CONTESTED
DEVELOPMENT IN NEPAL:
Experiences and Reflections

Edited by
Sagar Raj Sharma
Bishnu Raj Upreti
Prabin Manandhar
Mahendra Sapkota

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Preface and Acknowledgement

Emerging from a decade long violent conflict, Nepal, today, is at a crossroads where it is faced with some major tasks to accomplish in the near future– drafting new constitution, addressing democratic deficit and institutionalizing democracy, concluding the peace process and paving the path for socio-economic development of the country. There are fundamental challenges and contradictions about development, and yet the political culture we see has apparently little interest or commitment to development issues. We know where we came from. But we do not sufficiently know where we are going. We live in a contested time. This book "Contested Development in Nepal: Experiences and Reflections" focuses on the contested issues and debates in the changing dynamics of Nepal's development and politics. It highlights the contestations in development from the viewpoints of actors and institutions, strategies and approaches, and the roles they played in manifesting conflict and post-conflict challenges.

It was once a popular belief that development is primarily concerned with economic growth. This belief was so firmly held that a number of theories which were put across to explain development and how to achieve it, such as modernization theory and dependency theory, cantered on economic growth being the key factor in development. However, critics argue that growth and development are not synonymous sand that mainstream economics has handled the society and environment in an uneven manner. There are trade-offs to pursuing economic growth. As a result rural poverty and inequality persist across South Asia including Nepal, despite the effects of the market and myriad development efforts by state departments, donors, and parts of civil society. These factors demonstrated the cost of modernization and the resultant monetization of human lives. At the same time, non-state actors and

social movements have arisen that challenge and even resist state-run – mostly neo-liberal – development agendas in the region (e.g. movements of peasant and farmers; workers' movements; caste or religion-based movements; etc.). These actors and movements claim to rightfully represent people's desire to improve their lives and livelihoods, and adopt approaches ranging from non-violent protest to militancy.

Development is a multidimensional concept, therefore it is contested. The emerging concepts of power distribution, diversity and identity seem to have been revolving around three tendencies in Nepal: those trying to maintain and promote the existing political economy as authoritarian and conservative position from the 1950s to 80s, those trying to reform it as liberal capitalist and social democratic position in the 1990s; and those trying to restructure it in terms of a radical communist position in the 2000s. The concept of "New Nepal" was born to bring drastic socio-economic transformation in a progressive way through agrarian reform and then developing productive forces and industrial relations to provide youth employment. But the existing structures and institutions neither function accordingly nor seem to have the desired capacity and will-power to bring the desired changes. As a result, the major tasks of building bridges between different communities and addressing the root causes of conflict, particularly poverty and unemployment, have largely been unattended in the post-conflict peace building.

Another phenomenon is the attention and momentum the politics of identity is gaining in Nepal that largely argues that the 'melting pot' concept of inclusion is not a pragmatic approach in the face of Nepal's diversity and disparities. The challenge now is to build national identity in the face of a changing global identity. Globalization is a contested terrain in terms of dynamics and consequences. The processes of globalization constantly interact with processes of identification. Society has to deal with this uneasy balance between the inevitability of globalization and the paradoxical addressing of identity, and also ease the tension between federalists and nationalists.

There is also a shift of focus of development from servicing needs to building the capacity of individuals and communities needed to understand, claim and fulfil their rights. But it is also true that citizens seem to be more aware of their rights than civic duties with the ongoing work on rights based approach. This part of the issue is not really brought into development and political discourse. Histories offer competing interpretations of the nature of the State and citizen relations leading to misunderstanding and mistrust.

Given the contested landscape, this book provides the experience and perspectives on contested development in Nepal in the conflict and post conflict environments that reflect, respectively, the contributors' work on development discourse, post-conflict reconstruction, social capital and rural change, ethnic movement and development aid. The chapter *Conceptualising 'Contested Development' – from Grand Narratives to the Nitty-gritty of the Everyday* takes a critical look at the notion of 'development discourses' labelled as 'mainstream/residual', 'radical/relational', and 'post-developmentalist'. It argues that 'development' is not a venture limited to a certain niche within given social, economic or political processes, but influences, directly or indirectly, the lives of most people, and specifically so in the countries of the South. 'Development' imagines and proposes changes in social realities, and enrols thoughts and actions across the society. These imaginations take the form of competing discourses. The challenges at the grassroots are much more complex, and call for critical and innovative thinking, going beyond established lines of problem (and solution) framing. This, though, could trigger new contestations.

The chapter *Post-conflict Reconstruction and Development* argues that Nepal's history of development in general and post-conflict development in particular is full of contestation, contradictions, confusion, and is heavily (mis)guided by different vested political, bureaucratic and individual interests. It suggests that a post-conflict development in Nepal needs to have a holistic policy with regulatory frameworks, an institutional mechanism and operational arrangements which ensure inclusion of the excluded and readdresses poverty, inequality, injustice and discriminations.

Similarly, it is important for the post-conflict development interventions to incorporate the basic principles of conflict sensitive development in it. Flexibility, transparency and accountability are fundamental to conflict sensitive development. Hence, the modus operandi and project management of the new development policy and strategy must ensure the provision of these principles. It has, at the same time, to interlink its operation with human rights, peace and security.

The chapter *Social Capital and Rural Change: Reflections from the Decade-long Armed Conflict in Nepal* has extended the social capital model to frame the processes of rural change and with it the increased opportunities available for the poor and disadvantaged people in the villages. The model used bonding, bridging and linking relations to demonstrate social relationships in the contested context of rural change. The idea of linking social wealth has come in response to the recognition of the fact that a general theory of social capital ignores the important role power and influence play in changing the old structures of power and inequality. Social mobilization should empower communities to capitalize on bonding and bridging relations between various social groups and to fight against hierarchical power relations, such as patron-client relations in which occupational castes have been economically exploited by the dominant castes in the agrarian context in the form of money lending at high interest rates, and in promoting gender-based violence. It should further empower communities to hold service providers accountable in their demand for services.

The chapter *Emerging Ethnic Movements and Contested Rural Development in Nepal* discusses at length the role of ethnic movements in Nepal in advocating the grievances of rural and poor people. It argues that the emergence of non-State actors and social actors of different kinds has created more contestation in rural development. There is no common worldview and perception regarding the ethnic movements, on the one hand, and the rural development issues and problems on the other. Ironically, these movements are also facing all kinds of internal and external contradictions. Theoretically, it could be said that

these movements have succeeded in widening the rural issues. But empirically speaking, these are proving less effective in highlighting the issues of economic inclusiveness and dynamism. There are no deliberate attempts at diversifying the positive side of the context. Moreover, the stereotypical approach of bureaucratic planning and insignificant legal reforms in many ways are undermining the change in power relations in rural society, which have made the spaces for ethnic movements always contested.

The chapter *Nepal's Experiment with Development Aid* provides a historical overview and the changing architecture of development aid in Nepal. Nepal's increasing dependence on external finance raises questions on the effectiveness of development aid whether the Nepali state has become stronger or been more dependent, and whether local bodies and institutions, particularly government organisations, have had their capacity built to a level that they are able to effectively manage and utilize foreign aid. As Nepal is currently going through an unprecedented socio-political and economic transformation, it is indeed timely to give a microscopic examination to the aid establishment and to examine the factors that affect the performance of foreign aid in the development of Nepal. The debate surrounding Nepal's transition has to address the role of donors, the capacity of local institutions and their transparency, and the effective utilization of aid money in order to make foreign aid truly meaningful and constructive.

It is our belief that this book offers useful insights to those pursuing academic as well as applied work. We seek to engage a wide range of readers: academics, policy makers, practitioners and general readers. The chapters address some critical thoughts to the mainstream development and it is our hope to generate discussion and debate in the current post-conflict transition in Nepal, and to contribute to national development agenda. Peace building requires facilitating social spaces where people can voice their experience, develop shared understandings, and build trusting relationships.

We would like to thank all those who have helped us compile this work and bring it to this stage. Our colleagues, friends, and

Acronyms and abbreviations

AAA	Accra Agenda for Action
ADB	Asian Development Bank
AMP	Aid Management Platform
BASE	Backward Society Education
BRICS	Brazil, Russia, India, China and South Africa
CA	Constituents Assembly
CBS	Central Bureau of Statistics
CIDA	Canadian International Development Agency
CPA	Comprehensive Peace Agreement
CPN	Conflict Prevention Network
CSPM	Conflict Sensitive Project Management
CPN-UML	Communist Party of Nepal (Unified Marxist-Leninist)
CPN (M)	Communist Party of Nepal (Maoist)
DAC	Development Assistance Committee
DAG	Disadvantaged Group
DANIDA	Danish International Development Agency
DDC	District Development Committee
DFID	Department for International Development of the UK
FDI	Foreign Direct Investment
GON	Government of Nepal
GOs	Governmental Organisations
GIZ	German Technical Cooperation
HDI	Human Development Index
IATI	International Aid Transparency Initiative
IFPRI	International Food Policy Research Institute
INGOs	International Non-Governmental Organisations
IRDP	Integrated Rural Development Programme

JICA	Japan International Cooperation Agency
KU	Kathmandu University
LGCDP	Local Governance and Community Development Programme
LSGA	Local Self-Governance Act
MDGs	Millennium Development Goals
MLD	Ministry of Local Development
MOF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
NC	Nepali Congress
NCCR	Nepal Centre for Contemporary Research
NEFIN	Nepal Federation of Indigenous Nationalities
NGOs	Non-Governmental Organisations
NPR	Nepali Rupees
NPTF	Nepal Peace Trust Fund
NSAs	Non-State Actors
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of the Petroleum Exporting Countries
PAF	Poverty Alleviation Fund
PRSP	Poverty Reduction Strategy Paper
RD	Rural Development
SDC	Swiss Agency for Development and Co-operation
TINF	Tharu Indigenous NGOs Federation
UN	United Nations
UCPN (M)	Unified Communist Party of Nepal (Maoist)
UNDP	United Nations Development Program
US$	US Dollar
VDC	Village Development Committee
WB	World Bank

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Urs Geiser

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1.1 Introduction

"Political instability clouded the outlook in FY13 and remains the principal source of vulnerability going forward. The delayed adoption of a full budget in FY13 depressed public spending and negatively affected investor sentiment, while agriculture sector activity suffered from a weak monsoon. Overall, economic growth is estimated to have dipped to a relatively anemic 3.6 percent, with average inflation just under the double-digit mark" (World Bank 2013a, p. 2).

"Policy makers, politicians, and development agencies use poverty alleviation as a manipulation to resist alternative political formation as a form of popular uprising and create hurdles to structural changes in the governance system" (Bhurtel as cited in Manandhar 2011, p.43)

The notion of 'development' has become an important part and parcel of economic planning, political debate and often everyday language – but the meanings it carries and refers to are multiple and diverse – and at times even contradictory. This holds true for Nepal as well as for many other countries of South Asia (and beyond). In Nepal, though, competing understandings of 'development', and especially of what 'development' is not meant to be, have triggered even a violent conflict over the last decades. This violence brought suffering to millions of people, and though the war officially ended in late 2006, it still influences the social and political life of the country to this very day. Development is not just an abstract notion, therefore, used by researchers, experts or bureaucrats, but something contrary to that, something that

affects the livelihoods and lifeworlds of most people, happening at times in subtle and almost unrecognised ways, but often in very direct and even violent ways.

So, then, what is this 'development'? At first sight, it refers to something we take for granted, something nobody can disagree with. We all see poor people, living in misery, even hungry ones, on TV and in newspapers. 'Development' is about helping them, bringing them out of poverty, 'doing-good' enabling them a decent life. And there are experts who know how to do it. Perhaps, we are such experts ourselves, or at least we can support those who are. Next, we come across voices that question the way these experts go about to help the poor. At times we see this in the form of a 'Letter to the Editor' or in the shape of a critical action group; we can find it in specific research streams (e.g. Cooke and Kothari 2001) or see it on the streets in the form of protests – and (as in the case of Nepal), experience it in outright war. Indeed, development can be an arena of contestation.

This, of course, is a very general introduction – though it may not be shared by many who are actively and morally involved in the development enterprise (trying to do their best), or by those who perceive 'development' as a separate sphere or niche of some experts, or NGOs. This rather general introduction is to indicate that the present article goes beyond a narrow understanding of 'development'. The lines to follow will argue that 'development' has become a reality that influences most, if not all, aspects of social, economic, political and cultural life, especially in countries of the Global South. It also argues that there are competing claims regarding which kind of 'development' is the right one, and which one is wrong. Such contestations can go beyond mere talking and discursive argumentations among 'experts' or researchers; they can become real and tangible.

In order to underpin this argument, the paper starts in section 1.2 with a recall of the main or 'grand development discourses', i.e. the mainstream-residual, the relational-radical, and the post-development discourses. It is the respective framing of the

meanings of development within these discourses that prepare the terrain of contestations. This background allows in section 1.3 to trace overlaps and similarities, but specifically to identify fault lines – fault lines between the dominant development discourses that have the potential to trigger contestations. Section 1.4 zooms into three of these (potential) contestations, i.e. the respective role assigned to the state, the role ascribed to local social mobilisation, and what is meant by talking of 'the poor' in the different discourses.

The key argument emerging out of this closer look at issues across dominant development discourses is two-fold. On the one hand, some contestations indeed follow the structures pre-set by the 'grand' discourses. There are instances where contested visions of societal progress do not only clash in the sphere of rhetorics, but quite concretely, on the ground (and Nepal's recent history is an evidence of this). However, when drawing our attention closer to the actual practices and the everyday struggle within the three issues we zoomed in, we find an array of challenges that go beyond and even across the seemingly contested nature of the grand discourses. Whether 'the state' follows a more radical or a mainstream development discourse is one thing; but whether this state can be made accountable, effective and representative for a diversity of social groups is quite another, and this is a challenge to be faced equally by advocates for a 'liberal', a 'radical' or a 'post-developmentalist' state – to mention just one of the examples to be discussed in section 1.4.

Section 1.5 attempts to bring these thoughts together by arguing that 'development' continues to be a contested terrain, and that these contestations shift (at least to some extent) from the more ideological level of 'grand narratives' to the more practical and everyday level. In this pragmatic field of 'the everyday', many of the contradictions between grand narratives tend to fade away.

The present paper emphasises conceptual issues, with attempts to stimulate critical discussion. Keeping this in focus, it makes few direct references to the specificities of Nepal – though many of the points may implicitly suggest links to ongoing discussions in Nepal.

It is the task of the subsequent chapters in this edited volume on 'contested development' to either make these links explicit, or to contest my arguments.

1.2 'Development' discourses

Taking a critical look at the notion of 'development' forecloses a quick and unreflected use of its core terminology (such as poverty, growth, participation, empowerment, progress) – as all these reflect specific meanings. And to complicate matters further, words such as 'empowerment' can mean many different things. As we show further below, many development-related words have meanings that are linked to specific theoretical and political/normative understandings of society, its internal dynamics, and imaginations of paths for change. This brings us to the importance of 'discourses' in a Foucauldian sense; according to this understanding, discourses "(...) systematically organize knowledge and experience, and repress alternatives through their dominance" (Outhwaite and Bottomore 1993). This definition emphasises that discourses are not just composed of words, but that these words can become potentially powerful through their normative and strategic usage in social interactions. This helps us to be sensitive to the conceptual and normative underpinnings of development-related 'words'; and with this, to identify potential contestations between (differently framed) discourses.

Discourses though, are many and the present discussion demands a rough grouping. At the risk of simplification, I differentiate three main ones, which can be labelled as 'mainstream/residual', 'radical/relational', and 'post-developmentalist' (for an excellent review of Nepal-related literature along similar lines, see Ghimire 2009). In the following, key elements of each of these development discourses are delineated.

The mainstream/residual perspective refers to a "residual" understanding of poverty and change:

> "The residual approach views poverty as a consequence of being 'left out' of processes of development, on the assumption that

development brings economic growth which, sooner or later, raises everybody's income. This is termed the 'trickle down' effect: that the benefits of growth trickle down even to the poorest groups in society in the form of increased opportunities to earn (more) income. The implication for development policy is to target the rural poor in order to integrate them into processes of development they have been excluded from. Inpractice, this typically means integrating them more deeply into markets and devoting more of their resources and energies to producing goods for sale (...)" (Bernstein 1992).

This approach has a long history, and became mainstream in the early 1970s with the emerging rural development concepts of the World Bank. Realising the failure of previous growth-oriented import substitution strategies that focused on the scale of the national economy, questions of growth, (re-)distribution and equity were raised. The then World Bank president McNamara called "to reorient development policies in order to provide a more equitable distribution of the benefits of economic growth" by means of a precise targeting of development planning on those groups that actually experience poverty. With this, poverty became closely associated with the notion of 'small farmers'. They were seen as those most suffering, because land was concentrated in the hands of a few, tenancy arrangements were insecure (McNamara 1973, p. 247), but "more frequently they suffer because they have little access to technology and services, and because the institutions which would sustain a higher level of productivity are lacking" (World Bank 1975, p. 21).They are poor because they are stuck in "traditional low-yielding subsistence production" (p. 23), as also in cultural backwardness:

"(…) rural areas are notable for high levels of morbidity and mortality, especially infant mortality; physical and mental lethargy and inability to sustain hard work on a regular basis; limited ability to recognize or to respond to problems and challenges; lack of awareness; inactive and poor motivation towards improvement and learning; and, often, hostility toward outside sources of change (...)" (World Bank 1975, p. 25).

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Though these assessments were made forty years ago, they still dominate mainstream development thinking – I call it mainstream because important development actors continue to share this discourse (e.g. most national planning commissions, finance departments, bilateral and international donors). Just for illustration, IFPRI writes in 2013:

> "For smallholder farmers with profit potential, their ability to be successful is hampered by such challenges as climate change, price shocks, limited financing options, and inadequate access to healthy and nutritious food. By overcoming these challenges, smallholders can move from subsistence to commercially oriented agricultural systems, increase their profits, and operate at an efficient scale (...)" (IFPRI 2013, p. vi).

This framing of the causes of underdevelopment informs the path of change to be taken. Here, too, it is helpful to revisit the 1970s, which indicates that such discussions are not the privilege of the present. The World Bank's analysis of (rural) poverty as caused by people being stuck in traditional subsistence structures was translated into the need for a development strategy based on "(...) advancing structural transformation (...), raising the welfare of the farm population, and fostering changes in rural attitudes and behaviour that will have beneficial effects on the process of modernization" (Johnston and Kilby 1975, p. 51). "Structural transformation" refers to the gradual integration of small farmers into circuits of market-oriented production (the contemporary hype with 'value-chains' neatly fits into this discourse). By providing adequate inputs like better seeds, irrigation and training, farmers are invited to produce food and raw materials beyond their subsistence needs. This surplus is expected on the one hand to contribute to the growth of the non-farm sector (forward linkages). On the other hand, small farmers now earn some income with which to purchase goods from the emerging market (backward linkages). The third objective of changing attitudes from subsistence producers to entrepreneurial farmers refers to the need for a "more widespread familiarity with calculations of costs and returns and with the evaluation and selective adoption of innovations" (Johnston and Kilby 1975, p. 55).

Though written forty years ago, this discourse continues to inform the contemporary mainstream, as the concept of "shared prosperity" launched by the World Bank in early 2013 illustrates:

> "(Poverty alleviation) requires sustaining high rates of economic growth across the developing world, as well as translating growth more effectively into poverty reduction in each developing country" (World Bank 2013b, p. 11). And: "Shared prosperity, understood in this way, is not an agenda of redistributing an economic pie of a fixed size. Rather, it means expanding the size of the pie continuously and sharing it in such a way that the welfare of those at the lower end of the income distribution rises as quickly as possible. It also requires that progress is sustainable over time and across generations, in terms of the environment, social inclusion, and fiscal prudence" (p. 21).

As the poor are (perceived as being) stuck in subsistence and exhibit a non-entrepreneurial behaviour, they are not in a position to enter this process of "evolutionary development" (Johnston and Kilby, 1975, p. 55) on their own (otherwise they would have 'developed' autonomously). To induce the required change became the task of external development agents, though the meaning of this term varied over time. The 1970s and early 1980s saw an enormous expansion of state departments and personnel, while the 1990's favoured more private initiatives including non-governmental organisations (NGOs). In parallel, international donor support grew rapidly. Still, the ratio between these "service providers" or "change agents" and the masses of poor people never matched ("local governments ... seldom reach down so far" (WB 2008, p. 256)), thus requiring the poor small farmers and communities to be mobilised– in order to improve their access to service delivery, and to give them some voice in defining the kind of services to be delivered:

> "(…) collective action through producer organisations can facilitate economies of scale". Besides local groups, NGOs are crucial: (…) the unique competencies of many nongovernmental organisations (NGOs) can be harnessed to deliver services,

especially at the local government and community levels" (World Bank 2008, p. 248).

Thus, far, I made a few hints at the residual/mainstream development discourse, its underpinnings, and its continued importance. What, then, is different in the discourse labelled as relational/radical? To quote Bernstein again:

> "(...) relational approaches investigate the causes of rural poverty in terms of social relations of production and reproduction, of property and power, that characterize certain kinds of development, and especially those associated with the spread and growth of capitalism. A relational approach thus asks rather different questions: are some poor because others are rich (and vice versa)? What are the mechanisms that generate both wealth and poverty as two sides of the same coin of (capitalist) development?" (Bernstein 1992)

In a relational approach, poverty results not from the persistence of subsistence production, but the persistence of exploitative social relations: "(...) poverty endures because of the social relationships and structures within which particular social groups are embedded. (...) chronic poverty is a socio-political relationship rather than a condition of assetlessness" (Bebbington 2007, p. 793).

