

NEPAL: FROM TWO ARMIES TO ONE

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Central to Nepal's peace process is the integration of some of the Maoist People's Liberation Army (PLA) into the state security forces and the "rehabilitation" or retirement of the rest. These steps are part of a complex set of negotiations about the future of the peace process and the Constituent Assembly (CA) that is drafting a new constitution. A settlement is urgently needed to give combatants a dignified exit, years after the initial ceasefire. It is also essential to protect the constitution-drafting and to reduce two standing armies to one. All involved will have to make compromises to settle an issue that lies at the heart of a sustainable peace.

Despite only sporadic negotiations after the CA's term was extended in May 2011, agreement is possible. Negotiations have focused on integration into the Nepal Army (NA), and basic issues to be decided include: the number of combatants to be integrated, standards for integration, determination of rank and prospects for promotion, and the role of the former Maoist troops in the NA. For those who will choose rehabilitation or "voluntary retirement", the issues include how many will want skills training, how many cash and how many a combination of the two. Also of concern are how these payments will be handled, how ex-combatants will be accommodated in Maoist party structures and how discontent will be handled.

It is tempting to see integration and rehabilitation (I/R) as a largely technical issue, but it is deeply political. The peace process viewed both armies as equals; neither was presented as having been defeated. All parties signed up to bring the PLA into the security forces, including the national army, which in turn was to undergo a process of reform to make it smaller, more inclusive and more accountable.

For the Nepali Congress (NC) and other traditional actors, the process is an opportunity to push the Maoists to become like the other parties and get rid of their army before the new constitution comes into force. For more conservative forces, generous terms for the fighters would give the sense that violence is being rewarded. That line runs up against the Maoist view that the PLA drove vital political change in Nepal, particularly the creation of a secular republic.

The Maoists accept that combatants will be integrated into a new directorate under NA control, although its mandate and size are unclear, and leadership will probably not at first be given to an ex-Maoist commander. There is a tacit understanding that combatants will have to meet some, though not all, existing recruitments standards and that wholesale integration of entire units will be difficult. This will in no sense be a merger of the two armies, as the Maoists used to demand. The party is also not going back to war, and the PLA has been systematically separated from political life since 2007. But all this is difficult to sell to some factions of the party and the PLA, as the Maoists are also making deep compromises on constitutional issues and many leaders are seen as increasingly caught up in politics. For the party's own transformation to succeed, its army must be seen to have been treated respectfully. The Maoists need concessions, even if only symbolic, as much as the other actors might resent this. All parties must guard against reducing the issue to a political bargaining chip.

For the 19,000 combatants, their post-PLA options are a matter of more than just symbolism. As the parties determine how to reduce the perceived risks of the process, including those of ex-combatants joining criminal groups, turning their anger against their own party or engaging in subversion within the NA, they must remember that this is a diverse group. Different responses are needed for different ranks, and even within these groups, multiple options must be available.

Integration is also a test of the NA's willingness to be a constructive player. Its leadership says the army will accept political decisions. The proposal the NA unofficially presented to the government has framed the negotiations, and some parts present a broadly acceptable way forward. That the army has set the agenda, though discreetly, runs counter to principles of civilian control of the military. But realistically, it means the army's interests are well represented, a key point to keep it in the process.

I/R is a matter of urgency if the parties are to reach agreement on constitutional issues, including by extending the CA's term, as needed. It is of limited public interest, but the overall slowdown is contributing to some frustration with mainstream political parties and further de-legitimi-

sation of democratic processes. This is opening up space for fringe actors who wish to roll back the political changes since 2006. The cantonments also cost the Nepali state a lot of money and have been in place for over four years. Finally, conditions in the Nepal Army are relatively favourable at this time, with a chief who is willing to meet the parties part of the way. Formal closure on the war can, and should, begin now.

RECOMMENDATIONS

Integration and rehabilitation should serve a number of purposes: mark the end of ten years of war and progress in the five year-long transition; acknowledge recent history and political changes; and reduce the risk of localised conflict or political violence. Specifically:

- Combatants integrated into the NA should have a chance of a reasonably successful career within the constraints of age and years of service and so should be given opportunities to catch up with NA colleagues. Bridge courses have already been discussed. Perhaps some combatants will need a little more time to gain further qualifications, while others would benefit from seats at the staff college. While there is certain to be some wariness of ex-Maoist combatants, leaving integrated personnel uncompetitive could fuel discontent.
- If integration takes place primarily into the proposed new directorate under the NA, its mandate needs clear thinking. Being considered “non-combat” or unarmed is problematic for the PLA personnel, but the Maoist suggestion to deploy it for border security is unacceptable; Nepal’s borders do not need to be militarised. The parties should discuss whether the new directorate can participate in the NA’s more prestigious activities, such as peacekeeping operations and protection of national parks, for example. Although the debate has so far focused on the NA, the police and armed police could still be options, and the parties need to quickly do homework on this. The Maoists must clearly rank their priorities in negotiations: where integration happens, the mandate guiding integrated combatants, or the ranks at which they want integration.
- Preparations must immediately begin in the NA to accommodate the newly-integrated personnel.
- Independent assessments are that markedly more combatants will opt for rehabilitation and political work or “voluntary retirement” than integration, if offered attractive cash or cash and vocational training packages. This is appealing and broadly acceptable, but without safeguards, the payouts could mean a large infusion of cash into Maoist coffers and become a source of political tension. Payments should be made in instalments over a period of time. Some portion could be linked to completion of training, take the form of low- or no-interest loans, be paid to employment agencies for those seeking to work overseas, or consist of government bonds. Discussions on some options have already taken place; these should be formalised.
- The fraught 2010 exercise in discharging disqualified combatants holds some lessons. Vocational training options should consider the combatants’ interests and qualifications and not be presented patronisingly. Given the sensitivity around language, the vocabulary of “rehabilitation” could be replaced with the less judgmental-sounding “training”. Donors who fund or oversee these programs must ensure they are getting value for money, as combatants will know the official cash worth of their training programs.
- Integration and rehabilitation both should be monitored closely to address discontent early. The monitoring could be carried out by what is currently the secretariat of the special committee, which will have gathered experience and personnel during the cantonment monitoring and I/R process. Monitoring could also support a dispute or grievance resolution mechanism. Career counselling and psycho-social support for those who opt for training programs or political work still need to be discussed. Donor support for these activities could be helpful and allow low key international observation of the I/R process.
- As the cantonments empty, the parties must begin two exercises. A review of working conditions for soldiers in the NA can help mitigate the potential for resentment posed by the addition of new personnel who are seen to get special treatment. Secondly, the government and political actors, possibly through a strengthened and empowered national defence council, and civil society must begin policy-oriented research and discussion on key aspects of security sector reform so as to guide the thinking of successive governments, including: Nepal’s security concerns; making the NA more accountable and affordable; simultaneously downsizing the security forces and making them more effective and representative; and strengthening the defence ministry.

Kathmandu/Brussels, 18 August 2011

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I. INTRODUCTION

Nepal's peace process has progressed in fits and starts since the signing of an agreement in 2006.¹ Although it has appeared to be close to a breakdown a number of times, it

¹For earlier Crisis Group reporting on the peace process, PLA and cantonments, see: Asia Reports N°106, *Nepal's New Alliance: The Mainstream Parties and the Maoists*, 28 November 2005; N°126, *Nepal's Peace Agreement: Making it Work*, 15 December 2006; N°132, *Nepal's Maoists: Purists or Pragmatists*, 18 May 2007; N°155, *Nepal's Election: A Peaceful Revolution?*, 3 July 2008; N°156, *Nepal's New Political Landscape*, 3 July 2008; N°163, *Nepal's Faltering Peace Process*, 19 February 2009; N°173, *Nepal's Future: In Whose Hands?*, 13 August 2009; N°194, *Nepal's Political Rites of Passage*, 29 September 2010; and Asia Briefings N°68, *Nepal's Fragile Peace Process*, 28 September 2007; N°72, *Nepal: Peace Postponed*, 17 December 2007; and N°120, *Nepal's Fitful Peace Process*, 7 April 2011. Full Nepali translations of all papers from 2007 onwards are available at www.crisisgroup.org/nepali. The November 2006 Comprehensive Peace Agreement (CPA) says that the Maoist army would be confined to temporary cantonments, "verified" and monitored by the UN. The Interim Council of Ministers would "supervise, integrate and rehabilitate the Maoist combatants". The Maoist army would place all its weapons except those required for security in locked containers to which only they would have keys; the containers would be monitored by the UN. The NA would be confined to barracks and lock up the same number of weapons as the Maoists under the same conditions. The interim cabinet would prepare a plan for democratisation of the NA to "determine the appropriate size" of the army and develop its "democratic structure and inclusive character". The December 2006 Agreement on the Monitoring of the Management of Arms and Armies (AMMAA) sets out conditions for both armies regarding restriction of activity and movement, monitoring of weapons, cantonments and barracks, clearing of minefields, etc. The UN mission (UNMIN) would be responsible for compliance and chair the Joint Monitoring Coordination Committee, to assist implementation and more importantly, serve as a dispute resolution mechanism and encourage confidence building. The interim constitution says that supervision, integration and rehabilitation of Maoist combatants would be overseen by a cabinet-appointed special committee with broader political consultation and reiterates the commitment to the democratisation work plan. All these documents refer to the "Maoist army", not the PLA. The combatants and the party still call it the PLA, however. This briefing uses both names interchangeably.

has endured, and indeed even made considerable progress. Politicians from all sides are reluctant to see a return to violence and have usually been able to negotiate last minute deals to keep the process together. But one issue has been repeatedly kicked down the road or tied to others: the agreed integration of some members of the Maoist forces into the Nepal Army.

Blending fighters from the People's Liberation Army (PLA) into the Nepal Army (the former Royal Nepal Army) was always going to be difficult. Fierce enemies for more than a decade, each had inflicted considerable losses on the other, even if civilians bore the brunt of violence from both sides. Those on the right of politics have tended to view any integration as rewarding violence and setting a precedent that could encourage others to take up the gun against the state. The Maoists believe their army forced key political changes in the country and, far from being a defeated force to be disbanded, earned an honourable place in the national military.

The integration/rehabilitation (I/R) question demonstrates the nature of compromise in the peace process as a whole. There have been quid pro quo agreements across power-sharing, management of the PLA and I/R, and the Constituent Assembly (CA); none is treated in isolation. Last minute deals, driven entirely by the exigencies of the moment, restate major commitments but in persistently vague language. There have also been great expectations, particularly of institutional reform, and dramatic conciliatory moves that have nearly always been scaled down significantly in favour of symbolism and token gestures. Yet, a brief overview of the place of I/R in the peace and political processes also demonstrates two kinds of evolution. One is how far the parties and the NA have come from the rabid mistrust of the early days of the peace process, even if those attitudes are still visible. The second is the possibility of agreement and narrowing of distance on most issues, but particularly I/R. This report is based on interviews between January and July 2011 with all sides of the issue, including PLA forces most directly affected. Interviews took place in Kathmandu, Nepalgunj, Surkhet, Chitwan, Sunsari, Panchthar and Jhapa.

II. THE CURRENT NEGOTIATIONS

The CA's term is to expire on 31 August 2011, after an initial three-month extension agreed on 28 May, which was based on a tacit understanding that it was the first part of a half-year extension. Major constitutional issues, such as federalism and forms of governance remain unresolved. But two other issues will dominate the negotiations for the next extension: the elusive national unity government and the future of the PLA.

The deal reached in May between the four largest parties or party alliance – the Unified Communist Party of Nepal (Maoist), known as UCPN(M) or “Maoists”, the Nepali Congress (NC), the Communist Party of Nepal (Unified Marxist-Leninist) or UML, and the United Democratic Madhesi Front – followed the pattern of previous agreements: it was last-minute, temporary and vaguely worded. The terms of the deal were to complete the “basic tasks” of the peace process in three months; prepare a draft of the new constitution in the same period; implement earlier deals with the Madhesi parties to make the NA more inclusive; and extend the CA's term by three months. The prime minister would resign to pave the way for a “consensus national unity government”. The May agreement was interpreted variously by the parties just minutes after they had voted.²

Prime Minister Jhala Nath Khanal has resigned, but a consensus government remains elusive and negotiations over its leadership will affect the ease with which the CA is extended and its work in the coming months, as the parties assess whether they have incentives to work together to make progress on the new constitution. There is no alternative to the CA and no single party is in a position to engineer something broadly acceptable in a short period of time. The call for a fresh general election from sections of the NC (and UML) has also largely died down. But without progress on integration, the new constitution will not be negotiated in full, let alone promulgated.³ Regrouping Maoist combatants based on their preferences would earlier have satisfied the NC as a marker of progress, but the likelihood of even this happening is low.⁴

I/R negotiations have stalled, yet the foundation for an agreement has been laid. The negotiations for the May extension of the CA for the first time focused on the details of an integration deal and showed that the differences were not intractable. In their near-agreement, the Maoists accepted in principle that integration would be into a proposed new directorate under the NA. The parties discussed how many personnel would be integrated; the directorate's role and command; and a timeline for initial steps, including regrouping and selection of Maoist fighters for integration.

The NC demanded at a late stage that the Maoists hand over keys to the containers in which their weapons are stored before agreeing to extend the CA. The Maoists refused, and also took a tough line on giving up the security detail provided by the PLA to Maoist leaders.⁵ The NC continued to threaten dissolution of the CA, though one influential faction was strongly against this. Madhesi parties, which had been sidelined from the negotiations, entered at a late stage and asked that earlier commitments to improving representation of Madhesi populations in the NA be implemented.⁶ The ruling UML was also deeply divided. As a result the final agreement did not address details, procedures and timelines, but only focused on salvaging the CA and ensuring a change of government.

Following the May extension of the CA, internecine fighting resumed in the NC and UCPN(M). The Congress has not yet resolved its differences, which affects its ability to deal with the Maoists and the future of the CA in a coherent manner.⁷ As for the Maoists, despite factionalism, there

will probably trump best practices. But questions remain. Should regrouping occur without political decisions on the details of integration and rehabilitation options? What are the options for combatants, assuming their preferences matter? Further, is it fair to reach political decisions on options without first carrying out a survey of combatant's aspirations and qualifications?

⁵ Days after the CA's term was extended, Maoist Chairman Pushpa Kamal Dahal (“Prachanda”) bid farewell to the almost 100 armed PLA personnel who formed the party leadership's private security detail. This was not part of the formal deal, though. The Maoists' attempt at a small good faith gesture was challenged from within, though, when Senior Vice-Chairman Mohan Vaidya (“Kiran”) refused to part with his guards. Vaidya's faction agreed two months later, but as a minor point in a much larger intra-party struggle over party posts, rather than in preparation for I/R. All factions opposed handing over PLA weapons to the state, arguing it would be “surrender” to do so at such an early stage of the I/R process.

