
Berghof Foundation for Peace Support

Nepal
Supporting Peace Processes Through a Systemic
Approach

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Dev Raj Dahal
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Dev Raj Dahal
Email: devraj.dahal@fesnepal.org

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1. Analysis of the Current Situation

Latent, manifest and violent conflicts have now integrated with the ongoing evolutionary development of the Nepalese societal system thus drastically changing the framework condition of the polity. The utter inability by political parties to reconcile to the necessary social change, and assimilate it with the polity and the state, allowed the creation of a tension between the “critical mass” formed within sub-systems of the society struggling for power, resource and identity and the hegemony of the political class claiming to represent democracy, nationalism and the state. It was this tension that the Communist Party of Nepal (Maoist) quickly learned to capitalize on and began calling the shots in the Nepalese political life- not just changing the head of government at their will but even governments.

The main actors in the macro-political conflict in Nepal are: Communist Party of Nepal-Maoist (CPN-M), an alliance of seven political parties¹ and the government which is now headed by the King. The armed insurgency started by the CPN (Maoist) since February 13, 1996 and the counter-insurgency operations by the state have caused serious human rights violations, led to the death of more than 15,500 people-many of them noncombatants, displaced over 200,000 and crippled public life to such an extent that multiparty politics has been pushed to margins. Conflict-affected women and men suffer from trauma, rape, harassment, torture and arbitrary detention. The government remains preoccupied with national security and law and order because of the widespread violence undermining the very base of policy reforms so essential for poverty alleviation. Apart from the disruption in the fabric of social life even the delivery of the supply of food and essential relief materials to victims in remote areas has been negatively affected. Nepal's primitive development infrastructure remains a primary target of the insurgency. This has resulted in the breakdown of education, business and the farm based subsistence economy. It has caused the exodus of rural people to urban areas and abroad, embroiled discontented groups into even more protracted conflict and eroded whatever political trust there was in peace efforts.

Violent conflict in Nepal arose when the political system as a central authority lost its capacity to fulfill the sub-systemic demands of various groups. Growing factionalism in the major political parties and the ferocious competition of their interests and actions disrupted the ordered civic life. Public cynicism with the political parties, bureaucracy and the court ran deep due to their weak performance, abuse of power, corruption and a growing culture of impunity. What resulted from this was aggravation of the reasons for conflicts as the society's scarce resources became accessible only to organized centers of power in a nation of diverse, disparate and unorganized populace. The efficacy of the state to protect the powerless people in rural and remote areas, caught in traditions of caste and class hierarchy and patriarchy, got furthered undermined. This weakness in institutional capacity to manage inter-party and intra-party relations, include heterogeneous minority groups in governance and resolve intra-societal and extra-societal political conflicts, withered the state's legitimate monopoly of power to implement its constitutional and international human rights obligations and sustain its central authority to perform even the basic state functions--security, law and order and delivery of public goods and services. The underlying structural conditions of society thus became a major source of systemic conflict which has affected the stability of an already diverse society. In the beginning, societal

¹ Nepali Congress (NC), Nepali Congress-Democratic (NC-D), Communist Party of Nepal Unified Marxist-Leninist (CPN-UML), Nepal Sadbhavana Party (NSP-Ananda Devi), Nepal Workers and Peasants Party (NeWPP), United People's Front (UPF) and United Left Front (ULF).

deprivation and grievances were articulated to political parties of various spectrums. Due to procrastination, neglect or even suppression of those grievances by the party or parties in power, conflicts eventually assumed violent proportions posing a critical challenge to the institutionalization of the democratic order.

Any hope for a stable democracy has now given way to the realities of a fragile state², where governance is neither elected, nor legitimate, not even effective in allocating values in society and securing the compliance of people. The Maoist insurgency that spread rapidly to cover most rural areas, in the beginning, forced the withdrawal of many police posts from remote Nepal where development is most needed. This “security vacuum” in turn forced the closure of the offices of political parties, the government and the donors. The security forces are attempting to regain control over the areas and have been successful to a large extent, but the resulting clashes for supremacy have squeezed development workers out of the equation. And as the Maoists step up their campaign, the security forces see the need to move their defensive and offensive capabilities to a higher plane. In the competition for military supremacy, it is understandable to see politics being marginalized, especially one that is yielding very little positive returns to the people at large. On February 1, 2005 King Gyanendra declared a state of emergency for three months, suspended civil liberties, put top political leaders under house arrest and constituted a council of ministers under his own chairmanship. He said he wanted to restore peace and good governance and has asked for a three-year deadline before he can restore the security situation to be able to hold elections for a new Parliament and hand over power to an elected civilian government. He also formed a Royal Commission and initiated an anti-corruption drive to clean up the administration and politics.

Due to the political uncertainty and a lack of legitimate partners to collaborate in rural areas, donors are gradually shifting their approaches from development to humanitarian aid. The resultant decline in foreign aid flow, tourism and trade and the reduction in the public budget have affected sustainable rural development and spawned a livelihood crisis in remote areas. The government for its part is using its scarce resources to manage the burgeoning security budget and relief packages such as periodic food supplies to meet the needs of the rural populace. To prevent a looming human rights crisis, the Office of the High Commissioner of Human Rights (OHCHR) has recently established a monitoring office in Nepal. It coordinates its activities with national human rights NGOs and the government and has established a channel of communication with the macro actors of conflict. Both parties to the conflict have accepted it. There is no doubt in anyone’s mind about what the political response should be to end the current crisis in Nepal. This involves peace, good governance, reconciliation between political forces and the addressing of underlying grievances of competing interests of society which may require a rebuilding of the state and economy, fostering civil-military cooperation and democratization of political parties and civil society. But again, the question is not about what to do, but how to go about doing them and the sequencing of those events.³

² The DAC High Level Meeting on March 3, 2005 prepared the Draft Principles for Good International Engagement in Fragile States. These 10 principles are: state building context as a starting point, align with local priorities, recognize that security matters for development and development matters for security, promote coherence between government agencies, practical coordination mechanism between international actors, do not undermine national institutions, focus on sequencing and mix of instruments, improve predictability and continuity of engagement and commit to long-term partnership.

³ This study is based on the concept note “Supporting Peace Processes through a Systemic Approach,” prepared by the Berghof Foundation for Peace Support (BFPS) in January 2005.

Structural and Proxy Causes of Conflict

This section analyzes the functions and processes of sub-systemic and systemic causes of conflict and how the relationship between the system and the environment has directed the conflict cycles and induced constant change within them. The comprehension of relational variables has allowed us to extrapolate how macro conflict will go when actors bring their capabilities to bear in their power game and structural properties are essentially linked to conflict dynamics.

Neglect of Midwest Hills: During the monocratic Panchayat regime (1960-1990) a few influential families having nexus with the state monopolized the politics of the mid-Western hill districts of Rukum and Rolpa. After the democratic change of 1990, while the local elites began to join the ruling NC, people found little difference between the Panchayat and the NC regime since the same political class dominated both the regimes. This alienated the local people from the mainstream politics. Sharpening perception of structural inequality in social, economic and political spheres and denial of basic human needs motivated the Maoists to energize the feelings of neglect and discrimination of *Janajatis* (ethnic identity groups), women, *Dalits* (suppressed people), disadvantaged and jobless youths and attracted them with the slogans of ethnic autonomy and self-determination. Considering the Maoist insurgency as a law and order problem, the NC government since 1996 began to retaliate through police action. This militarized the local political conflict,⁴ allowed it to reposition itself in the macro-sphere and contributed to a bigger vicious cycle of action and reaction. The militarization of the conflict has meant that when leadership from one side uses violence to achieve its political objective the other also changes its policies in response to the moves of its counterpart. It added more actors into the cauldron, turned a low-intensity conflict into a high-intensity one and eroded the public faith in peace efforts. The first Maoist guerrilla recruits were those youths who were victims of police atrocities conducted with impunity. Violation of human rights increased the list of grievances, spread distrust across communities and the state and inflamed the passion of people for rebellion. The difficult geographical terrain of Nepal and considerable support of local people to CPN (Maoist) diminished the effectiveness of governments and made the nature of the conflict a protracted one.

Urban-Rural Disparity: The post-1991 governments' priority to urban economic reforms and globalization hit the growth rate in the agriculture sector in rural areas where 85 percent of the people live. Instead of building mechanisms to deal with the divide, policy reforms were geared to widen the gap even further. Slashing of rural subsidies caused a decline in agricultural production, rise in absolute poverty and massive urban migration of youths for jobs. Rural underemployment is as high as 48 percent. Liberalization of imports contributed to finishing off the traditional lifestyle of the rural populace as their traditional occupations found no place in the competition. The result was that a society built on occupational castes was not only losing out economically, with the disappearance of their income base, but started facing bigger problems in the social sector—deepening chasms in inter-class and inter-caste relations. Privatization of public industries in urban areas generated more job layoffs than job creation and added to the resentment and grievances against the regime. These structural causes are connected to the power game of macro actors of the conflict system.

⁴ The then governments set up two commissions—Dhami Commission 1997 and Deuba Commission in 2000 to identify the root causes of Maoist insurgency and suggest remedial action. Both the Commissions identified the insurgency as “political” in nature requiring to address its root causes.

Social Discrimination: Despite the promulgation of progressive laws, the practice of untouchability historically inflicted on women and the *Dalit*, and marginalization of a section of *Janajatis*, *Aadibasis* (ethnic and indigenous people), especially the Magars, the Tharus, and some geographical regions in the far west remained. The CPN (Maoist) derived its strength from the motivation of people to challenge the exploitative rule of the political class, which had distanced the majority of the poor and the lower middle class from public goods. These causal structures were governed by re-enforcing feedback loops of the conflict at least for the medium-term.

Institutional Factors: Regulation of the polity became difficult when the consensus on the political outcome of the people's movement of 1990—multiparty democracy, the constitution, the rules of political institutions and leadership behavior—started falling apart. The incompatible goals of various actors and the ways of achieving them perpetuated various types of conflict at the society, polity and the state levels. Each political actor claimed the constitutionality of its action and invoked the notion of popular sovereignty but each wanted to monopolize power commensurate with its interests and capacity and rationalized its right to structure future political choices. The political divisions thus got wider. No mechanism existed to mediate the widening center-periphery grievances and devolve power and resources from the centralized governance to local self-governance. Instead, centralization of the party structures reinforced centralization tendencies canceling whatever benefits that could have accrued from the marginal efforts in decentralization of government structures.

The exclusion of the Maoist leadership from the constitution drafting process in 1990, the executive dominance over the legislature, emergence of personalized politics, factionalism and splittism in all parliamentary political parties, and the post-1992 regimes' tendency to impose their policies on the opposition and minorities provoked several forms of dissension-- parliamentary, extra-parliamentary, anti-constitutional, anti-systemic and revolutionary—adding strength to the drivers of conflict in the system.

Declining economic performance: An accelerated pace in economic liberalization has been demanded by global actors since the eighties. But, when it became implemented in Nepal, reforms have meant that the subsistence sectors, agriculture and small scale and cottage industries reliant on domestic resources, were quickly pushed out of the market leaving thousands without an occupation, in a society where occupation determines the social status of a person. Removal of subsidies from essential production sectors aggravated the situation. The problem was the starkest in remote areas where the widespread and perennial food shortages had to be compensated with subsidies to the public distribution network. Essential services and infrastructure development faced the brunt of economic reforms with a heavy chunk of spending towards paving the way for a private sector that was slowly disappearing due to liberalization. The resultant crisis in the public budget was resolved with foreign assistance and the social sector and relief packages began to be seen as a domain for the growing number of foreign-funded civil society organizations. This skewed the distribution of income even further in favour of the elites. Even the growth in the service sector, which became apparent with initial steps of policy reforms, later declined rapidly with the rise in insurgency operations. Only remittance from the Nepalese working abroad is keeping the private sector economy alive and supporting livelihood, construction, banking, transportation and rural infrastructure development. Development failure and the violent conflict have created a reinforcing feedback loop contributing to conflict escalation.

