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Aid and Violence: Development Policies and Conflict in Nepal

A Background Report by Francesca Bonino and Antonio Donini



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Acronyms

ADB	Asian Development Bank
BOGs	Basic Operational Guidelines
CA	Constituent Assembly
CAP	Consolidated Appeal Process (UN-OCHA)
CAP	Country Assistance Plan (DFID)
CBO	Community-Based Organization
CBS-N	Central Bureau of Statistics of Nepal
CPN (M)	Communist Party of Nepal (Maoist)
CSPM	Conflict-Sensitive Program Management
DDC	District Development Committee
DFID	UK Department for International Development
HDI	Human Development Index
ICG	International Crisis Group
ICRC	International Committee of the Red Cross
ILO	International Labour Organization
INGO	International Non-Governmental Organization
IRD	Integrated Rural Development Program
MDGs	Millennium Development Goals
NBCs	Newars, Brahmins, and Chhettris
NGO	Non-Governmental Organization
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OECD	Organization for Economic Cooperation and Development
PRSP	Poverty Reduction Strategy Paper
RNA	Royal Nepalese Army
SDC	Swiss Agency for Development and Cooperation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VDC	Village Development Council
WB	World Bank
WFP	World Food Programme

Introduction

The Communist Party of Nepal (Maoist) or CPN (M) launched its “People’s War” in 1996.² At the time, the Maoists were no more than a small fringe party with hardly any weapons, few active members, and a support base limited to small pockets in remote hill areas. Yet, their ten-year armed insurgency transformed them into a powerful political force capable of standing alongside, and even overshadowing, Nepal’s major, established parties. The rise of the Maoists in Nepal is impressive by any standard. After a successful showing at the polls for the Constituent Assembly in April 2008, they came into power. To the astonishment of the world, this happened “at a time in history when Maoism appears to have been repudiated in the land of its birth, and when the entire spectrum of Marxist-Leninist doctrines stands ostensibly disgraced by the failure and eventual collapse of the Soviet Union, and China’s enthusiastic embrace of capitalist globalization, on the other.”³ At the same time, foreign aid has been a fixture of Nepal’s development efforts since the 1950s. Currently, around seventy percent of the country’s development expenditure is financed by external sources. Clearly, the donor community has been the key partner in Nepal’s development successes and failures. How did these two realities – the insurgency and foreign aid – interact?

This report aims to explore this question through a retrospective analysis of the development/conflict nexus in Nepal. It looks at the underlying causes of the Maoist success story in relation to donors’ development policies and assistance activities in Nepal and at their interplay with the conflict environment in which aid actors found themselves operating. The report focuses

on the last decade (1996–2008), the period of the Maoist insurgency and of the subsequent largely successful peace process.⁴

We look at the way in which aid actors in Nepal framed their understanding of the Maoist insurgency and of its implications for the implementation of their activities. To complement this perspective, the study also attempts to broadly reconstruct the development/conflict narratives that informed the formulation and operationalization of the aid paradigms pursued by foreign donors in Nepal in the last five decades. The donor community has been the key partner in Nepal’s development efforts and therefore should be answerable for both its failures and successes. As such, it is important to explore whether and how development assistance was intertwined with the events that gave rise to the insurgency and what lessons can be learned from this interaction. Our research therefore attempts to answer the following questions:

- Was the Maoist insurgency, which took hold, spread, and was ultimately successful, linked to the nature of the aid policies that foreign donors and agencies implemented in the country in the last five decades? In other words, can we pinpoint a direct or indirect linkage between donor policies and priorities and the emergence of the conflict?
- More broadly, should one define the conflict as a response to the perceived “development failure” in Nepal or should we look for other drivers of conflict (for example, political marginalization, unrepresentative nature of state formation, and various forms of discrimination in Nepali society)?

2 The Maoists started their “People’s War” in six districts: Rukum, Rolpa, Jajarkot, Salyan, and Gorkha in the Mid-Western and Western Regions, and Sindhuli in the Central Region. Their aim was to abolish the monarchy and establish a People’s Republic.

3 Ajai Sahni, ‘The Agony of the Ancien Regime,’ *Heartland - Eurasian Review of Geopolitics*, No. 3 (May 2005), p. 24. In the words of a younger-generation Maoist leader in charge of the stronghold of Rolpa and of the far-western command, the Maoists have been “constantly raising three demands: the restructuring of the state, constituent assembly elections and a federal democratic republic.” ICG (International Crisis Group), ‘Nepal’s Maoists: Purists or Pragmatists?’ *Asia Report* No. 132 (Brussels and Kathmandu, 2007), p. 12.

4 On the CPN (M) victory at the April 2008 Constituent Assembly (CA) elections, where they obtained approximately thirty percent of the votes, see for example Deepak Thapa, ‘Hardly Surprising - the Maoists’ Organisational Skills Paid Off,’ *Nepali Times*, April 18-24, 2008; Mani Thapa, ‘Three Possibilities of the Maoist,’ *Nepal Weekly*, April, 27, 2008; Prashant Jha, ‘Nepal’s Maoist Landslide,’ *Open Democracy*, April, 16, 2008; and ICG (International Crisis Group), ‘Nepal’s Elections and Beyond,’ (Kathmandu: ICG/Nepal, 2008). Kul Chandra Gautam argues that the people of Nepal voted for radical change. By sidelining old, established parties, and opting for the Communist Party of Nepal (Maoist), the people gave the Maoists “the benefit of the doubt.” Kul Chandra Gautam, ‘Turning the Maoist Victory into Nepal’s Good Fortune,’ *Himal - South Asian Magazine* (May 18, 2008).

- How did the donors frame their understanding of the insurgency?
- How did donors adapt to the changing and fluid political/security environment in the country? What lessons did they learn?

In exploring these questions, the report looks at the overall context of the aid environment, in addition to the strategic and operational differences among donors and operational aid agencies. In particular, it considers whether the manner in which needs and priorities were identified, including the need for humanitarian action, was related to the conflict and violence, or whether need was defined in terms of longstanding structural poverty, exclusion, and development failure. In addition, we will discuss the tension between development and humanitarian players and their respective understanding of the causes of the insurgency, their justification for action and for their presence in the country, which provoked an intense debate within the aid and donor community in Nepal on the nature and causes of the crisis.

This report is based on an analysis of published and grey literature and on extensive interviews with aid workers, development agency representatives, and civil society actors in Kathmandu between March and May 2008. Some one hundred interviews were conducted by the authors. This project arose from earlier Tufts/FIC field-based research on local perceptions of the work of aid agencies during the conflict period, during which the conflict/development failure angle emerged as a recurring theme.⁵ As with all Tufts/FIC work, the researchers welcome comments and suggestions. Please send any feedback to antonio.donini@tufts.edu.

⁵ See Antonio Donini and Jeevan Raj Sharma, 'Nepal Case Study,' (Medford, MA: Feinstein International Center, 2008). The Nepal case study was part of the larger Feinstein International Center (FIC) research program "Humanitarian Agenda 2015: Principles, Power, and Perceptions" which comprised thirteen country case studies, with a similar methodological approach. All HA2015 materials are available at fic.tufts.edu.

1. Patterns of Poverty, Inequalities, and “Structural Violence” in Nepal

Nepal is characterized by multiple overlapping identities based on ethnicity, caste, class, and geography. Topographical contours and both historical and contemporary factors have contributed to shape and perpetuate the disparities in Nepali society. As many Nepali scholars note, these disparities were often compounded and made worse by social exclusion and structural violence.⁶ Historically, Nepal has suffered from extremely high levels of what Johan Galtung describes as “structural violence.” In his view, the notion of “structural violence”⁷ is meant to encompass different forms of domination, exploitation, deprivation, and humiliation that emanate from societal structures, and not necessarily forms of violence that are a “manifest exertion of physical force.”⁸ In this conceptualization, often cited to describe the prevalence of caste, class, and ethnic inequalities, power relations and domination occupy a central place.

Building on Galtung’s multidimensional approach to conflict and its different representations, Lindsay Friedman explains that the form of violence observed in Nepal can be ascribed to forms of *structural violence* (i.e. the failure of the state institutions to provide “equal rights and opportunities” to the population) and *socio-cultural violence* (i.e. regional, caste, ethnic, and gender-based discrimination) carried out by the state.⁹ This type of analysis is widely accepted today, even in mainstream development circles. However, for several decades, this

approach was limited to a few academics and non-mainstream aid practitioners. It was not customary to question the foundations of the dominant development discourse, nor to ask which social groups were benefiting from foreign aid and which were losing.¹⁰ If aid policies did not substantially engage with structural underdevelopment, it is legitimate to ask whether there was a relationship between aid policies and the emergence of the conflict. What Peter Uvin researched in the case of the development enterprise in Rwanda¹¹ may well be applicable to Nepal. One of Uvin’s main arguments was that in developing countries, where development aid provided a large share of the financial, technical, and human resources of government and civil society, development aid cannot but have played a crucial role in shaping the processes that contributed to the emergence of conflict. Uvin looked at the case of Rwanda in the run-up to the genocide, and asked whether there was something in our “definition of development, and the indicators we use to measure it, that makes us blind to the social, political, and ethnic forces”¹² that exist in the societies in which aid actors operate.

How could a Maoist insurgency come to pass, in a land until recently viewed by the world as an idyllic mountain paradise, “a Himalayan Shangri-La good for trekking and mountaineering and budget mysticism?”¹³

6 Deepak Thapa, ‘Day of the Maoist,’ *Himal - South Asian Magazine*, Vol. 14/ 5 (May 2001), pp. 4-21, p. 11.

7 Johan Galtung (ed.), *Peace: Research, Education, Action* (Essays in Peace Research - Volume I, Copenhagen: Christian Ejlertsen, 1975), pp. 109-134. On the notion of “structural violence,” see also Wilhelm and John Hagan Heitmeyer (eds.), *International Handbook of Violence Research* (Kluwer Academic Publishers, 2003), pp. 67-82 and Peter Uvin, *Development, Aid and Conflict* (Wider; Tokyo: United Nations University, 1996). More specifically on Nepal, see for example Geeta Gautam, ‘Structural Violence and the Peace Process’, *Informal - South Asian Human Rights Solidarity*, Vol. 22/ 3 (October-December 2007), pp. 37-40.

8 Reinhart Koessler, ‘Violence, Legitimacy and Dynamics of Genocide – Notions of Mass Violence Examined,’ *Development Dialogue*, No. 50 (December 2008), p. 3.

9 Lindsay Friedman, *Conflict in Nepal: A Simplified Account* (Kathmandu: Shrii Shakti, 2005), p. 2.

10 Jeevan Sharma notes that some leftist intellectuals (neo-Marxists) in Nepal did question foreign aid, but these issues were never debated in the mainstream. Similarly, some development anthropologists like Judith Justice and Linda Stone wrote powerful pieces in the 1980s about “why and how development fails to understand local culture” in the context of Nepal (personal communication).

11 In his analysis, Uvin focuses on the activities of aid agencies and NGOs to determine what impact they had on the context and events that led to the genocide. Part of his conclusion is that the development system itself may have contributed to create some of the conditions that shaped the environment in which the genocide took place. Peter Uvin, *Aiding Violence. The Development Enterprise in Rwanda* (Kumarian Press, West Hartford: CT, 1998).

12 *Ibid.*, p. 2.

13 Manjushree Thapa, *Forget Kathmandu: An Elegy for Democracy* (New Delhi: Penguin, 2005), p. 3.

The truth is that the image was an illusion.¹⁴ Nepal had been an oppressive and divided land throughout the history of the Shah dynasty, “a monolithic, feudal, autocratic, centralized and closed state for centuries.”¹⁵ Though formal democracy was introduced in the 1990s, the fundamentals did not change. Nepal was (and largely still is) dominated entirely by a narrow oligarchy of three “upper caste” groups – the warrior Chhettris, the priestly *Bahun* (Brahmins), and the *Newars*, the ethnic group indigenous to the Kathmandu valley. These three groups controlled practically all key administrative positions.¹⁶ The vast majority of the population, comprising the “lower castes” of the Hindu system and the thirty-six ethnic sub-groups in Nepal, were entirely marginalized and had no voice in the political system.¹⁷

Nepali anthropologist Pitamber Sharma sees Nepal’s case as quite unique because it is basically a country of minorities where the single largest ethnic/caste group makes up barely sixteen percent of the total population.¹⁸ As the founding and nurturing of the Nepali state took place under the auspices of a very explicit agenda of building a strong Hindu state, the story of present-day Nepal is the story of a feudal, monarchic, exclusive, and unitary Hindu state in a territory with a diversity of ethnic groups, religions, and languages.¹⁹ Many groups are

characterized by relative inequalities and are excluded from political power. Ethnic communities, which constitute thirty-five percent of the population, have longstanding grievances based on their historical exclusion from power.²⁰ Comparisons between the 1995/96 and 2003/04 periods reveal that inequalities in Nepal increased by region, caste, gender, and occupation (See Figure 1.) Although the incidence of poverty has decreased at the national level, there are wide variations between different parts of the country, from three percent in urban Kathmandu and thirteen percent in other urban areas, to forty-five percent in the Mid-Western region.²¹

In Nepal, the very poor are found across a wide variety of socioeconomic groups irrespective of ethnicity, caste, sex, religious beliefs, or geographic region. Not all “upper” castes are wealthy, nor are all “lower” castes poor. Nepalese society is both *vertically* (income, education, professional skills) and *horizontally* (language, caste, ethnicity) stratified.²² Nevertheless, each ethnic group or caste, while possessing its own cultural identity, is ultimately viewed and understood on the basis of class.²³

The power structure and governance elites in politics, judiciary, bureaucracy, and civil society are dominated by hill high castes. They constitute 31.1 percent of the total population, but have higher-than-average literacy rates and more high school graduates.²⁴ Population segments such as *Janajati* (indigenous peoples), *Dalits* (untouchables or outcastes), *Madhesi* (regional group from the Terai lowlands), and *Muslim* also enjoy a lower share in technical, administrative, and clerical occupations relative to their share in the total economically active population.