⁶ A February 2008 agreement between the interim government and a coalition of Madhes-based parties, the United Democratic Madhesi Front (UDMF) states that entry of “Madhesi and other groups” shall be ensured to give the army a “national and inclusive character”.

⁷ See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit., for details on the persistent divisions in the UML and NC

² For explanations and expectations of the agreement from some negotiators, see “The Rationale Behind the Deal”, *The Kathmandu Post*, 30 May 2011. Five years after the ceasefire, the parties still do not agree on what the “basic tasks” of the peace process are.

³ Crisis Group interviews, Kathmandu, August 2011.

⁴ The I/R process is understood to begin with regrouping of combatants into three groups, those who want to be integrated, those who opt for rehabilitation, and others who will opt for a political life or “voluntary retirement”. The question of sequencing is problematic, although again political expedience

is unanimity that their combatants must be treated honourably. Their individual contributions and the PLA's role in the recent political changes must be acknowledged. The differences among the Maoists have to do with the division of party responsibilities and ministries, but both Senior Vice Chairman Mohan Vaidya "Kiran" and Vice Chairman Baburam Bhattarai brought the PLA into the negotiations, arguing that the party would not be gaining appropriate concessions or political leverage in exchange for giving up its army at that time.⁸ The internal disputes are tamped down for now, but the pressure is on Maoist Chairman Prachanda and on the prime minister and UML chairman, Jhala Nath Khanal, to demonstrate some progress on I/R before the next CA deadline.

The parties could immediately agree on some issues, such as numbers to be integrated and standards for entry, but the details will probably be decided piecemeal and in parallel with specific decisions on government formation, CA deadlines and related issues. Until then, it will be important for all parties to carefully assess each other's internal and external compulsions and be willing to actually negotiate, rather than stand on all-or-nothing positions. The parties often mention reaching a "package deal" on all issues, but it is more likely that they will have to agree on what they can as they go along.

The NC should bear in mind that forcing dissolution of the CA would, in addition to other risks, encourage the Maoists to stall movement on the PLA. There is also no guarantee that fresh elections would produce a significantly different result than that of 2008. As much as it bothers some political actors that the Maoists are the largest party and gained considerable legitimacy through the CA, few

have begun re-vitalising even their core constituencies or seem ready for elections.⁹

The Maoists are in a difficult position. The NC's calculation is that the former rebels are not going back to war and are no longer using fear as their primary political tool. Therefore, the NC has little to lose by pushing the Maoists hard on I/R and other issues, because the Maoists' options are limited by the exigencies of daily politics. At the same time, the Maoist leadership has made numerous promises to its own people in the PLA and the party. For them, I/R will be a test of the UCPN(M)'s ability to deliver. Prachanda will also need to sell to supporters the many compromises the party is making on constitutional issues. The Maoists would do well to meet the NC halfway on some issues before the cantonments become a real liability and I/R becomes an obstacle to the new constitution.

Even if I/R negotiations are renewed only in the days before the 31 August 2011 deadline, some decisions can be made. For example, in exchange for formal agreement on numbers and the norms combatants will have to meet for integration, the Maoists could begin regrouping combatants and perhaps even consolidate all weapons in a single cantonment or share a set of keys with the home or peace and reconstruction ministry,¹⁰ or the secretariat of the multi-party, constitutionally mandated special committee on integration and rehabilitation of Maoist fighters. But these actions will have to be decided together by the parties. Prachanda has often promised a "bold" or "unilateral" step on I/R. In the present environment that would exacerbate the deadlock, not help break it.

and the NC struggles over leadership. Alliances shift, and some events, like the CA negotiations, introduce new elements. For example, the "weapons first" demand and call for fresh elections were part of the NC's bluff to force the Maoists to agree on integration. But in private, it was clear that considerable sections of the NC had no real intention to dissolve the CA, which would limit its leverage in the I/R discussion. The NC has been hobbled for some time by the lack of a clear position in the negotiations and an unwillingness to take risks that could allow it to dislodge the Maoists from the driver's seat in the peace process. Crisis Group interview, Kathmandu, August 2011.

⁸ See Section IV below for details. For a summary of some of the divisions, see Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit. Kiran and his faction are often referred to as "hardliners". See Crisis Group Report, *Nepal's New Political Landscape*, op. cit., p. 2, for why the term is unhelpful. Much has been made of the resistance of these so-called "hardliners" to withdrawal of PLA security. Yet, according to a central Maoist party member, some had either already informally dismissed their PLA guards or were planning to. Police security personnel ask for fewer personal favours and do not expect the party to cater to their needs during travel or lengthy meetings. Crisis Group interview, June 2011.

⁹ A young NC leader summed up the dilemma if his party forced fresh elections by dissolving the CA: "We're damned if we do and damned if we don't".

¹⁰ Both ministries presently have Maoist ministers in a Maoist-backed government.

III. MISTRUST AND CONFUSION

The reasons for the mistrust between the Maoists and NA, the NC and the Maoists, and the NA and all political parties are legion. The November 2005 twelve-point agreement, the Comprehensive Peace Agreement (CPA) of November 2006, the Agreement on the Monitoring of the Management of Arms and Armies (AMMAA) of December 2006, the drafting of the interim constitution and formation of the interim government in charge from 2006 to 2008, and the CA election all occurred in the context of an analysis which proved wrong. Far from coming in a distant third in the elections, the Maoists ended up controlling almost 40 per cent of the CA and won exactly half of all directly elected seats.¹¹

The debate about “honourable” integration or rehabilitation, as the Maoists describe it, reflects conflicting perspectives on recent political history and the peace process. The Maoists argue that the PLA had forced the state to sign on to deep reforms, helped edge out the monarchy that had hobbled the post-1990 democratic set-up, and kick-started an unprecedented degree of social and political transformation. Many in the NC, UML and sections of civil society argue that the people voted for peace (and often in fear of the Maoist army), that the Maoists’ authoritarian aims make them untrustworthy. They say that acknowledging the significance of the PLA and its combatants would confer legitimacy on violent political methods. A few argue that the 1990 constitution was adequate, though almost no mainstream leaders argue this.

A. 2005-MAY 2009

The vagueness of the peace process documents and the many last-minute agreements signed since have been in part due to the divergence of the parties beyond common short-term goals, lack of strategic clarity on the part of the non-Maoist parties and the Maoists’ need to keep multiple options open. The parties may have been united in their desire to counter King Gyanendra’s absolute rule, but there were deep contradictions between them. The Maoists and the late GP Koirala, NC president, both wanted to cut the Royal Nepal Army (RNA)¹² down to size. The former saw it as the embodiment of their opponents in the feudal royal regime, the latter as a powerful institution inimical to democracy. Yet, sections of the NC and UML have always

been wary of the peace process framework and the Maoists’ intentions and opposed to Koirala’s compromises.

Some contradictory actions and perceptions resulted from this dynamic. There was an informal agreement between interim Prime Minister Koirala and Prachanda that the PLA would inflate its numbers.¹³ For Koirala, wary of the RNA and under attack by the strong conservative faction of his own party for engaging with the Maoists, this was a way to hold his own against the army and to give the Maoists incentive to stay in the process.

Observers and RNA personnel had put the strength of the PLA at anywhere from 5,000 to 10,000 at the height of the war. It came as a bit of a surprise when over 32,000 showed up to the UN-run verification process in 2007 and were registered in the cantonments, and about 19,600 were later verified as being members of the PLA.¹⁴ A number of those who were not verified continued to be associated with the cantonments and were only formally discharged in February 2010.¹⁵

¹³ See, for example, Prashant Jha, “Reforming the Army”, and “The Limits of Negotiations”, *The Kathmandu Post*, 26 April and 18 May 2011 respectively.

¹⁴ 32,250 were initially registered in the cantonments. Of these, 8,638 did not appear for verification. Of the 23,610 combatants who went through the verification process, 19,602 were deemed part of the Maoist army. Of the rest, 2,973 were minors, or born after 25 May 1988, and 1,035 were late recruits, who joined after the Ceasefire Code of Conduct was signed on 25 May 2006. About 2,400 of these minors and late recruits went through a formal discharge process in 2010 (see below). The question of how the Maoists boosted the PLA’s numbers credibly is perhaps less puzzling than is sometimes made out. RNA estimates of the size of the Maoist army and Maoist claims were similar by mid-2005: 9,500-10,000 PLA combatants. Both sides factored in an additional 20,000-25,000 militia members. (See, for example, Crisis Group Asia Report N°104, *Nepal’s Maoists: Their Aims, Structure and Strategy*, 27 October 2005, p. 8.) Recruitment went up after the Chunbang plenum in October 2005, after which PLA divisions were increased from three to seven. The plenum also paved the way for the twelve-point agreement the Maoists reached with the traditional parties the next month, which raises the question why the expansion happened. This expansion accounts for some of the increase in size, and members of the militia and irregulars are likely to have entered the cantonments, too. As with integration into the NA, numbers are secondary. During the war, the PLA’s ability to take on the larger, better-trained, equipped and funded RNA increased to the point a military solution was impossible. The confusion about how the cantonments were filled matters in that it fuelled considerable mistrust of the Maoists.

¹⁵ A criticism some non-Maoist actors made of the verification process is that only as many combatants should have been verified as weapons the PLA said it owned. This has also been put forward as a plausible basis for determining the numbers of fighters to be integrated. The UN registered about 3,600 PLA

¹¹ The Maoists won half (120) of the seats in the first-past-the-post contests with 30.5 per cent of the vote. They won 29.3 per cent of the proportional representation vote, giving them a total of 220 of the 575 elected seats, as well as nine of the 26 nominated seats.

¹² The RNA was renamed Nepal Army (NA) as part of the abolition of the monarchy in May 2006.

Not all PLA personnel went through the verification process or into the cantonments. Senior commanders and commissars kept their high party positions instead, and many other experienced combatants formed the core of the revived Young Communist League (YCL).¹⁶ Koirala had not expected such an inflation of numbers, but he and a section of the NC still assumed that the Maoists would be routed in the elections, that the combatants would leave the cantonments, and that the NC would dictate the terms of I/R.¹⁷

In the earliest days of the negotiations, the Maoists had been wary of cantoning their fighters, believing it would be better to keep them in play, as part of the party organisation. Unsure about how the monarchy and the RNA would react to the push for a republic and whether the CA elec-

tions would take place, the party was keeping the possibility of confrontation alive. The initial doubts dissipated, however, and the terms of the peace deals, which placed the Maoist army on par with the RNA, and the recognition of the PLA by the UN became sources of legitimacy.¹⁸ By early 2008, Prachanda was telling combatants that infiltration of the army through integration and subsequent state capture were viable goals, but that staying in the cantonments was a form of revolution, too.¹⁹ The Maoist leadership also said that the CPA contained parallel commitments with regard to the two armies: “professionalisation of the PLA [through integration] and democratisation of the Nepal Army”.

Before the elections, not everyone was convinced that the peace process would hold.²⁰ Yet, there was no pressure

weapons; some 3,300 reportedly matched the types of weapons the Maoist army claimed to have taken from the security forces in raids and attacks. PLA fighters say, and eyewitness accounts and some photographic evidence suggest, that they relied heavily on IEDs – socket bombs, pipe bombs, and pressure cooker bombs – and knives and hatchets, rather than standard military arms. For images of the war from different perspectives, see Kunda Dixit (ed.), *A People's War* (Kathmandu, 2008); and *Tasbirna Janayuddha – I*, Unified Communist Party of Nepal (Maoist) (Kathmandu, 2011). Other criticisms of the verification process came from the Maoists. There had been disagreements early on and complaints about how UN enumerators were asking questions. These were resolved, but some of those discharged in 2010 also complained they did not understand the basis for their exclusion. Crisis Group interviews, former combatants, former UNMIN officials, Sunsari, Jhapa, Panchthar, Kathmandu, January-May 2011. See also Section V below.

¹⁶ A retired NA general estimated that about 7,000 PLA combatants entered the YCL. Crisis Group interview, Kathmandu, April 2011. Other observers close to the Maoists also said “many” fighters were absorbed there. Crisis Group interview, Kathmandu, January 2011. A senior YCL member said he was in the PLA but spent the latter part of the conflict in prison. Crisis Group interview, Kathmandu, March 2011. The party leadership has always maintained that the army is under party control. However, that separation has not always been visible. Ahead of the cantoning process, Maoist leaders would sell the process to the PLA by saying the real war was ideological and mental. See, for example, Baburam Bhattarai, “Bichar, banduk ra naya karyadisha”, in *Rastriyata r ganatantra* (Kathmandu, 2010). When PLA members make the same argument, that they are not just unthinking soldiers but fighters with a cause, it muddies the picture further for non-Maoists who would like a clear basis for distinction. An NC condition in the May 2011 CA negotiations was that combatants who had participated in the Palungtar plenum should be immediately discharged from the cantonments; implicitly they were too political to qualify for integration. The division between politics or ideology and a military career is not always a straight line.

¹⁷ See Crisis Group Report, *Nepal's Election: A Peaceful Revolution?*, op. cit. Until early 2009, when the Maoist party merged with a smaller left party and added ‘unified’ to its name, it was called the Communist Party of Nepal (Maoist), or CPN(M).

¹⁸ Critics who see the Maoist-UNMIN relationship as having been overly friendly should remember that as late as 2008, Kiran and other Maoist leaders were still suspicious of UNMIN, saying it wanted to dissolve the PLA and was pro-American. For an excellent overview of UNMIN’s mandate and activities until the CA election, the context of mutual mistrust, and India’s suspicious attitude to UNMIN that spilled over into the peace process as a whole, see Aditya Adhikari, “Shackled or Unleashed: UNMIN in Nepal’s Peace Process”, *Himal South Asian*, October 2008.

¹⁹ In an infamous video, Prachanda was seen telling combatants in the Third Division cantonment in Shaktikhor, Chitwan, that the party had taken the PLA from 8,000 to 19,000 during the verification and this would assist in capturing the state. The video was from early 2008, before the CA election. It surfaced in May 2009, at the height of the controversy in which Prachanda, then prime minister, resigned after unsuccessfully attempting to dismiss the chief of army staff. The UCPN(M) never responded satisfactorily to the numerous questions the video raised. Instead of discussing how many full-time fighters the PLA had, what it planned to do with them, and the depth of the party’s commitment to peaceful, democratic politics, the leadership waffled. Prachanda and others argued only that the comments had been made in a different context. It is difficult to say whether the Maoist leadership really thought it was possible to subvert the NA from within. But telling the cantoned PLA that this would be its future role certainly added to the other parties’ mistrust.