Manipulation of ethnic and regional identities: The CPN (Maoist) used the prevalent ethnic differences to underscore and sharpen cleavages among the people. It created several national liberation fronts, such as Khambuan, Kirant, Magarat, Limbuwan, Tharuwan, Tamuwan, Tamang, Newar, Dalits, Madhesi, etc promising them regional,

ethnic and linguistic autonomy,⁵ self-determination and self-governance and politicized and mobilized them to keep the conflict dynamics going. These micro sub-systemic factors, conditioned by the central organization of CPN (Maoist) of which they are a part, are bound to conform to the requirement of macro-political conflict and transform them through political indoctrination, leadership opportunity and strategic action. Conflicts have also been evolving from the sub-systemic demands originating from the ancillary organizations and movements of various political parties and the state as each parliamentary political party has its own human rights organization, trade union, women's organization, students union, etc. This columnizing trend of Nepalese politics has institutionalized the systemic conflict circles and worsened the political situation.

Struggle for the control of state power: The struggle among political parties in the parliament for the control of state power, which brings in key position and resources for party cadres, from the equation the central idea that power is necessary for the imposition of public order against great inequalities and deprivation. This produced a powerful array of interests in blocking reconciliation or management of prevalent inherent conflicts. This affected the integrative and adaptive capacity of the democratic political system. Each macro actor continues to view the state as institutions that will enable its sub-systemic groups to acquire economic and political benefits essential to maintain its systemic survival, maintenance and dynamics. An unlimited appetite of the political class for power, corruption and the perpetuation of a culture of impunity and human rights abuses contributed to the criminalization of politics and politicization of the bureaucracy, the police, educational institutions and public corporations. This perpetuated the well-established clientelist practices in public services which got exposed, more openly than before, due to the growth of civil society organizations and a greater public expectation of an emergence of a re-distributive state. These factors fuelled the cycles of violence and counter-violence and frustrated any effort towards addressing the root causes of the conflict.

Proliferation of small arms: Although bearing arms remains illegal in the country and its proliferation was next to nil, because arms were neither manufactured in Nepal nor their imports allowed, the insurgency has ended that blissful situation. The Maoist People's War has provided the Royal Nepalese Army (RNA) legitimacy to enforce law and order. Breakdown of civilian authority in rural areas followed the growth of loot, crime, rape, human rights violations, use of child soldiers, abduction of people, lack of accountability and culture of impunity. The use of weapons has compelled local people to form security groups and possess weapons for self-defense. Small arms proliferation is also linked to the growth of anti-Maoists societal level vigilante groups, weak border controls, poor security infrastructure and easy availability of such arms in India. The recurrence of such groups have put civilians in a state of risk from counter violence. It was popularly elected governments which in the past legitimized the declaration of the state of emergency, the role of RNA in development and security, control of illegal trade at the border, relief, protection of district headquarters, etc. The outcome was the militarization of the society in which the gun cult has become a tool to advance one's political agenda.

Regional and global conflict drivers: Global and regional actors are vying for influence in Nepal through national actors of conflict and have made the conflict open-ended. India, the UK and the EU now support the political parties' minimum program for agitation. China, Russia, Japan, the USA, South Korea and Pakistan support the government's effort to restore peace and security and the United Progressive Alliance (UPL) that is ruling India, has expressed support for the ongoing movement of the seven-party

⁵ The CPN (Maoist) created Autonomous Regions are: Magarant, Tamsaling, Bheir-Karnali, Madesh, Tharuwan, Seti-Mahakali, Tamuwan, Kirant and Newar.

alliance. The *Rashtriya Swayamsevak Sangh* (RSS) -- the main opposition in Indian parliament *Bharatiya Janata Party* (BJP)'s ideological guru -- and the *Vishwa Hindu Parishad* (VHP) have justified the royal takeover. The cross-border linkages of political parties and their opposing interests have tended to receive stimuli from external environment, institutionalized domestic tensions and fed the underlying dynamics where actors are motivated to increase their capabilities for conflict than bargaining and negotiation. The transnational strategic environment has wielded systemic stress in the domestic politics as it is linked to the major drivers of conflict embedded into conflict history, structural issues and their seamless web of activities.

Manifest Conflict

The structural and proxy causes of conflict are intrinsically connected to the system of conflict dynamics. The manifest political conflict in Nepal is triangular in nature: the CPN (Maoist), political parties and the Royal regime representing a multitude of special interests. In this political equation, no actor has the decisive ability to dominate the other. Even a coalition of two actors cannot marginalize the third one. This manifest macro-conflict has linkages with other sets of interconnected latent social conflicts directly situated at the sub-system level, such as ethnic groups, Dalits, indigenous people, *Madhesis* (people of southern region, Tarai), women, workers, human rights, bonded labor and professional associations fighting for the realization of their constitutional rights, entitlements and social opportunities. Radical demands have steered the motor of conflict and caused the mutual transformation of actors. Due to mutual influence among the actors, only a systematic approach can unveil linkages of the conflict at the multi-structural level for one to be able to devise responses to the system of causes and effects. Their multi-level framework, independent arenas of policymaking and intractable positions so far have produced a stultifying deadlock, moving towards intractability, and contributed to the on-going high-intensity contest for power.

Nepal's democratic polity had already become unstable when political factionalism created 13 governments within the 14 years of multi-party rule, decision rules of various actors became incompatible and the unresolved structural problems thwarted any attempts towards political stability, peace and progress. The dissolution of the parliament by Premier Sher B. Deuba (on May 22, 2002 when his party president G.P. Koirala did not support his policy to extend the duration of the state of emergency) and subsequently local bodies created a democratic deficit of the governance. This sharp difference between the government and the party president not only split the ruling party then but was ultimately able to precipitate the political crisis into a constitutional one. Today the raging debate is about how to form a government in the absence of the popular vote.

The constitutional crisis deepened when Premier Deuba, on the advice of five parliamentary parties, postponed parliamentary elections. On October 4, 2002 King Gyanendra sacked him for failing to hold the elections as promised while dissolving the parliament, assumed executive powers and nominated a royalist politician from Rastriya Prajatantra Party (RPP), Lokendra Bahadur Chand, as Prime Minister. The fragile coalition of five parliamentary parties, including Nepali Congress (Democratic) headed by Deuba, recommended to the King their candidate for the post of Prime Minister, secretary-general of Communist Party of Nepal Unified Marxist-Leninist (CPN-UML) Madhav Kumar Nepal. After the breakup of NC, it is the CPN-UML, which remains the single largest party in the dissolved House of Representatives.

The five parties -Nepali Congress (NC), CPN-UML, Nepal Sadbhavana Party (NSP-Anand Devi), People's Front-Nepal and Nepal Workers and Peasants Party (NeWPP)- refused to accept the Chand government considering it "illegitimate" and mounted a strong opposition against him. This forced premier Chand to resign on May 30, 2003. On June 4, the King appointed his former critic Surya B. Thapa from the RPP due to growing "foreign pressure." India, the USA and the UK are coordinating their policies and helping the government to create a security environment first before a final political solution to the Maoist conflict. Considering the Thapa government "illegitimate" these parties crafted an 18-point agenda for reforms that, *inter alia*, lay stress on civilian control of the army, limitation of the king's power, a secular state, socio-economic reforms, a UN-friendly foreign policy, etc and declared a joint protest movement on May 4, 2003 against "regression."

The movement of these parties forced King Gyanendra to reappoint Deuba as Prime Minister on June 10 and entrusted him with the responsibility to include all sides in the government, restore peace by starting a dialogue with CPN (Maoist) and initiate elections to the House of Representatives within mid-April 2005. After Deuba's formation of a coalition government by NC (D), CPN-UML, RPP, NSP and Royal nominees, the political agitation against the King became somewhat weak but it did not stabilize state authority. Neither was any headway made towards peace negotiations with the CPN (Maoist), nor towards holding elections. Deuba was sacked again. The Royal takeover of February 1, 2005 polarized the Nepalese politics into the establishment and the opposition parties and fragmented civil society groups. Civil society groups now find difficulty to loop around macro-actors for opening the channels of communication.

After the breakdown of peace talks and cease-fire in August 2003, the conflict between the security forces and the CPN(Maoist) guerrillas produced a self-reinforcing feedback loop as both pursue essentially adversarial goals, means and payoffs and contribute to conflict escalation. The security forces control the district headquarters and Kathmandu. The CPN (Maoist) conducts its political activities in rural areas. Stability and economic prosperity in urban areas and conflict and crisis in rural areas indicate that both are de-linked from each other. The sharp increase in various types of conflicts clustered around the fault-lines of the state has dissipated any early hopes for an easy political transition from a patrimonial system to democratic governance. The media, human rights organizations and civil society continue to struggle for self-preservation by pro-actively engaging in promoting democracy, human rights, social justice and conflict transformation.

Position of Key Actors

The political environment is the system of decision-making. An ensemble of historical, social, economic, cultural, ecological and psychological variables is linked to this environment. The possession of resources, power and identity has enhanced the ability of each macro actor to wage conflict and influence payoffs while calculation of expected utility determines the dynamic properties of the system of conflict. Each macro actor of the conflict system in Nepal claims to represent a unique self-image, for example, the King as an upholder of patriotism and the sole unifying element of a diverse society, the seven-party alliance as an apostle of democracy and CPN (Maoist) as liberator of the oppressed. But, each actor believes that the other is driven by power and tries to increase its bargaining position. This systemic attitude has defied the sharing of a common vision, increased

misperception and deteriorated their relationships, network processes and the context that together make up the conflict system.

The Establishment: After the breakdown of the cease-fire on August 27, 2003, the then government branded CPN-Maoist a "terrorist outfit," relieved the dialogue facilitators of their duty, created a Unified Command comprising the Royal Nepalese Army (RNA), the Armed Police Force (APF) and the Police, created District Security Committees, increased defense outlay and expanded the number of security posts along the Nepal-India border to stop the flow of arms. The RNA, the APF and the police have prepared a three-year security-cum development scheme to fill the development void created by the insurgency. It includes the recruitment of 21,000 security personnel to add to the current 80,000 troops, modernization of equipment, provision of relief materials to victims, extension of security coverage, contain rebels' maneuvers and regain the countryside back from Maoist influence. The security force believes that after the detention of a dozen senior Maoist leaders in India, tight security along the southern border, elimination of the Maoists' Special Task Force from Kathmandu Valley and the split of the Maoist-affiliated regional front in the south and ethnic front in the eastern region, the rebels have become enfeebled. The perception of strengthened security forces has prompted it to win decisive military victories which might contribute to conflict escalation in the medium term.

After Premier Deuba was removed from power on October 4, 2002 King Gyanendra significantly increased his political power and leverage in decision-making. The King in his interview with *Time Asia Magazine* on February 2, 2004 expressed his interest "to play the role of a constructive monarch by becoming visible to the public and know their concerns." Immediately after this, he started his tours in various regions of the country, where the mainstream political parties have disengaged themselves leaving the political space for revolutionary politics. On December 23, in another interview with *Times News Network* the King asserted, "A king in today's times has to be dynamic, be skilled in technical and adaptive leadership, be communicative and yet remain that father figure that every one can turn to. He can't be only seen and heard, he needs to interact with the masses. The monarchy has to have mass participation." Supporters of an active monarchy believe that only an active King can end the anarchy, misrule, corruption and violence, reunify the already torn state and bring the political system to a stable equilibrium.

