

**NEPAL'S NEW ALLIANCE:
THE MAINSTREAM PARTIES AND THE MAOISTS**

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NEPAL'S NEW ALLIANCE: THE MAINSTREAM PARTIES AND THE MAOISTS

EXECUTIVE SUMMARY

Nepal's mainstream parties and Maoists have reached agreement on a basic alliance against the monarchy. That they were talking was not new: all sides have kept in contact throughout the ten-year-old conflict. But this time they have developed a serious agenda which offers the framework of a peace deal. Their dialogue had India's tacit backing and the deal was finalised at meetings in New Delhi.

The agreement reflects some important achievements: the Maoists have formally committed themselves to joining a multiparty system and the mainstream parties have signed up to a process of constitutional change. Each side has recognised past mistakes and vowed not to repeat them. But many issues present challenges which have only been deferred. The Maoists reject the parties' call to restore the last parliament and the parties have not accepted the rebels' republican agenda. Questions of disarmament, monitoring and future talks facilitation have been brushed over lightly. And it is not clear if the new alliance will hold out an olive branch to the king or try to force him into submission.

The palace, which runs an embattled government, had tried to conceal its unease as the talks went on but ministers have now gone on the offensive against the new alliance. Conservative Nepali commentators and U.S. diplomats had warned repeatedly of consequences if the parties did a deal with the Maoists. Some critics hoped that the talks would fall apart or be derailed, but the twelve-point November agreement has dramatically – though not yet irreversibly – changed political realities.

Why have the parties and Maoists done a deal? They have differing political imperatives, and they have not changed their long-term goals, but there are some grounds for compromise and both have realised that their own strength is not enough to be decisive. The discussions have identified a possible structure for peace talks – progressing via interim arrangements to a constitutional assembly and disarmament – but each issue raises its own problems.

The mechanics of dialogue are also far from straightforward. Although all sides had previously kept channels of communication open, formal talks bring risks. This engagement has taken place more comfortably thanks to India's tacit endorsement. However, the negotiators lack the safety net of international legitimacy and open facilitation. The Maoists are prepared and have a clear strategy while the parties are still working out joint positions. Each side has been happy to publicise certain details but the text of the November agreement is thin and meetings have necessarily been secretive. The Indians have played their cards close to their chest and left even close allies guessing about their intentions.

The parties' willingness to deal with the rebels has raised the stakes for all players in the conflict. It has also brought new risks. This is only a bilateral process; other crucial players – notably the palace – are excluded. The parties are neither fully united nor well prepared and may concede too much too easily as bargaining progresses, while the Maoists retain their arms and could revert to a military approach at any time or could use talks and a loose alliance to build a stronger urban base and squeeze the mainstream parties in their last bastion. The November deal could prompt a violent backlash if the palace feels threatened.

Nevertheless, the alliance presents new opportunities:

- ❑ the Maoists are acting under genuine imperatives and constraints and they are willing to offer significant concessions;
- ❑ this is a chance to bring the Maoists into the mainstream while they are still united and can bring their armed cadres with them;
- ❑ the dialogue has already led to a commitment in principle to disarm;
- ❑ this could be the best way of addressing broadly acceptable parts of the Maoist agenda without giving way on everything; and
- ❑ if managed carefully, the process could strengthen democracy and help address weaknesses in the

1990 multiparty constitution and the parties that have embodied it.

The ultimate outcome of the talks process cannot be predicted but the loose party-Maoist alliance has created a new dynamic. In their first high-level face-to-face meeting, party leaders and the Maoists have forged a basic plan for joint action against the monarchy. In the weeks to come this plan will take more concrete shape, and discussions will move to a second stage.

A range of factors will then affect the approaches of both sides. Internal tensions and calculations of personal advantage may be particularly debilitating for the mainstream parties. As always, both sides will be watching other domestic and international forces and adjusting course accordingly. The king, keen to bolster his own power, still has cards to play. The talks may not in themselves lead to a new peace process but they offer the best hope of breaking Kathmandu's political impasse.

Kathmandu/Brussels, 28 November 2005

NEPAL'S NEW ALLIANCE: THE MAINSTREAM PARTIES AND THE MAOISTS

I. INTRODUCTION

Nepal's mainstream parties and the Communist Party of Nepal (Maoist) have agreed to pursue a joint, if still vague, strategy against what they call "the autocratic monarchy" and a plan for constitutional reform that, if implemented, will bring the Maoists into mainstream, non-violent politics.¹ The two sides have been engaged in serious talks since May 2005, their sustained dialogue the most notable result of King Gyanendra's February 2005 royal coup.² Although the initial months of talks did not produce any concrete outcome, the leaders held their first joint face-to-face discussions on 17 November in New Delhi, overcoming the last obstacles to a basic deal.³ Their twelve-point agreement was published five days later in simultaneous press releases from the seven-party alliance and Maoist chairman Prachanda.⁴

Amidst the drama of its conclusion and sudden announcement, the deal itself has been little analysed. Its achievements have been highlighted by sympathetic commentators:

- ❑ it formalises the Maoist offer to enter a multiparty political system and specifies an elected constituent assembly as the accepted forum for all sides to debate the constitutional revisions that will shape the new set-up;

- ❑ the parties and Maoists both admit to past shortcomings and promise to improve their behaviour, while reaffirming their commitment to human rights, including full civil and political liberties; and
- ❑ both sides call for impartial outside assistance, led by the United Nations "or any other reliable international supervision", in supervising elections and overseeing the cantonment of state and Maoist forces.

However, the agreement is silent on many of the tricky issues that will have to be addressed, some of them in the near future, if it is to lead to a sustained peace process:

- ❑ there has clearly been no meeting of minds so far on major political issues such as the future role of the monarchy, the electoral system and reforms to address caste, gender, ethnic and regional inequality;
- ❑ the brief mention of cantonment during elections is not the same as a formal promise of Maoist disarmament and does not in itself address the threat of continuing coercion and intimidation;
- ❑ there are no detailed plans for monitoring and implementing the agreement, nor for shaping the agenda of the inevitable further rounds of negotiation; and
- ❑ the scope and nature of joint action to pressure the monarchy has not been clarified nor is it clear what calculations the parties and Maoists have made about how the palace will react to their deal.

The party-Maoist engagement, much of which has been conducted semi-publicly and with India's tacit endorsement, has divided observers. Some saw the tentative negotiations as an opening to revive a peace process and viewed this as the best chance to persuade the Maoists gradually to abandon their armed struggle and enter multiparty politics. Civil society groups have welcomed the November agreement; the United Nations and diplomatic missions have offered cautious endorsement. Others warned that the parties were being dangerously naive and allowing themselves to be used

¹ For the text of the parties-Maoists agreement announced on 22 November 2005, see Appendix B below. This report uses the Communist Party of Nepal (Maoist) – abbreviated to CPN(M) – and "Maoists" interchangeably, although strictly speaking the party is only one part of the broader Maoist movement. See Crisis Group Asia Report N°104, *Nepal's Maoists: Their Aims, Structure and Strategy*, 27 October 2005, for a detailed explanation.

² Crisis Group reporting on the Nepal conflict both before and after the royal coup is available at www.crisisgroup.org.

³ Crisis Group interviews, Kathmandu, 17–18 November and New Delhi, 18–19 November.

⁴ Seven-party and Prachanda press statements, 22 November 2005.

by the rebels. The royal government has yet to comment formally on the deal but initial responses from individual ministers have been largely negative, with particular criticism of the supposed external role in facilitating the talks.

Whatever reactions it provokes, the party-Maoist engagement is not the result of capricious whim on either side. It is the product of identifiable political imperatives and a rational attempt to negotiate contrasting interests. In the face of the palace's refusal to accommodate their demands, the main parliamentary parties view talking to the Maoists as their logical option. For the Maoists, this dialogue represents the best chance to address strategic weaknesses that they have been forced to recognise.

The new alliance could, at a minimum, compel the palace to return to a constitutional arrangement in which the parliamentary parties have a significant role. If the king does not relent, and the parties stay intact in the face of any moves the palace makes to divide them, the limited alliance between the parliamentary parties and the underground Maoists may develop a platform of joint action against a politically active monarchy.

The complex tripartite political conflict between the palace, the parliamentary parties and the Maoists appears to have polarised for now into a rather simpler struggle between pro-royal and anti-royal forces. In the event of a united, nationwide campaign against direct monarchical rule, the palace and the military would find it difficult to maintain the status quo. However, the situation is not quite that simple. The party-Maoist alliance is neither deep nor stable, representing a convergence of interests rather than genuinely shared goals. It may develop further but the king also has some cards left to play to preserve his political power.

The palace has refused to consider any compromise with either the political parties or the Maoists. Despite the fact that the Royal Nepalese Army (RNA) has gained little ground militarily, it has firmly rejected the idea of reciprocating the unilateral ceasefire the insurgents declared in early September 2005. For the time being, a security-first approach to the insurgency accompanies the palace's longer-term drive to re-establish political supremacy over the democratic institutions. The king has disregarded a chorus of domestic and international criticism since his coup, although pressures are quietly building.⁵

It is too early to predict the party-Maoist alliance's ultimate destination. The participants themselves know

that the number of variables involved requires them to be flexible. Two major elements of the political landscape are relatively constant: the palace (backed by the RNA) and the Maoists. Since the king reduced their role to street agitation, parliamentary forces have oscillated between these two constants. However, the relationship between the Maoists and the palace is not set in stone: at times they have tacitly conspired against parliamentary governments and the civil police, while at other times the ideological gulf between them has been sharply defined.

Each force's past conduct and perceived interests will modulate, if not determine, the decisions of the other two. None can act independently, yet none can trust the others fully. Given this balance of domestic forces, external factors assume great importance. Regardless of their public rhetoric or behaviour, all political actors in Nepal keep one eye constantly on international power centres and seek to build support beyond the country's borders. The key question is whether the tentative alliance can either decisively shift the alignment of internal political forces or prompt a re-evaluation of international attitudes.

Despite the many shifting variables, the positions, interests and calculations of the sides are relatively clear. This report examines why the parliamentary parties and the Maoists have done a deal and analyses the substance of their agreement. It also details the underlying interests of both sides and explains how these have shaped their negotiations. It assesses the internal and external political dynamics shaping this process and the resulting opportunities, costs and risks. As the November agreement moves the process into a new phase, the final sections look at possible scenarios for the next steps and their implications.

⁵ See Crisis Group Asia Briefing N°41, *Nepal: Beyond Royal Rule*, 15 September 2005.

II. THE PARTIES

A. OUTLOOK

Nepal's major parliamentary parties have been uniformly hostile towards the Maoists since the launch of their armed struggle in 1996. However, they have also maintained channels of communication with them. Until a few years before they went underground, the first generation Maoist leaders had been active participants in the movement for constitutional rule and popular sovereignty.⁶ Most mainstream party leaders have links of some sort to the senior Maoist leaders – one of whom, party spokesman Krishna Bahadur Mahara, was a member of the 1991 parliament – and have engaged them in private informal talks from time to time in the past ten years.⁷ Of the smaller parties, Unity Centre-Masal and its parliamentary front organisation, Janamorchha Nepal,⁸ have maintained fraternal relations with the Maoists. This is due to close personal links that have survived serious differences on tactics and strategy: the Maoists broke from these organisations to engage in armed struggle and have harshly criticised their former comrades.⁹

The major parties have been inconsistent in dealing with the Maoists. For example, within the Nepali Congress (NC) – which was in power for most of the period between the start of the insurgency and the dissolution of parliament in October 2002 – there were differences of approach between Girija Prasad Koirala and Sher Bahadur Deuba, who both served as prime minister.¹⁰ The former consistently adopted a law and order approach to the insurgency and attempted to crush it through police action. The latter declared a unilateral ceasefire in July

2001 when he came to power and invited the Maoists for talks. When negotiations broke down, he too opted for a military solution, labelling them terrorists and deploying the army.¹¹

While parties in power tried to tackle the insurgency with the state machinery at their disposal, the parliamentary forces collectively failed to address the Maoists' political agenda. Mainstream leaders were conservative and cautious, their policies moulded by a strong vested interest in maintaining the social and economic status quo. This left them unable to deal with the Maoist demands while the insurgency was still in its infancy. Eventually, the parties had to come to terms with some of the key ones, such as a constituent assembly and republic, which they had previously opposed.

When the poorly-paid and ill-equipped police failed to contain the rebels, there was no option but to upgrade the counter-insurgency to a full-fledged military campaign. With the palace in de facto control of the Royal Nepalese Army (RNA),¹² parliament and government progressively surrendered their constitutional powers as a price for the military's participation in the counter-insurgency. By the time the parties woke up to this reality, the palace and the military had effectively taken over the institutions of the state.¹³ The royal coup of 1 February 2005 was the culmination of this process.

When the RNA was deployed in November 2001, parliament was asked to approve a state of emergency and pass anti-terrorist legislation. The civil war was fought by the palace and the army on their own terms. In October 2002, Deuba's government was dismissed by the king.

⁶ Deepak Thapa, "Radicalism and the emergence of the Maoists", in Michael Hutt (ed.), *Himalayan People's War: Nepal's Maoist Rebellion* (London, 2004), p. 35.

⁷ For example, eleven senior leaders from six leftist parties – including UML General Secretary Madhav Nepal – met top Maoist leaders Prachanda, Baburam Bhattarai and Mohan Vaidya for talks in the Indian town of Siliguri, West Bengal, in October 2001.

⁸ The Janamorchha Nepal, hereafter Janamorchha, is sometimes referred to by its English translation, People's Front Nepal.

⁹ The Maoists and the Janamorchha have a history of animosity since the beginning of the people's war, with the former attacking the latter's cadre in many of the western districts in which both were active. The Janamorchha has held protest rallies and exposure campaigns against the Maoists, something that no other party has seriously undertaken. Nevertheless, they are generally willing to ally politically.

