

Country Focus: Nepal

Himalayan republic faces critical future

By SUDESHNA SARKAR
in KATHMANDU

When Nepal's parliament elected a new prime minister on Feb 3, ending a seven-month political vacuum, it was hailed by immediate neighbors China and India, as well as major donors like the US and the European Union, underscoring the importance of the fledgling republic as it undergoes a crucial stage of transition to a secular, federal republic.

But now, the euphoria is over. New Prime Minister Jhala Nath Khanal faces a critical time ahead, warn Nepal's political analysts, economists and rights organizations.

"The most immediate challenge is the budget," says Bishwambher Pyakuryal, leading Nepalese economist. "The new prime minister has to get parliament to endorse the current budget by Tuesday (Feb 15) or face a clampdown on the collection of revenue and state expenditure. The new political alignments will make it difficult."

The budget remains contentious since 2009, when the Maoist party-led government was succeeded by one headed by Khanal's own Communist Party of Nepal-United Marxist Leninist (UML), though under a different prime minister. The Maoists opposed the budget, forcing the government to enforce it through ordinance in November 2010. As per Nepal's constitution, if parliament doesn't ratify it by Feb 15, it will become null and void.

The new political alliance of the prime minister will also pose a grave problem, says Bhimarjun Acharya, political commentator and an expert on constitutional law.

"Khanal signed an agreement with the Maoists that the government will be led by a mechanism whose leadership will be rotated between the two parties," says Acharya. "But this is against the constitution, which says executive power lies in the cabinet. Unless the prime minister remains loyal to the constitution, law and the people, he could become a puppet prime minister."

Power-sharing has been a contentious issue in Nepal from the 19th century. From 1846, a clan of hereditary prime ministers ruled Nepal for over a century, reducing the Shah kings to puppets. But a pro-democracy protest in 1950 ended the regime and saw monarchy restored to power. The kings then locked horns with the political parties and the turmoil continued. In 1990, another pro-democracy movement forced the then king, Birendra Bir Bikram Shah, to lift the ban on political parties and agree to become a constitutional king.

To add to the instability, from 1996, the Maoist party took up arms, seeking secularism and the abolition of monarchy. A decade of violence, in which over 16,000 people were killed, was

aggravated in 2005 when Birendra's successor King Gyanendra sought to rule the country himself with the help of the army.

The royal experiment proved costly for the monarchy. It united the Maoists with the major parties, and another pro-democracy movement in April 2006 forced the king to surrender power. As a coalition government came into force, the Maoists signed a peace accord, ending their "People's War". Two years later, they took part in a historic election, emerging as the largest party, and the newly elected constituent assembly abolished monarchy to declare Nepal a secular, federal republic on May 28, 2008.

Now, as another May 28 comes closer, the nascent republic faces further grave challenges. According to the peace accord, Nepal was to have promulgated a new constitution by May 28, 2010. But the fall of the Maoist government of 2008 the following year saw growing friction between the party and the succeeding UML government, preventing the new constitution from being promulgated in time.

A major hurdle before the new constitution is the continued presence of the Maoists' People's Liberation Army (PLA) even though the guerrilla uprising ended five years ago. There are nearly 20,000 in the PLA and the peace accord said they will be either voluntarily discharged and rehabilitated, or inducted into the state army.

"Khanal and the Maoists have agreed to form a new security unit to accommodate the PLA," Acharya said. "But this will not be accepted by the Nepal Army or other major political parties. Merging the two armies will require the consent of all major parties."

The Nepal Army says it is ready to induct the PLA on an individual basis, provided they meet international recruitment requirements. "But there can't be bulk recruitment," says Brigadier General Ramindra Chhetri, spokesman of the Nepal Army.

As long as the political upheavals continue, the economy will continue to suffer, cautions Pyakuryal. "A weak government spells lack of security as well as enforcement of law, and corruption. The new prime minister will have to address the increasing flight of capital from Nepal, mounting inflation and a ballooning trade deficit."

