for post-conflict development**

	<b>Remedial measures</b>	<b>Strategies</b>
1	Reconciliation- <i>melmilap</i>	? Develop common platform for debating and prioritizing development ? Establish a Truth Commission for settling of conflict related grievances
2	Realisation – <i>mahasus</i>	? End situations of impunity- but penalty should not be taken just for penalty or for the sake of revenge, rather it should focus on restorative justice ? Include women in post-conflict recovery- women of all backgrounds can be very important players and pragmatic negotiators ? Establish a proper justice system to transform conflict. ? Conflict participants should apologize with victims
3	Reconstruction- <i>punarnimarn</i>	? Develop infrastructure & development projects through a properly inclusive project planning exercise. ? Develop projects on need and demand base. ? Reconstruction projects should contribute problem-solving. ? Allow collaboration and joint involvement of both sides of Nepal’s conflict in development activities in order to facilitate natural reconciliation
4	Reintegration- <i>punarekikaran</i>	? Conduct an intensive search for the disappeared ? Develop a system to ensure the freedom for work and employment and professions, depending on capacity and prospect for informed choice ? Develop and implement programmes for empowerment and raise awareness among people ? Seek multiple opportunities and provide spaces for people to making contribution to their respective societies ? Ensure inclusive participation in development ? Provide compensation to the conflict victims and ensure the return of displaced people and properties.



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### 3.7 Foreign aid and development agencies

While Nepal has a history of six decades of inflow of foreign aid, the efficacy of foreign aid to effect desired changes in the lives of target population is questionable. The trend and the structure of foreign aid, in terms of grants and loans, and the fundamental issues linked to foreign aid were outlined earlier. Some conference participants asserted that foreign aid is not essential in the making of new Nepal as it arguably increases the sense of dependency and comes with donor agenda and schemes. But others suggested that it is also an opportunity in that it increases Nepal's capacity to finance development when the country itself is not fully able to allocate resources. The issue thus was how Nepal can best mobilize foreign aid to the programmes and projects to deliver change in crucial aspects of people's lives.

Conference participants identified a range of issues linked to foreign aid. It was pointed out that foreign aid delivery lacks transparency. The people at large and even the development organizations do not have access to information on the donors and specific recipients of aid, when aid is being decided, nor are their priorities debated at public forums. Foreign aid is based on 'global development models' rather than a thorough appreciation of the models of development needed to specific contexts amid the diverse contexts within Nepal. Such a homogenisation of development is one of the prime reasons for their failure. Further, aid projects tend to duplicating both on the resources made available and the areas to which projects have to be launched. Similarly, there is very little effort on the part of the Government of Nepal for actively coordinating on mobilization of aid resources and to continuously monitor and evaluate aid effectiveness and lack the mechanism to adopt mid-course corrections. It has resulted into relatively high amount of aid in some areas, while other areas being denied of such aid. The beneficiaries of foreign aid are supplied with projects, rather than responded to their demand, leading to projects devoid of local ownership and relieved of legacies after withdrawal.

Moreover foreign aid appears to be erratic and short-term and lack a commitment to longer-term project financing, so that development projects in Nepal always operate in a situation of uncertainty. There is no government liability tied to externally funded project, should such aid funds discontinue. This makes the development actors, both international as well as local NGOs always 'looking up' waiting for the time when foreign aid 'drips down'. Whenever available, the committed funds are too little to generate any visible impact at a sustainable level. In addition, the conference participants expressed a concern on the leakage of foreign aid resources, especially through corruption and commissions.

The conference participants were particularly critical of the national policy with respect to foreign aid. A political vision is thus required as to how Nepal finances for its future development- what are sources of funds that are sustainable and at the same time promote national interest, rather than compromising Nepal's self-determination and sovereignty as there are heavy conditionalities imposed for accepting foreign aid. It is thus important not just to identify sectors in which foreign aid may be received, but the nature and the scale of projects that need to be financed with foreign aid. Political parties have to be particularly vigilant of whether aid monies are agreed on for personal or other vested interests, at the expense of a huge loan burden to the ordinary Nepali citizens.

The following are the recommendations of the conference, as presented by the theme group and feedback from other participants.

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- ? Develop a fresh foreign aid policy at national level to reorient the strategies for foreign aid.
  - ? Institutionalize a system of public level discussion on whether we should take up loans; loans need to be agreed on only by the consent of the people.
  - ? Develop and implement a system to ensure that foreign grants and loan are based on the needs and demand of actual beneficiaries.
  - ? The government should properly negotiate on aid conditionalities, and unlike in the past, should be prepared to reject foreign aid if the conditions are against the interests of the Nepali people. The government should make no compromise on national integrity and sovereignty while agreeing on foreign aid.
  - ? In the post-conflict situation in Nepal, foreign aid should support peace-building, and reconstruction, rehabilitation and reconciliation.
  - ? Develop an institutional structure to monitor prioritization and delivery of foreign aid and effectiveness of aid mobilization. Both watchdog and an integrated monitoring system have to be in place.
  - ? Aid should be prioritized with respect to the expected level of outputs. Donors, NPC and NGOs are ignoring the irrigation in the Tarai, though the investment would yield greater outputs.
  - ? The government should identify and prioritize sectors as well as the nature of projects to be financed through foreign aid.
  - ? There should not be political interference in delivering of aid; it should reach where it is intended.
  - ? Ensure that foreign aid is used equitably; as foreign loan has burden to every citizen of the country, the distributive implications of the foreign aid use needs to be considered prior to approval.
  - ? The government should have a clear political commitment on prioritisation of aid sectors and their proper mobilization.