¹⁰ The contradictory positions adopted by parties and individuals continued through the governments of Krishna Prasad Bhattarai (May 1999 to March 2000), Koirala (March 2000 to July 2001) and Deuba (July 2001 to October 2002).

¹¹ Deuba had also espoused a security-led response to the insurgency from its outset in 1996, when he was prime minister.

¹² Crisis Group Asia Report N°99, *Towards a Lasting Peace in Nepal: The Constitutional Issues*, 15 June 2005, explains the RNA's constitutional position and relationship to the king. Army personnel are exempt from the purview of civilian statutory bodies such as the Commission for the Investigation of Abuse of Authority. The RNA, however, insists its operations are "carried out under the jurisdiction and authority of the local and district administrations as they were in the past". Letter from Brigadier Dipak K. Gurung, director, Directorate of Public Relations, Royal Nepalese Army Headquarters, to Gareth Evans, Crisis Group President, 20 October 2005. Brigadier Gurung was writing in response to Crisis Group Briefing, *Beyond Royal Rule*, op.cit.

¹³ For example, the unified command structure introduced in November 2003 gave the RNA effective operational control of civilian police as well as increased influence in district-level government; the appointment of local and regional administrators similarly extended palace power. See Hari Roka, "Militarisation and democratic rule in Nepal", *Himal South Asian*, December 2003, and Crisis Group reporting at www.crisisgroup.org.

Since then the parties have been fighting a losing battle with the monarch and the military to regain their authority within the constitutional institutions. They had already been forced to surrender most of their influence across the countryside in the face of a brutally effective Maoist campaign to eliminate pluralist politics.

B. IMPERATIVES

The parties' approach to engaging the Maoists is based on their perception of shared threats and weaknesses. Their overriding aim is to recover their position at the heart of a multiparty system and thereby political power. From 1996 to mid-2001 the main threat to the parliamentary system was the Maoists. Following the June 2001 palace massacre and Gyanendra's accession to the throne, the palace has become more of a threat. The king has played party leaders off against each other and profited from their disunity and hunger for office. When protests have threatened to gain mass support in urban areas, the king has capitalised on the natural fault lines between and within parties by selectively offering leaders and parties the opportunity to run nominal governments.¹⁴

The parliamentary parties have lost touch with their own support bases and the electorate at large. Since the last general election in 1999, active interaction with voters has been minimal. While extra-parliamentary forces steadily consolidated their positions, the main parliamentary parties – and factions within each of them – were preoccupied with using their urban cadres to pursue purely partisan objectives. Within the NC, rival factions led by Krishna Prasad Bhattarai, Girija Prasad Koirala, and Sher Bahadur Deuba used the Maoist insurgency to undermine each other and by July 2002 their party had split. At the same time, the dissolution of local elected bodies exacerbated their problems, reducing opportunities to replenish their ranks and keep in daily contact with the public.

The parties have surrendered institutional territory to the palace and political territory to the Maoists. In the 1999 elections – which had the highest turnout in Nepal's electoral history – the NC and Communist Party of Nepal (Unified Marxist-Leninist, hereafter UML) between them won almost 70 per cent of the vote.¹⁵ This mass

base, had it been cultivated and nurtured, should have been a bulwark against both royalist and Maoist attempts to encroach on the parliamentary system. But the parties' sustained neglect of mass politics since 1999, their narrow focus on Kathmandu intrigues, and their factional infighting and jockeying for power eroded popular sympathy. Few tears were shed when Gyanendra sidelined them after October 2002. Nor could they boast of having addressed the fundamental grievances that drove support for the Maoists.

By the time the king completed his power grab in February 2005, the parties had lost all significant leverage. They agreed to push for revival of the dissolved 1999 parliament, as their most tangible evidence of a mass base and their last source of institutional power. The king would not give in to this demand, the international community did not support it and the Maoists opposed it. As the parties ceded their grip on political influence, their conduct and demands lost relevance.

While the parliamentary parties are not facing total extinction – they survived 30 years of royal rule before 1990 under much more strained circumstances – they are seriously weakened. The combination of external threats and their own multiple shortcomings have left them with only minimal power to revive their fortunes. The immediate imperatives for them to consider in dealing with the Maoists include:

- ❑ **Need for allies.** The February 2005 royal coup finally forced them to accept that they lack independent leverage. Talking to the Maoists may lead to substantive negotiations on a final settlement or may just put pressure on the palace to relent and cut a deal. In either case the parties could profit from careful engagement.
- ❑ **Countering Maoist violence.** The parties have suffered from direct armed assault by the Maoists for several years. As they surrendered first political territory, then the umbrella of the state security forces, they have had no means of their own to defend against Maoist violence. Dealing with the Maoists may be their best bet to obtain a truce that protects their workers.
- ❑ **Little popular support.** While the people still appear to favour a multiparty system in principle, there is a visible lack of countrywide popular sentiment for the parties. The movement against the palace which was initiated in 2003 was predominantly urban and largely confined to

¹⁴ Between October 2002 and February 2005, the king appointed three governments, each of which he rapidly dismissed (although royalist prime ministers Chand and Thapa opted to resign rather than be ousted).

¹⁵ The turnout was 66.79 per cent – an improvement from the all-time low of 61.68 per cent in the 1994 elections. The argument that mass disillusionment with the parties had set in due to frequent changes of government does not explain why the parliament that witnessed the largest number of

governments was followed by elections with the highest turnout. Moreover, the vote was gradually being consolidated between the two major parties.

party cadres. This lack of mass support may have emboldened the king to seize full power in February.

- **Radicalisation of student and other grassroots activists.** Students formed the backbone of the anti-palace agitation but their more radical demands, such as for a constituent assembly, were rejected by the NC and UML leaderships. Rank and file opinion is largely against the king. Party leaders can use their dialogue with the Maoists to please their more radical cadres and to threaten the palace with republicanism.
- **Lack of leverage on the palace.** There is little the parties can do currently to force the king's regime to compromise with them. As if to press home this point, the government has made no secret of its disdain for political parties. For the last two years, while the king refused to concede to their demands, the Maoists have consistently sought to conduct joint agitation with the parliamentary parties against a common enemy.¹⁶ The Maoist analysis about the general direction in which the polity was drifting was largely correct.

Until the Maoist position was clarified, the political parties feared the insurgents might do a deal with the king. This would have meant many more years in the wilderness for the parties. Reports of clandestine agreements between the palace and the Maoists in the early days of the insurgency are part of Nepal's political folklore.¹⁷ The parties have themselves entered ideologically incompatible cohabitations so such an apparently contradictory partnership could not be ruled out. When the Maoists agreed to talk with the palace-appointed Lokendra Bahadur Chand government in 2003, such suspicions were heightened. Indeed, one question that fuelled the Maoists' internal debates of late 2004 and early 2005 was whether to do a deal with the palace. The parliamentary parties' apprehension was not unfounded.

¹⁶ As early as April 2003, while the Maoists were negotiating with the Chand government, Baburam Bhattarai, in discussions with Koirala, had supported joint efforts with the parties to establish popular sovereignty. Crisis Group interview, August 2005.

¹⁷ After the 1 June 2001 palace massacre, Baburam Bhattarai claimed in a newspaper article that the Maoists had an "undeclared working understanding" with the deceased King Birendra, *Kantipur*, 6 June 2001. Dharendra, Gyanendra's younger brother, had been the palace point-man for secret dealings with the Maoists while Birendra was on the throne; he also died in the massacre.

C. INTERNAL TENSIONS AND CONSTRAINTS

1. The alliance

The parliamentary parties which make up the seven-party alliance are the NC, UML, Nepal Sadbhavana Party (Anandi Devi), Nepali Congress (Democratic, NC(D)), Janamorchha Nepal, Nepal Workers and Peasants Party (NWPP) and United Left Front. The two which have been more or less consistent in their support of the palace – the royalist Rashtriya Prajatantra Party (RPP) and Badri Prasad Mandal's Nepal Sadbhavana Party – are not in the alliance. The RPP's offshoot, former Prime Minister Surya Bahadur Thapa's Rashtriya Janashakti Party, has been more circumspect, following the alliance in announcing a boycott of proposed municipal polls but not joining it. The alliance against the palace has not been immune to the lure of office. In April 2004 eight parties were aligned, with even the RPP joining in the agitation. Within two months, however, the UML, NC(D) and RPP had left to form the Sher Bahadur Deuba-led government that was dismissed by the king in February 2005. Even the NC may have been tempted to abandon the agitation in May 2004 when courted by the palace.

2. Lack of trust

Given this history of opportunistic behaviour, members of the present alliance find it hard to trust each other. The NC(D) is regarded by some – particularly its mother party, the NC – as liable to abandon the agitation and go over to the palace. It is the other six parties that have developed enough trust to deal with the Maoists on the basis of mutual consultations. Theirs may not be the most principled alliance but their collective predicament is a strong shared factor. This has led each of the six to conclude that the others are similarly motivated to pursue dialogue with the Maoists. The NC(D), for now, is marginalised.

3. Internal problems

Though party leaders have a clear incentive to carry on informal negotiations with the Maoists, there are also strong internal factors militating against commitment to a full-fledged alliance. There are deep horizontal and vertical divisions within the major parties and tensions between them. Leaders have not been able to formulate broadly acceptable policies, and they lack confidence in dealing with a force that has always been very clear about its objectives and methods. They are also aware of their parties' organisational disrepair.

Feedback within the parties is limited, and policies tend to be determined by a small minority of central figures. In the absence of any other institutional sources of power, vertical

divisions are inevitable, especially as all parties suffer from a surfeit of leaders, not all of whom can be accommodated with important offices. This gives party offices disproportionate importance at a time when the parties themselves command little influence and creates friction and factional splits within the organisation. The variety of opinions expressed by each party on every crucial issue is an expression of this intense factionalism.

Since parliamentary parties are characterised by extreme internal mistrust, they find it difficult to evolve collective leadership, create a parliamentary united front and present a common agenda to the Maoists for discussion. It is not only the Maoists that the parties distrust; they equally distrust each other, fearing clandestine deals. Whether parties which have shown little sign of long-term vision can overcome these dilemmas remains to be seen. Moreover, each of the main parties faces its own special difficulties.

4. Nepali Congress

The NC, generally perceived to be socially conservative, has a substantial constituency that wants to preserve the socio-economic status quo. It is not immediately clear how Girija Prasad Koirala will deal with such forces in his party if the bargain with the Maoists involves conceding more on the issue of socio-economic reforms than they are willing to tolerate. This issue has acquired greater importance since the 30 August–2 September 2005 national convention at which the party dropped adherence to constitutional monarchy from its political program. Simultaneously, Koirala has packed the central organs with his relatives and supporters, all of whom are strongly opposed to the Maoists. On the central committee, only dissident leader Narahari Acharya has strongly argued for an alliance with the Maoists.¹⁸ However, since the NC is also perceived to be pragmatic, it is possible for its leaders to work out a consensus on the assumption that they can eventually convert the outcome to their advantage.

5. UML

The UML faces a different problem. As a left-oriented, cadre-based party it needs a strong organisational base to survive. However, it has lost local party workers to the Maoists, many of them disillusioned by the party's failure to live up to its leftist image. By 2001, 21 of the Maoists' 25 parallel district governments were in formerly UML political territory.¹⁹ Since then the Maoists have grown rapidly in eastern Nepal, further eroding the UML's

traditional bastion. Despite this loss of cadres, the UML chose to ignore the opinion of its district level workers and participate in the palace-appointed Sher Bahadur Deuba government of June 2004, after breaking ranks with the parties agitating for the restoration of constitutional government.

The UML has more reason than the NC to be hesitant about working towards an alliance with the Maoists, whom even its pro-republican, second-generation leaders oppose.²⁰ Overall, though the party presents an appearance of unity, it has its share of dissidence and factional rivalry. However, should the party ally with the Maoists, it is less likely to split than other parties because of its greater internal discipline and the stranglehold that the dominant faction has. This would make it difficult for dissident leaders to break away, especially since there are few options available to them outside the party.

6. Nepal Sadbhavana Party (Anandi Devi)

The Nepal Sadbhavana Party (Anandi Devi), a regional organisation that aims to represent the interests of the southern Tarai plainspeople, also faces a dilemma. The Maoists have divided Nepal into nine autonomous ethnic regions, one of which covers the Sadbhavana Party's core constituency. If this carve-up is tacitly recognised by other parties, its political base would be considerably weakened. However, it could seize on the conceptual weaknesses of these autonomous zones, which are based on the principle of historical ethnic homelands, and offer a political critique. That might also give the Maoists a way out of the corner they have painted themselves into, since few such homelands are truly dominated by a single ethnic group. But to do this the Sadbhavana Party would have to reformulate its own politics and move away from its narrowly ethnic/regional agenda.

7. Nepali Congress (Democratic)

The NC(D), which led a palace-appointed government from June 2004 to February 2005, is the weakest link in the alliance. Having opposed the restoration of the 1999 parliament between 2003 and 2004, on 5 May 2005 the party's central committee did a U-turn to bring it in line with other parties.²¹ Since it has previously accepted office on the king's terms, however, other politicians fear it could reach another settlement with the palace. Even if the king chooses not offer a deal, the party will find it difficult to convince the other alliance members

¹⁸ Crisis group interview, September 2005.

¹⁹ Krishna Hachhethu, "The Nepali state and Maoist insurgency, 1996-2001", in Hutt (ed.), op. cit., p. 77, table 5.

²⁰ Crisis Group interview, August 2005. As discussions intensified in November 2005, eleven members of the politburo reportedly voiced their opposition to any deal with the Maoists.

