

Nepal's Crisis: Mobilising International Influence

I. OVERVIEW

Pro-democracy demonstrations and a general strike across Nepal in recent weeks mark a decisive shift in the country's political equations and probably signal the approaching end of King Gyanendra's direct rule. A successful popular movement could advance the search for peace but will depend on strong political party leadership in dealing with the Maoists; a messy transition would bring its own risks. Although domestic events will determine the speed and direction of political change, international players should use their influence to establish practical plans to help stabilise the situation and build a more lasting foundation for peace. This briefing argues for the early formation of a Contact Group (consisting of India, the U.S. and UK, working with the UN) and a complementary Peace Support Group (other key donors and international financial institutions) to form a common front on strategy and tactics to maximise international influence in assisting Nepal's escape from its worsening conflict.

The conflict remains soluble and a genuine democratic mass movement increases the chances of a sustainable and principled settlement. However, the urgent need to defuse the current political confrontation could lead to a hasty and unsustainable deal. Political leaders lack the necessary public confidence to conclude a backroom agreement with the king, while a simple return to a pre-royal coup arrangement of a palace-appointed prime minister would be inherently unstable. In particular, even an interim settlement must take account of the Maoists and be designed to continue the process of drawing them into mainstream politics. The alternative would be to drive them into increased militancy and tempt them to exploit to the full their capacity for violence.

While the international community has taken some welcome steps, these need to be better coordinated, and far more remains to be done. No single player is capable of a decisive intervention, apart from India, which does not want to take heavy-handed unilateral action. However, as in other conflicts, a group of friends or Contact Group could make a critical difference.

Nepal meets most of the criteria for a successful initiative of this kind. The conflict is increasingly ripe for resolution. There is international willingness to commit time and

resources to support a viable peace plan if one can be constructed. All major international players share a fundamental interest in seeing a more stable and prosperous Nepal. All sides of the conflict, albeit at different points and to different degrees, have suggested that international assistance would be useful in a peace process.

The priorities include deciding on shared principles, which would force the major external players to confront the differences in their approaches; agreeing on a level of coordination, including an initial assessment of areas where there could be a united policy and where further discussion would be needed; initiating talks on parallel approaches to assist the political effort – for example, using human rights and development assistance to build confidence and ensure donors' democracy and governance initiatives are in line with the overall goals; and developing far more detailed plans to help move a peace agreement and post-conflict settlement forward.

A Contact Group should focus on:

- ❑ immediate practical planning, including on the contingency of a sudden change in government; preparations for a small international ceasefire monitoring mission; and establishment of a channel of communication with the Maoists;
- ❑ maintaining pressure for a peace process, including by introducing targeted sanctions on the royal government (a visa ban, investigation of overseas assets in preparation for freezing them and restriction of army participation in UN peacekeeping operations);
- ❑ supporting the democratic mainstream politically and practically, in particular by assisting parties to prepare for negotiations and interim arrangements; and
- ❑ keeping pressure on the Maoists to move towards peace and give tangible proof of their willingness to abandon violence by warning them that if they obstruct progress towards a peace process or fail to respect the understandings they have entered into with OHCHR, donors and the mainstream political parties, Contact Group members will coordinate efforts to apprehend senior leaders and interdict any cross-border movements.

A broader Peace Support Group, bringing together major bilateral and multilateral donors, should work in parallel to:

- review development assistance;
- prepare to support transitional processes such as constitutional reform and viable elections; and
- start planning for how to deal with a possible “peace dividend”.

A follow-up to the 2002 London conference, which first brought donors together to discuss the implications of Nepal's conflict, might facilitate consideration of these matters. In any event, work on transitional arrangements should start immediately. Recent events suggest a precipitous collapse of the inherently unstable royal government is a distinct possibility. The international community has offered considerable moral support to Nepal in its search for peace and democracy. It must now get ready to translate that support into practical, coordinated and complementary efforts to deliver a viable peace process.

II. TOWARDS THE END OF ROYAL RULE

Time is running out for the royal government. Protests have spread across the country and the seven-party alliance has vowed to continue its general strike – which is being widely observed – until full democracy is restored. Professionals, business associations, civil servants and even the families of security personnel have started supporting the movement.¹ The king has met the Indian, U.S. and Chinese ambassadors, apparently to stress that he is not entirely opposed to dialogue. But he has yet to win back the support of most royalist politicians let alone convince the mainstream parties that any call for talks would be sincere. India has sent a senior envoy, former minister Karan Singh, to ram home the message that nothing short of a substantive transfer of power to an all-party government will satisfy protestors and gain international acceptance.

The king has never enjoyed the level of popular support for his experiment in autocratic rule that his supporters have claimed. Nevertheless, he had hoped that force of arms and the lack of an overwhelmingly popular alternative would secure his position. The April 2006 uprising has proved his calculation wrong. Simmering public discontent grew

with the failure of royal rule to deliver tangible benefits and Gyanendra's consistent refusal to seize opportunities for peace. The parties' general strike (initially called for 6–9 April and later extended indefinitely) galvanised this widespread disillusionment and translated it into a movement that – whether or not it immediately forces the palace to climb down – has irrevocably changed the political environment.

