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The Consequences of Conflict:
Livelihoods and Development in Nepal

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The Livelihoods and Chronic Conflict Working Paper Series

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Acronyms

AAN	ActionAid Nepal
ADB	Asian Development Bank
ALSP	Achham Livelihood Security Project
CARE-N	CARE-Nepal
CBO	Community-based organisation
CDO	Chief District Officer
CESOD	Centre for Economic and Social Development (Government of Nepal)
CFUG	Community Forest User Group
CNAS	Centre for Nepalese and Asian Studies
CPN (Maoist)	Communist Party of Nepal (Maoist)
CPN (UC)	Communist Party of Nepal (Unity Centre)
CPN (UML)	Communist Party of Nepal (United Marxist-Leninist)
DDC	District Development Committee
DFID	Department for International Development (UK)
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign District Investment
FPP	Forestry Partnership Project
GDP	Gross domestic product
GoI	Government of India
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
HARP	Hill Agriculture Research Project (Nepal)
HMGN	His Majesty's Government of Nepal
ICDP	Integrated Community Development Programme
ICIMOD	International Centre for Integrated Mountain Development (Nepal)
IISDP	Integrated Internal Security and Development Programme
INGO	International non-governmental organisation
INSEC	Informal Sector Service Centre
ISDP	Integrated Social Development Programme
JPP	Jajarkot Permaculture Programme (AAN)
LDO	Local Development Officer
NCP	Nepali Congress Party
NGO	Non-governmental organisation
ODI	Overseas Development Institute (UK)
OECD	Organization for Economic Co-operation and Development
PLCA	Programme-Level Conflict Assessment (DFID-N)
PRA	Participatory rural appraisal
PW	People's War
RABNP	Remote Area Basic Needs Project
RADC	Remote Areas Development Committee
RAP	Rural Access Programme (DFID)
RNA	Royal Nepalese Army
SCCPI	Situations of chronic conflict and political instability
SLRG	Sustainable Livelihoods Research Group
SoE	State of emergency
UNDP	United Nations Development Programme
UPFN	United People's Front (Nepal)
VDC	Village Development Committee
VPC	Village People's Committees
WFP	World Food Programme

Vernacular terms

Bandh	Shut-down or struck
Dalits	People at the lowest level of the Hindu hierarchical caste system, considered untouchable and following such traditional occupations as blacksmith, tailor and shoemaker. About 20% of Nepal's population belong to this group.
Dasain	Major Hindu festival (*Diwali*) in autumn
Dhan khane	The practice of taking property from the bridegroom's parents as part of a marriage agreement.
Gaon Jan Sarkar (GaJaSa)	Village People's Government established by Maoists in stronghold areas as a response to Nepali Government Village Development Committees (VDCs).
Jaljala bittya kosh	*Jaljala* Financial Cooperative Fund
Jana disha abhiyan	Towards people
Jana Andolan	People's Movement
Kalapahad	Seasonal migration
Kamaiya	Bonded labourers
Khat	Irrigated
Panchayat	Literally translated as council, the *Panchayat* Regime was the political system in operation from 1961 to 1990 during which political parties were banned but approved candidates were able to stand and elections took place at local, district and national levels.
Rastriya Prajatantrik Party (RPP)	National Democratic Party
Ship shata saaa	An exchange of skills
Terai	Low-lying lands or plains: geographically, Nepal is divided into three geographical regions from east to west, the mountains in the north, the hills, and the plains in the south. The term *terai* denotes the plains of southern Nepal, which stretch to the Gangetic plain of India.
Tihar	Major religious festival after Dasain in autumn
Vikas	Development

Summary

The authors of this Working Paper consider the effects of the current conflict on rural livelihoods and development interventions in Nepal. A historical perspective reveals that a failure of development and of governance created the pre-conditions – poverty, inequality, social discrimination and lack of social justice and democracy – for widespread discontent, and ultimately for the Maoist insurgency. Not only has the government been ineffective in providing for the needs of the poor, it is generally seen and experienced as corrupt, repressive and as working against, not for, the interests of ordinary people. International and national development agencies have also failed to strengthen the capacity and commitment of state structures or to change practices at local level to any marked degree.

During the first four years (1996–2000) of the Maoist insurgency, what is now known as His Majesty's Government of Nepal (HMGN) attempted to deal with it as a matter for the police, and foreign development agencies were relatively little affected by the conflict. In the last few years, however, particularly since 2001, the success of the Maoists in extending the areas under their influence has increased concern, but failed to galvanise the government into effective action – to control the insurgency, to achieve a political solution, or to address the underlying problems that led the Maoists to launch a People's War in the first place. The conflict has intensified and spread to affect most parts of the country and have a direct impact on the lives and livelihoods of perhaps a million of Nepal's 24 million inhabitants.

The main grassroots effects of the conflict have been: a rural exodus on the part of those most fearful of the Maoists (local elites, local government officials, activists in other political parties and others) from the remoter areas; a significant reduction in travel and the transport of goods as a result of the lack of security; a disruption of many economic activities, with possible implications for food security in some areas; the destruction of local infrastructure (particularly that which is identified with government intervention and control); and the growth of a climate of fear and insecurity, in which the Maoists are probably feared for human rights abuses less than the security forces. Support for the Maoists remains significant, particularly among the poor and socially disadvantaged, but their demands for contributions to the cause from the local population and their own human rights abuses have had negative repercussions in this regard.

Development agencies, whether foreign or national, have been increasingly obliged to develop their own responses to conflict. Case studies provided by CARE-Nepal (CARE-N) and ActionAid Nepal (AAN) (see Lal et al., 2003 forthcoming) provide detailed evidence both with respect to the effects of the conflict on rural livelihoods and on the operations of these, and other, agencies. Some activities have proved unacceptable to the Maoists, others to the security forces; curfews and restrictions on mobility make many development tasks difficult to maintain. Most programmes and projects have been forced to change their approach and method, or specific activities.

Finally, practical guidance for agency responses in complex conflict contexts, encompassing principles, assessment methodologies and situational analyses, intervention approaches, livelihood protection, and conflict resolution is proposed.

1 Introduction

In 1990, a *Jana Andolan* of opposition to the political status quo led to the replacement of Nepal's partyless *Panchayat* Regime by a multi-party system. After a short period of considerable optimism, it became increasingly evident that the new political order was characterised by instability, corruption and patronage (a crisis of governance) and that a rapid succession of governments was unable to achieve any real headway in addressing Nepal's continuing economic underdevelopment and deep-seated social inequalities. In this already unstable context – and ostensibly in response to it – an armed insurgency began in February 1996, led by Nepali Maoists. This insurgency gradually developed into a full military conflict with the state security forces, resulting in some 7,000 deaths between February 1996 and October 2002.[1]

The conflict in Nepal and the political uncertainties associated with it, have led to a series of efforts and initiatives to resolve the crisis and bring peace and stability. Talks between the Maoists and the Government of Nepal, which took place during 2001, were adversely affected, however, first by the massacre of the King and several members of the royal family in June, then by the subsequent accession to the throne of a new monarch, and finally by the events of 11 September 2001 and the declaration by President George W Bush of a war on terrorism. In November 2001, talks were broken off, the cease-fire ended, and a State of Emergency (SoE) was declared by HMGN. The involvement of the Royal Nepalese Army (RNA) was increased, civil rights and press freedoms were curtailed, and confrontations between the army, the police and the rebels became both more numerous and more substantial. Political uncertainty within Nepal increased throughout 2002, and in October, the King intervened, dismissing the Prime Minister and forming his own interim government: His Majesty's Government of Nepal (HMGN).

The bombing of Afghanistan by the USA-led alliance, the threat of terrorism in Pakistan and the heightening of tension between Pakistan and India over Kashmir all contributed to a sense of increasing political instability within the region during 2001/2. The conflict in Nepal was no longer an essentially internal matter, and in 2002 there was increasing political and diplomatic involvement by external agencies, both multilateral and bilateral. As regards the latter, not only India and China (the two countries bordering Nepal), but also the USA and the UK, have become actively involved at all levels, thereby increasing the likelihood that external agendas will drive the process of conflict resolution but also raising the hope that increased assistance from outside will oblige HMGN to address the underlying structural economic, political and social problems that gave rise to the conflict in the first place.

Until relatively recently, HMGN and development agencies both national and foreign were prepared largely to ignore the insurgency in their policy and planning, and in their programmes and projects, but this is no longer the case. Since the declaration in November 2001 of a SoE and the increase in the level of conflict, most development agencies, including the UK Department for International Development (DFID), have begun to develop their own responses to conflict. Events have moved very fast between the first draft and the final version of this Working Paper. The situation described initially (up to April 2002), based as it was on information available in the immediate aftermath of the declaration of a SoE, has already changed significantly. Lives and livelihoods across Nepal have already been and will increasingly be, affected as conflict and political instability increase. The analysis is focused on the immediate impact and implications of the conflict as regards rural livelihoods, although it is crucial that these be understood within the longer-term, political-economic history of Nepal (for more detailed analysis of the political

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[1] Of the 5,000 deaths reported in May 2002 since the launch of the People's War (PW), probably more than half occurred in the six months after November 2001; current figures suggest a total of over 7,000.

background, see Karki and Seddon, 2002; Maharjan, 2000; Mikesell, 1999; Philipson, 2002; Rawal, 1990; Thapa, 2002). It is hoped that the analysis presented here will prove of value to those concerned both to understand and to develop effective and sustainable responses to the ways in which lives and livelihoods are affected by conflict, in Nepal and elsewhere.

For those concerned with the possibility of effective development intervention during periods of conflict and humanitarian crisis, the current situation in Nepal is of special concern. Nepal remains one of the poorest countries in South Asia with an average per capita income of little more than US$200 and nearly half the population (eight to ten million people) living in absolute poverty. Some 85% of the population lives in the rural areas and the majority of the poorest are in the countryside. Socio-economic and regional inequalities are striking, social discrimination (by gender, caste and ethnicity) is deep-seated and oppressive, and the advent of multi-partyism has failed demonstrably to undermine fundamentally conservative power structures at national and local levels. Despite a heavy donor presence and sustained high levels of aid to Nepal (with foreign agencies contributing some 60% of Nepal's development budget) and the existence of a wide variety of development programmes, the number of people falling below the poverty line has not decreased over the last twenty years. There can be little doubt that, even after half a century of development interventions, Nepal is still in crisis (see Blaikie et al., 1980; 2001).

In the early months after the declaration of the SoE in November 2001, there was a rapid growth in the volume of writing on the current state of the conflict in Nepal, much of it, however, repetitious and ephemeral, and for the most part based on the rehearsal of second-hand data culled from media reports. More considered analysis of the conflict, however, began to appear during 2002 – and the authors have drawn on this corpus of studies for this Working Paper (see References and Further Reading). It is still the case, however, that much of the analysis remains based on second-hand reports and there has, so far, been relatively little systematic analysis of the dynamics and the consequences of the conflict based on primary data from the field. The Maoist insurgency and associated conflict, which now affects most parts of Nepal, has undoubtedly had a range of effects on development processes, service provision and the implementation of development programmes at all levels. Government and international aid agencies have begun only relatively recently, however, to consider the implications of this conflict for rural development and rural livelihoods. The information and analysis in this Working Paper, which makes use of the field experience of two of the major international non-governmental organisations (INGOs) in Nepal – CARE-Nepal (CARE-N) and ActionAid Nepal (AAN) – as reported in early 2002, attempt to provide a basis on which further analysis, policy and practice may be built.

In many other long-term situations of chronic conflict and political instability (SCCPI), agencies have typically responded first by operating relief-oriented programmes, only after some time designing and implementing longer-term development–oriented interventions. The situation in Nepal is somewhat different – if not the reverse. Here, development agencies and ordinary people alike are having to adapt rapidly to a conflict that has mushroomed relatively recently, providing a context in which agencies have only recently begun to recognise the wider and possibly longer-term implications of the conflict for rural development and livelihoods, and the need to adapt interventions accordingly. Some agencies have tended to withdraw from development activities and to talk of relief operations; others are committed to maintaining and even accelerating (fast-tracking) grassroots activities as their response to conflict. It remains to be seen if this approach is sustainable without serious risk to field staff. Given the recent escalation in the level of conflict, this study is both timely and important.

Drawing on the data available from the field and on informed commentaries on the current situation in Nepal, this Working Paper examines:

- The ways in which rural livelihoods have been affected since 1996 – and particularly since 2001 – by increasing levels of insecurity and by the conflict between the Maoists and the state security services;

- The extent to which projects and programmes supported and implemented by different development agencies, governmental, international and non-governmental – and intended to have positive effects on rural lives and livelihoods – have been affected. Here, the authors shall refer to the experience and evidence of those who have worked in the field – including two detailed case studies provided by CARE-N and AAN, INGOs operating in areas affected by the insurgency and associated conflict.

The Working Paper ends by drawing out a number of policy conclusions for agency practice if the lives and livelihoods of the people of Nepal, particularly the poor and socially disadvantaged in the rural areas, are to be enhanced and made more secure.

2 Background

2.1 Politics, aid and development in Nepal

Nepal is one of the poorest states in the world. It is mountainous and land-locked (see Figure 1) and its natural resources consist mainly of forest-based products (including timber). Some 40% of gross domestic product (GDP) is derived from the agricultural sector and some 10% from manufacturing. It has a major balance of trade deficit with India, its major trading partner and giant neighbour to the south; it depends heavily on transport through India for overland access to the sea. Foreign exchange is largely generated by remittances from Nepalis working abroad, exports, tourism and foreign aid; there is very little direct foreign investment and most of this is from India.

Figure 1 Map of Nepal (districts and major towns)

Source: http://www.ncthakur.itgo.com/map.html

Nepal has become increasingly dependent on foreign lending and aid – with up to 60% of its development budget covered by donors. HMGN's development policy is strongly influenced by external agencies, both multilateral and bilateral, and its capacity to implement policy is strictly limited. Further, there has been a veritable crisis of governance in the country, ironically worsening according to most commentators following the introduction of democracy in 1990. Despite a long-standing policy of decentralisation, local government remains weak and line agencies remain strongly centralised in practice. Even for development agencies (governmental or non-governmental) that are committed to doing so, reaching the rural poor is still difficult, and improving their lives through extension services and the provision of facilities continues to be slow. In fact it is in response to Nepal's failed development, poor governance and the inadequacies of the development policies of successive governments as regards fulfilment of basic needs and assurance of social justice that the Maoists claim to have prepared for (1994–96), launched (1996) and carried out (1996–2002) their People's War (PW).

Not only is the state apparatus of HMGN ineffective in providing for the needs of the poor, it is frequently seen and experienced by them as repressive and as working against, not for, their interests. International and national development agencies have so far failed to strengthen the capacity and commitment of state structures or to change practices at the local level to any marked

degree. Many bilateral agencies and INGOs recognise that they also have not been able to reach the poor and socially excluded or to improve their lives and strengthen their livelihoods to any significant extent. Despite the plethora of Nepali non-governmental organisations (NGOs) that has emerged over the last decade, few of these have been able to establish an effective field presence as far as the poor and vulnerable are concerned. For many in Nepal, including the rural and urban poor and many of the intelligentsia, the international and other development agencies (both governmental and non-governmental) are (at worst) the instruments of imperialism or of the oppressive ruling elites or (at best) ineffective and largely irrelevant to the lives and livelihoods of ordinary villagers and urban dwellers.

The vast majority – between 85 and 90% – of the population lives in the rural areas, but physical mobility has increased as a result of the growth in migration (both permanent and temporary), trade, transport and telecommunications over the last 30 years in particular. The road network has developed particularly rapidly in recent decades with substantial external support and there has been a marked increase in air travel within the country. Telecommunications in particular have developed rapid and significantly. Even so, travel times remain considerable and many parts of Nepal, particularly in the hills and mountains, are both remote and isolated. This is particularly true of the extreme north-west (the Karnali Zone) and much of the mid-west, where the current Maoist insurgency has its strongholds. The population, and particularly the poor and disadvantaged, in these areas regard themselves as marginalised and excluded from the main thrust of development intervention, and as discriminated against by comparison with those in more advantaged positions or areas.

Dissatisfaction, dissent and social unrest have manifested themselves in various ways historically in Nepal. Rural rebellion and revolt are not unknown. Expectations of economic and social development, of democracy and social justice, were raised by the overthrow of the Rana regime and its replacement by a more liberal political regime in the 1950s, only to be dashed by the banning of political parties and creation of the *Panchayat* (council) Regime in the early 1960s. More recently, after three decades of the *Panchayat* Regime, hopes were again raised by the *Jana Andolan* (People's Movement) of 1989/90, the re-establishment of a multi-party system and the formulation of a new constitution. These expectations also continue to be frustrated. Although there had been armed insurgencies, peasant uprisings and movements of bonded labourers and squatters in Nepal prior to the current conflict – at the time of the overthrow of the Rana regime in 1950/1, during the early 1950s, sporadically in the 1960s and in the early 1970s, in the late 1970s, and in the early 1990s (Karki, 2001: 136–159) – none of these achieved the scale and effectiveness of the current Maoist movement.

In the early years at least, the success of the Maoists was undeniably a result of widespread sympathy within Nepal for their aims and demands (if not with the methods adopted), and of general frustration with the failed policies and programmes of the past (including the recent past), which are held to have benefited the wealthy and powerful, but not the majority of the population. In October 2000, Stephen Mikesell argued that there is widespread support for the Maoists in the countryside and great sympathy for them in the cities. There is satisfaction in many circles that corrupt officials, who have gone so long unpunished, are now getting their comeuppance. There is a general consensus in the press that the problem is a political one and that the solution will also be political (Mikesell, 2001: 21).

During the first three years of the insurgency (1996–8), neither HMGN nor the major external agencies were particularly concerned about the Maoist movement. At the same time, although there were those – both Nepalis and expatriates – who spoke out against growing corruption and the ineffectiveness of HMGN in promoting development or democracy (e.g. Shrestha, 1999), little was done, and there were few who were prepared to consider the longer-term implications of these

failures. Also, the Communist movement in Nepal had always been subject to splits and divisions and there had always been a faction in favour of armed struggle. The example of northeastern India, where major insurgencies have a significant impact on daily lives and livelihoods as well as on public policy and the role of government at the local level, but are still able to be contained to a degree, suggested that limited dissidence could be tolerated, particularly if it remained confined to remote areas and did not threaten national economic and political life more than marginally.