²¹ "Parties to cobble 7-party alliance", Kantipur Online, 5 May 2005.

and the Maoists of their bona fides. Girija Prasad Koirala is apparently opposed to NC(D) inclusion in closed door negotiations with the Maoists.²² If he has his way, the party will have to accept its marginal position and continue working for greater acceptance. Madhav Nepal did visit NC(D) leader Deuba – still detained on corruption charges – on 21 November to brief him on the New Delhi talks but by this stage the key decisions had already been taken.²³

8. Smaller parties

The other three members of the alliance are too small to pull much weight. They are wary of their larger partners but because they are small, they are of little use to the palace. The Nepal Workers and Peasants Party, which espouses Korean-style communism, has on occasion expressed support for the king, but he has not paid much heed. Internal tensions within these parties over allying with the Maoists will be minimal. The Janamorchha fell out with the Maoists over the question of armed struggle (they criticised it as being untimely) but this has not stood in the way of seeking an alliance.²⁴ The United Left Front is primarily relevant because it encompasses a handful of leaders with personal reputations, such as former armed revolutionary C.P. Mainali;²⁵ its position towards talks with the Maoists and future policy options is not clear.

D. PREPARATION FOR TALKS

The parties were not well prepared for the talks and will need to work hard to get themselves into better shape if they wish to shape the next rounds of negotiation. Preparation will have to embrace key internal reforms: unless they can command respect both at the bargaining table and outside they will not fare well in any talks. The general direction of the compromise that the dialogue with the Maoists could yield is no longer in any doubt. The issues raised by the Maoists have great mass appeal, and the parties can ignore them only at their own peril. However, what is more important is the extent of the

compromise the parties representing the powerful castes and the economic mainstream are willing and able to accept without alienating their respective core constituencies.

They will have to consult with their core constituencies and seek expert advice on issues such as caste, language, economy and political reform. Talks intended to build a serious compromise require clarity about the starting points of each of the parties. This is a rare opportunity for parties to re-examine the fundamental assumptions of their political programs and identify the exact degree of deviation between their starting points and the reasonably acceptable all-party compromise. Such an exercise would enable them to sell unpalatable but necessary compromises to their constituents in advance.

Lacking a demonstrable popular support base, the immediate function of the parliamentary parties is to provide legitimacy to whichever side they align with and thus influence their potential hold on Kathmandu. This is a limited function but one that the parties can exploit to the maximum: they may not have the numbers countrywide, but they can bring Kathmandu to a standstill. Since the Maoists need them as an ally, they can bargain for both the freedom to resume political activity, especially in the countryside, and revive local structures and protection for the interests they represent.

Since the Maoists' unilateral three-month ceasefire announced in September 2005, the parties have resumed political activity across the countryside.²⁶ Nevertheless, they are not as confident of their public reception as they used to be. Their preoccupation with factional power struggles reduces the likelihood they will engage in meaningful reforms. The recent appointment of office bearers in the NC is an indication that cronyism and nepotism will not go away easily.²⁷

The present leaders of the parties have not demonstrated any significant capability to resolve Nepal's armed conflict and political problems. Their responses to new developments tend to be ad hoc, whereas the situation calls for detailed strategies with multiple alternatives based on a sound grasp of the motivations, imperatives and constraints of all political forces. The current dialogue has been driven primarily by the Maoists. Marginalised party leaders could make themselves more effective by

²² Crisis Group interviews, October 2005.

²³ "Nepal briefs Deuba about Delhi deliberations", nepalnews.com, 21 November 2005.

²⁴ Mohan Bikram Singh, general secretary of the Unity Centre-Masal (the underground party for which the Janamorchha is the parliamentary front organisation), is overtly hostile towards his erstwhile Maoist comrades, many of whom he schooled in activism. This is unlikely to decide his party's policy but the party risks being eclipsed if the Maoists join the parliamentary mainstream.

²⁵ The ULF brings together C.P. Mainali's CPN(ML), Prabhu Narayan Chaudhary's CPN (United Marxist) and Krishna Das Shrestha's CPN (Samyabadi-MLM).

²⁶ The UML took a systematic approach to sending its central representatives across the country as soon as it was possible; the NC has followed with somewhat less consistency. Activities have included mass meetings, building local committees and renewing lapsed memberships.

²⁷ "Most of the old faces elected to NC central committee", nepalnews.com, 2 September 2005.

returning to the districts and creating a base at the lower levels. This is particularly crucial if mass agitation is to be launched, since a younger generation of activists keen on protecting their local interests could emerge from the process. It would also put the parties in a stronger position vis-à-vis the Maoists.

The parties have not convincingly demonstrated that they understand the logic of the events that have overtaken them since 2002, or even their own role and significance in the current balance of forces. Combined with individual motives, their absence from real mass politics and uncertain stances on key issues have led their leaders to express a diversity of opinions. The intellectual resources they command – as opposed to those available to the democratic centre as a whole – are less focused than those that the Maoists and the palace have marshalled. They have made symbolic progress by admitting to mistakes while in office but they have been more keen to blame the palace and the Maoists than address their own failings. If the mainstream is to reassert itself, it must conduct a more rigorous analysis of the pattern of events after 1996. It has to address the interlinked trends of the constriction of parliamentary space, the increasing urban-rural polarity in politics from 2001 and the resulting changes in the political complexion of Kathmandu and other towns.

III. THE MAOISTS

A. OUTLOOK

The Maoists are exploiting the current situation to advance their cause, as they have on every other occasion when they have adapted quickly to seize opportunities. This is to be expected. The critical questions are not those of Maoist sincerity or altruism but of Maoist perceptions of self-interest and the chances these may present to build a democratic peace settlement.

Some in the political parties still maintain that the Maoists will not settle for anything less than a one-party communist dictatorship that seeks to re-educate class enemies. But Maoist strategy since the 2003 ceasefire and talks suggests a more complex picture. The way in which the Maoists have adapted to and exploited situations hints at a realisation that absolute victory is neither practical nor desirable. “Total seizure of power will unite all forces in Nepal against the Maoists, and the latter have been careful to prevent that eventuality through the course of the people’s war in spite of targeting all of them”, observes a political analyst.²⁸ “It is unlikely that the party will attempt complete seizure of power when they are aware they lack the capacity”.

The Maoists have benefited throughout their armed campaign from patience and long-term planning, qualities which their strategy of protracted people’s war – whatever its faults may be – has also imbued in their cadres. For them, the current situation is a logical continuation of political developments since the end of the 2003 ceasefire. Throughout the agitation against the palace in 2003 and 2004, the Maoists had called for a coordinated program with the parties, who ignored that call since there was still a possibility they would regain some governance role on their own. When Kathmandu students became the mainstay of the agitation and the parties remained passive, the slogan of republican democracy was raised.

The Maoists thus see one crucial advantage in the situation after February 2005: the possibility of the king offering the parties any significant role is minimal. The most he can do is offer posts to some individuals or a collection of small parties. This gives the Maoists the chance to break the stalemate.

²⁸ Crisis Group interview, New Delhi, October 2005.

B. IMPERATIVES

The biggest failure of the Maoist strategy is that the urban insurrection called for by their Prachandapath doctrine was never on the cards.²⁹ Their presence and activity in the capital and major towns are limited, and it is here that the RNA has had some intelligence successes and broken up networks. Although they wield extensive influence in the countryside, their military successes and the formation of parallel governments in the districts and regions will not in themselves overcome the political deadlock in Kathmandu. The situation is not yet a complete stalemate – small micro-level changes can take place, and there has been a shift in Nepal's overall political framework – but the broad structure of the Nepali polity and the distribution of power between town and country has not been transformed. Since the Maoists control large areas of territory without holding all of it militarily, they are not in a position to introduce comprehensive changes and durable institutions. They cannot build a rural state to match the power of the central government.

In the absence of urban insurrection, the Maoists need to move forward politically by making allies in Kathmandu. The significance of the capital, with its disproportionate concentration of financial and political resources, cannot be underestimated in analysing the limits of the “people’s war”. As long as the monarchy was constitutional and the parties were parliamentary, the Kathmandu consensus was anti-Maoist. Constitutional reform was not considered necessary. Prominent members of the Kathmandu intelligentsia regarded the Nepali constitution as the best in the world, and there was little debate on the issue. The conservative consensus regarded the constituent assembly as a demand that belonged to the underground and hence had no legitimacy.³⁰ It was in this atmosphere of hostility to the Maoists that the peace talks of 2003 commenced in Kathmandu. By the time they collapsed, the Kathmandu consensus against Maoist demands had weakened considerably.

The Maoists have won some arguments but not legitimacy. The longer the king kept the parties out of power, the more the Maoist agenda began to be discussed openly. By 2004 civil society seminars discussed ethnic and caste issues in relation to the limitations of the constitution and its institutions. Political leaders in their individual capacity conceded the need for a new constitution. There were discussions on the merits of proportional representation

and media commentaries on the failings of the system of governance after 1990. Not all these supported royal rule, and none advocated the Maoist cause. Yet, they were all discussing points of the Maoists’ agenda. These developments will not have been lost on the Maoists. The change of attitude in Kathmandu legitimised important Maoist demands but not their politics; nor did it give them a clear route to expanding their influence in the capital.

Until February 2005, the Maoists had not resolved this conundrum – that even as their agenda gained acceptability, they themselves were left in the wilderness. As one observer of Maoist politics points out, “both politically and militarily they had reached their limits. Their influence in Nepal was not about to wane, but their legitimacy in Kathmandu was not about to grow either”.³¹ It was partly for this reason that their repeated appeals to the parties for joint action met with a poor response, even after UML leader Madhav Nepal reportedly held talks with them in Lucknow, India, in the third week of November 2003.³² It is not certain what transpired at that meeting but a nine-point roadmap he proposed on 10 January 2004 did not take on board long-standing Maoist demands.³³

The Maoists cannot take Kathmandu militarily, strangle it into economic collapse or hold it with their current troop strength even if they were to achieve a surprise victory. The only way forward for them is to influence it politically, as they did in 2003, with the threat of continued military action across the country as leverage. For this the Maoists need the mainstream political parties. Within their theoretical framework, they have to pursue united front tactics, which logically means aiming to complete the bourgeois democratic revolution against the palace in alliance with the political parties.³⁴

The parties were not likely to be tempted into such a united front as long as they believed the monarchy understood it would ultimately need their support to govern the country. The king’s February coup and his subsequent dismissive behaviour toward them called that assumption into serious

²⁹ See Crisis Group Report, *Nepal's Maoists*, for an explanation of Prachandapath.

³⁰ On constitutional issues, including the rise in support for a constituent assembly, see Crisis Group Asia Report N°99, *Towards a Lasting Peace in Nepal: The Constitutional Issues*, 15 June 2005.

³¹ Crisis Group interview, October 2005.

³² Navin Singh Khadka, “Interpol goes after Nepal rebels”, BBC News, http://news.bbc.co.uk/1/hi/world/south_asia/3246066.stm.

³³ The roadmap only spoke of a government of all parliamentary parties, talks with the Maoists, an interim government, elections to parliament, and amendment or redrafting of the constitution by the new parliament by two-thirds majority. Amendment of the constitution through this procedure was clearly intended to reduce the role of the monarchy while thwarting any of the Maoists’ major reforms, which would be unlikely to gain a two-thirds majority, either directly or indirectly.

³⁴ Interview with Baburam Bhattarai, *Washington Times*, 30 July 2005.

question and gave the Maoists for the first time a realistic opportunity for an alliance with internationally acceptable political forces. However, the Maoists are aware that the parties mistrust them for past betrayals and that mainstream leaders will still attempt to wring concessions from the king. These compulsions account for their haste in opening talks with the parties. By May-June 2005, the Maoist leadership had already worked out its terms for joint action.

C. INTERNAL TENSIONS AND CONSTRAINTS

The political compulsion for talks and a united front approach were perhaps reinforced by internal factors. There had been serious top-level disputes following the Maoists' August 2004 plenum.³⁵ By January 2005, these differences had led to disciplinary action against senior leaders including Baburam Bhattarai that adversely affected the morale of party cadres; there were rumours that Bhattarai sympathisers among party workers were preparing to leave the country for India. The Maoists initially denied but later admitted that action had been taken against him.

Seven of the seventeen politburo members with voting rights disagreed with the decision to discipline Bhattarai,³⁶ and the differences between him and Prachanda could easily have crippled the party. It was obvious, however, that the Maoists could not afford internal power struggles at a time when the king had provided their first realistic opportunity for achieving a united front with the mainstream political parties. They had to resolve their leadership problem in order to gain the necessary confidence of those parties.

The talks about the possibility of forming a united front, therefore, may have provided both the motive and the means for resolving the internal differences. The issue between Prachanda and Bhattarai was apparently whether to do a deal with the palace or with the parties. The August 2004 plenum had concluded that "Indian expansionism", backed by "U.S. imperialism", was a major threat. Prachanda pointed to India's arrest of leading Maoists and the historical "expansionist doctrine of Nehru" to argue that India wished to subjugate Nepal.³⁷ Bhattarai countered that "the principle contradiction of the revolutionaries would be with the monarchy surviving on the strength of the royal army and the support of the imperialist and expansionist forces. This is a straightforward and crystal

clear question".³⁸ He harshly criticised those – implicitly including Prachanda – who were still "looking toward the monarchy with hopeful eyes".³⁹

Since influential political commentators opposed to the palace also criticised the action taken against Bhattarai, it is likely that the settling of leadership problems simultaneously involved agreement on basic strategic issues. Bhattarai was authorised to participate in talks in New Delhi from May 2005 – including the discussions with Koirala in June – although his reinstatement to positions of party authority was only officially confirmed in August. Both Maoist leaders had agreed that they would treat the monarchy as the primary target of their movement, and they would keep an open mind about India. When Prachanda accompanied Bhattarai to high-level meetings in May, it was clear that their differences would not preclude a working relationship.

Other constraints also pushed the Maoists towards talks. In the initial months after the royal coup, the king could have given in to international pressure and accommodated the parties. The Maoists may have been keen to push through a united front to pre-empt this possibility. The major constraint for the Maoists, however, is whether they can bring their cadres with them to accept a compromise. There have been persistent rumours, and some solid evidence, of command and control problems. Although the movement remains intact and fairly disciplined – the September ceasefire, for example, has not been perfectly observed but nor has it been grossly breached – more controversial party decisions may be harder to enforce. The November agreement with the parties requires party cadres to accept norms of behaviour imposed from above. As they now have to permit mainstream party workers to resume political activity in areas they dominate, their conduct will determine whether the leaders' deal actually works on the ground.