There are parallels with the people's movement of 1990 but also several key differences. Observers and participants alike agree that this is the most widely supported series of protests since 1990, as well as the first time since then that crowds have repeatedly violated curfew orders even in the face of an armed response. Unlike in other recent demonstrations, the majority of participants have not been party activists but a more representative cross-section of society. As in 1990, events have been taking place across the country; many of the most intense protests have happened outside Kathmandu, in areas such as Pokhara and Chitwan.

However, the movement lacks two of the criteria that helped in 1990. First, the external environment has changed: India is not likely to tighten the screws as it did with its 1989 trade blockade, and instead of the post-Cold War democratisation wave, there is a global fear of terrorism that the king may still use to his advantage. Secondly, the high hopes for democracy that fuelled public euphoria in 1990 will not be repeated after the decidedly mixed performance of the parties in government. Still, the protests have been boosted by sustained media coverage, giving participants an unprecedented awareness of parallel efforts across the country. On the government side, there is a grim determination from the top down not to repeat the 1990 “mistake” of being too soft on the people.

Main features of the past several weeks include:

- **Parties in the background.** The pro-democracy movement was prompted by the seven-party alliance's call for a general strike but rapidly gained its own momentum. Party leaders have not been seen at the forefront of demonstrations, which have been led by lower-level cadres and non-aligned civil society and professional associations, as well as local youths and communities.
- **People taking charge.** The intensity of popular sentiment for change both boosts the democratic parties' standing and constricts their actions. Party leaders have been buoyed by the mass turn-out against royal rule – something they had quietly doubted until the last moment – but it does not equate directly to support for the parties. In particular, leaders are probably aware that they lack a clear mandate to conclude back-room deals on the people's behalf.

¹ For example, the home ministry, which controls the police, announced on 18 April that it had arrested 25 of its civil servants, including four senior officials, for demonstrating against the king inside the ministry. “Officials held in Nepal protest”, BBC News, 18 April 2006.

- **Determined security response.** The security forces – including the Nepal Police, the Armed Police Force and the Royal Nepalese Army (RNA) – have shown a willingness to use force, although the RNA has been careful to keep itself in the background. The deaths of at least ten protestors and serious injuries of hundreds have shocked people. Whether the security forces have the will to continue the violent suppression of peaceful protests will determine the royal government's capacity to prolong its lifespan by force.
- **The Maoist role.** Mainstream political leaders have stressed that this is solely their movement, not a joint undertaking with the Maoists. Nevertheless, the Maoists have deliberately assisted it with an intense military campaign that has increased pressure on the palace. At a certain point, however, continued violence will make it hard for the parties to maintain their loose alliance with the Maoists without jeopardising international support. The allies still need each other but must perform a delicate balancing act if they are to maximise mutual benefits.
- **Loss of government control.** Even if the palace can count on unwavering army support, crucial constituencies have come out in favour of the pro-democracy movement. Civil servants – even including senior home ministry and supreme court bureaucrats – have called strikes; key workers in the government banking, telecommunications, education and health sectors have also mobilised. Combined with support from other professionals and the business community, this may prove a fatal blow to the government's ability to function.

The king has been the one constant in a fluid situation. While some hoped that he might use his 14 April Nepali New Year address to the nation to offer concessions or make a serious call for dialogue, he stuck resolutely to his roadmap. Refusing even to mention the protests, he reiterated that he would continue as before. Party leaders, who are more keenly aware than ever that an unprincipled short-term deal would endanger their legitimacy and control of the movement, were offered nothing to bridge the gulf of mistrust that separates them from the palace. Only compromise can preserve the monarchy but the king seems almost certain to leave it too late. He may prolong the endgame as long as he has arms and money but these will not sustain him indefinitely now that he has so convincingly squandered popular support. The monarchy could probably still survive with a constitutionally circumscribed role in an early political settlement. The longer the king stays stubbornly on his course, however, the more likely it becomes that even a vestigial royal institution will no longer be acceptable to many Nepalis.

III. INTERNATIONAL CONTEXT

External actors inevitably are playing and will continue to play parts in Nepal's affairs. The question is how to manage this so as to help smooth a transition which, in the best of circumstances, carries many risks of instability. Competitive conflict resolution efforts would almost certainly be counterproductive. Far more can be gained if the major international players speak with a common voice.

India, the U.S. and the UK – the three nations that should form the core of a Contact Group on Nepal – should be congratulated for maintaining unity and cohesion on several important policy points to date. This general concord has also helped move other nations to likeminded positions. These areas of accord can be summarised as follows:

- there is no purely military solution to the conflict;
- the Maoists should reject violence;
- King Gyanendra should reach out to the democratic political parties;
- the “constitutional forces” should work together to restore democracy;
- political detainees should be released; and
- neither the 8 February 2005 local elections, which were neither free nor fair, nor any future elections conducted without the participation of the democratic political parties can advance restoration of democracy.

Agreement between India, the UK and U.S. on these issues has, however, often papered over substantial differences about the best strategies to achieve the twin goals of peace and restoring democracy. For example, the U.S. and India remain at odds over the merits of negotiations between the mainstream democratic parties and the Maoists.²

Furthermore, the agreed starting point – an attempt to force reconciliation between the parties and the palace – is far from promising. Mistrust between those two sides has deepened, and the king is no longer acting constitutionally.³ A genuine alliance between the mainstream parties and the king, therefore, is unlikely. At the same time, the dialogue between those parties and the Maoists has opened a new and encouraging route towards peace and already produced a promise by the insurgents to end the conflict and enter multiparty politics. Although

² See Crisis Group Asia Report N°106, *Nepal's New Alliance: The Mainstream Parties and the Maoists*, 28 November 2005.