During and after 1998/9, however, the Maoists began to extend their scale and scope of activities, to gain support, and to have increasing success against the police forces, despite a massive deployment of the latter against them. Not only HMGN but the foreign (multilateral and bilateral) agencies began to grow more concerned. Increasingly their own programmes and projects on the ground were compromised by the insurgency and the conflict surrounding it. During 2001, as talks took place between the Maoists and HMGN through intermediaries, there was also growing talk among the major bilateral and multilateral agencies of coordination and concerted action. A key issue at that time – as indeed it remains even now was how to reconcile development and security concerns.

After 11 September 2001, HMGN made it clear that it supported the war against terrorism and offered its airfields to the US and coalition forces, if needed, for any attack on the Taliban in Afghanistan. Influential ministers referred to the Maoists as terrorists and the hard line tendency in HMGN received support in a climate of anti-terrorism. Increasingly, the external agencies also, even those formally devoted to development with poverty alleviation as a primary focus and goal, began to focus their attention more on the conflict and possible measures for conflict resolution. After HMGN tried, briefly, to establish a military framework – the Integrated Internal Security and Development Programme (IISDP) – for development intervention and declared a SoE, some foreign agencies were undoubtedly tempted to accept this new structure.

In the event, the IISDP was never effectively established, but the increased intensity and scale of the conflict itself, the inherent risks of the IISDP or any similar approach and the effect of the conflict on their own programmes and projects, obliged development agencies during 2002 to re-assess the nature of their activities and to re-think precisely what approaches and concrete measures might best assist local people to maintain their lives and livelihoods under these new circumstances.

Since the declaration of the SoE, many on-going projects have withdrawn their field staff to district headquarters; most have stopped undertaking any mobilisation or awareness-raising work; and new projects are finding it increasingly difficult to mobilise to undertake planned activities. According to one source in DFID-Nepal (DFID-N): DFID's response has been to ensure the safety and security of all its staff while attempting to identify some measures …that might have some immediate impact on poor people affected by the conflict. But DFID's thinking has tended to be on the effect of the conflict on the programme and projects as well as understanding how the programme and projects have responded to the conflict. DFID-N staff are now trying to get into a creative thinking phase where they try to see what might be supported that pro-actively contributes to the resolution of the conflict.

This was the beginning of DFID-N's response to conflict strategy. DFID-N gave the impression to at least one of the projects it funds, early in 2002 that their priorities were shifting from poverty reduction to conflict resolution and that, in the light of this, the project might need to be re-aligned. More recently, most of the DFID-funded projects have been asked to consider proposals for fast-tracking (accelerating certain procedures) and for ensuring that they increase their visibility on the ground. Whatever the nature of the response to conflict adopted by the different development agencies, there has undoubtedly been an increased concern with what are seen as the specific and particular problems of political insecurity in the short and medium term. There is a real danger that this will divert attention away from the major structural and long-term causes of stagnant or

worsening poverty indicators, gross inequalities and lack of social justice, and corruption and patronage in the political system. Even one of the basic tenets of humanitarian aid – do no harm – is proving difficult for development agencies (and programmes and projects) to follow in practice, given the fact that DFID-funded, like US-funded, programmes have lost any semblance of neutrality by virtue of the British Government's stance in support of HMGN and commitment to increased military assistance.

The possibility that the attention of both HMGN and the most influential foreign powers will be increasingly diverted away from development issues towards more immediate security concerns (see below for a discussion of the international implications of the current conflict) and that the voice of those primarily concerned with development will be effectively silenced by those primarily concerned with security remains very real. Arguably, this possibility has increased in the latter part of 2002, with a real sense that several of the more influential bilateral development agencies are struggling with the position adopted by their governments and diplomatic representatives in Nepal encouraging a policy of security first, development second.

The growing prospect of a conflict of greater intensity and on an even wider scale than at present is indeed extremely worrying, not only from the longer-term perspective of the development of Nepal, but from the shorter-term perspective of even greater insecurity for the ordinary people whose lives and livelihoods have already been affected. As will be shown below, the growing intensity and scale of the conflict has meant an increasing number of deaths and injuries, and disrupted livelihoods, for the people of Nepal. As the conflict has evolved and extended, the stakes have been increased and the struggle has become more intense. Also, more people have become, unavoidably, involved, whether as active participants in the armed struggle (on one side or the other) or as a result of being caught up in the conflict, willy-nilly.

This study aims to consider the implications of growing political insecurity both for the people of Nepal and for the national and international development agencies which operate within Nepal. The focus here is on what might be termed the immediate implications – for lives and livelihoods in the short and medium term; but the underlying concern is also with the implications for the longer-term prospects of broad-based democracy and development in Nepal.

Mikesell has noted that along with suppression, ministers make visits to the affected areas with promises of big development programmes that will lift the people out of poverty and win the people back from the Maoists. However, it is this very development which has historically strengthened and expanded the ruling class and its bureaucratic allies and supported the spread of commercialisation, all of which underlie the Maoist movement and give it soil in which to take root. 'I don't see how any government that goes by the old logic of development will every have anything to offer' (Mikesell, 2001: 21). Development *(vikas)* has become a dirty word to many in Nepal. It remains to be seen whether the response to conflict will result in a greater and more effective commitment to development at the grassroots or, once again, remain empty rhetoric.

2.2 Livelihoods, vulnerability and insecurity in Nepal

2.2.1 Definition of terms

'By vulnerability, we mean both the likelihood of being affected and the significance of being affected by events and processes which threaten livelihoods and security, and thus wellbeing. We address the issue of vulnerability through a focus on livelihoods and insecurity. By livelihoods, we mean, broadly, the assets (natural, physical, human, financial, social, to which we can add political), activities, and the access to these (mediated by institutions, organisations and social relations) that

together determine the living gained by individuals or households' (Ellis, 2000: 10). Livelihoods approaches are conceived of broadly as part of a family of approaches to research and development that have in common a commitment to: acknowledging diversity; understanding people's existing assets, strategies and their own livelihood goals and identifying strengths on which to build; holistic analysis that acknowledges both micro- and macro-level factors; participatory approaches and partnerships; developing an understanding of the political, institutional and vulnerability context and how these affect people's capacities to achieve their goals.

It is important to note that the process of constructing a livelihood is ongoing, that livelihoods fluctuate over time and that they are critically affected by the political, institutional and vulnerability context in which they are situated – e.g. such external factors and processes as the political economy, disasters, seasons and, indeed, violent conflict. Livelihoods are also affected by the resources and capabilities of the individual and households that constitute rural economy and society – their resilience to external shocks, their adaptability to new constraints and opportunities – what the livelihoods approach refers to as various forms of capital (personal, social, productive and financial, etc.). It is common in the literature to talk of sustainable livelihoods, without perhaps always being entirely clear what sustainability implies. In the authors' view, an important aspect of sustainability is that which essentially refers to the durability and reliability of livelihoods – or livelihoods security – in the short, medium and longer term; the opposite is insecurity. Livelihood insecurity implies heightened risk and uncertainty for poor households, and therefore increased vulnerability. In this context, the authors draw on current work-in-progress on politically unstable situations to elaborate a definition better adapted to communities facing conflict. In the context of her ongoing research at Tufts University, Helen Young (Personal communication, 2002) has referred to livelihoods in such contexts as 'comprising the ways in which people access and mobilise resources to enable them to pursue goals necessary for their survival and longer term well-being, and thereby reduce vulnerability created and exacerbated by conflict'. However, this is an evolving concept.

2.2.2 The structure of rural livelihoods in Nepal

To discuss the structure of livelihoods is to recognise explicitly that the livelihoods of individuals and households are structured by the wider political economy and that the livelihoods of the poor and less powerful differ significantly and substantially from the livelihoods of the rich and influential, not only quantitatively but also qualitatively. For the majority of Nepalis in rural areas, livelihoods are risky and uncertain at the best of times; they are also highly dependent on a nexus of social relationships with others, both in their immediate locality and beyond, and on their ability (or lack of it) to gain control of and access to resources and income generating opportunities in the public and the private sectors.

Only perhaps 20% of those who live in the rural areas are generally secure in normal times. A recent study in western Nepal suggests that, in some regions, this category has increased as a proportion of the total over the last 20 years (Blaikie et al., 2002). The top 20% include the wealthy landowners and rich peasants: those who have reasonable access to large amounts of good land and food security from their own production; the households with one or more members in secure and reasonably well-paying employment, usually in the public sector; the village money-lenders and merchants. Such people will often be involved in local politics, government and administration or in some government line agency, or will have close relatives who are. These are the privileged elite, the wealthy and powerful. The lives and livelihoods of those in this social category tend to be diversified and could be regarded as having fingers in many pies. Households are often larger than average as household members retain common and mutual interests in the household portfolio. These are the rural upper classes.

Of the remaining 80%, even those (perhaps 40%) who would regard themselves generally as reasonably secure may, and frequently do, experience a sudden increase in risk and insecurity as a result of unexpected misfortune – often illness or death in the family. The lives and livelihoods of girls and women are generally more precarious not only in terms of access to resources and income earning opportunities but in terms of quality of life and wellbeing. Infant mortality among girls is high, as is maternal mortality. Many infants and children live in poverty and insecurity as do older people.

The 40% or so of those who would consider themselves reasonably secure are the middle peasants of classic peasant studies, with sufficient income from a combination of sources to be more or less self-reliant, neither employing the labour of others nor hiring out their own family labour to any great extent. The vast majority of this group have diversified livelihoods, and the impression gained from the majority of statistical surveys and reports that these rural Nepalis are overwhelmingly involved in farming is misleading. It is certainly the case that almost all of them will have access to at least a small plot for cultivation and will probably own at least a few head of livestock – and in this sense, it is true that most are involved in farming. But agriculture and livestock production quite often contribute only one component of total household income (sometimes a relatively small component), the remainder coming from a wide variety of sources, both local and away from home (e.g. seasonal and longer-term temporary migration). Non-farm income may be as important as farm income. What can be said is that while livelihoods are diverse, they are probably less systematically diversified than are the wealthy rural elites. These constitute the middle classes of the rural areas. There is evidence (see below) to suggest that in some regions this category of rural household has increased as a proportion of the total. Even among the upper and middle categories, there is a limited involvement in the market as far as farm produce is concerned. A recent study in western Nepal shows that over the last 20 years there has been a retreat from the market, and that the role of non-farm income (including small enterprise and non-farm employment) in supporting rural households has increased, particularly in the case of the middle to better-off (Blaikie et al., 2001; 2002).

Over one third of Nepal's population is estimated to live in poverty and for all of these people, livelihoods involve a constant struggle for survival: their control over and access to strategic resources is limited; their sources of income are precarious and yield generally low returns to effort and risk; their social networks and stocks of social capital are generally of limited capacity; and their personal resources and quality of life are poor. These are the rural poor and working classes. They include poor and marginal farmers, the smaller rural artisans and handicraft producers, small retailers, those with insecure jobs outside agriculture and agricultural labourers. Of these, roughly half – the bottom 20% – could be regarded as extremely poor, though this proportion varies considerably from region to region There is a tendency for the least well-off to be the least diversified and most reliant on casual/daily wage labouring. Usually reliant on a limited (sometimes only one or two) array of income sources, the very poor have little room for manoeuvre and few choices; most are in debt. Many also suffer from various forms of social and cultural discrimination by virtue of their caste or ethnic affiliation, their gender or their age. Households tend to be smaller and are often only fragments of broken households; ill-health is common and lives are often extremely precarious. These belong to the rural poor and working classes.

The sketch given above of the structure of livelihoods is, of course, a gross generalisation. One of the most striking features of rural livelihoods in Nepal is their extraordinary heterogeneity. This reflects both the heterogeneity of the physical terrain and the relatively limited development of the economic base – which ties most livelihoods closely to the exploitation of the local natural resources. It is crucial, however, also to recognise that the structure of livelihoods is associated not only with differentiation and diversity, but also with close inter-relationships between the livelihoods of those living within local communities.

The livelihoods of the poor are largely determined by the ways in which and the extent to which their lives are intertwined with those of the rich and powerful – through various forms of economic, social, cultural and political interaction. These are the relationships of class and caste, which provide the basis and the ideological justification for exploitation and oppression, for social discrimination and exclusion, for degradation and deprivation, for bondage and indebtedness, as well as for employment and patronage, for social integration and the maintenance of the social order, for reverence and respect, and social identity. Gender relations, combined with class and caste, also determine the character and quality of life for men and women; it is still the case that, by and large, gender relations among ethnic minority and *dalit* (lowest caste, untouchables') groups tend to be more egalitarian than among the high caste Hindus, where patriarchy often retains a powerful hold over the choices available to women, and ensures their continuing subordination.

2.2.3 Livelihood security and vulnerability

From what has been said above, it should be clear that, for the majority of the population in the rural areas, livelihoods are more or less insecure in normal times; more so, of course, for those with the poorest access to key assets and sources of income, who are also the most vulnerable to normal stresses and strains and to external shocks. But, there is a high degree of heterogeneity at all levels; agro-ecological (i.e. mountains, hills and plains, or *terai*), regional (e.g. western, eastern etc.), district, village development committee (VDC), hamlet, household, and individual. Village studies and monographs which provide the detail that enables us to appreciate the variety and complexity of rural livelihoods are less common than they used to be (for a variety of reasons), and surveys do not make it easy to tease out the complex weave and pattern of rural livelihoods, except in a rough and ready fashion.

If poverty alleviation is a major concern – or at least has been until recently – of most development agencies operating in Nepal, then identifying the poor and socially disadvantaged must surely be a priority. But identifying and mapping poverty, vulnerability and insecurity is a difficult business. Most systematic has been the vulnerability mapping of the World Food Programme (WFP, 2001). But much of the WFP strategy relies, we would argue, both on problematic conceptions of vulnerability and on inadequate assessment of vulnerability at district levels. For example, while Nepal as a whole is marginally a net food-exporting country, the *terai* is still a strongly food-exporting agro-ecological region, the hills and the mountains are by and large heavily food deficient – in terms of the gap between food production and aggregate food demand – and are therefore major importing regions. But a hill district (for example), which may be technically (by this definition) food deficient, may also be well able to cover that food deficit by other exports, revenues and food imports – or it may not. The population of the district which is able to make good the deficit because it has other resources are not necessarily food-insecure, even if they may not be food self-sufficient; the district which cannot make good, and cannot obtain access to food, is indeed vulnerable.

Poverty and vulnerability, however, is not just a matter of food insecurity – although ultimately this is one of the crucial components (and results) of vulnerability. The physical environment of Nepal is a difficult one, with rough terrain and an unpredictable climate. Rainfed farming is risky and those who are landless or have access only to limited plots of non-irrigable land on steep slopes are particularly vulnerable to years of low production, poor yields and landslides. Farmers attempt to create terracing and other features to control moisture, but in upland areas and on steeper slopes this may be ineffective. There is a major distinction throughout Nepal between those who have access to *khet* (irrigated) land in reasonable quantity and those who do not, in the mountains, hills and *terai*. The physical environment also makes travel and transport difficult; off the roads, human transport is still widespread although animal transport is used on major trails; much travelling and transport

involves steep climbs and steep descents. When physical access is difficult, the movement of people and goods (and services) is constrained and real travel and transport costs are high.

If the physical environment (monsoon rains, rugged terrain, etc.) creates particular difficulties, it also affords certain opportunities (natural resources). In those areas where significant forest remains (particularly in the far and mid-west) there is the possibility of the exploitation of natural forest resources – both timber and non-timber. Both logging and the collecting and exporting of non-timber forest products (notably medicinal herbs, resins and other such items) have proved extremely lucrative in the past and continue to be so.[2] In general, those areas, and those households, which have limited external resources are the most dependent on local climatic and other factors. Often these are among the poorest and most marginal. It is perhaps not insignificant that the areas in which the Maoists have their strongholds tend to be among the more isolated and remote areas of the country – not only do they afford the greatest advantages for those undertaking a guerrilla war, but they are areas in which poverty and hardship are least mitigated by access to external resources and opportunities. It is in these areas particularly that the call, 'Workers arise, you have nothing to lose but your chains', seems most attractive and most plausible.

The construction of livelihoods takes place not just within a physical environment, drawing on natural capital and natural resources. It also takes place within a social and economic environment, that offers certain opportunities and certain constraints. Rural households are frequently involved in a variety of economies as well as in various sectors – this has implications for the capacity to survive, subsist, accumulate and invest (hence of both financial and physical capital). Households and the individuals that are members of households also depend to a greater or lesser extent on social capital – the nexus of relationships which define patterns of rights and obligations – of entitlements, rights and responsibilities – within which the economy is embedded, including, arguably, access to education, employment and other opportunities. This can provide additional opportunities giving access to economic resources/assets and opportunities for income generation, provide support systems in time of trouble, and create sets of obligations.

Finally there is the more personal sphere of physical, psychological, spiritual – not only the physical or body/mind capacity (health, well being, educational status, etc.), but also personal security and risk and fear and confidence and etc. For example, the costs of ill health (and in a situation of political insecurity, injury and death by violence) are a major factor in increasing the poverty and insecurity of households. The loss of a household member through death may be a critical blow, economically, if that person was a major contributor to the household's livelihood as well as a devastating blow socially and personally, whoever it might be.

From the above, livelihood security can be seen to relate to economic security, personal, physical security, freedom from fear and harm, ability to maintain control over ones life and actions, the very opposite of vulnerability. Security is in part about certainty, reliability, predictability, but also partly about the quantity and quality of goods and services enjoyed by the household; an unreliable and meagre flow of inadequate goods and services leaves a household and/or an individual vulnerable. There is arguably a trade off between uncertainty and value of good enjoyed, just as there is in any portfolio management strategy. But vulnerability, the authors would argue needs to be seen not only in terms of the likelihood of some unpredictable loss of earnings or other form of loss or disaster but also in terms of resilience and capacity to weather a disaster or suffer a loss without a major deterioration in quality of life or well being.

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[2] Much of this, however, is undertaken by entrepreneurs from India and, to a lesser extent from the *terai* – with the connivance of the Department of Forestry, HMNG – and very little by local communities in the hills and mountains.