### **3.8 Defining developmental priorities for the future: converging themes**

During the conference, it was noted that during every juncture of Nepal's political development, we have talked of 'new' Nepal in a variety of pretexts. However, after the success of Jana Andolan II, Nepal has received a momentous opportunity for mapping the future of Nepal in a democratic and inclusive manner. Many of Nepal's problems have now come up in an unprecedented manner, and are debated as to whether these find a proper outlet in future Nepal. The pursuit of a prosperous, peaceful, culturally diverse and democratic Nepal is only possible when development policies and strategies are set right from the beginning.

The earlier chapters and previous sections of this chapter outlined some of the defining features and nuances in Nepal's development, and also pointed to major aspects that need reorientation in a fresh context. Now, Gauri Pradhan highlighted, the political discourse in Nepal has shifted from political right or centre towards the political left, such that demand for recognition and inclusion along class, caste/ethnic, regional as well as identity groups have received prominence. At the same time the present society and the state is criticized for injustice, exploitation and suppression of identities, languages and cultures over the course of two and a half century of Nepal's modern history. There is increasing recognition that the whole idea of development needs to be conceived in a fresh context.

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At present the hope of settlement of the Maoist insurgency as well as ongoing debate on state restructuring through constituent assembly elections provides immense opportunities for concerted action towards a peace, democracy and prosperity of the Nepali people. While rejecting violence for political pursuits, Nepal now remains at the point of transforming the society, through proper reforms and restructuring in society, economy and polity. Gauri Pradhan argued that Nepal needs to focus on four major areas: (a) emphasis on revolutionary land reforms and social emancipation, (b) starting of democratic process & democratisation, (c) bottom-up approach in a real sense, and (d) affirmative action on lines of human development index (HDI).

Dr. Bishnu Uprety highlighted that to avoid further conflicts in Nepal, there are three areas to receive urgent attention: (a) vision and goals- political parties and the state should develop a clear vision for women, Janajati, Madhesi as well as disadvantaged groups- as how these groups would benefit in new Nepal; (b) strategies and resources- clarity on strategies to realize the goals, reinforced with committed resources, and (c) implementation mechanisms- changing and restructuring the existing corrupt bureaucracy and security agencies. The following sections provide a highlight of some converging themes on Nepal's future development, as developed from the synthesis of conference discussions.

### *3.8.1 Social justice as overarching to future development*

A central theme that many of the conference panellists and participants converged in the conference was the recognition of social justice as overarching to Nepal's future politics and development. The idea corresponds to developing a system for a fair distribution of benefits and burdens in Nepal's society, polity, economy and development. It was also recognised that a system of formal equality is not sufficient to transform the largely feudal and exploitative character of Nepali society. This is possible not with the old ideas and institutions, but with new ideas and institutions that internalize and live up to them. Bishnu Pukar asserted that Nepal needs to adopt a fast-track integrative development, a quick-impact approach to address people's aspirations for justice, prosperity and identity. The following intends to capture the major points that were raised by several participants/panellists.

**Human dignity:** Nepal needs to adopt the idea that the human dignity is indivisible; this gives a proper recognition to the dignities of differently able, women, Dalit, Madhesi, Janajati as well as other identity groups. It is the state as the main institution as well as the society to recognize that all humans are equal. A programme for empowerment of the people to assert their identity and rights needs to be developed and adopted.

**Equality of securities, resources and opportunities:** Securities, resources and opportunities are to be distributed equally. Securities are multidimensional, and at the core include human security in terms of freedom from fear, security of property and rights, of cultures, languages, and so forth. This should be the guiding idea of development. For this to happen, existing feudal relations, institutions and traditions have to be abolished.

**Expanding the basic rights:** The idea of formal equality, as recognized under liberal political values, is not sufficient to effect a just distribution of the fruits of development in Nepal. Thus the fundamental rights need to be expanded, to include development as a right of the people, rather than as a form of voluntary or charitable work. The participants in the conference highlighted that the fundamental rights need to cover such other rights as access to safe drinking water, access and control over land, forest and water resources, right to healthy life, food,

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clothing and shelter, employment as well as for free education in mother tongue. State therefore needs to take responsibility to guarantee such rights.

**Ending discriminations:** The conference panellists and participants alike highlighted the need of a clear political programme for ending all forms of discriminations that exist across caste, religion, sexuality, gender, centre/periphery lines. The root cause of discriminations lies in the feudal ideology- and so long as feudalism remains discriminations continue to prevail. Second, policies ending discrimination will be effective only under a system of federalism, including regional autonomy. It is important to reflect on cultural histories, before making any concrete recommendations on the complete range of discriminations in the Nepali society. It should not be expected just with the promulgation of the interim statutes that all forms of discrimination would end; the process needs to move much further. This should begin with deprived people having access to political power.

