



The signing of the Comprehensive Peace Agreement in Nepal on 21 November 2006. Then Prime Minister Late Girija Prasad Koirala (third from left) and then rebel leader Pushpa Kamal Dahal 'Prachanda' (fourth from right) are seen with major political leaders. Photo: Bhaswar Ojha/SAs RCO (2006)

Post-conflict state-building in Nepal: foundations for a stronger nation



The case studies featured here were conducted in Nepal.

Policy message

- As Nepal is transforming from a unitary monarchic to a federal republican system, reconstruction and recovery are vital to achieve peace and stability. Prioritising national needs while balancing international interests is vital in this process.
- Growth-friendly investment, just distribution of economic opportunities, and harvesting natural resource potentials promote prosperity and decrease the possibility of relapsing into conflict.
- Conducive policies, responsive institutions, and facilitative regulatory frameworks are crucial. Efficient management of bureaucracy helps promote trust; a transparent and accountable party system strengthens democracy; and a far-sighted and participatory security policy ensures a stable future.

- The prolonged process of transition to a federal republican system has complicated post-conflict state-building in Nepal. Delay in fulfilling the provisions of the peace agreement, power struggles, and lack of political skills have hampered consensus-building. The economy, restructuring of the bureaucracy and political parties, natural resource governance, and international relations are still challenges. Studies conducted by the NCCR North-South show that conducive policies, responsive institutions, and facilitative regulatory frameworks for good governance are central to post-conflict recovery, peace, and stability in Nepal.

Economic revitalisation

- Rebuilding Nepal's economy is fundamental to achieving stability, peace, and democracy in the country. The economy can be stimulated by using financial resources available from central government and development aid agencies to develop infrastructure such as hydropower systems, rural roads, and irrigation systems, by diverting the defence budget to peaceful uses, and by exploiting major economic potentials, such as hydroelectricity, tourism, and non-timber forest products from community forests. In addition, financial institutions need to operate flexibly, transparently, and accountably within strong regulatory frameworks. The revival of old

economic institutions, such as the national bank (Nepal Rastra Bank), and creation of new ones, such as the Investment Board, are promising signs of economic progress. Private investment needs to be encouraged and facilitated and public-private partnerships created to facilitate economic recovery. In Nepal's case, harnessing the investment potential of non-resident Nepalis and creative use of remittances are still major challenges.

Bureaucratic restructuring

In Nepal, the government in general, and the bureaucracy in particular, has lost public trust because of management failures, red-tapism, and poor service delivery. Regaining public trust in governance mechanisms is integral

Featured case studies

Nepal Peace Trust Fund

The Nepal Peace Trust Fund was set up in February 2007 following an understanding between a donor group (Denmark, Finland, Germany, Norway, Switzerland, the United Kingdom, and the European Union) and the Government of Nepal. Its aim is to implement the provisions of the Comprehensive Peace Agreement. With reconstruction as a cross-cutting theme, it has been working on four main areas: (i) cantonment management and rehabilitation of combatants; (ii) conflict-affected persons and communities; (iii) security and transitional justice; and (iv) Constituent Assembly and peace-building initiatives at national and local levels. It has 25 ongoing projects, 24 completed projects, and 18 projects in preparation, with a total budget of USD 157 million.

Projects of National Pride

The Government of Nepal has recently identified 14 new mega projects as "Projects of National Pride" and formed the Investment Board to oversee their speedy implementation. The projects include several hydropower projects (West Seti [750 MW], Upper Karnali [900 MW], Upper Marsyangdi [600 MW], Tamakoshi-III [650 MW], and Arun-III [900 MW]), the Kathmandu–Terai fast-track road project, the Nijgadh international airport project, and the Metro Railway in Kathmandu. These projects are suffering from severe resource shortages, but are listed in the Immediate Action Plan of the Prime Minister's Office.

- to state-building. This can best be
- achieved by ensuring effective delivery
- of services to the general public. For
- the bureaucracy to be able to do this it
- will require the necessary knowledge
- and skills and an implementation plan,
- and will require the following characteristics: accountability, including
- rewards based on performance; a
- participatory and transparent governance system; effective and efficient
- resource utilisation guided by laws;
- inclusive and consensus-oriented
- decision processes; freedom from
- political interference; devolution of
- power; and commitment to the
- Citizens' Charter.

Security-sector restructuring

- Reforms in the security arena must
- address both state and non-state
- actors, including the government
- security forces and those who had
- taken arms against the state. Security-
- sector restructuring comprises five
- interrelated components: (i) restoring
- security; (ii) disarmament, demobilisation, and reintegration of combatants;
- (iii) control over small arms; (iv)
- formulation of a national security plan;
- and (v) adjusting the size of the
- security forces to meet new demands.
- This will require reform and reorientation of the army, police, the Armed
- Police Force, and private security
- companies to ensure they address
- emerging security challenges. Key
- stakeholders in this process include
- disqualified combatants (those who
- are not eligible to receive benefits
- given to combatants staying at
- cantonments), people who are ineligible
- to join the regular armed forces
- because of their age or late recruitment into the Maoist army (known
- locally as "verified minors, and late
- recruits"), former combatants wishing
- to integrate into the army, and the
- underground armed groups.
- A new national security policy needs to
- be put in place to address all the
- security challenges facing Nepal at the
- state, individual, and societal level.
- The policy should also take into
- account Nepal's geopolitically sensitive
- location.