The formal political and social environment in Nepal is hardly one that normally promotes or provides security and support for the poor and disadvantaged; all too often, the government agencies providing much-needed goods and services fail to reach them, or remain inaccessible; and when government agencies do reach them, it is often those agencies more concerned to control and restrict the livelihood activities of the poor and disadvantaged than to assist and support them – the forest guards, the police, the bailiffs, etc. When they encounter the State, it is more frequently in its role as guardian of law and order than as an agency for development or for social justice. In normal times, however, the state remains distant, for the most part, from the daily lives and intervenes little in the livelihoods of the ordinary rural population; only with the current conflict have the police become a major source of insecurity and vulnerability for the vast majority, even if a vital source of security and protection for a minority.

A major political change took place in 1990, when a popular movement (*Jana Andolan*) managed to transform the overall political regime. The former *Panchayat* Regime, in which political parties were banned and politics as the more or less open competition for success at the ballot box was severely constrained, gave way to a multi-party system in which political parties were free to organise, debate and compete for votes at the local (VDC), district and national level through regular local and national elections. This new democracy had an immediate effect at the local (village and district) level of increasing or, arguably, revealing more clearly, social, economic and ideological divisions and in politicising local communities to a greater extent than had hitherto been the case. This could be seen as positive or negative, depending on ones point of view. Increasingly, ones political alignment affected ones access to resources and the dominance or otherwise of a particular political tendency at the national, regional and local level determined the volume and direction of benefits.

The material consequences of these political changes have been limited for most ordinary rural people. Although some INGOs have for some years now adopted a rights-based approach in their work, the rights of the more vulnerable sections of Nepali society have remained unfulfilled for the most part. Bonded labour, untouchability, gender discrimination, and other forms of exploitation, oppression and social injustice remain widespread and deeply entrenched in the rural areas. There have been improvements over the years in the provision of basic services, in education and health, to the rural areas; but it still remains the case that the poorest and most remote areas and people have the least effective access to the services provided. The contribution of government services to the lives and livelihoods of the ordinary rural people of Nepal has been very limited, and the role of the political parties in promoting the welfare and wellbeing of the rural population, even among their supporters and in villages and districts where they are in local government has been negligible.

While the withdrawal of those services and facilities that are provided would certainly not improve livelihood security for most of the rural population, particularly for the rural poor, local government has largely failed in effect to provide the impetus to local development that was hoped for. This situation has been made more difficult by the fact that, since July 2002, when the term of office of elected local government officials expired and was not renewed, local government at district and village level no longer involves elected committees but rather a limited number of government appointees. Local government, whether official or Maoist, is now, more clearly than ever before, imposed on the local population, not elected by them; what local democracy existed, has been rapidly eroded.

As will be seen below, there are now many parts of Nepal where the government remit no longer operates and where the Maoists have established alternative government structures; in many other parts of the country, the conflict prevents the normal operation of politics and local government, and jurisdictions are unclear and contested. For the most part, an uneasy co-existence between official and unofficial local authorities pertains, in which ordinary people are obliged to negotiate

their lives and activities extremely carefully in order to avoid increasing their insecurity and incurring the displeasure of either the government security forces or the Maoists.

In Nepal, poor rural households have always tended to face relatively high levels of insecurity and low levels of goods and services enjoyed. They have always been vulnerable. The sources of insecurity have in the past been largely environmental and economic, but also social and political, and personal. Now, with the current conflict, in the clash between Maoist guerrillas and the state security forces, the political looms larger, and new risks – of being threatened, attacked (beaten and subjected to other forms of physical ill treatment), subject to extortion, robbery or other direct menaces to livelihoods, and adversely affected by indirect disruption to normal economic and social relations – have emerged. For some, however, the vision of improved lives and livelihoods in the long run, if not immediately, sustains both passive and active support for the Maoist movement; and in some areas, where the Maoists are in control, it might be argued that livelihoods have improved for some (generally the poor), although they may well have deteriorated or become less secure, for others (generally the better off).

But, before the effects on livelihoods – and particularly who might be winners and who might be losers in this new conflict situation – are considered in detail, the development of the current conflict is briefly outlined.

2.3 Development of the current conflict: a historical analysis

In our conceptual understanding of the relationship between the current conflict in Nepal and rural livelihoods, a historical political-economic analysis, which recognises a series of stages in the unfolding of the conflict, is crucial (for more detailed analysis of the recent political developments in Nepal, see Karki and Seddon, 2002; Maharjan, 2002; Mikesell, 1999; Philipson, 2002; and Thapa, 2002). The PW began during a decade in which, despite the hopes raised by changes in the formal political system in 1990, the lives and livelihoods of the rural poor had experienced no appreciable improvement and the prevailing structures of political representation and civil society proved no more able to guarantee social justice and basic needs for the mass of the Nepali people than before the *Jana Andolan.*

2.3.1 The reconfiguration of Nepali politics: 1989–93

During the late 1980s, all of the various communist parties were involved in the growing mobilisation of various sections of Nepali society in opposition to the political status quo. By 1990, most parties within the communist movement had joined together to bring about the end of the partyless *Panchayat* Regime orchestrated by the King and the ruling political elite. The *Jana Andolan* was successful and in April 1990, the *Panchayat* Regime effectively came to an end. The Maoist parties, however, did not join the Communist coalition and instead formed the United National People's Movement with the United Popular Front of Nepal (UPFN) as a vehicle for electoral activity, led by Babu Ram Bhattarai. The UPFN rejected the November 1990 Constitution promulgated by the King, considering it an inadequate basis for a genuine democracy.

In 1991, the two major communist parties unified to form the Nepal Communist Party (United Marxist-Leninist), referred to here as CPN–UML, shortly after the downfall of the *Panchayat* Regime. As the Nepali Congress Government began to demonstrate its hostility towards the more radical leftist parties, and the CPN–UML emerged as a major political force within the new parliamentary system. The CPN–UML participated in the first general election of 1991 and established itself as the mainstream communist party of Nepal (winning just over two million votes

as against the Nepali Congress, which secured 2.75 million). The UPFN won nine seats (with around 350,000 votes).

Some of the smaller communist parties were now even more sceptical of the possibilities of a parliamentary road to socialism for Nepal. Efforts were made to bring together the various smaller communist parties (including the Maoists) under one platform, and in 1991 the CPN (Unity Centre–UC) was established. This now began to consider the strategy of protracted PW through the initiation of open class struggle in the rural areas adopting the classic Chinese model as the appropriate revolutionary strategy for Nepal (Neupane, 2001: 100–109). There followed a period (1993/4) of intense debate and considerable disagreement within the CPN (UC) regarding tactics, timing and other aspects of a programme of armed struggle. As a result, the CPN (UC) divided into two parties, the CPN (UC) and the CPN (Maoist) in 1994. The CPN (UC) continued to work within the framework of parliamentary politics, but the CPN (Maoist) now abandoned all political work within the existing legal framework and started preparing for a PW. The UPFN, boycotting the 1994 parliamentary mid-term elections, used the occasion to criticise the parliamentary democratic system and to prepare cadres to bring radical change through the armed struggle.

2.3.2 Preparation for a People's War: 1994–6

The outcome of the 1994 mid-term elections was that the CPN–UML became the largest party in parliament, with 88 seats, (as against the 83 of the Nepali Congress Party (NCP)), and formed a minority government, which lasted nine months. It was replaced by a coalition of the Nepali Congress and *Rastriya Prajatantrik* Party (RPP); and shortly afterwards this coalition was replaced in turn by a NCP government. During this period, the CPN (Maoist) was able to prepare for a PW. In March 1995, the CPN (Maoist) adopted *The Strategy and Tactics of Armed Struggle in Nepal*. This document states that the conscious peasant class struggle developed in the western hill districts, particularly in Rolpa and Rukum, represents the high level of anti-feudal and anti-imperialist revolutionary struggle. 'That struggle has given birth to some new tendencies in the Nepali Communist Movement which have inspired us to be more serious about the business of armed struggle' (CPN (Maoist), 1995).

Arguably, it was at this point (in early 1995) that the CPN (Maoist) began to consider launching the armed struggle from the mid western hills. There were good reasons for adopting this area as the platform for the launch of the PW – the physical environment was most suitable for the launching of a guerrilla war, the economy and society of the region was particularly isolated and remote from urban centres and heavily dependent on small-scale predominantly rainfed farming, the people were hardy and self-reliant but deeply aware of their own poverty and marginalisation from the mainstream of Nepal's political economy, local inequalities and class divisions, although less marked than in some areas (notably in the *terai*), were sharp, and social discrimination intense both within the Brahmin-Chetri-*dalit* communities against *dalits* and women, and between the Brahmin-Chetris and the ethnic Magars. But there were also specific political reasons why Rolpa and Rukum became the launching ground for the PW.

Increasingly, after 1991, and particularly after 1993/4, political activists of the UPFN and other leftist parties in Rolpa (where they were particularly strong) and in Rukum suffered severe harassment by district government representatives and the local authorities (Karki, 2001). This official repression culminated in 1996 in actions taken by the government-appointed Chief District Officers of Rolpa and Rukum which were the subject of a statement by the UPFN accusing the authorities of barbaric oppression (*Mulprabaha*, 2000: 8).[3] Babu Ram Bhattarai, the leader of the

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[3] An independent investigation carried out by a team of all-party parliamentarians subsequently substantiated many of the claims and accusations made by the UPFN.

UPFN, condemned the barbaric repression of the people of Rolpa and Rukum by the Nepali Congress government and requested an end to administrative repression and state terrorism. A 40-point demand was submitted to the Government, and the UPFN insisted that if no progress were made towards fulfilment of the demands within a week, they would have no choice but to resort to armed struggle. HMGN, far from responding positively, cracked down further.

2.3.3 The People's War: 1996–2001

In their 'Plan for the Historical Initiation of the People's War', adopted by the CPN (Maoist) Central Committee in September 1995, the Maoists had stated that 'on the occasion of the formulation of the Plan for the initiation of the process that will unfold as a protracted PW, based on the strategy of encircling the city from the countryside according to the specificities of our country, the Party once again reiterates its eternal commitment to the theory of PW developed by Mao as the universal and invincible theory of war' (Desanter, 2001, cited in Karki, 2001: 174). On 13 February 1996, the CPN (Maoist) declared a PW in Nepal. The stated objectives were to overthrow the bureaucratic-capitalist class and state system, to uproot semi-feudalism and to drive out imperialism (Prachanda, 2000), in order to establish a new democratic republic with a view to building a new socialist society. To achieve these objectives, the CPN (Maoist) adopted the strategy and tactics of a protracted PW, with the aim or purpose of establishing base areas in the rural and remote areas, so as, eventually, to surround urban areas and seize state power.

The PW was launched in six districts – Rukum, Rolpa, Jajrkot, Salyan and Gorkha in mid-western and western Nepal, and in Sindhuli in the centre-east of Nepal. Between February 1996 and February 2001 a series of six plans provided a clearly stated structure to the objectives and tactics deployed by the CPN (Maoist). One of the early objectives was the elimination of selected enemies, and in 1996/7, the Maoists were successful in capturing weapons and developing guerrilla zones. During 1998/9, the extent and intensity of the conflict increased significantly with unprecedented attacks across the country. From 1999, there was a stated desire to create base areas, particularly in the hill districts of Rolpa and Rukum. Whilst the Maoists have been able over time to build up relatively secure areas – there is undoubtedly a geographical core to the movement – these do not yet constitute base areas. In 2000, it was declared that once base areas have been established, the People's Republic of Nepal will be formed.

The Government responded during this period in a way they had not seen as appropriate in the earlier phases of the conflict. Initially, during the period 1995–8, political competition, combined epidemic corruption and unemployment 'favoured the rapid spread of Maoist activities' (Bhattarai, 2001). Then successive major police crackdowns on the Maoists were followed by a search-and-arrest campaign in the mid-west and reports of police atrocities. In May 1998, for example, the police operation Kilo Sierra was a significant effort to crush the rebels, but its brutality and lack of discrimination in terms of its targets proved counter-productive and, arguably, stimulated a further intensification of activity on the part of the Maoists and increased their support among the Nepali population at large (Philipson, 2002). The killing by the police in Gorkha of CPN (Maoist) alternative politbureau member Suresh Wagle was followed by simultaneous attacks by the Maoists in 25 districts during the night of 22 September 1999 and the organisation on 7 October of a Nepal *Bandh* (shut-down). In September 2000, an attack on Dunai, the capital of Dolpa District was carried out, after which the RNA was deployed in the capitals of 16 districts. The Government now tried to resolve the conflict by appointing commissions and initiating contacts and dialogues with the Maoists.

At the National Conference in February 2001, the Maoists began to redefine their policies and plans beyond the confines of the PW – what was hailed as the Prachanda Path emerged as a strategy for a

revolution which would involve a fusion of the Chinese model of protracted PW (expanded from villages to towns) with the Soviet model of general armed insurrection. The aim of the Prachanda Path was to use the PW in order to expand their base areas in villages and use that as the foundation for a People's revolt at the centre in order to overthrow the government. This strategy recognised both the risks involved in taking on the RNA in the rural areas and the importance of building the base for a popular revolt at the centre, in Kathmandu. To this end, the Maoists once again raised the issues of a constituent assembly, a new constitution, a republic and national sovereignty, and embarked on talks with the government, through intermediaries.

The June 2001 massacre of the King and the royal family (by all reputable accounts the result of personal rather than political anger and resentment) was unforeseen and certainly affected the Maoists plans.[4] The new King, Gyandendra, was evidently prepared to adopt a much stronger line with respect to the Maoists than the previous King, Birendra. The deployment of the RNA to various locations in the hill areas and plans to establish an IISDP indicated a greater willingness on his part to listen to the RNA chiefs and entertain a military solution. Nevertheless, preliminary negotiations led to a ceasefire and a programme of talks between the Maoists and HMGN. Three rounds of talks were held, but, in the meanwhile, the events of 11 September 2001 in the USA and the declaration of the war against terrorism dramatically altered the wider political climate and undoubtedly had its impact on the situation in Nepal. For whatever reasons, on 23 November, the Maoists broke off the talks and breached the cease-fire, launching a series of attacks on various targets, both military and civilian. For the first time the guerrillas attacked the RNA, killing 14 soldiers in the Ghorahi base in addition to policemen. They looted an estimated Rs225 million from banks over the week. This was a dramatic turning point.

2.3.4 A State of Emergency (SoE): 2001/2

On 26 November 2001, after talks between HMGN and the Maoists broke down, and the latter had launched attacks on police and RNA posts, a SoE was declared, the RNA was called out and an ordinance granting the State wide powers to arrest people involved in terrorist actions put in place. Under the ordinance, the CPN (Maoist) was declared to be a terrorist organisation and the insurgents labelled as terrorists. Until this point, the conflict had been, largely, a low intensity conflict; but after the break-up of the talks, the resumption of the conflict and the declaration of the SoE, the intensity and the scale of the conflict increased significantly. After November 2001 the conflict moved into a new phase. Increasingly, furthermore, external agencies were to become involved, with the governments of some countries (notably the USA, UK and India) taking a much more active and interventionist line than previously and development agencies actively seeking to respond to the conflict, in a variety of ways.

Since November 2001, HMGN has deployed the RNA to an increasing degree. This has been associated with increased military spending and more frequent larger-scale clashes between RNA, police and rebels, finally being seen as worthy of being reported in the international media. Increased military activity during 2002 has been accompanied by a dramatic increase in deaths in larger-scale clashes between the guerrillas and the police and the RNA. For the time being, however, even in the context of the current conflict and the SoE, it is almost certainly the case that the majority of the Nepali population, and most of the foreign (bilateral and multilateral) agencies, support the continuation of the experiment with democracy, in some form or another. Dissidents within the ruling Congress Party and the Opposition refused the proposal by the Prime Minister to extend the powers of the security forces under the SoE, arguing that the new anti-terrorist law

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[4] The apparent opportunism with which the Maoists responded to the incident – claiming it as an imperialist and reactionary plot and proposing the immediate formation of an interim government, a new constitution and the establishment of a republic – did not arouse much support, even from the left.

already gave them sufficient authority. But the decision of Prime Minister Deuba in May to dissolve parliament and seek national elections in mid-November led to considerable tensions. Although the King extended the SoE for a further three months, to August 2002, and the dissolution of parliament was eventually upheld, the NCP suspended Mr Deuba and expelled him for a period of three years. However, in October, after considerable uncertainty as to whether elections would be held as initially proposed in November 2002, and various suggestions for their postponement, the King intervened, sacking the Prime Minister and forming his own government (HMGN).

How the new government, and the powerful interests (national and foreign) that shape government policy, will move in the future will depend in part on an assessment of the impact of the current conflict on the political, economic and social life of the country. For the time being, within the country itself, support for Nepal's still precarious parliamentary democracy remains strong, but there is now no elected government at national, district or village level. Whether it will prove possible to hold free and fair elections across Nepal in a situation where large parts of the country are not fully under government control and in which the Maoists have declared themselves prepared to boycott the elections, is very debatable. Since August 2002, the war has continued to intensify. Insecurity for ordinary people in the rural areas has increased and lives and livelihoods have become increasingly affected. The Maoists have also increased their attacks on infrastructure as part of their struggle against the State, concentrating their attentions more on strategic targets than on the smaller-scale infrastructure. These attacks, while directed at power, transport and communications infrastructure in particular, have affected the economy as a whole, and have had a significant propaganda effect, in so far as the government, and indeed many of the development agencies, have been visibly shocked by this development. The impact of the conflict, at all levels, is clearly growing.

3 Impacts of the Current Conflict on Lives and Livelihoods

3.1 Lack of detailed data

As one commentator on the first draft of this Working Paper observed, 'There remains a disturbing lack of quality information about the impact that the conflict is having upon those with whom we work. We really do not know how the conflict is affecting health, markets, livelihoods, communities, households, women, *dalits*, children, the elderly, vulnerable groups, jobs, education, incomes, and so on.' There have been several recent attempts to assess the general characteristics and impacts of the conflict,[5] but these are all very general. Most studies have been concerned with the history of the conflict and security issues, and with the impact on development programmes and projects, and on the economy as a whole, rather with the effect on livelihoods. As regards the impact on rural livelihoods in particular, in addition to this Working Paper, a few other initiatives are known to exist,[6] but there is as yet no central repository of knowledge where this kind of information can be accessed.