**Property rights:** For Nepal to prosper in the future a stable system of property rights needs to be institutionalized. While Maoist representative in the conference advocated for ending private property, others were concerned with a system of equitable access to and ownership of resources, including joint ownership of land or other forms of property.

**Ending untouchability:** Participants, especially Durga Sob and other Dalit activists, stressed that untouchability within Nepali society is inhumane, and ending untouchability should receive foremost political priority in Nepal. It is not that ending untouchability and other caste-based discriminations is possible only with formal law, but it needs a proper justice system and a social awakening among both Dalits and non-Dalits.

**Inclusion:** All speakers of the conference highlighted the need of inclusion in Nepal's development, politics, economy and society. Generally there was agreement that inclusion should be proportionate to the population of a particular community or gender, yet Durga Sob argued that this was still not sufficient to rectify past injustices- advocating greater spaces for Dalits, Janajati and Madhesi people. Moreover, Bamdev Gautam and Suresh Ale Magar pointed out that inclusion should be considered in two dimensions: (a) inclusion in form, and (b) inclusion in ideology or substance. NP Saud also pointed out that inclusion is not fully captured within the idea of sending representatives of one's own community, but is also sending those who are very liberal to their community interests. Participants stressed that it should be the political parties where inclusion should start, to be followed by inclusion in the state institutions.

**Affirmative action:** While some participants highlighted the need to learn from the various consequences of affirmative action as adopted in India, almost all who spoke on affirmative action agreed that some form of reservation or affirmative action should be developed to the advantage of excluded communities. Participants took as a positive note that for members of parliament, the reservation for women increased from 5% to 33% but that it was still not proportionate to the population. All participants and panellists that spoke on affirmative action policy agreed to the proposal made by Dr. Prakash C. Lohani (RJP). Under this, reservations are to be worked out based on human development indicators (HDI); whichever community remains below national average should be supported under the programme till they reach the national average. There were, however, concerns that reservation policy needs to be developed to a fine detail and that proper measures need to be adopted to counter the possibilities of capturing the privilege by city-dwelling elite population of the target communities.

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### *3.8.2 Accountability and responsiveness of the state*

Another theme that emerged in the conference was to have Nepal as an accountable and responsive state. Nepal developed many laws, policies and programmes in the past, but they did not deliver development to address people's aspirations for peace, prosperity, social justice and democracy. State policies, programmes and resource allocations need to have clear intentions for social and political change.

Thus the state needs to devise proper institutional mechanism to fully understand people's aspirations for change in their daily lives and a mechanism to identify and prioritize responses. Shanta Lal Mulmi highlighted that health, education, food security and employment have now been taken up as basic human rights, and this needs to be translated into concrete policy. State should properly understand people's needs, their identities, cultures and demand for justice in order to avert any further conflict in Nepal.

Establishment of a proper system for social justice, administration, human security and development planning should therefore be a national priority. As Dr. Bishnu Uprety stressed, current bureaucracy is a corrupt one. While Suresh Ale Magar pointed out that corruption is a product of a capitalist political economy, and advocated abolishing private property, the other participants resisted it. Moreover, Nepal's existing bureaucracy was criticized as being ineffective and thus it needs a major overhaul. Durga Sob pointed out that the current judicial practice does not avert untouchability. So Nepal needs to adopt proper reforms and restructuring in the state apparatus in order to be able to promote social justice, peace, democracy and prosperity in the country.

### *3.8.3 Political economy for future Nepal*

The conference did not have any explicit agenda to discuss the nature of political economy in future Nepal, but it is the intention here just to capture what speakers talked about this in the course of discussions on other related issues. The speakers differed with respect to ideological as well as party positions on the nature of political economy. The discussion on this issue however should be taken as indicative only, and not as complete or settled.

Gauri Pradhan highlighted that the political discourse in Nepal has shifted from political centre or right towards the political left. So there was a sense of competition among many speakers to be projected as more revolutionary than others. The views expressed by many participants in the conference were centred on the critique of present-day Nepali society mainly within the discourses of feudalism, exploitation or injustice, and such other aspects as identities and cultures.

The conference discussants had both 'soft' and 'hard' views with respect to the nature of political economy, such as on issues of globalization or privatization or on property and ownership issues. These included, for instance, the contesting views on the role of the state vis-à-vis the private sector. Participants tended to stress on role of the state as an agency to redistribute resources (e.g., land or employment) and to provide such services as education, health, drinking water, irrigation or the like. While there was consensus on the need of land reform, the participants did not agree on the actual process- whether some owner of land needs to be compensated above a cut-off point before redistribution- though some argued that it should be without compensation. Bamdev Gautam argued for 'capitalist production' in agriculture, while there was argument for 'revolutionary land-reform', even though the idea did not come up a

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clear detail. Some participants argued for 'seizing' private schools by the government, while others emphasized the need to acknowledge the role of the private sector in quality education. Participants also highlighted the need to effectively safeguard traditional skills, knowledge as well as indigenous varieties and breeds against encroachment through the ongoing globalization process.