D. PREPARATION FOR TALKS

The Maoists are well-prepared for talks, organisationally, theoretically and programmatically. An October 2005 central committee plenary reportedly resolved all pending leadership differences.⁴⁰ The old central committee was dissolved, and in its place a provisional general convention organisation committee has been constituted.⁴¹ This

³⁵ See Crisis Group Report, *Nepal's Maoists*, op.cit.

³⁶ Sudheer Sharma, "Baburamko visthapan", *Nepal*, 27 March 2005.

³⁷ Prachanda, press statement, 31 August 2004.

³⁸ Baburam Bhattarai, thirteen-point note of dissent submitted to the CPN(M) central committee, 30 November 2004.

³⁹ Ibid.

⁴⁰ Crisis Group interviews, Kathmandu and New Delhi, October 2005.

⁴¹ "Maoists' central committee dissolved", *People's Review*, 31 October 2005.

convention is likely to be used to convey to the cadres the radical changes entailed by developments since February 2005. In order to sell party workers on the talks with the parties, the concessions already made and likely to be made in future and the changes in strategy, the Maoists have decided to redouble ideological and political training.

The restructuring is a major undertaking. The Maoists have decided to “demote” all party committees. The seven-member standing committee – formerly the highest decision-making body – has become the politburo; the seventeen former politburo members now make up the central committee, while the 100-odd central committee members have in turn been given responsibility for regional bureaus.⁴² The Maoists are also reshaping their military. They have formed four more army divisions, bringing the total to seven, and have appointed new commanders. Three senior divisional commanders – Pasang, Prabhakar and Ananta – have been reassigned to non-frontline tasks. They may be working to establish the “People's Military Academy”, which the plenum decided to set up to improve training.⁴³

The Maoist promise to cease “aggressive actions at the local level against people, friendly forces and political forces against regression” is a recognition that such attacks have not been productive. The dissolution of party committees and other command structures could be aimed at curbing the autonomy of lower-level leaders and improving the central leadership's control, thereby smoothing the path to a deal with the parties. However, it is too early to interpret the motives behind this restructuring with any certainty. Whether they are serious about these measures or not, the Maoists are clearly trying to convince the parties that they mean business. There is still plenty of room for scepticism but on paper they have made more concessions than the parties.

This seems to indicate that they are pinning hope on successful talks as a way of moving forward politically. However, their stand as talks progress beyond the minimal understanding reached in November 2005 will depend on the parties' response. In return for the mainstream parties accepting an alliance with the objective of forming an interim government and electing a constituent assembly, the Maoists say they are prepared to make further substantial concessions. But they will expect any compromises on fundamental issues to be compensated for by benefits in other areas.

1. Domestic political acceptability

The Maoists need to be accepted as a legitimate political force before they can consider laying down arms. Legitimacy is crucial from their point of view: it would help them consolidate politically before they disarm and demobilise. Their experience of “protracted people's war” has taught them that winning power in the countryside is not sufficient. They need an alliance with the political parties if they are to gain the necessary acceptance in Kathmandu. They improved their public profile during the 2003 talks, and they will expect to build on this in any future negotiations.

2. Allies

From within a broad alliance against the palace, they will hope to cultivate important and durable allies for at least three reasons:

- The king is unlikely to surrender power quickly. If he does agree to negotiate, he could appeal to the inherent conservatism of some forces in that alliance. For the Maoists to prevent excessive compromises, they need a coalition within the alliance that is aligned with their main agenda. They are not alone in believing that certain political party representatives conceded far too much to the palace in the 1990 constitution-making process. A reasonably drawn out campaign of agitation would help them cultivate the allies they need to guard against a repetition.
- The Maoists will need negotiating allies before they definitively give up their underground existence. The process is likely to be long and could well be interrupted one or more times. Above-ground allies who advocate their cause could help restart talks and smooth over obstacles. The Maoists know that the lack of influential above-ground allies puts insurgents at a disadvantage during negotiations, which is one reason why they have maintained more or less amicable relations with most above-ground forces.
- Allies will be required even if negotiations lead to their full return to the mainstream. If the demand for a constituent assembly is secured, there will be an immediate realignment of political forces against the Maoists to neutralise their radical agenda. Should they fare poorly in the elections to the assembly, their achievements would be squandered and their aims thwarted. They thus need to cultivate long-term allies inside the alliance.

⁴² “Maobadika pachhilla nirnay”, *Nepal*, 27 November 2005.

⁴³ Crisis Group interviews, Nepal, October-November 2005. The Maoists have not yet made any public statement about their central committee meeting and its decisions.

3. Pushing their agenda

If the Maoists are seen to be giving away too much of their socio-economic agenda, they will have difficulty bringing their cadres along. Presenting issues in stark black and white terms has not prepared their followers for the messy process of compromise. The leadership can justify concessions by theoretical formulations such as the need to complete the bourgeois democratic revolution but these have little resonance among their foot soldiers, who have been at the sharp end of the armed conflict. Managing the transition from the black and white world of the insurgency to the grey zone of compromise will be hard. Maoist leaders know it will be easier if they can claim to have achieved many of their original demands.

4. Building an urban base

The Maoists could use an alliance with mainstream parties to penetrate urban areas, particularly Kathmandu, and influence public opinion. With their radical agenda and romantic image, they should stand a good chance of winning support among poor city-dwellers. Their grand plans for urban insurrection have not been realised but urbanisation in Nepal has not broken the connections between town and country, so with some allied help Maoist gains in rural areas could yet be transmitted to city residents alienated by the parliamentary parties.

5. International image

As long as the Maoists remain an underground organisation, no outside powers can formally accept them as a political force. However, if they manage to surround themselves with more acceptable company, international resistance may soften. Any such benefit would initially be incidental and heavily conditional upon further progress towards disarmament and visible commitment to mainstream politics. Nevertheless, it would provide an important new opening.

IV. THE TALKS

The parties and the Maoists are not evenly matched in political resources, clarity of vision, coherence of agenda and the will to move forward. Their talks have been tentative and stuttering, making quick progress in May 2005, coming close to stalling in the late summer and then regaining some momentum in October. November saw the most dramatic progress, with a face-to-face meeting of senior Maoist and mainstream leaders in New Delhi and the formalising of a basic agreement. Nevertheless, this deal is fairly light on substance and debate on the most controversial issues has only been deferred. Whatever the symbolic value of this breakthrough, it does not in itself make agreement on thorny policy arguments any easier.

The Maoists renewed their overtures to the political parties immediately following the February coup but it was almost four months before the first significant, publicly acknowledged meeting. This delay cannot be attributed solely to the main party leaders' long detention and the Maoists' internal problems. The primary block was a difference in approach to talks. The Maoists had already worked out the basic terms for a possible alliance by the time they held preliminary discussions with the NC leadership in June 2005. Their proposals, however, had not been formally approved by their own decision-making structures, a fact which prompted the mainstream leaders to demand clarification. Meanwhile, the parties were not prepared and had not fixed their positions.

The contrasting Maoist and party perspectives on talks and joint action were clear in statements from Koirala and Maoist chairman Prachanda in April. On his release from detention on 1 April, the NC leader categorically ruled out talks with the Maoists.⁴⁴ Prachanda, on the other hand, reiterated his appeal to the parties to unite against the autocratic monarchy on a minimum program of a constituent assembly and democratic republic. At the same time, he did not rule out talks with the king if he withdrew his 1 February proclamation and was prepared to allow elections for a constituent assembly.

These statements cannot be taken simply at face value. Koirala was probably still hopeful the palace would accept his long-standing demand to restore the dissolved 1999 parliament. Prachanda was hinting at the possibility of giving up the republican agenda if the king met some important Maoist demands. It could be that Koirala was looking for the best bargain and was trying to keep all options open. Alternatively, his apparent refusal to deal

⁴⁴ "Koirala rules out working with Maoists", Kantipur Online, 2 April 2005.

with the Maoists may have been aimed at forcing them to offer better terms. Whatever the intention behind Prachanda's statement, by May the Maoists had apparently resolved their internal problems and chosen their delegates for informal talks with the parties. Despite their indecisiveness, the parties were also leaning towards talks and willing to consider alternative approaches.

A. FIRST MOVES

The first publicly acknowledged discussions took place between Koirala and the Maoists in the second week of June 2005 in New Delhi.⁴⁵ This high-level encounter had been preceded by complex talks about talks handled by other representatives and brokered by neutral intermediaries. The details have not been formally disclosed but the Maoists clearly made an offer worth considering. On 30 June the leaders of the seven-party alliance ruled out immediate talks with the king, with Koirala declaring they would negotiate instead with the Maoists to establish democracy and peace.⁴⁶ On 5 July he announced that the alliance had decided the conflict should be resolved through "political means" and revealed that he had put a proposal to the Maoists on behalf of the alliance and was hoping for a positive response.⁴⁷ However, contradictory signals came from individual party leaders.

Periodic public statements were coordinated to give an impression of forward movement. On 18 June, the parties asked the Maoists to shun violence and not to disrupt the pro-democracy movement; the following day Prachanda issued a statement that the Maoists would not carry out physical action against any unarmed person. On 11 July, the Maoists considered "very positively the public expression to have a dialogue" and invited the parties to build an "authentic team" for this with a view to finding a political solution.⁴⁸ A week later they emphasised that they would show maximum flexibility to attain total democracy.⁴⁹ On 22 July, Madhav Nepal said that the Maoists did not have to lay down arms before negotiating

with the seven-party alliance⁵⁰ but within two days the parties demanded that they clarify their stand on multiparty democracy, stop targeting educational institutions and refrain from extortion.⁵¹

On 27 July, Prachanda announced that the Maoists were "prepared to take any decision" to reinstate "the people's sovereign right and the development of a new political mainstream".⁵² He also declared that instructions had been issued that leaders and workers of the political parties should not be targeted.⁵³ On the same day – before the central leadership had even decided on taking the talks forward – local party units in Humla agreed with the Maoist unit in the district to form an alliance.⁵⁴ Apart from giving a sense of forward momentum, the talks demonstrated a professional approach to the mechanics of dialogue. Despite practical difficulties, the two sides managed not to push each other too far too fast and not to raise public expectations of an instant deal.

By August, the UML had moved closer to some of the Maoists' non-negotiable minimum issues – a republican agenda and an interim government. Its ninth central committee meeting (15-28 August) decided to work towards "absolute democracy", including a democratic republic through a constituent assembly.⁵⁵ The NC, while not adopting republicanism, dropped its commitment to constitutional monarchy.⁵⁶ Prachanda noted in an interview that "objectively our party has taken the NC's decision to remove constitutional monarchy from their party constitution and go ahead for constituent assembly and the UML's decision that they could go up to [a] democratic republic through [a] constituent assembly as positive".⁵⁷ The stage looked set for more progress.

B. STUMBLING BLOCKS

For the dialogue to go further, two important gaps had to be bridged. First, the parties were not going to align

⁴⁵ This was their first meeting after February 2005 but not the first ever: Koirala held face-to-face talks with Prachanda and Baburam Bhattarai in New Delhi in April 2002.

⁴⁶ "Parties rule out immediate talks with king", Kantipur Online, 30 June 2005. On 15 June, second rung leaders of the major political parties had already indicated that an agreement with the king was not possible. "Agreement with king impossible", *The Kathmandu Post*, 16 June 2005.

⁴⁷ "King reluctant to resolve Maoist problem: Koirala", Kantipur Online, 5 July 2005.

⁴⁸ "Rebels invite parties for talks", *The Kathmandu Post*, 12 July 2005.

⁴⁹ "Dr Bhattarai, others reinstated", *The Kathmandu Post*, 19 July 2005.

⁵⁰ "Maoists' arms no bar for talks: Nepal", *The Kathmandu Post*, 23 July 2005.

⁵¹ "Prachanda welcomes seven-party statement", Kantipur Online, 27 July 2005.

⁵² "Maoist appeal seven political parties for a courageous decision", KrishnaSen Online, July 27 2005.

⁵³ "Maoists try to assure political parties", *The Kathmandu Post*, 28 July 2005.

⁵⁴ "Parties, Maoists hold talks in Humla", Kantipur Online, 29 July 2005.

⁵⁵ "UML decides to go for 'democratic republicanism'", Nepalnews.com, 25 August 2005.

⁵⁶ On these developments, see Crisis Group Briefing, *Beyond Royal Rule*, op. cit.

⁵⁷ "Interview with Comrade Prachanda", *Janadesh*, 6 September 2005.

themselves en masse with the Maoist demand for a republic. The NC, UML and other members of the seven-party alliance were willing to sign up to a constituent assembly (though it was not their first preference) but not to commit themselves further. Secondly, they continued to call for restoration of the 1999 parliament as the first step both to potential reconciliation with the palace and to peace talks with the Maoists.⁵⁸

The Maoists were unwilling to compromise on either point.⁵⁹ By mid-August progress towards formal talks was stuttering. The seven-party alliance expressed unhappiness with the conduct of Maoist cadres and said it would seek civil society's help to assess the implementation of commitments.⁶⁰ Individual mainstream leaders also began to speak against talks. Shailaja Acharya argued that "the two types of polarisations – king's active monarchy and republicanism – [are] weakening the middle path of the Nepali Congress".⁶¹ Ram Sharan Mahat, a prominent NC leader and party spokesperson, also opposed talks with the Maoists until they disarmed.