The King said that he is ready to hold talks with the political parties if they come up with a clear stand on terrorism, corruption, politicization of bureaucracy, good governance and maintaining financial discipline. But he is in no mood to give the parties political space that could undermine the security situation. Political parties have called the Maoist insurgency a political issue and it should be tackled politically. But this stance has changed frequently. It becomes a political issue when they are out of power but while in government they have tried their best to show it as a security [terrorism] issue. In fact, it was the Nepali Congress government that dubbed it a problem of "terrorism" in the first place. Whichever government came to power since then has been forced to toe that line. The King sees the status quo as an opportunity to extend the authority of the state in society by nominating authorities in regions, zones, districts and municipalities to strengthen political order and discipline, but the parties see it as shutting down avenues for a roll back of the takeover. The army, police, traditional political class, RPP, NSP, business community, religious organizations and some members of the donor communities, such as China, Pakistan, Russia, Japan, South Korea, Bangladesh, etc back the government in its bid to restore peace. The government thinks that security situation has improved and that it can hold municipal elections within this year. Political parties reject the government's analysis and consider that the ordinary public is under the shadow of threat from both the CPN (Maoist) and

security forces. Opposition leaders argue that recent Maoist attacks in Mirchaiya, Sindhuli, Udaypur, Diktel and Kalikot demonstrate the resiliency of CPN (Maoist). They reject donors' and the establishment's request to join the government to isolate the Maoists.

For the RNA, the status quo is an opportunity to modernize and upgrade the strength of the army, which was neglected by the political leaders during multi-party rule, considering it more loyal to the king. While the army doubts the patriotic credentials of political leaders, the party leaders doubt the democratic credentials of the army. The RNA believes that the Maoist's occasional peace overtures are only a tactical maneuver to consolidate their power for a long-term battle and argues that without weakening its guerilla wing the Maoists will not come for serious negotiations. The RNA is encouraged by factionalism in the Maoist camp. The factionalism also exposed Indian maneuvers to patch up the Maoist differences and for a rapprochement with the seven-party alliance for agitation (Shrestha, 2005:6). The security forces are, however, spread thin to cope with the Maoist conflict and are not getting any cooperation from the political parties and do not seem strong enough to enforce peace on their own.

Major Political Parties: Liberal political parties are regarded as system-maintainer as they are supposed to be responsive to demands originating from the environment and open to desirable change. The seven-party alliance is a mix baggage of neo-liberal, social democratic, regional, Marxist-Leninist and soft-Maoist groups. It unanimously calls the government's talk of holding municipal election this year as a ploy to prolong its clientalist regime, weaken the forces of political parties and civil society and put off dialogue with the Maoists. Sensing no possibility of a dialogue and consensus with the King, these parties concluded on the "necessity of agitation" and have begun their political movement in Kathmandu and other major towns of the country demanding the revival of the dissolved parliament to reactivate the constitutional process. For the resolution of the national crisis the alliance has furnished several key points, such as a) formation of national consensus on the basis of an all-party government; b) termination of King's absolute rule, c) reinstatement of the House of Representatives for the reactivation of the constitutional process, and d) the formulation of the main agenda for the solution of the national crisis. The road map includes:

- Management of armed conflict and the creation of durable peace;
- Commitment to a forward-looking reform agenda;
- Determination of constitutional issues on the basis of popular sovereignty, multi-party rule, fair competition, rule of law, independent judiciary, provision of holding referendums on matters of national importance, civilian control of the army, restructuring the state to make it participatory and representative of social diversity and marginalized, transparent financial administration, resolution of the citizenship problem, progressive land reforms, democratic, accountable and transparent political parties, etc.
- Forward-looking reform on the basis of the Constitution of the Kingdom of Nepal 1990; and
- Holding of free and fair national elections.

The CPN (Maoist) has already extended support to the agitation of the seven-party alliance, NC's deletion of constitutional monarchy from the party document and CPN-UML's acceptance of constituent assembly hoping to draw them to the formation of interim government and election to the constituent assembly to ensure the creation of a republican Nepal and invited their cadres to work in the areas of their influence. But, these parties'

possibility to develop a coalition with the Maoists for a republican set up does not seem feasible at the moment given the possibility of opening new fault lines within these parties over both tactical and strategic issues and donors' and neighbors' sensitivity about its implications. Moderate political leaders from the NC, NC (D), RPP, NSP and Rastriya Janashakti Party (RJP) strongly support the constitutional monarchy and have raised doubts over Maoist supremo Prachanda's actual control over his guerrillas, who have been violating his instructions not to target civilians and party cadres. Based on their own strategic considerations, India, America and the UK have clearly reaffirmed their support to constitutional monarchy and multi-party democracy and suggested that to improve the efficacy in future negotiation, the King and the parties should first reach agreement on a bilateral basis before exerting sufficient pressure on the Maoists for a return to the negotiation table. This can reduce the triadic conflict into a dyadic one and facilitate the negotiation process. Political parties are, however, facing a problem in making a choice between monarchy and republic and seem unable to act as a balancing loop to help democracy return to normal condition after a series of entropy.

Marginalized in the political process as well as peace negotiation with the CPN (Maoist), they have prepared a code of conduct for a protracted agitation. But, their poor performances in the past, abuse of power, faction-ridden character and demands by the younger generation of leaders for leadership change have weakened their efficacy to attract spontaneous mass support for collective action. The push for leadership change is very legitimate and one for a much needed transformation of political parties. The alliance believes that the muscular approach to conflict resolution has generated huge political costs on democratization and development and insists that the King should revive the House of Representatives to open the possibility for the resolution of constitutional crisis. Constitutional experts, however, view that House revival is unconstitutional as its tenure has expired two years ago and will strengthen the power of the King to terminate it again. It will not help to transform the political crisis. Peaceful change is possible only when all the important actors of society create a vision of commonly shared future and develop practical response to overcome the confrontational power frame that governs their relationship.

Communist Party of Nepal-Maoist (CPN-Maoist). Communist parties are system-smashing parties. They often try to move the liberal-capitalist system further from stability and equilibrium. In 1995 one faction of the Communist Party of Nepal-Unity Center (CPN-Unity Center) changed its name to CPN (Maoist), expressed its faith in the "People's War" and submitted an ultimatum of February 17, 1996 to the government to fulfill its 40 demands related to public welfare, nationalism, a new constitution drafted by a Constituent Assembly, a republican state and abrogation of all the unequal treaties with foreign governments especially India. But, it deliberately started violent activities four days before the deadline expired. The aim of the party is to establish a "communist regime by surrounding the cities after establishing base areas in the countryside". This, they think, is needed to resolve "the basic contradictions the Nepalese people have been facing with feudalism, imperialism and comprador bureaucratic capitalism." For the purpose, the party evolved its own indigenous model called the Prachanda Path "to provide leadership to the anti-feudal and anti-imperialist democratic revolution of Nepalese people" but adhered to Mao's three-stage guerrilla warfare—strategic defense, strategic equilibrium and strategic offence.

Claiming initial success, it moved to the phase of strategic equilibrium—a phase of equilibrium between the guerrilla forces and the army. Developing Rolpa and its vicinity as the main base for regular guerrilla attacks, it isolated the major political parties from the rural areas, forced the withdrawal of state institutions from the villages, and started hit and

run activities in the cities. This military strategy appears to be in a confused state at the moment, at least in the eyes of the public, especially with several remarkable defeats they have had to endure after February 1, 2005. They have opened the political front once again, apparently, to make up for the military losses. The Maoists are trying for a "joint front" with other political parties to establish their republican set up, the same parties they said they could not talk with for peace while peace negotiations were on and attempting to prove their strategic parity with the security forces by attacking weak spots.

The CPN (Maoist) began its People's War by punishing people for social excesses in rural areas—gambling, liquor use, girl trafficking, domestic violence, smuggling, etc. Politically they campaigned to support the rights of diverse nationalities and ethnic groups for self-determination. In the second stage, the Maoists mobilized 21 of their sub-national, ethnic, regional and professional organizations through forced conscription, capturing arms from the local feudals and police, turning safe areas into strategic ones, eliminating "class enemies" and began to set up "people's governments." After achieving considerable success, the party started attacking the Royal Nepalese Army (RNA).

The communist ideology of CPN(Maoist), in contrast to the deviation by main political parties from their own ideologies, constitutional norms and opportunistic coalitions for power, served as a powerful tool to attract the poor and lower middle class people long subordinated to structural injustice. External support from the Revolutionary International Movement (RIM), including People's War Group (PWG), Kamatapur Liberation Organization (KLO), and the Maoist Coordination Center (MCC) in India and Shining Path in Peru has equally inspired the guerrilla war in Nepal. The merger of the MCC and PWG in India has further boosted the morale of the Nepalese rebels. The Coordination Committee of Maoist Parties and Organizations of South Asia (CCOMPOSA) coordinates their activities in South Asia. An extremely porous 1,800 plus kilometer open border and the presence of a large number of Nepalese diasporas in India have enabled it to use Indian territory as a sanctuary for guerrilla training, collecting arms and ammunitions and escaping arrest thus contributing to the sustainability of conflict.

The government in Kathmandu has no effective control of the countryside. The Maoists have filled the authority vacuum created by the abandonment of police stations and government offices by the government several years ago in the name of consolidating them with the district headquarters. The weakening of state authority has worked to their advantage. The severe military setbacks and disruption of their bases in western hills in more recent times have, however, forced the Maoists to resort to conventional guerrilla fights, such as targeting security and influential persons, (they targeted ex-premier Deuba and ex-home minister, killed a Chief of APF and an army brigadier general), informers, school teachers, government officials, cadres of other parties and 'feudals,' and imposing regular embargos against Kathmandu and other district headquarters. They have also extended their People's War to the Tarai and have launched selective urban guerrilla attacks. The Maoists' current political strategy involves developing an understanding with the mainstream parties struggling against the Royal government, persuading them to work together for the establishment of a republican state, mobilizing support from India and the Western powers, especially with those who have differences with the government, and appealing to the UN to "play a creative role" in peacefully resolving the problem. Maoist leader Dr. Bhattarai has argued that the election of the constituent assembly could be held under the security of the UN after demobilizing the RNA and People's Liberation Army (PLA) and the thus elected constituent assembly could draft a new constitution.

The CPN (Maoist) has turned down the government's offer of peace talk, increased violent insurgency in the countryside, created a rift within and between constitutional forces—the King, NC, NC (D), CPN-UML and civil society organizations and tried to attract

younger generation of leaders from various parties for a republican set up in the country. Authoritative comments from the senior parliamentary party leaders, however, do not seem definitive on this issue. They are demanding that the Maoists shun violence, join peaceful parliamentary politics and demonstrate their commitment to multi-party democracy, human rights and civil liberties. On June 19 CPN (Maoist) leader Prachanda in a statement expressed his party's commitment to multi-party competition, human rights, rule of law and a democratic republic. He proposed that an interim government hold the election for the constituent assembly. The CPN (Maoist) fears that the government is trying to isolate it through a domestic and international alliance in the name of joining the US-led global coalition against terrorism. It has expressed concern over the growing influence of the security forces and foreign powers in decision making.