The question "are some poor *because* others are rich" is answered in the positive by referring to the persistence of unequal social relations. Here, the (economic) category of class is the central analytical device. Put simply – there exists (objectively) a 'class' (or classes) of people that are in a position to exercise power over another class (or classes) of people – to such an extent that the latter are prevented of benefitting from any economic progress. Poverty and inequality result from this class structure and its inherent mechanisms of exploitation. The rational for this exploitative behaviour is considered inherent in, and foundational of, capitalism: "The purchaser of [a] commodity [e.g. labour power] must somehow realize more from its use than has been paid for it; this is the systemic imperative facing capital" (Herring and Agarwala 2006, p. 325).

The mechanisms of how exploitation works can take various forms, to which 'primitive accumulation' and 'surplus extraction' are central. In the case of primitive accumulation (or accumulation by dispossession), people are separated from, or hindered in accessing, resources they need for their livelihoods. Examples include land that has been used as common property, but which is fenced off coercively and violently and thus privatised by some. Surplus extraction/appropriation refers to the process whereby people do not receive the benefit from what they produce with their labour and work (e.g. low prices paid by traders for agricultural goods, or low salaries given by landowners to agricultural labourers). Through these mechanisms of exploitation, the influential classes continuously accumulate more resources which enables them to further their exploitative reach. Very often, the state is accused of facilitating such exploitation and accumulation through "extra-economic means" (Glassman 2006, p. 616), for example, by not implementing land reform laws, by supporting privatisation, or by enforcing laws that go against labour.

Thus, the notion of 'structural transformation', central to the mainstream/residual approaches – in the radical perspective – is seen not as a solution, but as the problem per se. The mainstream's focus on integrating subsistence-based small farmers into the market-led surplus production is read and interpreted through class eyes and an ontological suspiciousness against those who have more influence. Structural transformation is read as commodification whereby only asset-owning classes benefit. Structural transformation (which has accelerated through 'neo-liberalism') leads to marginalisation, forcing the poor even more into a wage labour.

As the root causes of poverty and inequality are seen to rest in exploitative social relations (and not in the lack of market-oriented production), it is these social relations that need to be changed. The radical position also calls for making 'structural transformation'. It means to transform exploitative social relations into non-exploitative forms of social relations – especially in regard to processes of production, exchange and the use of surplus. For radicals, markets are not the solution, but a problem. Market

relations are synonymous of exploitation, and they cannot be changed just by calling for more fairness in the existing market relations:

> "(...) justice is not a question of reforming the hearts and minds of propertied people, but rather a question of reducing the dependency and destitution that subject those without property to abject subordination (...)" (Herring and Agarwal 2006, p. 325).

In order to ensure non-exploitative social relations, there is a need to "socially regulate" them (Ramakumar 2013). In the relational discourse, it is not the market, but the state that has to ensure non-exploitative social relations. But there is a dilemma: Exploitation results from the power of the influential classes and the support they receive from this very state. Thus, what is required is to transform the present (neo-liberal) state into a 'progressive' state through a "new radical imagination":

> "The new politics is not an 'end of the state' but the affirmation of the state as an instrument of people's power, people's democracy and people's empowerment" (Tariq 2010).

The new state must be achieved through struggles – and this, in turn, requires the mobilisation and 'empowerment' of the exploited classes. Mobilisation means that the exploited first need to be made conscious of their class position (i.e. that they are exploited as many others like them are exploited, so that they have a shared 'class position' and related interests). They then need to be collectively organised to finally engage in a "class struggle", or (in less orthodox terms), in "collective practices of actors for the realization of class interests against interests of other classes" (Herring and Agarwal 2006, p. 331).

Let us finally move to the third grand discourse, i.e. the post-developmentalist perspective, which has become quite popular among western intellectuals. Its core argument is given in Esteva's famous statement that you "must be either very dumb or very rich if you fail to notice that development stinks' (Esteva 1987, p.135). This statement first of all fundamentally criticises the notion of

development inherent in both discourses described so far, i.e. the mainstream/residual and the radical/relational perspectives. Arturo Escobar (1992, p. 20) explicitly criticises both, i.e. "Development" in the mainstream sense of "a matter of capital, technology, and education and the appropriate policy and planning mechanisms to successfully combine these elements (...)", and "Resistance" in the relational/radical sense – because it reduces development to "a class issue and a question of imperialism". In the perspective of post-development, underdevelopment (and with this a continuing poverty and inequality) is produced by these very discourses, each being a "master theory advocated by the West". Both, (neo)liberal and socialist approaches are accused of having impoverished the South. Both these narratives constructed the "Third World" and made it a playground for western ideas of (liberal or radical) modernisation. As stated by Parfitt (2012),

> "Escobar explicitly uses discourse theory to argue that development should be viewed 'not [as] a natural process of knowledge that gradually uncovered problems and dealt with them', but rather 'as a historical construct that provides a space in which poor countries are known, specified, and intervened upon'. Thus, development discourse constitutes the problems (such as poverty) that it purports to analyse and solve."

In the post-development discourse, poverty alleviation can thus be based not on a project of modernisation, be it in its liberal/mainstream or radical/socialist guise. What is required is "(to) transcend development's dependence on Western modernity" (Escobar 1992, p. 21) and to have "a more radical collective imagining of alternative futures" (p. 22). In this "collective imagining" of alternatives to the dominant western discourses, grassroots social mobilisation becomes central (and with this 'empowerment' as well). Indeed, social mobilisation becomes the backbone of post-development:

> "To think about 'alternatives to development' (...) requires a theoretico-practical transformation of the notions of development, modernity and the economy. This transformation

can be best achieved by building upon the practices of social movements, especially those in the Third World that have emerged in response to post-World War II hegemonic social orders. These movements are essential for the creation of alternative visions of democracy, economy and society" (Escobar 1992, p. 22). And: "The possibility for redefining development (...) rests largely with the action of social movements" (p. 47).

Escobar (1992) insists that "theoretically informed alternatives should be practice-oriented" (p. 28), i.e. emerge from everyday life as experienced in social movements. These are the sites for the construction of identities, new discourses and new ideas of democracy:

> "Reflection on daily life has to be located at the intersection of meaning production, on the one hand, and macro-processes of domination, on the other. Inquiry into social movements from this perspective seeks to restore the centrality of popular practices, without reducing the movements to something else: the logic of domination or capital accumulation, the struggle of the working class or the labour of parties. Thus oriented, such an inquiry vindicates the value of the practices of the majority in producing the world in which we live; for it is true that the majority have to live within structures of domination that are not of their own making, it is also true that, in relation to those structures and strategies, they effect a veritable process of creation, by adapting, resisting, transforming or subverting those forms through manifold tactics (...)" (Escobar 1992, p. 30).

> "The challenge for social movements – and the experts who work with them – is to come up with new ways of talking about needs and of demanding their satisfaction in ways that bypass the rationality of development with its 'basic needs' discourse" (Escobar 1992, p. 46).

Indeed, post-development has deep "faith in the endogenous" and in "local and grassroots autonomy" (Pieterse 2009, p. 341). Unlike in both the mainstream/residual and the relational/radical

perspective, traditional forms of social relations are less seen as causing poverty and exploitation, but are rather seen as its potentials.

1.3 Overlaps and contestations

As already stated, the above overview on grand narratives risks simplification. Still, it helps to step back for a moment from the everyday complexities of development debates, and to briefly reflect on their underpinnings and foundational assumptions. To recall one example – they all talk of empowerment in an instrumental sense, but this notion is embedded in very different framings of causes of poverty and inequality, and of different imaginations on how to overcome it. The overview also allows searching for potential similarities. What unites them is a concern for poverty and inequality. They all accept that too many people are not in a position to live decent lives, and they are all driven by the search for better living conditions. None accepts the status quo or argues for *laissez-faire*. Even post-developmentalists do not share positions that romanticize ways of living in the Global South as socially and culturally harmonious and ecologically sensitive and balanced. In addition, all the three discourses are not limited to a socio-political or economic niche within overall societal life – they all engage with the social as such, that is how individuals and groups are (and should be) interacting, building relations, and are structuring economic, political and cultural processes. All the three discourses have the will to change the ways how people live – 'development' indeed affects all.

But we also find fault lines that have the potential to trigger contestations. The overview highlighted the fundamental differences in the discursive framing of the underlying causes for poverty and inequality – non-innovative and persisting 'cultures' of subsistence versus exploitative social relations versus the production of underdevelopment through western paradigms of capitalism and socialism. It highlighted the differences regarding the 'so-what' – market integration versus liberating the exploited

versus 'indigenous' creativity. It also highlighted the different roles ascribed to the state – neutral change agent and setter of market-friendly conditions versus authority to regulate social relations versus no role at all (here, though, post-developmentalists remain rather vague). And last, but not least, it highlighted the role ascribed to the social mobilisation of 'people' – community-based organisations (and NGOs) to facilitate (and to some extent define) service delivery versus class-conscious mobilisation, and to struggle against exploitative social relations versus laboratories to imagine and practice alternative societies.

1.4 Contested developments - and beyond

How, then, do these (potential) fault lines translate into (actual) contestations? What are the details of these contestations? And how do they affect people? In order to debate such questions a bit closer and more concretely, I now zoom into a few of these fault lines, that is, the role of the state, the role of peoples' mobilisation, and the notion of 'the poor'. There are, of course, many others that need adequate attention (such as the tension between prioritising market production versus social relations), but the first three can help to gain some insights.

Role of the state: All three discourses contain specific imaginations on the role of the state in the context of 'development'. In the mainstream, it is the role of the state to ensure that the structural transformation from subsistence to market integration takes place, and that, in consequence, the economies grow. The state has to ensure that those in poverty are benefitting sufficiently from the "expanding pie" (see the quote from the World Bank) but without constraining the room for manoeuvre of the key drivers of growth – entrepreneurs, investors, etc. In the residual/radical discourse, the state's role concentrates on this last point. The state "as an instrument of people's power, people's democracy and people's empowerment" (see the quote further above) enforces egalitarian social relations among the various (economic) sections of society. It controls those with disproportionate control over means of

production (land is a case in point, but also agricultural labour or control over financial capital required to stimulate production, or in general, a surplus. In the post-development perspective, the state's role is less clear. The state in the Global South is generally held as being the outcome of western development engineering and criticised for it. So, there is a need to rethink the state; though it may not go much beyond.

We can thus identify a central fault line along the imagination of the state and its role in the socio-economic nexus: While, according to one view, the state needs to ensure that structural transformation does not hurt those that make the pie grow in the first place, the other view exactly targets these actors – large farmers / landlords, entrepreneurs involved in production along forward and backward linkages, and traders/merchants that link production with consumption, and accuses them of exploitation. Indeed, in many countries these two seemingly contradictory visions – embedded in grand narratives of 'development' – are contested. They tell us about national economic policies, for example, of changing governments in power over time. But they can also lead to violent confrontation in cases where those in power are not willing to listen to 'the others'. The subsequent chapters in this edited book will for sure unravel some of the causes of the civil war in Nepal as linked to this fault line.

Still, in many instances, contestations appear to be triggered less by the more abstract level of general development discourses. For example, the radical/socialist state may have had clearer contours before the late 1980s, prior to the collapse of real socialism. However today, this is less clear; Borras and Saturno (2009, p. 5) quote Bernstein to lament "the demise (…) of any plausible socialist model of development". Similarly in the case of mainstream: Though the state has been condemned for some time and thus 'right-sized' (see the infamous Structural Adjustment Programs), recent years have seen its rehabilitation even among neo-liberal discourses. Borras and Saturno (2009, p. 10) argue that contemporary crises such as food, energy and finance are "(…) likely to re-emphasise, not devalue, the role played by nation-states and state authorities

in the politics of agrarian transformation." Even the World Bank argues:

> "The emphasis on 'getting prices right' and improving the macroeconomic environment had important positive effects for agriculture, such as reducing its tax burden (…). But it left many market failures unresolved, creating second-generation problems (…), especially where a weak private sector could not fill the gap. (…). There is now general agreement that the state must invest in core public goods, such as agricultural R&D, rural roads, property rights, and the enforcement of rules and contracts (…). Beyond providing these core public goods, the state has to facilitate, coordinate, and regulate, although the degree of state activism in these roles is debated. The agriculture-for-development agenda also assigns a strong role to public policy to promote poverty reduction and equity, including gender equity, by building productive assets and providing safety nets" (WB 2008, p. 247; emphasis mine).

These observations suggest that the importance *per se* of 'the state' for, and within, processes of development – and especially regarding the problems faced by 'the poor' (I will come to that notion further below) – appears to be appreciated across otherwise conflicting discourses. The state is important for both relational and residual views, and thus contestations rooted in ideologies (at least to some extent) fade away. But what we observe is that the *practical* notion of 'the state' is being interrogated. By this I refer to concrete questions of who 'the state' is, how it assumes its role in representing developmental needs of a nation (and the heterogeneous social entities making up a nation), and what practical mechanisms and capacities it takes to address its tasks. After all, ideologies themselves cannot be a guarantee for a state to function.

For a long time, and across competing discourses, 'the state' was imagined as a separate entity above society at large, as a neutral agent concerned with the welfare of its citizens, and staffed by 'public servants' that strictly followed their duties (that is, the

development discourses of those controlling the state). This idealistic and functionalist image is still present in many contemporary development interventions, but it is increasingly questioned. Even the World Bank realises that the poor "face specific governance problems in rural areas, such as deeply entrenched political and social structures, that are often linked to unequal access to land, which perpetuates severe inequalities and can lead to violent local conflicts" (WB 2008, p. 245). With this, questions of representation and control over 'the state' (whether this state is inclined towards a more mainstream or a more relational understanding of development) comes central stage in a much more pronounced way. Following this argument, it does not surprise that 'decentralisation' is not only a concern of the 'neo-liberals', but of a progressive left as well (Geiser and Rist 2009). This is best illustrated in the case of the Indian state of Kerala (e.g. Thomas Isaac 2000). And the debate is not whether or no decentralisation is required to address poverty issues, but how (e.g. Thomas Isaac 2003).

Closely linked to it are questions of capacity. Expectations from the state are high across competing discourses, but who are the people within the state that have to live up to these expectations at the end of the day? State officials, after all, are no longer understood in the Weberian sense as bureaucrats beyond society (Weber 2006). Today, they too are seen as members of a larger society, struggling to secure their livelihoods and trying to make their ends meet – easier for the ones higher in the state hierarchy, and more difficult for those lower down (in the "trenches"; Corbridge 2008). For development, those lower down count most.

I thus argue that the contestation around the role of the state in development continues. But it seem to shift from the more general debate on the role of 'the state' in development (neo-liberal versus 'socialist') to questions of the construction of the state, its representativeness vis-à-vis a nation's social realities, and specifically, its capacities to practice in the everyday life. More prosaically, the challenges shift from the grand debates to the nitty-gritties of 'Public Sector Reform' or the struggles for operational

and accountable structures of decentralisation. And it is here that *new* fields of contestation emerge.

The role of social mobilisation: All three discourses contain specific imaginations on the role of social mobilisation. In the mainstream, social mobilisation is essential to spread the opportunities of market relations; it helps those entrusted with development to better deliver their services to the poor. Poorer social groups can benefit from 'collective action' not only to share their experiences, but to access their required means to enter market relations. In the radicals' reading, socially mobilising the exploited people around their class interests is a prerequisite to overcome exploitative social relations and to establish an egalitarian society in which the benefits of labour are equally shared by all. And for post-developmentalists, it is the people at the grassroots themselves who (have to) mobilise collectively, and imagine and define their ways out of poverty and inequality. They also have to define by themselves what their needs are and how these needs are to be fulfilled. Indeed, these different conceptions clash at times. The World Bank (2008) states that local social mobilisation can risk counter-trends:

> "Better organized agricultural interest groups may demand inefficient policy instruments, such as price support" (WB 2008, p. 246) – and there is a need "to avoid creating political pressure for 'misinvestment' or to resist reforms" (p. 249).

It is obvious that this warning is targeted, at least partly, at groups that demand redistribution. But it is especially representatives of the relational/radical discourse that criticises the mainstream's forms of local mobilisation. To give just two examples:

> "The NGO-ization of politics threatens to turn resistance into a well-mannered, reasonable, salaried, 9-to-5 job. With a few perks thrown in. Real resistance has real consequences. And no salary" (Roy 2004).

> "A section of NGOs and social movements tend to negate this role of the State with an anti-statist outlook. The World Bank and big corporate foundations promote development in the

developing countries with a philosophy of cutting off the State from its developmental and welfare responsibilities. (...) Foreign-funded NGOs in the development-empowerment business are in fact facilitators of the neo-liberal reforms and the imperialist strategy" (Karat 2004).

Thus, there are claims and counterclaims regarding local mobilisation, its legitimacy and its purpose. It is indeed in this sphere that we observe an increasing array of struggles among and between local organisations and their respective claims.

Still, these contestations seem to go beyond ideological spheres, and they seem, at closer observation, to involve much more specific aspects of mobilisation practices. Both mainstream and radical discourses foresee local mobilisation to happen around economic issues – and this requires specialised knowledge and skills. Both have to deal with 'nitty-gritties', such as avoiding elite-capture, convincing rural people to trust the respective activists, to invest time into mobilisation, and so on. And both discourses are challenged, in actual practice, by the fact that mobilisation often follows a different rationale. It crystallises around religion, caste, region, or ethnic affiliation, and less around directly economic and 'material' concerns. 'Non-material' issues of recognition and the strengthening of identity are put central stage by the leaders of such mobilisations (how far they are inspired by 'post-developmentalism' needs to be studied). In other words, ideological contestations may continue to influence the sphere of local social mobilisation. But there are challenges across for justifying that one's mobilisation is truly representative of people's aspirations; of proving that especially 'the poors' livelihoods improve; of finding the ways and means of how to support the poors' livelihoods; of finding ways to support the livelihoods of those activists who practice mobilisation. After all, they too would need some income, although a few might be able to live with "(...) no salary" (see Roy 2004 above).

Thus, I argue that in some instances, the old fault lines along the main discourses continue to fuel contestations. But these are

increasingly replaced by challenges across the main discourses – challenges (and related struggles) over who represents the aspirations of the 'local people', who is to represent them vis-à-vis 'the state', with whom is the state to interact in the venture for development, and how to finance the mobilisation activists?

Who are the poor: In all the three discourses, unequal opportunities to live a decent life are the core concern, relating to the fate of 'the poor'. However, they seem to differ very little in the conceptualisation of 'the poor'. They all tend to homogenise them by putting them into general categories, such as 'small farmers', 'peasants', or the 'rural' poor. The Swiss Development Cooperation (SDC) for example echoes the mainstream's position:

> "At present, more than a billion people around the world are under-nourished. More than three-quarters of them depend on rural livelihoods and are extremely poor farmers. Most of them are under-equipped, live in unfavourable areas, have little or no land, are underemployed and poorly paid agricultural labourers" (SDC no date).

The radical/relational perspective too characterises the poor in a rather homogenising way. Most debates take place around 'agrarian issues', thus a focus on agriculture. Small or marginal farmers and agricultural labourers are at times characterised to have the same mutual interests, since both are exploited by richer segments of society. In the post-development perspective, there is a focus on "peasantness", claiming for it "the distinctiveness of peasant production as a way of life, by emphasizing the importance of self-consumption, unpaid family labour, non-capitalist relations and communitarian outlook" (Vergara-Camus 2013). In order to differentiate its take from other discourses, the notion of the 'agrarians' is proposed to describe the disadvantaged (McMichael 2006).

Thus, there is quite surprisingly no real fault line here. But contradictory debates surface when we take a closer look at ground realities. Increasingly, 'the poor' are perceived beyond the poverty line paradigm as well as the closed compartment of 'class'

– as those being embedded in specific and complex rural social and political contexts. As Borras and Saturno (2009, p. 19) argue, the "messy complex reality of the agrarian world" produces an enormous heterogeneity of the 'poor'. This fact has specifically been highlighted by the recent analytical emphasis on livelihoods, and across the theoretical underpinnings of involved researchers. The World Bank for example mentions that creating "political coalitions that support the rights of agricultural labourers is a challenge" (WB 2008, p. 249), that "(…) projects need special provisions to avoid elite capture" (p. 256), and that "(…) collective action can also fail by excluding disadvantaged groups, with the benefits captured only by local elites" (p. 248). The Swiss Development Cooperation expresses similar concerns in its program:

> "*Addressing political aspects of poverty*: informing disadvantaged people of their rights and providing access to legal support; facilitating collective action; and building public speaking and negotiation capacities. *Addressing socio-cultural aspects of poverty* (…) facilitating the full and equal representation of different groups of people in community decision-making processes; working with both men and women to combat gender-based violence and mutilation; and supporting discriminated groups and individuals to claim their human rights. (…)."

And even more drastically, the dominant linking of the 'poor' to 'the rural' is increasingly questioned – with all its consequences on the received wisdom of poverty alleviation. The agrarian bias in all the three dominant discourses is placed under scrutiny. Though formulated rather provocatively, Rigg (2006, p. 195) argues that actual dynamics on the ground

> "(…) fundamentally changed patterns and associations regarding wealth and poverty that we have become accustomed to, and comfortable with. No longer are the land rich necessarily also the prosperous in rural areas. No longer can we assume that small farmers are better off than landless labourers (…). No longer can we state, with surety, that tenants are in a better position than owner occupiers (…). No longer are agriculture

and farming the desired, default position of rural households. No longer do parents desire a settled, farming life for their children. And no longer should we assume that agricultural development is the best way to promote rural development, and rural development the best means of raising rural incomes and improving livelihoods (...)".

As already indicated, this is a provocative statement. But it inspires us to question assumed discourses and their underpinnings, specifically regarding the framing of poverty, the 'poor' and the needs of the 'poor'. In other words, the previously obvious category of 'the poor' – and with it its opposite (the rich, the upper class) – might become fuzzy and blurred. This is not provided for in the main discourses. And I argue that it is here where new contestations emerge on how to conceptualise complex realities with their interdependencies, and on how to intervene.