Projects often collect rich empirical data about the lives and livelihoods of the people whose circumstances and conditions they are designed to improve as part of their overall approach – using participatory rural appraisal (PRA) and rapid rural appraisal techniques increasingly often – but there is rarely the time found to undertake the kind of detailed analysis and then to summarise and disseminate this in a usable form that would enable development agencies to take full advantage of the existing data on rural livelihoods. Across Nepal, INGOs and NGOs in particular have valuable bodies of data collected but not adequately analysed which would give the lie to the often repeated nostrum that relatively little is known about rural livelihoods – a lot is known, but it seems not to be easily accessible. Despite this lack of detailed studies, however, it is possible to put together a kind of composite picture of the impacts of the conflict on Nepali economy and society.

3.2 Numbers affected

In a war situation, the threat to life and limb constitutes one of the most obvious threats to personal security and to the lives and livelihoods of ordinary Nepalis. If one simply adds up the numbers killed and injured, and considers the number immediately affected (members of their family and close relatives), they probably added up at the end of 2001 to around 350,000 out of a total population of some 24 million. However, with the increased intensity of violence and number of deaths in 2002, and the increased scale of operations across the country, this figure is now likely to be significantly higher – perhaps double. Current estimates suggest a total of 7,000 people killed since the conflict began, with more than half of these having died in 2002. If the number of deaths has doubled in six months, it is reasonable to expect that the number of those affected, directly or indirectly, has more than doubled.

The fear of physical insecurity from the Maoists and, even more so, from the security forces – who have found it difficult to distinguish between Maoists, Maoist supporter, and the mass of ordinary Nepali people in the rural areas – affects far greater numbers and inhibits a whole range of economic, social and political activities, particularly those that involve travelling or coming together in specific locations. Hundreds of thousands of people have been affected in this way.

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[5] For example, DFID sponsored the production of a number of papers, including one on The Economic Aspects of the Conflict in Nepal, one on the Ethnic Dimensions of the Maoist Insurgency and one on the Gender Dimensions of the Conflict in May 2002 (see also Philipson, 2002; Kievelitz and Polzer, 2002; CESOD, 2002).

[6] The Save Alliance, for example, is talking about conducting a study on the impact of the conflict on children, and the European Union (EU) has recently been researching the impact of conflict on education.

In all, perhaps one million people (about one in 25), at a rough estimate, have been relatively directly affected, one way or another by the conflict.

3.3 Disruption to travel and transport

The major direct impact of the conflict so far as most ordinary individuals and households are concerned has been a widespread reduction in physical mobility and travel – both as a result of a sense of personal insecurity and as a result of specific interventions by both the Maoists and the security forces – and a general withdrawal from the remoter rural areas to the relative security of the towns on the part of all those who feel threatened by virtue of their class or social status, their political affiliation, or their position in local government service. This has undoubtedly resulted to some extent – the scale and amplitude of which is difficult to measure – in a rural-urban exodus. We do not, however, consider here in any detail the effect on urban livelihoods, although clearly what happens in the countryside does affect the urban economy and society.

The disruption to travel and transport throughout the conflict-affected areas may be having a serious effect on livelihoods for some. The destruction of bridges by the Maoists means that travel times have increased. In order to deny the Maoists food supplies, the security forces are not allowing people to carry more than one-day's food supply at a time, with potentially serious impacts on food security (see Box 1). Similarly, the security forces will not allow pack animal trains to carry food supplies into the hills. In general, movement is severely restricted, as there are many check posts where the authorities want to know why people are moving around and anyone found in the forest is liable to be treated as a Maoist. It has even been suggested that traditional livelihood opportunities such as going into the forest to collect non-timber forest produce and marketing it elsewhere are therefore seriously disrupted. If visits to the forest to collect fuel wood, fodder and non-timber forest products are restricted, then this is likely to have an adverse effect on the poor, whose dependence on such resources is often greater; but restrictions on marketing are likely to affect the better-off – it is rare to find those who gather the forest products actually marketing them and small-scale farmers tend not to sell much of their produce.

The effects of these forms of disruption may well be significant in affecting food security, but at the present time there is simply no justification for statements to the effect that apart from the more immediate manifestations of disrupted markets, rising prices, increased migration, closure of essential services, we will probably also see famine emerging in many already food-deficient districts in the mid-west and far-west, as one commentator on the earlier draft of this paper suggested. It is the case, however, that the remote north-west of the country (the upper Karnali region) has been subject to periodic famines over recent years and the limitation of food distribution by the government (for various reasons, including the security situation) has substantially worsened the food security situation in that region during 2002. Elsewhere, the impact on food supply has not yet shown up in food prices, partly because conflict is worst in the remote areas, which are subsistence-dominated, but also because 2002 saw a bumper harvest in both Nepal and India, so grain is plentiful and cheap Recent studies cited earlier (e.g. Blaikie et al., 2002) have revealed the extent of subsistence production and lack of commercialisation, even of basic staple crops, in the hills in particular.

A drastic reduction in travelling, and hence in the transport of goods and provision of services has undoubtedly led to a general slow-down in economic activity not only at local levels but also at the national level. Construction that requires the transport of heavy materials on a large scale is highly visible and depends on the mobilisation of significant labour forces in one place, has also been hard hit as a sector, with associated losses, of profits, employment and income. Growing insecurity and

transport difficulties will reduce the willingness of many foreigners to visit Nepal, thus seriously affecting the tourist industry.

Development and aid activities have also been delayed or stopped because of fear of Maoist attacks. Mobilisation of major rural access projects, such as DFID's Rural Access Programme (RAP), for example, is now proving difficult because of the issues of insecurity. In the long run, this may prove a major concern. Other aid programmes are being and will be affected, so long as insecurity is felt to be at the present level. Various WFP food-distribution activities, for example, have been suspended owing to insecurity.

3.4 Damage to infrastructure and impact on the economy

As early as 2000, the Maoists had begun to attack the buildings and plant of the multinational and large national corporations – including Unilever Nepal, Surya Tobacco Company, Coca Cola, an Indian milk factory and several distilleries (Mikesell, 2001: 18) and this has continued with increased vigour throughout the last year or so. Attacks on specific targets, such as the Coca Cola plant in Kathmandu, have been as much symbolic of an attack on imperialism as real. Attacks on big business inevitably have indirect result on turnover and profits, and to some extent on employment.

Attacks on police posts and government buildings have created only incidental, and for the most part minor, structural and infrastructural damage. More recently, however, direct attacks on infrastructure (sabotage) – for example on telecommunications centres, power supplies, bridges, etc. – have had more widespread impact. Some commentators have suggested that the Maoists targeting of assets of development – drinking water systems, micro-hydro stations, communications towers, rural airports, suspension bridges – have had a really catastrophic (although at present unmeasurable) effect on rural livelihoods. The extent of this damage remains for the time being difficult to measure, not only because of the difficulty of assessing the indirect effects of sabotage of infrastructure on livelihoods but also because the real extent of the sabotage itself has not been assessed reliably.[7] To refer to it as catastrophic may perhaps be plausible, but is unjustified. The Maoists have recently recognised the adverse propaganda effect of their earlier attacks on rural infrastructure and installations that could be regarded as primarily for development purposes, and have promised to leave them alone from now on.

Until and unless there is either a systematic country-wide assessment on a district by district basis, the assessment of the damage done remains impressionistic and anecdotal. There is no doubt, however, that infrastructural damage is becoming significant, and may indeed be more serious than this in specific localities, affecting particular local communities and their livelihoods. It needs to be recognised, however, that the infrastructure targeted has for the most part been infrastructure which immediately affects the lives and livelihoods of the better-off in the rural areas to a greater extent than it does the mass of the rural population, including the poor.

The loss of confidence and real threat to profits is likely to reduce the willingness of both foreign and big national to invest in business ventures in Nepal. The level of foreign direct investment (mainly Indian) was already low prior to the current conflict, and it is difficult to identify a reduction in foreign investment that can be specifically related to the conflict to date. However, if the insurgency continues it is likely that there will be a visible decline in Foreign Direct Investment and a flight of capital (Indian and Nepali) out of the country.

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[7] Although the overall cost of the insurgency has been estimated apparently (*source*: sagenepal@hotmail.com of 20 May 2002) by the World Bank at around US$300 million, it is not at all clear on what basis it has arrived at this figure.

3.5 Overview of impacts on food and livelihood security

In terms of disruption to agricultural output, careful analysis of the agricultural statistics at a local level might pick up the effect of disruption to production, but, given the margins of error known to plague the agricultural statistics and the usually considerable effect of weather and other conditions on local farming activities and outputs, it is unlikely that these would reveal any clear trend or even a sudden drop in the last year or so, under whatever conditions. Apart from some land expropriations in the *terai,* there has been little in the way of land reform undertaken by the Maoists and no visible impact on agricultural production.

Box 1 provides examples of types of negative livelihood impacts caused by Maoist and government forces actions as observed by development workers and relating to the factors described above.

Box 1 Examples of negative livelihood impacts

Undermining food security by blocking the movement of food
Security forces in rural areas are preventing people from carrying more than one day's food supply at a time to deny Maoists food supplies. This is having a significant impact on food access as people normally have to carry a month's supply given that they live on average three to four days walk from market. This is worsened by the destruction of bridges by Maoists which can turn a 30 minute walk into a three day hike. Pack animal trains are also being prevented from the traditional role of carrying food back to the hills after over-wintering at lower altitudes.

Reduced livelihood opportunities due to restrictions on the movement of persons
Movement is severely restricted as there are many check-posts where the authorities want to know why people are moving. Traditional livelihood opportunities such as collecting non-timber forest produce and marketing it are being seriously disrupted.

Depleting household labour and increased vulnerability due to migration under duress
- Young people in rural areas are increasingly faced with a choice of joining the Maoists or fleeing to avoid conscription. This is removing some of the most able-bodied household members with direct effects on livelihoods.
- Traditional seasonal migration patterns are lengthening with likely effects on crop production levels. The traditional system in food-deficient hill areas was for men and older boys to migrate to the low-lying *terai* (where the harvest was earlier) or India for a season after sowing crops. They would return with food and supplies just before harvest. This system removed consumption units in the hungry season and brought in extra food at the hungriest period just before the harvest. It also brought the labour supply back in time for harvest. This migration is now extending over longer periods, placing a constraint on the harvest, eliminating a seasonal external injection of food and resulting in large areas of land remaining fallow.
- Women and others left behind suffer increased vulnerability in the war context.

Requisitioning and theft of food supplies
- There are reports of Maoists requisitioning food supplies from farms, either directly or indirectly (through lodging with people and demanding to be fed). Security forces are said to be punishing people to prevent this by removing their food.
- Food stocks (e.g. those of WFP) have been looted, disrupting food-for-work schemes.

Food prices
The impact of food supply restrictions on food prices has not been evident at the national level. This may be because conflict is worst in remote areas (subsistence-dominated and disconnected from regional markets) and due to bumper harvests in 2001 in Nepal and India, making grain plentiful and cheap.

General slow down in economic activity reducing non farm employment opportunities
There is a general slow down in economic activity, removing livelihood opportunities in sectors such as construction and road building. Tourism has been seriously affected, with opportunities for work as porters and guides dwindling. In general, travel has been reduced, as has the transport of goods in the hills. This hits the lower castes hardest as they used to dominate such jobs.

Source: Gerry Gill, ODI Associate, Personal communication

Whether these adverse effects significantly affect the majority of Nepal's population is debatable and there is really still little reliable quantitative evidence – most of what is known is anecdotal and based on impressions, local examples and incidents. The following sections attempt to provide a more detailed analysis by disaggregating different sections of the population and different areas affected. Further detailed evidence is presented in two case studies (see Lal et al., 2003 forthcoming) but more grassroots evidence is badly needed. What is also needed is an assessment of the impact, as it has changed, over time and in different regions and districts. A coordinated study of the impact of the conflict on rural livelihoods, based on field data from a wide range of government (GO) and NGOs would be most useful.

Ideally, the analysis of vulnerability in the Nepali context of chronic political instability would include a consideration of this period between 1990 and 1996, during which time, arguably, livelihoods became more directly affected by political insecurity, as a direct result of the move away from the certainties of the *Panchayat* Regime to the uncertainties of multi-party democracy. Clearly, the current fear of political instability not only stems from the Maoist insurgency but is also rooted in the political events described in the historical section. This would also give a better idea of the situation *prior* to the Maoist insurgency and current conflict, and thus a control on what has changed since the conflict started. But such an analysis is beyond the scope of this Working Paper, which focuses on the current conflict (1996 to date).

In the first four years of the PW, both the extent and the level of conflict remained limited, directly involving relatively few people. It was possible until recently to talk of a low-intensity conflict. For the period from 1996 to 2000, when the conflict was confined largely to a limited number of districts and even to specific areas within those districts, it was possible for government and most development agencies to continue much as before (albeit with some modifications in those conflict-affected areas). Analysis of the implications of the conflict for local lives and livelihoods was not a major concern, let alone a priority. We thus know relatively little about the effect of the conflict on livelihoods in the first four years of the conflict, as compared with the last few years. Development projects working in areas that were conflict-affected at that time may be able to undertake an historical/archaeological analysis in retrospect.

Since November 2001, the scale and level of intensity has increased very considerably, and the situation on the ground for ordinary people has also changed significantly. As the intensity of the conflict has increased the negative effects on livelihoods have become more marked. These range between:

- Increased insecurity: death or injury of family members caught in the violence; rise in criminality (from land confiscation and petty theft to costly protection regimes);
- Increasing use of rape as a weapon by both sides;
- Inability to maintain and disincentive to improve farmland due to insecurity;
- The extraction of a compulsory 'tax' by Maoists from individuals, businesses and development programmes operating in Maoist-controlled areas;
- Sale of assets;
- Disruption of markets for sale and purchase of goods;
- Out-migration of men from Maoist-affected areas and displacement resulting in loss of on-farm labour;
- Decreased access to or ability to influence government or NGO services as these withdraw;
- Disruption of social capital.

However, it should be noted that livelihoods have, arguably, improved in a number of ways for some households in many Maoist affected areas:

- Land and assets have been redistributed and new internal markets and new barter systems have arisen benefiting some poor groups;

- Enhanced sense of group identity and collective activity among Maoist supporters;

- Women's status has evolved with greater concern for domestic violence exemplified by cases taken in the People's Courts, and by women becoming more involved in such agricultural activities as ploughing previously seen as male preserves and joining fighting units in the Maoist forces.

Ideally, it would be good to be able to chart changes across Nepal in all three periods: before the conflict, early years of the conflict and the current conflict (the last couple of years). It is only possible to make some generalisations regarding the last of these. We can, however, say something about the spatial dimension, as the Maoist insurgency has, from the outset, had a distinctive spatial dimension.

3.6 Areas affected

The impact of the current conflict has varied significantly over time and from place to place within Nepal as the insurgency has spread and the conflict had spread and intensified. Various different categorisations of the areas affected by the Maoists have been put forward by the government, by specific agencies (e.g. CARE-N, as described below), and by the Maoists themselves. At the end of the 1990s, the government considered that 24 districts (out of a total of 72) had been specifically affected, yet by the beginning of 2000 it was generally accepted that Maoists had a significant presence or level of activity in 45 districts, i.e. over half.

During 2000/1, as the conflict began to deepen and widen, several agencies and some analysts began to speak in terms of areas under the control of the Maoists, areas affected by the conflict, and areas little affected. Much of the data presented in the analysis below – including the case study material deployed – relates to that period, when these distinctions seemed to provide a valid basis for any consideration of the implications of the conflict for lives and livelihoods. In the areas *under Maoist control*, a range of interventions by the Maoists affected the lives and livelihoods of the local population, for better or for worse, depending to some extent on whether they were seen broadly as supportive or hostile to the movement. In the areas *affected by the conflict*, where clashes took place relatively frequently between the Maoist guerrillas and the police (for the most part), lives and livelihoods were probably most disrupted by uncertainty and insecurity. In *the unaffected or little affected areas*, by definition the usual struggle for survival continued with relatively little change.

Though detailed analysis has yet to be undertaken, it is likely that the level of conflict and disruption to people lives through political uncertainty has, since 2000, been greater in Maoist-affected areas than in Maoist-controlled areas. In the former, there has been a significant Maoist presence and level of activity, and there is also opposition to them and their actions either by sections of the local population or by the government/state services. It is arguably in these areas that the majority of the ordinary population feel particularly insecure and uncertain at the present time, even though their lives and livelihoods may not be as significantly affected by changes introduced by the Maoists through their People's Committees and the introduction of new regulations and interventions. Figures for the number and distribution by district of those killed in clashes since 23 November 2001 suggest that there are really no Maoist-free areas any more. Some districts still remain relatively little affected, however, and these include the extremely remote and sparsely

populated mountain areas of the north and northwest: Bajhang and Bajura, Humla, Mugu and Dolpa, Mustang and Manang. Even in these districts, however, there is support for the Maoists, and a degree of conflict.

Although the distinction between Maoist-controlled areas, areas affected by conflict and areas relatively unaffected is no longer as distinct as it was even when the first draft of this Paper was produced, there remains a great deal of variation both in the scale and nature of Maoist control and influence and in the level of conflict between the Maoists and the state security forces across the country as a whole. This is also changing over time, and we must be careful not to over-generalise or to fail to recognise changing patterns. Although the major areas of Maoist activity are still in the remoter hill and mountain regions, most districts in the *terai* (fertile lowlands devoted to agriculture) are now also affected. The heterogeneity of Nepal, in physical, agro-ecological, economic, social and political terms, is now more relevant than ever. While we are obliged here to make generalisations, the reality is more complex and varies enormously from place to place, even within a given district.

3.7 Local governance structures

One of the main spheres of activity, which affects both people's lives and livelihoods and is itself very much subject to the impact of the evolution of the conflict, is that of local government. The first concern of the Maoists in areas under their military and political control is to establish the apparatus of local government and their distinctive forms of law and order; to create People's Local Government at village and, where possible, at district level.

Ironically, the process of decentralisation, in the sense of sharing public power vertically through interventions from outside the state apparatus, long an official policy of the government of Nepal, was beginning to gain momentum prior to the intensification of the conflict in 2000 (Hussein and Montagu, 2000). Even in the conflict context where large areas of the country are not under central authority, where decentralised government structures operate, they are still able to provide local services. In areas where the Maoists maintain a high degree of control or influence, however, there has been a substantial withdrawal of local government officials and line ministry personnel from those rural areas. This has led to a decline in the power and influence of elected local government and in the effectiveness of line agencies in delivering the services and products for which they are responsible.