Dr. Baburam Bhattarai and Krihsna B Mahara recently held meetings with the Indian government and political parties to create an atmosphere conducive for a "pro-democracy movement in Nepal." Prachanda said, "For the political resolution of the civil war we will accept mediation by the UN, reliable international human rights organization or any neutral country." The converging point of the seven-party alliance and the CPN (Maoist) is the constituent assembly but both differ in their ultimate goals—the former seeks the restoration of House of Representatives while the latter wants a people's republic. It is not sure whether cooperative action between the two is possible while CPN (Maoist) still holds arms. The international community would not support a people's republic led by the Maoists. The prospect for the rebels to become decisive does not seem plausible given the country's strategic geography and its geopolitical links abroad. Realizing this fact, on May 30 Dr. Baburam Bhattarai said, "In the absence of an understanding between India, China, the United States and the European Union, there will be no sustainable outlet and peace moves. Comrade Krishna Bahadur Mahara and I have been sent here (India) to do international work." Political parties, the King and the international community have asked the CPN (Maoist) to lay down their arms and show commitment to multi-party democracy. The friction between the King, political parties and donors has stimulated the CPN (Maoist)'s confidence to make the conflict protracted, constantly shift the balance of power and seek structural transformation of the political sphere. To dispel doubt about it and to help realize what it calls "people's expectation for peace and democratic republic," on September 3, 2005 CPN (Maoist) has unilaterally announced a ceasefire for three months but stated to remain "in a position of active defense" and resist if there is an offensive from the side of security forces. The Maoist spokesman, Krishna B. Mahara made it clear that there was no prospect of peace talks with the government. Within two days of the announcement of ceasefire Prachanda and Ganapaty (CPI-M of India) repeated their promise to "fight unitedly till the entire conspiracies hatched by the imperialists and reactionaries are crushed and the people's cause of socialism and communism are established in Nepal, India and all over the world." As a result of this, the government's response to ceasefire is cautious one while seven-party alliance and civil society have welcomed it.

Nepalese political forces claim various forms of legitimacy--traditional (king), electoral (political parties) and revolutionary (CPN-Maoist)--to contest for power but their inability to get socialized and operate according to the constitutional rules of the game has built a propensity to perpetuate both political and constitutional deadlock, thus making conflict inevitable. In a weak state dependent on foreign aid, external support to the government has added yet another element in the legitimacy. There is a competition among all the conflicting parties for future positions. Like egoists, all actors ferociously act toward and react to, rather than interact with each other. This has prevented their engagements in constructive negotiations to handle the political crisis and unite the diverse societies

around a common process of socialization. Each holds self-reinforcing dynamics of negative image of other, conflicting preferences, legitimacy of its own claims, rightness of its own cause and antipathy to the demands of other as they are built up and sustained across time by processes of political socialization and learning. In this context, it is difficult to envisage an early return to the negotiation table, without the intervention of a third party. Promotion of talks among the three macro actors is the first step for confidence building at Track I level.

Position of Key Actors on Main Issues of Conflict

	Establishment	Seven-Party Alliance	CPN (Maoist)
State	Hindu	Secular	Secular
Polity	Unitary	No-consensus	Federal
Democracy	Meaningful	Complete	New democracy
Constitution	Status quo	Constituent Assembly Maoists rejects violence and joins the peace	Constituent assembly
Monarchy	Constitutional yet constructive	Constitutional but passive	People's republic
Army	Status quo	Civilian control	Civilian control
Legitimacy	Traditional	Electoral	Revolutionary
Election	First-past-the-post	First-past-the-post	Proportional
Economy	Market economy	Market economy	Socialist
Foreign Direct Investment	Liberal attitude	Liberal attitude	End of monopoly
NGOs/INGOs	Regulation	Liberal attitude	Selective
Land reform	Modernization	Progressive reform	Land to the tiller
Foreign policy	Non-aligned	Non-aligned	Non-aligned
Gorkha Recruitment	Status quo	Status quo	Removal
Nepal-India border	Status quo	Status quo	Regulation
Foreign military advisors	Status quo	Status quo	Removal

Besides these, there are many cross-cutting issues, such as the presence of 100,000 Bhutanese refugees, the rural-urban divide, poor representation of women, discrimination of Dalits, marginalized and indigenous people in the structure of governance, problems in citizenship, faulty privatization measures, corruption, cronyism and patronage politics, etc. to which actors have attached priority at the time of making their choices. The behavior of all actors is governed by the calculation of interest and systemic antecedents, such as memories, beliefs, stereotype, expectations, personality needs and cognitive styles that sustained the conflict system.

International and Regional Actors in Conflict System: The extra-national actors include all those actors that lie outside the national system but they are the functional component of the international system that comprises the total environment from which arises influence to impact the conflict system. A strong internal and external legitimacy is important for the stability of an aid and legitimacy-dependent regime. The Maoist insurgency has highlighted Nepal's strategic importance to the global and regional actors. The global war on terrorism, geo-strategic contests and security considerations influence their policies in Nepal. They are also applying military cooperation, creative diplomacy, international law, trade, investment and humanitarian support to limit the harmful actions

of the actors in conflict, thereby generating public opinion in favor of transforming the goals and practices of macro-conflict actors. Consensus is emerging on a “political resolution” within the framework of a constitutional monarchy and multi-party democracy. They have been calling for the united front of all parliamentary forces against the CPN (Maoist) to achieve the crucial objective of resolving the insurgency that they see as fuelled by social exclusion, poverty, unemployment and feudal control. But a mere call for reconciliation between the constitutional forces is a facile cop-out. The international community can encourage the national actors to develop their own approaches and tools for dealing with the conflict and bring insight into it. On March 27, 2003 the US Assistant Secretary of State for South Asia Christina Rocca revealed the US policy to provide “security assistance” to the Royal Nepalese Army (RNA) in coordination with Great Britain, India and other partners to counter the Maoist threat. Similarly, the British government has provided two MI-17 helicopters and \$20m military and development aid to Nepal. It has also agreed to supply the RNA with two spy aircraft, the Eye-lander. The Indian government, too, has offered two night vision helicopters and extended cooperation to improve Nepal's security, economic and social situation. All these governments worry about the possibility of Nepal falling into a “failed state.”

America and India have labeled the Maoists as “terrorists.” America has put Nepal on the list of “US foreign policy challenges,” provided \$17m military and \$40m development aid and 8,000 new M-16 assault rifles. The media have reported that more than 50 soldiers of the US Pacific Command are involved in “Joint Combined Operations” with the RNA soldiers. Nepal and the US also signed an Anti-Terrorism Assistance (ATA) under which the latter assists in training, consultation and equipment. Due to the overt Maoist threat to American organizations working in Nepal, Washington has placed them on a “watch list” of organizations and issued an executive order to freeze Maoist assets in the country. The US believes that one last military offensive can bring the Maoists to the negotiating table. After the Royal takeover, the USA, the UK and India are, however, “reviewing” the need for lethal assistance to Nepal while non-lethal military assistance, such as bomb disposal equipment, vehicles, body armor, night vision goggles and training to the RNA continues. An amendment sponsored by Senator Patrick Leahy stipulated certain democratic and human rights standards that the Nepalese would have to meet to receive this year's \$ 3.1 million aid. Earlier, the Nepalese government also purchased 5,500 Minimi belt-fed machine guns from Belgium to beef up RNA strength.

On May 24, 2005 American Ambassador to Nepal James Moriarty in an interview outlined three conditions to address the Maoist insurgency: “First, there should be a fairer degree of unity among the legitimate political forces. Second, there needs to be pressure from the international community on the Maoists to come to the negotiating table and reenter the political mainstream. And third, the Maoists have to be convinced that they are not going to win militarily.” Speaking on another occasion, he warned that a victory for Maoists would not only be a “humanitarian disaster of huge proportion” for Nepal but also a destabilizing force in India due to the influx of millions of refugees. He questioned, “Should we give \$2 million security assistance this year or \$500 million to refugee camps scattered throughout India in the not-too-distant future? That is the choice we have to make.”

India is the largest contributor of military aid to Nepal. It fears that the protracted insurgency in Nepal could spill over to its geopolitical heartland, the Gangetic belt, and points out the possibility of smuggling sophisticated foreign arms to Indian insurgents. It insists on the resolution of the conflict by the Nepalese themselves. The then Indian Ambassador to Nepal, Shayam Sharan, made it clear that his country “was not in favor of any third party mediating in the Nepalese peace process.” He was responding to the UN, Swiss and Norwegian willingness to mediate the conflict in Nepal. Speaking at a press conference

at Rajbiraj on October 18, 2004 he said, "India is ready to help solve the Maoist problem." India, the UK and the EU have recently welcomed the common program announced by major Nepalese political parties hoping that "these efforts will lead to a dialogue between political parties and the king." Urging both the king and the political parties to show flexibility in initiating dialogue the EU added, "the development of multiparty democracy in Nepal must be an essential part of any acceptable and sustainable solution of the current conflict." On September 7 the EU welcomed the unilateral ceasefire by the CPN (Maoist) and asked the government to respond positively for a durable negotiated solution. It added, "The EU continues to believe that such a solution will require the assistance of an independent and credible external partner and the active support of the international community" and offered whatever assistance Nepalese political forces agree on as appropriate. But more partisan statements, particularly seen as going against the government's public commitments, have landed foreign envoys in trouble. For example, it expressed "strong displeasure" with the ambassadors of India and the UK and asked them not to interfere in Nepal's "internal affairs."

For Beijing, Nepal's strategic disposition is of tremendous value to its South Asia policy especially in relation with India, tranquility of south-west border and the security of Tibet (Han, 2005:2). China has welcomed the royal commitment to restore peace and disowned the Maoists, called them "anti-government forces," opposed external meddling in Nepal fearing the convergence of anti-Chinese forces in its underbelly, Tibet, and suggested that the problem should be solved by Nepalese themselves. China welcomed the government's decision to close Tibetan welfare offices from Nepal, its commitment not to allow its territory for anti-Chinese activities and increased substantially the amount of development aid. Chinese analysts, however, "see a potential scenario in which US accomplishes its military presence in Nepal" (Han, 2005, 4).

On March 23, 2004 UN Secretary-General Kofi Annan urged the government and the Maoists to take immediate steps to end the fighting and resume the peace process with the participation of all political parties and civil society. He does not believe there is a military solution to the conflict and reiterated his offer of help in searching for a solution to the conflict in any manner the parties consider useful. The UN and the UK tried "soft" diplomatic approaches, appointed "special envoys" to work on Nepal and sought a political solution to the armed conflict. These efforts were half-hearted and thus failed to yield the expected results. Third parties should have helped the rival groups accurately assess their Best Alternative to a Negotiated Agreement (BATNA) through grounding each actor's alternatives to agreement, analyzing the costs and benefits of all options available to them and coming up with a negotiated solution that is better than all sides' alternatives (Spangler, 1992:4).

2. Core Political Challenges and Gaps in Peace Building Activities

An underlying balance in which profound change at one level induces an adjustment at the other and links the three levels of conflict and peace. The balancing process is continuous and impacts the conflict sub-system and diverse level of societal actors. Collection of information from various sources and personal meetings about causal relationship has greatly assisted the author in expanding the level of analysis.

Track 1 Processes

In the first phase, three rounds of dialogue took place between the government and Maoists on August 30, September 13 and November 13, 2001 at the Track 1 level. The Maoists demanded a new Constitution, an interim government, and an end to the Hindu monarchical Kingdom in favor of a republic. On November 10, Maoist supremo Prachanda put the formation of an interim government as a precondition to the third round of peace talks and declared his party's withdrawal of the demand for a republic state. In the third round, the Maoists sought abrogation of the present constitution and formation of an interim government to conduct an election for the Constituent Assembly and withdrawal of security forces from Maoist strongholds. Suddenly, the Maoists broke off from the talks, accusing the government of violating the cease-fire. On November 23, 2001 they attacked the military for the first time at a barracks in Dang and other places which forced the government to declare a state of emergency and mobilize the army against them. Since then, the conflict escalated increasing violations of human rights. The mainstream media assumed that the Maoists decided to fight the army because of hard-line pressures from Ram B. Thapa, the chief wing of armed guerrillas. The leftist media said that the establishment did not provide any space for a safe political landing for the Maoists and tried to procrastinate the negotiation.