²⁰ A little-publicised incident illustrates the risk of hostilities at that time. Days before the CA election, Maoist cadres in Ramechhap district, where competition with the UML had been particularly sharp, abducted some UML supporters, including two NA soldiers on leave. Chief of Army Staff (CoAS) General Katawal ordered preparations for a rescue mission and for NA special forces to surround or “destroy” the CPN(M) headquarters in Kathmandu. The government had not been informed or asked for permission. But senior officers of both armies had been building relationships through the Joint Monitoring Coordination Committee and a last-minute political intervention urged by UNMIN defused the situation. Crisis Group interviews, former UNMIN official and retired NA general, via email and Kathmandu, July 2011.

on the Maoists to agree to I/R, and the elections went ahead with two standing armies. Much of the NC took a firm “no integration” line, particularly after the unpleasant surprise of the election results. They shared this view with Chief of Army Staff (CoAS) General Rookmangud Katawal, who regularly maintained that the PLA was politically indoctrinated and hence unfit to join the NA. The Indian establishment supported this, seeing the NA as the force that could check the expansion of Maoist power. No integration, calls to dismantle the YCL and return property seized during the conflict became the NC’s rallying cries. This meant that while many in the NC were insisting that the playing field could not be level as long as the Maoist army existed, others were guaranteeing that no solutions would be offered as to how the force should be dismantled.

After the election, as part of the negotiations to form the government, select Nepal’s first president and declare the country a republic, the parties signed a deal in June 2008 that committed the Maoists to completing I/R in six months. It might have been sensible to start the process when the party was leading the government, but Prachanda, when he assumed office in August 2008, was dealing with a deeply hostile NA.

General Katawal regularly commented on politics, opposed integration and acted autonomously.²¹ Without political support and pressure on the NA from other parties, forcing integration might have provoked a confrontation.²² But

²¹ While briefing Prachanda in August 2008 after he became prime minister, General Katawal reportedly set out a few options for Maoist combatants that would be preferable to integration, including employment abroad, business, politics and education. He maintains that position. Crisis Group interview, Kathmandu, February 2011. Also see an interview conducted by Mikel Dunham in April 2011, at mikeldunham.blogs.com. Under Katawal, the NA often defied the government, the Supreme Court and the AMMAA. The NA insisted on opening recruitment (which the Maoists countered by doing the same) and reinstating retired personnel against cabinet’s advice. Relations soured to the extent that, in May 2009, Prachanda resigned as prime minister when his dismissal of Katawal was overturned by President Ram Baran Yadav. See Crisis Group Report, *Nepal’s Future: In Whose Hands?*, op. cit.

²² There was some pressure to move on I/R from UNMIN, however. Prachanda hastily announced formation of the constitutionally-mandated special committee in October 2008, days before UN Secretary-General Ban Ki-moon was due to visit. Its eight members include representatives from the UCPN(M), NC, UML and Madhesi parties; it is headed by the prime minister. In 2010, the committee set up a technical committee with membership from the parties, the NA, Nepal Police (NP), Armed Police Force (APF) and PLA. This became the secretariat responsible for monitoring cantonments after UNMIN’s departure. Substantive talks have taken place at both venues, especially in 2010 and 2011, but all parties acknowledge fundamental decisions will be taken at the highest political level.

traditional political actors and the Indian establishment saw value in propping up the army, rather than using integration and subsequent reform as a way to make it more accountable.²³ Sections of the Madhesi Janadhikar Forum (MJF), at the time the fourth largest party, enthusiastically adopted the no integration line and many Madhesi actors pushed their own important demand that the NA had to be made more representative of Nepal’s diverse population, including through recruitment of a substantial number of Madhesis.²⁴

At the same time, the Maoist leadership was assuring the PLA integration would happen on its terms.²⁵ The constant negotiation between the party’s ideological roots and its new political iteration was evident at the Kharipati national convention in November 2008. There was sharp criticism of the party leadership’s tendencies to revisionism and bourgeois lifestyles, charges that would be echoed by Maoist fighters who attended the 2010 Palungtar plenum. Kiran insisted that the time was right for a people’s revolt, because although the party was in government, it was not in control of the state. It therefore needed to exert greater authority over the institutions of the state and entrench

²³ This was despite many leaders in peace process talks, particularly from the NC, being wary of the NA. For example, G.P. Koirala resigned as prime minister in 2001, when the RNA by all accounts refused to rescue police taken hostage during a Maoist attack. But by 2009, a wide range of actors had begun to see the utility of the NA’s anti-Maoist stance and were not pro-active on I/R. This courting of the army reached its zenith under Prime Minister Nepal, when Defence Minister Bidhya Devi Bhandari served the institution’s interests well. See Crisis Group reporting, *Nepal’s Future*; and *Nepal’s Fitful Peace Process*, both op. cit. This convergence of interests of the NA, sections of the parties and the Indian establishment meant there could be no meaningful debate on integration. It also had the perhaps unintended consequence of putting the NC permanently on the defensive and reactive on I/R. Crisis Group interview, Kathmandu, July 2011.

²⁴ There is considerable merit in the demand for the NA to be more inclusive and representative, and greater recruitment of Madhesis will remain on the agenda. But the sporadic manner in which the issue has been raised – often at moments of political tension to tip the balance – has not helped. There are signs the demand could be pushed in a more organised manner. In May 2011, Madhesi I/R negotiators, retired senior Madhesi security force officers and political leaders met and decided to exert consistent pressure on the issue. Crisis Group interview, Kathmandu, July 2011.

²⁵ To address the PLA’s strong reaction to the June 2008 deal and reinforce the commanders’ support for him ahead of Kharipati, Prachanda assured Maoist fighters he would seek the best possible deal on integration for the largest number. There would be “bulk” or “unit-wise” integration, and personnel would not be required to meet the NA’s standard norms. Among the Maoists’ suggestions was the idea of a new, separate force to accommodate ex-PLA, though it was not always clear whether this would include members of the other security forces.

itself, to further the revolt.²⁶ A new approach also emerged on sequencing: integration and the new constitution were to happen simultaneously; the PLA was to be the Maoists' guarantee that the other parties would not back out of negotiating the new basic law.

B. MAY 2009-FEBRUARY 2011

The period from when the UML-led coalition assumed office in May 2009 until the change of government in February 2011 was deeply unsatisfying, with a stalemate on all fronts. Although the environment was very far from conducive, then Prime Minister Madhav Kumar Nepal was quick to present a plan for integration within weeks of taking office, offering the integration of up to 5,000 Maoist combatants into the security forces.²⁷ In the meantime, the Maoists' tactical priorities had changed. They were not arguing for democratisation of the NA and integration. Instead, until the end of 2009, they campaigned for "civilian supremacy", or democratic control of the army. The party eventually moved away from talking about the NA²⁸

²⁶ This position is still held by a number of mid-level PLA commanders (though seemingly with less conviction). At Kharipati in 2008, the party also altered its goal from a "federal democratic republic" to a "people's federal democratic republic", reasserting the party's radical leftist aspirations. At the November 2010 Palungtar plenum, Prachanda was still attempting to straddle the positions of Kiran and Baburam Bhattarai, who argued in contrast for "peace (I/R) and the constitution". Prachanda's middle ground was to say peace and the constitution were priorities, and if the traditional parties and India were to sabotage these, the UCPN(M) would have to revolt. See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit.

²⁷ The details of the plan suggested that there was no real expectation of a negotiation. There had been no consultation of how the stages and their duration would be determined. These would include presenting combatants with options and counseling; surveying combatants' choices; regrouping combatants; preparing rehabilitation centres and training programs; and preparing accommodation, training and other facilities in the NA. There was no explanation of when the integration process would be "completed". Attached to the plan was also a proposed code of conduct for the cantonments which, since it included such measures as monitoring phone calls, was not acceptable to the Maoists. Over the next eighteen months, many iterations were floated, with ever-shortening timelines.

²⁸ The Maoists now understand that the future of the PLA is, other than for the combatants, primarily the concern of political parties. Apart from sections of Kathmandu's civil society, there is little or no public sentiment on integration, though support could be generated for the NA on the democratisation question. The NC leadership appears to misread the public appetite for this issue. For example, at an NC rally in Dang district in May 2011, some senior leaders began speeches by noting to the distracted audience that the public lived in fear of the PLA and launched into detail on the work of the special committee. The gathering was not responsive. In private, NC leaders do say pub-

and instead courted anti-Indian public sentiment.²⁹ In January-February 2010, the Maoists finally made good on a long-standing commitment to dismiss from the cantonments the 4,000-odd personnel disqualified during the verification process.

The party's other main priority was to unseat the Madhav Nepal government, which happened in June 2010 as part of the deal to extend the CA's term. In the months after the prime minister resigned, Prachanda focused not only on negotiating an alliance for government but also on narrowing differences on constitutional questions. From late 2010 until May 2011, issues thought to be deeply contentious, such as whether Nepal should have an executive presidency, the numbers of states in the new federal republic and integration, began to be negotiated down from positions of unbending principle. The question of democratisation of the NA increasingly took a back seat.

Both UML governments – Madhav Nepal's, which cornered the Maoists, and Khanal's, which has their support – attempted to engage the NA. Both broached the subject of reform or democratisation. Their approaches differed considerably and demonstrated the potential impact of governments and the power of the state even over an army that is relatively autonomous. The strength of the NA's self-protecting culture, particularly in the face of revolving-door coalition politics, also became clear.

Prime Minister Nepal and his defence minister allowed the NA to set the agenda.³⁰ As a new chief of army staff

lic fear has lessened, and sections of the party are aware that dissolving the CA is hardly the best way to urge disbanding the PLA, and that they do not want to fight another election with the PLA intact. Crisis Group interviews, Dang and Kathmandu, May-June 2011.

²⁹ This campaign, remnants of which were also visible in the Maoists' May 2010 national shutdown, was particularly crude. Widely distributed posters included one depicting India as a giant boot coming down to crush Nepal. At a large rally in Kathmandu in December 2010, Prachanda criticised Indian interference, saying the Maoists would rather talk directly to the "real bosses" than the Madhav Nepal government which he called a puppet government. It had been widely acknowledged in private that the Madhav Nepal government's primary goal seemed to be to sideline the Maoists and that it had India's blessing, but few would state it so bluntly in public. Prachanda also seemed to soften his attacks on the army, and repeated at this rally the distinction he makes between the NA as a feudal institution and its soldiers, who were made to fight their "brothers and sisters".

³⁰ See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit., for details of a democratisation proposal and a national security policy proposed by this government. The "democratisation" commitment is often wilfully misunderstood not to mean enhanced civilian and democratic control, but that democratic practices – all too easily parsed as chaos, ad hocism and rule-

who had perhaps not expected to succeed General Katalwal, General Chhatra Man Singh Gurung was initially only too eager to please his political masters and to reassure his colleagues and New Delhi that he was a reliable custodian of the NA's interests and traditional alliances.³¹ But by the middle of his term, he had begun to set his own course as a moderate, very cautious progressive who was open to the idea of controlled integration of Maoists.³² This gradual shift was bolstered by the Maoist-backed Khanal government. Although negotiations on integration will always be with the NC, Khanal's government demonstrated some willingness to act as the NA's supervisor.³³

twisting – will prevail within the army, destroying its command and control structures.

³¹ In the NA, promotions are tied tightly to the order in which officers, even at the same rank, joined. See Crisis Group Report, *Nepal's Future: In Whose Hands?*, op. cit.

³² It has not been an easy ride for General Gurung. When he first informally presented the plan in January 2011, the defence minister and some army sources were quick to distance themselves from it, saying it did not represent the NA's view. The motivation for that is unclear, whether the NA's role was to have been more discreet, or some actors thought the army was taking too liberal an approach with the Maoists. The proposal was presented again, still unofficially, to Prime Minister Khanal and has become the basis for negotiation between the parties. In the meantime, there have been tensions between the army chief and the defence minister over the transfer of divisional responsibilities between senior generals. "Ministry snubs NA proposal", *The Kathmandu Post*, 9 January 2011. That said, there is unlikely to be a better time for integration than the present. General Gurung retires in September 2012 and historically, the CoAS's influence wanes in the second half of his tenure. Crisis Group interviews, retired NA senior officers, Kathmandu, February-April 2011. One view is that the NA's willingness to accept integration now indicates increasing confidence. This argument holds up to a point, but the NA also needs to protect its institutional interests, including independence. It is not clear whether its present openness to integration is part of a deal to leave the NA relatively autonomous or grant it other concessions. For example, in June 2011, a defence ministry task force in close collaboration with the NA presented a proposal to restructure the army. The proposal, which has not yet been passed by the cabinet or debated in the legislature, calls for the creation of new posts, including two lieutenant generals, six major generals and over a dozen brigadiers. The ministry was reportedly slow to accept the proposal because of disputes within the NA over hierarchy and retirement dates. "Senama punarsamrachana game nirnaya", *Annapurna Post*, 21 June 2011; and Crisis Group interview, Kathmandu, May 2011.

³³ For example, in July 2011, the parliamentary State Affairs Committee directed the government to take over procurement for NA peacekeeping missions and be reimbursed directly by the UN. The same month, General Gurung answered questions at the Public Accounts Committee on lack of transparency in the Army Welfare Fund and the "Hindu character" of the army; and at the State Affairs Committee on NA compliance with directions that it be more inclusive. "Govt told to procure for

They will probably never feel much warmth towards each other, but the Maoists learned the difficulties of challenging the NA from the Katalwal incident, and the NA has benefited from not being kept battle-ready to take on its former adversaries. The toning down of mutual mistrust that has already taken place is about as much as can be expected at this time.

Beyond the NA, other perceptions and dynamics now matter more, particularly those that drive the shifting political trust deficit and balance of power. The PLA remains central to the Maoist party's politics, as it determines how best to maximise its gains through I/R. Other parties have struggled to understand the Maoists' internal dynamics and where the party is going – whether the struggles are genuine or a tactical ploy and whether the former rebels actually want integration or not.³⁴ But the internal power struggles have played out for now; the party will resume its coherent approach to integration, and Prachanda is empowered to take decisions. The NC's leadership struggle will be significant, likewise whether any non-Maoist party will be willing to go out on a limb and beyond the NA's proposals to negotiate security sector questions.

peacekeeping missions", *Republica*, 5 July 2011; "No misuse of welfare fund: NA", *The Kathmandu Post*, 11 July 2011.

³⁴ A senior NC leader insisted that the troubles in the Maoist party are all "drama", designed to help Prachanda negotiate a better deal on integration. Crisis Group interview, New Delhi, July 2011.