³ See Crisis Group Asia Briefing N°41, *Nepal: Beyond Royal Rule*, 15 September 2005.

many obstacles, including some risks, remain, it is essential that this process continue as long as it offers the possibility of a principled, democratic settlement.

The time has come to expand upon the existing positive areas of international agreement by developing more detailed common principles and policies.⁴ Such a shared tactical and strategic concept is essential to help end the current deadlock in Nepal. Crisis Group has long advocated a loose form of Contact Group as the best way of achieving a more coherent and united international approach. This briefing outlines how such a Contact Group and a broader, complementary Peace Support Group could be formed and proceed.

- **Contact Group.** This would consist of three major states with political leverage: India, the U.S. and the UK. Their strengths and capacities are largely complementary. Together they could exert considerable political influence, which should be allied to the UN's capacity, neutrality and positive reputation in Nepal. The Contact Group should draw on the particular expertise of other important institutions. China has traditionally avoided active participation in such groups but there is considerable utility in keeping its policy broadly in harmony. This suggests that China might optimally play an observer role within the Contact Group.⁵
- **Peace Support Group.** This would bring together other concerned states (primarily Nepal's major donors: Japan, the European Union (EU) and its member states, Norway, Canada, Australia, Switzerland and the like) and the international financial institutions (World Bank, International Monetary Fund, Asian Development Bank). Nepal is heavily dependent on foreign aid, and planning for financial and developmental support both during and after a peace process will be crucial.

IV. THE CONTACT GROUP

Groups of "Friends" have been a crucial element in various conflict resolution processes since the experiences of El Salvador and other Latin American countries in the early 1990s.⁶ While some have been very successful, others

have foundered on various issues, not least flaws in the composition of the groups themselves and their members' competing interests. This can be avoided with careful planning.

Nepal is a case where a group-of-friends approach can work. China's recent shift in position suggests the basic criterion that the major external players should not have conflicting interests can be met.⁷ The proposed Contact Group is largely self-selecting and combines complementary capacities, another main criterion for success. The Peace Support Group would bring together a range of actors who might not take such a direct political role but whose parallel participation would be a major asset.

In practical terms, a Contact Group would build on the cooperation and dialogue that India, the U.S. and UK have already developed. But, however loosely structured, it would bring a few key changes:

- explicit public commitment to shared principles for peace;
- agreement on common policies, probably discussed in detail in Kathmandu but clearly endorsed at a senior level in capitals;
- clear presentation of a united policy front towards the main actors in Nepal; and
- willingness to collaborate with the wider support group where appropriate.

The creation of a Contact Group would not require its members to surrender their independence of action. Where there was no agreed policy – for example, on whether to accept a particular format for talks – the group would simply act as the first forum in which to discuss options and explore the possibility of reaching consensus.

identifies five basic criteria characterising the circumstances in which groups may be helpful: the external context of a given conflict; the nature of its parties; the interests of the group's members; the group's composition and the clarity of its leadership; and the phase of the process in which it is engaged.

⁷ In January 2006, China made its first public comments on Nepal's internal affairs, noting the "changes in Nepal's political situation" and calling on "all parties" to narrow their differences through dialogue. Statement by Kong Quan, foreign ministry spokesman, 24 January 2006, available at <http://www.fmprc.gov.cn/ce/cenp/eng/fyrth/t232764.htm>. On his visit to Kathmandu in March 2006 State Councillor Tang Jiaxuan made a point of holding high-profile meetings with mainstream party leaders. "Chinese leader completes Nepal visit", nepalnews.com, 18 March 2006. Since January 2006, Japan, Nepal's largest bilateral donor, has also been outspokenly critical of the royal government and has called for reconciliation and a return to constitutional rule. See Crisis Group Report, *Electing Chaos*, op. cit.

⁴ See Crisis Group Asia Briefing N°36, *Nepal: Responding to the Royal Coup*, 24 February 2005.

⁵ See Crisis Group Asia Report N°111, *Nepal: Electing Chaos*, 31 January 2006.

⁶ Teresa Whitfield, "A Crowded Field: Groups of Friends, the United Nations and the Resolution of Conflict", occasional paper of the Center on International Cooperation, Studies in Security Institutions, vol. 1, New York University, June 2005. Whitfield

A. MEMBERS, CAPACITIES AND INTERESTS

The strength of the Contact Group is that it would build upon each of its member's capacities and interests while exposing none of them to charges of undue unilateral interference.

1. India

India has the greatest potential leverage over Nepal and the most sophisticated understanding of its politics. It is not squeamish about dealing with the Maoists if need be – something which is essential but is more difficult for other major states. The policy of trying to bring Nepal's Maoists into the mainstream through dialogue has always prompted some doubts in Delhi but the increase in instability under Gyanendra's direct rule has created a broad consensus that it remains the least bad option.⁸ India also has long experience of contributing to conflict resolution and peace processes elsewhere in the world, not least as a major contributor of peacekeeping troops. Indian diplomats have direct experience of such operations and the political requirements for their success.

India knows that it can only achieve its policy goals in Nepal unilaterally at a great cost. Working within a multilateral framework would allow the same goals to be reached without the risk of appearing to be overtly interventionist. It makes sense for India to take the lead in putting together a multilateral effort rather than constantly fending off a variety of other players. There are certain tasks, such as ceasefire or election monitoring, that others are better positioned to perform.