In the second phase, again, another three rounds of dialogue took place on April 27, May 9 and August 17, 2003. Viewing the peace talk as a product of geopolitical equilibrium, CPN (Maoist) accepted the king's *de facto* power due to his control over the army but perceived bipolar confrontation between the old regime and the new forces. Considering the previous peace talks as a product of "objective necessity" of civil war and the balance of national and international forces in the country, it demanded: integration of the RNA and the rebels' People's Liberation Army (PLA), a secular state, right to basic needs, new land rights conforming to the "rights of the tiller" concept, removal of foreign army personnel from Nepalese territory, military aid and any pact harmful to national interest, regulation of Nepal-India open border, closure of the Gurkha recruitment center, an end of foreign monopoly in industry, commerce and economic fields and foreign intervention, including those by NGOs and INGOs. But, its immediate demands involved a round table conference of relevant forces of society, an interim government and the election of a constituent assembly to draft a new constitution.

For the first time, the government headed by Premier Surya B. Thapa put forward the government's agenda for the talks. Explicit proposals of forward-looking reforms were made for the purpose of reaching agreement on the realization of common interests. They, *inter alia*, involved: formation of a neutral government three months before elections,

proportional representation, restructuring of the Upper House of Parliament to accommodate marginalized people, reservation of 25 percent of all seats in representative institutions for women, etc. It agreed to fulfill the Maoists demands for a roundtable and the all-party interim government, but rejected the constituent assembly, which the Maoists claimed, was their bottom-line. “Negotiating with a bottom-line is less effective and beneficial than developing a solid BATNA” (Fisher and Ury, 1992: 101) which gives the power to continue with negotiation. On August 27, the Maoists unilaterally staged a walk out from the negotiation. The immediate cause for the breakdown of talks, according to facilitator, S. Upadhyay, was the killing of 17-unarmed Maoists and two civilians in Doramba, Ramechhap by security forces in the midst of the negotiation.

It stands to reason that a better understanding of issues and interests and development of skills in negotiation would greatly facilitate conflict management. Nepalese leaders have yet to learn as to why power negotiated outcome of 1950 and 1990 did not achieve sustainable democratic peace and why a transformative systemic approach is required so that change agents can sustain the inclusive peace process. In the two rounds of negotiation between the government and CPN (Maoist), however, there were many critical gaps which should be avoided in future negotiations.

- Negotiation took place amidst growing mistrust between the two sides and, therefore, each side could not perceive the conflict situation from the other’s point of view, interests, issues and rationality and to understand the other’s definition of primary interest.
- There was absence of any mechanism to systematically monitor the violation of the code of conduct and human rights, dynamic changes associated with escalation of conflict behavior and change in attitudes and innovative strategy for conflict minimization.
- It was a Track I negotiation and had no coordination with the vertical Track II and Track III levels to fall back on. This means negotiation did not develop any mechanism for wider public participation and legitimacy.
- Negotiation was focused more on differences than on common points. This held back agreement on negotiable issues and provide some satisfaction to the rival from the negotiated outcome. Opponent’s cooperation is important for bargaining over the vital issues.
- Negotiation was marred by the inflexibility in the adjustment of incompatible goals as negotiators had only delegated power and had no necessary political will required to transform the conflict. The CPN (Maoist) had the temptation to publicly score points in the ongoing negotiation while the government preferred some form of confidentiality before achieving substantial outcome.
- There was poor role definition of facilitators as mere communicators. They did not synthesize different viewpoints and interests to help an analysis for a constructive outcome. Facilitators did not have any leverage over the conflicting parties except their power to communicate. There was no non-party policy or technical expert seeking compromise formulas and methods for breaking deadlock.
- Negotiators could not muster adequate support from the major political parties and civil society for the negotiations. Several political parties acted as peace spoilers as they were interested more in opposing the government than constructively engaging in the peace initiative.

- There was no transformation in the winning mindsets of both sides towards reconciliation and share the same political space without resorting to violence.⁶
- There were some political stipulations for reform agendas but no military stipulations regarding the adjustment of the Maoist forces. The government was insisting on the prior surrender of arms by Maoists, which it outright rejected.
- Differences in approaches among the donors regarding the solution of conflict also acted as a spoiler for negotiation. For example, the UN, Switzerland and Norway offered their good offices for mediation, India and China opposed third party mediation, the UK opposed the mediation of both India and China and the US preferred the primacy of national security to negotiation. On October 3, 2004, the US Ambassador to Nepal James F. Moriarty said, “My government is not comfortable with the concept of mediation right now, particularly when the Maoists are not showing any sign that their real goal is multiparty democracy.”

How to avoid the development of militant macro political leadership, temptation of defection by conflicting parties in the future negotiation and manage the regional and global geopolitical interests in Nepal remains a major policy challenge for the Nepalese leaders.

Track II Processes

The regular breakdown of negotiation at Track I level and distortions in communication have increased the importance of Track II. The importance of Track II also increased because of the constant political deadlock among the macro actors in the conflict system. But, it requires an analysis of how interlocking nature of various levels of conflicts and peace efforts circulate back and forth in response to internal conditioning and external incentives. Following the escalation of conflict, civil society groups especially human rights organizations, trade unions, women’s organizations, professional bodies, religious institutions, indigenous people’s organizations and NGOs-- have been pro-actively engaging in public dialogue, raising their concern about human rights abuse, articulating necessary reforms in the governance and advocating peace negotiations through peace talks and marches. Their advocacy has limited impact due to a lack of visionary leadership, fragmentation of the critical mass along partisan lines, absence of a broad-based coalition for shaping public opinion and concerted efforts for conflict transformation. Citizens need to gain basic civic knowledge of how to participate in electoral politics in a manner, which is conducive to party building from below.

Representatives of civil society who have drawn their own "road maps"⁷ for conflict resolution have made it clear that Maoists cannot be ignored or bypassed. The CPN-UML prepared a similar “road map” after its leader’s meetings with both the King and CPN (Maoist) top leaders to articulate the middle-ground (a referendum on constituent assembly) between the King’s rejection of constituent assembly and Maoist’s rejection of

⁶ “A conflict must be ‘ripe for resolution,’ meaning that all parties involved in the conflict must have the perception that they can better achieve their goals through negotiation than by fighting” (Paffenholz, 2003:12).

⁷ Volunteer Mediators Group for Peace and Conflict Resolution (VMGCR) and Civic Solidarity for Peace (CSP), a coalition of several NGOs, prepared road maps for peace.

current constitution. All the road maps argued that CPN (Maoist) could be brought to mainstream politics only through dialogue, negotiation and the round table conference.⁸

Leaders of CPN-UML, NC, NC (D), CPN (Maoist), NSP (Anand Devi) recently held meetings among themselves and with the Indian leaders in India to prepare the “groundwork” for Track 1 negotiation. Such informal meetings are expected to develop mutual understanding, explore commonalities and develop personal relationships. But, India’s support to the agitation by the alliance has made the King wary of the Indian attitude. This has softened the Indian attitude towards the Maoists. In fact, the latest Maoist ceasefire has been alleged to be Indian sponsored to give a new strength to the seven party agitation. All the forces of society agree that national consensus must be evolved before holding an election. A lack of historical trust between civil society and the government as well as political parties has tended to undermine their role in matters of public and national interests. While political parties view that the growing activism of civil society can projectize and depoliticize their cadres, the government thinks that they are running a “parallel government.” Senior party leaders fear the tendency of civil society to go against them in the name of the internal party democracy and undermine the agenda of peace. A constructive relationship between civil society, political parties and the state requires a clear definition of their legal and functional domains. To constitute an autonomous force capable of creating “counter-hegemonic” mobilization of people and challenge the vested interests, enforce distributive politics and initiate peace building, civil society groups will have to transcend their partisan and ideological leanings and establish active networks of communication with virtuous loops of Track 1 and Track III processes in a way to affect the subsequent conflict behavior.

Media and human rights groups have undertaken a number of fact-finding missions on reports of violation of human rights by the conflicting parties, provided early warning about the potential of the conflict, monitored human rights situation such as killings, disappearances, abductions, displacements, torture, recruitment of child soldiers, closure of schools, coercive indoctrination and rape and organized training programs on peace education, conflict transformation and peace rallies across the country. Many national and international humanitarian agencies are providing relief to the people in remote parts of west Nepal such as Humla, Jumla Mugu, Kalikot, etc caught in hunger and starvation due to the scarcity of food and disruption of supply due to the ongoing conflict.

At the initiation of human rights organizations and civil society, dialogue between the government and pro-Maoist All Nepal National Independent Students’ Union, Revolutionary (ANNISU-R) was successfully concluded in May 2004 thus ending the month-long closure of schools. On September 15, the same year, the Maoist-affiliated All Nepal Trade Union Federation (ANTUF-Revolutionary) withdrew the indefinite closure of factories it had imposed, following the negotiation of interests and signing of an agreement between the government, employers’ organization and ANTUF-R. The signing of the agreement was facilitated by human rights organizations. On the pressure from the media, civil society and human rights organizations, the CPN (Maoist) and government observed a truce from October 20-28, 2004 for the Dasain festival. On the request of human rights and civil society organizations, the CPN (Maoist) has released several abducted people and security personnel. On September 1, 2005 due to successful mediation by business group, trade unions and human rights organizations, the Maoist-affiliated ANTUF-Revolutionary called off its indefinite strike in Unilever Nepal Limited. It was through informal and unofficial

⁸ “Dialogue projects are indeed an important instrument of the conflict resolution approach, primarily because its key objectives are the mutual clarification of perceptions and relations and improvements in communication” (Ropers, 2004:263).

communication by human rights organizations and civil society groups that the government and CPN (Maoist) got engaged in the previous two rounds of negotiations at the Track 1 level. They are now exploring the possibility of bringing the two sides to a third round of negotiation. Due to positive interaction with political parties and civil society, CPN (Maoist) has announced a unilateral ceasefire for three months beginning from September 3 to express what it calls its commitment for democratic set up, encourage political power and the UN to initiate new moves and allow the people to observe Dasain and Tihar festivals. The political roles of civil society lies in modernizing the relationship between the state and society and making the people reflective of their own deeply internalized practices and to understand the merits of impersonalized democratic institutions.

Track III Processes

There are a number of grassroots initiatives on humanitarian relief, peace, rehabilitation and reintegration of conflict-affected people. The media and public opinion have been the most vocal about the need to halt the violent activities and are putting pressure on both sides to observe humanitarian laws. The donors, the government and INGOs are strengthening the capacities of Dalit, indigenous people and women's federations and associations to achieve social justice and empowerment. While the mainstream parties and human rights organizations are interested in Track I and Track II processes, grassroots organizations are addressing "complex political emergencies" with indigenous means and applying the methods of mediation and building trust among the connectors of society, village elders and eminent persons. Public pressure for peace is mounting but their social action has yet to become a part of the national action. It is because it has not yet reached the critical threshold to impact on the drivers of conflict and turn conflict transformation into a peace process.

Unlike South Africa, where Consultative Business Movement (CBM), Council of Churches and organized labor made a successful intervention in the peace process and concluded the signing of the National Peace Accord in September 1991 (Eloff, 1999:1) which provided the foundation for the multi-party negotiation, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has not played the role of an "honest broker" for negotiation and eventual consensus. A national conference on "Role of the Private Sector in Peace Building, Reconciliation and Development" organized by the private sector in July, 2003 set up a new initiative called "National Business Initiative for Peace," with a mandate to engage in peace building activities. The relationships between local chambers and civil society have been marked by a general lack of interest in collaborative problem solving. Instead, both quietly pay taxes to the state and Maoists.