On rather soft versions of this debate, Prof. Mathura Shrestha stressed the need to resist and oppose globalization. He also emphasized on the need to integrate local people's interests when bigger projects (such as high dams or mega-hydro projects) are being considered. Similarly, Indra Tamang argued for opposing privatization of drinking water projects. The conference group that discussed on agriculture recommended for 'group' and 'cooperative' approach to agriculture development in Nepal. However, there was no discussion on the property rights regime with respect to bigger industries or service sectors.

The debate went further into a left-right divide in the conference. Sindhunath Pyakurel and Suresh Ale Magar (CPN-M) stressed that ending exploitation in Nepal requires a thorough change in society, and even state restructuring is not enough to ending exploitation. They called for abolishing private property, and argued in favour of a socialist model of Nepali society that has a promise of the emancipation of the people. They argued that corruption and rent-seeking cannot be controlled under the capitalist form of production relations, and ending corruption essentially requires abolishing private property. However, other participants, such as Jeevan Shahi, stressed that security of private property is a key to the economic progress of a society. Narahari Acharya (NC) was also critical of excessive emphasis on social 'structures' both to explain and eliminate exploitation. He argued that structural change itself is insufficient to be a promise against exploitation. He also stressed on the need of review of relative performances of economies beyond Nepal, and to see which of the models are working better. Mr. Acharya pointed out the need to discuss categorically on social, economic and political issues, rather than to have an obsession with abstract theories.

#### ***3.8.4 Capturing local opportunities, technology and skills***

The conference panellists and participants criticized past development to have been indifferent to locally available opportunities, indigenous knowledge, local technologies, skills and capacities. While this issue was not taken up as an explicit agenda, there was a convergence in the discussions that future development should learn lessons from this flaw.

One recurrent issue discussed in the conference was that skills and occupations of the Dalit as well as other groups are getting marginalized as a consequence of ongoing trade liberalization. Imports of readymade garments, tools, or shoes at cheaper rates have displaced traditional occupations, further marginalizing the Dalit communities. Nepal's indigenous craftsmanship, art, music, indigenous medicinal knowledge and culture need to be safeguarded from the wave of globalization. Further schemes are needed to adapt them to face up to emerging social trends.

Similarly, research and development in Nepal's agriculture is not geared to maximize on the production and marketing potentials of indigenous varieties and breeds. Nepal's farmers have a negative or very little competitive edge with respect to farm products imports from neighbouring countries. There is a further challenge to safeguard and promote Nepal's indigenous varieties of cereals, vegetables and fruits, as well as indigenous breeds of fishes, birds and other animals amid pressures of increasing globalization. In addition to catering domestic consumption, there is an immense potential in marketing the organic products, especially

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through a fair trade system in export trade. Rather than subsidizing food transport for Karnali, agriculture research needs to promote locally suited agriculture and support marketing of products of competitive kind.

Nepal further needs to identify areas of comparative advantage to a fine detail, with respect to different eco-regions, bio-physical potentials and cultures. These would include opportunities on agriculture, tourism, industries and natural resource management as well as a wide variety of service sectors. These have to be backstopped with proper support mechanisms to promote them both within domestic and regional/international context. Initiatives should build on already available knowledge and further studies carried out to timely capture the opportunities. There is a need to engage with local communities to promote locally led innovations, and support both the communities and local governments to work for innovative schemes so that local resources, knowledge and creativity find a way for greater employment and income.

### *3.8.5 Financing for development*

Financing for development was also not taken as an explicit agenda in the conference, but many participants pointed to this while talking on other issues. So the discussion here is a synthesis of indirect reference made by the speakers in the conference. Financing refers here as financing from both the government's internal resources as well as that from foreign aid grants and loans. There were both general as well as particular observations on this issue.

On foreign aid, Prof. Mathura Shrestha as well as several participants stressed that Nepal cannot develop in a full sense just with foreign aid. Nepal must develop its capacity to funding both large-scale and small projects, on top of financing recurrent expenditures. All speakers stressed that Nepal must be able to discriminate projects with respect to the priorities of the country, and be prepared to reject foreign aid proposals that are tied to conditionalities jeopardizing Nepal's self-determination, sovereignty and political priorities. Participants were especially critical of the conditionalities tied to drinking water projects for raising water tariffs and linked management contracts and similar other conditionalities tied to aid projects from international banks. Sri Prasad Sah emphasized that foreign aid funds should be used for productive sectors, tied to clear set of outputs to be achieved in a fixed time-frame and a realistic recovery plan. There was also an issue that, because loans are a burden to each citizen of the country, use of funds have to be prioritized on an equitable basis for projects to benefit people of all regions.

On funding from domestic sources, participants stressed that Nepal must develop and consolidate its capacity for funding projects with domestically generated sources. Dr. Bishnu Uprety's remarks that the current bureaucracy is corrupt indicate that development as well as recurrent funds experience leakage en route. Corruption also distorts the normal market process, enabling inefficient firms to take undue benefits of exchange and suppresses genuine entrepreneurship. Basanti Shahi highlighted that many government offices are irrelevant in Karnali, therefore could potentially be so in other regions. Unnecessary government offices increase a red tape, apart from causing inefficient and ineffective use of state funds. There were also concerns on the relative amount of development funds distributed across regions and projects. Participants from Karnali stressed on the need to allocate funds based on geography, and those from Tarai stressed that population size should be the basis for allocations. There was also a concern on balancing out the disparities across cities versus villages, geographic regions and backward areas. Thus there is a need to rationalize state financing to address disparities, inequities in a democratically negotiated basis.