Meetings between the Maoists and mid-level party representatives continued, primarily in New Delhi,⁶² as did telephone discussions.⁶³ But policy differences were not the only problem. From the earliest stages of talks about talks, the process itself had presented challenges. NC-Maoist dialogue provided the initial momentum, and some in the NC camp were ready to press ahead to a quick deal regardless of other parties' interests. While their high-level meetings proceeded, the UML was left out of the loop, despite the presence of at least one senior leader in New Delhi.⁶⁴

Informal facilitators were essential for enabling the first talks but their role also aroused suspicions, and some UML politicians were concerned that they were being sidelined.⁶⁵ The tensions hinted at further problems, and by October 2005 it was the NC that faced the prospect of being sidelined by a faster UML-Maoist track.

Meanwhile, the carefully separated lines of communication hinted at internal rivalries: NC central committee members Krishna Sitaula and Shekhar Koirala dealt with Maoist leaders Krishna Bahadur Mahara and Baburam Bhattarai respectively.⁶⁶ G.P. Koirala and Prachanda thereby ensured that they alone had access to all channels of information.

C. CEASEFIRE AND BEYOND

The Maoists' September ceasefire declaration was primarily a goodwill gesture designed to allay domestic and international apprehensions and build some trust with other forces. According to Prachanda, the ceasefire was intended to "encourage all forces within and outside Nepal who want peace through a forward moving political solution".⁶⁷ The declaration explicitly stated that the ceasefire had been announced with the "aim of doing away with doubts remaining in some circles" and creating a "positive environment...to solve the problem from the political forces inside the country to the UN".⁶⁸ It also hinted at the political problems outlined above when it stated that restoration of parliament would serve no purpose, and hence an interim government and constituent assembly were the only way to move forward politically.⁶⁹

The Maoist central committee also reportedly adopted a resolution which addresses three critical issues of import to the seven-party alliance: commitment to multiparty democracy; review of all cases of harassment and terrorising of political opponents and ordinary citizens and punishment of responsible cadres; and recognition that armed insurrection is unsustainable and an understanding with the political parties about a constituent assembly is needed.⁷⁰

The ceasefire and the central committee resolution have had some impact, and the talks may be regaining momentum. Senior UML leader Bamdev Gautam had successful discussions with the Maoists in Rolpa in October 2005.⁷¹ They reached an agreement on basic common goals, and the Maoists guaranteed the safety of

⁵⁸ The constitutional and political aspects of the demand for restoration of the 1999 House of Representatives are discussed in Crisis Group Report, *The Constitutional Issues*, op. cit.

⁵⁹ The divisions on republicanism and the restoration of parliament are discussed below.

⁶⁰ "Civil society mediation possible", *The Kathmandu Post*, 22 August 2005.

⁶¹ "Don't leave middle path: Shailaja", *The Kathmandu Post*, 27 August 2005.

⁶² Crisis Group interviews, New Delhi, August 2005.

⁶³ Crisis Group interviews, Kathmandu, September 2005.

⁶⁴ Crisis Group interviews with talks facilitators and observers, New Delhi, May and June 2005.

⁶⁵ Crisis Group interviews with UML central committee members, Kathmandu, June 2005.

⁶⁶ Crisis Group interviews, August-November 2005.

⁶⁷ Marty Logan, "Ceasefire brings hope of end to violence", Inter Press Service, 4 September 2005.

⁶⁸ CPN(M) central committee press statement, 3 September 2005.

⁶⁹ Ibid.

⁷⁰ Bharat Bhushan, "China offer stumps Nepal Marxist", *The Telegraph*, 29 October 2005.

⁷¹ "Natra hami siddhinchhaun: Bamdev Gautam", *Nepal*, 13 November 2005.

the UML's political workers.⁷² Madhav Nepal emphasised that political parties "have taken the initiative for a dialogue with the Maoists so that they can adopt a peaceful political path".⁷³ He also clarified that his party did not expect the Maoists to disarm immediately but a "political process...would lead to the disarming and decommissioning of arms".⁷⁴ Nevertheless, he later asserted that the Maoists were willing to disarm under UN auspices.⁷⁵

D. INDIA'S ROLE

Since February 2005 India has been more openly sympathetic to the political parties than some other external powers. Its longstanding public commitment has been to multiparty democracy, constitutional monarchy – and strong counter-insurgency measures. However, it lacks faith in the RNA's capacity to contain the Maoists and has become increasingly frustrated with Gyanendra. India has always maintained multiple channels of communication, and these may have been used to smooth the initial party-Maoist talks of May-June 2005. Indeed, one newspaper report claimed the entire process was managed by Indian intelligence agencies.⁷⁶ This is probably an exaggeration but senior Maoist leaders did stay in New Delhi for some time and met Indian political leaders.⁷⁷

The presence of many Nepali politicians in the Indian capital during Girija Koirala's visit in early June – and his admission that he had talked with the Maoists – hint at India's approval of the dialogue. A prominent New Delhi analyst observed that "there is a suspicion here that perhaps G.P. Koirala's overtures towards the Maoists have India's acquiescence if not blessings".⁷⁸ The repeated visits of Prachanda, who is highly security conscious and rarely moves outside the Maoist heartland areas of mid-western Nepal, suggest the Maoist leadership has good reason not to feel at risk of arrest. India's first public response to the November agreement coyly noted that "we have seen newspaper reports about an

understanding between the Maoists and the political parties in Nepal" but it is unlikely senior officials and politicians were surprised.⁷⁹

The Indian government has remained tight-lipped but the meetings are unlikely to have taken place without official knowledge. New Delhi was also the location for the first acknowledged talks and the most recent round involving the Maoists, NC, UML and Janamorchha. Some Kathmandu-based leaders believe the talks were delayed because India had advised the NC to prepare a roadmap.⁸⁰ Madhav Nepal spent three weeks in India (23 October-12 November 2005), including a visit to Andhra Pradesh where he discussed the local Maoist situation with the state's home minister.⁸¹ While in New Delhi he announced a roadmap to cover the basic aspects of the transition to a new system in Nepal.

While India has allowed certain forms of Nepali political activity on its soil, it lacks a policy consensus. The differing interests and attitudes of the home, defence and external affairs ministries have sometimes been all too publicly visible. In general, the home ministry and security officials have been more hawkish, while the external affairs ministry has taken a broader view of the conflict's political context. The roles of other agencies, including the internal and external intelligence services, have been the subject of much more speculation but there are no indications of either a grand conspiracy or a comprehensive long-term strategy.⁸² For the time being, however, India's apparent willingness to play the role of guarantor has boosted the parties' confidence in a dialogue which they had previously considered too risky.

Indian involvement – as long as it remains tactful and not overly self-interested – increases the possibility of an acceptable compromise. The political parties have always cultivated Indian goodwill when in government and on occasion have sought its assistance to gain power. The Maoists have criticised such behaviour and railed against Indian expansionism but recognise the need to win New Delhi over. India's opposition prevents them from seizing power, and its refusal to grant them legitimacy stymies their hopes for political progress. While this has heightened their anti-Indian rhetoric, it has also prompted a more

⁷² Sudheer Sharma, "Rolpachhi dillima jamghat", *Nepal*, 13 November 2005.

⁷³ Quoted in Bharat Bhushan, op. cit.

⁷⁴ Ibid.

⁷⁵ "Maoists ready to disarm under UN supervision: Nepal", Kantipur Online, 14 November 2005.

⁷⁶ "Indian spooks host Nepal rebel", *The Times of India*, 25 May 2005.

⁷⁷ Crisis Group interviews, Kathmandu and New Delhi, May-June 2005.

⁷⁸ Dr. S. Chandrasekharan, "Nepal: Maoists getting ready for dialogue with political parties: Update 71", South Asia Analysis Group, Note no. 269, 20 July 2005, at <http://www.saag.org/notes3/note269.html>.

⁷⁹ "In response to a question on the 12-point understanding between political parties and Maoists in Nepal", Indian Ministry of External Affairs statement, New Delhi, 23 November 2005.

⁸⁰ Crisis Group interview, Kathmandu, October 2005.

⁸¹ "Nepal meets Andhra Pradesh home minister", NewsLine Nepal, 3 November 2005, at www.newslinenepal.com/index2.php?option=news&details&sno=458.

⁸² Crisis Group interviews, Kathmandu and New Delhi, April-November 2005.

pragmatic reassessment of the need to engage with New Delhi.

Maoist statements of 2004 and 2005 have consistently stressed the desire to move forward politically. Since Indian support for a hard-line military approach had thwarted their political progress, they will welcome any change in New Delhi's thinking. As the present dialogue is the best political entry vehicle they are likely to get, they have good reason to agree and adhere to a reasonable agenda. Likewise, the present situation probably offers India its best opportunity to broker a political solution.

V. THE AGREEMENT

A. THE DELHI MEETING

The UML's October initiatives presaged the most significant moves since the dialogue began. At the start of November a flurry of meetings and contacts between the Maoists and party representatives indicated preparations for face-to-face discussions. On 16 November Madhav Nepal, who had only returned to Kathmandu four days earlier, abruptly set off for India once again. Rumours were fuelled by the simultaneous New Delhi visits of Indian ambassador Shiv Mukherjee and U.S. ambassador James Moriarty. United Nations Department of Political Affairs envoy Tamrat Samuel and UN High Commissioner for Human Rights' Nepal office head Ian Martin also arrived in Delhi on 18 November. However, suspicions that these outside players were set to join the Maoists and parties in their face-to-face discussions were unfounded.⁸³

The crucial meeting was held in Delhi on 17 November. The party participants were Girija Prasad Koirala and Krishna Sitaula of the NC, the UML's Madhav Nepal and K.P. Oli, Amik Sherchan of Janamorcha and Narayan Kaji Shrestha (Comrade Prakash) of its underground wing, Unity Centre-Masal. The Maoists were represented by their three most powerful leaders – Prachanda, Baburam Bhattarai and Krishna Bahadur Mahara. The topics discussed were referred back to the other members of the seven-party alliance for their consideration.⁸⁴ Apparently the basic terms agreed in New Delhi were acceptable to all.

At the table, the Maoists agreed in principle to multiparty democracy, respect for human rights (including political freedoms) and eventual disarmament while all parties agreed to work towards a constituent assembly.⁸⁵ The question of restoration of parliament was more problematic and the difficulty of finding common ground led to it being deferred. Beyond the items included in the published agreement, more detailed discussions did take place on (a) what the program of joint action against "autocratic monarchy" would entail and (b) the constitution and mandate of a joint monitoring committee, consisting of lower-level party and Maoist officials, to meet on a more regular basis to coordinate action and deal with any tensions. However, these issues were too complex for immediate consensus.

⁸³ Crisis Group interviews, Kathmandu and New Delhi, November 16-19 2005.

⁸⁴ Crisis Group interviews, Kathmandu and New Delhi, November 2005.

⁸⁵ Crisis Group interviews, New Delhi, November 18-19 2005.

B. ACHIEVEMENTS

Participants denied that the Delhi meeting took place, and for five days they did not comment publicly on the shape of a possible agreement. When the mainstream parties and Prachanda issued parallel press statements on 22 November announcing their twelve-point agreement it was hailed in some quarters as a major breakthrough. The deal includes some concrete points of consensus which provide the basis for the peace process:⁸⁶

- ❑ **The monarchy.** The parties and Maoists have reached a firm common view: “We completely agree that autocratic monarchy is the main hurdle in (realising) this. It is our clear view that without establishing absolute democracy by ending autocratic monarchy, there is no possibility of peace, progress and prosperity in the country”;
- ❑ **Ending the conflict.** The agreement recognises that “the country has demanded the establishment of permanent peace along with a positive solution to the armed conflict” and both sides commit themselves to “ending autocratic monarchy and the existing armed conflict, and establishing permanent peace in the country”. The Maoists make an explicit commitment “to move along the new peaceful political stream through this process”;
- ❑ **Political pluralism.** The agreement formalises the Maoist offer to enter a multiparty political system. They offer a “public institutional commitment” to “democratic norms and values like the competitive multiparty system of governance, civil liberties, human rights, the concept of the rule of law, fundamental rights, etc.”;
- ❑ **Constituent assembly.** The agreement specifies an elected assembly as the accepted forum for all sides to debate the constitutional revisions that will shape the new set-up;
- ❑ **Accepting past mistakes.** The parties and Maoists both admit to past shortcomings and promise to improve their behaviour, while reaffirming their commitment “to fully respect the norms and values of human rights and press freedom and move ahead accordingly”; and
- ❑ **External help.** Both sides call for impartial outside assistance, led by the United Nations “or any other reliable international supervision”, in supervising elections and overseeing the cantonment of state and Maoist forces.

C. SHORTCOMINGS

While the agreement is certainly a significant development the document is as notable for what it does not say as for what it does. Its studiously ambivalent stance on some key issues, and silence on others, indicates the challenges that still remain in forging a wider common platform:

- ❑ The preamble mentions “problems related to class, caste, gender, region, etc. of all sectors including political, economic, social and cultural” but there is no indication that any policies to deal with these problems have been discussed, let alone agreed;
- ❑ The much heralded Maoist offer to “disarm” is not there in print. The most the Maoists have so far committed themselves to is the cantonment of their arms, along with those of the RNA, during elections to a constituent assembly and there is no timetable for permanent decommissioning of weapons. Nevertheless, Madhav Nepal has insisted that no joint action with the Maoists will be undertaken until they have disarmed, a position that seems to contradict the spirit of the agreement;⁸⁷
- ❑ On the key questions of republicanism, the shape of future democratic institutions and the means of getting there – whether via restoration of parliament or moving straight to an interim government – the parties and Maoists have only got as far as agreeing to disagree. The “agreement” reiterates both sides’ mutually incompatible proposals and promises “continue[d] dialogue...to find a common understanding”.⁸⁸ However, the commitment of “ending autocratic monarchy” holds out the prospect of a Maoist concession on accepting a limited monarchy;
- ❑ Commitments to human rights and political pluralism are expressed repeatedly (points 4, 5 and 8 are largely overlapping) but such statements are nothing new, and there are few extra details on how they will be put into practice, although the Maoist offer to return “home, land and property [of other party activists] seized in an unjust manner” seems to be a concrete gesture;

⁸⁶ The Maoist-party agreement is reproduced in full in Appendix B.