IV. COMPETING COMPULSIONS

A. MAOIST PARTY AND PLA RELATIONS

1. Ideology and image, strategy and tactics

The significance of the PLA for the party five years after the ceasefire is difficult to gauge.³⁵ In its present form, the Maoist army appears to be of limited usefulness for the UCPN(M). Its military importance has diminished steadily since 2006, and the party is not going back to war.³⁶ The Maoist capacity for violence, in competition for local resources and future elections, now lies elsewhere, such as its unions and other partner organisations, the YCL, and the new People's Volunteers Bureau.³⁷ Yet, the Maoist army still has considerable symbolic and emotional resonance in the party. It is a visible marker of history and ideology, even if this ideology is being sublimated by the party's embrace of multiparty democracy. Not to be attached to the army if one is in the party is to deny its role in recent political changes and ignore the sacrifice and contribution of thousands to the transformation of Nepal.³⁸ There are more direct implications for the leadership too:

³⁵ This section is based on Crisis Group in person, phone and email interviews with some twenty Maoist combatants, including brigade, battalion and company commanders and ordinary fighters, some dozen ex-combatants disqualified in 2010, journalists, international monitors and other cantonment workers, Kathmandu, Chitwan, Surkhet, Banke, Sunsari, Jhapa, Panchthar, October 2010-June 2011.

³⁶ It has taken the party time to separate its military and political components. Some PLA commanders, particularly those with the ability to raise money, used to be able to exert considerable pressure on the party leadership. Now it is primarily leaders of the party's fraternal organisations that can do this. Crisis Group interview, researcher, Kathmandu, March 2011. See also Crisis Group Report, *Nepal's Political Rites of Passage*, op. cit.

³⁷ The YCL has been relatively quiet since 2010, and the role and influence of the People's Volunteers Bureau is still unclear. But these groups and the Maoist unions are vital party tools, in closer daily contact with its organisation, political competitors and the public than the Maoist army.

³⁸ In the party, it is not only Kiran's faction and Prachanda who voice such sentiments. Baburam Bhattarai, for example, wrote recently that it would be impossible to conclude the peace process if the PLA's historic role, perseverance and martyrdom were minimised. "Sena samayojanka jatilta", *Naya Patrika*, 28 June 2011. This is a difficult sell. The Maoists had demanded that the "people's war" and "PLA" be mentioned in the preamble to the new constitution. In May 2011, a task force formed to resolve disputes over constitutional issues, headed by Prachanda, decided not to do so. The negotiated name, Constitution of Nepal, also does not refer to any of the changes in the last five years, such as the republic and commitment to federalism.

combatants speak of being "humiliated" and unwilling to accept much more.³⁹

For the so-called hardliners, the revolution is not over yet, though they are unclear about whether and how the PLA will be used again.⁴⁰ But while keeping the PLA intact maintains the fiction that full-scale revolt and confrontation are still possible, in the insistence of Kiran and others that I/R must not resemble "surrender" is tacit acceptance that the army will be disbanded relatively soon.⁴¹

The much-publicised ideological differences between Kiran, who has been pushing for "revolt", and Prachanda and Bhattarai, who argue for the "peace and constitution" line, matter, but perhaps less than other issues.⁴² Kiran and Bhattarai seemed like unnatural allies, but after the May 2011 extension of the CA, they shared the goal of breaking Prachanda's stranglehold on decision-making, organisational matters and interaction with the parliamentary system. Kiran's faction was also keen to be better represented in the government.⁴³ The power struggle was, therefore,

³⁹ Some of this has to do with language; non-Maoist actors have often said integration would "contaminate" the NA. The disparagement and humiliation faced by some discharged combatants is also a factor. The PLA and families of those who were killed or disappeared in the war often criticise the party leadership for using fighters' futures as a bargaining chip and sometimes warn of retaliation. Maoist and other publications have recently carried numerous opinion pieces by combatants, for example, "Prachanda kamredlai shivirko patra", *Jana Aastha*, 20 April 2011; and "Phutbadlai hamro aanganma thaun chhaina: Ek shahid patniko Perisdandalai patra", *Lal Rakshyak*, 26 June 2011. See also Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit.

⁴⁰ A "people's revolt" is often noted as the next possible stage in the Maoist revolution. This is generally explained as urban-centric; mobilisation for it would be fundamentally different from a guerrilla war, which needed the PLA and militias.

⁴¹ The Maoists' rationale for the alliance with the mainstream parties and subsequent peace process rested on conclusions that have not altered: that a military victory was impossible and also undesirable, if the party wanted to not just gain, but retain power; that international conditions were not favourable for Maoist state capture; and that traditional communist models would not work in Nepal. See Crisis Group Reports, *Nepal's Maoists: Their Aims, Structure and Strategy*; and *Nepal's Maoists: Purists or Pragmatists*, both op. cit. The party has now expanded its networks of organisations and resources considerably and derives much strength from them. This does not mean PLA personnel, weapons and symbolism will not continue to be used in other debates and struggles.

⁴² See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit., for an outline of differences in the party.

⁴³ Prachanda is UCPN(M) chairman, its parliamentary leader, de facto head of its organisation department and, despite sporadic contrary announcements, supreme commander of the PLA. Bhattarai, who might have been the natural choice, was not made leader of the parliamentary party in 2008. In the party's 2011 restructuring, his claim to that position was still declined,

about personal ambitions and animosities and re-negotiating management and control of the party's expanding corporate interests.⁴⁴

Integration was part of this broader negotiation. The Maoists' reversion after May 2011 to a hard line on integration – that integration of whole units must take place and that there could be no imposition on combatants of the NA's standard norms for specific positions – matched Kiran's ideological line. But stalling inter-party negotiations was as much about winning points in the internal power struggles of the UCPN(M) as it was about forcing Prachanda to negotiate a good deal for the PLA.

Prachanda's bids for the position of prime minister from 2010 to early 2011 were criticised by various sections of the party that felt he would compromise or make unilateral decisions on substantive issues, including constitutional matters, in order to consolidate his position in the national political sphere, while still maintaining tight control over the Maoist party.

These factors lead some in the Maoist army to fear that they will get a bad deal.⁴⁵ Prachanda's competitors inside the party and his critics outside know that without him there can be no agreement. He could give the impression of bargaining hard with the other parties and since I/R is not the only significant issue for the party, Prachanda could continue to lead the constitution-drafting process and,

but he did gain party support to be prime minister in the next Maoist-led government. His bid for both positions was not only about recognition; the parliamentary leader can potentially challenge the chairman for party leadership. As the NC demonstrates, the division of decision-making authority between two power centres can make it difficult to negotiate effectively with other parties. Kiran, though nominally head of the powerful organisation department, lacked executive authority. He was given that, but the change does not guarantee key party organisers will shift loyalty from Prachanda to him. It is too early to say how General Secretary Ram Bahadur Thapa "Badal's" elevation to PLA chief will play. His shifting alliances, support across factions and close ties with many commanders are significant, but Prachanda's hold over the Maoist army is unlikely to be loosened before decisions are made on its future. Crisis Group interviews, Kathmandu, June-July 2011. The distribution of ministries was fractious for the Maoists, who took five months to fill all allotted cabinet and state minister berths after the government was formed. In July 2011, when the party's representation was re-negotiated to be more representative of the various factions, Prachanda had to contend with a prime minister reluctant to reshuffle the cabinet. He agreed, but not before he had threatened to resign and the Maoists to withdraw their support.

⁴⁴ See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit.

⁴⁵ The Maoists are being offered 7,000-8,000 spots in the NA and could try for a few thousand more in the police or paramilitary. Crisis Group interview, Kathmandu, July 2011. These figures are double what Prachanda claims Koirala had promised him.

speedily narrowing differences with other parties, show that a new constitution, a major goal of the Maoist movement, is still attainable. Despite occasional criticism, PLA commanders are fiercely loyal to him. But he will have to finesse any I/R deal – the PLA's aspirations may have been disregarded when the party stopped talking about the merger of two armies, but the best interests of individual combatants cannot be dismissed so easily. They will have consequences for future challenges to Prachanda's authority. Factionalism has already become disruptive, and the compromises made by Maoist leaders in the constitution-drafting process could further erode Prachanda's reputation of being able to get things done.⁴⁶

Some of the strongly-held positions of PLA commanders and Kiran, for example that integrated personnel be given combat responsibilities and not be subject to standard NA norms for recruitment, have already been under negotiation.⁴⁷ These arguments are being mobilised in internal power struggles, but it would be a mistake to assume that there can automatically be a deal just because ministries are divided up better or a particular candidate becomes prime minister. All these inter-related goals are moving targets.

2. What combatants think

Navigating the demands of the combatants is a difficult task. The party-PLA relationship has been redefined since the CA elections, and among the rank and file, as well as lower-level officers, there is criticism of the party's role and the leaders' working style. The leadership has increasingly distanced itself from the bulk of the PLA and relies on the commanders as conduits to relay information on party po-

⁴⁶ For example, though a presidential system was a key Maoist demand, the parties now seem ready to agree to a semi-presidential system. The outcome of the federalism negotiations is unpredictable, and Prachanda has said the number of states is negotiable. He is not the only Maoist leader on board with some of these compromises. A senior party member close to Bhattarai said, "the outstanding issues of the constitution – federalism, forms of governance, electoral systems – are not ideological in nature. Nothing in Marxism or Leninism or Maoism stops us from negotiating them". Crisis Group interview, Kathmandu, June 2011. While they might not be ideological, these decisions will determine how state power is structured. That matters to the Maoists as much as ideology. The perception of compromise needs to be limited, as cadres and factions in the UCPN(M) will look closely at decisions on constitutional issues. Crisis Group interviews, Kathmandu, June 2011. See also Crisis Group Reports, *Nepal's Fitful Peace Process*, op. cit.; and N°199, *Nepal: Identity Politics and Federalism*, 13 January 2011.

⁴⁷ Combatants have often argued strongly that "I will not have my chest measured". They may just have to settle instead for the NA and NC's mild relaxation of age and education requirements. Crisis Group interviews, Kathmandu, June 2011.

sitions. There have been few, if any, visits to cantonments by senior leaders: the last ones of note were in early 2010 for the discharge and then January 2011 for the ceremonial handover of the Maoist army to the government.⁴⁸

Some commanders are too old for a career in the NA, and some may have a lower level of education than perhaps even relaxed standards would require. Many are said to have given up the idea that there might be, for example, a post at the rank of major general in the NA available to them.⁴⁹

⁴⁸ After signing the CPA, the party changed its war-time system, in which units had both a military commander and a commissar, with the latter being the higher authority. Since then, military issues have been controlled by the PLA general staff meeting. Prachanda continued as the PLA's supreme commander and Nanda Kishore Pun "Pasang" was commander for day-to-day purposes. In 2010, Prachanda announced he would no longer head the PLA and that Pasang would be commander, though this change appears not to have happened. Parallel to the general staff meeting is the security, or military and integration bureau, that provided political leadership. This too was headed by Prachanda, with Barsha Man Pun "Ananta" the "in-charge" under him. Party decisions are communicated through these bodies. After the CA election, the military bureau has increasingly worked on integration issues, and there has been little, if any political training in the cantonments in recent years. Yet, combatants have reportedly undergone regular military training, including in "urban revolt", presumably because of Maoist thinking that urban uprising may be necessary if the other parties abandon the CA or peace process framework. Party organograms show under Prachanda in the general staff meeting four deputy commanders (Pasang, Ananta, Chandra Prakash Khanal "Baldev" and Janardan Sharma "Prabhakar"), the seven division commanders and the commander for headquarters security. In the military or security bureau, below Prachanda and Ananta are: Pasang, Prabhakar, Baldev, Third Division Commander Dhan Bahadur Maskey "Rajesh", Fourth Division Commander Tej Bahadur Oli "Prateek" and First Division Commander Santu Darai "Parwana". Badal has been appointed head of a new commission to oversee the PLA. But the chain of command is still under Pasang and it is not clear whether Badal is meant to replace Prachanda and the commission to replace the general staff meeting. Organisationally, the military-party division may be clear cut, but the party needs to negotiate the systemic links, and many individuals' careers clearly overlap. The complex relationships between many army and party leaders are not reflected in diagrams of the party's broad factional divides, making predictions difficult. Crisis Group interviews, June-July 2011.

⁴⁹ The integration of a few senior Maoist commanders into the NA at relatively high levels has not been seriously negotiated yet, but could happen, perhaps up to the rank of colonel. Crisis Group interview, July 2011. Also see, Jeetendra Dev, "Juggling twin priorities", *The Kathmandu Post*, 27 July 2011. The PLA has seven divisions, each headed by a division commander. Three brigades make a division; three battalions a brigade; three companies a battalion; three platoons a company; and three sections a platoon. Each unit has a commander and a vice commander. There are 364 commanders and 364 vice commanders

Some are already members of decision-making bodies, others are certain that they can be accommodated in party structures, such as the state or district committees.⁵⁰

The brigade and battalion commanders present a more complex picture. Their prospects in the NA would seem better – many are relatively young, some are educated up to the high school level. Yet, they are strangers to the system and its networks and are unlikely to gain more formal education.⁵¹ More significantly, serving in the NA might not be the best personal choice. They would be unable to function as political actors, probably never attain the status or rank they had in the Maoist army, and would be thrust into a potentially discriminatory environment. Although the UCPN(M) is not making any promises, mid-level commanders could have greater access to prestige, influence and income through the party. This group is close to the party, though, and many are likely to do as they are told. But others might make demands on rank that the party cannot meet, and so opt out of integration.

The confidence of the senior commanders is not reflected at lower levels. Many, especially those below company commander, and the rank-and-file are uncertain whether the conditions of their entry into the security forces will be negotiated as hard as for more senior personnel. As with mid-level commanders, their reasons for joining the war and their aspirations vary considerably. For some, the war is not over, or they see themselves as a backup force

in a division. (The Seventh Division is structured somewhat differently, with fewer commanders at the lower levels.)

⁵⁰ Six of the eight senior commanders are central committee members; the other two are state committee members. The party has grown considerably since 2008. The central committee went from 35 to 146 members. The state committees became larger, as did the number and size of fraternal organisations such as unions. There could be many reasons: accommodating new entrants as the party built broad alliances; unification with the small left party, Ekata Kendra-Masal in 2009; and perhaps gradually accommodating PLA personnel in politics. Over 1,100 commanders attended the 2010 Palungtar plenum, compared with some 220 at Kharipati in 2008. Until the 2005 Chunbang plenum, the PLA had three divisions, each headed by a commissar and a commander, under whom was a deputy. All except one commander (Pasang) entered mainstream politics and are now standing committee members. Each division had three brigades, headed by commissars and commanders. Many present division commanders and some deputies are drawn from this group. Two brigade commissars, Top Bahadur Rayamajhi "Anil" and Ganeshman Pun "Rashmi", have high-profile national political and party careers. PLA rank does not always reflect political influence; lower-ranking officers may have joined the party before the army and so be powerful. Crisis Group interviews, Kathmandu, June-July 2011.