Indian participation would help ensure that any potential UN involvement was concisely defined and dedicated to those areas where the organisation's expertise is recognised, such as the current mission of the Office of the High Commissioner for Human Rights (OHCHR). India has always preferred that the UN not have a prominent role in South Asian issues due to its experiences in Kashmir and concerns about losing influence to the Security Council. However it would be able to tolerate a limited UN role. Indian participation, along with Chinese observer status, would also help defuse great power

tensions and rivalries over Nepal. Crafting a multilateral approach that recognises India's unique relationship to Nepal, including an open border and extensive economic and social ties, would allow for constructive multilateral engagement without crossing any of New Delhi's red lines.

2. United States

U.S. policy remains broadly in concert with India and the UK, although the U.S. has been more sceptical of the Maoists' willingness and ability to accept democratic politics. Sustained pressure on the king to engage with the political parties has yet to bear fruit, and frustration with the palace's inflexibility is mounting, as are Congressional concerns over the failure of current efforts to roll back autocratic rule and address the insurgency.⁹

U.S. political clout, including its weight within the UN Security Council, is crucial for an effective Contact Group but Washington's policies are likely to achieve more if aligned with those of India and others. The U.S. retains good links with the palace and the RNA: it is in an advantageous position to use these for both persuasion and reassurance.

Collaboration with India and within a wider grouping would serve U.S. interests in developing bilateral ties with New Delhi (a much higher strategic priority than involvement in Nepal), including assisting India to take the more prominent international role that Washington desires. The Contact Group would allow the U.S. to participate in forging a collaborative multilateral approach rather than be obliged to pursue a piecemeal, more unilateral policy. A comprehensive peace agreement in Nepal would also complement regional counter-terrorism efforts.

3. United Kingdom

The UK has invested significant political and financial resources in conflict prevention and resolution (not least via the Global Conflict Prevention Pool and in the UN).¹⁰ It has less direct leverage than either India or the U.S. but its good understanding of the situation in Nepal and diplomatic skills would be invaluable. Its long relationship with the country and involvement in South Asia have

⁸ Heightened concerns about India's own growing Maoist problem have led to a more determined policy in New Delhi, with the central government attempting to put together a better coordinated security and economic development package with relevant state governments. However, the official assessment is that Nepal's Maoists do not provide significant material assistance to the Indian rebels. Furthermore, Indian analysts do not believe the current royal government provides a viable basis for a solid political counter-insurgency strategy, let alone re-establishing effective governance across the countryside. Crisis Group interviews, New Delhi, April 2006.

⁹ Crisis Group interviews, Washington, February–March 2006.

¹⁰ The Global Conflict Prevention Pool was established in 2001 to make the UK's approach to conflict prevention more effective through the sharing of information and resources between the Foreign and Commonwealth Office, the Ministry of Defence and the Department for International Development (DfID). In 2004/2005 it had a program budget of £74 million. "Conflict Prevention", Foreign and Commonwealth Office website, <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029393906>.

given its depth of understanding and close relationships with regional players, including an enduring relationship with the RNA and the Nepalese ruling elite.

Putting together a group of friends requires particular diplomatic skills that play to two proven UK strengths: acting as a bridge between the U.S. and others, in particular the EU; and skill at UN-oriented diplomacy, including maintaining smooth working relationships between players in New York and elsewhere. UK military expertise in Nepal could also prove particularly useful in any disarmament, demobilisation and reintegration (DDR) exercise.

Historic and sentimental links to Nepal are important in the UK, where there is a degree of public interest and concern as well as some political interest (e.g. the parliamentary all-party group). Playing a pivotal role in a broader coalition would be well received by the British public, as well as offer London greater leverage than it could exercise on its own.

4. The United Nations

The UN's expertise and standing within Nepal make it indispensable to any multilateral effort. While the actions of the major states are generally attributed to their real or perceived interests, the UN is seen as neutral. The mainstream parties and the Maoists consequently look favourably on some degree of UN involvement in a peace process. If called on to help broker a ceasefire and draw up a professional separation of forces agreement, the organisation's technical expertise would be enhanced by longstanding personal relations of trust between senior officials in its peacekeeping branch (DPKO) and RNA officers who have been involved in peacekeeping missions. Moreover, the UN Secretariat is already engaged in crucial areas in the country and can help to keep the Nepal issue more firmly on the agenda in New York. However, there is no predetermined role for the UN within the proposed Contact Group. The Secretary General might choose to keep the organisation's options open by avoiding too close an association with the Contact Group's forceful political agenda. While, as already noted, India has traditionally been reticent to accept a UN role in conflicts in its perceived sphere of influence, a carefully delimited and constructive role for the organisation could well serve its long-term foreign policy interests in seeing the situation in Nepal peacefully resolved.