⁸⁷ “Quit arms for collaboration: Nepal to Maoists”, Kantipur Online, 20 November 2005.

⁸⁸ The agreement notes the seven parties’ insistence that “only by establishing absolute democracy through the restoration of the Parliament with the force of agitation” can a peace process be started while also noting that “[i]t is the view and commitment of the CPN (Maoist) that the above mentioned goal can be achieved by holding a national political conference of the agitating democratic forces, and through its decision, forming an interim government to hold constituent assembly elections”.

- Both the parties and the Maoists admit to past mistakes and commit themselves not to repeat such mistakes again. This admission is important but the “mistakes” are not specified, and no concrete steps towards improved behaviour are outlined.

The follow-up actions of both sides may yet address these gaps and challenges. With their unilateral ceasefire due to expire on 3 December 2005, the Maoists have a chance to demonstrate goodwill with an extension, this time possibly without a time limit. Other substantive issues, however, can only be dealt with by continued negotiations and hard bargaining.

D. THE AGENDA TO COME

The November 2005 agreement thus still leaves many issues to be discussed and does not do much to clarify questions of process. The task of formulating an agenda for further talks would be simpler if the mainstream parties themselves were clearer about where they stand. This requires negotiations among themselves as well as with the Maoists. Reaching a compromise means finding middle ground that is broad enough to include everyone's minimum positions on fundamental issues as well as the right terminology to describe it. For the seven-party alliance to work this out on its own and then search for common ground with the Maoists would be simpler than trying to find everyone's middle ground simultaneously.

The major immediate challenge for the parties is to work out, at a minimum, a two-phase agenda – the first to deal with the period up to the achievement of the agreed minimum objectives, the second to deal with the basic protocols and modalities for initiating the interim government. The agenda for the first phase is likely to be easier to formulate since the second phase involves tricky issues of administration during the difficult period of demobilising the Maoist troops and dismantling Maoist parallel governments.⁸⁹ In both phases, fundamental differences of position, outlined below, will need to be addressed.

Progress in the negotiations, of course, will depend not only on each side's objectives but also on how each wants to move forward. The talks so far – and the public statements that have emerged from them – have gone some way towards clarifying the shared goals around which an agreement could coalesce. Less attention has been paid to process. The Maoists have been more consistent in their stated demands and goals but they have

not indicated how they envisage achieving them and how the process of engagement with the parties can minimise the risks of renewed conflict.

1. Republic or “full democracy”?

The UML has moved to support republican democracy but has also left room for those unwilling to join an openly republican platform. According to Madhav Nepal, “the only choice before the people is ceremonial monarchy with the army under the executive and parliament being supreme, or a republic. Our party has decided that we are for a democratic republic”.⁹⁰ This to some extent addresses the problem faced by the NC. Girija Prasad Koirala has expressed contradictory opinions, hoping perhaps to be all things to all wings of his party. Nevertheless, his loose formulation of “full democracy” is a potential compromise. Prachanda responded by welcoming the mainstream parties shift in stance – noting in particular that the UML's revised democratic republican policy offered an “even stronger political basis for cooperation”⁹¹ – but still calling for a positive commitment to a constituent assembly.

“Full democracy” may be a flexible enough term to gain broad acceptance and it is this formulation that is used to describe the seven-party position in the November agreement with the Maoists. For Koirala, it appears to mean less than republicanism; for others it includes republicanism. Since all participants in the talks have agreed to a constituent assembly, the democratic method of settling the question would be to debate and vote on it in that forum. If the anti-monarchists feel reasonably confident of victory, they could find a way of ensuring that pro-monarchy democrats in the NC do not rebel against Koirala if he has to join the republicans. “Full democracy” would likely encompass a range of meanings – not more than a multiparty republic and not less than a constituent assembly. If this can be managed, the talks can move to other issues.

2. Restoration of parliament

Another persistent problem is the demand for the restoration of parliament, to which the Maoists are vehemently opposed. If the sole aim of the restoration is to help in the formation of an interim government, there is good reason for the Maoists' opposition, since they would have no representation in the restored house. In

⁸⁹ The second phase will be particularly difficult because the state's structures have been greatly weakened in the Maoists' rural strongholds.

⁹⁰ Quoted in Bharat Bhushan, op. cit. The UML faces a further internal debate over whether its concept of multiparty people's democracy (*bahudaliya janvad*) can be reconciled with the aim of a democratic republic (*loktantrik ganatantra*) that has gained currency among activists across the democratic mainstream.

⁹¹ Press statement, 3 September 2005.

Madhav Nepal's view, "either the platform of a restored parliament or an all-party conference could be used to form an interim government that would have full executive and legislative powers. The 1990 constitution could be adopted with some modifications as an interim option until a new statute was framed".⁹²

The UML's suggestion of an all-party conference could be a way out, especially as not all seven parties are strongly committed to the restoration demand. Another option would be to revive the house for a limited period for the specific purpose of amending the provisions that by mutual consent are the most undesirable. Once this was done, the house could dissolve itself and the interim government could proceed with the second phase of transition to a new arrangement under the amended constitution. Political acceptability and practical feasibility would make a strong case to overcome narrow legal objections.⁹³ There is no reason to hold up an agreement on the largely procedural issue of parliament restoration other than to buy time.

Here again, the wording of the agreement skirts the issue: the parties' continued call for parliamentary restoration is acknowledged but Maoist opposition – and preference to move directly to an interim government – is also stated.

3. Other sticking points

If talks proceed beyond these two threshold issues, the negotiation of other parts of the Maoist agenda will throw up fresh challenges. Some of the more significant include:

- ❑ **Land reform.** Maoist plans for significant land reform have widespread support, including from mainstream politicians. But radical redistribution would probably upset key party activists: many of the major parties' local and district leaders are from relatively prosperous small to medium landholding backgrounds and might find their interests threatened.
- ❑ **Ethnic, caste and gender issues.** Here, too, the Maoist agenda has forced broader recognition of systemic social and economic inequality and mainstream commitments in principle to act. But the parties always avoided these issues when in office, and their relatively conservative leaderships will find it hard to reach a consensus.
- ❑ **Institutions and elections.** The Maoists envisage a thorough restructuring of the state from its central

organs to the local level. Mainstream parties have recognised the need for some changes but will hesitate to endorse dramatic reconfiguration. The Maoist push for regional autonomy will, therefore, present a thorny issue. So too will the question of electoral systems, with some parties preferring to retain first-past-the-post and others pushing for proportional representation or other methods.

- ❑ **Economic policy.** The Maoists appear to prefer a mixed economy rather than a pure Stalinist-style command version.⁹⁴ Such models were tried in various non-communist, decolonised countries after 1945 but the major mainstream parties, whatever their ideological background, have largely endorsed more liberal policies. They would find it difficult to accept Maoist programs such as nationalisation, especially in the face of likely international disapproval.

Certain issues can be reserved for discussion at a later stage. If there is agreement on a constituent assembly, it would become the logical forum for elected representatives to debate the shape of state institutions, affirmative action on inequality and similar topics. But the process of election to such an assembly would be hotly debated in its own right and could not be deferred. On other parts of their agenda, the Maoists may feel the need to assure their cadres that action will be taken but the parties may find it impossible to agree to specific policies. Deciding which issues the two sides can agree to disagree on will not be easy.

4. Monitoring methods

Any agreement will have to be monitored under a mutually acceptable but effective mechanism. The parties and Maoists may be able to develop a code of conduct but monitoring would require third party involvement. As the party-Maoist dialogue is effectively an act of opposition to the royal government, monitoring an agreement would be politically sensitive. Beyond the silent and relatively passive role that India is playing – and which no other state is in a position to play – international assistance is hard to envisage. Without palace buy-in to a broader peace process, there will no doubt be attempts to undermine prospects of a bilateral deal. The November agreement states that "[a]n understanding has been reached to settle any problem emerging between the parties through peaceful dialogue at the concerned level or at the leadership level". However, such a mechanism – even if it has been thought out more thoroughly than its brief public mention implies – is unlikely to be sufficient in itself.

⁹² Quoted in Bharat Bhushan, op. cit.

⁹³ The political and legal ramifications of such a scenario are discussed in Crisis Group Report, *The Constitutional Issues*, op. cit.

⁹⁴ See Crisis Group Report, *Nepal's Maoists*, op. cit.

The seven-party alliance has already suggested forming a team of eminent persons to verify Maoist adherence to the preconditions for talks.⁹⁵ An expanded non-partisan team appointed by consensus could assume a broader role but serious difficulties loom. The composition, logistics and authority of such a team are all potentially controversial. Civil society figures agreeing to participate would take personal and political risks. Nevertheless, despite being one of the most sensitive and complex topics for negotiation, a monitoring mechanism is one of the most pressing. If it is not agreed at an early stage, the two sides could easily fall out in the course of any joint activities. The strength, creativity and determination of Nepal's civil society may be put to the test. The question of external mediation or facilitation – viewed by many diplomats as a prerequisite if talks are not to founder as before – has been left open.

5. Can they compromise?

The mainstream parties and the Maoists are struggling, in effect, to build an alliance that spans almost the entire ideological spectrum. Such an effort is bound to run into difficulties. The vision and democratic commitment of both sides will be severely tested. An agreement offers the scope for ending the ten year old conflict but the price of compromise could be high for both sides.

Within the parties there is already some potential for bridging divides. The UML and the Janamorchha occupy the middle ground, with the former having interests closer to those of the NC and the latter leaning more towards the Maoists. These two could play a mediating role in persuading the NC to make concessions. At the same time, they have most to fear in electoral terms if the Maoists join the mainstream so will be careful about giving away too much. Unfortunately for the mainstream parties, the search for compromises is likely to expose their own mutual distrust. Managing this will be crucial, especially if the Maoists maintain their own unity.

6. Where next?

Even if the Maoists and the parties overcome their differences and form a loose alliance, what will they then do and where will it lead? They may agree to a constituent assembly as a route to peace but the king and army are unlikely to come on board. A united party-Maoist combination would still face the challenge of pressuring the palace into a reasonable compromise or pushing all out for an end to the monarchy. In either case it is hard to envisage the RNA remaining a silent spectator.

Assuming the king is not forced into immediate acquiescence, the parties and Maoists will likely engage in a program of joint action. The form this would take is not clear. The thrust of such action would be political but it would be reasonable to infer that the Maoists would back the campaign with military force. This might be limited to offering a protective shield to agitation in the districts or could be extended to complementary offensive action. In either case, the risk of resumed, even intensified conflict is real, as is the possibility that non-violent party political workers may choose not to participate in a movement with an implicit armed wing.

⁹⁵ "Civil society mediation possible", *The Kathmandu Post*, 22 August 2005.

VI. REACTIONS

A. PLAYERS NOT AT THE TABLE

Other forces, within Nepal and beyond, will have an important part in shaping the future of party-Maoist dialogue. Talks could not have proceeded this far without India's tacit approval. However, the U.S. has repeatedly and forcefully expressed its opposition. The parties face a difficult choice: they cannot satisfy both India's unstated preference and the U.S.'s stated preference, nor can they easily compromise between them. Since New Delhi's influence in Nepal far exceeds that of Washington, the talks may proceed further. But compared to India's opaque approach, American diplomats have made a clear and consistent case. Other international forces – assuming China's stated interest in assisting both India and Nepal to eradicate Maoism is not translated into much more concrete action⁹⁶ – have less influence and also less strategic interest in the country.

Within Nepal, pro-palace politicians and commentators have led criticism of the dialogue, although the major royalist parties have been circumspect in their public comments, clearly not wishing to distance themselves too far from the potential new party-Maoist alliance. Others who are excluded from the talks process – civil society, journalists and lawyers and the like – have been more vocally, though far from unanimously, supportive of the effort to find some common ground. Initial reactions to the November agreement have been divided along similar lines.

The first official statement came from the information minister, Tanka Dhakal, who promised that the government would take time to study the agreement but also warned that it was the product of foreign intervention.⁹⁷ He further cautioned that any understanding would have to be “in favour of the king's 1 February move”.⁹⁸ His complaint about external interference was echoed by Foreign Minister Ramesh Nath Pandey, who said that steps towards peace were welcome but that if they came at the urging of

outsiders it could not be in Nepal's best interests.⁹⁹ Another minister dismissed the agreement as “like an ant biting an elephant”.¹⁰⁰ Once the government had considered what line to take, Tanka Dhakal firmly rejected the option of a constituent assembly and insisted that municipal and general elections would be held in line with the king's directives. He also hinted at the government's uncompromising mood by referring to the Maoists as terrorists.¹⁰¹

B. THE CASE AGAINST DIALOGUE

Various domestic forces, with different motivations, were opposed to the party-Maoist dialogue from the outset and have reacted negatively to the November agreement. These include pro-palace groups such as the RPP, the Rashtriya Janashakti Party and the NSP and also individuals within the Nepali Congress, UML and NC (D). They tried to influence public opinion against talks but there was little they could do directly to stymie progress in the absence of a more concerted palace scheme. International players, in particular the U.S., perhaps have had more influence.¹⁰² But those who argued against talks are now rethinking their options in the light of more rapid progress than they had expected.

Sections of the Kathmandu elite are concerned that the parties may grant the Maoists too many concessions on fundamental issues of state and economic restructuring. Others may not object to reform per se but remain suspicious of Maoist intentions and unconvinced that they will give up the goal of a one-party dictatorship. Those among the intelligentsia who oppose a politically active monarchy but fear the Maoists – a sizeable constituency – face a dilemma, since they are aware that the parties on their own cannot force the palace to back down. They have not been able to propose a serious alternative to dealing with the Maoists, particularly since diplomatic and economic pressures have yet to move the king.