⁵¹ Crisis Group interview, retired army general, Kathmandu, April 2011.

to defend the party from possible conspiracies.⁵² Others think that if transformation of the state is not possible, at least they personally can get a better life. Still others say they feel a sharp sense of betrayal and frustration, as if they have wasted valuable years and now cannot trust the leadership to deliver on its promises.⁵³

Some fighters acknowledge the disjuncture between their means, goals and actual outcome. Many, themselves just out of childhood when the war began, now have children of their own.⁵⁴ “I don’t want my son to fight in a war”, a seasoned mid-level commander said. “I cherish my life because I was lucky enough to have survived the war”.⁵⁵ Another said, “I am a Maoist. At that time we had no choice but to fight, but now conditions are different. We have to think about our evolution”.⁵⁶

The rising frustration among the combatants has been contained so far, but patience appears to be wearing thin.⁵⁷ This does not automatically mean a revolt against the leadership. Given the reportedly high rate of absenteeism from the cantonments, it is more likely that fighters will for now simply continue to work outside or for the party, while still holding on to the diminishing status and prospects for

improved livelihood that being a combatant confers. Well-informed supporters of the Maoist party, researchers and journalists who have followed the movement closely, and some limited surveys suggest that many may not want to continue in military life.⁵⁸ If the retirement package or rehabilitation options are attractive enough, they may want to live as civilians.

B. THE NEPAL ARMY

The Maoist combatants and politicians as a class are anathema to much of the traditional NA establishment, though there is now acceptance that some former combatants have to be accommodated. The NA’s proposal, though presented unofficially, has framed the detailed negotiations. While re-calibrating the NA’s reputation for obstructing the peace process, it also re-affirms its status as the only real army in Nepal. Further, it seeks to ensure that integration takes place entirely on the army’s terms, a far cry from the Maoists’ initial expectation of integration of a professionalised PLA into a democratised NA.

The army has consistently argued that the absorption of large numbers of Maoist combatants would jeopardise the organisation’s professional and apolitical nature. Many independent observers and some from the institution itself would dismiss this characterisation of the NA. Yet, the generals’ fear of subversion is real. This is not only because ex-combatants could foment rebellion if integrated in groups or that individuals who are integrated might turn out to be troublemakers. There is already some resentment among soldiers who feel there is an unnecessarily large gap between how they are treated compared with the officer corps, and a perception that not all officers had been willing to share in the risks of the war.⁵⁹ There is also a mismatch between the increasing military budget and slow

⁵² Many signed up convinced by the agenda of the Maoist movement, others were forcibly conscripted. Some participated in armed combat, while others were cooks, porters and runners. Still others were loosely affiliated with Maoist militias. Some were in leftist student politics in their mid-teens. Such youths were at risk of detention and so some joined the PLA or a militia. The end of the war and promises of integration were an opportunity, especially for PLA personnel who might not have been full-time. Particularly for women, going back to their villages without a party-supported safety net was not an option. Crisis Group interviews, former and current Maoist combatants, researcher, April-May 2011. For an account of a commander’s experience of joining the war and disillusionment in the cantonments, see Khagendra Sangraula, “Kamandarka angsuko katha”, *Kantipur/Koseli*, 23 July 2011.

⁵³ In conversations with some PLA members and observers close to the Maoists, the relegation to second place of rank-and-file concerns is striking, particularly in comparison to the strong awareness of what should be negotiated for commanders. “They are mostly uneducated and very poor. They don’t pose a problem, and many won’t choose the NA if the cash packages are good”, a researcher noted. This might be right, but it also means that the PLA elite has set the agenda in I/R negotiations. Crisis Group interviews, Kathmandu, June 2011.

⁵⁴ Of the 3,846 women combatants, 50 per cent are estimated to have children. Deepak Gywali, “Adhikangsa ladaku mahila ‘ayogyā’”, *Rajdhani*, 14 June 2010. Obviously, PLA men have also had children with partners not in the army.

⁵⁵ Crisis Group interview, Kathmandu, May 2011.

⁵⁶ Crisis Group interview, Kathmandu, June 2011.

⁵⁷ A commander wrote: “We want our issue [integration] to be resolved quickly. Our stay in these de facto jails [cantonments] should not be prolonged”. See also “Kyantonmenka kehi kura” and “Kamandarko angsuko katha”, both op. cit.

⁵⁸ A journalist wrote that 50 per cent of the PLA is willing to accept rehabilitation packages. Between 25 to 30 per cent will be integrated into the security forces or enter politics, depending on the party’s wishes; only around 15 per cent still believe in war. Chudamani Bhattarai, “Senako naya sarta”, *Nepal*, 22 May 2011. According to a survey by Saferworld, 60 per cent of combatants said when interviewed individually that they were willing to become civilians if the rehabilitation packages were attractive. “Common ground? Gendered assessment of the needs and concerns of Maoist army combatants for rehabilitation and integration”, Saferworld, November 2010, p. 23. A senior Maoist journalist said around 70 per cent of the PLA preferred not to join the security forces. A long-term researcher said that the rank-and-file in particular would decide based on how much cash was on offer and the value of the rehabilitation packages. Crisis Group interviews, Kathmandu, May-June 2011.

⁵⁹ Crisis Group interview, Kathmandu, February 2011. See also, for example, General Ranadhoj Anguhang Limbu, “Lessons of War – 2”, *The Kathmandu Post*, 24 February 2009.

improvement in conditions for soldiers.⁶⁰ Finally, many Maoist combatants and NA rank-and-file come from similar backgrounds. Some combination of these factors could on occasion lead to small, localised incidents of challenging the chain of command.⁶¹

These fears should spur the NA's leadership to prepare for some tough reform, but five years after the ceasefire any changes being proposed are still only cosmetic. The number of soldiers almost doubled between 2003 and 2006,⁶² while the defence budget quadrupled between 2001 and 2011.⁶³ There is not enough space in barracks, and approximately 40 per cent of soldiers still live in wartime forward operating bases.⁶⁴ The proposed democratisation plan is inadequate, and the NA still insists that it is representative, inclusive and non-discriminatory despite overwhelming evidence that it is not.⁶⁵

Still, despite its protestations about "contamination" of the institution and the havoc "politically indoctrinated" combatants could wreak, the NA is relatively confident of its ability to deal with the integrated personnel. The judgment is that the Maoists are unlikely to be able to ex-

plot existing discontent in any significant manner.⁶⁶ In addition, the NA proposal for integration would contain ex-Maoist fighters within one directorate, where they would be outnumbered by old NA hands and personnel absorbed from the Armed Police Force and Nepal Police. Some PLA combatants say they are keen to prove that they are proper military men and not a rag-tag guerrilla army and so will respect the chain of command.⁶⁷

The treatment of integrated combatants in the NA could pose some risks. Some hazing and snideness is inevitable, but the NA leadership recognises that former Maoist combatants must not be demeaned or aggressively sidelined.⁶⁸ NA chief General Gurung might have opened up the space for integration, but how decisions taken now play out will depend on his successor.⁶⁹ It will take some months, if not more than a year, for the Maoist combatants to go through various training courses after a deal is made, and Gurung is due to retire in September 2012. If successive governments continue to ask slightly discomfiting questions, as various committees under Prime Minister Khanal tried to do, the next chief will be balancing integration and attempts to make the army more accountable and responsive. He, like Gurung, will have to balance personal inclinations, internal NA rivalries and networks and accommodations reached with individual politicians.

The apprehension about "democratisation" of the army is explained in terms of the generals priding themselves on their independence from politicians.⁷⁰ This is contrasted with senior police officers, who have to bow to the parties. From a disinterested perspective, it is clear that the NA enjoys not just independence from corrupt politicians, but

⁶⁰ NA salaries at all ranks and grades are tied to the civil service scale. The budget for FY 2011/2012 raises salaries by between 30 and 43 per cent. But conditions for the security forces are not always easy, and professional development options at lower levels are limited.

⁶¹ See Crisis Group Report, *Nepal's Fitful Peace Process*, op. cit., for an incident in early 2011.

⁶² The NA has 90,000 personnel and some 5,000 vacancies that it will probably begin to fill. Once the cantonments start emptying, the NA and some politicians are likely to argue that this signals an end to the restrictions on the army. During the war, the NA recruited and trained soldiers very quickly. Crisis Group interview, Kathmandu, June 2011. The start of NA downsizing need not be a dramatic political decision – a simple voluntary retirement process could set the ball rolling.

⁶³ Since 2001, the defence ministry budget has risen every year except two, from Rs.4.52 billion (approximately \$60.13 million) in FY 2001/2002, to Rs.10.9 billion (approximately \$164.05 million) in FY 2005/2006, the last wartime budget, to Rs.20.01 billion (approximately \$274.86 million) in FY 2011/2012, figures from finance ministry. This is approximately 5.25 per cent of Nepal's total budget. The AMMAA prohibits the NA from buying weapons or munitions. The army also controls its Rs.16 billion (approx. \$216 million) Army Welfare Fund and accounts separately for earnings and spending related to peace-keeping missions. Funds can also be allocated to the NA through line ministries and departments to which it provides services, such as Forest and Soil Conservation (protection of national parks) and Information and Communication (protection of telecommunication installations).

⁶⁴ See Crisis Group Briefing, *Nepal's Fitful Peace Process*, op. cit. However, more permanent shelters are being constructed every year.

⁶⁵ Ibid.

⁶⁶ Some retired senior NA officers say Maoists tried to infiltrate the RNA during the war. A few intelligence breaches notwithstanding, they did not significantly affect command and control. Crisis Group interviews, Kathmandu, June-July 2011.

⁶⁷ Crisis Group interview, Kathmandu, June 2011.

⁶⁸ Crisis Group interview, Kathmandu, July 2011.

⁶⁹ It is too early to judge Gurung's legacy. He is the first chief of army staff in the institution's almost 250-year history from a historically marginalised indigenous or *janajati* group, and might be expected to agree the NA needs to represent better the population it serves and that personnel from historically marginalised groups need fairer opportunities. Yet, he is also bound by his institution's culture, code and interests. Although he assented to amendment of the Army Act to increase representation of Madhesis, in keeping with the May 2011 agreement, there has been no discussion of whether, once there are more Madhesis in the army, they will be integrated with personnel from other communities, rather than isolated in their own units, and whether they will be allowed to serve in the infantry with other "martial" groups, rather than restricted to engineering and similar non-combat duties. Crisis Group interview, April 2011.

⁷⁰ "When we go to meet politicians, we never smile", said a retired general. Crisis Group interview, Kathmandu, April 2011.

independence in general.⁷¹ There is a barely-there defence ministry, an ineffective national security council and state affairs and parliamentary accounts committees that do not push on difficult questions of transparency, accountability and reform.⁷² It is not surprising that the NA fights hard to keep its corner.

V. INTEGRATION, REHABILITATION AND RETIREMENT

The Maoist party and PLA leadership might know approximately how many people they can move into the various options – integration, rehabilitation, and political work or “voluntary retirement”, but it is difficult for others to determine combatants’ actual preferences and qualifications. There is no officially available record of how many and which combatants have been in the PLA at various times and what they have been doing since 2007, and possibly no record the party would be willing to share.⁷³ Limited information about the background, qualifications and aspirations of combatants is available to non-Maoist actors, including international agencies, which puts them at a disadvantage when it comes to negotiations and planning for the support they are being asked to provide.⁷⁴

A. INTEGRATION

1. The proposal

The proposal the NA presented first to Prime Minister Nepal on 15 January 2011 and then to Khanal, his successor, on 29 March marks a clear departure from the army’s earlier line, which opposed any integration.⁷⁵ Although it

⁷¹ Few look closely at the NA. Informally, interlocutors in the press and in banks, for example, mention irregularities in procurement and in the handling of peacekeeping remittances. Crisis Group interviews, Kathmandu, February, March, July 2011. But there are rarely any substantiated and well-documented investigations in the media. For recent allegations of corruption in the NA levelled by NA officers themselves, see “Senako gular rakshyamantrile sunlan?”, *Sanghu*, 8 August 2011. The Commission for the Investigation of Abuse of Authority (CIAA) has been very active in investigating and taking action against even senior police officers, but in keeping with the CIAA Act, it cannot investigate a number of institutions and actions, including the NA, cabinet decisions, constitutional bodies, courts and NGOs. Crisis Group interview, via telephone, CIAA official, Kathmandu, August 2011.

⁷² Crisis Group interviews, Kathmandu, May 2011.

⁷³ The question of how many combatants remain in the cantonments full time is valid. There has clearly been attrition over the years. There are reports, including from PLA personnel, that some verified fighters left within months of entering. In private, the party admits to outsiders that there are only 13,000-14,500 fighters still in the cantonments, but estimates of sources close to the party are even lower. Crisis Group interviews, Kathmandu, February and June 2011. As the discharge process showed, however, lower numbers of people physically in the camps now does not mean that many will not return for the I/R process, with its promises of training, cash and possibly entry into the NA.

⁷⁴ UNDP and the government have the information collected during verification. But exact numbers and the change in personal details are difficult to ascertain, as the Maoist army has been hesitant to allow outsiders, whether the peace and reconstruction ministry (which houses the cantonment management committee), UNMIN (whose remit was to monitor the weapons containers), the World Bank (which initially was to reimburse the government for combatants’ salaries) or the German aid agency Gesellschaft für Internationale Zusammenarbeit or GIZ (which runs skills training and education classes in the camps) to do a reliable headcount or systematically update information related to combatants. Crisis Group interviews, Kathmandu, February-May 2011.

⁷⁵ This section is based primarily on Chudamani Bhattarai, “Senako naya sarta”, op. cit.; Bhojraj Bhat, “Naya kolte”, op. cit.; “Rastriya bikas tatha surakshya mahanirdesanalaya”, *Mahima National Weekly*, 2 June 2011; and Crisis Group interviews, Kathmandu, March, June and July 2011. See also Crisis Group

may have originated with the NA, the army is staying in the background in negotiations. The NC will probably negotiate in line with the proposal.⁷⁶

The proposal suggests integration of Maoist combatants into a new NA directorate, the Office of the Director General of Security and National Development.⁷⁷ 35 per cent of the personnel would be drawn from among former Maoist army combatants, 35 per cent from the NA, and 15 per cent each from the Nepal Police and the Armed Police Force (APF). Its mandate would include development work, disaster management, industrial security and wildlife protection.⁷⁸ The NA appears to have left the size of the directorate (and thus the number of Maoist personnel to be integrated) up to the political actors, but taken a hard line on standards.⁷⁹

Former Maoist combatants would need to fulfil a number of requirements to be integrated at all and these criteria will also play a role in determining rank. These are:

Human rights vetting. Combatants accused of violating national and international human rights law will be ineligible for integration. Regardless of whether Maoist army personnel meet all other criteria, this provision ultimately determines entry. The assessment would be made based on records and reports of the National Human Rights Commission, the UN's human rights office, the army's own human rights cell and the Nepal Police. Anyone found to have killed unarmed people or to have killed in underhand ways would also be ineligible.

Physical requirements. Combatants must meet the minimum requirements set out for the NA.