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### 3.9 Summary

In the previous sections of this chapter we presented the synthesis of the discussions of the conference. It provided a fresh perspective on Nepal's development thinking and highlighted several areas for the reorientation of development policies and strategies. The development agenda was taken here in an unconventionally political manner, highlighting the politics-development linkages. It came up clearly that politics should be right to have a good development, and for this it is important to set development policies right from the beginning of post-conflict transition in order to attain and sustain peace, prosperity, social justice and democracy in the country.

This chapter also presented the group discussions and presentations on the five themes that were taken up in the conference: (a) state structuring for development, (b) social inclusion and development, (c) harnessing natural resources, (d) peace and reconstruction, rehabilitation and reconciliation, and (e) foreign aid and development agencies. It presented a synthesis of the core ideas and reorientations for Nepal's future development, if it is to be credible. The conference underscored that Nepal's future development should adopt social justice as an organising principle. This also serves as a guiding ideal to organise Nepal's politics, economy and society. Several other areas that receive proper attention and emphasis have also been captured.



## CONCLUSIONS- BRINGING THE DEBATE FURTHER

This document synthesized the review and discussions of the national conference on *Development Strategies for a New Nepal: A National Debate* held in December 2006 in Kathmandu, Nepal. The aim of this conference was to initiate a debate for defining the development trajectory for a new Nepal. The conference took up the idea that development is closely linked to politics, and thus that the ongoing political process in Nepal should properly take up the development agenda so as to be able to properly understand and address problems of underdevelopment in the country. While devising development policies and strategies it is imperative to have a broad-based, democratic and inclusive deliberation at all levels of society, the conference was organized to give a momentum to this process. Thus, this conference as well as this documentation should be taken as a precursor to this wider process.

The conference sought the participation of a wide spectrum of Nepali society, including leaders from major political parties, various social and identity groups, Mukta Kamaiya, members and leaders of civil society, independent intellectuals, and development experts and practitioners. The conference proved to be a momentous opportunity to reflect on the causes of underdevelopment in Nepal, to identify major faultlines, and to pinpoint areas as well as reorientations that should receive serious attention towards development policies and strategies for new Nepal. The previous chapters of this paper were intended to capture and synthesize what were presented and discussed in the conference.

This paper first set out the context why Nepal needs to work towards development strategies with a fresh analysis of the root causes of underdevelopment. It highlighted that in the five decades of planning Nepal did make significant progress in a number of areas. However, the overall development performance was both weak and inequitable. Thus was the need to have a fresh analysis and proper perspective on reflecting past performance, understanding people's expectations and grievances, exploring opportunities. This would contribute to better inform the initiatives towards the future development policies and strategies.

This paper documented ideas of conference participants on both the process and substance of the future development policies and strategies. It was underscored that Nepal's development planning needs further democratisation and inclusion, particularly by recognizing the diverse development needs and priorities across regions and communities. The 'development' as such also requires reorientation with respect to the demands for social justice, expanded range of rights attached to development, adjusting to socio-cultural and geographic variations, and re-prioritization of development financing.

During the conference, the discussions converged on five key themes: (a) state restructuring, (b) social inclusion and development, (c) harnessing natural resources, (d) peace and reconstruction, rehabilitation and reconciliation, and (e) foreign aid and development agencies. It was evident that the issue of development cannot be fully explained within a technocratic sphere, but rather needs to be debated with respect to the political agenda of the restructuring of the state, the ongoing debate on proportional inclusion of all social groups and identities, together with

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several areas of development. The various ideas presented with respect to these themes have already been synthesized into the relevant sections.

It emerged clearly in the conference that future development policies and strategies need to embrace 'social justice' as an overarching goal. The pursuit of prosperity, peace and democracy thus needs to contribute to celebration of human dignity and multiple identities, a system guaranteeing the equality of securities, resources and opportunities, ending discriminations and untouchability, and institutionalizing a system of proportional inclusion and affirmative action. While there were contentions as to the model of political economy of future Nepal, there was a consensus that the state should take up additional responsibilities on key areas of people's lives, especially on education, health, safe drinking water, food security, housing and consolidating a proper system of justice and a fair administration. The fundamental rights as understood within a liberal tradition were pointed to have been inadequate. It was highlighted that development was a right and not a matter of voluntary action or charity. It was argued that access to safe drinking water, free education in the mother tongue and employment were to be included as constitutional rights.

It was also discussed in the conference that Nepal needs to make further initiatives to harnessing natural and human resources in order to be able to capture opportunities that lie ahead in a globalized world. Immense potential exists on Nepal's rich water resources, ecologically diverse agriculture and forest resources. Policies and strategies are needed for institutionalizing a devolution of resource rights, having a realistic land reform for consolidating land rights and best suited land uses, and supporting 'group' and 'cooperative' institutions for taking care of resources use, husbandry and marketing. There were also suggestions that such micro-level resource mobilizations be linked and fed to democratic capitalist production on a macro-level.