B. PRINCIPLES

Nepal's friends should unite around a set of basic principles for resolving the conflict. The ultimate aim is not to shape the country's political institutions or force a particular outcome but to use all leverage to help bring about peace and create an environment in which the Nepali people can determine their own future. Putting principles

at the centre of planning is the best way of avoiding the trap of supporting state institutions for their own sake, even when they may be obstacles to peace. These principles should include:

1. a negotiated peace process, involving wide participation of civil society representatives, including women, not just the armed parties and political elites;
2. Maoist rejection of violence and acceptance of complete disarmament as part of a negotiated settlement;
3. full respect by all parties for fundamental human rights;
4. establishment of constitutional democracy, with sovereignty vested in the people and at most a basically ceremonial role defined for the monarch;
5. an environment of complete political freedom enabling viable elections that reflect the popular will;
6. full civilian control of security forces;
7. establishment of a more inclusive political system that addresses the enduring underlying causes of conflict and underdevelopment; and
8. setting of an equitable development and economic agenda that benefits the entire country and particularly its traditionally marginalised groups.

C. POLICY PLATFORM

By establishing a common platform of practical policy initiatives built upon points about which all sides would have difficulty disagreeing, the Contact Group and its allies could remove a number of major impediments. Indeed, the further the Contact Group could go in spelling out a roadmap for peace, the more likely the process would move forward.

The tasks the Contact Group should initially undertake fall into two broad categories: immediate practical planning, designed to be prepared for the contingency of a rapid change of government and to operationalise a viable ceasefire and a credible demilitarisation strategy; and maintaining pressure on both armed sides for a peace process, while strengthening the democratic mainstream.

1. Immediate practical planning

The contingency of a sudden collapse of the present royal government

Given the volatile situation on the ground, as well as some signs that the royal family has already begun to move assets out of the country, the Contact Group needs to take

a hard look at what to do in the event of the sudden collapse of the royal government. An abrupt and unplanned transition could well lead to considerable violence in the Kathmandu valley and set off a free-for-all as all sides vied for power. The Contact Group should initiate discussions with the RNA and the Maoists, urging them to refrain from offensive actions should there be such a development and to develop direct lines of communication with each other in such circumstances. The Contact Group should make clear that the only arrangement that could gain international support during the transition would be some form of government of national unity led by civilian democratic forces.

In such a situation – or indeed in any peace process which assumed the cantonment of armed forces – the role of the police would be critical. The Nepal Police is demoralised and more detached from local communities than at any stage in its history. Contact Group members, supported by other donors, should give urgent thought to how best to strengthen community-based policing and ensure that basic security functions can be carried out once a ceasefire is in place.

An international military observer mission to monitor and observe a ceasefire

The Contact Group should lead planning for a small international mission, with 100 to 200 members but not including troops from India or the U.S. (given the extreme political sensitivity of deploying their forces in Nepal). Such a mission would require helicopters in order to investigate quickly any local incident or ceasefire violation. Given that the conflict does not have traditional front lines, and no internationals have been targeted, it could be deployed with a relatively light footprint.

The urgency for developing concrete plans is considerable. The 2003 ceasefire and code of conduct between the RNA and Maoists collapsed in no small part because the agreement did not include a monitoring or enforcement mechanism. The Contact Group would need to flesh out the exact roles for the proposed ceasefire monitoring mission. An important question is whether the mission would be a purely reactive body to investigate violations, or would try to create the conditions for achieving lasting peace by monitoring and assisting the disarmament and demobilisation process. Such a mission could be structured and operate in a variety of ways under the UN umbrella, including through the Department of Political Affairs (DPA), the Department of Peacekeeping Operations (DPKO) or even the Human Rights office. There is a clear need to move forward with far more detailed operational planning and to determine who might contribute to such a mission. Given Nepal's generally good international image – the current chaos aside – a number of nations would likely be willing.

Contact Group planning would demonstrate international seriousness of purpose and help remove a major stumbling block to a lasting peace. Again, this force should be carefully delimited in scope and responsibilities. As OHCHR has demonstrated, a small mission of dedicated professionals (in this case military observers rather than human rights experts) can make a demonstrable difference on the ground.

While the Maoists have repeatedly stated they would welcome international monitoring of a ceasefire, there has been no concerted effort to put this to the test. Previous ceasefires – whether unilateral or bilateral – that have lacked this quality have collapsed in disarray and mistrust, making the conflict ever more intractable. By putting a practical plan on the table, the Contact Group would give all parties to the conflict important guarantees and set in place an important piece of a practical road map.

A ceasefire and effective peace negotiations are two different things, and both will ultimately be necessary. Theoretically, a ceasefire and negotiations could exist independently of each other, and the overall agenda set out in this paper is not dependent upon a halt in hostilities. Given the triangular nature of any prospective peace talks, however, a ceasefire may well be the logical and most feasible starting point.

A reasonably strong case can be made that the UN is best placed to lead and conduct such a monitoring mission. It has considerable experience and enjoys generally high regard among Nepalis, as well as a long working relationship with the RNA. Given that no one envisages a large peacekeeping force, nor one with coercive powers, various alternative arrangements may be feasible. Some have suggested that the EU could take on the responsibility but this would require capacities well beyond what it currently has dedicated to Nepal. Another alternative might be members of the proposed Peace Support Group.

To be successful, a ceasefire monitoring process would need a solid sense of Nepali ownership: not only cooperation from the two warring sides but also active support from mainstream parties, civil society and local populations. The OHCHR mission has demonstrated that such synergy is possible.