Medical fitness. Combatants would have to pass medical exams.

Education. Level of formal education would be one factor determining rank at integration. There could be flexibility of one school grade for some posts.⁸⁰

Briefing, *Nepal's Fitful Peace Process*, op. cit. The army developed the model of a mixed force in a separate directorate as one of five possible scenarios as early as 2008. In light of General Katawal's rigid anti-integration line, it was never discussed publicly. Crisis Group interview, retired NA officer, Kathmandu, March 2011.

⁷⁶ Crisis Group interview, NC leader, Kathmandu, June 2011.

⁷⁷ Presently there are eleven directorates in the NA, and other offices and wings, like the military police or offices for operations or logistics, etc.

⁷⁸ Chudamani Bhattarai, "Senako naya sarta", op. cit.

⁷⁹ Bhojraj Bhat, "Naya kolte", op. cit.

⁸⁰ Officers recruited into the NA as second lieutenants must have passed high school (twelfth grade or intermediate level) and should be eighteen to 21 years of age. Crisis Group interview,

Years of service. The maximum time a combatant can have served would be sixteen years, from the start of the war to the present. (This time frame was chosen to maximise combatants' pensions.) A PLA brigade commander, even if he met all other standards, would not satisfy the length of service requirement to be a brigadier general in the NA.⁸¹

Age. The NA would be able to accept combatants at various levels up to ten years older than the normal cut-off for recruitment to these positions.

Military know-how. Combatants would have to demonstrate field-craft, appropriate use of weapons, etc.

Most combatants are unlikely to be integrated at the same rank they held in the Maoist army. The directorate is to be headed by a lieutenant general or major general, which would rule out any former PLA commander being eligible for the position for the next few years.⁸² In keeping with the proportions currently in the NA, for every 1,000 former Maoist combatants integrated, there would be ten posts of major and 170 of captains and second lieutenants. Combatants would have to go through bridge training courses for up to two years both to bring them in line with NA practice and standards and to re-orient them ideologically.

The rank of integrated Maoist combatants would be adjusted according to their previous rank, level of education and length of service. Going by the service period requirement alone, the highest rank the NA is willing to integrate Maoist combatants at is major. Prospects for promotion do not seem to be addressed explicitly, but can be expected to depend on standard rules, including years of service, completion of courses and the like. Budgetary support for

Nepal Army officer, Kathmandu, July 2011. Many combatants have used cantonment time well. A few thousand have taken adult education classes; many have passed the School Leaving Certificate (SLC), and the number of functionally illiterate in the Maoist army has dropped dramatically, by one estimate from over 1,000 to under 100. Now, about 17 per cent have the tenth grade SLC, while 41 per cent have completed lower secondary school (grade 8), and 33 per cent have a primary school education. "Skills development activities: the journey continues ...", GIZ, March 2011.

⁸¹ A new recruit (second lieutenant) becomes a lieutenant on completion of the initial training course. Lieutenants must complete two further courses (Commando and Young Officers' Services) to qualify as captains; this usually takes four to five years. Majors must have eight years of service, though this can be modified; during the insurgency, captains who had been in combat were promoted quicker. Colonels must have 22 years of service. To become a brigadier general and above, one must complete Staff or War College. Promotion to Brigadier is also awarded on completion of the NA's course on administering a division. Crisis Group interview, NA officer, Kathmandu, July 2011.

⁸² Crisis Group interview, Kathmandu, May 2011.

the proposed directorate will largely be drawn from line ministries, not the overall defence budget.⁸³

2. Red lines, negotiables and hazards

There is unlikely to be a model for integration that simultaneously keeps the Maoist combatants and the NA happy, protects the interests of the state and assists in the long-term project of reforming the NA. Some issues will be easier to solve than others.

New directorate. The proposed new directorate would contain personnel from all security forces and is acceptable to the Maoists, who had for some time insisted that their fighters be integrated into a “new force”.⁸⁴ The other parties were unwilling to agree, for fear that the Maoists would have a fifth column within the apparatus of the state. The NA has apparently assessed that this is the best way to separate the Maoist combatants from the main body of the army and keep an eye on them. How many PLA to integrate is not a make or break issue, although the proportions from the various bodies in the directorate will certainly be discussed.

The other parties assume, possibly rightly, that unlike with the police and APF, it will be much harder for the Maoists to use their presence in the NA to influence local politics. The broad assumption seems to be that integration will take place into the NA, though it is still possible that the Maoists could start lobbying for integration into the police and paramilitary too, if rank, for example, can be more easily negotiated there.⁸⁵

⁸³ If the proposed mandate is accepted by the parties, then the budget for NA support to infrastructure construction would come from the Ministry of Physical Planning and Works; to rescue and relief operations from the Home Ministry, district development committees, and various metropolitan and city bodies; to industrial security from the Ministry of Industry; and for forest guards from the Ministry of Forest and Soil Conservation. The rest will be released directly by the Ministry of Finance. Crisis Group interview, via email, August 2011.

⁸⁴ In 2010, Ananta enumerated the Maoists’ preferred alternatives for integration. The best option was a new force (entirely former PLA), with special responsibilities including but not limited to industrial, highway, border and national park security. This was seen as easiest for the existing security forces, which could be reformed separately, without disruption. Another idea was integration of PLA units into the NA, APF and NP. A third was a force with equal numbers of ex-Maoists and personnel from existing security forces. Barsha Man Pun, ‘Ananta’, “Nepalma sena samayojan”, *Rato Jhilko*, April-September 2010.

⁸⁵ The NC negotiators, who often cite the terms of the peace deal, which provide for integration “into the security forces according to standard norms”, appear to have given up on the police and armed police. The non-Maoist parties are right to be concerned about what former PLA might be able to do in the NP

Mandate. This will be a hard negotiation. The UCPN(M) wants to be part of a combat force, armed, trained to engage and ready to be deployed. The NA is firm that that is precisely what the new directorate will not be. Some army activities are more attractive or prestigious than others – peacekeeping is an obvious one, but security of national parks is also coveted.⁸⁶ If the Maoists raise the possibility of integration into the APF or NP, the non-Maoist parties may have to re-visit their total acceptance of the NA proposal and their exclusive focus on integration into the NA. They will have to ask whether it is better for former Maoist combatants to be armed and in the infantry (and thus largely confined to barracks), or to be carrying out policing functions that involve interacting with local communities, or to be responsible for something like industrial security.⁸⁷ The Maoists will have to decide which is most important to them – the mandate their ex-combatants will be entrusted with, where they are integrated, or the highest rank they will get.

Rank. Harmonisation of ranks will be contested and, if not resolved to the combatants’ reasonable satisfaction, potentially become a source of tension or conflict within the NA. Combatants say that this is about recognition of their military capability in a war they did not lose, and is part of the symbolic acknowledgement many grudge the Maoists. Some commanders do understand the limitations posed by their education, for example, but think a solution can be found, particularly by asking for very few senior posts in each of the security forces, rather than all in the NA.⁸⁸ Similarly, the UCPN(M) will fight the leadership question hard, although it is possible it will be placated by the promise of a former Maoist combatant being the deputy head of the directorate.⁸⁹

Unit-wise or individual integration. The proposal is silent on whether there would be integration of units, such as companies or battalions, that would stay intact within the NA. For the Maoists it would be a kind of insurance policy, should their ex-combatants be treated in a hostile manner; for the other parties, it would seem partly to defeat

and APF. Both institutions are subject to manipulation and misuse by political parties; integration could boost the Maoists’ influence. See Crisis Group Report, *Nepal’s Political Rites of Passage*, op. cit.

⁸⁶ Former Maoist fighters who may want to participate in peacekeeping missions should be subject to the same vetting procedures the UN’s Department of Peacekeeping Operations applies to NA personnel, particularly nominees for command positions.

⁸⁷ Entrepreneurs and manufacturers, having been shaken down hard by the UCPN(M) and its unions for some years, will doubtless be bitter at poachers turning into gamekeepers, if the directorate is tasked with industrial security.

⁸⁸ Crisis Group interview, Kathmandu, July 2011.

⁸⁹ Some in the NC are reportedly open to this idea. Crisis Group interview, Kathmandu, July 2011.

the purpose of integration, allowing potentially dangerous groups that could destabilise the NA to remain intact. A compromise might be to informally allow smaller groups of former PLA, say four to six, to stay together.⁹⁰

Finding candidates from the existing security forces interested in joining the new directorate might be difficult, particularly if the unit is designed to be as harmless as possible and closed to activities such as peacekeeping. When the APF was formed in 2001, personnel from the NA and police were offered promotions if they joined the new force.

Vetting. The NA's insistence on vetting Maoist personnel to be integrated for human rights abuses is ironic, given its own resistance to such proposals from the UN for deployment to peacekeeping operations.⁹¹ It will be resisted hard by the Maoists, not least because it would be very difficult to impose similar standards for serving NA personnel, though there could perhaps be some limits on promotions and deployment to peacekeeping operations. There will have to be detailed agreements on what consti-

tutes a credible allegation; how to establish command responsibilities, so commanders and commissars are also held accountable; how similar standards will be set for the NA; and how all this will tie into judicial processes and the mandate of a future truth and reconciliation commission. There has been no discussion of this clause yet, but if it is somehow pushed through, it will set a precedent for similar actions to be taken against NA personnel and possibly even political leaders.

There is the possibility, though it is not often discussed, that the NA could gain from integration. Some observers and analysts say that Maoist combatants displayed considerable skill and determination in their operations.⁹² Their guerrilla warfare expertise could add value to an army that encounters asymmetrical situations in peacekeeping deployments.⁹³

B. REHABILITATION AND RETIREMENT

Combatants who opt out of integration or do not meet the basic requirements will have two choices – “rehabilitation” through skills training programs, or a shift to political and social work, which some call “voluntary retirement”. In the latter case, ex-fighters will receive a cash payment and walk out. While political discussions over the golden handshake have been relatively uncontroversial, the rehabilitation side of the process will need to be negotiated carefully. As with integration, there are markedly different perceptions about what it should mean.

The Maoists insisted at an early stage that there would be no disarmament, demobilisation and rehabilitation (DDR) process in Nepal, since theirs was not a defeated army. Yet, many combatants see echoes of a DDR approach in the discussions about their future. Rehabilitation is inevitably linked in the minds of the traditional political parties and donors, as well as some in the Maoist leadership, to reducing the risk of discontent and unrest. But combatants question the very term, saying they have not done anything wrong, so do not need to be rehabilitated. Similarly, they were never separate from “the people”, so need no reintegration into society. Finally, many may not want or be able to go back to the homes they left.⁹⁴

Combatants have indeed done many things outside the cantonments in the past several years, including work, marry and have children, develop relationships in the areas outside the camps, continue with party work and go home to

⁹⁰ Crisis Group interview, Kathmandu, June 2011.

⁹¹ The NA has deep and well-documented hostility to its own personnel being vetted for UN peacekeeping operations. After the UN Office of the High Commissioner for Human Rights (OHCHR) in Kathmandu called for a vetting mechanism as part of the peace process, the NA accused its representative in Nepal of over-stepping his mandate by commenting on military matters. The NA also raised strong public and private objections when the United Nations questioned the nominations of Generals Dilip Rayamajhi in 2006, Toran Singh in 2007 and Nepal Bhusan Chand in 2010 for senior UN military posts because of their alleged involvement in human rights abuses, or in the Chand case, because of alleged obstruction of ongoing human rights investigations. See for example Kamal Raj Sigdel, “Litmus test for government”, *The Kathmandu Post*, 29 November 2009; and Phanindra Dahal, “NA loses peacekeeping post”, *The Kathmandu Post*, 29 July 2011. The NA says it has prevented 175 individuals from participating in peacekeeping operations since the end of the conflict, but has not shared details of these cases or the NA's internal vetting policies with OHCHR. Crisis Group interview, OHCHR, via telephone, August 2011. In conflict-related human rights cases brought before the Supreme Court, NA representatives have offered various arguments that illustrate the army's resistance to instituting policies that would hold its personnel accountable for past rights abuses and prevent future ones. These arguments have included that normal military disciplinary procedures are sufficient to address allegations against existing personnel; there were no policy-driven human rights violations during the conflict; and individual violations by army personnel have already been punished. With regard to itself, the NA has explicitly rejected that a “credible allegation” can constitute grounds for being disbarred from peacekeeping operations. Crisis Group interview, human rights lawyer, via email, August 2011. See also, for example, “Maina's murder: Impunity claim in NA ridiculous”, *The Kathmandu Post*, 8 April 2011.

⁹² Sam Cowan, “Inside the People's Liberation Army: A Military Perspective”, *European Bulletin for Himalayan Research*, vol. 37, Autumn-Winter 2010.

⁹³ Crisis Group interview, retired NA officer, Kathmandu, April 2011.

⁹⁴ Crisis Group interview, Kathmandu, June 2011.

a mixed reception. But the rehabilitation question is about other things: perception, respect and material gain.

The experience of the discharge of disqualified combatants in 2010 demonstrates that the greatest risk of discontent comes from poorly designed rehabilitation options and from raising expectations too high, rather than ex-fighters rampaging when let loose or being drawn into armed groups. Nepal's political class, Maoists and non-Maoists alike, as well as donors, have all learnt from that experience. Training packages alone are almost certain to evoke anger and a sense of humiliation among former combatants. Regardless of how well-suited they might be to the labour market, vocational training is perceived as low status and cannot meet combatants' aspirations for recognition and reward.

Instead, the cantonments are keeping an eye on the discussions among the political parties on how much should be paid to those choosing "voluntary retirement". The special committee's secretariat has come to a nuanced understanding on cash payments and is negotiating various options.⁹⁵ This will certainly help speed up the I/R process, but in order to manage the broader social implications, the government and political parties will have to consider preparing a comprehensive compensation and reparations policy for other conflict-affected groups, rather than keep making scattered decisions.⁹⁶

⁹⁵ Figures under discussion for the retirement option range from Rs.300,000 (approximately \$4,095) to Rs.800,000 (approximately \$10,920) per person. Discussions have considered length of service and pay and retirement benefits for comparable grades in the security forces. For some non-Maoist negotiators, "cash is not a problem". Crisis Group interviews, Kathmandu, May 2011. Similarly, salaries and pensions of combatants who will be integrated into the NA are factored into Maoist calculations of compensation for those who choose rehabilitation and so will give up the chance to enter the NA. Compensation for victims is also a consideration, though given the sensitivity, it is mentioned very discreetly.