1.5 Concluding remarks

This paper argues that 'development' is not a venture limited to a certain niche within given social, economic or political processes, but influences, directly or indirectly, the lives of most people, and specifically so in the countries of the South. 'Development' imagines and proposes changes in social realities, and enrols thoughts and actions across the society. These imaginations take the form of competing discourses, and three such discourses (perceived as being the most influential ones) were discussed in the previous sections. The present discussion has highlighted the respective understandings of socio-economic-political realities that influence the ways in which 'development' is framed within such discourses. It helps to identify some of the fault lines along which contestations among the different imaginations of development can lead to more conflict and contestation. In order to better understand these contestations, I took three examples (the role of the state, the role of social mobilisation, and the conceptualisation of the poor). This has helped to show that in some instances these fault lines – informed by grand discourses of societal change – have caused

conflict and even violence. However, in many instances, the three general discourses have been overtaken by the complexities of ground realities and actual societal practices. These complexities, I argue, start to challenge the thinking and imagination across established ideologies, and open up the need for new debates. This does not mean that grand development discourses lost their relevance; many finance ministries, planning commissions or donor headquarters still frame their policies couched in these languages. But the challenges at the grassroots are much more complex, and call for critical and innovative thinking, going beyond established lines of problem (and solution) framing. This, though, could trigger new contestations. But these new fault lines are informed by a much more accurate and in-depth understanding of the "messy complex reality of the agrarian world" (see the quote above). Assumed realities can no longer be "shoehorned into pre-fabricated compartments" (Spencer 2007, p. 145) – that is the compartmentalised thinking of the grand development discourses.

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Chapter	Post-conflict Reconstruction
2	and Development

Bishnu Raj Upreti

2.1 The context of discourse

In the context of this chapter, development covers broader issues relating to policies, strategies, institutional arrangements, implementations of programmes, projects and any planned interventions implemented by government agencies, non-governmental organisations, private sectors, charities and individuals by allocating resources for the purpose of economic and social progress, and concerns positive change and environmental resilience. Hence, it covers development in both of physical and socio-economic aspects.

Nepal's armed conflict is directly and/or indirectly related with the country's patchy, centralized, exclusionary and donor-driven development process further affected by bad governance, elite dominated politics and geographical imbalance. Hence, the central theme of this chapter is to examine the development dynamics of the past within the conceptual framework of 'contestation' and to envision an outlook for the post-conflict reconstruction and development. Similarly, reconstruction focuses on building or rebuilding physical infrastructures, considered as one of fundamental pillars of post-conflict economic recovery and development.

While examining the factors contributing to the armed insurgency, several writers, analysts and researchers (Leonhardt 2000; Nagel 2006; Upreti 2006, 2009, 2010) have demonstrated that structural causes lead to development failure. Nepal's planned development had got started immediately after the political change of 1951, with the external aid for development starting even earlier (e.g.

funding of the Pharping Hydropower Project by the British-Indian Government).

Post-conflict reconstruction and development should contribute to achieve the aim of developing a peaceful, politically stable, economically prosperous and a socially just federal republic of Nepal. Therefore, the existing development philosophy, conceptual orientation, policy framework, institutional arrangements, operational strategies and implementation modalities need to be reoriented to meet the need of post-conflict objectives.

The main of objectives of this chapter is to critically examine the different contestations in the existing development strategies and to initiate a debate on the various dimensions of post-conflict development and reconstruction work to strengthen democracy and achieve a durable peace, economic prosperity and social justice in a smooth state building process of Nepal.

It is frequently observed that civil wars and armed insurgencies often target existing development infrastructures and obstruct construction process, ultimately affecting economic growth. One of the major steps of recovery for a country form the war is to revive its economic and social activities through reconstruction and initiation of the development (Upreti 2009).

Violent conflicts negatively affect development. When development programmes and projects fail to meet the livelihood needs of people, they generate social tension and violent conflict in any society. If development interventions fail to address the problem of inequality and discrimination, or produce new forms on inequality and discrimination, it indirectly serves as a source of conflict. Conflict in a society is inevitable if development interventions maintains status quo with bias towards a particular group or groups in terms of allocations of resources and priority. It creates a feeling of injustice and structural inequality. Hence, development can both be the means of peace as well as a source of conflict. This is evident in countries where suffering from frequent violence and conflict is endemic (Upreti 2009). Therefore, addressing inequality and root

causes of discrimination, both horizontally and vertically, is vital for ensuring development goals and conflict sensitivity.

But that conflict is also an inherent and integral part of development process, as it strengthens the capacity of a society to manage its differences and disputes better, providing creativity for social change. Hence, development interventions should not suppress non-violent conflict, but allow expression of protests in a constructive, non-violent and creative manner.

2.2 Overview of the contestations in the development sector in Nepal

Several conceptual, perceptual, factual, and operational contestations are to be seen prevailing in the development sector of Nepal. In this section, we quickly reflect on these contestations.

Figure 1: Overview of post-conflict development contestations
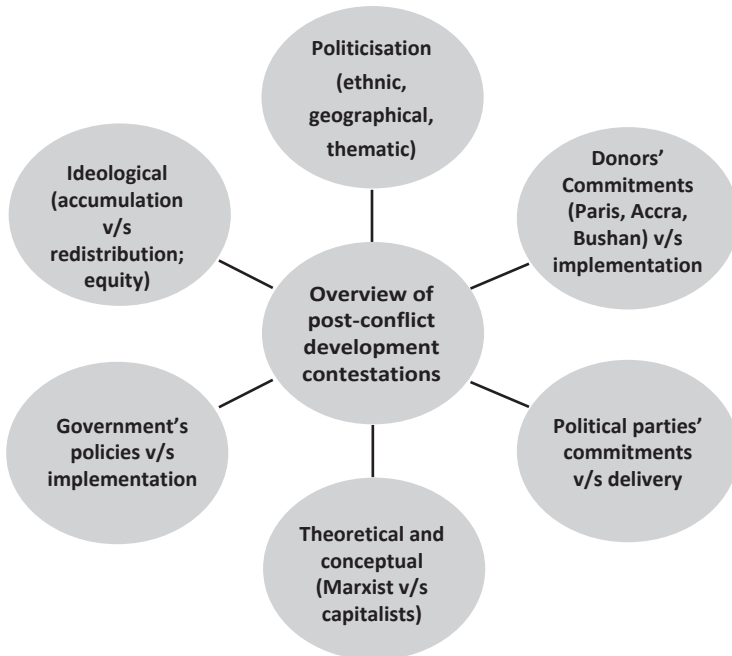
Source: Designed by author

2.2.1 Donors' commitments and actual implementation

Several guidelines and arrangements have been made by the donors, such as OECD and DAC Guidelines; The Paris Declaration (ownership, alignment, harmonization, result and mutual accountability)[1] and Accra Agenda for Action and Busan Partnership, for achieving effective development co-operation. The Busan Partnership as a latest instrument for effective development co-operation based on the principles of Paris Declaration of 1st December 2011 has not yet been fully implemented in Nepal, despite the commitment of aid transparency and aid effectiveness required by the Paris declaration. Though the donors have made time-bound commitments to publish their aid information to the standard of the International Aid Transparency Initiative (IATI) (by 2015), to improve predictability (by 2013), to apply good practices in the situations of conflict and fragility ('New Deals'); they have been no more than a rhetoric.

One shining example of the post-conflict development interventions is the Local Governance and Community Development Programme (LGCDP)[2] coordinated by the Ministry of Federal Affairs and Local Development (MoFALD), with the financial assistance of multilateral agencies such as Asian Development Bank (ADB), World Bank, the European Union; the bilateral agencies such as the UK government (DFID), Government of Denmark, German Government (GIZ), Japan (JICA), Government of Norway, Swiss (SDC) and America (USAID) and the UN Agencies (UNCDF, UNICEF, UNDP, UNFPA, UN Women, UNV).

This programme has an ambitious goal (contribute towards poverty reduction through better local governance and community

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[1] a) Aid recipients to forge their own national development strategies with their parliaments and electorates (ownership);b) for donors to support these strategies (alignment), c) work to streamline their efforts in-country (harmonisation); d) for development policies to be directed to achieving clear goals and for progress towards these goals to be monitored (results); and e) for donors and recipients alike to be jointly responsible for achieving these goals (mutual accountability) (source:http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm_

[2] This Programme is further analysed in Chapter Five from the 'donors' aid' perspective and the conceptual foci of the analysis, therefore, are different.

development) for which four main pillars are identified as a) Policy (Governance Reform), b) Supply (Service Delivery and Capacity Development), c) Demand (Citizens Empowerment) and d) Local Development (Socio-Economic and Infrastructure Development), in other words, almost everything under the domain of 'development'.

Similarly, its geographical coverage is countrywide (75 DDCs, 58 Municipalities and 3,915 VDCs) with sectoral involvements that include: (1) Local Government Restructuring (2) Federal Governance (3) Fiscal Decentralization (4) Fiduciary Risks Reduction (5) Results Based Management (6) Capacity Development (7) Social Mobilization (8) Child Friendly Local Governance (9) Gender Equality and Social Inclusion (10) Information, Education and Communication (11) Local Governance and Accountability Facility (12) Environmentally Friendly Local Governance (13) Vital Registration (14) Community Mediation (15) Social Security (16) Local Community Infrastructure Development (17) Social Development (18) Local Economic Development (19) Livelihood Improvement Schemes (20) Research and Development (21) Public Financial Management (22) Rural energy, climate resilience and disaster management.

The 2nd Phase (2013-2017) of it envisions a total fund of US$ 1362 Million out of which the Government of Nepal provides US$ 1126 million and other development donors provide the remaining.[3] A very interesting purpose of this programme is to improve local governance for effective service delivery and citizen empowerment. But in a country where there has been no local government since last 11 years, nor the political decision makers, the policy makers, or the international development partners seem to genuinely want the local government to function (if they really wanted it, they give their priority to the local election).

The above programme serves to illustrate an example of how donors and national government want to improve local governance and effective service delivery. But, as it actually works, the

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[3] See details of this Programme at: http://www.lgcdp.gov.np/home/about_lgcdp.php

development budget assigned every year is used up by dividing it among the political parties of the districts. The LGCDP envisions good outcomes from it as a) citizens and communities can hold their local governance bodies accountable; b) Local Bodies as they would be more responsive to the citizen's needs, c) All citizens who would be provided with efficient and effective local services; and lastly, d) it would strengthen policy and institutional framework for the devolution of power with local governance and local service delivery. This would be a crude joke in a country where there has been no elected government since 11 years and no local election since 16 years. Hence, LGCDP provides a good example of what development contestation is like in working (how development functions in rhetoric and reality).[4]

Nepal Peace Trust Fund (NPTF) is another post-conflict development intervention established in January, 2007 (till January 2016) with the joint efforts of the Nepal government and the donors (Denmark, European Union, Finland, Germany, Norway, Switzerland, United Kingdom and United States of America) in support of the implementation of the Comprehensive Peace Agreement signed in November 2006. Even the government of Nepal claims that it is a globally unique funding mechanism. It has said: "As an effective joint government-donor initiative, the NPTF is presumably a unique funding mechanism in the world in the areas of peacebuilding that is owned and managed by the Government".[5]

According to the Ministry of Peace and Reconstruction, this intervention has invested around NPR 22707.73 million for 63 projects in four major thematic areas (clusters) so far. However, while identifying the key challenges of the NPTF, one of the main donors' evaluation states, "Providing funds through Government systems, especially with a caretaker Government in place, will also provide a major on-going challenge. The lack of a PAC and substantive heads of Accountability agencies also mean that

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[4] See http://www.lgcdp.gov.np/home/about_lgcdp.php for details, rsons, T.,in Nepal 2006-2012

[5] Retrieved on 26th December 2013 from the http://www.nptf.gov.np/

fiduciary risks of channelling through GoN may be higher than previously".[6]

Likewise, anther assessment of the donors states, "Given the difference in programming approaches, the focal development partners engage very differently with the beneficiaries of their programmes. The evaluation noted that beneficiaries of certain Swiss and NPTF programming felt insufficiently consulted, which could led to inefficient programming – for example, as witnessed by NPTF's failure to attract interest in the compensation package. Danish programming, which relies extensively on partner organisations, did not elicit the same concern from beneficiaries".[7] These two evaluation statements of separate donors are enough to show what environment (mistrust with government) the donor funded post-conflict development programmes are operating in Nepal.

2.2.2 Contestations in conceptual and theoretical understanding

Development understanding and its relevance for society are often examined in the conflict theory of Karl Marx. His theory contains 3 main components: a) material forces of production (methods people use to produce things); b) the relation of production (property relations and rights); and c) forms of social consciousness (Eagleton 1976; Mclellan 1971; McIntosh 1997; Stones 1998). His main argument is that any economic organisation of society determines social structure. Hence, the unequal social relations shaped by the economic structures divide the society into the proletariat and the bourgeois. For any development to be relevant, therefore, it must address the gap between the haves and have-nots, which often misses the argument.

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[6] See annual review, retrieved on 26 December 2013 from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213901/Annual-Review-Peace-Support-Prog-nepal.pdf

[7] See Page 78 of the Joint Evaluation Report "the International Support to the peace Process in Nepal 2006-2012: http://www.oecd.org/derec/denmark/DANEMARK_Peace_process_Nepal_web_280813.pdf

Max Weber's Theory of Conflict views development differently and argues that inequality is not only economic in nature, but also a function of economic, social (social prestige or status groups) and political power and therefore is therefore a multidimensional and complex process, and not simply determined by the economic structure. Hence, the challenges of the development interventions are to go beyond unidirectional and be single problem focused, if they are to be socially relevant.

Peace Theory of Johan Galtung (Galtung 2000a, 2000b) argues that peace should not be viewed in a static sense but acknowledged to be dynamic in nature that is non-violent in approach to promote transformation and change through creative conflict in an unequal society. In any culturally and structurally unequal society, direct violence is its major challenges. Hence, the development interventions must work in creating a non-violent environment in order to bring about the social change and economic progress of a country.

Sometimes, development interventions not only disrupt the societal equilibrium, they also form a basis for the latent and manifest conflict, altering the existing balance of power. It introduces a new conflict in society. Hence, in any development interventions the focus must be to create situation of equilibrium, which is operationally difficult to realize.

The Equity Theory is another important source of conceptual contestation in the development intervention. In the development discourse, equity is much talked about and is used by the development decision makers as cover to justify what they are doing, instead of addressing the fundamentals of equity. Hence, this contestation, that is, the interpretation of equity is a major challenge in promoting development, and easily said than done.

Transformation Theory is another source of conceptual contestation as it demands a holistic and multifaceted approach to engage with conflict to reduce violence and promote social justice, peace and development. However, in accepting this holistic conceptual framework the space of the development decision makers is

minimised in manoeuvring and in limiting their commitments.

Let us see the System Theory: Well-known sociologists like Talcott Parsons (Parson 1937, 1951, 1961), Robert Merton (Merton 1957), and Emile Dhurkheim discussed the need for a stable functional system in society to achieve a desired change. When there is disharmony in the society it not only disrupts functioning social system but also gives rise to conflict and tension (Giddens 1972, 1997; Holmwood 2005). Therefore, development intervention has to focus on creating a stable functional society, which is not usually the case looking at the functions of the development interventions.

The first principle of any of the development intervention should be to prevent an outbreak of violent conflict in the society/areas where development interventions are active. However, the actual reality of it is different, as more conflict and tensions are observed in areas where development interventions are more in number. In theory, the development has to have a capacity of conflict settlement (to end violent behaviour by reaching an agreement), conflict management (to avoid future violence by promoting positive behavioural changes), conflict resolution (to address cause of conflict) and conflict transformation (to address broader social and political causes of conflict and improving of inter-group relationship). However, in realty very few development interventions have focused on these important issues. One example of translation of these concepts/issues into practice is 'Conflict Sensitive Project Management (CSPM) approach adopted by Swiss Agency for Development and Cooperation (SDC), but its thematic (only few sub-sectors) and geographical coverage (only few districts) are limited.

2.2.3 Contestations in Government's policies and implementation

The past 6 decades of development history has demonstrated the great mismatch between the policy provisions and actual implementation (Shrestha 1997; Pandey 1999; Upreti 2006) and contestation in terms of allocation of resources (remote areas v/s

accessible areas, the areas of the powerful politicians v/s areas with weak politicians; Eastern Region V/S Far Western Region, etc.), prioritisation of projects (big v/s small, infrastructures v/s others, etc.) and actual implementation (Upreti 2010). This mismatch and contestation is still reflected much on the centre (line ministries) v/s local (local government-DDC/VDCs), sectoral (e.g., prevalence of Sectoral Acts) v/s holistic (Local Self Governance Act) etc.

2.2.4 Theoretical and conceptual contestation

Very interesting sociological debate on the social change and development has been initiated from a long time. 'Class struggle' of Marxian sociology in a particular social context and position of the power centres are still influential in the development discourse. The focus of Marx was always on class and argues that potential for the class conflict is inherent in power differentiated societies, as the powerful, who control means of production systematically, concentrate to strengthen their positions and power in the society at the cost of the powerless. Hence, the conflict between these two classes in the form of 'class struggle' is inherent (Bottomore, 1991; Marx 1996, 1997, 1987). The work of Giddens (1972 ,1997), Merton (1957) and Parsons (1937) had amply demonstrated the conceptual evolution and contestation of sociological development which is one of the influential factors for the contemporary societal development.

Still, one of the most important contestation in a broader discourse is the Marxist v/s capitalist approach of development. Planners, policy-makers, political decision makers are, overtly or covertly, knowingly or unknowingly, divided along this line that has direct and lasting implications for designing and implementing intervention.

2.2.5 Political parties' commitments and actual delivery

History of political parties in Nepal is recent as they are not more than 80 years old. The focus of their first activity was the political change of 1951. Only after 1951 the political parties set out the development agenda in their vision. The first elected government of the B.P. Koirala envisioned a socio-economic development of

the country, but it was not allowed to implement the vision of development into action, because of the political tussle between King Mahendra and B.P. Koirala. Consequently, King Mahendra ousted B.P. Koirala from power and imposed party-less autocratic Panchayat political system in the country. During the Panchayat era some of the important milestones of development, such as the East-West Highway, other road networks and hydro-power projects were initiated. However, in the absence of democracy, these development efforts alone were not sufficient to sustain the Panchayat System. Political parties concentrated their energy for 30 years to restore the multi-party democracy once again. During this struggle the development agenda became side-lined.

After the restoration of multi-party democracy in 1990 political parties, the various Communist parties especially made towering promises to the people in their election manifestos, but showed little interest in fulfilling them. Instead, they resorted to power struggles. Political parties were engaged in an intra- and inter-party conflict. Consequently, corruption, irregularities and mal-governance became an integral part of the post-democratic era. On one hand, they were inexperienced in delivering development, and on the other, they were engaged in internecine power struggle and in the politicisation of bureaucracy. The Communist Party of Nepal (Maoist) started an armed insurrection against the infant democracy in 1996 that further obstructed the political process and economic development process. They targeted the development infrastructures as their tactics to weaken the government. Consequently, so many development infrastructures like hydro-power plans, telecom towers, and bridges were blown-up. With the development projects and programmes thus obstructed and threatened, it became inconceivable to start new projects and programmes of development. With the end of insurgency and the signing of the Comprehensive Peace Agreement (CPA), political parties had great opportunity to restart the development projects and programme. The CPA had provided a broader framework of assistance and international development partners were willing to support development projects. Regrettably, political parties once

again were unable to take advantage of this opportunity. Instead, they tried to manipulate development resources by dividing the aid money among the political parties working at the local level. Hence, the entire period of over 6 decades proved a total waste from the development perspective. To some extent, the panchayat political system was more successful in making some important development interventions. But it too proved ineffective to address the real issues of the poor and the marginalised by supporting the more powerful and maintaining the status quo, which, consequently, became a new source of structural conflict and contestation.

2.2.6 Ideological contestation

The theoretical orientation of the political parties and their decision makers is responsible for it. Nepali Congress Party often calls itself a liberal party and an advocate of free market and competitive economic approach; whereas the Communist parties generally believe in a centralised, controlled economic development. Hence, for a long time this ideological divide had implications for the national development. Supporters of the liberal approach were advocating/promoting for accumulation of capital, whereas the promoters of the centralised or controlled economic development were focusing more on the redistribution of wealth and social equity. However, at a later stage, when the Communist Party of Nepal United Marxist-Leninist (CPN-UML) took a more social democratic approach (by combining social justice and economic liberalisation) this divide became a little blurred. Again, when the Communist Party of Nepal (Maoist) came into power after the CPA, it tried to sharpen the divide again, but did not succeed. Hence, with such confusion and contestation the planned development of Nepal has been sorely affected.

2.2.7 Contestation from ethnic and geographical politicisation

Politicisation afflicted development work after the CPN (M) played up the ethnic and geographical sentiments to get the support of the

ethnic groups from the remote geographical areas. The development discourse was dominated by the vested interests of political dominance by the CPN (M). However, the functioning of the CPN (M) governments (twice the CPN (M) governments were led by the Maoist Leaders Puspa Kamal Dahal aka. *Prachanda,* and Babu Ram Bhattarai) demonstrated that the ethnic and geographical issues were merely for the political win as they did not address the issues of the people substantially. Nevertheless, the underdevelopment of Nepal on geographical and ethnic backwardness is a real concern for Nepal and will remain an attractive slogan for political parties for the coming decades.

2.2.8 Other Issues of contestation

Looking at minutely, the following contestations are observed in the different issues relating to the post-conflict reconstruction and development:

- Reconstruction v/s new development

- Physical infrastructure development v/s socio-economic (soft side) and capacity development

- Sector-wise approach v/s project-sized approaches

- Priority programmes (national pride projects) v/s day-to-day livelihoods projects

- Focused sectors (water resources, tourism development and agriculture sectors) and distributive (spreading to different sectors) development

- Centrally planned and locally planned development projects and programmes

- Income generation and basic services focused development and specialised and advanced development (information and communication technology, advancement of sciences)

- Special target groups focused (e.g., children, women, disabled, elderly) and generalised service provisions focusing on general community

- Contradiction and contestation among the different laws (e.g., Local Self Governance act 1999 and many thematic acts like Forest resources Act 1993, Water Resources Act 1992, National Parks and Wildlife Act, etc.), rules and procedures mandates (confusion among the ministries on specific issues).