The mushrooming growth and disunity among NGOs and civil society in Nepal reflect the country's social asymmetry in caste, class, ethnicity, gender and region. These intermediary bodies are unevenly distributed just like the per capita income. It merely mirrors the elitism of a class-based society. The critical mass of this sector is, however, gradually coming together to define priority issues for reforms and establishing itself as a vibrant and legitimate force for collective action. In a country with enormous diversity, the issue of representativeness of change agents in governance is highly significant. A marked increase in the number of NGOs, Community Based Organizations (CBOs) and civil society working in conflict, organizing problem-solving workshops, conflict resolution training and advocating for peace is a positive indicator for building peace constituencies. Track II civil society dialogue is significant for its contribution to add democratic values such as

inclusion, justice and participatory governance in Track I's concern for power equation and power sharing. But, the steady spread of Maoist insurgency and counter-insurgency operations have posed difficulty for these intermediary bodies in remaining neutral, hindered the formation of effective networking and social movements of people's institutions and CBOs and restricted their public action in villages. The relationship of the government with the civil society is marked by a lack of trust and cooperation and the government often sees them as donor-driven, anti-state, partisan and opportunistic while the Maoists also oppose them considering them inimical to their People's War due to their petty bourgeoisie character and class-mediating approach. Reaching a sustainable peace requires a long-term effort of grassroots organizations in addressing diverse concerns and helping people take leadership roles in transforming their institutions and communities. But, without relief measures in the short and medium-run, this goal is unlikely to be attained.

Political agreement on power sharing reached at Track I would not ensure sustainable peace if the critical mass formed within each sub-society and interacting with other two tracks is not integrated into it.⁹ Local people have no choice but to engage with CPN (Maoist) either because it controls the local population, territory or services or because local leaders feel compelled to seek out options for minimizing the impact of the conflict. On the contrary, local leadership of *Janamukti Morcha Nepal* (JMN) has been actively opposing human rights violations by both the rebels and security forces in the western mid-hills. A "civil society" of local people of the Surkhet-Dailekh border started to goad the rebels into surrendering to the local administration and have been organizing peace rallies. In November last year, women of Dailekh defied the threats of Maoists and started rally against them for abducting their children. Resistance against the Maoists soon spread to Baglung, Pyuthan and Terhathum Districts. The Maoists cadres penalized two leading anti-Maoist women leaders. In Janakpur, the local police chief invented the concept of community police and created several clubs to build linkages between the ordinary public and the police force to improve interface between the state and society for peace building.

Insecurity in rural areas remains high for NGOs, INGOs and development workers. Conflict affected people are not receiving adequate assistance they need. Sometimes, the conflicting forces harass relief workers. And the rebels hijack trucks delivering Food for Work and relief materials. It is important to give practical support to the Nepalese who are actually doing something on the ground. Broad-based support to the conflict transformation requires the ownership by and constructive engagement of all functional groups of society in development initiatives. The Association of Sufferers of Maoists' Atrocities in Nepal (ASMAN) has been organizing protests to demand that the government recognize them as internal refugees and provide food and shelter while the government thinks that they are doing oppositional politics. How to thicken the bonds of social capital both at the horizontal and vertical levels and build the social capacity of ordinary public to engage in local and regional dialogues is a major policy challenge for Nepalese grassroots civil society. The success of future negotiation requires the preparation of all "constituencies for principled negotiations and a paradigm shift towards political and conflict transformation" (Ferdinands, et al, 2004:29).

⁹ "Sub-system strategies link immediate issues within the setting to the broader systemic dynamics within which the particular conflict unfolds." (Lederach, 1997:151).

3. Options for Systemic Conflict Transformation

People desire to break the cycle of violence and achieve peace, but their capacity to bind the powerful actors to a mutually beneficial course of action is weak. Each actor fears the possibility of international military and humanitarian intervention. No political force in Nepal is decisive to solve the current political crisis. A spiral of Hobbesian fear has set in the mind of each actor about other's intentions, character, capabilities and maneuvers. As a result, each tries to base its policy on a position of strength. The shared risk among the three adversaries is expected to revise their expectations to make a cooperative game possible. The growing conflict is eroding the political space of political parties and their civil societies in rural areas. Before the Royal takeover of February 1, the CPN (Maoist)'s preference for a direct dialogue with the King had evoked fear among the political parties as they assumed that they will be sidelined in the political process and lose legitimacy. They fear a scenario of CPN (Maoist) and the King striking a deal to weaken and isolate them while the monarchy fears the danger of political parties moving closer to the Maoist camp. The student and youth wings of these parties have already started articulating the language of threat to extract concessions from the King. They have said, "if the king does not act as a constitutional monarch, they would have no alternative but to opt for a republic."

The CPN (Maoist) fears that the government and political parties are trying to isolate it through a domestic and international alliance in the name of joining the US-led global coalition against terrorism. The US, the UK and the Indian convergence narrows the chances for a negotiated settlement of the conflict. It thus opts for internal adjustment with the parties and distances them from the Royal regime. The three macro actors (the government, agitating seven-party alliance and CPN-M) are somewhat similarly positioned in terms of ideological resources, institutional foundation and abilities to hold the state captive. But, the structural centrality of the kingship puts the king at the pivot of Nepali politics. He does not want the radicalization of society, election for a constituent assembly nor favors a republican set up. Political parties fearing the growing Maoist influence also want a reconciliation of constitutional forces including the King. They, however, oppose the current government and prefer an all-party government.

Each actor favors a political resolution of the conflict including social, economic and political reforms aiming to restructure state-society relations. There are overlapping issues in their agenda-- a common respect for people's sovereignty, willingness to consolidate the democratic gains of 1990 and a readiness to include those left out and potential actors of society in governance. These agendas also reflect converging interests (especially on national sovereignty, economic and social reforms, upliftment of marginalized people, women, Dalits, a non-aligned foreign policy, etc) and hold the prospect for the resumption of a peace dialogue since neither side can claim a political or military victory on its own without the cooperation of the other. Shared interests hold a possibility to transform the zero-sum conflict into a positive-sum game and redefine political relationships between the actors. But, in the absence of intermediaries to communicate and open the space for actors to learn and change, prospects for serious dialogue have not been seen. The systemic approach to peace requires a clear division of labor among the Tracks, their mutual communication and network with each other as well as mutual reinforcement of different loops. "Protracted armed conflict is a system, a system that can be transformed only by taking a comprehensive approach to the people who operate it and to the setting in which it is rooted" (Lederach, 2004:18). The multi-structural

nature of the conflict leaves Nepal only with the conflict transformation approach rather than conflict resolution, as it is linked with contexts, actors, issues, relationships and rules.

International Mediation

The third party mediation coming from outside the conflict system can become one viable option but its role has not been spelled out clearly. Nepalese political leaders are divided on the question of international mediation. The establishment, NC, NC (D), RPP and NSP chose to negotiate the peace process by themselves without the involvement of international mediation. The CPN (Maoist), CPN-UML, CPN-ML, NeWPP and Jana Morcha Nepal and civil society groups have welcomed the role of the UN or any neutral third country to facilitate the mediation process. All previous governments rejected the UN Secretary-General Kofi Annan's mediation offer on "geopolitical grounds (Nepal is surrounded by two giant neighbors)." Assistant Secretary-General of the UN Kul Chandra Gautam, however, responded, "Precisely because Nepal is surrounded by two giant neighbors, it needs a neutral, impartial organization without any vested interests, like the UN, to facilitate the peace process." The UN had sent Annan's senior political advisor Sameul Tamrat to Nepal several times to explore the possibility of mediation. Based on Annan's meeting and communication with King Gyanendra, his Special Advisor, Lakhdar Brahimi, made a six-day visit to Nepal in July 2005 to help find a peaceful resolution of Nepal's conflict. Before his departure Brahimi said, "The solution of Nepal's conflict rests on three elements: a return to constitutional order and multiparty democracy, an end to hostilities and an inclusive national dialogue towards negotiated solution to the underlying causes of conflict." On September 6 Annan called for measures leading to inclusive peace talks and offered his "availability in the search for a solution." The UN cannot be involved without the consent and trust of conflicting parties. Neither the seven-party alliance nor the government has supported UN mediation because they are unsure of its outcome, fear of losing more power to the people and also do not want to antagonize India, China and the US which are opposing international mediation. They also fear that international involvement can also legitimize the Maoist concept of "old and new regime," give recognition to them and make the systemic conflict protracted. International community can provide the knowledge, resources, skills and legitimacy to generate cooperation among the conflicting parties, explore common grounds and increase the costs to those who are not interested in cooperation.

In February 2003, British government also appointed Sir Jeffrey James as a Special Envoy to Nepal. His mandate was to act as a focal point in London for coordinating British government's help for peace and development, and hold consultations with Nepal's other international partners on how best to support the country. During his eighth and last visit to Nepal in April 2005 he pointed out the need for a "democratic environment" to begin an inclusive peace process" and added that international community should support Nepal in achieving a sustained "democratic middle ground from where the conflict can be resolved."

Possible Entry Points for Negotiation

A revival of the Peace Secretariat can become one entry point for external cooperation and institutional participation of the public in the structure of peace through knowledge exchange resource sharing and linking several Tracks for synergy. It should act like a

political think tank on crucial conflict issues, help sharpen approaches and methods and weave a critical mass for conflict transformation. Like in South Africa, the public participation to the Peace Secretariat, however, must satisfy three principles: “inclusivity, accessibility and transparency” (Barnes and Klerk, 1997,9). The secretariat, in order to initiate a process-oriented job, should be made up of prominent persons representing various quarters of the society and designed to facilitate negotiation and conciliation efforts. Now, the Secretariat is creating a data bank on conflict and the government has allocated ten major programs to it related to relief and rehabilitation to conflict victims, initiation of development works in conflict hit areas, creating awareness on peace and negative impacts of conflict on women, children, Dalits and ethnic minority. It is also assigned to monitor and evaluate relief programs launched by various ministries in order to maintain “one window” policy regarding the works of NGOs in conflict hit areas. The USAID and DFID have supported the secretariat and JICA is planning to strengthen its capacity building. Berghof Foundation for Peace Support (BFPS) should coordinate with International Alert which is engaging the donors, building the capacity of Friends for Peace (FFP) which is active in Track II process and the Peace Secretariat and together with them can organize national level workshops, provide training to potential negotiators and facilitators, conduct research and work on options to create common ground for peace process. Since the complex web of fault-lines begin at the community and grassroots levels and extend far out to meet international geopolitical concerns, identifying them and working to narrow the gaps will be a huge task on its own. But the most immediate and major ones can be dealt with in the short run and a process initiated which would ultimately lead to a more desirable and manageable outcome.

Former facilitators, negotiators and contact points can still be utilized for communication and exchange of messages between the government and the CPN (Maoist). Their potential remains unutilized. Another entry point can be the National Human Rights Commission (NHRC). The NHRC has a major responsibility to monitor the violation of human rights—not just entitlement and freedom but also “basic human needs.” Several national Commissions for Women, Dalits and Nationalities can also serve as possible entry points for donors, civil society and government for peace building and social transformation. Cooperation needs to be expanded with various critical change agents, such as Association of District Development Committee of Nepal (ADDCN), Municipal Association of Nepal (MuAN), National Association of Village Development Committee of Nepal (NAVIN), trade unions, chambers of commerce, Dalit federation, federation of nationalities and several media organizations. What is required is a coordinated and concerted approach and their capacity building to engage them constructively and make a viable political effect on the conflict system.