14 Sahni, ‘The Agony of the Ancien Regime’, p. 27.

15 Bishnu Raj Upreti, ‘Nepal: A Tragedy of Triple Conflict,’ *South Asian Journal*, Vol. 7/January - March 2005), p. 137.

16 In 2008, Newars, Brahmins, and Chhettris, known as NBCs, accounted for close to ninety percent of the civil service, with an even higher concentration in the most senior positions. The CA elections introduced a measure of caste and ethnic diversity, especially in the ranks of Maoist MPs, but the reality of power remains, for now, in the hands of the old elites.

17 The advent of democracy in 1991, after decades of simmering discontent and struggle that eventually culminated in the mass Movement for the Restoration of Democracy (which was strongly backed by India) in late 1989, was supposed to change all this. But the fragile, unequal, and fractious infant democracy of Nepal, undermined by constitutional imbalances in favor of the Palace, and particularly by the King’s continued control over the Royal Nepalese Army (RNA), was given little chance of success. Sahni, ‘The Agony of the Ancien Regime,’ p. 28.

18 Pitamber Sharma, *Unravelling the Mosaic - Spatial Aspects of Ethnicity in Nepal* (Social Science Baha; Kathmandu: Himal Books, 2008), p. 1.

19 Discrimination in Nepal is embedded in the constitutional and legal framework that denies minority groups equality of cultural rights. Those in turn constrict the formulation of progressive policies on social inclusion in political and social development. Thus, the political ideology of Nepal as a Hindu state has remained highly exclusionary and has religious, linguistic, and cultural dimensions, where the religious dimension refers to the primacy of the Hindu religion that sanctifies the caste system. Harka Gurung, ‘Social Exclusion and Maoist Insurgency,’ paper given at National Dialogue Conference on ILO Convention 169 on Indigenous and Tribal Peoples, Kathmandu, January 19-20, 2005, p. 5. See also Mishra Chaitanya, *Essays on the Sociology of Nepal* (Kathmandu: Fine Print Books, 2007).

20 Under-representation in policy-making, exclusionary language laws, and imposition of Hindu language are some of the concerns expressed by various ethnic groups. Kristine Eck, ‘Recruiting Rebels: Indoctrination and Political Education in Nepal,’ paper given at the 36th Annual Conference on South Asia and the 2nd Annual Himalayan Policy Research Conference, Madison, WI, October 10-14, 2007, p. 9.

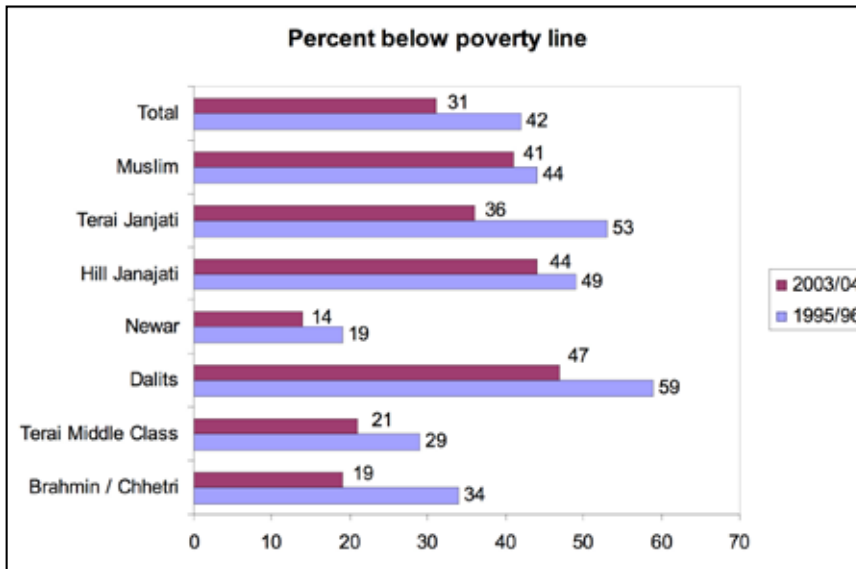
21 Central Bureau of Statistics of Nepal CBS/N, ‘Poverty Trends in Nepal (1995-96 and 2003-04),’ (Kathmandu: CBS, 2005) and Acharya and others in Gurung, ‘Social Exclusion and Maoist Insurgency,’ 2005, cit.

22 UNDP/Nepal, *Nepal Human Development Report 2004 - Empowerment and Poverty Reduction* (Kathmandu: UNDP, 2004).

23 Rajenda and Ava Shrestha Pradhan, ‘Ethnic and Caste Diversity: Implications for Development,’ (Kathmandu: Working Paper Series, 2005), p. 16.

24 For groups whose first language is not Nepali, language constraints pose additional impediments in accessing clerical work, for example. Gurung, ‘Social Exclusion and Maoist Insurgency,’ p. 5.

Figure 1: Trend of Poverty Incidence by Caste/Ethnicity, 1995/96 and 2003/04



Source: Tiwari (2007:7)

...and the Links to the Conflict

Initially regarded as another “forgotten conflict,” the Maoist insurgency in Nepal has attracted the attention of numerous analysts and has produced an unexpectedly vast body of literature. How the elements of poverty, inequality, violence, and conflict have interacted with aid and development in the country has also received growing attention.²⁵ As several authors have observed, poverty appears to be both a cause and a consequence of conflict. Poverty and social exclusion have provided a legitimizing discourse for violence, while the conflict itself has led to deepening backwardness in heartland areas.²⁶ Some authors framed the nexus of poverty and inequality with the violent conflict as the outgrowth of a complex combination of factors, rather than just needs deprivation and private greed. (See Box A.) Others suggested that grievances, rather than greed, were the main motivating forces of the conflict and that horizontal, spatial, and intergroup inequalities were crucial in explaining the rise of the Maoist insurgency.²⁷ Many agreed

that the degeneration of the system of redistribution, elite dominance in decision-making processes, and “continued development failure have fuelled discontent and provided space for radical politics based on the universal ideology of communism.”²⁸

BOX A

THE DIFFERENT LEVELS OF CONFLICT IN NEPAL

One can find four types of conflict in Nepal, layered at different systemic levels: *violent conflict* between the state and CPN (Maoist) for structural transformation, *manifest conflict* between the state and various political parties struggling for democracy and sharing of political power, *perceptual conflict* among the leaders of various political parties and groups on social, economic, and personality-oriented issues, and *latent or structural conflict* between the state and societal forces, including civil society, demanding freedom, entitlements, and social opportunities articulated in the constitution.

The balance of conflict between the different systemic levels is constantly transforming. It is the violent insurgency that exposed the inequality in the distribution of social, economic, cultural, and political opportunities among various identity groups, weak governance, unequal distribution of political power, marginality, and the lack of effective civil society mechanism for non-violent conflict transformation.

Source: Dahal (2006:25)

25 Shambhu Ram Simkhada, Daniel Warner and Fabio Oliva, ‘The Maoist Conflict in Nepal: A Comprehensive Annotated Bibliography,’ (Geneva and Kathmandu: HEI - PSIO Program for the Study of International Organisation(s), 2005), p. 8.

26 See for example Christine Bigdon, and Benedikt Korf, ‘The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building,’ (Berlin: Berghof Research Centre for Constructive Conflict Management, 2004); Jonathan Goodhand, ‘Strategic Conflict Assessment, Nepal,’ *INTRAC report prepared for CHAD/DFID* (Kathmandu: UK Department for International Development, 2000); and G. Prennushi, ‘Nepal: Poverty at the Turn of the Twenty-First Century,’ *South Asia Region Internal Discussion Paper* (World Bank, General Statistical Office, 1999), pp. 21-23.

27 Mansoob Murshed and Scott Gates, ‘Spatial-Horizontal Inequality and the Maoist Insurgency in Nepal,’ *Review of Development Economics*, Vol. 9/1, 2005, pp. 121-34.

28 Dev Raj Dahal, ‘Civil Society Groups in Nepal - Their Roles in Conflict and Peace -Building,’ *UNDP Support for Peace and Development Initiative* (Kathmandu: UNDP, 2006), p. 25.

When income disparities align with societal structural cleavages such as caste, religion, ethnicity, race, and region, these splits exacerbate tensions. Even quite small shifts in the income/wealth distribution between groups or in the access to income-generation opportunities and state services can foster resentments and grievances and even lay the foundations for communal violence or conflicts.²⁹ Karki and Bhattarai have observed that conflict in Nepal was a manifestation of complex social and economic demands, intertwined with ideology and a history of discrimination on which the Maoists were able to capitalize.³⁰

Violent conflicts exist in two-thirds of the countries that are currently off target on the Millennium Development Goals (MDGs).³¹ This is part of the reason why agencies working on poverty reduction issues have also been increasingly addressing conflict, and attempting to fine tune their working/delivery modalities when working in conflict as well post-conflict environments.³² (See Section 3 on Denial and Adaptation.) If poverty is seen as a key determinant of conflict, rapid economic growth naturally follows as a key policy recommendation. However, if the processes of economic growth create group inequalities, leaving certain groups behind relative to the advance of other groups, this can actually engender a level of conflict sufficient to negatively affect the growth process itself. In the case of Nepal, the need to ensure an open political and economic system is a commonly agreed objective, but many believe that the critical issues are the ones related to power and wealth redistribution between the elites and the excluded groups.³³ Interestingly, Tiwari noted that the Maoist conflict started at a time when the Nepali economy was picking up, thanks to the implementation of economic reforms also supported by foreign aid injections.³⁴

However, the growth was not a quality growth as it was not pro-poor, and it could not be sustained because of deteriorating security and poor basic service delivery and access.

Other authors such as Lauren Leve and Rita Manchanda have explored the nexus between aid and violence and found a positive correlation between the spatial patterns of the insurgency and the implementation of foreign aid-funded education programs (in particular adult literacy programs).³⁵ Others explored the nexus between the spatial patterns of the insurgency, looking at possible correspondences with the development level and concentration of socially excluded groups. For example, Harka Gurung noted that the spatial pattern of conflict based on insurgency fatality shows high intensity in the west, moderate intensity in the east and low intensity in the central section of the country.

Building on these data, some authors explored the correlation between the funding of Integrated Rural Development Programs (IRDPs) and the emergence and intensity of the insurgency. Looking at the high level of insurgency and conflict casualties in districts included in the Rapti, Bheri-Karnali, Seti, and Mahakali IRDPs, the data seem to show that aid efforts in those areas made no real dent in rural poverty.³⁶ This line of reasoning may suggest that the rural development programs in Nepal could have forestalled the conflict, or may suggest that the development activities (either by perceived success or failure) could be seen as contributory elements to the rise of the Maoists' revolt, a point which will be dealt with more specifically in Section 4 of this report, when exploring the different conflict narratives and the "failed development" thread in particular.³⁷

29 Ravi Kanbur, 'Poverty and Conflict: The Inequality Link,' (Coping with Crisis - Working Paper Series: International Peace Academy, 2007), p. 3.

30 Arjun Karki and Binod Bhattarai (eds.), *Whose War?: Economic and Socio-Cultural Impacts of Nepal's Maoist-Government Conflict* (Kathmandu: NGO Federation of Nepal, 2004).

31 DFID, 'Conference Proceedings - Development Dilemmas: Challenges of Working in Conflict and Post-Conflict Situations in South Asia,' (London: DFID, 2007), p. 4.

32 See Nicholas Leader and Peter Colenso, 'Aid Instruments in Fragile States,' *PRDE Working Paper - Poverty Reduction in Difficult Environments Team/Aid Effectiveness Team (Draft for consultation)* (London: DFID - Policy Division, 2005).

33 Sonali Deraniyagala, 'The Political Economy of Civil Conflict in Nepal,' *Oxford Development Studies*, Vol. 33/1, 2005), pp. 47-62, pp. 47-54.

34 Bishwa Nath Tiwari, 'An Assessment of the Causes of Conflict in Nepal,' paper given at Second Annual Himalayan Policy Research Conference, Kathmandu, October 2007, p. 8.