The government-controlled forces of law and order were the first to be removed. Sharma has pointed out that being able to rid the villages of the police and the administration is truly a huge strategic achievement for the Maoist movement (2001: 4). The district of Rolpa provides an example of the retreat of the police – as early as 2000, the number of police posts had dwindled from 39 to two; while Rukum had seen a decline from 23 to two. The removal from office, or subordination to the control of the local Maoist political authority, of local government officials was next in order of priority and usually in sequence. The fate of VDCs has been similar to that of police posts. Most of the office-bearers of the VDCs have been evicted from their villages.

This withdrawal of local government personnel and services may have had relatively limited impact in the rural areas from which they have withdrawn, given the evidence that the provision of government services and facilities have always tended to be heavily concentrated in areas easily accessible from district headquarters and major urban and market centres. Also, where they do not clash with Maoist alternatives (e.g. People's Courts, people's government), government facilities and services have continued to operate. In all cases and in all areas, however, it is likely that those who previously made greatest use of government services have been the hardest hit by their withdrawal or unavailability. In general, these will have been the better-off rather than the poorest.

Increasingly over time, and particularly since 2000, the secure areas over which the Maoists have effective control involve the establishment of People's Government. Instead of the previous structure and operations of local government, the Maoists have attempted to establish an alternative structure. To this end, they have established, in areas where they have effective control, various People's Committees at the ward, village, area and district levels. These are formed by election based on class representation. Guerrillas, minority (ethnic groups), *dalits*, intellectuals, women, businessmen, etc. are all given representation But feudalists, and comprador and bureaucratic capitalists are not allowed either to elect or be elected to people's governments.

As Karki describes it, basing his remarks on a visit to the secure areas during 2001, Maoists have established their own local governance in their stronghold areas, especially in districts that were Category A. They have conducted their own elections at local level, and local governments have been formed, in a few cases (e.g. Rukum) at district level, elsewhere at village (VDC) level (Karki, 2001). By November 2001 there were District Level People's Governments in 21 districts – all hill districts (Sharma, 2001: 12). A code of conduct or Directive has been developed for the New People's Government and a manual published, which constitute the rules, regulations, rights and responsibilities of the New People's Government. In areas where police posts have been evacuated, the Maoists have established local structures for policing.

People's Courts have tended to take over authority for handling civil and criminal cases in Maoist secure areas (Neupane, 2000: 4). Disputes, conflicts and criminal cases are dealt with by these People's Courts. Sharma reports that the Maoists have also established a parallel judiciary system where People's Courts hear cases and pass judgements and sentences. People's justice is not always a positive alternative to the state system. Sharma notes that the punishment handed out by People's Courts also appears to be based purely on whim. Personal motives appear to play a strong part in the process. That is the reason many people have been forced to flee from their villages when they have been unable to pay fines ordered by the Maoists (Sharma, 2001: 6).

Since July 2002, when the term of office of locally elected members of VDCs and District Development Committees (DDCs) expired, and were not renewed, there has been no elected local government. At the district level the Chief District Officer (CDO) appointed by the Ministry of the Interior is the senior local authority, responsible for the overall administration of the district. In the absence of an elected DDC, the Local Development Officer (LDO) has taken main responsibility for running local district affairs, including development in the broadest sense. The LDO is now Secretary of a Local District Committee, other members of which include five representatives of the different government line agencies. These, local authorities, together with the police and in most districts now the RNA, are what remains of local government. At the village level, instead of the elected VDC there is simply an appointed Village Secretary. The legitimacy of this new structure of local government, given that elections have been postponed for the foreseeable future, must be in question.

Given that in many districts the previous office holders in the VDCs have been obliged to retreat from the villages where previously they constituted the local government – there is virtually no government at all in the villages. At the district level, more even than before the local government is top-down, and primarily concerned with law and order and the maintenance of basic services. In areas where the Maoists are active – now virtually all districts of Nepal – ordinary rural people are caught, it might be said, between the two opposing forces – 'a yam between two boulders', as King Prithivi Narayan Shah once said of Nepal, China and India. To what extent are their lives and livelihoods affected, compromised or seriously adversely affected by the PW; on the other hand, to what extent are their lives and livelihoods positively affected, or even enhanced by the Maoist movement?

3.8 Impact on different sections of the population

In general, particularly where the Maoists have control or significant presence, the direct impact of the conflict on livelihoods is differentiated across groups in large part according to their position vis-à-vis the PW: There are: (i) the enemies of the people; (ii) the natural supporters of the PW, the mass of poor peasants and workers; and (iii) those in the rural areas who fall in-between these two major categories. In areas that are contested or transitional, as far as the police and the RNA are concerned, there are: (i) the guerrillas and People's militia against whom they are fighting directly (military enemy); (ii) the Maoists and Maoist supporters against whom they are struggling as part of the governments struggle against the illegal opposition (political enemy); and (iii) the ordinary members of the local population. The problem for the security forces is that (ii) and (iii) are difficult to distinguish, and as a result actions taken against Maoists and Maoist supporters often actually involve ordinary members of the local population – the very people whose lives and livelihoods they are supposed to be defending against the rebels.

3.8.1 The enemies of the people

In principle, the lives and livelihoods of all of those considered to be enemies of the people – particularly large landowners, money-lenders and those who have exploited and oppressed local people, corrupt local government officials and politicians, merchants and traders, and political activists from other parties than those supporting the Maoists – are at risk. Larger business enterprises are also targets, as are some state-owned or controlled public facilities, although strictly these do not fall into the same category; these represent the forces of feudalism, bureaucratic and comprador capitalism, and imperialism. But, in an armed conflict it is the forces on the other side that constitute the immediate target. According to data provided by the Informal Sector Service Centre (INSEC) in early 2002, 910 people were killed by Maoist insurgents between 1996 and 2001. More than 50% of these (489) were police, 38 were RNA personnel and 127 were political workers from other parties, usually the ruling NCP. The minority were from other groups or professions: 152 were agriculturalists (landowners, farmers and peasants); 34 were ordinary people, 19 were teachers, 18 were students, 16 were civil servants, nine were workers, and eight were businessmen (INSEC, 2002). It is not surprising that the largest number apart from the police were classified as agriculturalists given the predominantly rural nature of the conflict; it is not possible to identify these persons definitively as landowners or rich peasants.

The police have probably suffered most casualties in the conflict since 1996. On the first day of the PW, the People's militia and commandos of the CPN (Maoist) captured police stations, including Athbiskot police post in Rukum District and Holeri police post in Rolpa District. Since that time, the police have been the main target of the Maoist guerrillas and have lost the largest number of persons killed of any category.

Those who are among the majority of the rural population, and particularly those considered to be among the poor or very poor have tended not to be directly threatened by the Maoists, unless they are or are considered to be police informants, spies or lackeys of the government, or members of the security services. Summary executions of suspected government informants are not uncommon.

In the first year of the PW, there were many instances of individuals – particularly village landowners – being attacked. The armed struggle would also involve confiscating the lands of feudal landowners and distributing them among the landless and poor peasants on the basis of the

land to the tiller.[8] In some cases, the tillers rights have been established along with taking over land belonging to feudal landlords. Several Village People's Committees (VPCs) have even issued land registration papers and collect tax. This is probably the explanation for the fact that government collection in Maoist-affected areas is virtually nil. The Maoists collect periodic as well as seasonal taxes from everyone – bureaucrats to traders to woodcutters to graziers (Sharma, 2001: 5). The issue of taxation is further explored below. There have been some experiments with cooperative production of expropriated land, but this has proved difficult.

The Maoists have tended to attack banks in rural areas. They see them essentially as instruments of exploitation, charging high rates and refusing cheap loans to poor rural people. On the first day of the PW, People's commandos in Gorkha District captured the Small Farmers Development Project office, seized the land ownership documents kept as collateral by the Agriculture Development Bank (ADB), distributed them to their owners and destroyed the official loan documents and records kept by the bank (Neupane, 2000: 3). Other banks have been captured and taken over by Maoist guerrillas, who have then confiscated cash and collateral for loans (as in the case of the ADB, mentioned above). Karki reports that Maoists have looted seven ADBs and their subsidiaries, and seven branches of the Western Regional Grameen Bank. As a result, most of the banks based in the rural areas have withdrawn to their district headquarters. This has severely affected micro-financing activities in rural areas (Karki, 2001: 198).

Local money-lenders have been even more specifically targeted by a combination of coercion and provision of alternatives. More recently, however, rather than simply attacking moneylenders per se, the Maoists have attempted to moderate the terms and conditions by allowing moneylenders only to charge a certain percentage interest on loans (Karki, 2001). In Rolpa at least, the Maoists established a rural cooperative bank (the *Jaljala* Financial Cooperative Fund – *Jaljala bittya kosh*) in 2000, which offers loans to the poor and needy at 15% a year, including a 5% contribution to the Party (Karki, 2001: 201); it also lends out at 8% (Sharma, 2001: 5). According to another source, the Maoists have established a rural cooperative bank which lends out at the rate of 2% a year (Bhandari, 1999: 11) – which sounds hard to credit!

The Maoists have tried to control corruption and bribery and patronage in local-level institutions under their control. They have also, by their presence in an area or district tended to reduce the levels of corruption even in GOs and NGOs (*Mulprabaha,* 2000: 10). INGOs and NGOs have been clearly warned about the need to devote their funds to development activities which benefit the rural poor and to be transparent about budgets and allocation of resources. Some NGOs, which were blatantly vehicles for the enrichment of their directors, have been closed down or chased out. Blackmarketeers, locally corrupt individuals and business intermediaries and brokers are punished by People's Courts if found breaking the Maoist laws (Neupane, 2000: 3). Throughout the country, businessmen have been particularly targeted for contributions; larger businesses have sometimes been obliged to provide very substantial sums in return for a degree of security. Relatively few businesses have been subject to outright attack, although there is some indication that prominent corporations, particularly those with major foreign involvement, are increasingly likely to be targets.

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[8] But attacks on larger village landowners became less common in subsequent years, as a result of criticism of this tactic, both inside and outside the Party. Also, in the hill areas where the Maoists have mainly operated until quite recently, there are not generally the large landowners of the semi-feudal kind; nor are there the large estates to confiscate and redistribute.

3.8.2 Those in-between

There are some groups that find themselves in an ambiguous position. This is the case of those who in the hill areas might be regarded by the Maoists as petty bourgeoisie or middle classes, including those with stable employment in the public or private sector, shopkeepers and small businessmen, public-sector employees and foreign migrant workers with remittances or pensions coming from abroad or from the urban areas; those who are somewhat better off than the majority and who may have a better education or be seen as part of the rural elite.

The Maoists have instructed local retailers to stock only essential commodities needed by local people. The sale of products produced by foreign companies and multinationals, including bottled and canned soft drinks, has also been banned. But sometimes even ordinary small shopkeepers are unduly restricted. Sharma notes that VPCs determine the prices shops are allowed to charge for their merchandise so that the shops cannot make any money. When the villagers sell their produce to the reactionary government (in other words the district headquarters), they are required to pay a tax of 10% of their earnings (Sharma, 2001: 6).

While these members of the so-called petty bourgeoisie have generally little more than most of their neighbours, they are often the particular targets of demands for contributions (what might be termed extortion, but which is claimed by the Maoists to represent support for the movement). The level of contributions is variable and there are many who complain that the demands made are excessive. Indeed, it was argued by some commentators during the latter part of 2001 that the Maoists were losing support as a result of their widespread and pervasive – and sometimes violent – efforts at extortion and raising contributions, and as a result of the impact this was having on the lives and livelihoods of an increasing proportion of the rural population.

In addition to the above, there are the development agencies – foreign government or international NGOs – and their local branch offices or national NGOs. These have been included in the category of agents of imperialism at a rhetorical, ideological level, but attitudes in practice have proved more ambiguous and more dependent on particular circumstances. All externally funded NGOs, including the INGOs, are regarded with suspicion by the Maoists, but those that work closest to the grass roots and are most evidently operating in an open, transparent and participatory fashion with local communities, and have provided visible and tangible benefits to the local population, particularly to the poor, are generally under least threat from the Maoists. The impacts of the conflict on development agencies are discussed in more detail in the next section.

3.8.3 Peasants, workers and women

Although many of the actions of the Maoists are directed against the class enemies and at sections of the petty bourgeoisie, there are also more general campaigns, directed at the population at large. In the areas under Maoist control, for example, the production of alcohol and its consumption are strictly controlled. In Salyan District, the Maoist People's committees have declared a number of areas as alcohol-free, and have prohibited the sale of alcohol. In general, this is welcomed, particularly by local women's groups, who have tended to be particularly aggressive in acting against alcohol consumption, seeing it as diverting meagre household incomes away from basic necessities for the family down the throats of men. There is little doubt that the anti-alcohol campaign is seen as a gender issue by the Maoists.

Gambling has been banned in some areas under Maoist control. So too have several traditional festivals and ceremonies, considered wasteful or exploitative of the poor – such as birth and marriage ceremonies. Child marriage and polygamy are considered social evils by the Maoists and

they do their best to prevent them. In general, a strong position is adopted with respect to violence against women. Sharma reports that the Maoists profess the building up of a new culture. In Maoist areas, festivals such as *Dasain* and *Tihar* have dwindled in importance in comparison to Martyrs Day, a day to celebrate the memories of the cadres who have fallen in the course of the PW. These martyrs' families hold memorial services rather than traditional funeral rites. Instead of traditional weddings, people now stand on a stage for people's weddings, whilst pledging commitment to the Prachanda Path. Alcoholism, gambling and crimes have reportedly gone down significantly in the villages.

Private boarding and day schools have been banned and their properties distributed to the public/state schools. The Maoists have expressed a major concern about government education policy, which they see as dominated by a distinctive nationalist and hierarchical ideology. Some Maoist workers told Arjun Karki that the Party was developing a new school curriculum under the rubric of progressive education and was in the process of introducing it in the schools. Schoolteachers reported that in the areas under Maoist control, Sanskrit teaching and the national anthem had been banned. Instead of songs one hears in the rest of the country, revolutionary songs are a lot more popular. Cassettes of Indian film songs are also banned from sale.

It is suggested by some sources that there has been an unprecedented increase in the local people's capacity for study and analysis; and that awareness among females has also reached a high level. Most people regard the press as lacking in credibility. Radio Nepal is perceived largely as a vehicle for propaganda; but people do listen to Radio Nepal more than any other radio station. However, the BBC Nepali Service is said to enjoy the highest credibility.

3.8.4 Maoist guerrillas

An increasing number of rural people have joined the Maoist forces over the last six years. This includes a majority of men, but accompanied by a substantial number of women – some of whom also occupy leadership positions (e.g. commanders). The majority, but by no means all, of these recruits come from relatively disadvantaged backgrounds. It is probably not incorrect to distinguish between those who constitute the cadres and those who constitute the ordinary guerrillas. Some of the former come from among the better educated and somewhat better off.

Estimates of the number of active Maoists are unreliable. Tiwari (2001: 36) estimates that the CPN (Maoist) has some 2,000 full-time well-trained guerrillas and an additional 10,000 occasional armed forces known as People's Militia. But according to *Mulprabaha* (2000: 11) the Maoists have a total of 5,000 trained military personnel. The army estimates (*Desanter*, 2001) the Maoist forces to be around 5,000 to 6,000 guerrillas, trained by ex-British and ex-Indian army personnel and 4,000 to 5,000 in the People's Militia.

These are small numbers and may well be gross underestimates. There is little information as to the strength of the Maoist guerrillas in different districts, and it is presumed that the vast majority of those referred to above are in the temporary base areas. But the extensive activities and actions of the Maoists in the latter part of 2002 shows that they have cells in virtually every district or are able to move relatively freely from place to place. One of the weaknesses hitherto of the government counter-insurgency measures has been the relatively limited role of counter-intelligence – this is something which one might anticipate will change with a greater commitment on the part of the USA and UK governments to providing appropriate military assistance to the MHGN.

The lives of those who have joined the Maoists have clearly been transformed by their full-time involvement in the PW. In most cases so too have been the families and households from which

they come. It is hard to know, however, whether it is the withdrawal and absence of young men and women from these households, or the links they now have with the Maoist movement, that most affects the families and households of Maoist guerrillas. It could be argued, that for many of those who join the Maoists, their lives are changed for the better in so far as they are supported and maintained by the Maoists – they may be able to provide for their families to a greater extent in this way than by remaining underemployed or openly unemployed. On the other hand, they put their families at risk of being identified by the police as Maoist supporters and treated badly as a result.

3.9 Taxes: contributions or extortion?

While there is evidence to suggest that the Maoists have made efforts to provide new structures and new interventions designed to improve the quality of local livelihoods and access to social justice, it is also the case that they demand taxes from local inhabitants of the secure areas with little or no possibility of resistance. It is extremely hard to distinguish here between what the Maoists refer to as taxation or contributions and those opposed to the Maoists refer to as extortion. In general, the Maoist cadres who approach individuals, households and/or institutions operating in their secure areas for contributions provide a receipt – a piece of paper on which is written the amount of the contribution made by the individual, household or institution concerned and the nature of the demand or contribution. There is, however, little opportunity to refuse and it can easily be argued that intimidation ensures these contributions are made, rather than willing support.

Anecdotal evidence suggests that these contributions may be quite significant, and there have certainly been complaints from many of those targeted for such contributions. Sharma suggests that bureaucrats and teachers working in Maoist areas have to suffer from endless fundraising. They have to give one day's salary every month to the Maoists. (Sharma, 2001: 6). During fieldwork in 2001, Karki learned that almost all civil servants, including primary school teachers, are obliged to pay 5% of their salary every month as tax. Local teashops, groceries and farm households have to pay monthly and seasonal taxes as fixed by the CPN (Maoist). The same applies to local contractors building roads and irrigation canals. During fieldwork in Rolpa, Karki remarked that tax payers were raising questions about the transparency and accountability of the procedures for raising funds from local taxation (Karki 2001). There was in fact widespread suspicion of misuse and misappropriation. During the latter part of 2001, the press was full of reports of extortion by Maoists and it was widely implied firstly that the Maoists were indulging in an unreasonable level of extortion, which was alienating even their supporters and sympathisers and secondly that a significant proportion of those demanding these contributions were in fact not even part of the guerrilla movement but freeloaders and criminals pretending (literally, as they often wore masks) to be operating on behalf of the Movement.