Linking Development Initiative to Key Actors of Conflict

The conditions under which development policies in Nepal have to work are influenced by global and regional geopolitics. The fragile-state condition and multi-polar and multi-layered conflicts of the state with CPN (Maoist), political parties and societal groups, their open boundaries of interactions, demands and decisions all add to it. These conflicts are eroding the capacity of governance to achieve its goals—security, rule of law, voice, participation and public welfare. Donors working in Nepal have adopted “Do No Harm,” “no blaming” and conflict-sensitive approaches in the project cycles of development and peace building and loosely work with multi-track policies. A number of international

organizations, such as International Committee on Red Cross (ICRC), Amnesty International (AI), International Crisis Group (ICG), Carter Center, International Alert (IA), Working Group on Development and Peace (FriEnt), etc are producing reports about the humanitarian crisis brought about by conflict dynamics and have been suggesting prescription for a negotiated settlement. Through its partner organization Friends for Peace, IA is engaging the donors, civil society and political actors in a dialogue, established a resource center and facilitating research and publication relevant to conflict transformation. A couple of times the ICRC has done mediation work in releasing Maoist-abducted security personnel. Friedrich-Ebert-Stiftung (FES) has organized a series of multi-level all-party, media, academic, women and trade unions dialogues on conflict resolution and pushed for a road map for peace (Upreti, 2003).

Despite substantial contribution by INGOs in Nepal's development their influence on Track I process is limited because a majority of INGOs define development on non-political terms, lack coordinated approach and limit themselves within the mandate mutually agreed upon with the Social Welfare Council (SWC) to work in the non-political realm. On Track II and Track III levels, however, they are contributing with a rich array of ideas, perspectives and skills in the mediation of local conflicts, such as family disputes, property and partition issues, resource sharing rights, commercial and contractual matters and management of the local common (Khadka, 2004:35-56). The diversity of INGOs linked to equally diverse national and local NGOs and competing interest groups of society can provide multiple entry points for systemic interaction between major stakeholders working on different tracks of conflict transformation and their strategic convergence can be articulated to Track I process. Their financial and other resources are useful for working on and in the conflict and post-conflict reconciliation, rehabilitation, reintegration and peace building. Development also encompassed the transformation of certain dominant ideas of hierarchical relations between social classes and between rulers and subjects during multi-party years.

Erosion of the state's monopoly on power has rendered the conventional development aid difficult to manage, as there is a breakdown of government's service delivery outside district headquarters. This has led one donor to conclude, "Nepal ceased to be a *country in development*, as the conflict undermines the sustainable achievement of economic and social progresses" (Frieden, 2005:1). This means without the resolution of the political conflict Nepal would not be able to make development effective and meet the target of internationally agreed development agenda--- Poverty Reduction Strategy Paper (PRSP) and Millennium Development Goals (MDGs). The effectiveness of these agenda is yet to be seen especially because budgets and programs are allocated by individual aid agencies, coupled with different operating principles and goals and decoupled from system-wide coherence across donors' capitals and their project offices in Nepal. Improvements in security and human rights and protection of citizens are critical preconditions to achieve these goals. In this context, donors have introduced "Fragile States Principles," adopted a more political approach in terms of protection of human rights and promotion of democratic freedoms and institutions as a prerequisite for peace and sustainable development, increased inter-donor coordination and demanded the responsibility on both the government and the Maoists to ensure that access to development by the poor is guaranteed. They also brought out the strategic framework of Basic Operating Guidelines for Implementation of Development Activities¹⁰ to ensure the impartiality of the development work. The CPN (Maoist) has not expressed formal commitment that they will

¹⁰ A group of Nepal's development partners met in London on March 11, 2005 to discuss development issues in the light of the changed political context in Nepal since February 1.

not disrupt development activities. In this sense, it is important to strengthen the functionality of the state's capacity to act. Although the same brush cannot be applied to all those in the civil society, criticisms abound regarding NGOs creating more problems for the state to deal with than when they started out. Since the role of these actors is important, because of their huge presence in Nepal's development sector, some form of accountability and transparency is called for.

The German policy response rests on "political transformation and stability" where "democracy and good governance" have been chosen as priority area" and "peace building and crisis prevention" as overarching crosscutting issues. It also supports local capacities for conflict transformation and gives priority to those interventions, which promotes ownership of partners.¹¹ Under this mandate, GTZ has adopted a flexible approach at the ground level and initiated many programs—health, food for work, employment generation, renewable energy, strengthening local self-governance, private sector promotion and rural finance to facilitate economic growth for sustainable development. Project offices of GTZ apply social mobilization, participatory learning and systemic approaches to build the capacity of local NGOs, chambers and cooperatives. Gender, poverty, environment and conflict are taken as crosscutting themes in training, capacity building and service delivery. Women's cooperatives have worked well. Likewise, there is greater motivation to perform in those cooperatives having Dalits. GTZ is now supporting "National Business Initiative for Peace,"¹² and trying to link the Track III project implementing district chambers, business and firms to Track II coordinating the apex body of chambers. It is expected to focus on awareness raising and institutional development, corporate social responsibility, social investment and policy dialogue. The GTZ has also cooperating with DFID in the establishment of a Risk Management Office (RMO) to promote development effectiveness.

The Swiss Development Cooperation (SDC) has combined diplomatic, human rights, restoration of democracy, development and peace building aspects at Track 1 level. It is trying to address the root causes of conflicts through its projects, such as inclusion of poor, women, Dalits and marginalized people in the development projects, immediate delivery of humanitarian assistance to the needy, build rural infrastructure, rural health, community forestry, bridge building and the management of natural resources at the district level and capacity building of the poor and marginalized. It gives importance to the safety and security of local staff, give specific Swiss identity to the project and has integrated core conflict-sensitive issues in their projects, such as strictly respecting the principle of impartiality, ready to speak to all stakeholders and become accountable and transparent (Frieden, 2005). The SDC and DFID are establishing Human Rights, Democracy and Inclusion Fund to support local institutions and long-term change from below. Both SDC and GTZ aim to promote systemic peace building activities by means of developing linkages

¹¹ Prominent Human rights activist Malla K Sunder argues, "Due to non-decisive role of national actors-the King, the CPN (Maoist) and parliamentary parties we are being directed by outsiders like India, the UK and the USA. It is a serious challenge in building our nation's future. We need international cooperation, but not intervention. But, their role is interventionist one. International forces and neighbors have vested interest in Nepal. India wants to get benefit from Nepal's unlimited natural resources and strengthen its security perimeter while the USA and the UK want to prevent the rise of leftist forces. But, here influence of leftist forces is growing." Interview in *Sanghu Weekly*, June 13, 2005.

¹² On August 30 Federation of Nepalese Chambers of Commerce and Industries (FNCCI) organized a peace rally in Birgunj demanding that business sectors be declared "zone of peace." The rally was organized to exert pressure on the Maoists whose indiscriminate attacks on industrial and business sectors is causing losses worth millions of rupees. It was participated by representatives of National Human Rights Organization, all three trade union federations, Federation of Nepalese Journalists, Nepal Bar Association, Private and Boarding School Organization of Nepal (PABSON), Nepal University Teachers' Association (NUTA), Engineering Association, Medical Practitioners' Association, National Teachers' Association and Organization and Birgunj Chambers of Commerce.

between projects and initiatives. The complex challenges of Nepal require addressing several fundamental problems:

- First, improving the strategic dimension of external engagements into a political process. This involves monitoring of political trends, risks and opportunities to assess the impact and sustainability of engagements, impact of political dialogue, needs assessment and donor coordination between all engagements in a conflict situation.
- Second, giving importance to political will, transparency and openness to reforms in choosing partners and instruments of governance. It is important to find the critical mass of change agents to transform the unjust foundations of society into a framework of social justice through the distribution of power and modernization and transformation of political parties from clientalist to program-based one.
- Third, setting up of an early warning system to cope with possible humanitarian crisis.
- Fourth, establishment of social services to the poorest of the poor in rural areas, poverty reduction, reactivation of political processes and addressing institutional and infrastructure issues. Field level presence of development agencies, security of locally recruited staff, their informal contacts with conflicting parties and strengthening the livelihood of poor and excluded are critical issues in addressing the underlying grievances of diverse people.

Although Maoists demand from the development workers cash, registration of project offices with their “governments,” and transporting logistic supplies, local people view that aid offices have acted as a deterrent and provided them security and resources. Enforcement of the state’s legal obligation on human rights, democracy and good governance requires capacity building of the state, security sector reforms, sound civil-military relations and crafting of a social contract between the state and its citizens for a legitimate political order. “An enduring and constructive relationship between the state and civil society cannot be developed in a situation where the purpose of the donor-civil society engagements may look like a coalition for cutting the state to its size and putting it in its place as it were” (Panday, 2002:5).

Engagement in humanitarian activities and long-term local development can be supportive of the engagement of rival groups in political dialogue at Track II and Track III levels. The suffering caused to ordinary people by armed groups can serve as a basis for encouraging a political engagement. Aid withdrawal from rural areas punishes the ordinary people, not the incumbent political class. Humanitarian engagement impacts positively on the process of political engagement, links the connectors of society, creates political space for communication, dialogue and reconciliation and provides a base to discuss and address the root causes of the conflict.

Systemic approach exposes the fallacious simplification of the conflict and brings out differential political equations and complex relationships among the actors governing conflict dynamics and possibility of predicting future choices. What are the possible strategic choices for peace in Nepal?

4. Strategic Choices of Political Actors

Choice 1: Restoring the State's Preponderant Power

The King believes that national security and stability rest on preponderant power of the state authority and imposition of the will of the government on the CPN (Maoist) thereby convincing the latter that it cannot win either politically or militarily. Since the King thinks that party leaders are corrupt, unpatriotic, undisciplined and uprooted from the society and the Maoists do not have international legitimacy, it is an opportunity to extend the authority of the state in society, create security, distribute patronage to loyalists and consolidate the regime. After the King's takeover, the security situation has improved in Kathmandu and in some urban areas but there is no evidence that Maoists are losing steam, surrendering *en masse* to the security forces and accepting the terms of the government. Although the security forces are confident that there is no place in the country that they cannot go, Maoist offensives against security forces remain unabated. Insurgency in mountainous terrain like Nepal's is difficult to control. Poverty, social exclusion and feudal control add weight to CPN (Maoist) strategy to drive conflict against the polity. The Maoist insurgency has also resurrected Nepal's geo-strategic importance and provided the state an opportunity to diversify the source of arms purchases which otherwise relied exclusively on India. But, it is hard to believe that there is a military solution to the Maoist insurgency. Similarly, the government has also failed to break the will of the seven-party alliance to stop their agitation so far. This means that the mutually hurting deadlock will continue to plague the political life unless positive initiatives are taken to transform this situation.

Choice 2: Reconciliation between the King and Seven-Party Alliance

The hope of an early negotiation between the agitating seven-party alliance (six erstwhile parliamentary parties plus the five members of the United Left Front¹³) and the government can resolve the constitutional crisis, bring the derailed democracy back and beef up their capacity to deal with the CPN (Maoist). But, in no way does it guarantee the resolution of the insurgency. Leaders of the political parties argue that until the King reverses the February 1 move, the question of reconciliation seems implausible. Similarly, neither the King nor the alliance has doled out any incentives to each other for reconciliation. Instead, the sweeping pronouncements of the alliance on state restructuring, civilian control over the RNA and a preference for a constituent assembly to induce the CPN (Maoist) to negotiation table can easily frighten the King, the RNA and the incumbent political class about their future. This will ignite vigilante resistance, dampen the prospect for reconciliation based on constitutional affinity and lodge an effective counterweight to CPN (Maoist). The scenario for a durable peace can hold plausibility only if there is a sound civil-military relation: political parties support the RNA's role in national security and seek true transformation away from anarchy and the RNA backs the democratic legitimacy of the parties. So far, political parties have not assuaged the fear of the RNA that CPN (Maoist)'s talk of peace is a strategic ploy to buy time to regroup and rearm and collect as many bargaining chips as possible for a decisive battle. Parliamentary party leaders are more interested in curtailing

¹³ The members of United Left Front are Communist Party of Nepal –Marxist Leninist (CPN-ML), CPN-MLM, CPN-United, Nepal Samyabadi Party—MLM, and CPN (Marxist).

the power of the King than that of the CPN (Maoist), which will likely to deepen the crisis, undermine political flexibility and foreclose the option for negotiation.