35 Rita Manchanda, *Women, War and Peace in South Asia: Beyond Victimhood to Agency* (Sage Publications, 2001) and Lauren G. Leve, 'Between Jesse Helms and Ram Bahadur: Participation and Empowerment in Women's Literacy Programming in Nepal,' *Legal Anthropology Review*, 24/1, 2001), pp. 108-28. For a comprehensive overview on education programs from a conflict perspective in Nepal, see Tony Vaux, Alan Smith, and Sirjana Subba, 'Education for All - Nepal Review from a Conflict Perspective,' (Kathmandu: International Alert, 2006).

36 Conversely, the districts of Lumbini and Gandaki, zones where no IRDP was funded, had a low intensity of insurgency and the districts of Manang and Mustang had no IRDPs and no insurgency deaths.

37 For an alternative interpretation of the dynamics of development programs in the Rapti hills and their interlinkages with the Maoist insurgency, see Nancy Lindborg and Robert Gersony, 'Sowing the Wind... History and Dynamics of the Maoist Revolt in Nepal's Rapti Hills,' (Kathmandu: Mercy Corps, 2003), pp. 43-49. In this report, the authors' standpoint is that the development activities implemented in the Rapti River Valley did not appear to be contributory causes of the Maoists' insurgency.

INTEGRATED RURAL DEVELOPMENT PROGRAMS (IRDPS) AND THE CASE OF THE RAPTI ZONE

The Rapti River Valley rural development program is often mentioned as a development intervention with reverse consequences linked to the emergence of the insurgency.³⁸

In 1976, Nepal banned marijuana export at the behest of Narcotics International. In the case of US assistance to Nepal, the compensation in return was a USAID rural development project for the Rapti Zone. Through the IRDP, about USD 50 million (eight percent of the total US bilateral assistance) went to a geographically-targeted development program in the districts of Dang, Rukum, Rolpa, Salyan, and neighboring districts – the so-called Rapti zone, which was considered one of the core areas of marijuana production in Nepal.

Between 1979 and 1996, the project went through two phases and spent over USD 60 million. The objective was to increase the measurable aspects of quality of life, including income and production levels of families. The main project components included environment, forestry, infrastructure, income generation, and democratization. In the program's final evaluation report, the following statement is made: "Perhaps the project's most outstanding achievement has been to help the governments (local) develop institutions capable of meeting community needs. The Rapti Zone could continue its role as a pioneer in this most vital element of *democratization* (emphasis added)."

However, because these rural development projects were carried out within the same region that later became one of the heartlands of the Maoist movement, and four districts, (Rolpa, Rukum, Dang, Salyan) also recorded high to very high levels of mortality during the insurgency, policymakers in Washington and observers in Kathmandu have hypothesized that:

- despite the significant investment, aid did not forestall the conflict and was therefore a failure;
- the program activities themselves were such a failure that local residents lost hope in future development, sparking disenchantment, which contributed to the emergence of the armed conflict;
- the activities, however, were successful in raising local expectations for future government efforts, and the Maoist revolt capitalized on the failure of those efforts to materialize.

Sources: Gurung (2007: 8-9), Sharma and Rana (2005:160), and Gersony (2003: 49)

³⁸ See USAID, 'The Rapti Development Project: Final Evaluation,' (Washington and Kathmandu: USAID, 2007).

2. Foreign Aid Actors and the Development Enterprise in Nepal: Key Arguments

Donors in the early 1960s were at once quite arrogant and quite respectful [...]. [T]o use bridges as a metaphor for the results, some were never built and others were put in the wrong place or lacked the access to make them truly useful.

Eugene B. Mihaly

Foreign Aid and Politics in Nepal: A Case Study (1965)

Political Change and Aid Change

Nepal lived in relative isolation from the world until the middle of the twentieth century. When the Rana oligarchs, who had monopolized power for over two centuries, were abruptly toppled, the country quickly opened up to foreign presence. Modernization became part of the national agenda, and terms like *bikas* (development) and *bidesi sahayata* (foreign aid) entered the vocabulary. One of the early signs of Nepal's new international orientation was the inflow of foreign aid, initially from India and the United States.³⁹ By the end of the first Five Year Plan (1956–1961),⁴⁰ one observer noted that “Nepal had metamorphosed from ‘forbidden kingdom’ to ‘developing country.’⁴¹ The years between 1950 and 1990 were crucial milestones, both in the political history as well as in the history of aid relationships in Nepal. After Nepal joined the United Nations in 1955 and the Colombo Plan in 1956, multilateral agencies started to provide assistance to Nepal, in the form of grants and loans. India and the United States were followed by the United Kingdom, Switzerland, and China, and later by Norway and Japan during the 1960s. Denmark followed in the 1970s and Finland in the 1980s.⁴²

39 Initially, American aid was guided by President Truman's so-called Four Points Program, while Indian and Chinese aid began with support to infrastructure development.

40 The Five Year Plan is an overall development and expenditure planning document drafted by the National Planning Commission of Nepal and its Secretariat.

41 Kanak Mani Dixit, ‘Foreign Aid in Nepal: No Bang for the Buck,’ *Studies in Nepali History and Society* (2:1, 1997), p. 173.

42 See Laxman Acharya and Adam Barbolet, ‘From Economic Growth to Conflict Mitigation: Lessons from 50 Years of Donor Aid in Nepal (Unpublished Work),’ (Kathmandu: International Alert/Nepal, 2007) and Sudhindra Sharma, Juhani Koponen, Annette Skovsted Hansen, and Tatsuro Fujikura, ‘“Partnership” in Action Nordic and Japanese Aid in Nepal,’ paper presented at the Workshop on ‘Forging Partnership? A Comparative Study of Institutional Responses to Nordic and Japanese Aid in Asia,’ Stockholm, 2005.

The multiparty elections of 1990 marked a shift from royal autocracy to a formally more democratic regime. Following street demonstrations and violent clashes – the first successful people's movement (*jana andolan*⁴³) – the then-King Birendra accepted to promulgate a new Constitution inspired by liberal western democratic values, including a multiparty system, universal suffrage, a two-chamber parliament, an independent judicial system, and the recognition of fundamental rights and equality for all Nepalis. The new democratic system replaced thirty years of *Panchayat* – literally “partyless political system” – characterized by an absolute monarchy, the absence of popular representation, and a repressive police apparatus that quashed the frequent but unsystematic rebellions in the countryside.⁴⁴

The *Panchayat* had created obstacles for the growth of NGOs and civil society organizations. Scholars tend to agree that this happened because of the suspicion that social organizations raised people's awareness levels, thereby creating a threat for the continuation of the autocratic political system.⁴⁵ As a result, the growth of NGOs and civil society organizations in Nepal during the 1961–90 period was very slow.⁴⁶

With the establishment of democratic institutions in 1990, Nepal became a “pet country” of international donors: aid inflows increased, in particular from Euro-

43 The People's Movement of the 1990s is also often referred in English as the “movement for the restoration of democracy.”

44 In the early 1960s, the then-King Mahendra replaced the nineteen-month-old parliamentary system with the *Panchayat* system led directly by the King. In spite of the official claim that the *Panchayat* system had historical roots in Nepal, it was a nondemocratic system. The King claimed that the new regime was better suited to Nepali tradition and culture. According to Parajulee, in order to “guard off the general perception among the public about the increased Indian influence in Nepal in the post-Rana period, emphasis was placed on the idea of ‘Nepalism.’” Ramjee P. Parajulee, *The Democratic Transition in Nepal* (2000), p. 50.

45 Tek Nath Dhakal, ‘Challenges of Civil Society Governance in Nepal,’ *Journal of Administration and Governance*, Vol. 2/1, (2007), pp. 62–63.

46 The current number of domestic NGOs in Nepal is around 37,000 as compared to 220 in 1990. In addition, around 200 international NGOs (INGOs) are also working in Nepal, *ibid.*, p. 62.

pean donors and most notably from Nordic countries.⁴⁷ Parallel to the arrival of new donors, those with long-standing activities in Nepal further expanded and started to diversify their programs. At the same time, the idea of sector support and partnership gained momentum in the international aid community. This gave more room for donor presence in, and influence over, Nepali development policies.⁴⁸

In terms of *sectors*, transportation and power (e.g. the east-west highway and hydropower schemes) continued to receive the lion's share of external assistance, although a significant portion of the development budget was spent on irrigation as well. The agricultural sector and communications saw budgetary allocations shrink towards the end of the 1990s. Some authors also note that, despite a growing emphasis on social service sectors, these never received the kind of development budget allocated to the transport and power sector, and were left primarily to the INGOs. During the first half of the 1990s, INGOs increasingly took up issues of democracy and good governance, rule of law, human rights, women's empowerment, child welfare activities, and services for the disabled.⁴⁹

From the beginning of the 1990s, in line with global trends, many of Nepal's donors began to emphasize local ownership and peoples' participation as essential components for effective allocation of foreign aid, particularly in situations of weak governance, as in the case of Nepal. As a result, donors increased aid flows through INGOs and, later, through local NGOs, local government bodies, civil society, and community-based organizations (CBOs).

In the main, however, donors did not directly raise issues of caste and ethnic discrimination. It is only in the second half of 1990s that there was an emerging emphasis on *people's participation* and *social exclusion*. Donors began to address caste and ethnicity-related issues and, generally, the social dimensions of "development" only from the second half of 1990s onwards.

Overall, the 1990s were a period of structural reform centered on deregulation, abolition of administered prices, and minimization of the government's role in the economy. However, these narrowly focused market-centric policy prescriptions put less priority on infrastructure development, and, as in other developing countries, not only failed to address the poverty issues, but also, through relative price changing and wealth configuration processes, induced very uneven development with very adverse implications for income distribution.⁵⁰

Starting in 2001, Nepal embarked on a series of discussions aimed at drafting its first Poverty Reduction Strategy Paper⁵¹ that was then drafted and announced to be part of and practically coincide with the Tenth Development Plan (2002–2007). The question of the extent to which the Tenth Plan/PRSP was framed as a response to the Maoist insurgency will be investigated later in the report.

Country ownership, participatory processes, poverty reduction, result-oriented programs, and above all improved governance are all components enshrined in the PRSP. Although better governance constitutes the most important ingredient of the PRSP, it was assumed that some increased participatory processes at the local level would have improved delivery systems. However, the biased rules and regulations – including formal and informal institutions of district governance – coupled with dominant power and social relations at the local level that hampered access by the poor and disadvantaged to service and benefits, were completely overlooked.⁵² Thus, some of the major underlying factors contributing to the conflict went unnoticed.

On paper, the PRSP represented a departure from the earlier emphasis on correcting macroeconomic imbalances and market distortions through stabilization and structural adjustment programs.⁵³ The focus shifted to themes such as social inclusion, good governance, and granting special consideration to poor and margin-

47 Denmark raised its profile as a donor significantly during the 1990s. Swedish aid started in the 1990s, though limited to very specific sectors.

48 Sudhindra Sharma, Annette Skovsted Hansen, Tatsuro Fujikura, and Juhani Koponen, 'Nepal and Its Donors – Partners in Learning to Cope,' in Jerve et. al. (eds.), *Aid Relationships in Asia* (Palgrave, 2008), pp. 133-134.

49 Sudhindra Sharma, 'Half a Century of Foreign Aid,' in E. B. Mihaly (ed.), *Foreign Aid and Politics in Nepal - a Case Study* (Lalitpur, NP: Himal Books, 1965- 2003), pp. ix-ix, and Dilli Raj Khanal, Laxman Acharya, and Dilli Ram Upreti, *Role and Effectiveness of Foreign Aid under PRSP in Nepal* (Kathmandu: Action Aid Nepal and IPRAD - Institute for Policy Research and Development, 2008).

50 Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*, p. 29. See also Laxman Acharya, 'Economic Growth to Conflict Mitigation: Changing Aid Strategies of Nepal's Donors (Background Paper),' *Rethinking Aid Project* (Kathmandu, 2007). This in turn, fuelled what Khanal, Acharya, and Upreti viewed as a "distributional conflict" in Nepal.

51 Despite the fact that poverty reduction was the sole goal of the previously mentioned Ninth Plan (1997-2002) as well. The Tenth Plan / PRSP was completed in May 2003.

52 Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*, p. 63.

53 In terms of liberalization and market openness indicators, Nepal now stands as one of the highest liberalized countries in South Asia. *Ibid.*

alized groups.⁵⁴ These elements were understood to be key for a long-term solution of the Maoist conflict, and for a peaceful restoration of democracy in the country.

Despite laudable intentions, the PRSP attracted criticism, particularly in relation to the consultation and drafting processes. Several Nepali observers noted that only technocrats were involved in the PRSP finalization process and “rhetoric apart, the PRSP has failed to become a participatory process and a shift in donors’ behavior was not apparent in the Nepalese context.”⁵⁵ This contributed to widening the disconnect between development planners in Kathmandu and the situation at the rural level.

Particularly in the period from 2002 to 2006, the Maoist insurgency also influenced the aid strategies of many donors, and their support to the ongoing peace process was a major rationale to justify an increase in aid to the country. During this period, almost all donors continued to emphasize social inclusion, good governance, and special programs targeting the poorest households and marginalized communities through participatory approaches.