4 Development Policies and Activities

4.1 Development activities in Maoist areas

On the whole, to date, the Maoists have devoted relatively little attention in their revolutionary theory and strategy to building demonstrable alternatives themselves in advance of overthrowing the existing regime and establishing themselves in power, although there are clear plans to declare an alternative central government when the movement reaches a certain point. Babu Ram Bhattarai in particular has set out, in a number of published documents, a broad vision of what the political economy of Nepal might look like were the Maoists to come to power. Discussions during October–November 2001 with members of the Politbureau, however, suggested that pioneering pre-figurative institutions and practices or initiating progressive development activities are not seen as a crucial part of their task at this stage (destruction now, reconstruction later), although, as we shall see below, the Maoists have initiated a series of measures in areas under their control which might be regarded as such.

Early statements of the objectives of the armed struggle include references to the appropriation of land from feudal landowners and distribution to the landless and poor peasants. But relatively little has been made of this in ideological and strategic proclamations, and limited action taken at the grass roots outside the secure areas where they have established effective control. It could be argued that if and when a base area is established and the People's Republic of Nepal declared there will be more attention paid to such measures. Some of the structures established and measures undertaken by the Maoists to date in areas under their control have been described above.

The Maoist leadership claims, of course, and with some justification, that the lives and livelihoods of the majority of the Nepali population – amounting to between ten and 15 million people – have long been blighted by the silent violence of poverty and insecurity and by a lack of real democracy and social justice, even after the introduction of a parliamentary multi-party system in 1990. The PW is presented as a part of a revolutionary programme intended to transform the status quo and to liberate the peasants and workers (and other intermediate social classes) from the tyranny of the rich and the powerful (semi-feudal and feudal landowners, merchants and money-lenders, etc.) within Nepal and from abroad (Indian and other imperialists). It is intended to appeal directly to large numbers of Nepalis, particularly to the poor and socially disadvantaged, but also to the intermediate classes and even to sections of the national capitalist class, who will benefit – it is argued – from the political (and subsequent economic and social) transformation that the revolution will bring.

It could be argued that one way to secure ideological and political support for the Maoist cause and real material contributions to the revolutionary struggle would be to effect immediate short-term positive and progressive economic and social changes in the countryside – improving the mass of the people's sense of security and their real access to resources, by such measures as land re-distribution, collective or at least cooperative forms of agricultural production, mechanisms for the distribution of benefits and welfare, and so on. Some efforts have been made in this direction, but it is not a major strategic component of the struggle, as it was for Mao Tse-tung himself in the 1930s (Mao Tse-tung, 1965). The major thrust has, in fact been to threaten and to attack those to whom they are opposed, including the social classes identified as the People's enemies (particularly the local landowners and moneylenders), the agents of the state against which they are fighting (police) and others active against them (police informers, renegades, etc.).

Karki reports that, despite this priority accorded to offensive activities, the Maoists have introduced a number of development projects and development activities in the areas under their control, using the slogan of Mao Tse-tung who said 'connect productivity with revolution' at the time of the PW

in China in the 1930s and 1940s. This is also strongly linked to the idea of local self-reliance and the limitation of goods imported from outside (Neupane, 2000: 4). According to one Maoist senior cadre, the Party started a campaign in Rolpa called *ship shata saaa* – meaning an exchange of skills. This was designed to encourage and promote the exchange of skills in handicrafts and cottage industries.[9] In Rolpa, following a decision by the special sub-regional bureau of the CPN (Maoist), a campaign called *jana disha abhiyan* (towards people) has been initiated. This has implemented a number of construction projects in the villages, mobilising local human and material resources. This campaign tried to inspire people with the slogan 'Believe not in the power of money, but in the power of your labour, two arms and the unity of the people'. The projects implemented as part of this campaign include village roads, bridges, irrigation canals, public parks and martyrs statues, drinking water schemes and school buildings (Shrestha, 1999). According to the Maoist Party's Western Region Bureau, in Rukum alone by early 2001, they had built a 26 km long road with the labour contribution of 2,000 people, 16 drinking water supply schemes, four wooden bridges, ten village roads, nine water wells, four irrigation canals, five drinking water tanks, 13 public parks and squares, 89 sports fields, and six martyrs statues (Karki, 2001: 201). They had also conducted six local assemblies, 45 People's assemblies and 24 sports events (*Janadesh*, 25 January 2000 and *Mulprabaha*, 2000: 8, cited by Karki 2001: 201).

4.2 Government policies

While there have sometimes been signs over the last decade that HMGN and the legal opposition parties recognise that the root causes of the PW lie with the failures of successive governments to instigate broad based development and social justice, despite the rhetoric of the development industry and their own leadership. HMGN responses to the PW have largely been couched in terms of law and order and security in the narrow sense, relying – at least until November 2001 – on the police rather than the army. This strategy essentially failed either to crush the insurgency or to begin seriously and visibly to address the underlying causes of resentment and social unrest – poverty, isolation, lack of choices for rural people and a visible absence of social justice and real democracy. Following the end of talks and of the cease-fire in November 2001, HGMN has attempted to deploy the RNA more effectively in order to crush the rebels.

Efforts have been made to deploy the RNA to protect key infrastructure and – to some extent – promote development. Since February 1998, for example, the RNA has been guarding 56 telephone and eight radio towers against possible Maoist attacks. As regards specific development work, as far back as 1999, the RNA had allocated a special budget for a road to be constructed from Salyan to Rukum's district centre, Musikot, as a special public relations device. The RNA has in the past made commitments to road construction also in other parts of Nepal (e.g. the eastern hills and mountains north of Dhankuta). Increasingly we might expect to see the RNA allocated substantial budgets (diverted from other spending headings) to move ahead rapidly with a variety of strategic development interventions – either alone or together with national and international development agencies.

IISDP, a military framework for development intervention was established to provide a protective framework within which development interventions, controlled by HMGN with the support of the RNA to a hitherto unprecedented degree, were to be orchestrated. But donors shied away from this approach, having not been impressed by the pilot IISDP in Gorkha and due to a general resistance

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[9] It is envisaged that such skill development will lead to the establishment of industrial enterprises and development projects, e.g. collective livestock and poultry raising, shops operation, establishment of a People's Fund, loan distribution through cooperatives, relief programmes to households affected by natural disasters, and the distribution of food at low prices to those families facing severe food insecurity (Shrestha, 2000: 15, cited by Karki, 2001: 200).

to undertaking development initiatives under a military shield. Despite efforts by HMGN to revive the IISDP, donors remain sceptical and, following the outbreak of violence in November 2001, the IISDP was all but abandoned as forces were reassigned to a renewed large-scale military campaign against the Maoists.

4.3 Response of development agencies in Nepal

Until the late 1990s, very few of the numerous development agencies operating in Nepal, whether foreign or national, had explicitly recognised the significance of the insurgency for their operations, still less had formulated a systematic response to conflict. Since early 2002, however, most of the development agencies have begun to formulate specific strategies and tactics for dealing with or responding to conflict. There is a surprisingly low level of sharing of intelligence and experience, let alone coordinated or concerted responses as between the various agencies, although there have been several initiatives in this direction during the second part of 2002.

Prior to September 11, development agencies were reticent to overtly address issues surrounding the conflict in development programming and implementation. Indeed, a brief review of recent documents indicates that even as late as 2001 many international agencies continued to plan livelihoods support interventions as if stability and peace reigned.[10] This is now changing. Many are beginning to take account of the conflict in planning interventions and undertaking assessments. DFID has begun to develop its own response to conflict, and initially hoped to have substantial funds for this to allocate both to new initiatives and to existing programmes and projects to enable them to move faster towards achieving visible activities outputs, if not to move faster towards their identified purposes and goals. Implementation of the responses to conflict is in progress, and is currently being discussed by all of the projects funded by DFID. Some are concerned that they may not be able to implement the required response effectively or without serious compromises to their purpose and goal.

INGOs, like bilateral and multilateral agencies, are also beginning to formulate more coherent and systematic responses to conflict – both in the sense of developing a more careful policy on security, given the increasing risks to their field staff and in terms of monitoring and assessing the implications of the conflict. Generally, however, the response has been to commission special studies of the conflict situation – which has resulted in a plethora of specialists being hired to provide conflict analysis reports. Some of these have been well informed and are useful; others have been undertaken with very little real understanding either of the broader political-military context in Nepal or of the actual situation on the ground. Very few development agencies have a regular inhouse conflict monitoring system in place, using information and intelligence from the field staff who are best placed to provide the basic data, if not to analyse it. Those that have are generally the INGOs rather than the larger bilateral or multilateral agencies, although Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ) and the United Nations Development Programme (UNDP) have produced useful studies, as apparently has a study (Vaux, 2002) commissioned by DFID but still not publicly available (apparently because it was too hard-hitting).

Bilateral and multilateral lending agencies and development INGOs have all expressed concern at the potential threat to their activities – particularly to field based projects and programmes – and to their staff and consultants, particularly to expatriates, who have tended to reduce travel outside the

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[10] See for example, accounts of DFID Forestry and Rural Access Livelihoods Programmes (see DFID, 2001) and work on the potential of livelihoods approaches to WFP programmes (see WFP 2001) focus on general preoccupations with natural resource management, infrastructure, food insecurity and vulnerability of remote populations coupled with an emphasis on pro-poor institutional and sector change, improving implementation of 'good' policies, and improved coordination. Neither of these openly acknowledge the need to adapt livelihoods interventions or approaches to the conflict.

capital significantly, but also to local staff, who have been withdrawn in some cases or detached to constitute local NGOs in other cases. On the other hand, donor investments have, overall, remained fairly constant and, indeed, pledges of significant new aid resources have recently made by the US, UK, India and China. Paradoxically, while commitments to increase development aid are made at inter-governmental level, the capacity of non-government development programmes and projects to spend the funds effectively in the field is likely to decline rapidly, leading to accumulations of funds at the centre, in Kathmandu and a greater expenditure on research, meetings, dissemination etc., and less on activities and outputs of value to local people and of material benefit to local lives and livelihoods.

4.4 Effect on international non-governmental organisation (INGO) activities

Until very recently, INGOs and NGOs have tended to operate using a variety of tactics to ensure that they are able to: (i) maintain a certain level of activity in the field; (ii) reasonably safeguard their field staff; (iii) keep good relations with the government at national and district level; and (iv) maintain adequate relations with the Maoist commanders and cadres in their project areas. Most international NGOs have, over the last five to ten years, nationalised all of their staff, including senior management; a few, such as the Lutheran World Federation, CARE-N, and Handicap International, have not done so.

The experience of different INGOs and national NGOs has been varied. Some INGOs would argue that their activities have been adversely affected only to a relatively minor degree to date (although negotiations with the Maoists regarding contributions are common), but there is growing concern about both the implications of direct effects on operations and indirect effects on development outcomes. One consequence must be a reduction in levels of activity, and so of disbursement during 2002. Reports from many programmes and projects in the field indicate clearly that a substantial reduction in planned activities and investments has taken place, and some have indicated that project purpose will be affected and even seriously compromised by the continuing conflict. It is probable that lending and development agencies will be examining their budgets and reconsidering the level of lending and assistance in coming years.

Usually, in the case of national NGOs, those most at risk have been those associated with one or other of the major political parties – particularly those linked to the NCP. Usually the confrontations have taken place after some interaction between the Maoists and the NGO personnel, and it is common experience among INGO and NGO projects to find that the Maoists have good intelligence regarding the projects and their functioning. Karki (2001) argues that, generally, organisations that have maintained neutrality between Maoists and HMGN, and have concentrated only on their developmental work, have not encountered problems with the Maoists. Given the high profile position taken in recent months by the governments of some foreign states and their political/diplomatic representatives, it may be increasingly difficult for programmes and projects funded by development agencies associated with those states to retain the neutrality they might seek to demonstrate.

The following two case studies offer insights into some of the ways in which agencies have adapted their approach, procedures, methods and interventions in support of livelihoods and development in areas affected by conflict. These case studies offer some interesting contrasts on the ways different organisations attempt to address livelihoods and development in conflict situations, for example: the application of a livelihoods-oriented approach[11] or priority accorded to a rights-based approach

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[11] Here, 'livelihoods approaches' are conceived of broadly as part of a family of approaches to research and development that have in common a commitment to: acknowledging diversity; understanding people's existing assets, strategies and their own livelihood goals and identifying strengths on which to build; holistic analysis that acknowledges both micro and macro level factors; participatory

(high for CARE-N; low for AAN). The following sections summarise and highlight some of the information available from these two case studies.

4.5 CARE-Nepal[12]

Some of CARE-N's projects have been in areas completely under the control of the Maoists, e.g. Rolpa, Rukum and most part of Salyan. CARE has found it useful to categorise these districts as category I (i.e. under Maoist control). In Achham district, half of the 75 VDCs are under Maoist control; in Bajura, 13 out of 27 VDCs are highly affected by the insurgency. Syangja and Dang were less-affected districts until the heavy attacks by Maoists in November, 2001 turned them into contested zones. Bajhang is also affected and regarded by the Maoists as being *in a transitional phase*. These districts are contested between the Maoists and the government. Such transitional or contested districts have been classified as category II. Other districts like Kanchanpur, Bardia and Mahottari have, in the past, been *less-affected*. In these last, HMGN has effective control over the district as a whole, even if there is an active Maoist presence. These districts are in category III. Table 1 shows the classification of CARE-N project districts in three categories in terms of degrees of Maoist insurgency towards the end of 2001. It has to be recognised, however, that this was the situation in late 2001, when the situation was quite fluid, and that it has changed since significantly.

Table 1 Degree of conflict in some of CARE-Nepal projects and districts, 2001

Degree of Maoist insurgency	Projects	Sectors	Districts
Category I Under Maoist control	Forestry Partnership Project (FPP)	Forestry	Rolpa, Rukum, Salyan (hills)
Category II Contested	FPP Achham Livelihood Security Project (ALSP) Remote Areas Basic Needs Project (RABNP) Poverty Reduction Project Upper Andhi Khola Watershed Management Project	Forestry Multi-sectoral remote area development Multi-sectoral remote area development Multi-sectoral remote area development Watershed management	Dang Achham Bajura Bajhang Syangja
Category III Less-affected	FPP Child Survival Project (CSP) Integrated Community Based Family Health Project Churia Watershed Management Buffer Zone Development Project Irrigation Management Transfer Project (IMTP)	Forestry Community health Community health Watershed management Buffer zone development Capacity building	Kailali, Bardia, Pyuthan Kanchanpur Mahottari Mahottari, Sarlahi Bardia Eight *Terai* districts

Source: CPN (Maoist) (1997)

CARE International is widely considered to be linked to the USA, although CARE-N has its own distinctive identity and responsibilities. It is therefore a high-profile INGO. CARE's relationship with HMGN is quite formal, in that CARE's projects in general are implemented jointly with a related government counterpart. In the Forestry Partnership Project (FPP), for example, project staff

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approaches and partnerships; developing an understanding of the political, institutional and vulnerability context and how these affect people's capacities to achieve their goals.
[12] A detailed account CARE-Nepal's experience of project implementation in contexts suffering varying degrees of conflict is provided in the accompanying annex (Lal et al. (2003 forthcoming).

have good working relationships with government forestry staff. In Achham, Bajhang and Bajura districts, CARE's counterparts are the LDOs from the Ministry of Local Development. CARE staff and government staff regularly hold review and planning workshops. This is replicated in other projects. All of CARE-N projects work in partnership with VDCs, community-based organisations (CBOs) and local NGOs and in coordination with DDCs.

In the districts that are largely Maoist controlled or contested, the CARE Project Manager discusses security issues in detail in regular meetings with the Chief District Officer (CDO), who is responsible for law and order, and project counterpart staff. Staff seek advice on security from the district administration office before visiting villages far from district headquarters.

As the Maoists are illegal underground political activists, CARE projects do not as a matter of policy have any kind of relationship with them. In Maoist controlled or contested districts, project staff do, however, encounter them in the villages where the projects are working. After all, Maoist activists are among the general beneficiary population and may also be members of users groups (like the Community Forest User Groups (CFUGs)) or of other CBOs and even local NGOs. The Maoist activists have asked for donations from the project staff for the PW. CARE-N has a clear policy never to give contributions to political parties or military groups. But instances of extortion from individual staff have occurred. This means that there is a disjuncture between official policy and the reality in the field.

In Maoist stronghold areas, the Maoists have formed Village People's Governments (*Gaon Jan Sarkar* or GaJaSa). In Achham, the Maoists asked CARE staff to stop project activities in their stronghold VDCs. In Bajura, Maoist activists, in a surprisingly coordinated manner, ransacked CARE's eight field offices, took away even the personal belongings of staff based at site offices and asked them to leave the VDCs under their control. In the Maoist stronghold districts of Rukum, Rolpa, by contrast, the Maoists have been quite flexible and supportive of project activities, mainly in forestry and non-formal education. The project staff were clearly of the view that the Maoists were supportive towards the project's programmes and approaches, and in fact demanded that more non-formal education classes should be implemented.

So there are distinct, and possibly unpredictable, differences in the way Maoists behave and function with respect to CARE's programmes in different areas. In less-affected areas like Kanchanpur and Mahottari, the project staff have still not encountered the Maoists.

CARE-N has been one of the few INGOs still working in these Maoist-affected districts. In doing this, CARE-N has made a concerted effort to develop a flexible intervention approach that is tailored to areas affected by the conflict, based on a clear understanding of what can be achieved by different actors in this context; and ways in which the insurgency has impacted on livelihoods in these districts. CARE-N has been closely monitoring the security situation in project areas most affected by the conflict. Box 2 shows how CARE-N framed its intervention in a new project area bearing in mind the conflict context.

Following the deterioration of the conflict since the end of November 2001, and in the light of the Maoist attack on Mangalsen, district headquarters of Achham, CARE-N has carried out an internal assessment of the effects and impacts of insecurity on all its projects and programmes (CARE project documents, 2002). It concluded that programming, both in terms of project activity implementation and staffing, was most affected in the far-western remote hill region, suggesting a clear need to look into different ways of managing projects and programmes in this region. CARE-N was obliged to withdraw temporarily from Achham, given the level of conflict. It has, however, developed operational guidelines for re-entry into Achham and operating in conflict. These guidelines provide a sanguine assessment of the constraints placed by the conflict on livelihoods interventions.