A channel of communication with the Maoists

In order to develop its plans for a military observer mission more fully and establish effective red lines for an eventual peace settlement, the Contact Group would need to engage directly with the Maoists. By no means should this be read as an endorsement of their political goals or violent methods. It would be a practical step for testing Maoist

willingness to abandon armed insurgency and enter a legitimate political process.¹¹

Such a communication channel would facilitate key tasks, including:

- discussing the modalities of an international ceasefire monitoring mission;
- starting talk on potential DDR packages for Maoist cadres and leadership;
- reaching agreement on how a ceasefire and DDR efforts could be guaranteed through the existing Maoist command and control structures;
- reaching agreement on how best to conduct the force census necessary to advance the above efforts;
- establishing practical plans for an internationally verifiable cantonment of weapons as part of a broader peace agreement and as a necessary precursor to DDR efforts; and
- developing practical plans to ensure the Maoists do not practice extortion or intimidation during a ceasefire.

In view of the highly sensitive nature of such discussions, they would likely best be conducted by a military officer from a Contact Group country in close conjunction with representatives of whichever institution would be expected to lead the international military monitoring mission. It is important that whoever is expected to implement these arrangements be closely involved in negotiating them.

2. Maintaining pressure for a peace process

Targeted sanctions

All Contact Group members have stated clearly it is the king's responsibility to reach out to the political parties and restore democratic rule. Since he has continued to ignore such calls, it is appropriate to introduce targeted sanctions aimed exclusively at the ruling elite. The most effective would include:

- **Visa ban.** The international community has implemented only the most tepid of initial measures with regard to visits and travel by senior representatives of the royal government. For example, both the U.S. and the EU have quietly embargoed official ministerial visits but this has not precluded members of the government and

royal family from visiting European capitals or otherwise travelling freely. The members of the Contact Group – and the EU as a whole – should institute a full visa ban on the royal family; all ministers; RNA officers of the rank of brigadier-general and above; officers in command of units accused of serious abuses;¹² senior palace advisers including, but not limited to, Pashupati Bhakta Maharjan, Sharadchandra Shah, Sachchit Shamsheer Rana, Parsu Narayan Choudhury, Chiran Shamsheer Thapa and Keshav Raj Rajbhandari;¹³ and palace-appointed regional and zonal administrators.

- **Asset investigation in preparation for freeze.** A joint EU-U.S. task force should identify offshore assets of the royal family and the officials cited above. The U.S. Treasury Office of Foreign Assets Control and the UK Treasury International Financial Services Team, in view of the breadth of their expertise, should be given the lead within such a joint task force.
- **Restriction of RNA participation in UN peacekeeping operations.** The RNA would feel acutely a significant curtailment of opportunities to participate in UN peacekeeping operations, which bring it not only international prestige but also significant income. Indeed, its penchant for contributing to such activities – at levels which have increased significantly since it was first mobilised for domestic counter-insurgency duties – undercuts claims that it is overextended in combating the Maoists.¹⁴ Discussion about the merits of restricting RNA participation in peacekeeping has made modest progress in New York but stronger leadership from the Contact Group could turn this into effective leverage.

Members of the Contact Group, or their respective parliaments, should make clear to the UN's

¹¹ Diplomatic missions, including those of India, the U.S. and UK, felt it worthwhile – and not too uncomfortable – to meet Maoist leaders during the 2003 ceasefire. The U.S.'s proscription of the Maoists as terrorists does not in itself impose restrictions on U.S. government officials dealing with Maoist representatives.

¹² This would include officers who have moved on to new commands since uninvestigated violations took place. Although the RNA has taken action against a number of violators, concerns about process and level of punishment persist. Accusations can only be considered satisfactorily investigated if the RNA grants OHCHR unrestricted access to the proceedings and rulings of courts martial (which remain beyond the jurisdiction of the Nepal supreme court).

¹³ It is no coincidence that all these senior advisers also played major roles in the violent attempted suppression of the 1990 democracy movement. See Crisis Group Report, *Electing Chaos*, op. cit.

¹⁴ Until mid-2003 Nepal had some 1,000 troops, police and military observers deployed on UN missions at any given time. Since then, these deployments have increased rapidly and now average 3,500. In January 2006, 3,023 troops, 46 police and 448 observers were deployed according to DPKO statistics.

Department of Peacekeeping Operations (DPKO) that they expect RNA units accused of serious rights violations to be excluded from peacekeeping operations. They should also reassure DPKO that they would help address any resultant mission shortfalls. The international community rightly does not wish to isolate the RNA but can justifiably make all engagement conditional on concrete steps towards both ending the climate of impunity surrounding abuses and preparing to become accountable to an elected, civilian government.

As with all sanctions, these measures should not be empty threats. Governments need to devote attention to how to implement them in order to be credible. Targeted sanctions will also be a blunt weapon if the reasons for imposing them and conditions for lifting them are not clearly specified. The purpose of these measures is to encourage a return to democracy and engagement in serious peace negotiations. Given the king's record of empty promises, strict tests should be set for lifting sanctions, including concrete steps to surrender powers and return the government to accountable representatives and similarly demonstrable progress in entering and sustaining serious negotiations.