More recently, new debates have arisen in the wake of the 2005 Paris Declaration on Aid Effectiveness and its drive toward aid harmonization,⁵⁶ and the formulation of the OECD Principles for Good International Engagement in Fragile States. In the case of Nepal, these debates have informed recent discussions on contending/complementary aid paradigms such as humanitarian assistance vs. development assistance, withdrawal or further engagement of donors, project-based aid vs. program-based aid, and budgetary support.

Changing Priorities and Modalities of Aid

One of the comments most frequently heard in Kathmandu is that one cannot understand modernization in Nepal without looking at the role of develop-

ment and foreign aid in the country. When the first Five Year Plan was formulated in 1956, the entire development expenditure of the plan period was financed by foreign aid, de facto also granting donors a significant policy role, if not a directly political role, in shaping Nepal’s future.

Regardless of strategic, political, and commercial hidden interests, the main goals of foreign aid and the objectives of donors in Nepal have remained the same over time: overall development of the country and improvement of the living conditions of the population. What changed were the development approaches, the priority sectors, and the strategies to achieve the development goals. These shifts have generally taken place in line with changes in global aid paradigms.⁵⁷

The changes in the past decades, especially after the successful people’s movements of 1950 and 1990, which first weakened and then put an end to autocratic rule, did result in some reforms in the upper structures of the state at the political level, but failed to address the skewed social and economic structures of the country. Despite some rhetoric at the political level, no real dent was made in the structural patterns of social, economic, ethnic, and cultural discrimination.

It has been argued that all the major changes in the aid priorities and strategies adopted in the successive plans were informed more by prevailing global trends than by the country’s own needs and learning processes. Thus, shifts and changes within the aid frameworks governing Nepal’s development objectives historically bore little relationship to changes happening within Nepal, and in some instances resulted in donors taking actions that were counterproductive to what the context required, as the following sections of the report will highlight.

For the major multilateral donors, the World Bank (WB) and the Asian Development Bank (ADB), which had been working in Nepal since the mid 1960s, infrastructure development was the foremost priority in Nepal.⁵⁸ When it comes to bilateral donors, India was Nepal’s largest bilateral donor in the 1980s, followed by the UK. By the end of the third Five Year Plan, Nepal

54 NPC - National Planning Commission of Nepal, ‘Tenth Plan (2002-2007)/PRSP,’ (Kathmandu: National Planning Commission, 2002). For an introduction and critique of the different Five Year Plans and the Poverty Reduction Strategy in Nepal, see for example Laxman Acharya, ‘Socio-Economic Analysis of Foreign Aid in Nepal,’ (Kathmandu: International Alert, 2006); Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*; and Acharya, ‘Economic Growth to Conflict Mitigation: Changing Aid Strategies of Nepal’s Donors (Background Paper).’

55 Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*, p. i.

56 Nepal is one of the countries in which aid harmonization is being piloted. [See <http://www.aidharmonization.org/ah-wh>.]

57 See Acharya, ‘Economic Growth to Conflict Mitigation: Changing Aid Strategies of Nepal’s Donors (Background Paper).’

58 In the mid 1980s, with the introduction of the Structural Adjustment Program (SAP), the focus of the Bank and of the International Monetary Fund shifted to structural reform in macro and sectoral policies, pointing at liberalization, macroeconomic stabilization and fiscal balance as preconditions for market orientation and private sector development.

received bilateral aid from more than a dozen donors, with a constant upward trend in aid volume.⁵⁹ Several observers read this trend not only as an indication of the changing nature of the donor community in Nepal, but also of the country's increasing dependency on foreign aid.

As already noted for multilateral donors, an initial emphasis on infrastructure development by bilateral donors was followed by the prioritization of basic needs and poverty reduction. In 2005, USAID framed the United States' position and geopolitical interests in Nepal in the following terms:

The U.S. has an interest in an economically and politically stable multi-party democracy in Nepal. Nepal serves as a buffer between the world's two most populous nations in a volatile region. By supporting efforts to resolve the Maoist insurgency and addressing the underlying causes of poverty, inequality, and poor governance in Nepal, the U.S. is making an important contribution to fighting terrorism, promoting regional stability, and lessening the likelihood of a humanitarian crisis.⁶⁰

As for aid modalities, most aid prior to the 1980s was channeled through the central government. The focus of donors began changing after the mid-1980s from project aid to program aid. The aim was to consolidate multiple projects under larger programs in order to strengthen coordination and strategic objectives.

At the operational level, most aid agencies working in Nepal rely on the government as their main implementing partner. Their assistance is channeled through District Development Committees (DDCs) in the districts headquarters and/or through Village Development Councils (VDCs). This system was developed to support local governance and decentralization as part of the new democracy's capacity-building and improved service delivery in Nepal in the 1990s. However, the national implementation procedures that had been put in place to support development – namely the mandate to work through DDCs and VDCs for all activities – were not particularly well-suited to the situation that was emerging with the spread of the Maoist insurgency.

59 Over the past fifty years, the US government has provided Nepal with over USD 650 million in bilateral assistance and USD 700 million through multilateral organizations, a total of over USD 1.3 billion. For detailed tables on aid volume and aid composition, see for example Mahendra P. Lama, 'Strategic Aid,' *Himal Khabarpatrika*, 24 - 30 January 2003 and Acharya, 'From Economic Growth to Conflict Mitigation: Lessons from 50 Years of Donor Aid in Nepal (Unpublished Work).'

60 USAID, 'Congressional Budget Justification - FY 2005,' (Washington: USAID, 2005), p. 3.

Currently in Nepal, four implementation modalities are being practiced in parallel and in combination: (i) direct implementation by government; (ii) implementation through international agencies and the private sector; (iii) implementation through international and local NGOs; and (iv) implementation directly through targeted groups themselves. While most donors have now adjusted to a combination of delivery modalities, the World Bank, Asian Development Bank, and Japan continue to channel the bulk of their aid through the central government.

Ideological Impact of Aid

"In desperate times people do the best they can. It seems that in Nepal's *bikas* world it is always desperate times. Overwhelming needs, impending crises and unachieved goals dominate the agenda."⁶¹ This quote is from 1996. It may well still apply today. Our interviews in Kathmandu confirm what was already poignantly stated more than a decade ago. The overall aid effort is seen as chaotic and lopsided:

Foreign assistance has centralized power and privileges in the Kathmandu valley. It has pampered the old money, and has also helped to create and intoxicate Nepal's *nouveau riche*. It has created a dependency syndrome right from the central secretariat to the village roundtable – as represented in the government's inability to mobilize "domestic resources" (through taxation, incentives, philanthropy, etc.) as well as the loss of cooperative spirit among villagers. Whereas earlier, the rural peasantry would come together to build a suspension bridge or maintain a *cautara* (trail rest), the overwhelming tendency now is to wait for the "project appraisal team" of a government agency, INGO, NGO.⁶²

When trying to grasp the overall impact of aid in Nepal – with its intended and unintended consequences – a remarkable polarization emerges, both in the scholarly literature and in the more anecdotal remarks collected in the country. On the one hand, some authors stress that more than fifty years of inflow of foreign aid has failed to make a major contribution to poverty reduction and sustained growth and note that

61 "In the name of *bikas* (development)" is the title of a monograph in the series 'Studies in Nepali History and Society.' The volume focuses on development dilemmas and challenges in Nepal. The quote is from Mary Des Chene, *Studies in Nepali History and Society*, Vol.1/2, 1996, pp. 259-70.

62 Kanak Mani Dixit, 'Foreign Aid in Nepal: No Bang for the Buck,' pp. 177-178.

one of the “the major characteristics of foreign aid in Nepal seems to be fulfilling increased aggregate demand in the economy in the short-term, benefiting mostly the elite without noticeable contribution towards sustainable and long term development.”⁶³ On the other hand, other observers put in evidence the fact that Nepal has also seen some notable progress at the aggregate income level and in some human development indicators (e.g. in availability/accessibility of basic services), thus stimulating an increase in its Human Development Index from 0.451 to 0.526, moving from a “low” to “medium” level of human development in the period from 2003 to 2005.⁶⁴

Most sociologists and anthropologists who have looked at development patterns in Nepal, and at the impact of aid on the societal texture, have sought to analyze the development process by trying to understand the complexity and diversity of local contexts. While most of this literature seems to support the mainstream development discourse, work by Stacey Leigh Pigg, for example, attempts to step out of the development paradigm altogether and focus instead on how local knowledge and practices are represented in the development discourse itself.⁶⁵ In *Unintended Consequences: The Ideological Impact of Development in Nepal*, Pigg observes that the questions that have been asked about development in Nepal have been limited by the state rhetoric of development. In other words, the terms in which the development establishment justifies itself have also shaped and defined the debate.

Sudhindra Sharma also contends that in Nepal, the state discourse on development allowed only two positions – one could be either *for* development or *against* it. What has generally been missing in this “polemic about change is a complex historical understanding of the many levels at which development activities take place and affect a society.”⁶⁶ Moreover, as Chaitanya Mishra notes, foreign aid provided a critical impetus to the crystallization of a certain ideological dimension within Nepali socio-cultural structures, that of the upper class in particular. In this sense, one of the distinct contributions of foreign aid in Nepal is “the generation of an ideology which admits the possibility and desirability of rapid change in a stagnant and segregated social setting through the means of massive infrastructural and other investments” without necessarily addressing the underlying structural inequalities.⁶⁷

63 Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*, p. ii.

64 UNDP/Nepal, *Nepal Human Development Report 2004 - Empowerment and Poverty Reduction* and UNDP, *Human Development Report 2005: International Cooperation at a Crossroad - Aid, Trade and Security in an Unequal World* (New York: UNDP, 2005). According to Tiwari, the positive HDI trend of Nepal shows that Nepal is only seven percentage points away from the MDG target (17%) of halving the proportion of people earning less than one dollar a day, indicating that it is on track in achieving the poverty target of the MDGs. See Tiwari, ‘An Assessment of the Causes of Conflict in Nepal,’ p. 7.

65 See for example Stacy Leigh Pigg, ‘Inventing Social Categories through Place: Social Representations and Development in Nepal,’ *Comparative Studies in Society and History*, Vol. 34/ 3 (July 1992), pp. 491- 513. Also, Stacey Leigh Pigg, ‘Unintended Consequences: The Ideological Impact of Development in Nepal,’ *South Asia Bulletin*, Vol. 13/1&2, 1993), pp. 45-58.

66 Sudhindra Sharma, ‘Domestic Water, Bikas, and Modernity: Exploring the Impacts of Finnish Aided Water Supply Project in Nepal,’ in Folke & Nielsen (eds.), *Aid Impact and Poverty Reduction* (New York: Palgrave, 2006), p. 205. Cf. Bigdon, ‘The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building,’ p. 18.

67 Mishra Chaitanya, ‘Foreign Aid and Socila Structure: Notes on the Intrastate Relationships,’ in Mishra Chaitanya (ed.), *Essays on the Sociology of Nepal* (Kathmandu, 2007), pp. 163-74.

3. Denial and Adaptation

Trying to make sense of Nepal is a long difficult process.

Govinda Bhatta
quoted in Des Chene and Onta (1997)

How do the Maoists view development? What have been the perceptions of the government of Nepal and aid actors on the emergence and the success of Maoist insurgency? In this section, we first look at the Maoist view of the development discourse and then at the government of Nepal's and aid actors' perception of the insurgency. We then shed some light on the different response and adaptation measures put in place by aid actors in dealing with a fluid political landscape and increasingly volatile security environment. This section is largely based on interviews conducted in Kathmandu with Nepali and international aid workers, donors, and Nepali researchers and journalists.

Maoists' Views on Society and Development: Rhetoric and Reality

The left or progressive ideology and identity - monopolized by communist parties of Nepal - is popular among the people of Nepal. To be left or communist, in Nepali understanding, means to speak for "gans, bas, kapas" (food, shelter and clothing) for the poor, to advocate for radical and revolutionary change, and above all to stand for absolute economic equality even at the cost of political liberty.

Krishna Hachhethu
quoted in Hutt (2006)

What is the Maoist view of development and the role of foreign aid actors? Who are the winners and losers of development in the Maoists' analysis? Aside from rhetoric and slogans, Maoists have generally shown a less-than-coherent policy on how to deal with external aid actors and development agencies, bilateral aid bodies, or even international charities. Maoist ideologue Baburam Bhattarai in his 1998 pamphlet on the "Politico-economic Rationale of the People's War in Nepal" offers no clear-cut view on the issue other than couching the issue in neo-Marxist or dependency theory terms:

Foreign aid is the entry of imperialist and expansionist financial capital in disguise [...] In keeping with the imperialist plan of checking the mounting crisis in oppressed nations from breaking into revolutionary upheavals, billions of rupees have been pumped into rural areas in the names of NGOs/INGOs.⁶⁸

The corollary of this proposition was that the above problems could not be solved through reforms under the existing political system, and one of the aims of the People's War was the establishment of a new democratic system by overthrowing the semi-feudal structure of the state.