Box 2 Appropriate livelihoods interventions in the Achham Livelihood Security Project (ALSP)

CARE started this DFID-funded project in June 2000. Achham district was selected on the basis of its low indicators on poverty, gender discrimination, food security, health and income (ICIMOD, 1997; NSAC, 1998). Currently, the project addresses selected components of livelihood security: health, food, water, income, and access to participation. It covers the entire district but project coverage differs between the components of livelihoods. For example, food security programmes are concentrated in the same areas as the pockets occupied by area programmes of HMGN's District Agricultural Development and District Livestock Services Offices. However, activities such as strengthening the capacity of DDCs, VDCs and networks of CBOs cover the whole district.

Needs assessment: A livelihoods approach was used in the needs assessment and feasibility studies. A situation analysis study was undertaken using variety of tools. The study team conducted a workshop with representatives from district-based development practitioners such as the DDC, VDC, political parties, government agencies and NGO/ INGOs. The team visited the VDCs and conducted focus group discussions with VDC officials, *dalits*, women, mixed groups, children and youth, and elderly people. CARE also undertook a baseline survey involving household surveys and group interviews. There was a high degree of participation by the target beneficiaries in both levels of analysis.

Strengths and weaknesses of the intervention approach: Although a holistic analysis of the situation was carried out, interventions are geared towards selected components of livelihoods. Advantages of the approach are that it meets the multidimensional needs of the community and builds on strengths rather than problems. The approach adopted by the project is community-owned and bottom-up. However, the project has to coordinate with large number of stakeholders (GOs and NGOs) which absorbs time and the limited resources available are inadequate to address the livelihoods needs of the entire district.

Source: Lal et al. (2003 forthcoming)

Programming in the western mid-hill and *terai* and central *terai* regions was less affected. This was either because of low levels of Maoist activities in these regions, or because of limited monitoring of the field situation. It was concluded that there was a need to apply field situation monitoring with the same rigour in these apparently less affected regions as in other regions. The need for deeper contextual analyses to inform more meaningful policies and intervention strategies was highlighted.

CARE-N has reviewed the diverse impacts of the conflict on its projects and staffing in different areas, identifying the most and least affected activities. This review indicated that all sectors were affected by the conflict – agricultural, nutritional, economic, governance/community organisation, education, infrastructure and health. It was evident that the insurgents were not averse to the destruction of investments in any particular sector (e.g. infrastructure). However, activities concerning education, training, health and sanitation were generally less affected than productive agricultural activities and activities geared to building decentralised institutions or resource user groups.

Service provision is more acceptable, it seems, than building local capacity – which the Maoists see as more political. Infrastructure is appreciated, but is also most vulnerable. Such information can be used to decide which activities to continue and to plan to invest, on the basis of which activities are least offensive to the Maoists. This provides a useful indication of how agencies might monitor the broader effects of conflict on interventions geared to supporting livelihoods. The danger here is that the agency will begin, in effect, to collaborate with one party to the conflict, by continuing activities that do not challenge but reinforce existing power relations.

However, one of the most serious impacts of the conflict has been on staffing at all levels: a large number of staff was found to be internally displaced from their projects in the remote hill areas of the far west, with staff-centred projects more vulnerable than lightly staffed projects. One response being considered is to develop a more appropriate dispersed management structure for vulnerable

projects, in keeping with CARE's programmatic shifts (e.g. project to programme approach; needs-based to rights-based approach; direct implementation to partnerships).[13] CARE-N has recently been developing initiatives to strengthen participation, particularly of women, and the role of civil society organisations in local governance in a number of districts that are classified as severely Maoist-affected: Rukum, Rolpa, Salyan and Puythan (see Figure 1). Drawing on such experience, CARE-N has invaluable lessons to share with the broader development community.

In summary, the conflict situation faced by CARE-N projects has necessitated a number of changes in practice, including:

- Deeper situational analysis before designing and implementing the livelihood interventions;

- Closer coordination with district administrative authorities with regard to security procedures;

- A focus on people's participation and CBO networks as implementing partners, in line with government and Maoist emphases;

- The vital importance of financial transparency in all programme activities conducted at community level, using such tools as public auditing in which all information on financial matters is displayed publicly.

CARE-N has also:

- Strongly urged its staff to internalise CARE's core values and principles to assist in working in conflict; project staff have been conscious to any kind of pressure from authorities or communities that lead staff to compromise CARE's core values of Respect, Integrity, Commitment and Excellence;

- Tried to observe humanitarian principles in its project interventions: it does not support one party at the cost of other;

- Encouraged participation of men, women, rich, poor, *dalits* and non-*dalits* in their project activities. CARE-N's focus on effective participation of women and *dalits* in all of its project activities and in increasing their access and control over resources is also one indictor of CARE's commitment, basing its interventions in Nepal on human rights principles.

4.6 ActionAid Nepal (AAN)

AAN has been working in Nepal since 1982. The Integrated Community Development Programme (ICDP) was launched in Jajarkot district in 1997, working with the partner NGO Jajarkot Permaculture Programme (JPP). JPP covers six VDCs in Jajarkot and works as a grassroots level, membership-based social development organisation. AAN launched the Integrated Social Development Programme (ISDP) in July 1997 in Kailali and Bajhang districts in the far-western region of Nepal, working with two local partner organisations. In Kailali, a mainly *terai* district, the Creation of Creative Society covers five VDCs , and in Bajhang, a remote hill district, the *Udaya Himalaya* Network covers four VDCs.

AAN perceives conflict in a broad sense, such that the Maoist insurgency is seen as just one form of conflict. Indeed, conflict is seen as a natural part of any intervention for social change. This puts the relatively recent insurgency into perspective. For example, since the initiation of the ISDP in Kailali and Bajhang, a range of conflicts have been identified and addressed. Many of the conflicts have

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[13] Drawn from a note to all CARE-N staff from Assistant Country Director on the impact of conflict on CARE-Ns projects and programmes, April 8, 2002.

arisen from longstanding cultural and social issues, while others, such as the Maoist movement, have developed more recently. Some of the major longstanding social issues are:

- Exploitation of bonded labourers (*kamaiyas*);

- Exploitation of poor families by local money lenders;

- Discrimination against *dalits* people;

- Early child marriage;

- *Dhan khane* – the practice of taking property from the bridegrooms parents as part of a marriage agreement;

- Gender discrimination;

- Community forestry access and utilisation.

Many of these involve social differentiation and livelihoods issues that have been equated by some with 'causes' of the Maoist insurgency. AAN has tried to address these elements of conflict directly in its project planning. Of particular relevance here is the example of bonded labour – an issue that the Maoists have recognised as one aspect of feudal relations associated with ethnic oppression in the *terai* (see Box 3).

Box 3 Addressing social conflict: The case of bonded labour

The *kamaiya* (bonded labourers) have long been among the most disadvantaged and oppressed people in Nepal. They are mainly ethnic Tharus, living in the *terai*, who work in the houses and fields of more prosperous Tharus or higher caste landowners. The *kamaiya*s, having taken out loans that could not be repaid, were then bonded to their creditor(s). Indebtedness among the *kamaiya*s would extend to the entire family, resulting in even children, especially daughters, being denied their rights (e.g. to go to school) because of their obligations to work in the houses or fields of their owners, in the never ending process of attempting to repay family debt. The *kamaiya*s bondage is a major issue in Kailali district. Trapped by debts, which are often handed down from generation to generation, and which they are unable to pay off, *kamaiya*s are forced to work for landlords, under appalling conditions of domestic servitude and for little or no financial return. Under such circumstances, despite the relatively small amounts of money involved, they have no chance of ever repaying the debt and regaining control of their lives. Initially, no other INGO was willing to tackle the issue, which generated strong feelings within societies where many landowners and important members of the community used *kamaiya* labour. AAN began addressing this issue in a number of steps:
- Giving rights and advocacy training to all local AAN and partner NGO staff members;
- Making a formal request (by the AAN Country Director) that all PNGO staff and board members not keep *kamaiya* workers in their own homes.

AAN then supported direct action to liberate *kamaiya* that brought some staff into conflict with government and police. Finally, on July 17, 2000, the government abolished the *kamaiya* system, and all *kamaiya*s (consisting of 18,146 households) were released, free from any obligation to pay back loans to their former landlords. AAN provided a range of support to *kamaiya*s prior to their release, but despite these efforts, immediately after their liberation they were faced with many practical problems related to livelihood generation and basic survival needs (such as housing and land). The issue created much tension and the situation of many former *kamaiya*s remains unsatisfactory, as they have nowhere to live and no means of livelihood. This continues to act as a focal point for social unrest and conflict, exploited by the Maoists.

Source: Lal et al. (2003 forthcoming)

People's strategies to cope with normal extreme poverty and vulnerability are well developed (e.g. reduction in domestic consumption of food; producing their own homemade cloth and clothes; sale of livestock, ghee, honey, and vegetables; wage labour on local farms; in other parts of Nepal or India *kalapahad* (seasonal migration).

In response to the escalation of the Maoist situation, AAN have observed that some people have developed specific economic strategies, such as:

- Establishing a barter system to fulfil their needs because of difficulties in accessing the main local market, which is controlled by Maoists;

- Growing more fresh vegetables and other produce for sale to the local police and RNA;

- Continuing savings and income-generating group activities.

Other, more political strategies observed in programme areas to survive in conflict include:

- Avoidance of any kind of political or party affiliation or activities;

- Maintaining political neutrality, not voicing any opinions or passing on information;

- Refraining from talking about politics in public;

- Avoiding disagreements, and maintaining good relations within the community;

- Keeping to a simple life style, showing no evidence of wealth or privilege;

- Working with poor, freed *kamaiya* and women's groups.

AAN conducted an interesting exercise with JPP staff to analyse both the positive and negative effects of the conflict on livelihoods. The resulting table (see Table 2), indicates the great complexity of livelihood impacts in SCCPI.

Despite the many obvious and much discussed negative effects arising from the Maoist movement, interestingly, AAN identify a number of positive impacts of the conflict on livelihoods and some coincidence of Maoist and project principles:

- Maoist principles promote greater equality, so they support improvements in the livelihoods and facilities of the poor, and oppose any discrimination on grounds of caste or ethnicity;

- The Maoist movement opposes corruption, and requires transparency in all government work, as well as in NGO/INGO programmes and aims to ensure that staff at government facilities (such as health posts and schools), are more regular in their attendance and conscientious in providing a quality service;

- Widespread acceptance of Maoist principles and agreement with their 40-point demands, particularly in the initial years of the emergence of the Maoist movement, clearly indicates that their principles and strategic concerns were compatible with the practical livelihood concerns of the mass of the rural population.[14] Public support for the Maoists became a powerful pressure on the government, compelling them to at least appear to address issues of public expenditure, and to plan to integrate these concerns in their future economic development strategies.

The conflict has presented significant challenges to the implementation of AAN activities to reduce poverty and address vulnerability. However, programmes and staff have managed to adapt to operating in areas under Maoist control and in contested areas. The example of the JPP is summarised in Box 4.

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[14] These included rising youth unemployment, resulting in forced able-bodied youth migration to other regions in Nepal or overseas, ineffective public planning and increased corruption, and increased farm insecurity (floods, erosion, declining agricultural productivity, uncontrolled exploitation of landowners and ineffective justice mechanisms), to list a critical few.

Table 2 Analyses of positive and negative impacts of conflict in the Jajarkot Permaculture Programme (JPP)

Positive impact	Opportunities
• Less caste discrimination • Less gender discrimination • Reduced interest rate from 60% to 24% • Controlled alcohol consumption • Increased empowerment of poor, women and *dalits* • More school-going children • Reduced child marriage and polygamy • More inter-caste marriage • Leadership development of poor, women and *dalits* • Groups organised	• Barter system started, which could be increased • Exploitative social structure weakened • More forest preserved • More in 'love marriages' and social acceptance of inter-caste marriage • Cooperatives and collective farming established • Prompt social justice through 'People's Court' (this is debatable, as the issue of promptness is vague and indeed perceived differently among the populace of Kailali. There is no uniformity in the definition of 'prompt'. Other associated question – justice in whose perspective? is just as complex. The composition of the People's Court, specifically the jury, is often not transparent nor is justice always meted out as impartially as is claimed) • Rampant corruption discouraged (also has two sides, on one hand the current political incumbents are being threatened not to engage in corrupt practices by the Maoist, on the other the local people in other areas of Maoist control claim that the Maoist themselves have been occupying and encroaching on land of the local people and transferring land-right titles to themselves or their families) • Could work with victims of the insurgency (orphans, widows, displaced) • Need for more rights-based work
Negative impacts	**Threats or challenges**
• Compulsory attendance at Maoist meetings for all people • Political bias i.e. favour to own party (Maoist-affiliated) cadre • Killing of people • Increase in the number of orphan children • Broken families, as people are killed or move away • Increased social tensions • Increased economic strain • Increase in women's workloads as the men migrate • Increased psycho-social trauma in the children	• Insecurity of life and livelihood • Displacement of people, as they move away because of security concerns • People are sandwiched between RNA, police and Maoists. If they give shelter to one they are attacked by the other • Violation of human rights • Increase in Maoist appropriation of local assets (taking over farmland, indiscriminate cutting and selling of timber) by themselves or their friends and family • Extended threat of continued violence with local people perceiving of the current political instability, together with a non-functioning local authority and an open border with India as a latent threat to long-term security. Their concern: criminal elements escaping across the open border to India after committing a crime, and then returning only to repeat the act

Source: Lal et al. (2003 forthcoming)

Box 4 How has the Jajarkot Permaculture Programme (JPP) been able to continue working in a conflict situation?

JPP was first established as a grassroots-based social development organisation in Jajarkot in 1988, long before the Maoist 'PW' began. The programme has an anti-poverty focus combined with the ethics, philosophy and principles of permaculture. One of the main reasons enabling JPP to work successfully in a situation of socio-political conflict is the local ownership of the programme. Other factors include:

- **Organisational culture and values.** Local staff work with farmers in their fields, and maintain strongly pro-poor and egalitarian attitudes and behaviour;
- **Locally recruited staff.** Staff are able to move freely around the programme area as local people; there is mutual respect between the staff and community, and appreciation of the JPP anti-poverty focus;
- **Delegation of authority.** The authority to plan and implement the programme is delegated to the farmers groups, who manage the situation locally;
- **Pro-poor and anti-poverty focus.** This wins the support of local people, government agencies and Maoist leaders alike, and enables the JPP to continue the programme even within the current complex situation. In addition to promoting agricultural production, JPP runs a need-based skills and employment generation programme for the community from which the poorest benefit directly;
- **Anti-caste discrimination.** JPP follows a policy of affirmative action to combat caste discrimination in very practical ways, earning the loyalty of low-caste people, in line with the principles of the Maoist movement;
- **Participation at all stages.** The programme was developed following a participatory baseline survey which focussed it on addressing the needs of the poor, *dalits*, women and children. The target population also participated at every stage: needs assessment, programme design, planning, implementation, and monitoring and evaluation. Resource centres, community forestry areas, school buildings, irrigation canals and other projects are handed over to the community as soon as possible;
- **Observation of humanitarian principles.** Humanitarian principles have been included in the design and implementation of the programme. Already provision has been made for relief support in the case of natural disaster or a worsening of the conflict situation.

Source: Lal et al. (2003 forthcoming)

The AAN experience provides useful insights into the way interventions have had to adapt to SCCPI. For example, people in Jajarkot, and the JPP have more experience of working in the context of the armed conflict than people in most districts, because Jajarkot was one of the earliest districts to be badly affected. It seems likely that the situation will become more serious, and that HMGN and INGOs/NGOs working in development will need to adapt to this. If the situation continues to grow more destructive, there may need to be a shift towards supporting relief work, simply to keep people housed and fed, and to provide basic health care for the casualties and disease that result from a war situation.

Rights-based work may become a lower priority, as people struggle to survive. AAN and the JPP thus need to look at future work at two levels – practical concerns and coping strategies in response to the evolving situation, and strategies for promoting the construction of a fairer society, including the empowerment of its weaker members.

A number of issues and lessons emerge from this analysis of AAN's experience.

Firstly, interventions need to:

- Develop a broader understanding of and definition of conflict and its causes;

- Be participatory at all stages;

- Observe humanitarian principles;

- Adopt a pro-poor agenda;

- Have a decentralised approach to implementation, working closely with local staff and partners;

- Address the negative impacts while understanding positive impacts of struggle;

- Be flexible in adapting interventions to changes in the dynamics of conflict (e.g. shift from rights-based approaches to relief).

Secondly, the AAN case studies indicate that AAN sees long-term localised conflicts within the communities with which they work and in their programmes as equally significant types of conflict to the Maoist – government conflict. Indeed, they may even underpin the insurgency.

Thirdly, a key issue arising from AAN's experience is that the current situation is, at least in part, the result of the existing unequal and unjust power structure. Social and political reform at all levels is thus a prerequisite to the resolution of the current crisis. This will include:

- Good governance that includes transparency and accountability at central and local level, a reduction in bureaucracy, strengthening of the government, and the streamlining of systems to increase efficiency and promote decentralisation. The question of Nepal becoming a secular state also needs to be resolved;

- A radical land reform policy that incorporates fairer distribution of resources;

- Pro-poor policies for such basic services as health and education;

- Economic and infrastructure development which promote increased employment opportunities;

- Legislative reforms which include equal property rights for women;

- Social reforms which include the elimination of caste, ethnic and gender based discrimination, guarantee of human rights, and participatory planning.

4.7 Response of the international community

The greatest impact at the international level has been a considerable increase in the concern expressed by foreign governments and action to provide support for HMGN. The general effect of 11 September 2001 has been to initiate a series of actions around the world in the name of the so called international war against terrorism. Increasingly, since November 2001, HMGN has referred to the Maoists as terrorists and has received increasing support from the governments of the USA, UK and India, in particular.