The proposal for a ceremonial monarchy was an attempt to find a middle way between a monarchical system and a republic that could unite parties and palace against the Maoists. But this has been blocked by the palace's refusal to contemplate a ceremonial role, or indeed any reduction of influence. Some respected analysts have argued that a

⁹⁶ The Chinese ambassador raised hackles in New Delhi when he stated: “If there is any help [you expect] from us to India to get rid of [your own Maoists], we will try to do our best”. *The Times of India*, 26 October 2005. Chinese military aid to Nepal – though relatively small at around \$1 million – has discomfited some U.S. and Indian officials and independent analysts.

⁹⁷ “‘Foreigners’ behind the party-Maoist understanding: Dhakal”, nepalnews.com, 23 November 2005.

⁹⁸ “Parties-Maoist pact unnatural, at behest of foreigners: Ministers”, *The Kathmandu Post*, 24 November 2005.

⁹⁹ “Dal-maobadi samjhautaprati sarkar gambhir”, *Kantipur*, 24 November 2005.

¹⁰⁰ “Only an ant bite: Minister”, *People's News*, 22 November 2005.

¹⁰¹ “Govt rejects constituent assembly; insists on holding election”, nepalnews.com, 25 November 2005.

¹⁰² For international players and interests, see Crisis Group Briefing, *Beyond Royal Rule*, op. cit.

ceremonial monarchy is in any case impossible. "The Hindu king in Nepal either will stay absolute or there will be a republic", says U.S.-based commentator Chitra Tiwari. "There is no middle way".¹⁰³ Nevertheless, the concept of ceremonial monarchy – however impractical – will tempt the parties not to align with the Maoist demand for a republic.

The palace and the RNA are hostile to talks that could herald a polarisation that would jeopardise their power. Though the palace has not offered the parties anything concrete, the king and some ministers have invited them for conversation.¹⁰⁴ The royalist political parties remain loyal to the monarchy at heart, even if their leaders are sincerely worried that the king's actions have put the institution at risk. The interests they represent have lost the hold on political institutions they had under the monarchical Panchayat system of 1962–1990. Their criticism of the February coup has been measured and is at least partially attributable to the fact that the new government has not accommodated them. They are aware that the party-Maoist convergence may isolate them even as the king withholds favours. Since they are structurally unable to embrace radical reforms, and it is unlikely the Maoists would accept them, their dismay at the talks and the November deal is logical.

The most significant and consistent opposition has come from Washington. While critical of the palace, it has repeatedly urged the political parties to cooperate with the king. The parliamentary parties are well aware of the risks of dealing with the Maoists but they are no longer so ready to play a subordinate role of facilitating a palace-led military campaign. As the party-Maoist dialogue gathered pace, the U.S. embassy stated that it "notes with alarm recent reports [in] Nepal media on the emerging potential for an 'alliance' between one or more of the major political parties and the Maoist rebels".¹⁰⁵ This was forcefully reiterated by the U.S. ambassador in interviews as he visited eastern and western districts of Nepal,¹⁰⁶ although American reaction to the November agreement – discussed below – has been more measured.

C. SUPPORT FROM THE SIDELINES

Support for the agreement has come from various quarters, most notably peace activists, professionals such as lawyers and journalists, and various civil society groups. Nepal's largest selling English daily newspaper hailed the "groundbreaking agreement" as "an unprecedented and remarkable effort to establish a lasting peace" and praised the parties' and Maoists' "political acumen".¹⁰⁷ Organisations such as the Professional Alliance for Peace and Democracy (PAPAD), Federation of Nepalese Journalists (FNJ), Tribhuvan University Teachers' Association, Citizen's Solidarity for Peace, Nepal Press Union, Human Rights and Peace Society and Nepal Student Forum were quick to welcome the accord.¹⁰⁸ U.S.-based Nepali organisations gave a similar response.¹⁰⁹

Civil society does not have much direct power but even the Maoists have acknowledged the role played by influential individuals like Devendra Raj Pandey.¹¹⁰ In August the seven-party alliance declared that it would seek the support of civil society for the talks, and the November agreement calls on "civil society, professional organizations, various wings of parties, people of all communities and regions, press and intellectuals" to support a joint movement.

Now that the talks have made progress, calculations will change. Even the royalist parties could adjust their carefully modulated criticism of the palace so as not to alienate a potentially powerful new alliance. Hints of acceptance had already come from surprising quarters, perhaps in anticipation of a deal. Retired Chief of Army Staff General Sachchit Shamsher Rana, a staunch supporter of the king's February move who had warned that talking to the Maoists was "anti-national" and could lead to the parties being banned,¹¹¹ said in late October 2005 that the dialogue was not only acceptable but could even be helpful.¹¹² Nevertheless, when the November agreement was announced, he reverted to his former position, warning that if the parties collaborate with 'terrorists', the state could take legal action against them. He termed the alliance

¹⁰³ Chitra Tiwari, "Red star over the Himalayas", *Current History*, September 2005, p. 296.

¹⁰⁴ "Government ready for talks with parties: Dr Giri", nepalnews.com, 3 October 2005.

¹⁰⁵ "Embassy warns against Maoists-parties 'alliance'", U.S. embassy press release, 4 November 2005, available at http://nepal.usembassy.gov/pr_11-04-2005.html.

¹⁰⁶ For example, a report from Dhankuta noted that "[t]he U.S. Ambassador also wanted to know about any collaboration between the district-level Maoists and the political parties" and reiterated that the palace and parties should unite. "U.S. envoy at Dhankuta Appellate Court", Kantipur Online, 10 November 2005.

¹⁰⁷ "Unprecedented", *The Kathmandu Post* editorial, 24 November 2005.

¹⁰⁸ "Parties-Maoist pact unnatural, at behest of foreigners: Ministers", *The Kathmandu Post*, 24 November 2005.

¹⁰⁹ "Nepalis in the US welcome Parties-Maoist agreement", nepalnews.com, 25 November 2005.

¹¹⁰ "Interview with Comrade Prachanda", op. cit.

¹¹¹ "Seven parties should be labelled anti-national: Rana", Kantipur Online, 3 July 2005.

¹¹² "'Dialogue initiative with Maoists legitimate'", *The Kathmandu Post*, 26 October 2005.

“unnatural” and declared it was a plot by “foreign self-interest” to “bring Nepal to its knees”.¹¹³

The U.S. has also moderated its language and offered a more nuanced view on the talks and agreement than earlier statements had implied. Ambassador Moriarty clarified that Washington was not opposed to talks but an alliance would be irresponsible.¹¹⁴ On a two-day visit to New Delhi that coincided with the party-Maoist talks that led to the agreement he explained to Indian foreign secretary Shyam Saran that “the United States welcomes attempts by Nepal’s political parties to convince the insurgents to rejoin the political mainstream”.¹¹⁵ However, he pointed out that “the political parties have publicly ruled out any formal relationship with the insurgents, unless and until the Maoists firmly renounce violence, put down their weapons, and commit to supporting the democratic process”.¹¹⁶ Once the agreement was announced, an American spokesman “cautiously welcomed the new political understanding reached between mainstream parties and Maoists”.¹¹⁷

India’s reaction was also understandably guarded. A foreign ministry statement noted that “as Nepal’s close and friendly neighbour, [India] hopes that conditions of peace and stability and economic development will soon be restored in the country with the sincere efforts and contributions of all concerned”.¹¹⁸ It also implicitly reiterated its opposition to an external role in any future facilitation or mediation, stating that “all outstanding issues ought to be resolved through the efforts of the people of Nepal themselves and that the role of international community should be limited to support these efforts”.¹¹⁹

Others have been studiously non-committal, careful not to burn bridges. Following India’s dropping of its endorsement of the “twin pillars” of multiparty democracy and constitutional monarchy in its public statements,¹²⁰ the

European Union troika that visited in early October was similarly silent about the monarchy while implying that the king’s municipal elections were unwise.¹²¹ Some European diplomats privately view the Maoist-party dialogue as potentially positive but are happy that only India has to get its hands dirty assisting it.¹²²

The European Union and other donors – probably with the exception of China and Japan, whose policy of “non-intervention” is based on longstanding sympathy for the palace – are likely to offer cautious endorsement in terms similar to those of India and the U.S. A meeting of major donors that took place in London on 18 November noted that “peace is a prerequisite for progress towards development” and called for “all actors to commit to a durable ceasefire as a first step to a wider peace process”.¹²³ The meeting also reaffirmed “the willingness of donors to provide support to a democratic and inclusive peace process”. United Nations Secretary-General Kofi Annan has recognised the progress made in the November agreement but has called for an extended ceasefire, while reaffirming his willingness to use his good offices to assist any peace process.¹²⁴

Of the mood among Nepal’s citizens – so often ignored by all political players – nothing can be said with certainty. Reports of widespread disappointment that the government chose not to reciprocate the Maoists’ unilateral ceasefire seem plausible even if they cannot be verified by polling. Sentiment at the time of the government-Maoist talks in 2003 seemed to be firmly for dialogue if it could lead to peace. In the absence of any convincing evidence to the contrary, it is probably safe to assume that most Nepalis will welcome the agreement if it reflects a genuine commitment to finding a way out of the conflict.

¹¹³ “Dal atankkarika matiyar”, *Kanitpur*, 24 November 2005.

¹¹⁴ “Ambassador Moriarty said that Washington had no objection to political parties talking to the Maoists but their return to the political mainstream was contingent on them giving up violence”. “Maoists tie up with political parties to cut the King to size”, *The Indian Express*, 19 November 2005.

¹¹⁵ “U.S. ambassador to Nepal James F. Moriarty’s statement to media in New Delhi”, American Embassy News Advisory, Kathmandu, 17 November 2005.

¹¹⁶ Ibid.

¹¹⁷ “US, India welcome new political development”, *The Kathmandu Post*, 24 November 2005.

¹¹⁸ “In response to a question on the 12-point understanding between political parties and Maoists in Nepal”, Indian Ministry of External Affairs statement, New Delhi, 23 November 2005.

¹¹⁹ Ibid.

¹²⁰ See Crisis Group Briefing, *Beyond Royal Rule*, op. cit.

¹²¹ “Nepal: Visit by a Troika of EU Regional Directors, 4-6 October 2005”, at http://www.europarl.eu.int/meetdocs/2004_2009/documents/fd/dsaa20051116_007/dsaa20051116_007en.pdf.

¹²² Crisis Group interviews, Kathmandu, Delhi and western Europe, September-October 2005.

¹²³ “Meeting of a group of Nepal’s development donors”, UK Department for International Development press statement, 23 November 2005, at <http://www.dfid.gov.uk/news/files/nepal-donors-group-nov-05.asp>.

¹²⁴ “UN chief welcomes Nepal accord”, BBC News, 24 November 2005.

VII. WHERE NEXT?

A. DEADLOCK OR BREAKTHROUGH?

Nepal's politics are in a near stalemate that can be overcome only through a recombination of forces. The first step is a new polarisation of forces – a process the November agreement appears to advance considerably. However, polarisation alone will not be sufficient to generate a decisive shift. If the current equilibrium is to be transformed into a more dynamic asymmetry between the two strongest forces – the palace and the Maoists – the type of polarisation is equally important.¹²⁵ Each of these forces is likely to preserve their internal unity for the foreseeable future. The seven-party alliance that occupies the middle ground could tip the balance if it retains unity while allying with one or the other side. This, however, is unlikely unless the middle ground leaders prove exceptionally skilled in managing internal tensions and conflicting interests.

If the Maoists want to increase their leverage through joint action, it is in their interest that the parties remain united. In contrast, as long as the palace sees the parties as dispensable, it will attempt to divide them. Since the king cannot accommodate too many allies in top positions, it is in his interest to win over a few influential leaders. Any voluntary movement to his side without expectation of benefit would be a bonus. At the same time, he will be interested in winning over a larger number of supporters from the lower levels of the parties, who can be institutionally accommodated in municipal or other lower level bodies.

Through such junior functionaries and their urban base, he can hope to cultivate support for the monarchy among the lower middle class, perhaps the numerically most significant segment of Kathmandu and other towns. By doing this, he may expect to induce splits within and between the two main parliamentary parties. Unlike the Maoists, the king will want to inflict as much damage on the political parties as possible.

This factor will weigh heavily with the seven-party alliance, since such a division occurred in 2002, when the palace won over a significant part of the NC and so tilted

the balance between king and parties in its favour. In the current state of uncertainty, the risk of further division inhibits a more decisive response from the top-heavy NC – the party that would lose the most if it could not bring most of its leaders into the anti-royalist camp. The UML may not face the same problem at the top but lower-level urban leaders may be open to inducements.

B. MAINSTREAM FAULT LINES

Since trust has become a dominant factor in party thinking, and individual interests have become more important than party interests, there is uncertainty about the fault lines along which the mainstream polity might divide. Powerful politicians' motivations vary according to their calculations of risks and benefits as well as assumptions about the motivations of others. This spreads greater uncertainty throughout the middle ground.

Regardless of the November agreement with the Maoists, which calls for an active boycott, the king's announcement of municipal elections on 8 February 2006 presents a crucial test for political parties. If positive results from the party-Maoist deal and further dialogue do not materialise quickly, some politicians could be tempted to participate. Leaders might decide to deputise loyal lower-level officials to contest the elections as independents so as to keep options open. Such functionaries might even participate in defiance of party orders. That would weaken the parties further and reduce the leaders' leverage in talks with the Maoists.

Repeated U.S. appeals to the parties to work with the king may encourage some leaders to stall the talks until all hope of reconciliation with the palace is definitively ruled out. Reactions to Ambassador Moriarty's pre-alliance statement¹²⁶ provide some indication of individual but not party thinking. For example, Bamdev Gautam of the UML and Narahari Acharya of the NC were dismissive of his suggestion, while Ram Sharan Mahat of the NC and Gopal Man Shrestha of the NC(D) welcomed it. There is still a high chance that parties, segments of parties or individual members may align themselves with the king. But this depends primarily on whether the palace is willing to change course to entice them. Equally, the chances of the parties remaining intact if they ally with the Maoists are low.