Reforming political parties

- Political parties are the pillars of
- multi-party democracy and a reservoir
- of future leaders. Unfortunately, public
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trust in Nepal's political parties has been eroding because of the parties' lack of accountability and intra-party democracy, corruption, autocratic and ineffective leadership, politicisation of the state bureaucracy and security services, and power struggles among the politicians. Existing parties lack consistent ideological positions and are out of touch with the hopes and aspirations of the populace. Parties need to strengthen their political skills; this will require research, training, and orientation programmes. Although some leaders are trying to address these challenges, most do not appear ready to change. Restructuring the state and building a new Nepali state will be impossible without reformation in political parties. Post-conflict state-building efforts must focus on encouraging and supporting this process.

Natural-resource governance

Although economically poor, Nepal is very rich in natural resources. The Himalayan belt and the Terai landscape in particular are home to a wide range of plant and animal biodiversity, as well as offering mineral resources, potential for hydroelectricity generation, and scope for eco-tourism. However, these resources, especially water, land, and forest, have been poorly managed in the past. For example, ownership of arable land is concentrated in the hands of only a few people while the majority are landless or have only small parcels of land. As a result, land is poorly used and agricultural productivity is low. Weak policies, ineffective regulations, and poor policy implementation have not only seriously undermined natural resource programmes and projects, but have also resulted in failure to address resource conflicts. Abuse of authority in issuing licenses for generation of hydroelectricity, and manipulation of rules and regulations for management of water resources are creating numerous water-related disputes that the state is not able to resolve.

The government must establish a sound natural-resource governance plan that defines control over and access to these resources with a view to maximising their use while preserving them for current and future generations.



Security forces protect the Constituent Assembly building, Nepal, from agitated groups picketing the building to press their demands. Photo: Safal Chimire (2011)

International relations and foreign policy

Nepal's experience of aid-led development shows that poorly targeted and inappropriate development can create inequality and injustice and fuels conflict.

Aid conditionality was an important source of such silent tensions. It prevented the government from focusing on long-term efforts to improve the quality of life of poor and disadvantaged people. This highlights the need for donors and aid agencies to limit themselves to facilitating and supporting the initiatives of the Government of Nepal. Nepal needs proactive, neutral, and amicable foreign relations, particularly given the country's geopolitical location between two economic giants (India and China) and growing Euro-American interests.

Definitions

State-building refers to the vision, strategies, and actions aimed at building a legitimate, effective, and resilient state. It requires development of constitutional frameworks, policies, institutions, and governance mechanisms. Hence, state-building requires restructuring of the bureaucracy, the judiciary, the executive, and security systems.

Post-conflict period refers to the period between the signing of a peace agreement and completion of the implementation of its provisions. It is thus a transitional phase during which the objectives of the peace agreement are institutionalised and society is restored to normalcy.

War economy is a system of production, mobilisation, and allocation of national resources to sustain (or win) a war.



Shoulder to shoulder for peace: Then Prime Minister of Nepal, Madhav Kumar Nepal (second from right), Director General of SDC, Martin Dahinden (second from left), Swiss government dignitaries and facilitators of the peace process in Nepal jointly launching a book on peace and federalism published by the NCCR North-South, South Asia Office. Photo: Bishnu Upreti (2009)



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Policy implications of NCCR North-South research

Reconstruction and recovery

Post-conflict state-building requires not only rebuilding and maintaining old institutions and infrastructures, but also creating new and progressive institutions. During this process, the government must maintain a balance between national and international interests, with an emphasis on local needs. Developing visionary and practical international relations and foreign-policy frameworks is a challenge during the post-conflict phase.

Security and bureaucracy

Mostly, the security situation in conflict-torn countries like Nepal is characterised by tensions between civil and military authorities, conventional approaches to dealing with security challenges, and lack of expertise for dealing with new security challenges. Similarly, the bureaucracy in such countries lacks accountability, responsiveness, efficiency, sound service-delivery mechanisms, and reasonable salaries and facilities. As a result, public trust in the bureaucracy erodes, further weakening the ability of state functionaries to deliver services to the public. Overcoming these deficiencies requires new security policies and approaches and reorientation of the bureaucratic system towards a service-oriented approach.

Economic growth

Changing from a war-based economy to a peace-time economy requires diverting security expenditure to peaceful uses and giving marginalised people access to economic opportunities. Economic growth must also be equitable, and not measured only in terms of production of goods and services. Achieving sustainable economic growth depends on identifying natural-resource potentials and exploiting them sustainably.

Further reading

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This issue

Editor: Paul Neate
 Series editor: Bishnu Raj Upreti
 Design: Simone Kummer and Siddhi Manandhar
 Printed at Heidel Press.

The NCCR North-South is co-financed by the Swiss National Science Foundation (SNSF), the Swiss Agency for Development and Cooperation (SDC) and the participating institutions. The views expressed in *evidence for policy* belong to the author(s) concerned and do not necessarily reflect the opinions of the funding agencies, the overall NCCR North-South network, or other institutions.



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 and Cooperation SDC

Citation: Upreti BR, Ghimire S. 2013. *Post-conflict state-building in Nepal: foundations for a stronger nation*. Evidence for Policy Series, Regional edition South Asia, No. 9, ed. Bishnu Raj Upreti. Kathmandu, Nepal: NCCR North-South.