2.3 Analysis and interpretation

Development related experiences and lessons from war-torn countries such as Afghanistan, Democratic Republic of Congo, Sudan and Somalia reveal that post-conflict development is sensitive, complicated and requires special visions, perspectives, commitments and resources. It has to mitigate impacts/effects of violent conflict, but it is a gradual process which takes time. Further, because of the multi-dimensional contestations prevalent in Nepal (the detailed discussion is presented in section 2 of this chapter) the post-conflict development is becoming further complicated.

It is observed that large number of aid agencies, such as the bilateral donors, multi-lateral agencies like the banks, INGOs, UN agencies and charity organisations have supported post-conflict development in war-torn countries (Barnes 2002). Their aims, interests, priorities, working procedures and approaches are often contradictory and conflicting, though (Colletta et al 1996). Therefore, proper coordination, monitoring and coherence in setting development priority by the concerned nations are extremely important (Collier and Hoeffler 2002). Post-conflict development needs to move beyond conventional areas of development programme and should grapple with new issues, such as environmental security (Upreti et al 2013), combating rural and urban crimes, dealing with small arms control, community security, etc. (DFID 2002, 2005).

Based on the discussion in the previous section it can be generalised that the existing development policy and regulatory frameworks, institutional arrangements and the mind-set of key decision makers are not enough to meet public expectations in the post-conflict situation. New visions, strategies and operational modalities

are needed to address these public expectations as well as the challenges brought on by the various contestations presented above in the section two. It requires fundamental restructuring of the development sector.

The global experiences (e.g. Barnes 2002; Colletta et al 1996; Collier and Hoeffler 2002; DFID 2002) show that post-conflict reconstruction and development need to be interwoven with reconciliation, rehabilitation, reintegration and recovery to ensure development and minimise the wound of conflict by promoting cooperation to rebuild society. Similarly, post-conflict development should contribute to achieve 'human security' (Upreti et al 2013). UN Human Development Report 1994 defines human security as 'safety from such chronic threats as hunger, disease and repression, and protection from sudden and hurtful disruptions in the patterns of daily lives (UNDP 1994). While shifting to human security approach of development, Nepal needs to shift from the existing conventional development approach operating since the inception of planned development in 1951 (Upreti 2006).

In the post-conflict period, linking of security, human rights, peace and development must be the guiding framework of development that should address corruption, provide effective governance, promote environmentally sustainable, socially equitable and an economically sound approach. Making development sensitive of conflict requires critical re-evaluation of the appropriateness of the existing policies and strategies, legal and regulatory framework and institutional arrangements (Upreti 2010), which is often difficult to meet as the political leaders and policy makers are unwilling to take risks.

Nepal has not finalized its federal structures yet (e.g. tiers: central, provincial, local; numbers of provinces; demarcation and naming of provinces) and after the failure of the first Constituent Assembly (CA) to promulgate a federal constitution, the CA formed second time seems more promising since the moderate political forces are in a majority. Still, it is a daunting task for the CA as the radical groups, though largely rejected by the people in the election of

19 November 2013, could potentially obstruct the constitution making process. If this happens, post-conflict development process will also be negatively affected. If everything goes well and a new constitution is promulgated in which the governing system (presidential, prime-ministerial, or combined), a federal structure and other features of democratic polity are redefined, the post-conflict development plans are expected to succeed. Such a plan should focus in the following basic principles:

- Promote peace, stability and justice: Address the root causes of conflict, provide relief and rehabilitation, programs undertake reconstruction and reintegration; implement development related provisions of CPA, ensure transitional justice, protect and promote human rights, and manage security sector as per the present need).

- Promote capacity building - Transfer of technical and managerial skills to provinces and at local level, invest in research and education, upgrade the education system by teaching new skills development in development and building self-confidence.

- Accelerate the reconstruction and rehabilitation of the damaged infrastructures– Reconstruction of social and economic infrastructures.

- Initiate larger infrastructure development.

- Focus on reconciliation – Include disadvantaged groups, promote civic education, harmony and trusts, provide reparation package to conflict victims, heal the bitterness of the past through truth and reconciliation programmes effectively.

- Strengthen response mechanisms to address gender disparity, marginalisation, exclusion and promotion of socio-economic rights of people in the broader framework of peace and justice.

- Promote good governance: strengthen financial management and accountability in development practices, promote local ownership, develop local leadership and promote self-assessment of 'public expenditure and financial accountability'; improve service delivery systems (human resource development, responsive institutions, etc.).

- Refine, strengthen, and streamline international development cooperation: Ensure the implementation of Paris Principles of Aid Effectiveness, Accra Plan of Action and Busan Partnership for Effective Development Cooperation' in donor-funded development assistance, coordinate donors, link Nepal's development with regional and international development through trade integration, foreign direct investment, etc.

- Mainstream gender aspects in development planning and activities: Tackle gender inequality by integrating gender concerns in all development plans and projects.

The development institutions in conflict-ridden states are often severely affected and sometimes get even dysfunctional (Aditya et al 2006; Upreti 2010). Therefore, reviving and enhancing the capacity of their state institutions is an important priority for delivering the expected services. Capacity enhancement of the state institutions requires close collaboration with civil society, political parties and private sectors.

Post-conflict development is a part of the broader state building process. Unlike in many other war-ridden countries, state apparatus of Nepal was less affected by the conflict in Nepal. The most difficult task is to depoliticise and free the development bureaucracy from politics and from misusing the development resources. The trust of general people in the major political parties has eroded because of contradictions in their rhetoric and reality. Hence, the common aim of all stakeholders should be to create a conducive political-institutional-legal environment (by regaining public trust with better delivery and performance of development reframing from

political interference and enhancing the existing capacity of local bodies by exercising sound governance principles). Development of new infrastructures and reconstruction of the damaged ones should be undertaken in a transparent way which would be the most effective mechanisms to rebuild public trust.

Rethinking, reorienting and reformulation of alternate policy in development and strategies for addressing the structural causes of conflict is not so easy, but is a pre-condition for Nepal if we want to implement the post-conflict state building smoothly. Critical examination of the overall impacts made by development programmes brings up a fundamental question: why development work failed so far to address the problem of poverty and social exclusion; and what are the major structural causes of the conflict (Pandey 1999; Shrestha 1997; Upreti 2004). The questions directly point the failure in the direction of towards development administration and governing system.

On one side, the six decades of development in Nepal were largely concentrated in more accessible areas and in the electoral constituencies of the powerful politicians (Pandey 1999; Upreti 2010). They did not reach remote areas, slums and shanties. Such a development served the political and economic interests of the politicians, development bureaucrats and local elites only. The entire development administration is top-down in structure. Development administrators behave as if they are the ones who give development to the people. The development administrators need to change in their attitude and thinking which is not easy. What is needed is to replace them with young, dynamic and forward-looking development facilitators.

At the operational level, conflict sensitive development planning and project cycle management is fundamental to development in a post-conflict context. Conflict sensitive development requires new policy context, responsive institutions and committed actors in addition to political commitment and organisational culture. Effective implementation of conflict sensitive development projects and programmes requires a positive attitude of the staff and an

organisational behaviour. Post-conflict development planning has to ensure these provisions.

Nepal's development is not conflict sensitive so far. Conflict sensitive development is more flexible, transparent and owned by local communities. It ensures incorporation of the root causes of the conflict and of provisions included in peace agreement in a regular project cycle (planning, implementation and evaluation). They provide a methodology and conceptual orientation to address the root causes of conflict, minimise potential negative effects and to provide opportunity for implementing development projects and programmes in the changed political context in which the development work has to operate. Addressing the root causes of conflict is one of the fundamental principles of post-conflict development planning and we need new conceptual framework for it that is able to address the contestations presented in section two of this chapter.

One of the important operational steps to follow in this regard is to incorporate the concept and basic elements of conflict sensitive development in all phases of the project cycle, regardless of project size be they projects of a national pride or be they small income generation projects. Analysis of interaction among actors, cause of conflict and examination of the context of conflict (as depicted in the following figure) and incorporation of analysis outcomes into each step of the project cycle (planning, implementation, monitoring and evaluations) is the other must.

Proper execution of post-conflict development needs a functional local government, government offices and positive activities of political parties in accordance with democratic principles and values. Holding of periodic election is a measuring-rod to know who the people want to lead them. Hence, free and fair election is fundamental to strengthening democracy and political stability. Political process must ensure and respect human rights and build public trusts towards the political system. That will greatly help to obtain favour of international community in post-construction support. Often the international community takes into consideration

human rights situation while deciding the volume, duration and areas of support. However, the tragic reality of Nepal is that there is no election has been held for the local government since the last 16 years and no elected representatives participating in the development programmes and projects. At the moment, they are operating by the formal and informal all-party-mechanisms.

Post-conflict development thrives only in an inner party democracy. Democracy is the soul of the political stability by strengthening the new generation leaders. Transparent election, freedom of expression, collective decision, clear division of roles, assigning of responsibility based on capacity, specialisations of committee members in specific areas of development (for example, by training party committee members to develop expertise in hydropower development and water resource negotiation, in agricultural extension, in rural infrastructure, etc.), building of inclusive party structures, showing respect for divergent opinions are some of the important components of intra-party democracy. One of the perennial sources of problem in Nepali politics is the lack of intra-party democracy. In some cases, the parties are operated like private companies. Top-down autocratic decision, favouritism and patronization of the party loyals and one's kith and kins, ambitious leaders eager to control and monopolize power and resources, personal vested interests are pushing the country to a darker future. Hence, inner-party democracy is a condition of success for implementation of the post-conflict development (Upreti 2010).

Local ownership is a prime condition for post-conflict development that ensures people's meaningful participation and their representation in decision making in local affairs. It engenders a feeling of local ownership. Hence, the application of the principles of good governance is crucial for the post-conflict situation. Political stability and post-conflict reconstruction and development are related directly and, to some extent, interdependent. Therefore, it is important to forge institutions, legal framework and operational procedures to ensure complementarities and mutuality in a post-conflict reconstruction and development work. It addresses the contestations discussed in section two of the chapter.

To be relevant in the changing context, proper understanding of people's aspiration and state ability to deliver services is important. Capacity building of implementing agencies in terms of appropriate skills is a key factor to successful implementation of projects in post-conflict situation. Training them in conflict and security risk assessment, in conflict monitoring, risk mitigation, trauma counselling and evacuation, in Do-Good principles, peace building, and in dealing with different actors of conflicting interests are essential. Flexible and learning-based approach is needed in post-conflict situation to ensure reorientation of development programme and in promoting peace. Conflict management and capacity-building at the local level is an important strategy. Potential of local organisations to resolve conflict at local levels needs to be supported. Promotion of practical, action-oriented, learning-focused participatory methodologies[8] in conflict management should be strategy of response in the situation of conflict (Conflict Prevention Network 1999; Leonhardt 2000; Nagel 2006).

A coherent approach to conflict prevention and peace building in situations of violent conflict is extremely essential to have (Nyheim et al 2001). Reinforcing and reconciliation of civil society for peace building by supporting traditional institutions engaged in promoting human rights and conflict management is the other requisite. A conflict sensitive development approach is one policy option to have to maximise the contribution of development sector in achieving sustainable peace, social harmony and enhancing the living standard of the people.

The conflict sensitive development policy in a post-conflict situation needs to integrate development with disarmament, demobilisation and reintegration, which is characterised by insecurity, lawlessness, social tension, poor or badly functioning economies and absence of social services. Conflict sensitive strategies must proceed by synchronising all development programmes and projects implemented through development agencies, including the United

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8   Interactive Conflict Management is one of such methodologies developed by this author (Uperti, 2003).

Nations (UN), bilateral and multi-lateral agencies and the I/N/GOs. Development programmes are unlikely to succeed without the building of trust, full cooperation and firm commitment of the political actors and the general public within and outside the state structures. The focus of conflict sensitive development must be in these areas (Upreti 2006, 2009). Safety and security are the other important dimensions to be considered in the post-conflict development (Robertson 2005).

Monitoring and evaluation of post-conflict development should focus on integrity, accountability and professionalism of the development agencies (Conflict Prevention Network 1999; Leonhardt, 2000; Nagel, 2006). Adopting the principles laid down in the preceding section and by constant monitoring (on both processes and outcomes) at national and local level will help to ensure the achievement of these objectives, i.e. in securing political stability and state-building. However, state building is a far more complex process. Development sector is only a part of it. Therefore, efforts have to be made to strongly interlink post-conflict development plan with the broader aims of nation building (Upreti et al 2010).

It has been observed that development intervention can be both a source of tension as well as stability, depending upon the approaches and strategies employed. Conflict sensitive development approach is a prime condition, therefore in economic recovery and stability. Reorientation of development policies and strategies in post-conflict challenges, creation of equitable and sustainable opportunities for the conflict-affected population (including former combatants) and restoration of the rule of law will make the situation better (Upreti et al 2013). Linking of immediate developmental need of conflict affected population, with post-conflict development in national defence policy, foreign policy and national constitutional provisions (Upreti 2010) are some other important issues to be dealt within the foreseeable future.

2.4 Interactions between different contestations: Quick reflections

In this section I attempt to seek answers to questions on a) how do the different contestations presented at the section 2 interact, and b) what are the commonalities and differences between these contestations? Donors and governments interact in their policies in the process of formulating donors' strategies and the policies of the recipient government at two levels. At the first level, they interact at the periodic planning and review coordinated by the National Planning Commission and the line ministries. Another level of interaction takes place at the ministerial and departmental level. However, these are cosmetic interactions as donors stick to their own criteria and conditionality, and the recipient government, which is weak in the implementation of development and in the task of governance, cannot refuse it. In such negotiations the government feels weak and the wish of the donors always prevails. There is not much interaction of the donors with the local actors. The conceptual and theoretical issues as well as ideologies are the credo of political actors. They plan their development interventions following their party ideologies, but these are often not operated according to their philosophy of development, mainly because development resources are allocated on the basis of their political affiliations (for example, the resource provided by the Employment Fund went to assist the sister organisations and youth organisations of a particular political party, and the Head of the Employment Fund was someone employed by that party. The same was true in the cases of Poverty Alleviation Fund). Such ideological interactions have produced more exclusion, or gross political biases, ultimately fuelling tension and conflict. Politicisation and ideological commitment of the political parties are unidirectional, moving in one direction (in the direction of their party line only) whereas the governmental and donor contestations interact in a bureaucratic fashion.

The strategic interests and contextual realities determine the similarities and differences between different contestations. The

contestations emerging from politicisations are related to political ideologies (e.g., UCPN (M) model of development is quite different from that of the model of NC party, because, the UCPN (M) rhetorically focuses on redistribution of wealth, dictatorship of the proletariat whereas the NC at least believes in free market and a liberal government). The Old Age Allowance and budget allocation for local government was started by the first ever Communist government of Nepal at the time of late Man Mohan Adhikari. It furnishes an example of how political ideology and vision of development by a particular party or government can make a difference in the development practices. However, there are no clear cut similarities and differences between these contestations, since they interact among themselves, in the context, and with external factors.

2.5 Conclusion

Nepal's history of development in general and post-conflict development in particular is full of contestation, contradictions, confusion, and is heavily (mis)guided by different vested political, bureaucratic and individual interests. The discussions presented in sections from two to four have demonstrated that development in Nepal is highly contested from the level of policy-planning to implementation level. Development processes in South-East Asia were able to transform their countries from a medium to upper medium category in the global economic development index, whereas Nepal is put in the category of the poorest country in the world after 6 decades of development intervention.

Only a conflict sensitive development has a potential to stabilise situation in a post-conflict political transition. Hence, post-conflict reconstruction and development is a crucial factor and contributor to peace and stability, if it is implemented according to the conceptual framework discussed in section three of this chapter.

If politicians and decision makers are unwilling to change their mind-set and wish to continue the existing mode of development in the post-conflict context, the development interventions will be

a perennial source of more tension and instability. Addressing the contradictions and contestations discussed in the section above must hence be the priority of all the post-conflict development policy and strategy.

All post-conflict development policy, plan and strategy of implementing agencies will have to address the higher expectations of people, as they had endured the sufferings of a long armed violence. They have suffered from development deficit. Problems of the landless, marginalised, indigenous and the disadvantaged people have to be addressed. Implementation staff has to be selected keeping the principle of inclusion in mind recruiting women, members of the ethnic communities, dalits, and poor. Implementation of social service related development and infrastructure projects are equally important to reduce poverty and to address structural causes of conflict. The provisions of the Comprehensive Peace Agreement (CPA) must be the framework for all post-conflict development.

The focus of the post-conflict development has to be on building larger power generating projects, generating of employments and on boosting export. Rural reconstruction and rehabilitation must go hand-in-hand for promoting equity-based livelihood and the well-being of the poor, marginalised and conflict-affected people. Basic infrastructures must be restored and social capital, public services and community based services should be initiated on a priority basis in the aftermath of conflict. Income generation through construction of rural roads, community water supply and sanitation, community development, capacity building of local institutions and by empowerment of socially excluded and marginalised sections of society are some of other activities in peace building and stability.

So, a post-conflict development in Nepal needs having a holistic policy with regulatory frameworks, an institutional mechanism and operational arrangement which ensures inclusion of the excluded and readdresses poverty, inequality, injustice and discriminations. Similarly, it is important for the post-conflict development interventions to incorporate the basic principles of conflict sensitive

development in it. Flexibility, transparency and accountability are fundamental to conflict sensitive development. Hence, the modus operandi and project management of the new development policy and strategy must ensure the provision of these principles. It has, at the same time, to interlink its operation with human rights, peace and security.

Nepal's development planning is not based on any research and research analysis. In the post-conflict development scenario, cultural and socio-psychological analysis of conflict is fundamental to get an effective and response to problems (Anderson 1999). Research on local practices for conflict resolution and their contribution to building peace and social harmony, their relation with culture, religion, economy and customary laws should be integrated with conflict management and development approach. Research also needs to focus on sociological background (economic, cultural, social, religious, educational, gender, caste/ethnicity etc.) and interrelations of various communities relating to their motives and perceptions of conflict. Such a rigorous analysis helps the government, donors and private organisations in designing appropriate development interventions in Nepal.

The post-conflict development of the present day Nepal should a) address the root causes of the conflict and of structural inequalities; b) build community trust and harmony between them c) develop community resilience in coping with the adverse impacts of conflict d) create space and opportunities of peace building e) ensure the visible benefit of the project for the socially excluded and marginalised people and include them in the decision making process f) prevent widening of rift between the rich and the poor by eliminating discriminations g) make sure that development interventions are not introducing new conflicts and tensions, and h) ensure that resources are not manipulated by elites of warring parties.

Still, Nepal is in a stage of transition from war to war to peace and will continue to be so until the new constitution is promulgated and election for a new parliament is held as per the provisions

of the new constitution. The CPA 2006 has paved the path for a broad socio-economic and political transformation. However, such a transformation is successful with an economic and political stability. Conflict sensitive development intervention is one of the best means of restoring economic stability in post-conflict situation.

To conclude, post-conflict peace and stability can be achieved through the medium of right development interventions, with a strong monitoring mechanism, with sincere implementation of all understandings and agreements, with appropriate dealing of the past and by ensuring transitional justice and rule of law. There should be a guarantee of security through proper facilitation of disarmament, demobilisation and reintegration of combatants in the security sector, and implementation of development projects and programmes, and by holding timely election. Otherwise, post-conflict development interventions can only be a source of perennial conflict and tensions.

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Chapter

3

Social Capital and Rural Change: Reflections from the Decade-long Armed Conflict in Nepal

Prabin Manandhar

3.1 Introduction and overview

This paper on rural change[1] in Nepal has been conceptualized as changing institutions within civil society and changing patterns of social capital[2]. It visualizes civil society as a dynamic concept with changing patterns of social capital within groups of people of similar cultural background and socio-economic status (bonding), between dissimilar groups (bridging) and between relatively powerful and relatively powerless groups in hierarchical relations (linking) through distinctive forms of interaction and solidarity. The case studies involve studying social institutions and their social mobilization in three locations– a remote village, a roadside village and a transition village in a single hill district in a single hill district of Dhading (Fig. 1). This paper discusses social capital as a contested terrain for rural change together with reflections from a decade long armed conflict in Nepal and beyond.

The political economy of Nepal is a complex configuration of different structures and dynamics. Unavoidably, Nepal is characterized internally by a specific constellation of diverse modes and forms of production, exchange and consumption patterns, different eco-environmental economic regions, different sized settlements, and different ethnic and caste groups as part of the global economy

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[1] Rural change here is understood as a process in which there is significant alteration in the social structure and dynamics of social relationships. It is a contested issue.

[2] In the broadest sense, the term encompasses those social relationships that help people to create and reproduce relationships at low cost (efficiency) and act more effectively than they could as isolated households. In this view, patterns of social organisation, especially trust, mutuality and reciprocity are seen as important resources which can result in benefits to individuals, groups and society (Carroll 2001, p.1). Social capital, unlike physical or financial capital, is a "moral resource" in the sociological sense. Unlike other capitals, social capital is not only a means but also an end for development.

and dominated by the advanced capitalism of specific states (Manandhar 2008). Similarly, the political economy of various regions in Nepal can structurally be attributed to the traditional concentration of merchant, bureaucratic and industrial capital in economically healthy areas, thus creating a chronic morbidity in its vast hinterlands (Bhattarai 2003).

Figure 1: Map showing Dhading District

The historic neglect and discrimination against Tamang, Magar, various other ethnic groups and the Dalits, and a widespread frustration among the educated young men provided a support base for the Maoists insurgency in Nepal (Manandhar 2010). One popular expectation after the political change into a multi-party system in Nepal in 1990 was that electoral political leadership would bring desirable changes in the allocation of national resources and in the ways in which services are delivered. However, the change in the political system did not transform the centralized bureaucracy, nor increased the opportunity for local governance, nor challenged the prevailing social structure and institutions that reproduced inequality, locally and nationally. The Maoists claimed that 'People's War' was inevitable as all attempts to carry out reforms within the old 'semi-feudal' and 'semi-colonial' system had failed.