¹²⁵ Theoretically, a Maoist-palace alliance against the democratic mainstream would be possible. Close links between the two earlier in the conflict have made such a possibility a staple of the Kathmandu rumour-mill. However, while rural Maoist dominance certainly complements urban royal repression of the parties, an open palace-Maoist combination would be politically problematic, especially for a king who has justified his takeover on grounds of fighting terrorism.

¹²⁶ "U.S. expresses concern over Maoists-parties 'alliance'", Kantipur Online, 4 November 2005.

C. DECISION TIME FOR THE PARTIES

In the run-up to November 2005, the parties faced three immediate problems. To pre-empt any major division between the leaders and rank and file members over the municipal polls, they needed to finalise a deal with the Maoists as early as possible and restart their agitation, possibly jointly. At the same time, however, pushing through an alliance fast increased the risk of division between different factions. And while dealing with this dilemma, they will also wish to pursue the traditional strategy of applying pressure on the king to offer a compromise attractive enough to obviate the need for an alliance with the Maoists. However firm the November deal appears to be, the next rounds of talks between such indecisive parties and the Maoists could lead to several outcomes.

In order to preserve internal unity, the leaders responsible for the negotiations still have to win over influential dissidents within their own parties by demonstrating that the initial agenda is broad enough to satisfy a wide variety of interests. They must also persuade the anti-Maoist sections in their camp that the Maoists can be trusted, and the alliance can achieve their objectives. The palace has been a significant player in Nepali politics for so long that it retains influence over many party leaders regardless of its behaviour. If the parties actively align with the Maoists, tipping the balance more decisively in favour of anti-palace forces, some conservatives will feel uneasy. If they cannot maintain complete unity, the parties can still pursue joint action with the Maoists, but at the cost of internal splits.

In all these areas the NC is the most vulnerable party. It has plenty of leaders but little institutional coherence and discipline. This is why it may prefer to use talks to win concessions from the king. Since the Maoists have conceded its major demands, the NC may have insisted on parliamentary restoration in order to stall the talks without abandoning them, buying time while keeping options open. Koirala has voiced contradictory opinions, sacrificing consistency to prevent members breaking ranks.¹²⁷ By playing for time, the party may also be hoping to extract greater concessions from the Maoists but the current agenda is so limited that these are hard to envisage, at least at this early stage.

Since talks have already made some concrete progress, and there is no sign from the palace that an offer is forthcoming, the party will have to decide which course to pursue. Of the two issues on which problems have

arisen, republicanism can be resolved within the framework of talks held so far. If the party continues to insist on restoration of parliament, either the Maoists will have to give in or the talks will have to go on without the NC. If the Maoists give in, the NC will have no other issue on which to stall. If the Maoists do not give in, the other parties will have to broker a compromise. If the NC eventually settles for alignment with the Maoists, some of its leaders will leave, and the priority will be damage control to ensure defections are not on the same scale as in 2002.

If the NC either pulls out of the talks or continues to equivocate, the other parties could decide to formulate an agenda in order to pressure it. If the vague commitment of the November agreement is translated into a successful joint anti-palace agitation, the NC will be compelled to participate but without being able to bargain for concessions on the agenda. Such a course currently seems unlikely but the political equations are delicately poised and a number of outcomes are possible. They include the complete breakdown of talks and a return to the old Kathmandu deadlock. As always, such a breakdown would make the process of mutual confidence-building and resumption all the harder.

D. THE KING'S CARDS

The palace's policy of deliberately provoking mutually antagonistic forces to unite against it seems hard to explain. However, the king still has cards to play. He and his advisers probably believe they can still derail the party-Maoist talks. Many individual politicians and party leaders have demonstrated that their professed opposition to Gyanendra's ambitions can be overcome by offices and other incentives. Since late 2001, the parliamentary parties have periodically worked against each other to the benefit of both the palace and the Maoists. The king's policy is no doubt informed by this history of inter- and intra-party strife and a shrewd understanding of the potentially divisive issues that could undercut progress towards an agreement.

The palace has in the past successfully intervened to split the parties when they have shown signs of forging a dangerous unity. Now that the king has embarked on his project of rebuilding monarchical rule, the stakes are higher, and he has more to lose. It is likely, therefore, that he will exhaust other options before making any substantive compromise. Were he to offer concessions, they are not likely to be of a kind that would undermine the palace's political role. However, he is gambling. The institution of monarchy has lost its sheen under Gyanendra. Mistrust between parties and king has grown to such an extent that those with long-term interests to consider may find it

¹²⁷ Of the other parties, the smaller Unity Centre could face a split because of the uncompromising hostility to the Maoists of its leader, Mohan Bikram Singh, but there are no firm signs of such a division yet.

beneficial to compromise with the Maoists rather than with the king.

Under a combination of domestic and international pressure, the king may yet relent. The price for him might be high – restoring parliament, democratising the RNA or renouncing extraordinary constitutional powers – but the parties' rationale for talks with the Maoists would disappear. The question would then be whether all-out conflict would resume or a new all-party government backed by a restored parliament would talk with the Maoists and manage to bring them into the mainstream. This is the least likely option: even if the king were to agree, the RNA would probably resist. For now, the most likely scenario is that talks will continue and some kind of agreement will be reached between the majority of the parliamentary parties and the Maoists.

VIII. CONCLUSION

Although the November agreement is a large step forward, the ultimate outcome of the party-Maoist talks still cannot be predicted. Apart from the internal dynamics that the next stages of negotiations depend on, external factors could change matters. The parties and the Maoists do indeed have a good opportunity to shape a viable peace process. They have already addressed fundamental disagreements more convincingly, and with more chance of a viable compromise, than in previous talks. But negotiations are at an early stage and face many obstacles.

The announced agreement represents only the start of a new phase. The palace and the army have been unwilling to reciprocate the Maoist ceasefire, let alone enter into substantive dialogue. The party-Maoist deal may tempt some royalists to talk but could also provoke a more severe backlash. As long as the king chooses not to come to the table – or is excluded from it – the potential for further confrontation remains. While a fully united party-Maoist front could perhaps force the palace's hand, a less decisive outcome, which could spark renewed conflict, is more likely.

For now, the parties are more receptive to the Maoists' overtures. If the insurgency were to be defeated by the palace and the army, with the parties' passive endorsement, it would in all likelihood strengthen the former. Negotiating with the rebels carries risks but India's quiet backing has reduced mainstream leaders' apprehensions. Negotiation also offers the best chance of tackling the Maoists politically, with a solid critique of specific aspects of their agenda and concrete policies to address other aspects.

The Maoists have probably been the most successful opposition party in Nepal's history, reshaping the national agenda and forcing others to confront long ignored issues. But this is easier than providing viable and acceptable policy options. Many of their proposed solutions, such as ethnic autonomy, are controversial or unworkable. Strong critiques of ill-considered proposals accompanied by better alternatives could tip the balance when it comes to tough bargaining. The parties could dissect Maoist policies and rethink solutions to commonly accepted problems while using the Maoists' need for allies as powerful leverage. Without such approaches, they will have difficulty neutralising the rebels' strategic and organisational superiority.

Apart from the palace and its allies, there are three significant constituencies whose attitudes and actions could influence developments. The international community has always had trouble putting pressure on the Maoists and

now encounters similar problems with the king. Offering strong support to the democratic centre in searching for new ways forward, without pretending that solutions can be imposed from outside, seems a sensible option. Regardless of China's creeping involvement and the interests of other big players, India will remain dominant. If it is convinced the parties should deal with the Maoists, the talks will likely continue.

Civil society, despite the bold efforts of journalists, lawyers and others to resist extremism from both sides, has never had decisive influence. With neither arms nor organisational backing this is not surprising. But events since February 2005 have placed civil society leaders in a more prominent position, and many have responded to the challenge. If the parties and the Maoists are serious about reaching an agreement on democratic principles, civil society will be asked to smooth the path to legitimacy and to take risks in monitoring any deal.

The people of Nepal at large are still, as always, the last to have a say. Surveys and anecdotal evidence have consistently indicated that the silent majority is desperate for peace. If the November agreement leads to a permanent Maoist ceasefire, negotiations over constitutional change and disarmament, most citizens are likely to welcome it. This would probably include most of those in the state security forces, who have never revelled in fighting a counter-insurgency. The king's refusal to reciprocate the Maoists' unilateral ceasefire may prove his most costly error of judgement. But it is for the parties and Maoists to demonstrate that they are capable of building peace.

Kathmandu/Brussels, 28 November 2005

APPENDIX A

MAP OF NEPAL



Courtesy of The General Libraries, The University of Texas at Austin

APPENDIX B

LETTER OF UNDERSTANDING BETWEEN THE SEVEN-PARTY ALLIANCE AND THE COMMUNIST PARTY OF NEPAL (MAOIST)

The long struggle between absolute monarchy and democracy in Nepal has now reached a very grave and new turn. Establishing peace by resolving the 10-year old armed conflict through a forward-looking political outlet has become the need of today. Therefore, implementing the concept of absolute democracy through a forward-looking restructuring of the state has become an inevitable need to solve the problems related to class, caste, gender, region etc. of all sectors including political, economic, social and cultural, bringing autocratic monarchy to an end and establishing absolute democracy. We make public that, against this existing backdrop and reference in the country, the following understanding has been reached between the seven parliamentary parties and the CPN (Maoist) through different methods of talks.

Points of Understanding:

1. Today, democracy, peace, prosperity, social advancement and a free and sovereign Nepal is the chief wish of all Nepalese. We completely agree that autocratic monarchy is the main hurdle in (realising) this. It is our clear view that without establishing absolute democracy by ending autocratic monarchy, there is no possibility of peace, progress and prosperity in the country. Therefore, an understanding has been reached to establish absolute democracy by ending autocratic monarchy, with all forces against the autocratic monarchy centralizing their assault against autocratic monarchy from their respective positions, thereby creating a nationwide storm of democratic protests.
2. The seven agitating parties are fully committed to the fact that only by establishing absolute democracy through the restoration of the Parliament with the force of agitation, forming an all-party government with complete authority, holding elections to a constituent assembly through dialogue and understanding with the Maoists, can the existing conflict in the country be resolved and sovereignty and state power completely transferred to the people. It is the view and commitment of the CPN (Maoist) that the above mentioned goal can be achieved by holding a national political conference of the agitating democratic forces, and through its decision, forming an interim government to hold constituent assembly elections. An understanding has been reached between the
3. agitating seven parties and the CPN (Maoist) to continue dialogue on this procedural work-list and find a common understanding. It has been agreed that the force of people's movement is the only alternative to achieve this.
3. Today, the country has demanded the establishment of permanent peace along with a positive solution to the armed conflict. Therefore, we are committed to ending autocratic monarchy and the existing armed conflict, and establishing permanent peace in the country through constituent assembly elections and forward-looking political outlet. The CPN (Maoist) expresses its commitment to move along the new peaceful political stream through this process. In this very context, an understanding has been reached to keep, during the holding of constituent assembly elections after ending autocratic monarchy, the armed Maoist force and the royal army under the supervision of the United Nations or any other reliable international supervision, to conclude the elections in a free and fair manner and accept the result of the elections. We expect reliable international mediation even during the dialogue process.
4. Expressing clearly and making public institutional commitment to the democratic norms and values like the competitive multiparty system of governance, civil liberties, human rights, the concept of the rule of law, fundamental rights etc, the CPN (Maoist) has expressed commitment to move forward its activities accordingly.
5. The CPN (Maoist) has expressed its commitment to create an environment allowing the political activists of other democratic parties displaced during the course of the armed conflict to return to their former localities and live there with dignity, return their home, land and property seized in an unjust manner and carry out their activities without let or hindrance.
6. Undertaking self criticism and self evaluation of past mistakes, the CPN (Maoist) has expressed commitment not to repeat such mistakes in future.
7. The seven political parties, undertaking self evaluation, have expressed commitment not to repeat the mistakes of the past which were committed while in parliament and in government.

8. In the context of moving the peace process forward, commitment has been expressed to fully respect the norms and values of human rights and press freedom and move ahead accordingly.
9. As the announcement of municipal polls pushed forward with the ill-motive of deluding the people and the international community and giving continuity to the autocratic and illegitimate rule of the King, and the talk of elections to Parliament are a crafty ploy, we announce to actively boycott them and call upon the general public to make such elections a failure.
10. The people and their representative political parties are the real guardians of nationality. Therefore, we are firmly committed to protecting the independence, sovereignty, geographical integrity of the country and national unity. Based on the principle of peaceful co-existence, it is our common obligation to maintain friendly relations with all countries of the world and good-neighbour relationship with neighbouring countries, especially India and China. But we request the patriotic masses to be cautious against the false attempt by the King and (his) loyalists to prolong his autocratic and illegitimate rule and delude the patriotic people by projecting the illusory "Mandale" nationalism and questioning the patriotism of the political parties, and appeal to the international powers and the people to support, in every possible way, the democratic movement against autocratic monarchy in Nepal.
11. We call upon the civil society, professional organizations, various wings of parties, people of all communities and regions, press and intellectuals to actively participate in the peaceful movement launched on the basis of these understandings centered on democracy, peace, prosperity, forward-looking social change and the country's independence, sovereignty, and pride.
12. Regarding the inappropriate conducts that took place between the parties in the past, a common commitment has been expressed to investigate any objection raised by any party over such incidents, take action if found guilty, and to make the action public. An understanding has been reached to settle any problem emerging between the parties through peaceful dialogue at the concerned level or at the leadership level.

APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with over 110 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

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.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

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Kyrgyzstan, Myanmar/Burma, Nepal, North Korea, Pakistan, Tajikistan, Turkmenistan and Uzbekistan; in Europe, Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro and Serbia; in the Middle East, the whole region from North Africa to Iran; and in Latin America, Colombia, the Andean region and Haiti.

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November 2005

APPENDIX D

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