It was underscored in the conference that Nepal needs to adopt an inclusion framework, such that peoples of all regions, gender, ethnic/caste backgrounds and identities have a fair share and representations within development, politics, economy and society. It is required not only for addressing the emerging grievances, but is also instrumental to capture opportunities inbuilt within Nepal's diversity. Conference participants agreed on the need of proportional representation of women, Dalits, Madhesi, and Janajati as well as other social and identity groups without sidelining class structures. But it was highlighted that it has to be worked out to a finer detail, specifying for inclusion in politics, education, health, economy and culture.

The conference participants also discussed on the role of foreign aid, development agencies as well as aspects of development financing through domestic and aid sources. There was emphasis that Nepal's development in the long run cannot be sustained with foreign aid, and that acceptance of foreign aid tied to several conditionalities was an immediate concern. Such conditionalities have raised project costs to a significant extent, and have variously led to compromising Nepal's self-determination and sovereignty. In addition, it was also stressed that aid projects need to be prioritized for productive sectors, with clear outputs and recovery plans, and to balancing out inequities of project distribution across the regions, ethnicity and classes. Further measures are necessary to re-shape and resize Nepal's bureaucracy for reduction in overhead costs, and corresponding increase in development financing.

While this conference agenda was designed to be comprehensive, this was taken as a modest initiative towards what is required of a broad-based, democratic and inclusive process of charting Nepal's development strategies. It did not capture a complete range of 'areas' within

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development, such as progresses in financial institutions or on remittance economy. It did not cover some other aspects that would potentially deserve urgent political attention, such as on issues of women trafficking or a programme for the youth and children. However, this conference and this documentation would provide an adequate basis upon which further debate on the development strategies could move on among political parties, development community and society at large.

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# ANNEXES

## Annex 1: List of Conference Participants

SN	Name	Organisation	Phone	Address
1.	Amrit Khati	DNF Kathmandu	9841292016	Kamalpokhari, Kathmandu
2.	Ananta "Yatri" B.K	RDN	9803212768	Rukum
3.	Anita Sangraula	RUDDS	4331064	Kirtipur, Kathmandu
4.	Arjun Karki	RRN	4422153	Kathmandu
5.	Arjun Timsina	NFDN	4231159	Kathmandu
6.	Bal Bahadur Pariyar	DNF	4483605	Tilganga, Kathmandu
7.	Bal Krishna Mabuhang	NEFIN	4330637	Lalitpur
8.	Bal Krishna Kattel	NFN, Kathmandu	4781212	Buddhanagar, Kathmandu
9.	Bal Parajuli	RRN	4415418	Kathmandu
10.	Balkrishna Chaudhary	RRN	081550792	Nepalganj, Banke
11.	Bamdev Gautam	CPN (UML)	9851082393	Balkhu, Kathmandu
12.	Basanti Shahi	SIDC Humla	4880317	Humla
13.	Basu Dev Sigdel	CAHURAST	9851054075	Kathmandu
14.	Bharat Pokharel	SDC/NSCFP	5551702	Ekantakuna, Lalitpur
15.	Bhogendra Sharma	CVICT	4373902	Kathmandu
16.	Bhoj Raj Ghimire	RRN	4415418	Kathmandu
17.	Bhumika Shrestha	B. D. S.	4443350	Lazimpat, Kathmandu
18.	Bimala K. C.	CSP/RCILSP/RRN	082502111	Ghorahi, Dang
19.	Bimala Rai Paudyal	LFP/DFID	4410010, 9841328763	Kathmandu
20.	Birendra Pokhrel	NFD-N	9851043399	NFD-N, Kathmandu
21.	Bishnu Pukar Shrestha	CAHURAST	9841510682	Lalitpur
22.	Bishnu Raj Upreti	NCCR	9851075448	Jawalakhel, Lalitpur
23.	C. L. Chowdhary	CECI-Nepal	4426791	Kathmandu
24.	Chandra Bahadur Shahi	Member of Parliament, Mugu	9851000568	Mugu
25.	Charles Pradhan	CIDA/CCO	4415193	Kathmandu
26.	Chiranjewee Khadka	RRN	4415418 / 9841 256244	Kathmandu
27.	D. B. S. Rawal		9841429614	Jumla
28.	Dhana Lama		9841469519	Lalitpur
29.	Dil Bahadur Nepali	DNF Pokhara	061 539843	Pokhara
30.	Dilip Kumar Khawas	FEDWASUN		Morang
31.	Durga Mohan Shrestha	NGOF	6632119	Thimi, Bhaktapur
32.	Durga Shrestha	CECI	4414430	Tinkune
33.	Durga Sob	FEDO	5520982	Kupondole, Lalitpur
34.	Ekata Sharma	SAAPE/RRN	4415418	Kathmandu
35.	Gajendra Sharma	Napal Tarun Dal	9803170136	Rabi Bhawan, Kathmandu
36.	Gana Pati Ojha	ACOS -Nepal	4289827	Kalanki, Kathmandu
37.	Gauree Thakuri	RRN	4419163	Kathmandu
38.	Gauri Pradhan	H. R. Alliance/CWIN		Kathmandu
39.	Gopal Sanjel	NGO Federation	5571108	Lalitpur
40.	Hari Bastola	CECI	4414430	Kathmandu
41.	Hari Dhungana	Dev/UEA	4493169	Kathmandu