According to the Maoist Leader, Dr. Babu Ram Bhattarai (2003), the reactionary state of Nepal in the last fifty years had been peddling various attractive slogans, but it only further deteriorated the socio-economic problems of the country in comparison with other countries. Blaikie et al (2002) in their second round of research understanding 20 years of change (1974-75 to 1997-98) in West-Central Nepal concluded that the character of households of the social classes and forms of production in the rural areas have remained more or less constant. Unfortunately, government programs tended to avoid such conflict-affected locations, fomenting dissatisfaction of the people with the government and their support for the Maoists insurgency (Manandhar 2011).

Today, Nepal is in the throes of a great transformation. The current home-grown peace process provides a huge opportunity to build an inclusive state by reforming the past systems and structures that have contributed to generate inequalities and violent conflict. With the signing of a Comprehensive Peace Agreement (CPA) in November 2006 between the seven-party alliance government and the Maoists formally ended the armed Maoist conflict. It marked a significant progress in the socio-economic change in Nepal. The Constituent Assembly elected in April 2008[3] failed to draft a constitution and a new Constituent Assembly was elected in November 2013 to write a new constitution. The CPA provides a long-term policy framework for the peace process in the country with commitments to socio-economic transformation, progressive state restructuring, integration and rehabilitation of former Maoist combatants, rehabilitation of IDPs, promotion of progressive land reform, support for community reconciliation, and respect for the human rights. In short, the ambitious post-conflict transformation of the "New Nepal" aims at ending centuries of discrimination and exclusion based on caste, ethnicity, class, gender, region, language, culture and religion.

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3 The Constituent Assembly got dissolved four years after being elected as the major political parties failed to reach consensus on the contentious issue of federalism.

3.2 Conceptual Framing of Social Capital

The term social capital initially derives from social theory, and from the broad idea that positive social relationships are resources that help people act more effectively (Coleman 1990). Bourdieu (1986) believed that the volume of social capital possessed by a given person depends on the size of the network that could be effectively mobilized. But, neither do all rural societies possess strong social capital, nor it is necessarily positive. Cameron (1999, p.27), for example writes, "Even where strong social capital exists, it is not necessarily used positively for social inclusion and environmental sustainability. But where there is a positive strength, there is vital potential for sustainable rural development."

The concept of 'social capital' entered development theory and practice very rapidly, after the definition proposed by James Coleman in 1988, and the use to which Robert Putnam put the concept in 1993 in Making Democracy Work. Coleman (1988, p.98) says, "Social capital is defined by its function. It is not a single entity but a variety of different entities with two elements in common: that all consist of some aspect of social structures, and that they facilitate certain actions of actors – whether persons or corporate actors – within the structures." Putnam (1993, p.167) defines social capital as "features of social organisation, such as trust, norms and networks, which can improve the efficiency of society by facilitating coordinated actions." He studied the performance of the government and voluntary associations over 30 years in modern Italy to answer why some democratic governments succeed, while others fail. Putnam (p. 173) argues:

> "Any society – modern or traditional, authoritarian or democratic, feudal or capitalist – is characterized by networks of interpersonal communication and exchange, both formal and informal. Some of these networks are primarily "horizontal," bringing together agents of equivalent status and power. Others are primarily "vertical," linking unequal agents in asymmetric relations of hierarchy and dependence. In the real world, of course, almost all networks are mixes of the horizontal and the vertical."

Edwards (2000) argues that certain forms of social capital are more likely to be produced in civic associations and networks, but if it is to be credible as an analytic concept, social capital must be something that can be produced in any sphere of human interaction.

In Making Democracy Work, Putnam (1993) puts two distinct causal arguments on the agenda: social capital is the result of path-dependent historical legacies, and it is the potential cause of good governance and economic development. His work on social capital has been a subject of numerous critiques on theoretical and empirical grounds. Putnam's argument that effective functioning of local government in northern Italy is because of has inherited more social capital than in the south (i.e. due to historical 'path dependence') is a matter of debate. Putnam claims that a strong civil society with dense horizontal linkages is a strong factor in the performance of accountable government and improvement in economic development. He views social capital as those sets of largely non-formal, non-hierarchical relationships that foster a civic mindedness (demonstrated in civic values such as tolerance, inclusion and non-violence) and promote a broad based co-operation in society. He advocates the theory of social capital that presumes, generally speaking, that the more we connect with other people on relatively egalitarian terms, the more we trust them and vice versa.

It is even claimed that social capital is a "missing link" in development notions (Grootaert 1998), partly because it adds a new focus to "people-centred development", and partly because it can be seen as a complement to other forms of capital (natural, produced, financial and human) to explain how development can occur in some situations and not in others. However, it is possible to think of groups of people who may have strong social networks and abundant social capital, but still are unable to turn it to any advantage because, of the context in which they live, or because of a lack of other resources. The Dalits, as opposed to members of the dominant castes, are perhaps its example (Harriss 2001). "The less advantaged groups, be they by class or education, are more likely

to be totally disengaged from civic participation, hence deprived of access to formal channels of social capital generation.

Fine (2001), Harriss (2001) and Harriss and De Renzio (1997) heavily criticised the concept of social capital as advocated by both neo-liberals and post-modernists. They argue that the notion of social capital should be rejected despite its attractions, because it is chaotic, ambiguous and rooted in an unsatisfactory understanding of social capital. They criticised the work of Putnam saying that he has narrowly defined the concept, which excludes the role of the State, political parties and culture from it. The term 'capital' linked to 'social' has perhaps invited most criticism. Harriss (2001) calls this a fashionable idea which derives from the work of some economic historians who have shown how past events may constrain present choices. While accepting many of these criticisms of Putnam's work, we believe that the concept of social capital can be usefully applied to local contexts stripped of some of its economistic connotations.

This paper attempts to use a three-way distinction that separates social relations within groups of similar cultural background and status (horizontal bonding social capital), between dissimilar groups (mostly horizontal and some vertical bridging social capital), and between relatively powerful and relatively powerless groups in hierarchical relations (vertical exploitative linking social capital). Bonding social capital describes close civil society connections linking individuals and families and is associated with a strong sense of common identity, solidarity and high levels of trust and reciprocity (for example, clans, close friends, etc.). Bridging social capital describes looser inter-group ties and is associated with more diverse and often more formal relationships, sustaining trust and generalized reciprocity beyond those who are immediately familiar or well known (for example, work colleagues, acquaintances, other caste, class, ethnic and gender groups), and linking social capital describes patron-client relationships and is associated with exploitation of relatively powerless groups by powerful groups (for example, feudal tenancy, money lending, political patronage and patron-client relationship between the dominant castes and the occupational castes).

Building on the seminal work of Granovetter (1973), "bonding" ties are needed to give groups a sense of identity and common purpose. However, without, "bridging" ties that crisscross various social divides – e.g., those based on religion, class, ethnicity, gender, socio-economic status – bounded, closed or strong horizontal ties can become a basis to pursue narrow group interests and hostility to non-members. Bonding in the absence of bridging can actively preclude access towards resources across group boundaries (Woolcock and Narayan 1999). Thus the same social ties, which enable community members to work together, can exclude non-members.

One of the typical, dependable types of informal networks in Nepal is described as Afno Manchhe. The term "Afno Manchhe is used to designate one's inner circle of associates, which it means 'one's own people' and refers to those who can be approached whenever need arises" (Bista 1991, p.98). Bista further says that Afno Manchhe is an integral part of Nepalese society, because the distinction between the groups of 'us' versus 'them' manifests itself in every walk of social, cultural, political and economic life. The strength or weakness of a person is measured in terms of the quality and quantity of the circles of Afno Manchhe s/he can command. The exclusionary tendency of Afno Manchhe is related to bonding without bridging in the conceptual model of social capital used in this research.

While bonding social capital enables people to manage some risks better, bridging social capital is essential for adapting to change. Extending the bonding/bridging metaphor is the notion that intra-group ties need to be strong and deep in order to make collective action possible and enforceable, while inter-group ties need to be stronger to have a healthy civil society capable of inclusive behaviour. The idea of linking social capital has come in response to the recognition that a general theory of social capital ignores power and influence that plays an important role in the old structures of power and inequality (Harriss 2001).

3.3 Conceptual understanding of social mobilization

The concept of social mobilization emerged from the recognition that a genuine participatory approach to development is essential to have success and sustainability. It is the cornerstone of participatory approaches in rural development and poverty alleviation programs (Jain and Polman 2003). It is a powerful instrument in formulating decentralization policies and programs aimed at strengthening human and institutional resources development at the local level. Social mobilization strengthens the participation of rural poor in local decision-making, improves their access to production services and enhancing the efficiency and opportunities for asset-building from the locally available financial resources by the poorest of the poor. Social mobilization is both an approach and a tool that enables people to organize for collective action, by pooling the resources and building a solidarity for resolving common problems and work towards community advancement. It is a process that empowers women and men to organize democratically their own self-governing groups or community organisations, that enables them to initiate and exercise control of their own personal and communal development, as opposed to mere participation in an initiative designed by the government or by an external organisation.

Nepal has a long history of social mobilization. Mutual help and repressive practice for the people of Nepal have existed from a long time. Rural people have evolved their own institutions and practices to regulate their socio-economic lives and cope with uncertainties. These include mechanisms of sharing agricultural labour and other household resources, borrowing of money, creating and distributing of resources, sharing of information, resolving of disputes, management of common resources, such as forests, pastures and water, and community actions to meet natural disasters, or to participate in development and governance processes.

Parma is a term used for community co-operation practice in Nepal. *Parma* is a form of borrowing the labour force. During the peak agricultural seasons in the rural areas, farming households

would need more labour force than family members alone could meet. To bridge the gap between the existing labour force and the labour needed, families have to resort to either buying labour i.e. by hiring labour or by exchanging labour through the parma practice. *Paincho* is a kind of community help practice in Nepali society which involves borrowing of properties or commodities. *Sapati*, also is another term like paincho used for borrowing. This however relates to cash borrowing. If a person needs money s/he can ask for *sapati* from her/his friends or neighbours whom s/he could pay later without any extra charge or interest.

If, the above two are forms of mutual help practices between households, *bichar* is another special type of community help practice common in the rural areas. The word *bichar* literally means a thought. This word, however, denotes a type of community help or assistance. Assistance under *bichar* includes assistance in kind, or cash or in both kind-cash. Generally, people who experience death in their family receive this type of assistance from their relations and friends to help the family like expenses for performing the traditional rituals. The assistance in kind may come in the form of rice, ghee, salt, sugar and ginger among others. *Bichar* practice has been continued from generation to generation within the various caste groups. *Chanda* is another type of community help practice prevalent in Nepal. *Chanda* refers to the donation from those who can give those who need it. If a family is financially unable to meet its social obligations, people in a better financial position help the family through with *chanda*. *Chanda* is aimed primarily at providing immediate short-term emergency assistance and as a preventive measure to cope with the situation.

Guthi[4] is a form of the land tenure in Nepal. The *guthi* system in Nepal is as old as the history of settled agriculture and an organised religious society. Religious and philanthropic considerations led to

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[4] By definition, *guthi* is a group of people founded on extended families, clans and lineage groups for the promotion of their social, cultural and economic interests. It also means an endowment of land to conduct religious, cultural and philanthropic activities, not just for entertainment but to include collective consciousness of the community as well as broaden an individual's connections with the society and the State.

the origin of this tenure system. In order to systematise and organise the religious institutions, people donate land for the use of temples, monasteries and other forms of community help and services. The nature and functions of *guthis* are greatly diversified. The traditional *guthi* can still be found in operation among the Newar community of the Kathmandu Valley and some other parts of the country. Some other prominent types of indigenous voluntary organisations include *Saghau* (support system for social rituals) and *Ghewa* association (death ritual) among the Tamangs, *Dikhur* (rotating credit association) among the Thakalis, *Rodi* (social organisation) among the Gurungs, and *Ama Samuha* (mother's group) among the Gurungs as well as the Brahmin-Chhetris. *Bheja* (social, cultural, religious, political and economic organisation) of the Magars, *Kipat* (communal land tenure system) of the Limbus and the *Chattis Mauja* Irrigation system of the Tharus are some other examples of indigenous organisations. Various anthropological studies on the Tamangs (Furer-Haimendorf 1956), the Magars (Hitchcock 1966), the Thakalis (Furer-Haimendorf 1975) and the Gurungs (Macfarlane 1976) of Nepal also show that social prejudices exist even among the apparently egalitarian societies not so directly influenced by the Hindu caste divisions and practices. These ethnic groups are also divided in the lines of relative superiority or inferiority, known as *Barha Jat* (twelve clans) and *Athara Jat* (eighteen clans) among the Tamangs, the groups of Southern and Northern Thakalis, the groups of Southern and Northern Magars, and the *Sora Jat* (sixteen clans) and *Char Jat* (four clans) among the Gurungs. Similarly, Dalits in villages are totally excluded and kept apart from the civic associations of the above ethnic groups.

Donor agencies have had great influence on social mobilization in Nepal. The NGOs are a major catalysing force that attempt at class based mobilization to improve material dimension of poverty after 1990 political changes. The government initiatives that work in support of local governance, community development and poverty reduction have active social mobilization components built in different social capital. It has become an integral part of many development programs and has been recognized in the 10th Five-year Plan (2002/03-2007/08) and the 3-year Interim Plan (2007/08-

2010/11) as a means for contributing to the national poverty reduction goal. The aim of social mobilization is empowerment and social transformation of people's lives through livelihoods enhancing activities and through better service delivery according to the Social Mobilization Guidelines of the Government of Nepal (MLD 2010). It states that social mobilization makes people more aware of their rights and responsibilities in society, and helps to break down social barriers, especially for disadvantaged groups (DAGs). It helps DAGs to develop linkages with local bodies and other service providers providing them with access to programs, services and funds that addresses their specific issues, concerns and rights across all sectors.

Social mobilization has largely been developed as a process of organizing people into groups and lending support to these groups. Such groups then become responsible for delivering services and mobilizing resources (financial and human) for their members. This type of social mobilization is called the transactional approach. It has been broadly successful in catering to the needs of group members and enhancing their livelihoods. Poor and socially marginalized people have not always benefited from the transactional approach to social mobilization, though. Specific barriers to their involvement in group activities and sharing of benefits have sometimes not been addressed. Conceptually, transactional approach to social mobilization builds on bridging social capital, trying to address material dimension of poverty with or without bonding social capital as the foundation.

The new focus for social mobilization is on empowering all citizens to engage with the state, building their capacity to voice their views, to influence policy and development programs according to their own priorities, to claim assets and services from government and to make local government and service providers accountable to them. This is a transformational approach to social mobilization. It's a social mobilization that initially proceeds on the basis of identity, contributing to enhance their self-esteem, self-confidence and status before they are bridged together. It tries to address both material and non-material dimension of poverty.

3.4 Analysis and interpretation

3.4.1 Remote Village

In Remote Village, reciprocal forms of exchange, *parma* (labour exchange), *paincho* (borrowing of items of daily needs) and *sapati* (short-term small loans without interest) were common. Poor and disadvantaged people usually worked on the farms of richer landowning groups as daily wage labourers or sharecroppers, and as semi- or unskilled construction workers, or as porters in the market. Occupational caste groups, such as blacksmiths and tailors, were linked in a patron-client relationship (*bista* system) to provide artisan and labour skills, partly based on their traditional occupations, and partly as a wider manual labour to patron families with a standard payment twice a year at two harvests. Such a system was always associated with a degree of economic exploitation of the poor and disadvantaged who never received adequate payments to avoid falling into the vulnerability of debt. These were vertical ties with patron families, according some degree of welfare support in extremis. Next, there were horizontal caste and ethnic groups promoting feelings of solidarity, identity, mutual support or making claims on others.

A number of non-formal local customary institutions are still under operation based on trust and reciprocity in Remote Villages. Social networks are important elements that still carry substantial social capital, allowing them to provide social and economic support and make them self-reliant. Poorer people, though economically exploited and discriminated against in these relations, have compulsions to seek livelihood support from their exploiters. Although caste, class and gender discriminations are widely practiced, solidarity within the community in these local institutions has vertical and horizontal bases. It is observed that a remote Village is a civil society where horizontal relationships are part of the in-built self-help system, though vertical conservative forces structurally reproduce inequality. It is a little governed by formal politics, little influenced by market force, and little supported

either by the State bureaucracy or intermediary NGOs, except in a few isolated activities.

Many poor and disadvantaged people are linked to the wealthy class in an exploitative patronage system of *adhiya* (sharecropping) and *karja* (informal high-interest loan). The attitudes of social hierarchy have pervaded the whole texture of society, including untouchability practiced against the Dalit communities. It has already been observed that social relations are largely as a result of bonding, social mobilization being self-mobilization based on trust and patronage relations.

This demonstrates how formal structures were being a stimulus to bonding relationships and helping communications. However, these areas were adversely affected by the violent conflict of Maoist insurgency. The presence of government was almost nil. Development partners withdrew from these areas, citing high security risks. There was also an assumption that conflict is a disruptive factor in which little influence can be exerted. As a result, some development partners adopted the approach of 'working around conflict', by focusing their work on low risk areas of mainstream development activities.

3.4.2 Roadside Village

In Roadside Villages, reciprocal forms of exchange, *parma* (labour exchange), *paincho* (borrowing of items of daily needs) and *sapati* (short-term small loans without interest) were claimed to be frequent before 1990. Poor and disadvantaged people usually worked on the farms of rich landowning groups as daily wage labourers or sharecroppers, and as semi- or unskilled construction workers or porters in the market. Occupational caste members were engaged in a vertical patron-client relationship (*bista* system), by providing artisan and labour skills, partly based on their traditional occupations, and partly as manual labour, to the patron families with a standard payment twice a year at two harvests. With road provision and a liberal economic policy under the multi-party system after 1990 moved Roadside Villages moved

gradually towards a cash economy in which they came to being closer to market relationships of demand and supply and a direct cash payment for the work done. *Parma* in a true sense was not practiced in 2003 in the Roadside Villages.

Roadside Village now became a centre of local politics. All political parties set up their party offices there. Their class-based organisations are active to mobilize hundreds of people in the VDC. These include farmer's organisation, labour organisation, women's organisation, student's organisation, teacher's organisation, youth organisation and Dalit's organisation. Although membership rules allow one to become a member of these organisations without becoming a party member, the member has, however, to abide by the party decisions. Meetings by local party offices and their class based organisations in these Remote villages are held quietly, but their activities of protests and campaigns are much more disturbing. The composition of local bodies, political organisations as well as the civil society organisations ironically is dominated by the powerful elites. The findings support Gramsci's view that "the State is seen as dominated by civil society, which therefore means that the power of the bourgeoisie is principally sustained through hegemony, through the institutions and associations of civil society" (Urry 1981, p. 21). Gramsci observes the State and civil society to be the same in reality and that they are both part of a hegemony of bourgeois society in which all relations of production get generated and reproduced (Urry p. 22). But Gramsci presents a problematic view in which civil society is simply collapsed into the State. It offers a potential basis for the poor and disadvantaged to build class unity, politically challenging the bourgeois civil society.

Roadside Village was moderately affected by the conflict. Development partners made reactive adjustments to their programs to improve their security management. Their greater focus was on maintaining neutrality and impartiality in the political conflict to ensure support to their programmes. This 'working in conflict' approach was based on the assumption that development programs can be negatively affected by, and have an impact on the dynamics of conflict. Basic Operating Guidelines were agreed

upon by key development partners to safeguard the development space, and minimize conflict-related risks, to simply that aid 'does no harm'.

Many NGOs worked through transactional social mobilization with local communities, building and bridging on the social capital. They created and strengthened a number of community based organisations, such as the savings and credit groups, forest user groups, production groups, cooperatives and other issue based groups. These groups were empowered only to manage and sustain the benefits of their development activities. They were neither empowered to challenge injustice within nor demand accountability from outside. There was also a feeling of creating "own community", rather than expanding and building on the strengths and successes of the community solidarity. This sort of development practice can be observed taking place different parts of Nepal, exposing a lack of co-ordination and collaboration among the development partners.

It was also observed that in the Roadside Villages few households of Dalits were able to diversify their traditional caste based occupations, such as iron work and tailoring by adopting casual labour work to suit and meet the market demand. In contrast, in small towns the Indian and Chinese products have largely replaced the skills of smiths and tailors with brass and copper utensils, straw mats, nylon ropes and bamboo and cane furniture. Most Dalit males in Roadside villages have worked as manual labour, construction workers and as porters where the employers are not really bothered with their so-called 'untouchability'. Caste discrimination appeared to be less severe here. Caste divisions are becoming weaker both for the rich and the poor because of market forces of demand and supply. Individual status is determined by conscious construction of social relationships. Cameron (2002) comments that there are negative consequences of becoming free labourers in the agricultural economy including the breakdown of secure inter-caste patron-client relationships and their replacement by informal and daily wage labour in the context of increasing poverty.

Roadside Village is in a transition from being a limited market force society into a greater market oriented capitalistic society. Non-formal traditional local institutions are being replaced by market forces of demand and supply with payment to workers and labourers made in cash. Caste discrimination is less severe in roadside villages than in remote villages, and men and women from all castes are gaining more opportunities in the market. The market on the roadside has created new opportunities for gainful employment and businesses, and individual men and women have increased options to make new relationships that cut across caste/ethnicity lines, giving them some social mobility. There appears to be enough economic mobility despite the situation of conflict.