The Maoists' 40-points demand (See Annex for the complete list) – the basis for their call to arms – was built around equality and rights (e.g., to property) and the inclusive delivery of services (e.g., education). Many of these demands were also echoed in government, donor, and I/NGO development priorities.⁶⁹ Therefore, while the goal of development (at least in terms of rhetoric) was similar across the conflicting parties, the understanding of the causes of underdevelopment and the means of remedying it were wholly different.

With the exception of the 40-points demand, CPN (M) literature is generally vague on its vision of development for Nepal. As one analyst interviewed in Kathmandu who followed the CA elections preparations and immediate aftermath put it: "So far no articulated plan of action, nor any white paper-type of document has been issued by the Maoists." At the time of writing, land reform seemed to rank high on their list of priorities, but there were no specifics about how this task would be carried out. Nor was there, despite an emphasis on self-reliance, a concrete plan to address unemployment in the country.

68 Baburam Bhattarai, 'Politico-Economic Rationale of the People's War in Nepal,' (1998) [accessed at: http://www.cpnm.org/worker/issue4/article_dr.baburam.htm].

69 Gurung, 'Social Exclusion and Maoist Insurgency,' and Acharya, 'From Economic Growth to Conflict Mitigation: Lessons from 50 Years of Donor Aid in Nepal (Unpublished Work),' p. 21.

When it comes to the broader agenda of restructuring the state, ethnic concerns seem to be more thoroughly addressed by the CPN (M). Since the inception of the insurgency, the Maoists have claimed that in order “to maintain the hegemony of one religion (Hinduism), language (Nepali), and nationality (Khas), this state has for centuries exercised discrimination, exploitation and oppression against other religions, languages and nationalities and has conspired to fragment the forces of national unity that are vital for proper development and security of the country.”⁷⁰ The Maoist proposal of state restructuring emphasizes minority rights and ethnic demands such as:

- declaration of Nepal as a secular state;
- equal treatment of all languages of Nepal;
- ethnic and regional-based autonomy and right to self determination;
- end of caste, ethnic, regional, and gender-based discrimination;
- special policy for the promotion of the interests of Dalits and women.

In general, the Maoists have questioned the relevance of “soft” development activities (empowerment, awareness, information) as opposed to the need for the “hard” ones such as infrastructure development (i.e., irrigation work, drinking water supply, road construction, railways). They have historically been suspicious of development projects and agencies in their areas of influence, criticizing development activities as a form of imperialism responsible for worsening social inequalities through elite capture and corruption. As such, development aid was mostly seen by the Maoists as a vehicle for maintaining the status quo and the pre-eminence of the dominating elites. The rejection was not outright, however. Despite concerns that NGO “rights-based” agendas could clash with their own conception of rights, after a period of accommodation the Maoists softened their position and allowed aid agencies to operate in the areas they controlled as long as they met their criteria for engagement; that is, if they were working “for the people,” were not corrupt, and were not linked to outside political agendas. Even US-based NGOs were eventually able to operate in the Maoist heartland.

It is important to note that development remained a very attractive “idea” to the Maoists both at the level of *discourse* and of *practice*. At the level of discourse, Maoists used “lack of development” as a primary rationale for their insurgency. At the level of practice, Maoists themselves were seen implementing some development work

(e.g., building/repairing schools, road construction, ensuring that schools/health posts remained open and staff came regularly, challenging discrimination, etc.) in some areas. The Maoists maintained this sort of “positive” attitude to development because it helped them to assert themselves as a source of authority and as an emerging state, i.e., development was associated with the power/authority of the state.

The Maoists stressed the role of beneficiary communities in direct delivery of services, trying to reduce the mediating role of international agencies, INGOs, private contractors, and, in general, Kathmandu-based organizations.

During the heated times of the conflict, it was reported [by the villagers] that large infrastructure projects that benefited activities such as tourism and trekking – on which ordinary porters and villagers depended on for their income – appeared to be left deliberately alone.⁷¹

As the Maoists established their base areas, they inevitably came into contact with non-Nepalis, both Western and Asian, engaged in development work. According to Shneiderman and Turin, most of these groups were initially forced to leave on the basis of the rhetoric described above. They explain, “the development-oriented nature of these projects was enough to incriminate them in the eyes of the Maoists.”⁷² In interviews with the local villagers of the area, they were told that “another reason behind their expulsion was that the Maoists were adverse to other forms of social action, which they feared might interfere with their plan for social revolution.”⁷³ In other words, they seemed to fear the competition of the NGOs, especially in terms of social mobilization. While both seemed to do/talk “social mobilization,” the two sets of actors were completely different. Aid workers came with resources (and were employed) while the Maoists had

71 Sara Shneiderman and Mark Turin characterize the Maoist “attitude towards development and foreigners” in the following terms: “In VDCs where they have established *adhar ilakas* [base area/local government], the Maoists have stated that development offices with foreign connections cannot stay. This is not because they are explicitly against development, but rather because they have seen how corrupt most of these organisations are. Usually only fifty per cent or less of their money actually goes towards development, the rest goes into people’s pockets. The Maoists say that if they saw one hundred per cent of the funds going directly to local development, they would consider letting the office stay.” Sara Shneiderman and Mark Turin, ‘The Path to Jan Sarkar in Dolakha District -Towards an Ethnography of the Maoist Movement,’ in Hutt (ed.), *Himalayan ‘People’s War’: Nepal’s Maoist Rebellion* (London: Hurst and Company, 2004), pp. 99-100.

72 *Ibid.*, p. 100.

73 *Ibid.*, pp. 100-101.

70 Quoted in Krishna Hachhethu, ‘The Nepali State and the Maoist Insurgency,’ in Michael Hutt (ed.), *Himalayan People’s War* (2006), pp. 58-78.

little financial resources (and were volunteers) and both came from different social backgrounds (caste/class). Nevertheless, some locally-based Nepali NGOs were allowed to continue working in the areas the Maoists controlled.

While in the early years of the conflict, the Maoists specifically targeted US-based NGOs (and to some extent Western agencies) for expulsion, over time the relationship improved. The Maoists saw the advantage that they could derive from the presence of foreigners who would be witnesses to the abuses of the state against civilians. More prosaically, they also saw an opportunity to pressure agencies for “donations” and for political support. National NGOs and the national staff of INGOs bore the brunt of this pressure. Maoists did oppose several INGOs because they suspected them of financial corruption. INGOs were accused of lack of financial transparency. This fitted the Maoist generic agenda of “corruption and exploitation by state elite.” The situation eased somewhat when the Maoists (and the government) formally approved the donor-supported Basic Operational Guidelines (BOGs) – a joint donor initiative formally launched in October 2003 to ensure development and humanitarian space in the midst of conflict.⁷⁴

Government’s Understanding of the Conflict and its Causes

As we have seen, initially, the effects of the insurgency were limited to remote areas and were generally low-scale. Many observers highlight how the government response was slow and generally inconsistent and inadequate. As the Maoists laid plans for a protracted conflict, initially the government in Kathmandu addressed the insurgency as a problem of law and order. Repressive security measures were introduced by poorly trained and equipped police forces, supplemented from 2001 by a newly-formed armed police force established specifically for counterinsurgency purposes. This move, many contend, led to human rights abuses and unnecessary loss of life. It has been argued that police brutality and torture fuelled popular support for the Maoists in the Mid-West and elsewhere.

The Royal Nepali Army (RNA) was not deployed against the Maoists until November 2001. This was a controversial issue, principally because the army – as its name implied – was not under the control of the civilian government, but of the king, and because of the

mutual distrust that was growing throughout the country between the civilian government and the King and his entourage.⁷⁵

Political turmoil significantly increased in the years following the 1999 general election. The insurgency continued to gain strength after two failed rounds of peace talks, and the 2001 “palace massacre.” In that span of time, the country witnessed a sharp increase in human rights abuses, disappearances, and abductions, especially at the hands of the state security apparatus. The failure to address the root causes of the conflict by the Kathmandu-based political elite allowed the CPN (M) to gradually expand its areas of control and squeeze out state presence and functions as well as the space for development agencies to implement their programs. The authoritarian rule imposed by King Gyanendra on 1st February 2005 was by many Nepalis perceived as a further spiraling of the political crisis – and of the conflict.

We have already noted that the PRSP/Tenth Development Plan (2002–2007) attempted to address the causes of conflict. It stated that there was little doubt that the persistent poverty and inequalities had provided a fertile breeding ground for the crisis⁷⁶ The Tenth Plan considered the failure of past development processes to address poverty and inequality as the main factor responsible for the conflict: “The underlying cause[s] include poverty and its manifestations, (in terms of regional, general, ethnic and cast-related inequalities), as well as poor governance, and the failure to deliver adequate and essential social services and infrastructure to rural communities and marginalized groups.”⁷⁷

Issues central to the Maoist agenda, such as social exclusion, marginalization of women, and the distribution of power through government decentralization, as well as the commitment to tackle these issues, figured prominently in the Tenth Plan. The Plan also outlined the government’s commitment to delivering basic services to the poor, stressing that the government was trying hard to meet the expectations of the citizens. The

75 Teresa Whitfield, ‘Masala Peacemaking: Nepal’s Peace Process and the Contribution of Outsiders,’ *Conflict Prevention and Peace Forum* (Social Science Research Council, 2008), p. 5.

76 National Planning Commission of Nepal, ‘Tenth Plan (2002-2007) / PRSP,’ p. 41. The Nepal National Planning Commission acknowledged that: “Nepal is currently experiencing a complex socioeconomic situation, which has intensified over the past few years. It has created considerable insecurity in many parts of the country, [this] made [it] difficult for the government agencies and development partners to carry out development activities in such areas.” National Planning Commission of Nepal, ‘Tenth Plan (2002-2007)/PRSP’.

77 National Planning Commission of Nepal, ‘Tenth Plan (2002-2007) / PRSP,’ p. 2.

74 On the BOGs see Donini and Sharma, ‘Nepal Case Study,’ pp. 27-28.

LESSONS LEARNED FOR DONORS IN NEPAL (IN THE ANALYSIS OF JÖRG FRIEDEN, FORMER SDC COUNTRY DIRECTOR)

Key Lessons Learned for Donors in Nepal

- The importance of remaining engaged and physically present.
- Common Basic Operating Guidelines were shared by 10 bilateral development agencies, the EU and closely coordinated with the UN agencies. These provided a helpful structure to begin dialogue with parties to the conflict
- In order to increase transparency and accountability it was essential to adjust programmes to the conflict environment, and to review programme objectives in order to ensure they remain relevant, as the situation in the country evolves.
- Strengthening civil society can enhance developmental outcomes.
- There is donor coordination on technical issues, but less alignment on political issues results in less harmonised approaches.

Main donor contributions in the Nepali conflict

- The continuity of development support in Nepal prevented social disruption and the displacement of people.
- An inclusive approach is required, therefore insurgents must be engaged in the process of dialogue.
- Macroeconomic support and support to delivery of basic services is crucial.
- The protection of human rights is crucial, the Government of Nepal must ensure that the Conventions on Human Rights are upheld.
- The defence of development space created a basis for dialogue with Maoists during the years of conflict.

Source: Frieden (2007: 10)

government pledged to make “a special effort to roll back poverty and reduce inequalities, and bring the deprived regions and communities into the mainstream of development.”⁷⁸

Many observers note that, despite the Government’s laudable objectives, the conflict dynamics were substantially more complex and nuanced than the Tenth Plan acknowledged. The Plan, for instance, showed little indication that the government saw the potential of non-conflict-specific activities, such as health care or infrastructure work and rural growth support, being implemented in a manner that contributed to peacebuilding, or in a conflict-sensitive manner. Yet some donors had understood this potential and had already started to redesign their programs accordingly. (See Box C – Lessons Learned by Donors.)

In addition to the Plan, the government also mentioned the conflict in the annual budgets, stating its objective of “holding dialogues with the Maoists,

eliminating the present killings, violence, terrorism and violation of human rights, and creating public confidence in the role of the state and its security system.”⁷⁹ In theory, the Tenth Plan/PRSP could have been a useful tool in building a consensus on the development platform for Nepal and its aid partners during the conflict period. However, as the country went through phases of escalation and de-escalation in violence, its implementation was fragmented and partial because of the limited outreach capacity and the changing priorities of subsequent Nepali Governments.⁸⁰

Aid Actors’ Understanding of the Conflict and Adaptation

The development enterprise was slow to accept the reality of the conflict. This was due to several factors,

⁷⁹ Ministry of Finance of Nepal, Public Statement on Income and Expenditure, 2004-2005 (Kathmandu: HMGN, 2004).

⁸⁰ See Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*.

⁷⁸ *Ibid.*, p. 35.

such as the longstanding presence that development actors had in Nepal and their essentially Kathmandu-centric nature, as opposed to a minor presence of humanitarian agencies, with the exception of some programs targeting Bhutanese refugees in the eastern provinces and disaster preparedness activities funded by UN agencies or by the European Commission.⁸¹ For the first five or six years of the conflict, the Maoist insurgency was not a prominent issue for donors and most aid agencies. There were distant rumblings, but they went unheard.