Choice 3: Strategic Alliance of Political Parties and CPN (Maoist)

The CPN (Maoist) has supported the agitation of the seven-party alliance to garner support from them and then weaken the King's bargaining position. The possibility for a long-term coalition between the seven-party alliance and the CPN (Maoist) seems slim as this move would make the parties unpopular among the mainstream donors. Intra-party polarization would occur as senior leaders still believe in constitutional monarchy. This would mire the parties into the web of a protracted insurgency. Senior leaders of the parties also fear the radical profession of the CPN (Maoist). These parties are united by a "common agreement and commitment" to revive the House of Representatives, reactivate the constitutional process and oppose the King's move but are divided on basic ideology, interests and actions. The issue of the constituent assembly brings the CPN (Maoist) and the parties on a common platform. But, the ultimate goal of the CPN (Maoist) is a people's republic which is not shared by the parties. Political parties are asking the Maoists to stop harassing political activists, stop obstructing their political activities, ensure smooth running of schools, not obstruct their anti-regression movement, express clear and institutional commitment to multiparty polity, human rights and rule of law, lay down their arms and join the peaceful movement with them. The CPN (Maoist) has expressed its commitment to most of the demands but it is unlikely to surrender their arms at the moment. Both the King and CPN (Maoist) reject the parties' demand for the revival of the parliament. But, it does not hold the possibility of King-CPN (Maoist) alliance in the short-run as they are governed by a relationship of mutual exclusion thus keeping each other at bay. The alliance also lacks a framework for linking the entire fault-line issues to their common program. This means the agitation of the alliance will likely add that strategic edge in the Maoist campaign to make inroads into the younger cadres of the parties struggling for inner party democracy and against the King's efforts to restore authority at the periphery. There is a group of people who think that negotiated settlement is possible if top party leaders who did not support the earlier peace negotiations are marginalized from power. This means protracted agitation can drastically curtail the bargaining power of the alliance leaders to negotiate with the King.

Alliance partners, paralyzed more by their own inter and intra-party feuds than by the King's action and Maoist insurgency, have recently framed their common road map around the political equation of 1990 and a constitutional status quo and are committed to a protracted political agitation to recover their losses, reposition their strength and weaken the government's ability to shape the political outcome. The choice for a constitutional status quo misreads the situation on the ground. The emergence of the CPN (Maoist) and a re-emergence of an assertive monarchy and existing division among the parties and donors have already altered the power equation of 1990 that drafted the constitution, forced the alliance to undertake a reformist agenda, and transformed the vision, issues, context and even political relations that the constitution envisaged. The constitutional status quo does not address the "root causes" of the conflict but only marks a shift from one sort of political equation to another. A mere return to the situation before the dissolution of parliament is simply to go back to the very leadership that gave rise to political instability and conflict escalation rather than transforming leadership, institutions and the rules of the game. It does not promise a structural change to mitigate or transform conflict nor offers any

acceptable solution to both constitutional and political crises. This shows that the alliance leaders are inclined to restrain drastic change, fear depersonalized institutions and processes, continue to bargain for power and contribute to the risk of conflict escalation.

Choice 4: Maoist Takeover of the State

The CPN (Maoist) has become successful to challenge the monopoly of state power, create rift and rivalry in the ruling political classes, turned its insurgency into a resilient force and expanded its influence in rural areas. Leading political actors tend to project the Maoist takeover of the state as a nightmarish scenario for a new era of totalitarian rule with a huge risk for spillover in India, China, Bhutan and Bangladesh. To assuage this fear, the CPN (Maoist) has shown apparent interest in allowing a select presence of the donor community, need for maintaining a certain level of international relations, own limited foreign investments, allow democracy, human rights and market competition, democratize the state institutions and the resulting indispensability of at least sections of the civil servants. These factors constrain on rapid nationalization of enterprises. Due to the strategic importance that the geography of Nepal occupies, however, the CPN (Maoist) will not be allowed to capture state power by the King, democratic political parties, neighbors and the great powers. The prolonged crisis situation in Nepal has provided the King an incentive to become assertive and the CPN (Maoist) to stonewall the negotiation and enhance each other's bargaining position. Protracted conflict can weaken the power base of the political parties but in no way does it guarantee the CPN (Maoist) a decisive victory. Rather, it might broaden the scope for external intervention. Only a negotiated peace can facilitate the Maoists a safe political landing, provide them share of state power, and removal of the terrorist tag from them and open the possibility for conflict transformation.

Choice 5: International Action

The international community is engaged with Nepal in military cooperation, diplomatic ties, development, relief and humanitarian support. Given the limited strategic choice left for the donors they will either continue to engage in reconciliation between the King and political parties or increase their support to the King. Donors are trapped in a dilemma—withdrawal of their support to the King could embolden the CPN (Maoist) but giving support to him would put off the democratic process. The government recently invoked the concept of state sovereignty and non-interference when Indian and British ambassadors issued statements in favor of the seven-party alliance and expressed solidarity with their leaders. Due to mistrust and defamation, the diplomatic approach has not worked much. The possibility of donor support to the Royal regime has evoked fear among the parties that they might be isolated from the people. The international community is facing another dilemma as to whether they should follow a political or development approach. Some donors have adopted a policy of aid withdrawal, others have adopted a wait-and-see and still others have adopted partial engagements with humanitarian interventions (such as Food for Work), project support and community development. Neither disengagement from conflict-affected region nor wait-and-see is a rational policy option. The most important task for the international community is to set the immediate priority into action taking into account the costs and risks and help to build strategic links at all Tracks of the peace process through constructive engagements. By not setting priorities, it is losing control over

events and risking the utility of their conflict-sensitive strategy to engage in what it calls a “fragile state.”

Choice 6: Dialogue of Functionally Relevant Groups of the State

The only feasible option left for the political leadership is to open the space for the dialogue of all functionally relevant actors of society for creative action. All the actors in Nepal are situated within different, partly conflicting social, political and institutional logics. Mediation, which clearly exhibits the common long-term gains of all competing sub-systems to opt for a negotiated solution, will pave the way for a rational negotiated outcome, which will make peace durable. Each feels that it is facing a legitimacy crisis and thus looking for face-saving means to communicate and negotiate. Such a common threat perception can encourage them for negotiation but an impartial communicator is needed to create a ground for dialogue. It is also important to draw various societal sources to expand the social basis of political will for negotiation sequenced in order to assist the conflicting parties in deescalating and transforming conflict. Without transforming the basic political and economic structure in which conflict is formed, embedded and sustained, it is hard to re-capture the terrain of national consensus and imagine a durable peace. When peace is at stake the rationalist conception of politics does not match with the need of the majority of people because power is pitted against power for survival, supremacy and identity. In a political contest of this kind, the choice for the statesman is not to determine who is right and who is wrong but to combine particular interest of each political actor for power with the general interest of society for peace. Corruption of a particular interest undermines an imperative to discover “common grounds” and undercuts the prospects for achieving common goods (Dahal, 2005: 4).

Rational Steps

- The king should invite all the functionally relevant political parties and civil society for an inclusive dialogue. The dialogue should formulate new ideas beyond the political equation of 1990, constitutional status quo and status quo ante to the dissolution of parliament. New situation requires new thinking that takes into account the interests of not only the actual actors but also potential, left out and stepped upon. This means the king has to open up the convening authority to other key stakeholders before any electoral process.
- Synthesize all the available particular perspectives of the state, political parties, civil society and international community into a general perspective necessary for a road map for peace.
- Accept the CPN (Maoist)’s announcement of ceasefire and initiate dialogue with it. The dialogue should be conducted on a multi-lateral basis at the horizontal level and in every track vertically seeking to control the deviation process thus decreasing the chance of effective resistance to peace incentives and peace dividends. Such negotiation will also garner the ownership of diverse people.
- International community can reinforce a strategy of effective deterrence against defectors, monitor human rights and bring creative insight into it for multi-level peace building through power sharing, constitutional reforms, modernization of political parties and civil society, fair elections, mainstreaming the marginalized

and starting the process of democratization, decentralization and reconciliation.

Conclusion

A systemic approach to conflict resolution can facilitate the analysis of conflict processes and conceptualization of intervention strategies, and suggest transformation in the competitive nature of politics. A conflict can be resolved constructively if all parties affected by it are satisfied with the negotiated outcome and the conflict transformation process addresses the root causes of the conflict. Inventing a shared future requires changing properties of the dynamics of a conflict system and transforming the viciousness of conflict circles into virtuousness. The resolution of conflict in Nepal is inseparable from social change. The change process needs to be sufficient to impact on the drivers of conflict and enable the macro actors to develop understanding and agreement on common ground. Prevention of the recurrence of crisis requires investments to alleviate poverty, promote social development and build partnership of the state with political parties, civil society and international community. The government is now trying to address the cycle of violence rather than the root causes of violence and rectify the structural injustices. Its efforts towards structural accommodation of diversity seem too little due to lack of adequate resources at its disposal and the fragile legitimacy it commands. This is where international support comes in. Conflict transformation resides in the management of politics through a process of reconciliation and the extension of social justice at all the levels.

Coordination of the behavior of all the forces is essential to reach the common goal of democratic peace and strengthen cooperation among them through the formulation of common policies. Conflict can be negotiated by cooperative means if macro-actors of the conflict are ready to craft a mutually acceptable social contract and peace-building strategies are employed to resolve the crisis and prevent it from recurring. Confidence building measures can serve as a first step towards more cooperation. Conflicts tend to be resolved through negotiations and compromise but durable peace can be achieved only if it is based on democratic values and social justice.

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Abbreviations

ADDCN	Association of District Development Committee of Nepal
AI	Amnesty International
ANNISU-R	All Nepal National Students' Union-Revolutionary
ANTUF-R	All Nepal Trade Union Federation-Revolutionary
APF	Armed Police Force
ATA	Anti-Terrorism Assistance
BATNA	Best Alternative to a Negotiated Agreement
BFPS	Berghof Foundation for Peace Support
CBO	Community-Based Organization
CCOMPOSA	Coordination Committee of Maoist Parties and Organizations of South Asia
CPI (M)	Communist Party of India-Marxist
CPN (Maoist)	Communist Party of Nepal-Maoist
CPN-ML	Communist Party of Nepal Marxist-Leninist
CPN-UML	Communist Party of Nepal Unified Marxist-Leninist
CPN-Unity Center	Communist Party of Nepal-Unity Center
DFID	Department for International Development
EU	European Union
FES	Friedrich-Ebert-Stiftung
FFP	Friends for Peace
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FriEnt	Working Group on Development and Peace
IA	International Alert
ICG	International Crisis Management Group
JICA	Japan International Cooperation Agency
INGO	International Non-Governmental Organization
KLO	Kamatapur Liberation Organization
MCC	Maoist Coordination Center
MDG	Millennium Development Goal
MuAN	Municipal Association of Nepal
NAVIN	National Association of VDC of Nepal
NC	Nepali Congress Party
NC (D)	Nepali Congress-Democratic
NeWPP	Nepal Workers and Peasants Party
NHRC	National Human Rights Commission of Nepal
NSP	Nepal Sadbhavana Party
NSP (A)	Nepal Sadbhavana Party (Anand Devi)
OHCHR	Office of the High Commissioner of Human Rights
PRSP	Poverty Reduction Strategy Paper
PLA	People's Liberation Army
PWG	People's War Group
RIM	Revolutionary International Movement
RJSP	Rastriya Janashakti Party
RNA	Royal Nepalese Army
RPP	Rastriya Prajatantra Party
SDC	Swiss Development Cooperation
SWC	Social Welfare Council
ULF	United Left Front
UPF	United People's Front
UN	United Nations
USAID	US Agency for International Development

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