⁹⁶ Crisis Group interview, via email, August 2011. Over 16,000 people died during the war, according to the peace and reconstruction ministry. Families of NA, APF and NP personnel who died in the line of duty received Rs.750,000 (some \$10,100) in compensation. Crisis Group interview, NP officer, Kathmandu, August 2011. The Maoist government in 2008/2009 declared 8,000 people martyrs, and the UML government under Madhav Kumar Nepal did the same for 1,626 more civilians. Each family was given Rs.100,000 as compensation (some \$1,400). Relief and Rehabilitation Division, Peace and Reconstruction Ministry. This is meant as interim relief, with final compensation expected to be Rs.1 million (some \$14,000). The families of the 26 people who died in the 2006 Jana Andolan (People's Movement) received a lump sum of Rs.1 million and continue to receive Rs.10,000 a month (some \$140). Conflict Management Division, Peace and Reconstruction Ministry. Of 5,886

The cash option could be particularly important for the women combatants. They first defied traditional expectations, gender roles and an often stringently patriarchal society by joining the movement and then may have entered into inter-caste marriages. Given the censure and stigma sometimes attached to these actions, former women combatants could face greater challenges building their lives after the PLA. It will be particularly important that they have the financial resources to support potentially difficult decisions. Assistance does not necessarily have to be greater for them, but it needs to be recognised that integration is closed off to the majority of women.⁹⁷ For those with infants, their immediate situations could limit options as to where they can live and what rehabilitation training they can choose.⁹⁸ A number of women might neither want nor be able to return to their villages. Their needs might therefore not be the same as those of men in the PLA.

There is no authoritative opinion on cash payments, but some DDR experts frown upon them.⁹⁹ Donors are quietly acknowledging that it is one of the better options in Nepal, although there is awareness of the fiduciary risks of poorly managed disbursement, or political disagreements, or political actors seeking to divert the cash for other activities. Given political sensitivities, almost no donor can fund such

individuals wounded during the conflict, 3,000 have received compensation. Most of these have received payments of no more than Rs.200,000 (some \$2,760). Ibid.

⁹⁷ Of the 3,846 women combatants, 60 per cent are married, 50 per cent have children, and 10 per cent are disabled. Crisis Group interview, Maoist party source, Kathmandu, July 2011. Whatever the overlap between these three categories, at least 60 per cent of PLA women will be ineligible for integration, unless the NA is willing to lift its ban on entry of married women and mothers. Before the current negotiations, NA officials would occasionally say that they would be open to taking PLA women and members of communities under-represented in the NA, such as Dalits, to accomplish two onerous obligations: integrate Maoist fighters and be more inclusive. Crisis Group interview, Kathmandu, March 2011.

⁹⁸ Many negotiators and some donors believe that the start of regrouping could be as simple as separating those who will be ineligible for integration anyway, such as the disabled and "lactating mothers", leaving the others who could all potentially choose integration to be surveyed, etc. As with all numbers to do with the PLA, the Maoists are reluctant to release the tally of the disabled. Some estimates are from 560 to 700. Crisis Group interview, UN employee, Kathmandu, August 2011. It is difficult to square this estimate with internal party figures that suggest that, for example, 10 per cent of all women combatants – over 300 – are disabled.

⁹⁹ There is a lively academic debate on the merits and demerits of cash assistance. The UN Integrated Disarmament, Demobilisation and Reintegration Standard (IDDRS) does not reject cash payments but cautions against big instalments and recommends in-kind assistance for economic reintegration. "4.30 Social and Economic Reintegration", IDDRS.

payments.¹⁰⁰ However, the golden handshake is certain to be a component of a comprehensive agreement, because the Nepali parties all agree it is necessary, no matter what international opinion says or who pays for it.¹⁰¹

Donors and political actors thus face some immediate challenges. One is how to give combatants compelling incentives to choose rehabilitation, when retirement appears so lucrative. Tentative formulas being worked on include a combination of training and cash,¹⁰² the combined value of which would probably have to exceed that of the retirement package and so perhaps encourage more combatants to opt for rehabilitation. This model could also offer better value for money, given the perception of over-payment by donors for services in Nepal.¹⁰³

There is concern about how much of the money will stay with individual ex-combatants, and how much will be paid over to the party.¹⁰⁴ NC negotiators regret some early mis-

takes they made in the process, such as not insisting on integration before the CA elections.¹⁰⁵ If they are keen now not to have a situation in which the disbanding of the PLA enriches the Maoist party ahead of the next general election, they will have to negotiate how the cash is paid out to ex-combatants who opt for retirement or rehabilitation. For those who retire and opt for political work, there could be multiple ways of breaking down the lump sum and staggering payment over a period of time. The first instalment would have to be substantial enough that combatants feel they can make a fresh start, and it will be difficult to regulate how this is paid and spent.

Subsequent payments could take the form of cash proxies, such as government bonds or payment to overseas employment agencies, or be offered as low-interest loans for small businesses. For those who choose rehabilitation, payment could be linked to completion of a training course.

Senior PLA commanders and UCPN(M) officials say combatants who are not integrated and do not immediately choose a rehabilitation package will be taken into the party organisation. Those who choose political work or retirement expect in any case to move into party structures, where they can retain their status and prospects and perhaps gain access to income.¹⁰⁶ The party would be able to strengthen its ranks with experienced and committed cadres. One Maoist regional leader and former PLA commissar was certain: “if 19,000 return to their villages, we will win the next election”.¹⁰⁷ But this easy absorption into the party is not a done deal; the Maoist and PLA leadership had made similar grandiose promises to the discharged, even urging them not to accept the government/UN mission (UNMIN) packages and paying them a small amount of cash when they left. Many ex-combatants came to realise that the promises had been hollow.¹⁰⁸

¹⁰⁰ Donors can offer funding for “re-insertion” assistance, including allowances and other support for a short period. A few factors work against this: the focus of Nepali actors on a large golden handshake for those who retire or go into political work, as opposed to being “reintegrated” into society; willingness to pay for it domestically; and the sensitivities around practices adopted from DDR models. Donors should perhaps limit their aid to funding training programs and counselling and monitoring throughout the I/R process. Another layer of funding, with a separate set of reporting and other requirements designed to reduce fiduciary risk, could complicate a negotiation that has been relatively straightforward, without adding to it anything that the Nepali state cannot do itself.

¹⁰¹ For further discussion of issues involved in cash payments, see Section V.B.2 below.

¹⁰² This cash would be separate from the stipends ex-combatants would also receive while undergoing training. Crisis Group interview, Kathmandu, June 2011.

¹⁰³ Packages offered to discharged combatants cost \$2,364 a head, including the cost of psycho-social support, health care, job counselling, family support for childcare and administrative overheads. The training programs without these important extras cost \$2,000 per person. Crisis Group interviews, UN officials, via email, Kathmandu, June and August 2011. Some of the discharged wondered whether their training to repair mobile phones, for example, should really have been so expensive. That cost per person could almost certainly be brought down, particularly if combatants are accommodated in existing programs, instead of programs being tailor-made for them. Given the uncertainty over numbers, this would also make planning easier, although then donors and the government would have to consider how to extend some support to the non-Maoist participants in these programs. Regardless of whether the process is managed by the government or the UN, the “extras”, such as psycho-social support, should not be ignored or monetised. Crisis Group interview, UN officials, via email, August 2011.

¹⁰⁴ Combatants are reported to pay as much as Rs.1,000 (about \$13) of their Rs.5,000 (about \$68) monthly salary back to the party, in addition to other dues that may be withheld for their

battalions or brigades from their allowances. Allowances range from Rs.72 to Rs.110 a day (\$0.98 to \$1.49). Crisis Group interviews, Kathmandu, January, July 2011. The cash packages being proposed for those who choose to retire are generous, and if the party were to take a similar cut from them, it would add considerably to its resources. As of July 2011, combatants’ salaries (since November/December 2006) had cost the government Rs.4.6 billion (some \$63.6 million). Crisis Group telephone interview, peace and reconstruction ministry, July 2011. The allowances are paid from the Nepal Peace Trust Fund, which is financed in equal parts by the government and various donors.

¹⁰⁵ Crisis Group interviews, Kathmandu, June 2011.

¹⁰⁶ Crisis Group interview, Kathmandu, May 2011. A commander wrote: “We didn’t become PLA to earn money, but it doesn’t mean that we will just sit back and watch as others earn a lot”. Ram Dhakal, “Hritik”, op. cit.

¹⁰⁷ Crisis Group interview, May 2011.

¹⁰⁸ The dissatisfaction among the discharged has not died down and they are still demanding that the party provide them with

1. Past experiences: YCL and the disqualified

Two groups of former PLA combatants provide clues as to what may happen to combatants who resume civilian life. A sizeable group of Maoist combatants never entered the cantonments, or left them before the verification process to go into the newly re-established Young Communist League (YCL).¹⁰⁹ With a large number of former PLA combatants at its core, the YCL secured the Maoists' ability to muscle their way into local political structures in many places.¹¹⁰

Between 7 January and 8 February 2010, the PLA formally discharged from the cantonments about 2,400 of the 4,008 combatants who UNMIN had verified were minors or late recruits and so not eligible to be counted as Maoist army combatants. The discharge was problematic, perhaps unavoidably, for a number of reasons. It was important that those formerly minor combatants who wanted to leave could do so and were supported in that decision. By the time of discharge, most were eighteen or older. In their eyes, their forcible separation from the PLA and Maoist party was unnecessary and offensive. Many regarded themselves as full combatants, having been with the PLA for significant periods of time and seen action, including on the frontlines.¹¹¹ For many who had joined the PLA or stayed with it voluntarily, being driven out of the cantonments was disorienting and humiliating.¹¹²

The rehabilitation measures offered by the UN and first presented by representatives of the peace and reconstruction ministry were also seen as insulting. A consortium of UN agencies offered packages, including vocational and skills training programs, support for small and micro-enterprises and formal education.¹¹³ One reason for the combatants'

annoyance was that in early presentations, ministry officials had just baldly enumerated the options with no context or acknowledgement of their audience's history. The packages themselves were inoffensive¹¹⁴ (although the options based on agriculture were angrily dismissed¹¹⁵), but their design and presentation was based on the premise that rehabilitation must not be too attractive, in order not to breed resentment in the wider community and not to encourage armed insurgency again. Although a valuable perspective, that attitude was counter-productive without a clearer understanding of who the combatants actually were, their relationships with the Maoist army and party, and whether they wanted and were able to go home.

The Maoist party and PLA made serious missteps, too. After the verification, the PLA promised verified minors and late recruits they were still legitimate fighters and could be integrated into the security forces like the others. They did not allow the UN Development Programme (UNDP) to conduct needs assessments in the cantonments, which contributed to the discontent with the rehabilitation packages. When the leadership decided that it would go through with discharge in late 2009, many disqualified fighters were told that they would be able to return after a short period. Some combatants said had not been informed of their status, and their discharge came as a shock.¹¹⁶ The party also obstructed the rehabilitation efforts, telling the disqualified not to accept government packages. Senior party and PLA leaders admit that they made mistakes and gave the discharged too little attention. The party's attempt now to do right by the discharged combatants could affect I/R negotiations, as the Maoists push for accommodation of them, too.¹¹⁷

better support packages, comparable to those that will be offered to verified combatants. In July and August 2011, a large group of discharged ex-combatants came to Kathmandu to negotiate with the Maoist leadership. They also enforced a one-day shut-down of Kathmandu.

¹⁰⁹ Precise figures are not available, but estimates go up to 7,000 individuals.

¹¹⁰ See Crisis Group Report, *Nepal's Political Rites of Passage*, op. cit.

¹¹¹ Crisis Group interviews, disqualified combatants, Sunsari, Jhapa, Panchthar, April 2011. "Children in the Ranks: The Maoists' Use of Child Soldiers in Nepal", Human Rights Watch, February 2007.

¹¹² Not everyone fell into this category. Some disqualified as minors said they joined the Maoists because they were forced to, tricked or simply because many of their friends went. Crisis Group interviews, disqualified PLA combatants, Sunsari, Jhapa, Panchthar, April 2011; former UNMIN employees, Kathmandu, May 2011.

¹¹³ "Assistance to the Peace Process", UNDP, November 2010. The UN Peace Fund for Nepal, to which donors contributed,

paid for this. The two-year process, which is to end in June 2012, cost \$9.45 million.

¹¹⁴ During the discharge process, with Maoist army commanders present, no combatant expressed interest in the packages. Only about 10 per cent did so in one-on-one conversations with UN staff. But later, inquiries to the program's toll free number increased considerably. Crisis Group interview, UN Interagency Rehabilitation Programme (UNIRP) employee, July 2011. By mid-July 2011, 772 individuals (of almost 2,400) had completed their courses; over 350 were employed, while 910 were still in training. "Bi-weekly report", UNIRP, 19 July 2011.

¹¹⁵ The vast majority of PLA recruits came from rural backgrounds. A combatant is said to have shouted at a ministry official in 2009, "My father was a pig farmer. You don't have to teach me how to do that", Crisis Group interview, Kathmandu.

¹¹⁶ Crisis Group interviews, discharged PLA combatants, Sunsari and Panchthar, April 2011.

¹¹⁷ Crisis Group interviews, April-May 2011. In July 2011, the party conducted meetings with a number of the discharged in Kathmandu, at which a senior leader gave assurances they would be taken care of. A senior PLA commander said, "the disqualification process was done unscientifically. Genuine PLA personnel ended up being disqualified. We do realise that we made

A number of important provisions were lost in this shuffle, although the UN did fill in the gaps at a later stage with psycho-social support and better career counselling to go with the training programs. These will continue to be important during the I/R process, as will specific support for women combatants.¹¹⁸

In the months after the discharge process, it became clear to many ineligible combatants that the party would not accommodate them and its networks would not be open to all who wanted to establish themselves independently. Many of the discharged have chosen and been able to return home, though it is not clear whether they wish to stay there.¹¹⁹

Overall, moving back into civilian society has been a mixed experience. Some complain that potential employers are mistrustful. Others say they made enemies during the war and feel insecure. Some, though not all, women face stigmatisation, especially those who married across caste boundaries or whose husbands are still in the cantonments.¹²⁰ Localised public discourse is quick to blame discharged combatants for any real or perceived worsening of security as well as specific crimes. Yet, there is little actual evidence of recruitment into armed groups or involvement in criminal activities.¹²¹

serious mistakes. Therefore, we do not want to leave them out when we negotiate about the rehabilitation package during the integration process". Crisis Group interview, Kathmandu, 4 May 2011.

¹¹⁸ Crisis Group interview, UNIRP employee, July 2011.

¹¹⁹ Crisis Group interview, former UN employee, Nepalgunj, April 2011.

¹²⁰ Crisis Group interviews, discharged PLA combatants, Sunsari, Jhapa, Panchthar, April 2011; former UN employees, Kathmandu, May 2011. Women are expected to live in their husbands' homes after marriage, but in the case of cantonment relationships and specifically inter-caste marriages, men's families sometimes do not know or accept the spouses.