For some Nepali scholars, foreign aid actors were also less forthcoming in their understanding of the situation because they had been, “focusing more on conventional quantitative activities on democracy, human rights, good governance, decentralization, empowerment of women and the market economy, rather than on a qualitative discourse, encompassing the transformation of certain dominant ideas of the hierarchical caste, class, and gender relations, for a rational reconstruction of the social and political order.”⁸²

As many observers now point out, it was “business as usual” in Kathmandu. After the Royal Massacre of 2001, some donors started to explore the possible factors hampering the realization of the overall aid objectives. There was some questioning of their two-pronged strategy – economic growth and social development for poverty reduction – which had not produced the expected results. However, protected by the “Kathmandu bubble” and influenced by the gatekeepers that mediated between the outsiders and the local elites, the development community was mostly in denial. The conflict was seen as a minor or distant irritant that did not really challenge the modus operandi of the aid community. Except for the handful of aid agencies that had a field presence outside Kathmandu, most senior donor and aid agency staff had a very limited interest in and understanding of what was going on in the countryside.

“The attitude of ‘denial’ was particularly true for the larger development aid agencies that at the time when the conflict grew in intensity were already facing difficulties with the Nepali government, especially with the implementation of decentralization and rural development programs.”

*UN agency official
(interview, Kathmandu, May 2008)*

81 See dedicated ECHO web page [http://ec.europa.eu/echo/aid/asia/nepal_en.htm].

82 Dev Raj Dahal, *Civil Society Groups in Nepal*, p. 5.

In 2000, the UK Department for International Development (DFID) – whose long diplomatic relations to Nepal, ties to the army forged through officer training and the recruitment of Gurkha soldiers, and large aid program ensured a particular interest and influence in Nepal – commissioned one of the earliest assessments of the conflict.⁸³ But it was only in 2002 that donors began to grapple with the impact that the conflict was having on traditional development programs in any systematic way.

Donors and UN agencies cultivated the illusion that local government authorities were still in place and that it was possible to advance decentralization, local governance, and other development programs through them.⁸⁴ It was only towards the middle of the Tenth Plan period (2002–2007) that what was earlier dismissed as a “law and order issue” came to be framed as a conflict and to be addressed as such by aid actors. Major donors and development agencies working in Nepal started to consider new approaches on how to remain engaged in a fragile and volatile context. Aid agencies thus started to include conflict-sensitive programming in their aid modalities.⁸⁵ Starting in 2003–2004, conflict advisor and security manager posts were created to fill the more and more clearly perceived analytical vacuum and operational needs of aid agencies operating in an ever-shrinking development space. In 2004, one donor noted that Nepal has “ceased to be a country in development, as the conflict has undermined the sustainable achievement of economic and social progresses.”⁸⁶

“The development world was not tuned in; aid agencies were in a state of denial. The problem with some UN agencies was also that some Head of Agencies did not want field-based officers to report on episodes of extortion for instance [...]. In Kathmandu we were not talking about conflict, but only of rebels, and not even of an insurgency. The disconnect was such that people in Kathmandu simply could not connect the dots.”

*UN agency official
(interview, Kathmandu, May 2008)*

83 Goodhand, ‘Strategic Conflict Assessment, Nepal.’

84 Donini and Sharma, ‘Nepal Case Study,’ p. 24.

85 See for example Thania Paffenholz, ‘Staying Engaged with Development Programmes in Fragile Contexts with Armed Conflict: Experience and Lessons Learned from the Swiss Nepal Programme (Final Report)’, (Kathmandu: SDC - Swiss Development Cooperation, 2006) and Bigdon, ‘The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building’, cit.

86 Frieden J., 2004, p. 1.

Moreover, apart from the Terai and the Kathmandu valley, government presence was gradually confined to district headquarters. The PRSP finalization process coincided with the dismissal of the elected democratic government and the consolidation of autocratic rule by the King. By 2006, nearly all of the country's seventy-five districts had been affected by the conflict and two-thirds of all Village Development Committees, the key basic unit of the state in rural areas, were either destroyed or not operative.⁸⁷

Aid agencies were slow in recognizing this reality. Many remained disconnected from what was happening in the field. One UN agency, for example, continued to support the decentralization of government functions to the district level, despite the fact that there was nothing left to decentralize. Few were prepared to concede that the development activities they were involved in might have reinforced structural inequalities on the ground and therefore contributed to the conflict. "They were complicit but could not see it" one interviewee quipped.⁸⁸

Few senior aid agency officials had direct experience of what was happening in the hills. One of the challenging questions faced by aid actors (governmental, non-governmental, donors, and their implementing partners) during the period of growing insurgency and state violence was to gauge the extent to which there were spaces for action in the areas affected by conflict outside the capital. Most donors only acknowledged the reality of the civil war when, after five or six years of insurgency, development space had manifestly shrunk to levels that donors found unacceptable.

However, after a long myopic period, donors made substantial progress in their understanding of, and engagement with, the conflict. After 2004, most attempted in different ways to address conflict issues through their development assistance strategies and programming. They thus moved from working "around" conflict to working "on" conflict.⁸⁹ Over the same period,

the Maoists also refined their understanding and strategy for engaging with international aid agencies. The government of Nepal also made progress, but at a much slower and more modest pace.⁹⁰ Thus, after 2002, the country assistance plans/strategies of the main donors started to mention the conflict and tried to find viable ways of addressing it. They resorted at times to their "development toolbox," and at times borrowed from the humanitarian one, for example by setting up a capacity to deal with staff security, and the formulation of aid delivery strategies during conflict.⁹¹

As conflict settings are inherently dynamic, the different types of interventions – emergency relief, rehabilitation, and development operations – often occur simultaneously. It is for this reason that many donor agencies in Nepal introduced the concept of "development-oriented emergency aid," linking relief with medium-term and long-term development efforts. In other words, development programs were deemed to be relevant in a conflict environment, if not more appropriate than large-scale humanitarian programs. This perspective was delineated in a DFID-commissioned multiyear Country Assistance Programme evaluation:

In Nepal, DFID demonstrated that development programmes could address the consequences of conflict on poor communities as opposed to large-scale humanitarian action. This was achieved by the adoption by development programmes (outside of Government structures) of a semi-humanitarian approach, i.e. targeted, quick delivery, and tangible outputs. Given that project-led approaches can be adapted, not only to fragile contexts but also to situations of armed conflict in an effective way, there is good justification for continuing with them if they allow DFID to work effectively in these situations.⁹²

With a view to impacting on conflict transformation, donors and aid agencies working in Nepal sought a more holistic approach towards mainstreaming peace support/peace-building and assistance. Rather than "handing over the assistance baton" to their humanitar-

87 United Nations Office for the Coordination of Humanitarian Affairs Information Management Unit (UN-OCHA) Nepal Office, Thematic Maps, NEPAL: *Parallel Administrative Infrastructure in Mid and Far Western Regions*, (December 2006) IMU/UNOCHA [accessed at: <http://www.un.org.np/reports/maps/OCHA/2007/2007-01-09-NEPAL-Parallel-Administrative-Infrastructure-Dec-06.pdf>].

88 Donini and Sharma, 'Nepal Case Study,' p. 24.

89 On this point, see in particular Thania Paffenholz, 'Nepal: Staying Engaged in Conflict: Experiences and Lessons Learnt from Conflict Sensitive Programme Management (CSPM) in Fragile Context with Armed Conflict,' (SDC - Swiss Development Cooperation Agency, 2006). See also Bigdon, 'The Role of Development Aid in Conflict Transformation: Facilitating Empowerment Processes and Community Building,' Stine Heiselberg, Sangeeta Lama, Judith Large, Guy Banim, and Riikka Marjamaeki, 'An Inclusive Peace Process in Nepal and the Role of the EU,' (Kathmandu: CMI - Crisis Management Initiative, 2007); and International Alert, 'Local Business, Local Peace: The Peacebuilding Potential of the Domestic Private Sector- Case Study Nepal,' *Local Business, Local Peace: The Peacebuilding Potential of the Domestic Private Sector* (2006).

90 Acharya, 'From Economic Growth to Conflict Mitigation: Lessons from 50 Years of Donor Aid in Nepal (Unpublished Work).'

91 Cf. Paffenholz, 'Staying Engaged with Development Programmes in Fragile Contexts with Armed Conflict: Experience and Lessons Learned from the Swiss Nepal Programme (Final Report).'

92 Nick Chapman, Debi Duncan, Jan Harnmeijer, Liz Kiff, Hari Regmi, and Gael Robertson, 'Evaluation of DFID Country Programmes: Nepal, 2001-2006,' *DFID Country Programmes Evaluation* (London: DFID, 2007), pp. 69-70.

ian colleagues, they introduced a novel approach which combined humanitarian assistance, poverty alleviation, and sustainable development. For donors, the need to work on some strategic and operational adjustments for their aid activities required them to try to reconcile the longer-term development objectives with immediate conflict-resolution priorities.⁹³

Many development projects had been conceived long before the People's War started, and in some cases were not immediately affected by the conflict. Moreover, typically projects targeting poverty reduction were conceived as "traditional" development interventions where the political setting was assumed to be relatively stable. With the intensification of the conflict, donors recognized that one of the key factors to gain legitimacy in a conflict situation was the capacity of the development agencies to keep delivering basic services in rural communities. The EU, for example, views that it is important that emergency measures taken in the short-term do contribute to overall peacemaking and peacebuilding, or at least do not detract from it. Short-term interventions or emergency interventions should be linked to the conflict prevention strategy.

DFID's 2003 Country Assistance Plan mentions that "the volume of assistance we will be able to deliver, as well as its pattern, is uncertain. A strongly reformist stance by the Government would warrant increased development assistance. Violent conflict may limit what we can do in terms of development assistance but may require increased humanitarian aid."⁹⁴ Therefore, DFID focused on supporting programs to reduce suffering caused by the conflict and encourage measures to increase respect for human rights and end impunity for abuses.

In 2003, as the peace talks foundered, all donors (with the exception of the US) adopted a set of Basic Operating Guidelines delineating the responsibilities of all parties to the conflict with respect to the maintenance of development space and access to beneficiaries. Thanks to the BOGs, "aid agencies have been able to operate almost everywhere and to move freely across the front lines during all phases of the political crisis, because the parties to the conflict have been rational and predictable in the selective use of violence, because the CPN (M) has strived for international recognition and because different governments have maintained the

fiction of State presence in the lost countryside by tolerating development works in areas controlled by the CPN (M)."⁹⁵

This approach, while innovative, was controversial from the perspective of traditional humanitarian actors who felt they were being sidelined by the development and conflict-resolution imperatives of mainstream donors. The divergence of views hinged on the different definitions of the nature of the crisis. For the development actors, the conflict had not resulted in a major humanitarian crisis. Humanitarian agencies disputed this analysis and stressed that there were serious assistance and protection needs that the development agencies were unable or unwilling to address. Some donors and UN agencies, for example, resisted the opening of an OCHA office and the idea that a consolidated humanitarian appeal was necessary, arguing that the development toolbox, suitably adapted to the evolving conflict, was sufficient to respond to the situation. Tensions in the aid establishment further escalated after the February 2005 so-called royal takeover by King Gyanendra. Most donor agencies reacted to it with disapproval. Given that democracy, or at least the appearance of democracy, had increasingly become one of the tenets of international development in Nepal, this came as little surprise. The reactions of donors to the royal move did vary, and can be categorized into three groups: silent; public expressions of disapproval, but no changes in the development assistance volume and packages; and both public disapproval and changes in the development assistance patterns. The World Bank and the Asian Development Bank—both constitutionally proscribed from making funding decisions based on political criteria—fall in the first category; Japan, the US, and India in the second; and most other donors fall in the third category. Unlike other bilateral donors, China took the position that the direct royal assumption of power was an internal affair of Nepal and thus did not publicly react.⁹⁶

The situation, however, continued to deteriorate and, in March 2005, despite tangible resistance from key donors and some UN agencies, the UN Emergency Relief Coordinator decided to appoint the UN Resident Coordinator in Nepal as Humanitarian Coordinator, to be then supported in his function through the establishment of a UN Office for the Coordination of

93 Renato Libanora, 'Development and Conflict in Western Nepal Project Guidance Notes,' (Brussels: European Commission Conflict Prevention and Crisis Management Unit, 2007); Goodhand, 'Strategic Conflict Assessment, Nepal;' and Chapman, 'Evaluation of DFID Country Programmes: Nepal, 2001-2006.'

94 DFID - Nepal, 'Country Assistance Plan 2003-2007 - Draft for DFID and External Consultation,' (London: DFID, 2003), p. 16.

95 Jörg Frieden, 'The Contribution of International Development Agents to Conflict Transformation in Nepal,' paper given at Contribution to the "Development Dilemma" Conference, 2007.

96 See Acharya, 'From Economic Growth to Conflict Mitigation: Lessons from 50 Years of Donor Aid in Nepal (Unpublished Work)' and Donini and Sharma, Nepal Case Study, pp. 46-48.

Humanitarian Affairs (OCHA) in the country.⁹⁷ The existence of a humanitarian crisis was thus put on the agenda. The tension between “humanitarians” and “developmentalists” did not however disappear and remained a feature of the aid community in the ensuing years.