Pressure on the Maoists

The international community has had extremely limited influence on the Maoists. However, their desire to win international acceptability and their preference for some third-party engagement provide significant leverage which is yet to be fully exploited.¹⁵ The Maoists' ultimate intentions remain frustratingly opaque, despite their formal commitment to entering mainstream, multiparty politics. It is essential to maintain pressure on them to ensure that their aims cannot be achieved through violent or other illegitimate means. The best way to test the Maoists is by their actions on the ground. Negotiations with a unified leadership – which appears to exercise a reasonable degree of command and control over the movement as a whole – may well be preferable to the insurgency splintering and becoming more intractable.¹⁶ The Contact Group should:

- offer the Maoists assurances that international recognition as a legitimate political force will be possible once they have entered an internationally monitored ceasefire, negotiations on a peace settlement and a demonstrable process of disarmament, with the aim of joining mainstream democratic politics; and
- warn the Maoists that if they obstruct progress towards a peace process or fail to respect the understandings they have entered into with OHCHR, donors and the mainstream political parties, Contact Group members will coordinate efforts to apprehend senior leaders and interdict any cross-border movements; explore the possibility of referring Maoist abuses to an appropriate international criminal tribunal; and, if a democratic government is restored, give considerably enhanced help to its counter-insurgency efforts.

Support for the democratic mainstream

While all Contact Group members have identified restoration of democracy as a central strategic goal, they have remained somewhat reluctant to offer the mainstream parties the kind of direct organisational support that has been proffered in similar situations in which democratic forces have been trying to dislodge an autocratic government. High-profile meetings between joint Contact Group representatives and the seven-party alliance would both give the parties important moral support and allow for practical operational discussions on how best to move forward. Such discussions should include the contours of a government of national unity, how to manage a constitutional reform process (almost certainly through some form of constituent assembly),¹⁷ conditions for eventual elections, support for political party reform, and means of enhancing negotiating capacity in advance of further engagements with the Maoists and/or the Palace. As Contact Group members have already made clear, any elections held without participation of the major democratic parties in a free and fair environment would be fruitless, as would be any palace effort to perpetuate royal rule through another hand-picked prime minister.

¹⁵ For example, since the Maoists promised to adhere to the Basic Operating Guidelines developed by major donors (see “UN welcomes Maoists’ recognition of BOG”, nepalnews.com, 22 December 2005), they have made efforts to address promptly every violation brought to their attention via the UN. Most importantly, engagement with regional commanders – the level at which leaders’ stated policy is translated into action on the ground – has been productive. Crisis Group interview, Kathmandu, April 2006.

¹⁶ See Crisis Group Reports *Nepal’s Maoists*, op.cit. and *Electing Chaos*, op. cit.

¹⁷ The longstanding Maoist demand for an elected constituent assembly has now been agreed to by the mainstream seven-party alliance. Some legal analysts suggest the king might be persuaded to accept a constituent assembly with pre-negotiated guarantees to preserve at least a ceremonial monarchy, although there have been no signs that Gyanendra is yet prepared to compromise. See Crisis Group Asia Report N°99, *Towards a Lasting Peace in Nepal: The Constitutional Issues*, 15 June 2005, and Crisis Group Report, *Nepal’s New Alliance*, op. cit.

V. THE PEACE SUPPORT GROUP

The establishment of a Contact Group should by no means diminish the crucial role of the wider community of Nepal's friends and development partners. In fact, its formation would make it all the more essential that those other nations and institutions develop a consensus and practical initiatives as integral components of a coordinated push for peace. Formation of a broader Peace Support Group, which combined the established operational strengths of its members, would be of enormous utility.

A. MEMBERS

The Peace Support Group would ally the financial, technical and developmental capacities of its members to the political leverage of the Contact Group. Here, too, major donors share similar fundamental aims, all of which could be better achieved through a common platform.

Key members should include the EU, Japan, Norway, Switzerland, Canada and Australia, working in concert with the major international financial institutions – the World Bank, International Monetary Fund and the Asian Development Bank. It would also be useful to have an observer from the South Asian Association for Regional Cooperation (SAARC).

There is considerable scope for greater EU involvement in the peace process but this probably requires more on-the-ground representation. Only five of the EU's 25 member states have a full-time diplomatic presence in Kathmandu, which has made it difficult to place Nepal issues prominently on the agenda in Brussels. If the EU wishes to engage in the situation more directly, it should consider appointing an EU Special Representative. This would not only enable better coordination within the EU and more attention to Nepal in Brussels, but also facilitate more effective communication between the EU and the Contact Group.

It might be useful for the Peace Support Group to establish a working group to keep international NGOs fully informed and to benefit from their input. Obviously many such NGOs hope to steer clear of any explicitly political discussions but all can make an important contribution to peace by sharing their insights from the field. The UN's Office for the Coordination of Humanitarian Affairs (OCHA) has already done some coordination through its Combined Humanitarian Action Plan. This exercise may offer pointers for further work in enhancing cooperation between international governmental and non-governmental agencies.

In order to place Nepal more prominently on the international agenda, the Peace Support Group and the

Contact Group could organise an international conference along the lines of the 2002 London conference, which was useful in focusing the international approach and generating potential policy responses based on a shared vision of the conflict.¹⁸ Beyond supporting an integrated approach to security, reform and development, participants stressed the urgent need to tackle poverty, exclusion, poor governance, discrimination, corruption, livelihoods and human rights.¹⁹ The 2002 conference called for a further meeting;²⁰ the time would seem to be ripe for such a session.

Donors have in the past met biannually with the government of Nepal under the auspices of the Nepal Development Forum. The 2006 session will not be held due to deteriorating relations. A group of major donors met in London in November 2005 and issued a common statement regarding their approach.²¹ They recognised that peace is a prerequisite for development, called on all actors to commit to a durable ceasefire as a first step in a wider peace process and reaffirmed their willingness to support a democratic and inclusive peace process.