SN	Name	Organisation	Phone	Address
42.	Hari Har Sapkota	CECI	4414430	Kathmandu
43.	Himal Sharma	ANNISU (R)	2001401	
44.	Hukum Pokhrel	CAHURAST	9851004792	Rolpa
45.	Indra Lal Sapkota	DNYF	9857620371	Baglung
46.	Indra Tamang	Fedwasun	4464159	Baneshower, Kathmandu
47.	Indu Thapa	Sahakarya/CECI	4426791	Kathmandu
48.	Jagat Rijal	K.D.D.C	9841491289	Humla
49.	Jharendu Pant	ACOS-Nepal	9841232637	Kathmandu
50.	Jiwan Bahadur Shahi	DDC, Humla	9851042576	Humla
51.	Jyoti Poudel	WOREC	2123124	Bal Kumari, Lalitpur
52.	Kailash Bhatt	Nepali Congress	9851097700	
53.	Kamal Tamang	RRN	4415418	Kathmandu
54.	Kapil Shrestha	Tribhuvan University	4720877/9851017277	Kathmandu
55.	Keshab Gyawali	RRN Rolpa	9841375315	Rolpa
56.	Keshav Duwadi	GEFONT	4248406	Putalisadak, Kathmandu
57.	Keshava Koirala	CECI	4414430	Baluwatar , Kathmandu
58.	Kishor Sharma	RRN	4415418	Kathmandu
59.	Kripa Karki	GEFONT	4248072	Kathmandu
60.	Krishna	आ.ज.उ.रा. प्र.	984157763	SAN
61.	Kul Chandra Dahal	RCILSP/RRN regional office, Biratnagar	021 534077	Biratnagar
62.	Laxmi Dahal	RRN	4415418	Kathmandu
63.	Laxmi Rawal	जापेक	9841429614 (contact)	Jumla
64.	Lucky Sherpa	HIWN	9851086837	Kathmandu
65.	Madan Karki	RRN	9841447407	Kathmandu
66.	Madhav Dhungel	Nepal Weekly Magazine	9841342157	
67.	Mahendra L. Sharma	Sahakarya/CECI	4414430	Kathmandu
68.	Mahesh Dhungana		4493169	
69.	Maina Achhami	DNF	4483605	Lalitpur
70.	Mana Dahal	RRN	4422153	Kathmandu
71.	Manahari Khadka	National Planning Commission	4221003	Kathmandu
72.	Manju Dhakal			NFD-N, Kathmandu
73.	Mathura Khanal	RRN	4415418	Kathmandu
74.	Mathura Prasad Shrestha	C. S. Peace	98510-75404	P O Box 5625, Kathmandu
75.	Met Mani Chaudhary	TBS	082 560230	Dang
76.	Min B. Shahi	KIRDAC	9851077623	Jumla
77.	Mitra Lal Sharma	Andhapanga Association	4423159	Kathmandu
78.	Mohan OAD	RDN Nepal	091520604	Kailali
79.	Muna Kiran Chudal			Bayarban- 8, Morang
80.	Muriel Mac-Seing	CECI	4414430	Baluwatar, Kathmandu
81.	N. P. Saud	Nepali Congress (D)	9841387912	Bhat Bhateni
82.	Nar Bikram Thapa	Oxfam	5539171	Lalitpur
83.	Narahari Acharya	Nepali Congress	4721461	Kathmandu

