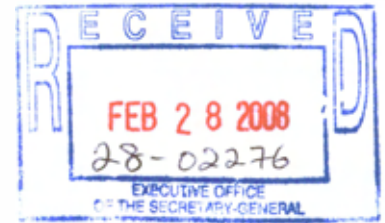


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NEPAL



28/02/08

Note to the Secretary-General

NEPAL

1. The signing of an agreement today between the Government of Nepal and the Madhesi leaders is a significant development that clears one important political hurdle. Nevertheless, the fate of the 10 April Constituent Assembly (CA) election, and possibly the peace process in Nepal is still uncertain. At the heart of the problem has been the fact that the peace process is no longer simply about the mainstreaming of the Maoists under a new political-constitutional dispensation. It is now as much, if not more, about the rights and deep grievances of the country's traditionally marginalized groups, the Madhesi of the southern Terai lowlands, Janajatis (indigenous groups of the hills and parts of the Terai), Dalits (formerly untouchables), etc. The traditional mainstream political establishment has had difficulty adjusting to this fundamental shift in dynamics and the accompanying rebalancing of forces.

2. The Madhesi and Janajati movements have become increasingly assertive, organized and radicalized, aided in large part by the Government's failure to respond to their demands and grievances in a timely and serious fashion. They demand not only their adequate representation in the Constituent Assembly but also measures to redress decades of discrimination and exclusion from state institutions and national political life. They also want longer term commitments for autonomous statehood and "self-determination" within a federal set up.

3. The tensions and divisions within the ruling Seven-Party Alliance (SPA) have not entirely disappeared notwithstanding the signing of the 23-point agreement in December that resolved the differences with the Maoists and resulted in their return to the government. One source of tension is the Maoists' aggressive behaviour in the districts and villages, particularly in their hilly strongholds, where they continue to intimidate, harass and frequently prevent other political parties from campaigning and organizing. The second is the apparent continued reluctance of significant parts of the mainstream SPA parties, particularly the Prime Minister's Nepali Congress (NC) to go to an April election for different reasons, but including sympathies towards the monarchy and fear of losing power and influence. In addition, the implementation of the 23-point agreement, including commitments to establish a number of commissions considered essential for the efficacy of the peace process, is lagging behind.

4. Having sorted out the main intra-SPA issues with the December signing of the 23-point agreement, SPA leaders failed to immediately begin to address the pending and, in some ways more intractable problem: the grievances of the marginalized communities. While they hesitated and debated, a number of senior Madhesi politicians, led by Prime Minister Koirala's close associate and party colleague of over four decades, left the major parties and formed a new Madhesi political party, the Terai-Madhes Democratic Party (TMDP).

5. TMDP has since joined two other Madhesi groups to form the United Democratic Madhesi Forum (UDMF), which has now emerged, with considerable Indian support, as the mainstream Madhesi voice and interlocutor. UDMF put forth six demands and gave a deadline of 13 February for the government to address them. When the government failed to initiate talks, the Forum launched a protest movement in the Terai, which, in conjunction with the activities of other movements and the plethora of armed Terai groups, has brought severe disruption to life in many parts of

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the Terai and the Kathmandu Valley (where supply of fuel and food has been severely affected) and resulted in a number of deaths and numerous injuries.

6. After a number of false starts and somewhat confusing negotiations, which at times were directly mediated by the Indian Ambassador to Nepal (which generated considerable muted resentment), the Government and the UDMF finally signed an agreement today. By this agreement the Government has essentially accepted most of the demands of the UDMF and found a compromise formula for exempting Madhesi political parties from the ethnic/caste quota requirements for the nomination of candidates in the CA election. On the contentious issue of autonomy, it has given recognition to the Madhesi demand for autonomy in a future federal arrangement without however declaring the entire Terai Madhesi territory, as the UDMF had wanted, a demand that is opposed by other inhabitants of the Terai, notably the Tharus.

7. In principle, this agreement should pave the way for the election to proceed on 10 April. It is expected that the Government will request the Election Commission to reopen nomination for the Madhesi parties who have not filed their list of candidates. But it remains to be seen whether the agreement will be embraced by a significant portion of the population in the Terai (not only Madhesis but other communities as well). There has been a degree of radicalization in the Terai, mostly among young people, that the political leaders may not be able to control. In addition, there is wide agreement that much of the violence is orchestrated and funded by royalist forces close to the King who don't want an election. One can therefore expect a continuation of the violence and possibly an escalation of random bombings and attacks on sensitive targets such as the facilities of the Election Commission.

8. SRSG Martin has publicly welcomed the agreement and expressed the hope that it will contribute to "the election of an inclusive Constituent Assembly in a conducive climate". But there are bound to be more problems in the days and weeks to come. UNMIN will strengthen its support in all areas of its mandate and work closely with the rest of the diplomatic community in that direction. However, with the limited scope of its mandate UNMIN will not have the influence to make the necessary difference if the process runs into renewed difficulties. India's opposition to a pro-active UN role remains strong, a message that was reinforced to ASG Angela Kane in New Delhi during her meetings with Indian External Affairs Ministry officials yesterday.

28 February 2008

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| ROUTING SLIP | | FICHE DE TRANSMISSION | |
|---|-------------|---------------------------|--|
| TO: Mr. Nambiar, Chef de Cabinet/EOSG A: | | | |
| THROUGH: | | | |
| FROM: DE: Horst Heimann, OIC/DPA | | | |
| Room No. – No de bureau: S-3520A | Ext: 3.0096 | Date: 28 February 2008 | |
| FOR ACTION | | POUR SUITE A DONNER | |
| FOR APPROVAL | | POUR APPROBATION | |
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MESSAGE:

Please find attached, for the Secretary-General's immediate attention, a note on Nepal as requested.

cc: Mr. Pascoe
Ms. Kane

Drafter: Hitoki Den

File: s:\APD/Nepal/routing slip28Feb2008