The USA has agreed to provide additional aid to Nepal – the figure referred to initially earlier in 2002 after the visit of Prime Minister Deuba to Washington was US$20 million, but more recently it appears that this will be substantially reduced, to around US$12 million – essentially for military and security purposes. The British government, after the international meeting it hosted in London in June 2002 (which adopted a twin-track approach, comprising support for development and security, to its assistance to Nepal), announced the allocation of an additional £6.7 million for military assistance and confirmed that the allocation for development assistance would also be increased. In August 2002, there was considerable political embarrassment when it was revealed that the British Government intended to provide two helicopters to HMGN; and in September there was also a political row in Belgium when it was revealed that the Belgian Government intended to sell HMGN a consignment of some 5,000 small arms.

Until 2001, the Government of India (GoI) had effectively turned a blind eye to the fact that the Nepalese Maoists had links with Indian armed revolutionary movements (despite the public announcement of such links by the Maoists themselves) and to the use, by the Maoist leadership, of

safe-houses and other locations in India for meetings and organisational purposes. After 11 September 2001, however, GoI explicitly condemned the Maoist movement in Nepal. In the latter part of 2002, as tension in respect of Kashmir and India's relationship with Pakistan has increased, GoI has made clear its support for HMGN in its efforts to contain and suppress the Maoist movement. It has provided truckloads of military hardware to Nepal and plans to provide more assistance if necessary; it has also mobilised its security and intelligence services to more effectively block off access to eastern Nepal from northeastern India. Nepal is also calling on China and Russia for assistance; the former has already responded in a positive fashion.

At times this has led to actions that would be conceived of as partisan by the Maoists. DFID, for example, has supported moves to strengthen the Nepali police force and the US promised US$20 million military aid to help crush the rebels in Spring 2002. A number of multilateral and bilateral agencies initially expressed interest in implementing development initiatives within the IISDP strategy, having been invited by the HMGN to support an extension of the programme late in 2001. They were interested in supporting the development parts of the strategy, particularly putting resources into infrastructure in affected districts through NGO structures. However, almost all felt that the IISDP proposals were hasty and ill-conceived and few were willing to sign up to them as stated: to do so would risk being tarred with the same brush as HMGN and the RNA – and to be more clearly identified than hitherto with Western imperialism and evidently partisan in the conflict.

Rather than supporting the IISDP, agencies have been more interested in supporting independent methods of delivering development assistance to affected districts, e.g. through NGOs and through revisions to existing programmes and projects, through fast-tracking and/ or other forms of response to conflict, some of which require considerable compromises to be made to activities and outputs and to ways of working. A greater emphasis on development best practice – transparency, working with locals, participatory approaches, reaching the poor and working with them – seems to be one of the outcomes, at least at one level. But this is hardly new in development policy and rhetoric and it will be interesting to see what precisely this means in practice in the field in the current security situation.

Few of the development agencies, for all their growing concern with conflict analysis and security monitoring, developing new approaches suitable for use in situations of chronic conflict and political instability (SCCPI), and appear not to have devoted much effort to considering in any detail the real impact of the conflict on livelihoods among the rural population, or to the very real issue of how best to negotiate with the Maoists at the field level. Most agencies have a formal policy of non-negotiation, non-payment of demands for contributions, etc. In practice, however, at the field level, project staff are obliged on a daily basis to negotiate with and take account of the Maoists. The higher-level commitment to continuing to work for development in conflict situations must be followed through to considering, planning for, and developing clear policy regarding what is, and what is not possible, advisable and safe, at the local level.

5 Implications for Livelihoods Interventions in Conflict Situations

5.1 The Nepal case

The Nepal case is of particular interest in the analysis of vulnerability in SCCPI as it provides both an assessment of the evolution and dynamics of the conflict, an overview of effects on livelihoods and lessons drawn from field interventions. It is distinct in that development, poverty reduction and improvement in the livelihoods of the poor are central elements of the discourse of all the parties: HMGN, foreign agencies, INGOs and NGOs, and the Maoist insurgents themselves. This represents an opportunity of sorts: as all argue for these objectives they are morally bound to work for improved livelihoods even under the duress of violent conflict. Further, development interventions have had to gradually adapt to operating in an emergency setting; they have not had to change from relief mode to a development orientation. This distinguishes the Nepal case from the more common situation of agencies operating in long-term emergencies where livelihoods approaches are still rarely applied.

This Working Paper has shown that the implications of conflict for livelihoods are complex: some groups benefit from the conflict setting and others lose out depending on a complex range of factors. While conflict and instability clearly affect the potential for economic development and production, the effects are not clear-cut. Indeed, this study has shown that some local government services continue to be delivered in areas controlled by Maoists in Nepal – and some argue that these are even more effective in these areas. Development may be impeded as formal and governmental service delivery mechanisms are compromised by the disincentive to development agencies and professionals to work in conflict settings; however, new mechanisms may emerge to maintain some form of local government and to deliver services even where the Maoists maintain control or conflict is severe.

Serious livelihoods-related effects of the conflict have been presented. They include:

- Loss of life: this is increasing and impacts not only on the dead but the capacities and incomes of their families;

- Forced migration and, particularly, the displacement of men;

- Loss of civil liberties and restrictions on movement;

- Withdrawal and disruption of formal financial institutions and local government structures and services to district headquarters;

- Maoist restrictions on moneylenders;

- Informal taxation (obligations on professionals to provide financial contributions in areas under Maoists control), theft and extortion;

- Opportunity cost of investments in police and military resources.[15]

However, livelihood impacts are complex: they can be both positive and negative (depending on the area and on groups affected).

Impacts of the conflict on development interventions have also been significant. As overall economic development has suffered, service delivery is undermined, movement has been curtailed

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[15] The allocation of increased national and international resources to policing and military activities constitutes a direct opportunity cost for development–related expenditure by the State and external actors. Given the lack of progress in reducing poverty and inequality in Nepal, prioritising investments in destruction can be criticised as unwise if not morally unacceptable.

limiting economic opportunities, there are likely long-term negative effects on agricultural production and rural development (though as yet unquantified).

This review indicates that the Maoist movement itself is not the only conflict issue or cause of vulnerability in the long term, but that the current conflict, resulting from the Maoist insurgency and HMGN's deployment of state security forces in response, has brought about specific changes in the political and economic environment which have resulted in certain significant effects on lives and livelihoods within the regions affected – now including most of the countryside. Some key challenging conclusions follow from the analysis presented here:

- Substantial development investments over decades (by foreign agencies and by government) have not made a significant lasting impact on the underlying causes of the conflict and have had limited success in addressing poverty and vulnerability;

- It is unlikely that there will be an effective military or security-based solution to a conflict based on such entrenched inequalities and long-term poor governance as the Maoist insurgency in Nepal; indeed the legitimacy of the State and state institutions is severely undermined and compromised in Maoist-affected rural areas of Nepal;

- While a negotiated settlement is likely to be necessary, it is indisputable that attention of the development community should focus on better allocation of the substantial available aid resources to addressing the deep-seated causes of the conflict – as Hilton (2002) states: 'Nepal needs reform not guns';

- A number of development agencies, particularly NGOs working close to the ground have continued to work towards reducing vulnerability in contested and Maoist-affected areas. Key principles that enable them to do this are: political neutrality, good reputation, a focus on reducing poverty, willingness to address structural inequalities, equitable development, access to resources and distribution of benefits;

- Participatory and livelihoods approaches have been of significant practical use in these contexts, when applied within a framework that observes humanitarian principles and draws on rights-based approaches.

5.2 Lessons and recommendations

Development agencies, including INGOs, have gradually had to adapt their programming and implementation in rural areas due to the realities of continuing to work in Maoist and contested areas since 1996. However, many development agencies in Nepal, as in other SCCPI settings, have until very recently been reluctant to overtly acknowledge the need to adapt approaches, programming and implementation to the realities of the conflict, at least in their public project and programming documents (see e.g. DFID 2001 and WFP 2001, though these are by no means unique among the published documents available from other agencies at the time). At the same time some foreign governments have made commitments to assist HMGN improving policing and security, and its attempts to quell the rebellion by force. Finally, however, as the INGO case studies have shown, a number of agencies have continued to operate in conflict-affected areas and areas under Maoist control yet without a clear strategy adapted to these situations. Here we draw out a number of practical lessons for development interventions aimed at supporting livelihoods in politically unstable settings such as Nepal from the evidence presented in this study to help inform improved agency practice.

Practical guidance for appropriate interventions in complex conflict contexts is presented below, drawn from the analysis and case study material presented.

5.2.1 Principles

- Meticulous observation of humanitarian principles (transparency, impartiality, neutrality, flexibility etc) is essential to developing successful interventions;

- *Impartiality or political neutrality* entails an ability to work equally well with Maoist and/or government actors – with a clear focus on poverty reduction;

- *Transparency* in the use and allocation of development resources is also essential at the community level (e.g. use of tools such as *public auditing* in which all information on financial matters is displayed publicly);

- *Participation* of local people and officials in planning, design and implementation will avoid interventions becoming hostage to the conflict;

- *Flexibility* is particularly important, adapting interventions to changes in the dynamics of conflict (e.g. shift from rights-based approaches to relief-oriented interventions). INGOs and local NGO partners are perhaps most able to be responsive in this way – so long as they have no overt connections with Government;

- Livelihoods approaches that start with and aim to build on people's capacities and assets are highly appropriate if applied in conjunction with humanitarian principles;

- Adopting a pro-poor agenda driven by a manifest commitment to social justice: This is critical given the insurgents claim to be struggling on behalf of the poor and those suffering structural oppression (e.g. bonded labourers, *dalits*, and in some circumstances, women). There is a need to deliver visible and tangible benefits, to poor people to gain the confidence and approval of partisans in the conflict.

5.2.2 Assessment methodologies and situational analysis

There is a need to generate deeper understanding of social, political and economic context to develop principled action in support of rural livelihoods in conflict. This will involve increased investment in:

- Mainstreaming the analysis of the political economy of conflict prior to, during and after developing livelihoods interventions (conflict monitoring and evaluation);

- Developing a broader understanding of types of social conflict, their proximate and ultimate causes and relationships with the Maoist insurgency. No violent conflict is likely to be resolved in the long term without addressing deep-seated causes;

- Deepening situational analysis (including political economy analysis) before designing and implementing livelihood interventions;

- Supporting the capacity building (especially of the analytical capacities) of agency staff.

5.2.3 Intervention approaches

- Foster deeper community participation at all stages of the programming cycle. This counters assertions by some agencies that participatory approaches are less relevant in relief or conflict-affected settings;

- Wider use of participatory assessment and livelihoods analysis in affected areas to determine the conflicts impacts on the livelihoods of different groups and identify ways to build on positive impacts without inadvertently supporting one party to the conflict;

- A decentralised approach to implementation, with a dispersed management structure, working closely with local staff and partners. At the same time, develop looser coordination with District Administrative Authorities with regard to security procedures – especially in Maoist-controlled areas;

- Flexible responses according to changing circumstances. As the dynamics of the conflict and areas affected change rapidly, agency time-frames for planning interventions and internal procedures for approving development programmes need to be adjusted. The INGOs analysed here have learned that it is essential to move away from a blueprint approach to a process-oriented, case by case approach;

- Capacity building. In addition to improving their analytical capacities and re-examining underlying assumptions on the nature of the conflict, agencies need to develop staff understanding of the delicacies of working in affected areas and the importance of observing humanitarian principles;

- Sharing experiences and dissemination. This might entail sharing case studies and workshops to draw on the practical experiences of staff in their own and other agencies. It would be useful to establish a central document centre and/or website at the national level to store and share agency knowledge on the nature and impacts of conflict and ways to adapt operations to it.

5.2.4 Protecting livelihoods in conflict

- Address the negative impacts of the conflict on livelihoods, while not undermining the positive impacts of struggle. The capacity to do this depends on a position of impartiality;

- An exercise in drawing lessons from analysis of the successes and failures of various experimental approaches to protecting livelihoods in Maoist-affected, transitional and government controlled areas needs to be undertaken.

5.2.5 Conflict resolution

- There is a continuing role for mediators to attempt to find a negotiated solution to the conflict that may produce peace with equity, striking a compromise between different interest groups in the war. However, work towards conflict resolution should be kept clearly separate from development initiatives and conducted by experienced and capable actors recognised as impartial to the warring parties. As highlighted in the AAN and CARE-N cases, implementing agencies need to carefully maintain their impartiality and flexibility to be able to continue interventions to save lives and support livelihoods. Further, development agencies, while they may encourage government to seriously consider negotiated solutions, by virtue of their support for work through government structures risk being labelled as partisan in the conflict. Hence, for conflict resolution initiatives to be successful, they probably need to be led by actors independent from development processes;

- Examine carefully, but without prejudice, the potential for livelihoods interventions to contribute to resolving the conflict.

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Appendix CARE-Nepal Safety and Security Guidelines

Alert levels for operating in a conflict environment (the case of Achham Livelihoods Security project (ALSP))

Alert levels

Level 1 Low threat	Level 2 Medium/passive threat	Level 3 High/active threat	Level 4 Threat of direct target
Situation has deteriorated and events have occurred, or could possibly occur in future, which threaten CARE Nepal personnel, assets and locations, or those of similar organisations in the area.	Specific events have occurred that cause further deterioration in the local security situation. Project activities should be reduced, particularly in volatile areas.	This implies a high-level threat against the lives or welfare of staff. CARE Nepal would order the withdrawal of all field-posted staff in the project area, and suspend most of the project activities. Continue only low key activities in reasonably safe locations.	Extreme deterioration of conditions in the area to the point that a direct, specific and active threat exists or is anticipated against the lives or welfare of CARE Nepal personnel, or staff of similar organisations in the area.

Characterised by

• Insurgents operating underground • Survey of project area and target groups by insurgents • Cultural programmes and other awareness-raising activities by insurgents • Demonstrations, *bandhs, Chakka Jams* in some areas in the project district • Reports of violence against individuals, but not against project staff explicitly • Demands for cash donation are made, especially to individuals • People become hesitant to talk about issues, and are wary of strangers	• Insurgents are more visible and operate more openly • Presence and/or movement of large groups of insurgents and government security forces • Formal or informal curfews • Reports of violence, shooting, particularly targeted towards government security forces • Withdrawal of police from police posts to district centre • Demands are made to project either in written or verbal for cash donations • Possible threats to project staff and property	• Overt presence of large groups of armed insurgents and government security forces • Increased shooting and violence – danger of crossfire • Disruption of normal services, particularly transport • Neither government nor communities can ensure staff safety/protection • Receipt of formal threats. Possibility of direct threats or attacks on project staff or property. Possible kidnap situation – especially if demands for cash donation are not met.	• Announcement of insurgency base camp or state • No political solution is foreseen between government and insurgents • Chaos, no clear control. Complete breakdown of law and order • Indiscriminate fighting, shooting and violence, possibly targeted at the project or project personnel. • Project area highly risky and unstable

CARE-Nepal actions

• Develop and refine safety and security guidelines • Assist projects with security plans • Clarify decision-making procedures and responsibilities • Monitor the situation closely • Set up good communications and maintain regular contact with projects • Communicate with other organisations working in affected area	• Effective communications with projects and other organisations working in conflict affected areas • Communicate with relevant government line ministries and donor agencies • Monitor the situation closely	• Assist Project Managers and initiate collective actions with similar organisations and develop evacuate plan • Inform HMN officials, partners and donor agencies of decision to suspend certain operations in the area, stating the reasons for doing so • Arrange debriefing/trauma counselling for staff involved in critical incidents	• Assist Project Managers to implement evacuation plans

ALSP actions

Level 1 Low threat	Level 2 Medium/passive threat	Level 3 High/active threat	Level 4 Threat of direct target
• Continue project activities with precautions • Ensure that all staff are fully aware of security guidelines. Ensure that there are clear lines of responsibility at all times • Conduct What – if exercises, as necessary • Maintain high level of transparency in project matters, and build good working relationships with local authorities and officials, and with community leaders/beneficiaries • Make available information about project goals, expenditures and values • Be disciplined at all times. Ensure staff are neutral. Do not engage in political activities or discussions • Live humbly and simply. Dress and behave appropriately • Establish effective communications with community sources, other agencies working in the area and CARE Country Office in Kathmandu, and report any unusual security-related incidents to line-managers • Most essential documents (e.g. financial and personnel information) should be copied or backed-up regularly onto diskettes, and sent to Kathmandu. Also the project inventory of assets should be regularly updated, and copied to Kathmandu.	• Continue project activities through local partner organisations/networks, with extreme precautions. Keep a low profile • Revisit project management approaches, which reduces projects profile, visibility, vulnerability and risks • Information on security situation should be quickly and safely communicated both within the project staff and CARE Country Office in Kathmandu • Hold regular staff meetings to update them on security matters, but avoid large gatherings or meetings • Ensure regular communications with local authorities and officials and with community leaders/beneficiaries to assist staff security to continue project operations • Phase down certain project activities to reduce potential risks. Withdraw non-essential personnel • Inform HMGN counterparts, project partners, local government officials and donor agencies about the withdrawn and suspension of certain staff and activities • Staff should not travel alone. Project Managers should record the movements of staff to ensure that their whereabouts are known • Originals of essential documents must be backed-up and sent to Kathmandu • Project bank balances in local accounts should be brought down to the minimum level	• Suspend project activity, and continue only low-key activities in reasonably safe locations • With the exception of locally hired and caretaker staff, all staff should be withdrawn from the field • Safekeeping of documents such as project agreements/ memorandums, contracts, related correspondence, project proposals, monitoring reports and financial records should be put on diskette for ease of transportation, and should be sent out of the area for safe-keeping • Maintain contact with local authorities, partners and beneficiaries and continue to monitor and analyse the security situation of the project area. Revisit project management approaches and develop alternative strategies and plans to work effectively in conflict situation	• All accounts in local banks should be closed and statements of account given • All local contracts and agreements with partners should be terminated by providing a cut off date • It is necessary to suspend activities completely and close the project office with the likelihood of resumption of activities in the future • If the insecurity appears likely to continue and staff cannot be absorbed elsewhere, the organisation will have to retrench them. In such cases, staff will be paid three-month salary as per CARE-Nepal's Retrenchment Policy

Source: Lal et al. (2003 forthcoming)

Note: This is provided as one example; it should be noted that many other INGOs, bilateral and multilateral agencies and national NGOs are currently developing or have recently developed their own security guidelines and guidelines as to how to respond to conflict.