97 See UN Information Platform in Nepal, UN OCHA Office in Nepal, Agency Profile, [<http://www.un.org.np/agencyprofile/profile.php?AgencyID=110>].

4. Aid and Conflict: Competing Narratives

In this section, we summarize our findings and identify some conclusions. We have tried to show that aid policies and the emergence of conflict are inextricably linked. If aid can lead to conflict, in Nepal or elsewhere, why has the international community not addressed this fundamental flaw in the development discourse? Are we in a better position to avoid the pitfalls of botched development? Based on our reading of the literature on development in Nepal⁹⁸ and discussions with aid agencies, donors, and analysts in Kathmandu, we offer the following summary of our understanding of the competing, and sometimes overlapping, narratives of the development/conflict nexus.

(I) The “Failed Development” Narrative

“If foreign aid has at times been a spectacular success [...] [it] also has been at times an unmitigated failure.”⁹⁹ When looking at the case of Nepal, according to Kanak Mani Dixit, “The question to ask about foreign aid is: has there been a sufficient ‘bang for the buck’, and for whose benefit?”¹⁰⁰ Several Nepali authors have reflected on the question of whether external assistance acted as a catalyst to upgrade the living standards of the population, something that Nepal might not have been able to achieve otherwise. K.M. Dixit’s answer is a definitive “no.” This view is echoed in the work of many other authors, who reached the conclusion that despite some infrastructure development, foreign aid had failed to achieve the initial goals of poverty reduction and sustainable economic growth. The argument that aid

98 Much has been written on Nepal’s checkered development history, both by Nepali and foreign analysts. Key texts are Dor Bahadur Bista, *Fatalism and Development. Nepal’s Struggle for Modernization*, Orient Longman, Hyderabad (India), 1991 and Devendra Raj Panday, *Nepal’s Failed Development, Reflections on the Mission and the Maladies*, Nepal South Asia Center, Kathmandu, 1999. Among non-Nepali authors one of the earliest – and still valid – work is by Eugene Bramer Mihaly, *Foreign Aid and Politics in Nepal: A Case Study* (Oxford University Press, 1965, 2003). See in particular the preface to the 2003 edition. See also Sudhindra Sharma, ‘Half a Century of Foreign Aid,’ in E. B. Mihaly (ed.), *Foreign Aid and Politics in Nepal - A Case Study* (Lalitpur, NP: Himal Books, 2003), pp. ix-lx.

99 World Bank, *Assessing Aid: What Works, What Doesn’t and Why* (New York: Oxford University Press, 1998), p. 1.

100 Dixit, ‘Foreign Aid in Nepal: No Bang for the Buck,’ p. 175.

has also inadvertently contributed to perpetuate the socioeconomic inequalities in society is also commonly found in several reports and case studies on foreign aid in Nepal.¹⁰¹

A sense of frustration and disappointment with regard to development achieved thus far is widespread. Devendra Raj Panday, for instance, argues that the Maoist insurgency was basically the manifestation of deep social and economic grievances produced and sustained by failed development. In his view, development fails “when planning and development become a bureaucratic ritual at the service of dominant interests at the centre as opposed to the needs of the districts and rural communities.”¹⁰²

Particularly with the intensification of the conflict after 2002, some observers saw in the deteriorating situation an indication that, directly or indirectly, foreign aid, despite positive contributions in a number of areas, had dismally failed to address the poverty of marginalized groups and contributed very little to the reduction of distributional inequalities. Dilli Raj Khanal sees the root of the problem lying in the concentration in pockets of accessible areas of opportunities and benefits enjoyed only by limited groups of privileged individuals, thus proving that aid inflows could not deliver the expected results.¹⁰³

Pointing to the fact that the districts at the heart of the insurgency, Rolpa and Rukum, were among the poorest in Nepal and had benefited little from the millions of aid dollars that had been spent elsewhere, many analysts explained the revolt as the result of rising expectations combined with continued or even increasing deprivation. Lauren Leve sums up the argument in the following terms:

101 See for example Eugene Bramer Mihaly, *Foreign Aid and Politics in Nepal: A Case Study* (Oxford University Press, 1965); Sharma, ‘Half a Century of Foreign Aid,’ and Sharad and Ratna S. Rana Sharma, ‘The Maoist Insurgency in Nepal: A Monograph,’ (PSIO Occasional Papers no. 5; Geneva: HEI, 2005).

102 Devendra Rai Panday, *Nepal’s Failed Development: Reflections on the Mission and the Maladies* (Nepal South Asia Centre, 1999), p. 16.

103 Khanal, *Role and Effectiveness of Foreign Aid under PRSP in Nepal*, p. 59.

DONOR INVOLVEMENT IN TACKLING DISCRIMINATION AND SOCIAL EXCLUSION

When it comes to donor involvement in tackling discrimination and social exclusion, some Nepali authors have noted that it was not the state but the donors who identified social exclusion, in addition to poverty, as a factor in the conflict. However, donors have tended to lump together diverse sections of the population under the label of “disadvantaged group.” For instance, one ADB report recognizes Dalits, Janajati, Sukumbasi, and Kamaiya as the four disadvantaged groups. A recent UNDP report lists six such groups: Women, Dalit, Indigenous People, People with Disabilities, Children, and Senior Citizens.

These groupings are misleading as they differ both on the basis of their deprivation as well as on intervention measures. *Sukumbasi* (squatter) and *Kamaiya* (bonded laborer) are victims of poverty, children and senior citizens are handicapped by age, and the disabled suffer due to morbidity. Their problems are specific and ameliorative and not amenable to political (constitutional) measures. Even in the case of women and Dalits, the discrimination they suffer is based on fundamental values of Hindu religion.

Therefore, it is only the Janajati or indigenous people who face social exclusion on the basis of religion, language, and culture according to the constitution of Nepal, which designates the country as a “Hindu kingdom.”¹⁰⁵

Sources: Gurung (2005:1), (ADB 2002: 37–40), (UNDP 2004:51–68)

Despite the fact that millions of dollars had been devoted to rural development, the uneven distribution of aid benefits and political voice between urban centres and rural hinterlands, between rural districts, and between classes of rural and urban people themselves was recognized as a development failure and threat to the state.¹⁰⁴

Donors have been loath (and slow) to recognize their responsibilities in the lackluster performance of aid in Nepal. Nevertheless, over time and as the conflict deepened, they came to understand that poverty, inequality, social exclusion, and lack of good governance were at the root of the conflict. Most donor agencies made commitments to address these issues through revisions to their development assistance priorities. (See Box D.) This begs the question of the responsibility of donor bureaucracies in contributing to the chain of events that resulted in conflict. It would be difficult to demonstrate a direct causal relationship between aid and violence, but the literature and our conversations in Nepal do point to failed development as a strong contributing

factor to the chain of events that triggered the Maoist insurgency.

The failed development narrative has two streams. The first is one of “botched development,” the notion that the technical failure of mainstream development plans and strategies is at the root of the insurgency. The emphasis on infrastructure did not really change the lives of ordinary people and the conflict emerged as a response to poverty and exclusion – issues that were not at the forefront of the concerns of the development enterprise in Nepal. The assumption behind this narrative is that appropriate strategies on the anti-poverty front would lead to peace. The problem is seen as technical; the solution is in changing the mix of components of donor and government interventions. While the government, donors, and agencies did not do their job in understanding the problem, they could be part of the solution. Supporting the Millennium Development Goals (MDGs), redesigning programs in a more “conflict-sensitive way,” and other adjustments to the way the aid system works would put the development agenda back on track. Our interviews, however, also show that the problem was not just technical, it was also political. Aid organizations and their delivery systems were often perceived by the people as emanations of the state and were therefore seen as guilty by association with the institutions of the autocratic state. “Large parts of public

104 Lauren G. Leve, ““Failed Development” and Rural Revolution in Nepal: Rethinking Subaltern Consciousness and Women’s Empowerment,” *Anthropological Quarterly*, Vol. 80/1, (2007), p. 128.

105 Gurung, ‘Social Exclusion and Maoist Insurgency’, p. 3.

opinion as well as the Maoists have often questioned the actual poverty focus of development agencies, their employment policies, their transparency and accountability.”¹⁰⁶

The second stream is more critical. It expands on development failure and goes deeper. According to this view, the flaws are structural, not technical.¹⁰⁷ Because of its linkages to the Kathmandu elite and because the development enterprise was Kathmandu-centric, it was unable to “see” the real conditions of the country. One observer calls this the “Shangri-La effect:” donors, the UN, and mainstream development agencies were blind or even complicit in their support to a corrupt and unjust system based on structural violence. Unlike in other countries, they did not feel it was their responsibility to address caste, gender, and ethnic discrimination. By and large, throughout the 1990s, they seemed to view the caste system and structural violence as givens that could not be changed (or that it was not their responsibility to work towards change).¹⁰⁸ Moreover, in a very literal sense, they reproduced the caste system within their own organizations. Because their gatekeepers – Nepalis in government and civil society who were the primary interlocutors of donors and senior aid agency staff – were mostly from upper caste backgrounds, agencies naturally recruited from this elite, English-speaking, and like-minded pool. Of course, donors and aid agencies have cozy relationships with local elites in many developing countries, but in Nepal this was taken to extremes. The proportion of non-upper caste staff in aid agencies is strikingly low, mirroring the domination of “NBCs” (Newari-Brahmin-Chettri castes) in the civil service.¹⁰⁹

As elsewhere, aid agencies tended to be capital-centric: like their government counterparts, few senior aid officials ventured outside Kathmandu and major district

centers reachable by road or by air. There were exceptions of course – a handful of INGOs and a few committed individuals in the donor community – but the combination of elite linkages and the top-down nature of the development enterprise resulted in a major disconnect between the aid bureaucracies and the people they purported to help. This “insider-outsider dynamic” permeates the aid relationship and undermines it.

(II) The Narrative of Denial

In one of the earliest accounts of foreign aid actors’ behavior in Nepal, Eugene Bramer Mihaly in 1965 described how the “aid game was relatively new to all players” and how he “came across much misunderstanding and wishful thinking, as well as accurate information. [...] To some respondents, it was simply obvious that when a foreign government would build a bridge on 1 July, it could be seen and admired – if one could find the time to go out to visit – on 1 July.”¹¹⁰ According to Mihaly, “there was a quality of innocence in the perspectives of a surprisingly large percentage of the key actors.”¹¹¹

Was the “innocence” caustically described by Mihaly still part of the attitude and mindset of the Kathmandu-based aid establishment during the conflict years? For some observers, the answer is yes. When the insurgency escalated, Kathmandu-based aid organizations largely failed to recognize what was happening. Some observers suggested that already in the early 1990s the international community had failed to recognize and try to address some early signs of the looming conflict.¹¹² This was due not only to the remoteness of the insurgency-affected areas, but also because nearly all aid agency and donor representatives were based in Kathmandu and did not have much field presence. While NGOs had some presence on the ground, UNDP, for example, did not deploy any staff at the district level until 2005. The capital remained relatively unaffected by the insurgency. Moreover, in the early period of the insurgency, there did not seem to be a deterioration of humanitarian indicators, e.g., increased levels of malnutrition or crude child mortality rate. On this basis, WFP and even the ICRC reported that, although the population was living on the edge, the situation did not qualify as a humanitarian crisis.¹¹³

106 Joerg Frieden, ‘The contribution of international development agents to conflict transformation in Nepal,’ paper given at the DFID Conference on Development Dilemmas: Challenges of Working in Conflict and Post-Conflict Situations in South Asia, 5-6 March 2006 (DFID, London: 2006) [accessed at: www.deza.admin.ch/ressources/resource_en_152346.pdf].

107 Deraniyagala, ‘The Political Economy of Civil Conflict in Nepal.’

108 One experienced aid worker quipped that: “donors did not want to hear about caste, ethnicity or class. Gender? A little bit. Basically agencies were here to move resources, not to change the society. They interacted with the elite. Foreigners got altitude sickness when they came to Nepal.” Another, commenting on the Kathmandu bubble syndrome, added that “aid is like a self-licking lollipop. There is no trickle down.”

109 See Save the Children and INSEC, ‘Is There Room Enough? Dalit Recruitment Policies and Practices,’ (Kathmandu, 2004). According to most observers, the proportion of NBCs in the civil service, already disproportionate in the early 1990s, has increased significantly during the conflict years and is said to have reached ninety percent.

110 Mihaly, *Foreign Aid and Politics in Nepal: A Case Study*, p. ix.

111 *Ibid.*, p. ix.

112 Interviews conducted by the authors with senior aid workers in Kathmandu between March and May 2008.

113 Erika Joergensen, ‘Steering through Insurgencies in Nepal,’ in Minear and Smith (eds.), *Humanitarian Diplomacy - Practitioners and Their Craft* (Tokyo: United Nations University Press, 2007), pp. 215-36.