3.4.3 Transition Village

In the Transition Village, reciprocal forms of exchange, *parma* (labour exchange), *paincho* (borrowing of items of daily needs), *sapati* (short-term small loans without interest) and *sramadan* (voluntary labour) are largely seen to be maintained. *Parma, paincho, sapati* and *sramadan* are the locally used words. Poor and disadvantaged people worked on the farms of the rich landowning groups as wage labourers, sharecroppers, as well as semi- or unskilled construction workers, or as porters in the district headquarters. Occupational caste members are engaged in patron-client relationship (*jajamani* or *bista kamaune*), partly providing artisan and labour skills to patron families with payments twice a year during two harvests. Caste and ethnic groups promoting feelings of solidarity, identity, mutual support or claims also existed side by side in these Transition villages.

Security risk in Transition Villages remained medium to high. Some development partners refocused their program on finding the root causes of conflict in economic poverty, exclusion and social injustice. They focused on giving incentives to peace by discouraging violence, and according protection to human rights. This 'working on conflict' approach was based on the assumption that development programs can exploit opportunities to affect the dynamics of conflict positively.

Some NGOs have worked with local communities for transformation through mobilization, building on bonding, and through bridging the social capital. For this, they strengthened the existing community based organisations, such as savings and credit groups, forest user groups, production groups, cooperatives and through other issue based groups. These groups were empowered to challenge hierarchical power relations, elite domination and corrupt practices. They were further empowered to demand transparency and accountability of local bodies and service providers. They made conscious attempts to design programs in a 'do good' way.

Traditional institutions like *parma, paincho, sramadan* and *sapati* have proved more durable for poorer families living close to each other with certain reservations for Dalits. But, with transformation, Dalits, too, have progressively gained access to traditional institutions. The insurgency also proved instrumental for social inclusion of poorer and disadvantaged groups into local institutions, making a qualitative shift in the Transition Village. The local Maoist groups were also consolidating social groups into class unity and promoting co-operation among them with the revolution. They were building a social capital, changing the social structures of the civil society through bonding to bridging. Kramer (2003) says that the politics of mainstream political parties has left niches that cannot be filled in by parties and organisations oriented along ethnic or regional lines because the constitutional limitations have helped the Maoist party to establish itself as a strong political force in the rural areas of the country during the insurgency.

3.5 Conclusion

This paper has extended the social capital model to frame the processes of rural change and with it the increased opportunities available for the poor and disadvantaged people in the villages. The model used bonding, bridging and linking relations to demonstrate social relationships in the contested context of rural change. The idea of linking social wealth has come in response to the recognition of the fact that a general theory of social capital ignores

the important role power and influence plays in changing the old structures of power and inequality.

Other case studies suggest that the dynamics of rural change are far more complex. Rural societies in Nepal are moving in different speeds and in different directions, though the movement is somewhat path-dependent, constrained by historically embedded structures. The case studies conclude:

- *Maintaining the bonding relations* - Social mobilization should make efforts to 'maintain bonding relations' by lending support to their horizontal mutual trust and interdependent relations, as well as to their struggle against domination and discrimination in the distribution of national resources (education, employment, political representation, and policy making) by the State.

- *Building the bridging relations* - Social mobilization should empower communities to utilise their pre-existing horizontal relations and enable them to go from bonding to bridging relations between different ethnic and caste groups and engendering class-consciousness, unity and participation in local governance, such as planning, allocation of resources and monitoring.

- *Challenging the hierarchical linking relations* - Social mobilization should empower communities to capitalize on bonding and bridging relations between various social groups and to fight against hierarchical power relations, such as patron-client relations in which occupational castes have been economically exploited by the dominant castes in the agrarian context in the form of money lending at high interest rates, and in promoting gender-based violence. It should further empower communities to hold service providers accountable in their demand for services.

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Emerging Ethnic Movements and Contested Rural Development in Nepal

Mahendra Sapkota

4.1 The context

It is really hard to define development as it is often value-loaded, relative and subjective in understanding. Its dynamics concerns with the well-being of people, their quality of life and their rights to development. The term 'Rural development' (hereafter RD) is used here as a subset of the broader term 'development'. It connotes an overall development of rural areas through enhancement of the living standard and promotion of sustainable livelihoods for its people. Singh (2012) conceptualized RD as an integrated process of a phenomenon, a strategy and a discipline that includes different institutions, networks and factors (p. 3). In global discourse, RD has been interpreted in different perspectives and approaches (Chambers 1983; Ghandhi 1997; Griffin 1977; Lipton 2005; Schulz 1964; Todaro and Smith, 2009). The practice and methods of RD are highly contested because of multiple issues and changing paradigms (Ballard et al 2005; Bebbington 2010), and Nepal seems no exception of this (Manandhar 2011; Sapkota 2014). In this context, this chapter highlights some of the major debates and issues in rural development form the viewpoints of ethnic movements.

The contemporary world has witnessed different kinds of struggles by people for justice, equity, emancipation, special attention, recognition, rights and legal status. These struggles are often organized as social movement by non-State actors. The social movement is a kind of group mobilization, campaigning for a new social order where people voice their claims for welfare and well-being as their rights (Tilly 2004). Though the history of social movements in the world started in the early twentieth century, the

social movements in Nepal started since 1950s. There are different kinds of social movements at present in Nepal, including labour movement, women's movement, ethnic movement, regional movement, civil society movement, nationalist movement and class movement. These movements waged between the central State and local people, impose huge challenges on the State-led mainstream development strategies. However, the origin, growth, maturation, impact and contestations of such movements have been rarely reviewed from a 'developmental eye-lens' and scholarly analysis. We feel that critical academic discourses are essential in the context of the debate for sustainable rural development.

Nepal is a multi-ethnic/caste, multi-linguistic and multi-religious society, with 125 castes and ethnic groups, 123 lingual groups and 10 different religious groups living there (CBS 2012). This diverse setting has structurally influenced the formation of a nationality and the political economy of the country. Despite the long history of planned development[1] that spans more than six decades, Nepal remains at the lower level of development indices. It is marred by the problems of governance, widespread poverty, inequality and exclusion which find their roots in the stagnation of economic and social life of the people living in rural areas (Bhusal 2012). Rural development programs are incepted at the centre by State-led programs and their implementation carried out by the NGOs according to their strategies. People are being made passive recipients of the trickled down-flow of development benefits. Nepal's geopolitics, economics, power dynamics and system of governance all have played their roles to the reoccurring 'failed development' (Panday 2009), and what is being done 'in the 'name of development' (Shrestha 1997). This has made State-society relationship contested (Gellner 2008).

The issue of State-restructuring received legitimacy after the *Jana Andolan II* (April movement) of 2006 which eliminated monarchy system in the country. This movement involved some structural and

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[1] The history of planned development in Nepal started with the First Five-Year Plan in 1956. Since then the country has enjoyed thirteen periodic plans including the present Three-Year Interim Plan (2011-13).

political issues with subsequent events developing into a rapid fire of ethnic and regional movements. These movements launched by the non-State actors challenged the State claiming themselves to be the true instruments of the people to reflect their grievances. The theory and practice of development has become a more contested issue ever since. In particular, the dynamics of foreign aid, role of civil societies in rural areas, politics of local bodies, rural remittance economy, public service delivery system, rural-urban linkage, and impacts of globalisation and modernisation have made the outlook of RD more critical.

This paper advances the little understood dynamics of contested rural development in this context from the viewpoints of emerging ethnic movements. For this, our key analytical question is:

"How has the rural development been contested with the emergence of ethnic movements?"

4.2 Contextualizing the ethnic movement in rural development discourse

Nepal's attempt at development began formally in 1951 after the establishment of democracy in the country. Development was seen as a tool for poverty reduction through modernization. Unfortunately, these policies exacerbated more inequality among various groups (Bista 2008) and it only benefitted the interests of the upper caste Nepali-speaking Hindus, other dominant groups and urban people (Lawoti 2005). In this context, ethnic movements in Nepal have been very active since the 1950s. These were widely studied in the 1970s, 1980s and 1990s (Cameron 2010). Most of these movements are led by elites in their respective communities, though it also represents the poor section of the society. Baral (2006) argues that in recent years, the traditional rural struggles against caste and gender oppression, landlordism and usury practice have gained a new dimension in Nepal. Oppositional politics and voices of protests are legally recognized. But sometimes, as further argued by Baral (2012), it becomes extra-legal by linking it with identity politics. In the same line, Sharma et al (2011) argue that

one of the distinctive features of Nepal's post-conflict transition is the "plethora of identity-based movements and recourse of these identity-groups to agitation movements" (p. 208).

Nepal is predominantly a rural country in which about 83% (or 21.98 million people) of the total population (26.49 million) resides in rural areas (CBS 2012). Rural poverty (27.43%) is almost two-times larger than the urban poverty (15.46%), and national average it is 25.16%. Further, it is unevenly distributed, confining to the lower class and castes, female heads of households, landless people, *dalits*[2], indigenous nationalities (*adivasi/janajatis*)[3] and small farmers (CBS 2011). Interestingly, comparing all castes and ethnicities, the incidence of poverty is seen least in the Newar (10.25%), followed by Brahmin (10.34%), and is found highest in the *dalits* of the hills (43.63%). Though considerable success is being claimed by the government and the donors in the reduction of poverty with increased people's participation in development, these facts are disputed, leading to growing dissatisfaction, despair and frustration among the people of the rural areas.

As a consequence, agitation and resistance in different forms have been geared to claim better representation for the poor people's aspirations and expectations. The relationship between the State and the society thus has been problematic lately, which leads to a contestation between the ethnic movements and rural development. Along with these, some contested concepts are emerging, such as class-caste, gender, region, autonomy, nationality, integration, emancipation and development triggering a number of debates, claims and counterclaims.

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[2] In Nepal, *dalits* are the occupational caste groups; they are at the bottom of Hindu *varna* (caste) system and were formerly treated as 'untouchables'. Despite the laws and regulations passed against discrimination, *dalits* are the most backward socially, economically, educationally and politically, and have been deprived of human dignity and social justice.

[3] The term "ethnic community" is often used by western scholars and is popular in Indian Anthropological literature. In Nepal, the terms '*adivasi, janajati, mulvasi and bhumiputra*' are synonymously used. But there have been fewer studies differentiating the attributes of ethnicity. Moreover, the term is being highly contested as some non-ethnic upper castes (*Khas-Brhamin*) have also staked a claim to be ethnic groups.

4.3 Conceptual orientation of the chapter

The present chapter is basically a discussion chapter, taking the country as a whole for its study area. It is based on a review of the secondary literature on the subject together with a logical reorganisation of the conventional conceptualization as an anti-thesis, what I have called "contested rural development". The paper is designed to be socially constructive in its epistemology. It is hypothesized that rural realities have been shaped by existing power dynamics of the society and can be infinite in number. With this, the analysis centres around the following four critical elements of contestation:

a) Cultural factors (identity, gender and values)

b) Political (opportunities and constraints; including external and internal influences)

c) Functional-structural (strategies, actions and negotiations)

d) Organisational (networking, leadership and mobilization)

4.4 Reviewing of Rural Development contestation

The rural (Nepali: *Gaun*) areas in Nepal are the smallest spatial units (Village Development Committees-VDCs-in administrative terms) characterized by a small population size, poor infrastructures and an agriculturally dominant economy. The earliest studies on rural life in Nepal appeared not until two decades after the establishment of democracy in 1951. Until the 1990s, there was no detailed study focusing specially on the contestation of rural development. More recently, concerns about ethnic movement and rural development, social exclusion and inclusion, etc. have been addressed by various scholars, notably, Blaikie et al 2005; Gellner 2008; Mishra 2007, 2011; Pandey 2009, 2011; Shrestha 1997; Stokke and Manandhar 2010; Upreti 2006, 2010; and so on. These studies have focused on the causes and consequences of poverty and dependency, development strategies, and on the changing production/livelihood relations emerging in Nepal. In them RD has been conceptualized

in a narrow domain of agriculture and rural life, which does not include the broader historical-structural issues of development.

The first systematic effort to study rural development in Nepal was made under Tribhuvan Village Development Program (TVDP) in 1952, before Nepal's planned period began.[4] Under the Panchayat system, Nepal's Five Year Plans embodied different approaches to rural development planning. They attempted to institutionalize local bodies (panchayats) by providing grants under a sectoral and decentralized scheme. Strategically, they followed a regional, people centred and participatory development approach, along with integrated rural development programs (IRDPs), area development program, hill area development program and basic needs program. All these approaches and programs, however, lacked a detailed home-work and hence their implementation was irregular (Shrestha 1997). Ideological loop-holes, demand-driven orientation, overstaffing, political influence and lack of co-ordination had rendered the Panchayat plans more confusing and contesting. The ritual-like plans were highly bureaucratic celebrations which only benefitted the panchayat elites, such as the high officials, landlords and tax collectors.

After the 1990 people's movement, Nepal adopted a liberal policy of privatization and liberalization in the government assuming the basic objective of poverty reduction. The periodic plans and long-term plans focused on the implementation of Agricultural Perspective Plan (APP), decentralization and capacity building of local institutions, extension of road and electric supply in the rural areas and programs targeted to uplift backward and deprived caste/ethnic groups. Meanwhile, the Local Self-Governance Act (LSGA) of 1999 was promulgated, which opened the door of people's participation in local development affairs through their elected representatives**.** The tenth Five-Year plan (2002-2007) was developed as Poverty Reduction Strategy Paper (PRSP), broadly

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[4] However, there are only a few research works available to reveal the history of local (rural) development in Nepal, particularly focusing on the pre-unification (1768) and the post-unification period.

taking guidelines from Millennium Development Goals (MDGs) and aiming at a sustainable economic growth. Since the people's movement of 2006, two Interim Plans have been completed, and a third plan is now going on. All these plans have focused on the post-conflict reconstruction in the country at the end of a decade long armed insurgency (1996-2006).

Of late, all kinds of confusing and contrasting development paradigm approaches and populist agendas are rapidly emerging in Nepal. Though some officials claim otherwise, critics suggest that the benefits of rural development strategies have not gone to the rural poor, small farmers, and the landless people. According to them, they are less focused on providing sustainable livelihood and service delivery in the rural areas. Furthermore, the issues of power decentralization and building of local capabilities are largely neglected in these plans and strategies. The success in the poverty reduction plan among rural people is nominal, but there is a greater increase in inequality and widening income gap, which ironically belies the claim of the government and donor agencies (Panday 2009; UNDP 2009). Frequent changes of government, lack of political leadership, NGO-centric orientation, ethno-centrism, political ego of the major political parties, a decade long Maoist's conflict are some of the important causes which have made the development more contested.

4.5 Review of ethnic movements in Nepal

Scholarship abounds in the study of in ethnic movements and ethnic politics in Nepal. The early works were dealing with the issues of formal politics, State-building, role of leadership, political parties and so on (Baral 2006, 2008; Hachhethu 2003, 2007). Recently, more works have appeared on non-formal political activities and Nepal's contentious politics, particularly since 2000. They deal with the problems of political conflict, Maoist's movement, transition, post-conflict challenges and works of reconstruction (Baral 2012; Bhattarai 2003; Einsiedel et al 2012; Lawoti and Pahari 2009; Upreti et al 2010). Surprisingly, other works on social movements in Nepal,

besides the ethnic movements and Maoists conflict, are extremely rare. These studies point out the discrimination shown to some the caste/ethnic groups, discussed from ethnic paradigms (Bhattachan 2008, 2010; Cameron 2010; Lawoti 2010). A few writings also look at the relationship of ethnic movements with democratization, and between class and ethnic issues (Chaudhary 2008; Fujikura 2013; Gurung 2005; Lawoti 2007; Mishara 2011; Pyakurel and Adhikari 2014). However, these studies, in their scope, do not explicitly treat the issues behind the movement in a historical perspective and analyse the contested issues in the context of Nepalese rural development discourse.

The date of ethnic protests has a long history (Gurung 2002; Pyakurel and Adhikari 2014). In the medieval times in the history of Nepal, there were many autonomous States ruled by various ethnic and regional groups in different parts of the country. After the unification of Nepal (1768), they were brought under a Hindu State ruled by the Hindu king and the Hindu elites of the palace. The system was continued in the Rana regime (1846-1951) as well. In this autocratic regime ethnic protests were suppressed. Since the inception of democracy in the 195Os ethnic communities were more organized in protests. A backward class organisation was established in 1956 in which were included the organisations of the *Tharu, Gurung, Kiranti* and *Dalit* organisations. The establishments of Tharu welfare society (1949), Thakali social reform organisation (1954) and Nepal Tamang association (1956) were some of the prominent ethnic groups demanding cultural rights. These ethnic associations were generally founded by ex-Gurkha officers, the urban elites or the Tharu landlords in Terai region. The Panchayat regime did not recognize the ethnic organisations openly, nor entertain their protest activities. Some of the ethnic leaders were accommodated within the Panchayat system instead.

However, in the multi-party democratic Constitution of 1990 when the rural economy was on the decline and people's expectations were raising, there was what Baral calls an 'erosion of authority' in institutions and among leaders (Baral 2006). In the 1990s, with the formation of Nepal Federation of Indigenous Nationalities (NEFIN),

the ethnic movements were established to fill in the emerging political spaces in a multi-party democracy. Dissatisfaction arose over the status quo, sustained and fuelled by a variety of ethnic, regional, and class-based protests against the dominant or official view of the nation. It has culminated in the demand for a territorially and ethnically defined autonomous States in the new federal Constitution under preparation. At the heart of these disputes are some of the competing views of the nation of Nepal (Gellner 2008).

In 1996 Maoists launched a class–based armed struggle all over the country. There has been a gradual shift from a class-based politics to an ethnic politics, which the Maoists are doing now. They created groups along different caste-ethnic lines to support their armed conflict; the irreversible effects are being seen in the Nepalese politics and society today. In the post 2006 context, widespread disagreements over the ethnic, regional and class problems of Nepal and the threat they pose to national integration, are emerging. The State of Nepal has been declared a secular, inclusive and a non-discriminatory State in the face of rising ethnicity and regionalism even before the federal Constitution has been promulgated. Different kinds of participatory mechanisms in the State and non-State institutions have been guaranteed with a provision for special rights and reservations to the minority and disadvantaged groups. The Nepalese State is becoming rapidly inclusive in terms of gender and ethnic representation, in which women and ethnic groups are targeted for awarding benefits.

For example, an inclusive platform of Constituent Assembly was formed following the first-ever elections for a Constituent Assembly in 2008. The first CA, however, was dissolved in 2012 without its drafting the Constitution. One of the main causes of the dismissal of the CA was the ethnic tag attached to the proposed federal States that went to create a rapid polarization among the two competitive ideologies: single identity-based vs. multiple identity-based federal States. Most of the ethnic groups, the Maoists including, and some small political parties are still advocating for ethnic States, while the major political parties, such as the NC and CPN-UML, are opposed to it. Elections were held for the second CA in November 2013 with the same agenda of writing the federal Constitution and

State-restructuring. But interestingly, the power equation has been dramatically changed in the second CA, whereby the advocates of single identity-based federalism have lost their strength in the new CA. They have lost their elections in their own locality dominated by their own ethnic groups.[5] It has created a contestation that is basically rooted in the agenda and leadership of the ethnic movements.

4.6 Contemporary debates

Contemporary Nepal is struggling with a contested time-space continuum. Everything seems to be uncertain and every uncertain thing has become a certain thing. In such a context, as Bryman (2004) states, the study of society exhibits contrasting paradigms and multiple realities, but there is a problem regarding how and where the knowledge is to be set. The traditional studies of ethnic movements look at them as single reality-driven and, hence, they are either merely pragmatic or ethnic in nature. A crucial research gap lies in the absence of viewing ethnic movements from holistic views, interpretations and disciplines. The issues of class, caste, gender, region, ecology, social structure, land distribution, agrarian situation, production, distribution patterns of wealth and State-society interaction are significantly lacking in analyzing relationship between ethnic movements and rural development.

Since the last two decades, Nepal has been rapidly changing in terms its political systems, livelihood of people, their socio-cultural values, local production relations and overall modernization of the country. The existing literature on the subject are conventional in nature rather than being critical in the sense that they often tangle either with the essentialist approach of ethnicity or with neo-liberal approach of development. In Nepal, study of Nepalse society in the changing context is significantly lacking, though some exceptional studies were carried out by Bhattachan and Mishra (1997), Bista

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[5] For example, as a trend, some senior leaders of the Maoists, the Madhesi movement, the Tharu movement and the Limbuwan movement were defeated in elections in their own constituencies. See for detail: http://election.gov.np/CA2070/CAResults/reportBody.php?selectedMenu1=1&rand=1384967216

(2008), Sharma (2006), Sharma (1992/1993), Panday (2009, 2011) and Regmi (1976, 2011). Hangen (2010) argues that many studies in Nepal, including political studies, are State-centered, focusing on the capital city and the activities of dominant political actors. Furthermore, some scholars (e.g. Mathema 2011; Sharma 2006) argue that study of ethnic movements in Nepal are much more dominated by primordialism and instrumentalism approaches. Furhter, some of the recent approaches like social constructivism (based on internalization of knowledge) are still lacking in the social and ethnic movements study of Nepal.

Despite these empirical realities, some scholars (and ethnic activists) are deliberately provoking ethnic issues and calling it a reaction of two hundred years of Hindu oppression and a growing awareness of the affected social groups organize it (WB/DFID 2006; Lawoti 2007). An atmosphere of hatred betwixt caste/ethnic groups has been created with the history of Nepal's national integration maligned, without giving any constructive and alternative solutions to it. Other analysts (e.g. Fujikura 2013; Krämer 2008) attribute the crisis stemming from rural poverty, political neglect, unrepresentative political system, caste prejudice, or a frustration with the prolonged political stagnation in the country. With this, an increasing number of observers have come to acknowledge that the ethnic problem is one of the most serious problems being faced by Nepal at the moment (Bhattachan 2008).