¹²¹ Crisis Group interviews, Dharan, September 2010. In January 2011, police in Jhapa district linked a series of extortions, abductions and robberies to the PLA Former Soldiers' Unity Organisation, believed to be composed largely of disqualified Maoist combatants. Police claimed the group was being run from within the First Division cantonment in Chulachuli, Ilam. "Ex-combatants into crime, say police", *The Kathmandu Post*, 10 January 2011. Members of the organisation complained of unjustified accusations by the police. Crisis Group interview, Sunsari, Jhapa, April 2011. In July 2011, a disqualified combatant was arrested along with a current combatant for robbing a house in Dashrathpur, Surkhet. "Maoist combatants held for robbery", *Republica*, 11 July 2011. In some cases the predicted spike in crime or armed group activity, for example, might not have occurred due to continued control by the Maoist party and PLA. A former combatant said he and friends had planned to attack UN vehicles but were discouraged by the party. Crisis Group interview, Panchthar, April 2011.

Whether justified or not, many ex-combatants say the way the party and UNDP treated them contributed to their humiliation outside the cantonments. The term used for them, *ayogya*, literally means "unqualified", rather than disqualified,¹²² and this is how they are perceived back home. Of course, not every discharged combatant has had a bad experience or felt victimised. Some are in regular contact with their colleagues in the PLA, a few returned to live in the cantonments and some receive financial assistance.

There was no visible security fallout from that process, but that could be different this time around. Although many of the disqualified combatants might have felt unfairly excluded, they had been disqualified for having been recruited too young or too late – conditions that their own leaders had negotiated with the other parties and the UN. The PLA who now have to leave the cantonments are recognised as "legitimate" and have high expectations. Having seen how their colleagues were ignored, they are also apprehensive. I/R is the end of the line for the Maoist army and its personnel. All parties must be alert to the enormity of the transition for the combatants and the need to offer them a secure future.

The Maoist leadership, in particular, must be careful not to promise more than it can deliver. If it says that party structures can and will accommodate as many ex-combatants as want to join them, that had better be true. Once ex-combatants do join, they will be drawn into the factional struggles of party leaders. The impact of that is difficult to predict.

2. The pros and cons of cash

Although some international voices have made a range of arguments against cash payments,¹²³ the majority of larger donors accept that they are needed in Nepal. A number of the objections to money either do not hold specifically in Nepal or are weak in any case:

¹²² They were unqualified in the sense that they did not meet two criteria, neither of which had anything to do with actual military ability or experience, but none of that information is conveyed by *ayogya*.

¹²³ A Saferworld study, for example, applies a range of boilerplate arguments: "Evidence from other contexts has shown that lump-sum payments create obstacles to successful reintegration because they are rarely invested by former combatants to provide long-term benefits, tend not to benefit dependants equitably and can lead to attempts to defraud the rehabilitation process. Additionally, cash payments often create divisions and bitterness among receiving communities while also providing a dangerous message to others that participation in violence and crime leads to financial rewards". "Common ground?", Saferworld, op. cit., p. 67.

- ❑ **Money is fungible, and there are not enough checks in place to balance the fiduciary risk.** In-kind options, vouchers or pre-loaded bank cards would be a hard sell, as would be the suggestion that combatants set up individual bank accounts. Nepal is an extremely cash-friendly economy. Combatants might also be unsure that they will have continued access to banking services, particularly if they do not plan to live near urban centres. The UCPN(M) machinery will certainly get its share of money received by combatants regardless of how payments are made; that risk can only be lowered, not done away with, by releasing the money in tranches and on fulfilment of certain conditions. Although the Maoist army maintained firm control over payment of salaries and allowances in the cantonments, it will have to be asked to cede control of disbursement of cash payouts to the government
 - ❑ **Cash payments make it difficult for former combatants to go home.** The money could cause resentment or a backlash in the very poor communities most will be returning to, especially if relations with the Maoists have been fraught. There is no way to tell how ex-combatants will spend their money – many might share it with relatives or pay off family debts, rather than flaunting it. Many Maoist combatants stayed out of the cantonments and continued political careers, and at least some conflict-era abuses are likely to have been committed by people who are no longer in the PLA. These people have faced no particular backlash. The PLA, those who were cantoned and those who were not, is only a part of the Maoist movement. Many people in rural and urban areas participated in other ways, and the personal connections between people in the Maoist army, the party and the rest of society were never broken. There is a significant Maoist political presence in many parts of the country that could also discourage hostility toward ex-combatants. That said, speeding up justice processes and compensation for conflict victims can only help.
 - ❑ **The combatants may not have the capacity to deal with a large sum of money responsibly and invest it productively.** Even the lower amounts proposed would allow former combatants to establish an independent livelihood, whether by going abroad as migrant workers, by buying land or by investing in further education. And the lower figures under consideration are on par with regular cash transactions that take place in the poorer strata of Nepal's society, usually for the same reasons – to pay for a job overseas, buy land, repay debts. Many Nepalis already invest a substantial proportion of their income in education for their children, without any particular incentives. Advice and basic bookkeeping training would probably be welcome, but not if it conveyed the patronising judgment, based more on prejudice than empirical evidence, that poor people cannot be trusted with money.
 - ❑ **The real problem is lack of social and professional capital, so money should be invested in training and income generating activities instead.** There is nothing wrong with training, but by itself that is no guarantee of enhanced capacity. Many combatants would like the opportunity to generate income, but they would prefer not to be told how to do it or to be told that their preferred options, such as cooperatives, are a bad idea. They would rather have the control over their cash, be flexible and own their own transition. As the experience of the core members of the YCL has shown, combatants have proven perfectly capable of adapting to Nepali society and life in peace time. Again, the UCPN(M)'s networks, including through their penetration of a variety of professional contexts, are broad and may be accessed by combatants.
 - ❑ **Attractive rehabilitation packages reward violent insurgency and encourage other groups to take up arms.** The Maoist insurgency was fundamentally different from any of the few new armed groups active now.¹²⁴ Violence in everyday politics is deplorable, but none of the new groups is likely to be willing or capable of launching a full-fledged insurgency, and will certainly not do so with the hope of eventually receiving cash from the state.
 - ❑ **It's expensive.** Assuming only 10,000 combatants choose retirement under a scheme providing the minimum Rs.300,000 (approximately \$4,095) per person, cash payments would cost Rs.3 billion (about \$40 million), excluding operational costs. This would change, of course, depending on how many combatants instead choose rehabilitation and how many are accepted for integration. It is not a small amount, but the cantonments have already cost at least \$120 million.¹²⁵
- In fact, when contracted by international agencies, it is training that is expensive, particularly in the eyes of the beneficiaries. The assurances that the UN, for example, can provide donors about transparency is one factor that raises the cost of running these programs, but that does not go far in convincing the recipients of the training that they are getting as much as they can out of the support packages. Training and counselling

¹²⁴ See Crisis Group Report, *Nepal's Political Rites of Passage*, op. cit.

¹²⁵ Much of the expenditure, including infrastructure, services and allowances, takes place through the Nepal Peace Trust Fund (NPTF). As of March 2011, it had spent approximately Rs.4.18 billion (approximately \$57.6 million) on the cantonments. "Progress Report No. 11", NPTF. Crisis Group telephone interview, peace and reconstruction ministry, July 2011. Salaries have additionally cost more than \$60 million.

in addition to cash payments would be preferable, but if funds only allow for one or the other, cash could offer better value. In addition, in the absence of a proper needs assessment, cash handouts would be preferable to another program that can be neither optimally targeted nor run.¹²⁶

Many combatants, whether they choose rehabilitation or retirement/political work, may still choose to remain part of the Maoist movement as supporters or cadres. With some guarantees of financial independence and social status, they may be able to do so on their own terms, rather than being excessively beholden to the party.

C. NATIONAL SECURITY AND THE SECURITY FORCES

Despite reservations the NA might have about civilian control and politicisation, it runs counter to democratic norms and values to have a military that is not answerable to the other institutions of the land. Critical commitments made about the NA are barely being discussed, including “democratisation”, or strengthening civilian control over it, downsizing the security forces to be more appropriate to Nepal’s needs, and ensuring a more representative army, particularly by boosting the number of personnel from historically marginalised groups, including Madhes-based communities. These are sometimes conflicting commitments, but all are important issues that need political solutions.

It is clearly time for a political discussion to determine what Nepal’s security interests and compulsions are and how these are best handled. This would help to reach informed and sustainable decisions about the shape of its security forces. Many questions unrelated to the NA also need answers: how the security forces can be made more effective; how urgently needed reform in the police can be started to counter corruption and politicisation; whether Nepal needs a paramilitary force at all; and what the country can really afford.¹²⁷ Reform of security forces is also linked to how, when and whether Nepali actors decide to address conflict-era abuses and whether the culture of impunity is allowed to persist.

A sloppy, mechanical, unilaterally decided national security policy of the kind tabled in 2010 would address neither the complex, sometimes nationalistic agenda that determines many actors’ positions on national security, nor the

untenable characterisation of the army as a world unto itself.¹²⁸ The security interests of the country’s two large neighbours, but particularly India, are significant. Nepal’s institutions and political class will have to discuss how best to balance national sovereignty and interests with these regional concerns. How Nepal and its parties negotiate these compulsions will affect not only national security policy, but also the ability of political players to make independent decisions.

Government, political parties, civil society, journalists and retired servicemen urgently need to begin dialogue on the future shape of the security sector and design a responsive and flexible, but still largely stable approach to assessing public security, as well as ask some difficult questions on foreign policy. Nepal does have a constitutionally-mandated National Defence Council, but its duties are restricted to making recommendations to the cabinet about the army and in any case it rarely, if ever, meets. The concept paper on protection of national interest prepared in the CA is more useful. It envisions a defence council with a broader remit, to formulate policies about Nepal’s national interest, security and defence.¹²⁹ Security sector reform is a complex and long process, though, and research and consultation do not have to be put off until the new constitution is promulgated and a strengthened and empowered defence or security council is in place.

¹²⁸ For details, see Crisis Group Briefing, *Nepal’s Fitful Peace Process*, op. cit.

¹²⁹ The CA National Interest Preservation Committee has proposed that the new constitution should direct the formation of a National Defence Council to formulate Nepal’s foreign policy, national security policy and self-defence related policy and make recommendations to the government. The Council would also be responsible for all planning related to national security, advise the head of government and ensure that all branches of the security forces are under control of the democratic government. The council would consult with security experts and have separate planning, advisory and implementation sub-committees to ensure effective implementation. Nepal Constituent Assembly Committee on Preservation of National Interest, “Avadhara patrama adharit vyakhyatmak tippani sahito parambhik masyauda”, submission to the CA, May 2009.

¹²⁶ Maoist resistance has prevented UNDP from conducting a proper survey of needs and aspirations in the cantonments. The International Labour Organisation (ILO) has been unable to prepare a long-planned labour market study. Crisis Group interviews, Kathmandu, April-May 2011.

¹²⁷ There are 90,000 people in the Nepal Army, 60,000 in the Nepal Police and 40,000 in the Armed Police Force.

VI. CONCLUSION

As in so many cases of demobilisation of forces or the integration of rebels into a national army, the process in Nepal has been inextricably bound up with other political concerns. Only the broad outline was agreed early on, and the details have been left for far too long. Integration and rehabilitation are the essential first step toward consolidating peace and beginning to move on from the war. It will likely take some years to assimilate those members of the Maoist army who are to be integrated into the NA and will require sustained attention and monitoring from those in the international community that have supported the peace process. Even if this can be done in a way that builds confidence, many controversial issues will remain. The NA needs to be made more affordable and accountable. It is too large and too independent of civilian control for a democratic state. There is near total lack of civilian expertise in military issues and the defence ministry has been kept neutered for decades. The police are in urgent need of reform, a process hugely hindered by their use by politicians of all stripes. It is also questionable whether Nepal needs a paramilitary force at all.

Over the coming years, Nepal's military and security framework needs to be reviewed and reformed. Justice for victims of the conflict will be difficult to achieve without these steps. All these issues can only be tackled in the framework of a new constitution. And that will not be possible without integration, which will set off other actions.

Kathmandu/Brussels, 18 August 2011

APPENDIX A

MAP OF NEPAL



Map No. 4304 UNITED NATIONS
 January 2007 (Colour)

Department of Peacekeeping Operations
 Cartographic Section

APPENDIX B

GLOSSARY

AMMAA	Agreement on the Monitoring of the Management of Arms and Armies – the December 2006 agreement on the Maoist and state armies which followed the Comprehensive Peace Agreement.
APF	Armed Police Force – Nepal’s paramilitary.
CA	Constituent Assembly – the unicameral body tasked with drafting a new constitution, also serves as the legislature-parliament.
CoAS	Chief of Army Staff – the head of the Nepal Army.
CPA	Comprehensive Peace Agreement – agreement signed between the Nepalese government and the then CPN(M) in November 2006 that officially ended the People’s War.
CPN(M)	Communist Party of Nepal (Maoist), now UCPN(M)
DDR	Disarmament, Demobilisation and Rehabilitation – the removal of arms and ammunition from former combatants; disbanding of armed groups and reintegration of combatants into society.
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IDDRS	UN Integrated Disarmament, Demobilisation and Reintegration Standard – a comprehensive set of best practices, policies, guidelines and procedures regarding DDR.
I/R	Integration and Rehabilitation – the integration of some former Maoist army combatants into the state security forces and the transitioning of others back into society.
MJF	Madhesi Janadhikar Forum – the fourth-largest party after the 2008 CA elections, since split into three, all represent Madhesi populations from Nepal’s southern Tarai belt.
NA	Nepal Army
NC	Nepali Congress – the second largest party and a major traditional player in democratic politics.
NP	Nepal Police
NPTF	Nepal Peace Trust Fund – a government of Nepal-owned program established in February 2007 to implement the provisions of the CPA, funded by government and donors.
OHCHR	UN Office of the High Commissioner for Human Rights
PLA	People’s Liberation Army – the army of the Maoist party, which fought the state for ten years.
RNA	Royal Nepal Army – former name of the Nepal Army under the monarchy.
SLC	School Leaving Certificate – the national tenth grade exam, the basic requirement for many low-level jobs.
UCPN(M)	Unified Communist Party of Nepal (Maoist) – the largest party in the CA, came aboveground at the end of the war in 2006.
UDMF	United Democratic Madhesi Front – the alliance of most major Madhesi parties, its major agenda is more equitable representation of Madhesis in state institutions.
UML	Communist Party of Nepal (Unified Marxist-Leninist) – the second largest party in the CA, a major traditional player in democratic politics.
UNDP	UN Development Programme
UNIRP	UN Inter-agency Rehabilitation Programme – set up to oversee rehabilitation of the Maoist combatants discharged in 2010.
UNMIN	UN Mission in Nepal – the UN’s political mission to support Nepal’s peace process from 2007-2011.
YCL	Young Communist League – a Maoist organisation, many original members came from the PLA.

APPENDIX C

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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