Our view is that in Nepal there was not only widespread denial in the local and international elites with respect to the socioeconomic conditions that led to the conflict and its humanitarian consequences, but within the “Kathmandu bubble” there was also widespread denial of fundamental aspects of the Maoists’ *agency* in the conflict itself.¹¹⁴

In meetings with Nepali researchers and practitioners, it became clear that if aid actors are to have an impact upon the incentive systems, capacities, and relationships between conflict actors, they need to place a greater emphasis on understanding the *agency* of groups such as the CPN (M). Several conflict assessments highlight how structural analyses of conflict generally tend to give insufficient weight to the importance of the agency of leaders and groups. Some authors thus suggest that questions related to the interests, incentives, capacities, relationships, and perceptions of the various conflict stakeholders should be included more prominently in conflict analysis.¹¹⁵ In other words, understanding the roots of the conflict in socioeconomic or structural violence terms is important but not sufficient. Grievances, whether of a political, ethnic, or cultural nature, and the agency of leaders and groups in addressing them, need also to be considered.¹¹⁶

Development policy choices are never made in a political vacuum. Power and interests are important and need to be explicitly taken into account.¹¹⁷ Of course, social actors’ motivations and incentives are complex and multifaceted and leaders may generate loud discourses of grievance to hide economic agendas, for example. Nevertheless, aid actors and donors could

114 The term “agency” is used here in a sociological sense, qualifying “actors who have the ability to make a difference in the social world.” See George Ritzer and Douglas J. Goodman, *Sociological Theory* (McGraw-Hill, 2003).

115 Jonathan Goodhand, ‘Conflict Assessments - a Synthesis Report: Kyrgyzstan, Moldova, Nepal and Sri Lanka,’ *Conflict, Security & Development Group* (London, 2001), p. 43-45.

116 See Mats and David M. Malone Bernal (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder: Lynne Rienner Publishers, 2000).

117 In the case of Nepal, the same point has been stressed by authors such as Stacey Leigh Pigg and S. Sharma, and also by Tatsuro Fujikura on the social dimension of the causes of the conflict in Nepal; see Pigg, ‘Unintended Consequences: The Ideological Impact of Development in Nepal,’ Sudhindra and Bandana Gyawali Sharma, ‘Development Cooperation, Conflict and Aid Effectiveness in Nepal,’ paper given at Development Cooperation and Ongoing Conflict in Nepal, November 10, 2005; Sharma, ‘Domestic Water, Bikas, and Modernity: Exploring the Impacts of Finnish Aided Water Supply Project in Nepal;’ and Tatsuro Fujikura, ‘Discourses of Awareness: Notes for a Criticism of Development in Nepal,’ *Studies in Nepali History and Society (SINHAS)*, Vol. 6/2 (December 2001).

borrow from the political, sociological, and anthropological analysis of actors, structures, motivations, and interests to widen their analytical horizons.

For example, greater emphasis needs to be placed on understanding the relationships between leaders and their followers. The issues of consent and of a “social contract” between leaders and followers is one that deserves greater examination, particularly as development assistance may have an impact upon this relationship by either undermining or strengthening the legitimacy of certain groups. The relationship between leaders and followers is more complex than simply a coercive one; in some respects, military leaders may be providers of a public good, such as security or financial support to fighters and their families, particularly if the state no longer performs such functions.¹¹⁸ As a senior aid and human rights worker remarked: “A Maoist insurgency is never outdated as long as there are countries where development programmes do not manage to change something fundamentally.”¹¹⁹

Why is it that despite the availability of anthropological and sociological knowledge, aid actors fail to take it into consideration? Is it because they simply do not know that such information and body of knowledge exists, or is it because they do not know how to use the information, or is it because they do not want, or do not have the capacity, to use it; or rather, is it the structure of aid agencies that does not allow them to use it? It is interesting to note that aid agencies are now hiring sociologists/anthropologists in much larger numbers than, say, a decade ago, but it is unclear if this has changed anything in the overall capacity of aid agencies to see and apprehend complex realities. Perhaps we need to look at the “logic of the aid industry itself,” i.e., the rules governing the production and use of knowledge within the agencies, to understand why such a disconnect exists between the reality as perceived by people on the ground and the manner in which it is reproduced in the aid discourse and operationalized in aid activities and programs.

(III) Alternative Accounts: the Development Success Narrative

There is also a countercultural narrative to the development failure explanation. Some view the emergence of the Maoists and the spread of the insurgency, paradoxically, as a “development success.” Building on the findings of anthropological field studies, it is possible to make a case that, in some areas, development activities

118 Goodhand, ‘Conflict Assessments - a Synthesis Report: Kyrgyzstan, Moldova, Nepal and Sri Lanka,’ pp. 44-45.

119 Interview held in Kathmandu, May 9, 2008.

targeting the most vulnerable groups such as Dalits and illiterate women actually prepared the terrain for the Peoples' War.

A few international NGOs had supported community-based participatory programs in the western hills in the early 1990s and had raised issues of exclusion and gender and, in particular, had conducted multiyear informal adult literacy courses. It so happens that these programs were implemented in areas where subsequently the Maoist antidiscrimination agenda resonated and was widely accepted.¹²⁰ Interviews in Dang and Rolpa confirmed that some people remembered these NGO programs and saw in them a driver or at least a factor in the success of the Maoist mobilization efforts.

In a sense, these projects were the antibodies of the dominant development discourse, particularly because of their awareness-raising components and their approach to education inspired largely by Paulo Freire's pedagogy for the oppressed.¹²¹ The argument that these small-scale NGO projects had a multiplier effect on the political front is interesting as a counterpoint to mainstream development thinking, but not necessarily valid across the board.

The penetration of aid in general, and of small-scale community participation projects in particular, was (and is) quite limited. As a Nepali aid worker in a remote village in Rolpa pointed out: "each donor has its own pet valley where it works. Sometimes this changes the life of local people. But it does not add up. Projects are just tiny islands of progress in a sea of poverty."

There is perhaps a broader point. Change, long-stifled during the *Panchayat* years of royalist autocracy, was in the air in the early 1990s. Primary school education was expanding around the country and the media and communication networks were starting to expand into the hill areas. Roads were being built and migration to India and beyond was increasing. In other words, the hills were opening up to new ideas. Awareness of discrimination issues was becoming more prevalent. Certainly, in some areas, adult non-formal education, especially for women, played a role in "conscientization." But this was far from universal. In non-Maoist-heartland areas – for example in the Terai or in Kathmandu – when we asked about the drivers of change, respon-

dents rarely mentioned the antidiscrimination agenda, and the role of the Maoists therein, as the primary driver. Improved education opportunities and even migration to India were often mentioned first as factors in social change.

After the conclusion of the conflict, and particularly in the wake of the CA elections, several aid actors with longstanding presence in the country, including larger INGOs and donor agencies, started a process of self-analysis on their past activities in consideration of the new political landscape. "What evidence do we have, to show the long-term benefits of our presence in the country? Who were the winners and losers? How do we look at the pockets of poverty and poverty patterns in the country?" These are the type of questions that agencies are now asking as they review their working methodologies.

"We are now looking at the patterns of poverty. We have been working in some communities for the last 10-20 years, but we now realize that the poorest of the poor were not reached. We did not see that our projects did not address discrimination issues."

INGO official (Kathmandu, April 2008)

In this process of "introspection" and review of past strategies, efforts are made to engage in a more capillary mapping of the beneficiaries, trying to group them in fewer categories based, for example, on access to services, governance structure, or discrimination based on gender or caste. "The headings may look the same as before, what is changing now is the breakdown. It gives us a better idea of who benefits and who does not."

Another element in the interviews was related to the work recently undertaken by several aid actors in investigating – and to some extent rediscovering – the root causes of the conflict. In the words of one INGO, "the assessment of the conflict dynamics cannot do away with the identification of those who make decisions on the use of resources from the smaller household level up to the larger village/community and district level."

"In the past we were working to bring infrastructure, but looking back and trying to gauge the impact of such activities, we did not see significant changes in the life of the poorest of the poor [...] We were building schools, but then we saw that the poorest dalits, because of their untouchability, were not even entering the buildings. We had dug wells, but had not realized that the dalits were not allowed to access them."

(Senior national staff of INGO, April 2008)

120 Lauren Leve, "Failed Development" and Rural Revolution in Nepal: Rethinking Subaltern Consciousness and Women's Empowerment.'

121 Mary Des Chene, 'Fate, Domestic Authority, and Women's Wills,' in Debra Skinner, Alfred Pach, and Dorothy Holland (eds.), *Selves in Time and Place: Identities, Experience, and History in Nepal* (Oxford: Rowman and Littlefield Press, 1998), pp. 19-50 and Leve, 'Between Jesse Helms and Ram Bahadur: Participation and Empowerment in Women's Literacy Programming in Nepal.'

Final Remarks

As the narratives described above illustrate, it is possible to have very different views of the changes that have unfolded in Nepal in the last two decades or so and of the drivers of such changes. An optimistic assessment based on official statistics of improving access to services and on superficial impressions of visible infrastructural development could be made. Yet, an equally convincing case could be made to support a much more pessimistic assessment: despite untold millions spent, development policies were unable to understand the chain of events that led to the conflict, let alone avert it. The current – hopefully sustainable – peace process presents opportunities for both the country’s new leaders and outside agencies to address the disconnects between lofty rhetorical goals and the realities of structural underdevelopment on the ground. While it will be impossible to correct the errors of the past, the soul-searching exercise that has been going on within the aid community around the core question of “what went wrong?” is a positive sign. By and large, there is now a more widespread understanding that development policies will fail in the longer term unless they address the issues of structural violence that are inherent in the present dispensation of power and resources in the functioning of communities in Nepal. The focus on “winners” and “losers” in development is a step forward, but unless mechanisms of accountability are introduced that

would allow the grievances related to power and discrimination to be addressed, it will be difficult to make a dent in the substantive issues that are blocking progress.

Aid agencies have a crucial responsibility here. Experience has shown that the manner in which donors and aid agencies relate to their in-country interlocutors is crucial. This includes the way in which government, donors, and INGOs recruit staff, make decisions, consult, analyze, program, and monitor and communicate decisions around their aid and funding strategies. Not surprisingly, our research in Nepal confirms that, as we have found in many other country situations, external assistance remains a dominant discourse where the needs of, and accountabilities to, local communities are often only considered as an afterthought, or not considered at all. Social scientists have been clamoring for decades about the need for more culturally-sensitive and grounded approaches to humanitarian and development assistance. In Nepal in particular, critical anthropological and sociological information is readily available, but somehow it is not systematically taken into account by aid agencies and donors when designing programs and policies. Clearly, this is an area where more work needs to be done. Better cross-fertilization between social scientists and aid agencies can only be beneficial to programs aimed at improving the livelihoods of communities recovering from crisis and conflict.

Annex

Maoists' "40-points Demand" (February 1996)

Nationalism (7)	Economic (26)	Socio-cultural (7)
1. Abrogation of 1950 Treaty	10. Republican constitution	18. Secular state
2. Abrogation of Mahakali Treaty	11. End royal privileges	19. Equality to women
3. Border regulation	12. Civil authority over army	20. End ethnic oppression
4. Discontinue Gurkha recruitment	13. Repeal repressive regulations	21. Abolish untouchability
5. Introduce work permit system	14. Release prisoners	22. Equality of languages
8. End cultural invasion	15. End state terrorism	35. Access to education and health services
9. Stop imperial elements (INGO)	16. Enquiry on actions against Maoists	40. Protection of the disabled
	17. Recognition to martyrs and penalty to perpetrators	
	20. Ethnic autonomy	
	23. Freedom of speech	
	24. Freedom of thought	
	25. Regional devolution	
	26. Local governance	
	6. End capital aggrandizement	
	7. Self-relief economy	
	27. Land to the tiller	
	28. Nationalization of dubious property	
	29. Employment generation	
	30. Set minimum wage	
	31. Resettle squatting	
	32. Debt relief, credit provision	
	33. Cheap inputs, fair price for agricultural products	
	36. Control prices	
	37. Provide road, electricity, water supply to rural areas	
	38. Promote cottage industries	
	39. Control corruption	

Source: Harka (2005:17)

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Antonio Donini is a Senior Researcher at the Feinstein International Center at Tufts University, where he works on issues relating to humanitarianism and the future of humanitarian action. From 2002 to 2004, he was a Visiting Senior Fellow at the Watson Institute for International Studies at Brown University. He has worked for twenty-six years at the United Nations in research, evaluation, and humanitarian capacities. His last post was as Director of the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (1999-2002). Before going to Afghanistan, he was chief of the Lessons Learned Unit at OCHA, where he managed a program of independent studies on the effectiveness of relief efforts in complex emergencies. He has published widely on evaluation, humanitarian, and UN reform issues. In 2004, he co-edited the volume *Nation-Building Unraveled? Aid, Peace, and Justice in Afghanistan* (Kumarian Press), as well as several articles exploring the implications of the crises in Afghanistan and Iraq for the future of humanitarian action. He has coordinated the Humanitarian Agenda 2015 research project which has analyzed local perceptions of humanitarian action in twelve crisis countries and in 2008 authored the final HA2015 report, *The State of the Humanitarian Enterprise* (see fic.tufts.edu). Since 2007, he has been involved in research in Nepal on conflict and post-conflict issues.



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