Contesting this, other analysts (e.g. Krauskopff 2008; Sapkota 2014) have questioned the extent of penetration of the ethnic sentiments in the villages and the impact they have made on the rural population. Further, Nepal's development has been dominated by the donors' agenda for over five decades. Now, they have shifted their argument, saying that Nepal failed to address its ethnic concern in the past. To what extent their own support in the past 5 decades failed to address this issue, becomes a pertinent question today. Debates get more focused upon the number and names of the federal States after the various ethnic groups, in which ethnic elites are at the frontline (Shrestha and Dahal, 2008; Whelpton 2008). The issues of local development, sharing of

power, distribution of resources, and sustainability of federalism are grossly neglected. The perspectives of ethic leaders about local or regional development are comparatively less articulated, and there is no uniform world view on it either. The ethnic movements have replaced and challenged the State-led strategies, and in all, this imbroglio development has become a scapegoat of ethno-politics.

Manandhar (2011) rightly argues that the vast majority of the available case studies on social movements do not focus on assessing their impact, but rather on describing their goals, tactics and engagement vis-a-vis the State. Valid documentations are rarely found regarding the economic and development agendas and world views of such movements, as they remain overly concerned only with the political and cultural agendas. On the other hand, even though some of these studies are heavily influenced by the Marxist ideologies and structural changes, scholars are rarely engaged with the theoretical inception that could better explain the cause and context of Nepalese rural development. Though aim of this paper is not any theoretical deduction, it, nevertheless, attempts to shed light on emerging contestation of RD from the ethnic movement perspective.

4.7 Discussion and analysis

Due to various global, regional, national and local dynamics of power structures and relations, the issue of development is globally confused. In particular, emerging identity issue is a highly contested one with a potential for violence (Sen 2007). Nepal, being a developing country struggling against pervasive poverty and inequality, cannot remain untouched by this contradiction. In this regard, the following key features and causes of contestation are highlighted:

4.7.1 Contested issues and features

a) Ideology vs. leadership

Ideology and leadership play an important role in organizing and leading all social movements, and in shaping local development

issues. However, Nepalese ethnic movements are facing a crisis from a lack of a distinct political-economic ideology or philosophy to prop them. In making they are influenced by the perspectives of primordialism, instrumentalism, casteism, ethnicism, federalism, class-ideology, etc. But, still their propaganda posters, slogans, manifestos and statements do not give a systematic ideological explanation of their movements. Rather, the movement activities seem to be more reactive, contradictory and event-based. For example, in the post 2006 context, the two dominant movements in the Terai (Tharu and Madhesi) fought in the same battlefield against one another. Tharu movement opposed the Madhesi's major demand for "*one Madhes, one State*". There was a long strike organized by both movements in the region. Many people were killed and injured in these movements. But in 2012 some of the popular leaders of the Tharu movement went to join the Madhesi Janaadhikar Forum (Democratic), a Madhes-based political party which backed the "*one Madhes, one State*" demand. This is an irony of Tharu vs. Madhes movement.

The rural development of Nepal lacks a specific model in planning and a philosophy for its programs. Rather, it is guided by a top-down and trickle-down strategies. This becomes clear by looking at the previous plans or the running plans. Rural poor are longing to have charismatic leadership for redressing their immediate problems. Unfortunately, local leadership in Nepal is an elite-driven middle class who wish to earn more and work less. As a result, brokers and intermediary groups are becoming more powerful. There is no single power centre which decides what is good for RD. Power is divided into regions, class, party-wings, and, more ironically, into different ethnic groups. Thus, a contestation exists, what Gramsci calls 'hegemony' in the Italian context (Gramsci 2009).

The central question of the ethnic movements as to whether it is a political, cultural/ethnic or economic movement, or a mixture of all these is not clear. The agenda of their cultural identity and ethnic recognition do not seem to solve their livelihood issues, to raise their living standard, their access to control of resources, their education and health services, their income opportunities,

and the problems of their poverty and inequality. They perceive development as a secondary quest, putting the issue of cultural rights first. Accordingly, divergent viewpoints and the ways of solving them are constantly proposed. Theoretically, this situates the ethnic movements, to neither favour a collective movement, nor go against the existing mainstream development.

b) Contestation in agendas and strategies

According to Michael Focualt (2001), the science of language (semantics) always creates an ideology of power which becomes a discourse of society to rule the social world. Creation of new terms, abstract ideas and their provocation as "dream of emancipation" has also become a common fashion in Nepalses politics and development. One such dream and a major agenda of the ethnic movement is "Naya Nepal" demanding regional autonomy, self-determination, proportional representation and execution of ILO 169. These demands sound well-structured, beautifully syntaxed and sound-appealing too, but their linkage to the local reality is somehow manipulated and twisted. Only a few leaders and movement activists can define these issues, and ironically, the conception of ethnic identity has been not contextualized from the Nepalse historical-geographical perspective. Nor the opponents of the movement have a broader conception to defend their counter claims agaisnt the ethnic demands. Further, the terms and agendas of the movements are catchy, but their perception and understanding is very weak. The ILO convention or Swiss model of development for a majority of the rural poor makes no sense, because their ground reality and struggle for livelihood is far removed from it. The ideal and reality of two situations contest each other.

Since the inception of the Maoist insurgency in 1996, there has been a huge increase in the kin and control for ethnic status and cultural/regional autonomy. In the post-2006 context, different ethnic groups have proposed their own fancy federal sates,

some even going so far as declaring them as autonomous zones, e.g. the *Madhes,* the *Tharuhat,* the *Magarat,* the *Limbuwan,* the *Khumbuwan,* the *Newa,* the *Tamsaling,* the *Tamuwan,* the *Kochila,* and so on. Movements in general have been without any blood-shed, though general strikes have been imposed with force. In some exceptional cases, formation of armed brigades and reserved force has been recorded.[6] Different forms of alliances within these movement organisations (e.g. Tharu Joint Struggle Committee for the Tharu movement) and in other movements too (e.g. Autonomous Federal States Council, including those of the various ethnic movements/organisations), other types of alliances have been forged. But such alliances have lasted only for a short-term, with the leaders and organisations soon falling apart. The frequent division of the movement actors has contributed another contestation regarding the sustainability of the movement.

The movement, as already discussed, has given less priority to the agendas of the grassroots people, including land reform, sustainable livelihood, wage, employment, agricultural and industrial development. Their so-called agendas are just populist slogans turning like 'coins of game' in favour of ethnic elites and upper class people. In the meantime, there is no immediate possibility of revolution and class struggle through ethnic movements. Critics say that there are more pro-ethnic agendas dominating post-conflict politics, rather than issues of class, development alternatives, livelihood security and land reform. The movements are becoming less effective due to weak participation of small farmers and poor people; lack of long-term vision of leadership; and their weak organisational structure. Contesting this, some ethnic activists and scholars argue that ethnic movements are being more progressive in nature, raising the voices of historically deprived ethnic groups. A contestation has thus emerged in terms of whether the ethnic movements have pro-poor or pro-elitist agendas.

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[6] Cases of violent killings and injuries occurred in Chitwan, Nawalparasi and Dang districts; while many non-ethnic people were displaced from their homesteads in the eastern hills and several Terai districts (though these cases are not well documented).

c) The homogeneity vs. heterogeneity of the movement

The dynamics of ethnic movements in Nepal has been changing from local (rural) to regional movements (in Terai and eastern hill districts) and the national (State-restructuring) political level. These movements have been coloured by differing political ideologies, elite-driven leadership and lack of alliance with other ethnic movements.

v ehtnic groups of Nepal are integrated in different cultural and regional structures and cannot be studied from 'one single standard' perspective.[7] This heterogeneity finds reflected in the context of their movement as well. Movement of this nature in different places of the country also reflect their ideological, linguistic and cultural differences, and differences based on leadership, visions and agendas. Hence, these movements should be studied both from the angles of inter-and-intra-dynamics, including the multicultural issues and issues of multiple identities.

d) Expectation vs. representation of people

In general, the demands of the ethnic rank and file coincide with the demands of their ethnic elites. But there are sections of society, especially those from the marginalized poor and women, which are unrepresented and do not participate in ethnic organisations and movements. For a show of solidarity in community (ethnic) sentiments, participation in the movement by ordinary people became desirable, while for the cadres it was made compulsory. The participation of people in the movement is undeniable. But, it leads the question of the representation by the poor people (including women, bondage labours, wage labours, tenants, slums, squatters and small farmers) in decision-making structures of the movements (particularly, in organisation and leadership) in contestation.

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[7] For example, if we take the case of Tharu movement, there are different cultural and regional identities of Tharu community, e.g. *Kathariya, Rana, Dangaura, Chitauniya, Kochila/purbiya,* etc. Even between the Tharus of Dang and neighbouring Deukhri there are noticeable linguistic, even socio-economic and ritual differences. On the other hand, the leading Tharu movement organisations (e.g. Tharu Welfare Society and Tharu Joint Struggle Committee) have different visions relating to federalism issue.

Benefits to the poor people are virtually lacking, so that they are in search of alternative movement networks. The poorer people are being totally neglected irrespective of their sacrifice in the movement. Transcending the ethnic movements, therefore, landless people from all castes and ethnic groups have initiated a separate national umbrella organisation (Land Rights Forum) for land movement. The bondage labours (*kamaiyas and kamalaries*) of the western region have also joined hands in movements through their own "*kamaiya mukti samaj*" and "*kamalari sangarsa samiti*".

e) Negotiating Actors

The ethnic movements and rural development activities in the given context are in regular contestation, involving different actors and institutions. There are basically four types of contestation:

i. Between the State-actors and non-State actors (e.g. government or State vs. movements and organisations; VDC/DDC vs. local and regional networks of movements; government/NPC vs. donor agencies and Human Rights agencies, etc.);

ii. Between the non-State actors themselves (e.g. conflict in movement organisations, political parties, civil societies, pressure groups and regional groups, etc.);

iii. Between networks of the same non-State actor or movement (e.g. contestation in organisations and parties of the particular movement; no unified movement in long-term, contradicting viewpoints within the movement, etc.); and

iv. Between the local vs. central actors (e.g. central government vs. local government; central leadership vs. local leadership, etc.).

However, it is not clear whether there is a high contestation also among the international actors (China, India and European Union in particular) in influencing the Nepalese discourse of political change. One perspective is that the donor agencies are playing a dual role to provoke the ethnic issues, and granting a huge amount of money

to support them (Sapkota 2012). Panday (2011) very critically observes the role of donor agencies in Nepal's development in this way:

> "Much of the malaise is the result of ineffectual Nepali institutions and actors … However, given the symmetrical relationship between foreign aid and development in Nepal and the embedded unequal donor-recipient relationship, foreign aid cannot escape scrutiny and responsibility for what has and has not happened" (p.11).

The ethnic movements are generally localized in nature. From an ethnic movement perspective, the so-called contestation between the State and non-State actors is a controversial one. The leadership of both of these actors in fact comes from the middle-class elites and there is a kind of alliance between them for their vested interests, whatever castes or ethnic groups they may belong to. It sounds ironical that the movement leadership claims for "ethnic emancipation" and eradication of "ethnic grievances" in its rhetoric.

f) Ethnic dynamics within political parties

Theoretically, the political opportunity model of social movement emphasises the role of shifts in political constraints and opportunity structures influencing the trajectory of ethnic and social movements. Nepalese statutory regulations do not allow the formation of an ethnically based political party or a cultural party. But the internal dynamics of the political parties is infiltered by ethnic movements in a regional setting (e.g. unitary vs. federal, West vs. East, Hill vs. Terai, Tharu vs. Madhesi, etc.). The ethnic elites wanted to gain power by negotiating with political parties. Their endeavours failed to establish ethnic causes as a collective colloquium and created a kind of vacuum in their movements, bringing no public support and legitimacy.

So, some of the ethnic activists in the political parties established their own separate political parties, with such names as the Federal Socialist Party, Tharuhat Terai Party, the Social Democracy Party.

They tried to mobilize ethnic loyalties and identity issues behind them during the elections for the Constituents Assembly 2013. The election results pushed them to a weakened position further. Some of the ethnic movements and organisations are also turning into the local NGOs, and in some cases, the NGOs have also become the movement and then a political party. For example, in the post-2006 context, the Madhes movement was initially campaigned by a NGO named *Madhesi Jana Adhikar Forum Nepal*, which later became a powerful political party in the region. Likewise, most of the Tharu leaders are still affiliated to Backward Society Education (BASE) and Tharu Indigenous NGO Federation (TINF). The growing ethnic issue in the last decade compelled all major political parties to establish separate wings for the different ethnic groups. There are some striking questions, therefore, relating to the conditions of movement and/or mobilization becoming a political party. This illustrates a transformation process, turning political parties into ethnic movements, and ethnic movements into the NGOs or vice-versa.

4.7.2 Causes of contestation

a) Orthodoxy of rural political economy

The major socio-structural problems like caste, class and gender-based discriminations at the local level and struggles for modernization characterize the rural life in contemporary Nepal. The post-2006 period in particular witnessed the rise of ethnicity and regionalism. With the failure of first Constituent Assembly to promulgate a Constitution in 2012, the process of State-restructuring and constitution-writing has become uncertain. It has further negatively influenced the work of development planning and performances. Weak achievements in terms of social and human development in rural societies are clearly the failure of the previously adopted supply-driven approaches of RD.

As a consequence, grievances and dissatisfaction of the rural people have been growing in different forms of agitations and movements. In what manner these struggles might further intensify, affecting

the prospects of rural development in the immediate future? The debates are concentrated more on deciding the number of federal States, rather than on adopting effective models for development and local governance. Unfortunately, the rural political economy is analysed without devising the right ideology for RD, particularly relating to the issue of power devolution to the local bodies. Addressing class issues by discourse on caste/ethnicity (and vice-versa) is becoming highly contested in the growing political spaces.

b) Vacant local bodies and poor governance

Since 2002, the local bodies (VDCs, DDCs and municipalities) are lying vacant with no elected representatives in them. The political instability has been a prolonged one. Public talks are about grievances of people, and the failure of the political parties. Issues relating to development planning, policy implementation, social change, livelihood security, agricultural modernization, rural tourism, land reform, etc. are given less attention in the mainstream political discourse of Nepal. Kleptrocracy, corruption, patron-client relationship have become a normal fare and are being institutionalized. The service delivery system in the rural life and remote areas is totally ignored, that increases difficulties of rural life in getting the basic services from the government (Upreti et al 2012). Ethnic organisations and civil societies are emerging to fill in the space rapidly and challenging the local governance system.

c) Persistence of poverty and inequality

There has been significant decline in the national poverty level and achievement of the most of the goals as targeted by the MDGs. The success has been highly acknowledged in the government documents, impact analysis reports of the NGOs and in the sector of research academia too. However, some critical questions are contesting in this regard, suspecting the validity of such statistics to represent the ground reality. Issues of rural poverty, rural-urban poverty gap, and problems of inflation, unemployment and inequality are not presented from the perspective of RD. Poverty reduction strategy is responded through material intervention

on behalf of the poor people, rather than taking a non-material approach to well-being. The contestation lies in the academic sector too, which does not consider rural people as a focus of analysis and use this knowledge in transforming the rural society. Contestation in this regard has further intensified with growing demands for inclusion and empowerment. Nor these issues are properly addressed as being the multidimensional manifestation of rural dependency and underdevelopment, for the advancement of poor and disadvantaged group in rural Nepal. A crucial contestation further lies in the use of foreign remittances (and foreign aid) to support the sustainability of rural economy and development.

4.7.3 Uneven power dynamics

Nepal's development politics is characterized by continually changing pathways of struggles for power, resources and identity. With this struggle, the agendas and concerns of the ethnic movements are highly contested. An unanswered question remains in this respect. It is whether and how successfully the movements will break the inverted power pyramids of society, that has created a huge residue of marginalization in society. Despite some challenges to pre-existing patterns of authority following the rise of new political movements in the last decade, the shifting of power in favour of the poor people is still a distant prospect. In this context, Sugden (2011) argues that the political change and social movement in Nepal appear to represent renegotiation rather than a transformation of unequal power relations.

The power dynamics in the ethnic movements appears more contested because of the contradiction existing between various kinds of internal and external factors. There are differences in the ideological foundations and networking of institutions that have shaped the agendas and policies of the movement. It has prevented the mass mobilization of the people to address their genuine issues in their day-to-day lives. Notwithstanding what the rhetoric of the movements say, the ethnic elite are being recycled into the neo-elites of the society through a rise in their personal ambitions. Nepalese society cannot remain exceptional to the global shift in

ethnic orientation and identity-based movements, like in Central and South America, Bolivia, Venezuela, former USSR countries, and in the North-eastern Indian States. However, different kinds of peasant's movements, backward class movements and regional movements (particularly the *Telangana* movement and *Gurkhaland* movement in India) are useful to watch in the Nepalese ethnic movement discourse.

In defence of international actors, there is a ready-made logic or school of thought which argues that "Nepal is a developing country, so it needs foreign aid and engagement of the international community in its efforts". This argument is partially true, but is not wholly tenable. The role of the international actors (including foreign countries, INGOs and missionaries) is highly controversial, leading the contestation that they are behind fuelling the ethnic movements openly, flouting their own codes of conduct. Some of the donor agencies (e.g. DFID and WB) have provoked the issue of identity deliberately by creating an 'elite group' as a ruling class, which they argued, comprises some of the upper castes of the Hindu religion (WB/DFID 2006). These donor agencies, however, do not want any analysis of elite and class formation to incorporate in the Nepalese society. They have ignored the element of elitism in the ethno-politics and ethnic movements. They focus only on the demand side of the problems, rather than on the supply side in their discourse. Their role in controlling the domestic political affairs and development activities seems to cross-cut the issues shaping the formation of existing power dynamics and politico-economic contestation (Panday 2011; Sharma 2013).

4.8 Conclusion

The discourse on ethnic movements in Nepal is facing a crucial challenge of legitimacy over some basic components of the social movements, such as the ideology, leadership, agenda, policy, strategies, mode of organisation, people's mobilization and finally, its impact and effectiveness. The role of ethnic movements in Nepal in advocating the grievances of rural and poor people cannot

certainly be denied. They have strongly manifested their presence starting from a village issue to the State politics. Their manifestation is, however, a little complex, because the characteristics of ethnic and regional movements are less concerned with class and economic issues. So, no one theory is solely able to make comprehensive analysis of it. Rather, it is a multi-disciplinary issue.

Further, the whole development discourse has now shifted from considering 'backwardness' to the question of 'indigenousness'. It is being deliberately done by some elites belonging to the various ethnic groups, castes and class. In turn, the movements are getting distorted, as they are presenting its causes and statistics superficially, rather than making an in-depth, qualitative study of the problems of caste, class and gender discrimination. Unlike in traditional movements, some new issues and dynamics have become crucial for the analysis of the contestation. It has happened because of the growing urbanization, the changing nature of class (role of 'middle class'), the delayed post-conflict reconstruction, the nexus of democracy and people's identity (ethnic federalism), and the impact of modern and post-modern values or practices (particularly, the influence of modern life style and increasing rural remittances).

The emergence of non-State actors and social actors of different kinds has created more contestation in rural development. There is no common worldview and perception regarding the ethnic movements, on the one hand, and the rural development issues and problems on the other. Ironically, these movements are also facing all kinds of internal and external contradictions. Theoretically, it could be said that these movements have succeeded in widening the rural issues. But these are proving less effective in highlighting the issues of economic inclusiveness and dynamism, empirically speaking. There is not deliberate attempt at diversifying the positive side of the context. Moreover, the stereotype approach of bureaucratic planning and insignificant legal reforms in many ways are undermining the change in power relations in rural society, which have made the spaces for ethnic movements always contested.

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Nepal's Experiment with Development Aid

Sagar Raj Sharma

5.1 Discourse on foreign aid

Foreign Aid has long occupied a prominent place in debates on development. As concepts and theories about development have shifted, so too has the role assigned to foreign aid and the donors. When foreign aid, in the form of Official Development Assistance (ODA) started in the 1950s, the early writers on the subject of development tried to clarify the delicate balance between income, savings, investment and output required to maintain stable growth and full employment. In the 1970s, another trend surfaced that consisted of widening the scope of development by including explicitly social considerations, such as education, health, nutrition, employment, income distribution, basic needs, poverty reduction, environmental considerations, and so on. Yet another thinking emerged in the 1990s – led by economists such as Amartya Sen (1999) – which encompassed welfare economics, economic inequality and poverty, on the one hand, and the scope and possibility of rational, tolerant and democratic social choice, on the other. The observed changes in development thinking explain in no small measure the amazing shifts in, and accumulation of, aid priorities.

More recently, the renewed interest on role of foreign aid has been analysed by both its critics and proponents. The debate was initiated by Burnside and Dollar (2000), who in their analysis of the 1998 report by the World Bank called 'Assessing Aid: What works, what doesn't and why', claimed that foreign aid spurs growth when recipient countries pursue "good" economic policies. They argued that there is a strong positive association between aid and growth in countries with good monetary, fiscal and trade policies, indicating that aid is indeed effective where economic policies are

supportive of growth. This finding was initially highly influential in that it generated a lot of debate amongst both the proponents and critics of foreign aid. The proponents of aid often emphasise the fact that aid helps accelerate growth, and thereby addresses poverty and underdevelopment (Dalgaard et al 2004; Hansen and Trap 2001; Sachs 2005). They believe that substantial increases in foreign aid, or the 'big-push,' are needed to lift the poor out of poverty (Sachs 2004).

The critics, on the other hand, claim that uncontrolled foreign aid, in actuality, retards growth (Easterly 2001; Rajan and Subramniam 2008). They argue that foreign aid distorts incentives for both national and international investment, and creates space for corruption that enriches the elites and the powerful, especially in poor countries. Easterly (2006) further argues that piecemeal aid projects with specific and easily measurable goals are the only effective use of foreign aid. For these critics, the historical record of foreign aid has been abysmal (Easterly 2006; Moyo 2009). They claim that aid has failed to stimulate economic growth in the places where it is needed most – the poorest countries in the world, for which they cite examples of Sub-Saharan Africa. They are of the opinion that donors should bypass recipient governments and give aid directly to the poor (Easterly 2006, p. 368).