SN	Name	Organisation	Phone	Address
84.	Neeraj Joshi		5531839	Lalitpur
85.	Nilamber Acharya	Dang (currently in Kathmandu)	4472557	Baneshowor
86.	Norbhu Ghale Dolpo	NEFIN	9841443456	Dolpa, Karnali
87.	Nutan Pokharel	RCILSP, Bardiya	081420230	Bardiya
88.	Poonam Sharma	RRN	4415418	Kathmandu
89.	Prabha Rana	RRN	4415418	Kathmandu
90.	Prabin Manandhar	C.C.O	4415193	Lazimpat, Kathmandu
91.	Praggya Lohani		4431544	
92.	Prajeena Karmacharya	CDSPA, RRN	4415418	Kathmandu
93.	Prakash C Lohani	RJP	4431544	
94.	Praksash Bhattarai	Youth Action Nepal	016215580	Anamnagar, Kathmandu
95.	Pralhad Karki	RRN	4415418	Kathmandu
96.	Prerna Bomjan	LDC Watch/RRN	4415418	Kathmandu
97.	Raj Kumari Subba	AAMA Samuha		Morang
98.	Rajendra Gopali	c/o RRN	4415418	Kathmandu
99.	Raju Pandey	ACOS-Nepal	9851018636	Kathmandu
100.	Ram Chandra Adhikari	R. D. Student Society	9841213356	Kirtipur, Kathmandu
101.	Ram Prasad Gautam	RRN/HRTMCC	4415418	Kathmandu
102.	Rama Dahal	NFD-N	9841300031	Kathmandu
103.	Ramesh Malla	ANNISU (R)	9851029335	
104.	Ratna Karki	SRLP, RRN	4415418	Kathmandu
105.	Renu Rajbhandari	WOREC	4486166 (R)	Kathmandu
106.	Rina Rai	CCO	4415193	Kathmandu
107.	Rishi Adhikari	RCILSP/RRN	4415418	Kathmandu
108.	Rupa Upreti	Youth Action Nepal	9841527297	Kathmandu
109.	Samir Nepal	HR Alliance	4264192	Kathmandu
110.	Sanju Singh	DWO -Kathmandu	4230992	Tripuresowor, Kathmandu
111.	Sarba Khadka	RRN/CDSPA/SAAPE	4422153	Kathmandu
112.	Shanta Lall Mulmi	RESPHEC/NFN	4225875	Kathmandu
113.	Shanti Adhikari	H R Alliance/ CWISH		Chabahil, Kathmandu
114.	Shanti Chaudhary	GMBS	082 560496	Dang
115.	Sharad Neupane	Jagaran Nepal		Anamnagar, Kathmandu
116.	Sharada Jnawali	USAID/Nepal	4270144	Rabi Bhawan, Kathmandu
117.	Sharada Pokharel	WSPG	4419845/6613161	Kathmandu
118.	Shobha Gautam	IHRICON	9851040165	Anamnagar, Kathmandu
119.	Shree Prasad Sah	DNYF	9841383458	Ghate Kulo, Kathmandu
120.	Shyam Upadhyay	RRN Kathmandu	4415418	Kathmandu
121.	Sindhu Nath Pyakurel	Nepal Bar Association	4412025 (R)	Kalikasthan, Kathmandu
122.	Sindhu P. Dhungana	Nepal Foresters' Association	4785293	New Baneshower, Kathmandu
123.	Sita Paudel	ANWA, Kathmandu	2072030	Baneshower, Kathmandu
124.	Sukbir Nepali	CAID Jumla	9848020176	Jumla, Karnali



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SN	Name	Organisation	Phone	Address
125.	Sunil Kumar Regmi	CECI	4414430	Kathmandu
126.	Suresh Ale Magar	CPN (Maoist)	9841525845	Kathmandu
127.	Surya L. Maskey		4429082	Maharajganj, Kathmandu
128.	Sushila Thapa	RRN	4415418	Kathmandu
129.	Tanka Pant	Nepal Samachar Patra	9851036120	Kathmandu
130.	Tanka Upreti	RRN Chitwan	9841504824	Chitwan
131.	Tej Bahadur Bhat	Nepal Tarun Dal	4301393	Bardiya
132.	Tika Ram Pokhrel	CVICT	9841205729	Bansbari, Kathmandu
133.	Urmila Acharya	A.T.	9841552636	
134.	Vishruta Singh Rana	RRN	4415418	Kathmandu
135.	Yadab Katwal	RRN	4415418	Kathmandu
136.	Yamuna Ghale	SDC Kathmandu	5524927	Kathmandu
137.	Yogendra B. Shahi	JNU, Delhi	9803088700	Dailekh

## Annex 2: Conference Schedule

Time	Activities	Facilitator/Concerned person
<b>Day I: 21/12/06</b>		
0800	Participants registration and tea	
0900	Welcome and brief description and highlight of the programme and its objectives	Mr. Sarba Raj Khadka and Dr. Prabin Manandhar
0930	First session: Panel discussants	
	Mr. Bamdev Gautam, Senior Leader, CPN (UML)	Dr. Arjun Karki
	Mr. Suresh Ale Magar, Senior Leader, CPN (M)	
	Mr. Narayan Prasad Sawad, NC-D	
	Mr. Nilambar Acharya, Independent Intellectual	
	Mr. Balkrishna Mabuhang, Janajatii Mahasangh	
	Ms. Lucky Sherpa, Janajati Mahasangh	
	<b>Participant discussions</b>	
1200	Lunch	
1300	Second Session: Panel Discussants	Dr. Renu Rajbhandari
	Mr. Narahari Acharya, senior leader, NC	
	Dr. Prakash Chandra Lohani, senior leader, RJP	
	Mr. Gauri Pradhan, Civil society	
	Mr. Sindhunath Pyakurel, Senior Advocate	
	Ms. Durga Sob, Civil society	
1630	Session Wrap-up	
<b>Day II: 22/12/06</b>		
0900	Reflection of previous day's discussions	Hari Dhungana
0930	Third session: Audio visual presentation and comments	
1030	Fourth Session: Group division and group work	Hari Bastola
1300	lunch	
+1400	Group presentations and comments	Hari Bastola and Team
1530	Fifth session: Conference conclusions- overall observations, conclusions and comments from:	Dr. Arjun Karki
	Prof. Dr. Mathura Prasad Shrestha	
	Mr. Arjun Timsina	
	Ms. Ram Kumari Jhankri	
	Mr. Met Mani Chaudhari	
	Ms. Basanti Shahi	
	Mr. Dilip Khawas	
	Dr. Prabin Manandhar	
1645	Conference closing- Vote of thanks	Keshava Koirala
1800	Closing Dinner	