A follow-up to the 2002 London conference could both build upon this effort and serve as a more effective alternative to the suspended Nepal Development Forum. In the current political context, it should not invite Nepali government participation.²² However, it could devote one session to discussions with civil society representatives and might consider inviting mainstream party leaders to participate in a session on longer term development plans

¹⁸ The conference was hosted by the British government on 19–20 June 2002. Nepal, the UK, U.S., India, China, Russia, Japan, France, Germany, Norway, Switzerland, Finland, Denmark, Australia, the UN Development Program (UNDP), the UN Department of Political Affairs (UNDPA) and the World Bank were represented at senior levels.

¹⁹ "UK Hosts an International Conference on Nepal", Foreign and Commonwealth Office Press Release, London, 20 June 2002.

²⁰ "A Chairman's Statement", International Conference on Nepal, Armourer's Hall, London 19–20 June 2002.

²¹ "Meeting of a group of Nepal's development donors", UK Department for International Development (DfID) press statement, 23 November 2005, at <http://www.dfid.gov.uk/news/files/nepal-donors-group-nov-05.asp>. The meeting brought together senior officials from Canada, Denmark, Finland, Germany, Netherlands, Norway, Switzerland, the UK, the U.S., the UN and the EU. Representatives of the World Bank, IMF and Asian Development Bank contributed to part of the meeting via videolink from Kathmandu.

²² In this respect, it would be closer to the February 2005 Washington conference on Bangladesh, which sent a strong message by bringing together major donors without inviting that country's representation. Diplomats felt this approach generated serious attention in Dhaka. Crisis Group interviews, Washington, London and Brussels, June–July 2005; Dhaka, August 2005.

to be implemented after the restoration of democracy. Donors could use such a conference to pledge support in the context of a peace process but should be wary of making precipitous promises at too early a stage.

B. PRACTICAL INITIATIVES

The Peace Support Group should coalesce around specific policy initiatives, both to demonstrate its unity and to advance the peace process. These include:

1. Review development assistance

There is no desire to use development aid as a blunt instrument or to introduce penalties that would cause undue suffering among a population that has already been widely victimised. That said, it is appropriate for the donor community to review the efficacy of its programs in light of the royal government's lack of democracy, accountability and sustainability. Donors should conduct this review with an eye to determining which programs perpetuate the government's power monopoly and which might help break the deadlock. Such a review would work best if based on common criteria for calibrated engagement, identifying which types of assistance, even in potentially unpromising areas, could support moves in the right direction. Agreed criteria would help to avoid piecemeal or conflicting approaches to engagement. Benchmarks for effective political governance are particularly important. These should include: (i) accountability, (ii) participation and responsiveness, (iii) rule of law, (iv) transparency and (v) non-discrimination.

2. Prepare to support transitional processes such as constitutional reform and viable elections

Nepal's political parties have consistently advocated restoration of democracy and some form of constitutional revision. However, their thinking and planning have often been shallow. They need to improve their capacity to prepare sensible policy alternatives in these areas. Peace Support Group help would be particularly useful in establishing the benchmarks for an eventual election under conditions of a ceasefire, strengthening a neutral Election Commission and planning for deployment of election monitors. The Group's members should encourage the political parties to develop position papers on constitutional reform and be ready to offer technical assistance if requested. Transitional justice, local peace building efforts, the inclusion of women and minorities in the peace process and eventual demilitarisation of the Maoist movement – beyond physical disarmament – are all areas where Peace Support Group involvement would be beneficial.

3. Start planning for a possible “peace dividend”

A lasting peace will not be achieved instantly. The process needs to include a carefully managed post-conflict phase, which requires continued international assistance. Parties to the conflict might be tempted into talks by promises of a financial “peace dividend” but an ill-conceived injection of cash and other aid could well be counterproductive, spurring further conflict as actors fought for the spoils.

Donor help in designing and funding DDR packages will be essential, as will efforts to restore long neglected basic social services in villages. As the peace process takes hold, more significant steps may become possible. There is potential for significant international commitment: despite Nepal's currently constricted development space, not a single donor has pulled out. Institutions such as the World Bank could play a critical role, for example on possible debt relief. Nepal is theoretically eligible but has not met requirements such as having a functioning reform program. Advance planning with the mainstream parties could position it more quickly for greater help following a peace deal.

Once it is up and running, the Peacebuilding Commission established by the UN General Assembly and Security Council in December 2005 could coordinate support to a post-agreement Nepal under its mandate to assume a key role with respect to countries emerging from conflict. However, it will be a number of months before the Commission takes shape and, given other priorities that are already on the Security Council agenda, it is unlikely to get involved quickly unless the government of Nepal specifically requests its assistance.

VI. CONCLUSION

Building greater international unity and consensus, while invaluable, will not in itself overcome all the obstacles to peace. A lasting peace can only be secured by the people of Nepal working together and forging difficult compromises. Equally, a Contact Group might not erase all the policy differences between its members but it would give them far more effective leverage and could help establish a practical roadmap for peace. It is not difficult to imagine the parameters of a peace deal that would be acceptable to the political parties, the monarchy and the Maoists. However, it has remained quite difficult for all sides to approach such an agreement. Even if the current movement succeeds in restoring democracy, that will only be the start of a long and tough road to peace. In any case, the coordinated international assistance possible through a Contact Group will be essential.

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