While there is much evidence to suggest that aid has not been too effective in reducing poverty in many of the recipient countries, proponents also recognize the weaknesses in the aid programs and the validity of the some of the criticisms (Radelet and Levine 2008). The arguments put forward by Burnside and Dollar (2000) that aid enhances growth in countries with good policies and institutions, and that linking aid to policy reforms should help accelerate growth and alleviate poverty have on one hand, appear to have influenced aid allocation decision, but on the other, their empirical base and methodologies have also been questioned (Easterly et al 2003; Dalgaard et al 2004). This debate still continues, with the literature on aid effectiveness ever mushrooming, but, as Ranis puts it, "with increasingly sharp differences between a diminishing cadre of believers and an increasing band of critics" (Ranis 2006).

Foreign aid may come in different forms, but the most prevalent of them are the multilateral and bilateral aid flows known as the Official Development Assistance (ODA). ODA is a transfer of concessional resources, usually from a foreign government or international institution, to a government or non-governmental organisation in a recipient country. It may be provided for a variety of reasons, including diplomatic, commercial, cultural and developmental. It is typically used to fund expenditures that further development (or at least, it is usually justified in that way) in the recipient country, most of which has been used to finance infrastructural investment projects such as building of roads and schools, providing training and education, family planning and so on. Since the 1980s, a significant portion of ODA has also been in the form of services used as balance of payments and budget supports for governments agreeing to adopt economic or political reform programmes.

There have been two main phases – from aid perspective - in the search for answer to growth in the developing world. The first stressed the need for ODA to finance foreign direct investment (FDI) for unlocking developing countries' development potential. The second stressed that ODA could, or should, induce policy reform in the host country. Looking at the dismal performance of ODA in Nepal, neither seems to have worked, because ODA has neither been able to increase FDI nor has it induced any significant policy reform. The first key also failed because FDI did not have a tight link to growth in the short run, and not even much of a link in the long run in the receiving economies. Policy, in contrast, has been seen to have a large effect on growth, but ODA has not systematically induced policy reform.

Almost every nation now agrees that to achieve any real development, good policies and governance are irreplaceable, but this has yet to be proven by deeds. Although there is now an increasing coordination among the donor and the recipient countries regarding the poor performance of the conditional (tied) ODA, it has yet to be proven that untied ODA is the best solution for the effectiveness of ODA in the recipient country.

I have argued elsewhere (Sharma 2008) that foreign aid is not the prime mover of development; it has sometimes even been an impediment, but this need not be the case. Under certain conditions it may be justified to use foreign aid as a reward for good development governance, but often such conditions can only be met with outside help. Foreign aid should, therefore, as Pronk (2001) argues, be used primarily as a catalyst, sometimes to help generate other resources or gain access to them, sometimes to help create domestic capacity or manage conflicts resulting from various forms of unsustainable development. What is needed is a special focus on ODA policy that builds capacity, enhances transparency and effectiveness as preconditions for economic growth and development – not the other way round.

5.2 Historical overview of development aid in Nepal

The fact that Nepal has had fairly amicable relations with most of the countries in the world has made this small nation a favourite in the eyes of donor nations. These donors have, from the beginning, crowded in to support Nepal's development efforts, although at times they have voiced their dissatisfaction about public mismanagement.

The history of foreign aid to Nepal began with the signing of the 'Point Four' agreement with the United States on 23 January 1951, which heralded Nepal's first experience of foreign aid assistance. The US Government's assistance of 22,000 NPR provided under that program was soon followed by assistance from India in October the same year. It was then followed by China in 1956 and the USSR in 1958 (Mihaley 1965 as cited in Sharma 2008). The trend of foreign aid inflow began to increase continuously since then. Health, agriculture, forestry development, education, and transportation were the major sectors that received bilateral and multilateral assistance in those years. The donor countries followed deliberate policies of building institutions and investing in the development of human resources. Because of its strategic location, Nepal has also received, since the very beginning, economic aid from both its immediate neighbours: China and India.

India became a donor of aid to Nepal soon after the aid agreement that was signed between Nepal and the USA. India helped Nepal in the area of transportation, financing the construction of a highway from Kathmandu to Raxaul and an airport in Kathmandu, and not after a long time Nepal joined the 'Colombo Plan' in 1952. This accession provided Nepal a good forum to attract the interests of other friendly countries in its development efforts. Under this plan, Nepal started receiving several technical assistances which later evolved into support for capital projects. During the 1950s, many Nepalese received scholarships through the Colombo Plan to go to different countries for studies in technical and professional areas. Also during that time, all other aid was in the form of grants. The bulk of assistance was directed toward developing agriculture, transportation infrastructure, and power generation. Other areas targeted for assistance were communications, industry, education, and health. India and the United States each were responsible for more than one-third of all grants. Both countries established aid missions to Nepal and directed aid to special projects. Other major donors during the 1950s were China and the Soviet Union. Britain, Switzerland, Australia, Japan, and New Zealand also were involved in lesser assistance programs. The United Nations (UN) provided some technical assistance during that period.

It was from the beginning of the 1960s that Nepal started receiving some bilateral assistance in the form of loans. The loan share of foreign aid increased from under 4 percent between 1965 and 1970 to more than 25 percent by the period 1985-88. Until the mid-1960s, Nepal depended mostly, if not totally, on foreign grants for all its development projects. Most of these grants were on a bilateral basis. Grants from India helped to build the airport in Kathmandu, the Koshi Dam, and various irrigation projects. The Soviet Union helped to build cigarette and sugar factories, a hydroelectric plant, and part of the East-West Highway. Grants from China helped to construct roads; a trolley bus line in Kathmandu; and leather and shoe, brick, and tile factories, while the United States grants supported village development, agriculture, education, and public health.

In the 1970s, multilateral assistance programs started to play an important role in development planning and accounted for more than 70 percent of funding for development planning. By the end of the 1980s, the great majority of foreign aid was in the form of multilateral assistance programs. Most economic development projects were funded with external assistance on concessional terms. From the mid-to the late 1980s, recorded aid disbursements averaged more than US$200 million annually, which was about 7 percent of the GDP. More than 70 percent of the aid was in the form of grants; the remainder being in the form of concessional loans (Panday 1999).

In the 1990s, after Nepal's first real attempt at multi-party political democratization, Nepal received external assistance in the form of project aid, commodity aid, technical assistance, and program aid. Project aid funded irrigation programs, hydroelectric plants, and roads. Commodity assistance targets included fertilizers, improved seeds, and construction materials provided by donor aid agencies. Technical assistance covered services of experts to advise the government in training indigenous personnel to perform research in technological fields and resulted in the development of skilled labour. Program aid supported various projects, in particular in the agricultural and health fields. Dependence on foreign aid thus started increasing at a very high rate even in the new political context of the country. This trend is continuing even today in an increasingly alarming rate and fashion, although after the Maoist-led armed conflict, there has been a significant, and often controversial, change in the way foreign aid is being used in the contemporary socio-political transformation of Nepal.

5.3 Aid in post-conflict Nepal

Along with the political changes, Nepal has also witnessed changes in the aid characteristic and its focus in the recent years. If in the 1990s the focus of foreign aid was on infrastructural development, economic reforms, education and agriculture, in the post-conflict period, the focus, particularly since 2008, has significantly shifted

to programs in social development policy, peace rehabilitation and inclusive development, and in human rights (MOF 2013a). The most prominent of such changes has been in the launch of the Local Governance and Community Development Programme (LGCDP) in 2008. The launching of LGCDP was a timely and apt response to the post-conflict scene in Nepal, and has been credited for bringing the international community together in a programmatic effort in a field that was very fragmented until then. Major multilateral and bilateral donors such as the Asian Development Bank (ADB), the World Bank (WB), the Danish International Development Agency (DANIDA), the Canadian International Development Agency (CIDA), the Department for International Development (DFID), the United Nations System (UNDP, UNICEF, UNCDF, UNFPA, UNV etc.), the Government of Norway, the Swiss Agency for Development and Cooperation (SDC), the German Technical Cooperation (GIZ), the Japan International Cooperation Agency (JICA), and the Government of Finland had partnered with the Ministry of Local Development of the Government of Nepal for strengthening Nepal's decentralization, local governance, and community development throughout the country and at all levels of the local governments. Given the political fragmentation and a volatile situation of the time, it was politically an important initiative at the time. LGCDP was aimed at poverty reduction in Nepal through improved and inclusive local governance and service delivery.

At the time of its launch, the prevailing socio-political context and the expectations from it were quite unique in Nepal. In the immediate post-conflict period, there was a great desire for equitable and rapid development in the country. That was why LGCDP was designed in such a way that it would reach all local bodies on a national scale and be accessible to community groups. And, perhaps most importantly, there was an expressed commitment to respond financially to good performance of local bodies, and to provide the means for all local bodies to enhance their performance capacities, good governance and improved service delivery. By and large, effectiveness in administration and service delivery through

the maintenance of order and security, and a desired economic and resource management goal can be achieved only through capacity building. Capacity, together with political will, plays a significant and crucial role in maintaining and enhancing the effectiveness both in terms of the utilization of aid as well as strengthening the quality of relationship between the recipients and the donors.

However, this very crucial component – capacity building of local representatives and institutions of governance – paradoxically, has become elusive and remained confined to paper only. Although the LGCDP was claimed to have a more appropriate institutional structure down to the sub-national level in a complex political context, there are really no local representatives in it whose capacity could be built. Local bodies are being run without any elected members in them since 2002! Amid all kinds of agreements and consensus being made in the post-conflict Nepal, there has strangely been no consensus reached on holding local elections for such a long time. Even so, LGCPD, at least in paper, claims that it sought to promote an inclusive approach to development through the capacity building of the local bodies!

Absence of elected representatives for a long time has had some clear impacts, which are most visible in the leadership vacuum of elected officials at the local level. One of the many effects of conflict in the country was clearly the curtailing of interactions between local governments and communities. This, in turn, has minimized the scope for instituting accountability downwards to the levels of citizens and communities. As a consequence, there has visibly been a low level of participation by local people in their development activities. Only with the increased participation of local elected representatives the aims of the LGCPD will be more realistic and achievable. Otherwise, it may just be yet another unfruitful stint by the donors and the government. The new Constituent Assembly and the government will have to take the main lead and responsibility for holding local elections and addressing the needs of the people.

5.4 Transparency in foreign aid

Foreign aid has throughout played a big role in the development efforts of modern Nepal under all its political regimes. But it has led to increased disillusionment of the people with the way it is used in the political economy of the system. The rulers often lock themselves in an aid mentality in such a manner that they not only crave for more aid but also emphasise this aspect in their official propaganda. Getting more aid from bilateral and multilateral donors has almost become an end in itself. The people who do not get the benefit from aid feel cheated, reinforcing their suspicion that it is being diverted to personal enrichment of a few in positions of power. All major political parties have been seen using this weapon, both when in power or out of it. When in power, they seek legitimacy in the increased flow of foreign aid into the country, which may not be in the interest of the people necessarily. When out of power, they try to use foreign aid as a weapon of the opposition to hit the government with, in the hope that the aid donors will shun their rivals. The concern for the general public does not figure in this picture anywhere. That is the way the general feeling of the public is about foreign aid debate. This has also been fuelled by the feeling that the aid data has not been easily accessible to the civil society and to the general public. Common citizens get to read about the grants and aid by a donor only in the media. Beyond that they have much less information on it. They do not, for example, get to know where and how the money is spent, how it is channelled, and what role the donors and the government offices play in its actual allocation. Transparency in foreign aid has been dismally lacking, because of which the people at large find it difficult to relate to the figures of aid money given in the media.

A large number of development activities that were previously carried out with the government's internal budget are now implemented through non-governmental organisations (NGOs). There is no reliable account available of the amount of aid processed and used through this avenue. The emergence of the non-governmental sector as a recipient of foreign aid has

implications that go beyond the concern of public finance. What this suggests is that it is not only the government but also the civil society, including various professionals, individually or collectively, who are becoming increasingly dependent on foreign aid. These professionals include legislative and judicial branches of the state, social science practitioners, medical and engineering professionals, the media, environment protections activists, and even the human rights movement, although their degree of dependence may vary.

To get a true picture of foreign aid and its relationship to development in Nepal, one has to go beyond its mere trends and financial dimensions and look into some other aspects of this relationship as well. Nepal has been depending on foreign aid for so long and so heavily that it has affected the entire thought process of important societal agents concerning development. As Panday (1999) argues, it has deeply affected not only the values assumed by the society, but also the functioning of a democratic polity and the development of a responsible civil society. Lack of ownership by the poor and often targeted population of the development projects and programs funded by donors and a lack of political will from the recipients have been the major causes responsible for the 'failure' of development projects and programs in Nepal. Similarly, there has been a poor, and often unrealistic, top-down planning and budgeting process in foreign aid spending with little or no involvement of other stakeholders, such as the local level bodies, community groups and the targeted population (Sharma 2008).

This is where the question of the donors' role comes in. Although there have been some occasional grumblings from some donors regarding the handling of ODA (several countries, most recently Canada, have even removed Nepal from their priority list of ODA-receiving countries), there was, until recently, very little discussion among the donor countries themselves regarding their own roles, effectiveness and transparency of the aid. Given the current post-conflict situation of Nepal where almost every sector is going through uncertain and volatile times, it often looks as if the donors are struggling with their trial and error approach, and in doing so their manifest role is becoming less clear or agreeable. They are

often criticised for a lack of coordination among them, which makes them not satisfied with the work of one another. Also, there seems to be an increasing inability on their part to establish a framework of cooperative coordination with governments in the recipient countries. Consequently, they are less satisfied with what they themselves do and achieve while working with these governments. For this they put the blame on the state for its continuing ineptness and lack of performance. The state, in return, blames the society and its politics that the donors fail to take into account. The society, on its part, blames both the government and the donors for this state of affairs.

All this seems to be changing, however. In June 2013, the Ministry of Finance took a significant step in aid transparency by setting up its Aid Management Platform (AMP) available to the public for the first time. This action put specific, sub-nationally geocoded information on more than 600 development projects directly into the hands of those who seek it, including the government officials, donor staff, civil society organisations, and citizens at large. The AMP is managed online both by the Ministry of Finance and the donors, and the system is housed in and maintained by the Ministry of Finance. The official website of the Ministry even claims "……it will give public an unprecedented access to detailed information on aid disbursement in Nepal by donor, sector and geographic location" (MOF 2013a).

This is indeed a good initiative in that both the donors and the Ministry of Finance have joined hands in making foreign aid more transparent. At long last, they seem to have realized that in order to gain the trust of the people they must become more transparent. In a country where the government usually aims to channelize most of the foreign aid money through its own mechanism, and where the donors are sceptic about whether their largesse will be effectively leveraged within such provisions, coming together of these two parties in enhancing transparency must be lauded. However, it is our contention that the aid data has to be accessible to the general public. The public has a right to know how the aid money is being spent, for what purpose and in which locations it is spent.

After all, the most important element of foreign aid practice is to have transparency, as without transparency no other basis of its evaluations is possible to have. Transparency is now seen as a key pillar of development – a necessary condition to enable effectiveness, accountability and social change.

It is thus essential for the success of the aid transparency movement in Nepal that donors and the government should make the data open to the public. But equally crucial is also the fact that this data is scrutinised by an active public and competent civil society that can use the AMP and other open data in Nepal to ensure that the development needs of Nepali communities are justly met. Ensuring aid transparency and coordination is a responsibility that does not lie only with the government and the donor community. A vibrant and active civil society and the well-informed citizens, who seek accountability and better results, are a critical component in ensuring that development priorities of Nepal are being met, specifically at a local level. Aid architecture is changing globally in the recent years, and it is important that the actors in Nepal are also capable to manage this change effectively and efficiently.

5.5 Changing aid architecture

In the international development arena, the Paris Declaration on Aid-Effectiveness of 2005 is considered to be a landmark event, bringing together the experiences of the previous decades into a set of internationally agreed principles to underpin aid approaches. It came up with a series of specific implementation measures and established a monitoring system to assess progress and to ensure accountability from both the donors and recipient countries, with ownership, alignment, harmonization, results and mutual accountability as its fundamental principles to make aid effective. Another important initiative, designed to strengthen the implementation of the Paris Declaration was the Accra Agenda for Action (AAA), taken in 2008 that proposed ownership, inclusive partnerships, delivering of results and capacity development as the main areas of improvement in aid management. Both of these

initiatives were further expanded in 2011 through the Busan Partnership for Effective Development Cooperation, which can be seen to constitute a pivot in the emergence of a new 'development effectiveness' paradigm. New actors in new contexts were brought to account in this commitment, such as the emerging donors, the private sector, the civil society, and the fragile states. It has also emphasised the link between fighting poverty and protecting human rights.

However, embedding those principles in aid dispensation has proved to be a difficult task, given the different contexts of receiving developing countries and the emergence of non-OECD donors, some with very different visions of aid and collaboration. While the principles of harmonization, ownership, mutual accountability and managing for development results remain at the heart of the international development discourse, global economic and political shifts are transforming the aid landscape at a speed.

Emerging economies such as the BRICs are becoming major donors, even though some are still receiving aid themselves. Their aid priorities and policies are not necessarily the same as traditional OECD donors, who themselves are operating under ever more pressure to show the results of their investment. The multilateral institutions are now borrowing money from the increasing number of these bilateral donors, and in the recipient countries, aid money is disbursed through not just the government channels but through mushrooming NGOs and INGOs, who in turn are receiving money from each other. According to the Development Cooperation Report of Finance Ministry (MOF 2013b), of the total disbursements made in 2011-12, 77 percent went through on budget avenues and 23 percent through off budget avenues. Out of the 77 percent disbursed through government channels, only 58 percent of total foreign aid was actually channelled through the National Treasury (which fully uses national public financial management systems). 19 percent of the disbursement did not pass through the Government treasury, though it was still reflected in the Red Book. This means these disbursements could have been direct payments made by development partners during the implementation of

project activities. The remaining 23 percent of total disbursements were off budget and were not reflected in the government's Red Book, as technical assistances or projects are delivered through civil society and the private sector. Moreover, the tendency of distributing the development budget among political parties has assumed an undesirable shape – the money aimed to bring in local development is often believed to end up in the pockets of local leadership of the political parties.

These changing circumstances in turn have brought the concepts underpinning the international aid architecture and the main actors involved in it under scrutiny. Keeping track of all the transactions is indeed a challenging matter, especially for countries like Nepal where monitoring institutions are poorly equipped and low in operating capacity. Principles such as 'ownership' and 'harmonisation' are discussed, but more action is required if they are not to end up as unrealistic dreams. Is there a genuine need for a globally unified approach to aid, and if there is, what should it look like? How can the growing tensions between domestic priorities and global needs be resolved best? Clearly, the debate needs to be grounded in robust evidence of successful aid practice and strong analysis of emerging trends, challenges and threats to effective international aid architecture.

5.6 To conclude…

Nepal's unique geopolitical situation, combined with its socio-economic transition has made this country attractive to donors for years. The donors have experimented with this country extensively in the last 60 odd years. During this period, it is hard to say whether the Nepali state has become stronger or been more dependent, or whether local bodies and institutions, particularly government organisations, have had their capacity built to a level that they are able to effectively manage and utilize foreign aid.

The Paris Declaration, the ACCRA Agenda and the Busan Commitment, with their signatures from both recipient and donor governments, were indeed important steps forward in promoting

a coordinated and transparent management of foreign aid and in improving aid effectiveness. In Nepal too, with the launching of LGCPD in 2008, the momentum towards better governance, capacity building of local bodies, and accountability had been started in the right direction. But in the absence of local elections since 2002, the very essence of this initiative has become a non-starter. That has led to a very deep mistrust between the civil society, the local bodies and the donors. The delivery of public services by the local bodies remains the biggest challenge for Nepal, while the donors need to do a lot more to win the trust of the public and show that they are also willing to be more transparent.

This chapter has attempted to highlight some of the key and contested issues surrounding foreign aid in Nepal, namely, transparency, aid architecture, aid effectiveness and capacity building. Building trust amongst the actors of foreign aid might be a long-term project, but implementing the elements of the international commitments and of LGPCD would bring about important impacts in the short-term too. Only with more transparent foreign aid mechanism, harmonised aid architecture, effective aid implementation and with local bodies capable to deliver public services will it be possible to build the trust between the donors and the civil society.

As Nepal is currently going through an unprecedented socio-political and economic transformation, it is indeed timely to give a microscopic examination to the aid establishment and to examine the factors that affect the performance of foreign aid in the development of Nepal. The debate surrounding Nepal's transition has to address the role of donors, capacity of local institutions and their transparency, and an effective utilization of aid money in order to make foreign aid truly meaningful and constructive.

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About the book

This book "Contested Development in Nepal: Experiences and Reflections" highlights the contestations in development from the viewpoints of actors and institutions, strategies and approaches, and the roles they played in manifesting conflict and post-conflict challenges. It provides the experience and perspectives on contested development in Nepal that reflect, respectively, the contributors' work on development discourse, post-conflict reconstruction, social capital and rural change, ethnic movement and development aid.

About the Contributors

Sharma, Sagar Raj holds a PhD in Development Economics from Fukuoka University, Japan. Currently he works as the Associate Dean of the School of Arts at Kathmandu University. Email: sagar@ku.edu.np

Upreti, Bishnu Raj holds a PhD in conflict management from the Netherlands and Post-Doc in social conflict from UK. He has extensively engaged in research and policy debates in conflict, peace and security. Email: bupreti_nccr@wlink.com.np

Manandhar, Prabin, PhD in Development Studies from the University of East Anglia, UK, has wide experience in teaching, research and supervision, and has several publications to his name. Email:prabin.manandhar11@gmail.com

Sapkota, Mahendra is a PhD fellow of a collaborative research project between Kathmandu University, NCCR North-South and University of Zurich. He has an outstanding expertise in social movement and rural studies. Email: mahendra_sapkota27@yahoo.com

Geiser, Urs, PhD, is heading the Research Group on "Contested (Rural) Development" at the Department of Geography, University of Zurich. He conducts empirical research in Pakistan, south India, Sri-Lanka and Switzerland. Email: urs.geiser@geo.uzh.ch