In the Nepalese financial year 2009-10 (starting from mid-July), Nepal recorded a trade deficit of over NRS 314 billion (\$4.32b) while the inflation growth rate was 9.5 percent. Since 2007, the country has been badly hit by long spells of power outages. Currently, Nepal Electricity Authority (NEA) is enforcing a 14-hour daily power cut to cope with the rising electricity deficit.

Even though Nepal, blessed with fast-flowing Himalayan rivers, can generate 40,000 mW of hydropower,



Nepalese children clad in traditional attire participate in a parade held to mark the end of the harvest season.

By SUDESHNA SARKAR

Nearly 360 million Buddhists worldwide, religious scholars and historians have cause for cheer. Fresh efforts are under way to unearth more information about the life and times of the Buddha and develop his birthplace, Lumbini, in southern Nepal as an international Buddhist center.

An international team of archaeologists under Robin Coningham, Professor of Archaeology at Durham University (UK) has begun an archaeological surveying of Lumbini for the religious leader's more precise date of birth, regarded as 623 BC, and further information on how Lumbini developed into a major pilgrim site.

Launched in January, this three-year survey is funded by the Japanese Government through the Japanese Funds-in-Trust for the Preservation of the World's Cultural Heritage, and coordinated by the UNESCO office in Kathmandu. It is focusing on the temple of Maya Devi, the Nepalese queen who was the Buddha's mother, the sacred garden where the birth is believed to have occurred, and a nearby mound containing the remains of the ancient village.

The survey will also map the Buddhist monasteries, stupas (monuments) and other religious structures surrounding the temple and find out if there are more underground monuments so that new projects do not damage them," says Suresh Suras Shrestha, archaeological officer at Nepal's Department of Archaeology. "The survey is part of a larger project

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Campaign to usher in more tourists

By SUDESHNA SARKAR

In 2000, only 3,924 Chinese tourists visited this small Himalayan country, forming just 1.04 percent of total arrivals. However, this January, as the world's newest republic kicked off its Tourism Year 2011 program with dazzling air shows and colorful cultural pageants, China has jumped to the position of second-largest visitor.

Immigration figures at the Tribhuvan International Airport in Kathmandu, Nepal's only international airport, for January 2011, indicate 3,203 Chinese visitors arrived by air, accounting for 9.7 percent of total arrivals. In January 2010, their number was 1,783. The surge has left Nepal's tourism authorities upbeat, especially as they are seeking to attract one million tourists this year, of whom 101,000 are expected from China. The Chinese turnaround started from 2006 when Nepal's communist insurgents signed a peace accord and a coalition government came

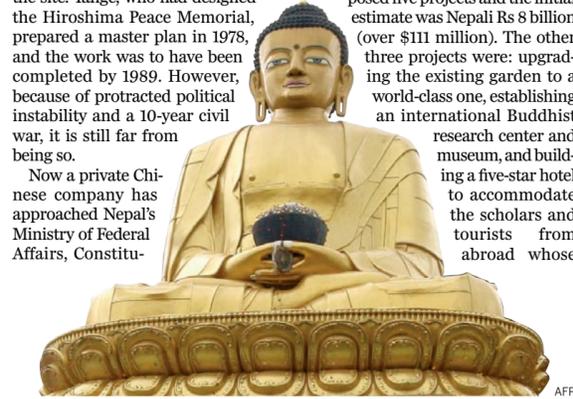
to power. The year 2007 was a milestone for Chinese tourists with 14,426 visitors, signifying a whopping 120.9 percent increase over 2006 when there were just 6,531 arrivals. By the end of 2010, China accounted for nearly 6 percent of the total number of tourists arriving by air, standing fourth after India (23.3 percent), the US (7.4 percent) and the UK (7.2 percent). Better air connectivity between Chinese cities and Kathmandu also helped. Now five airlines operate direct flights: Air China, China Southern Airlines, China Eastern, Nepal's national carrier Nepal Airlines and Dragon Air. A total of 27 international airlines fly to Kathmandu with an annual passenger capacity of over two million.

"The campaign will reinstate Nepal as a premier destination," says Prachanda Man Shrestha, chief executive officer of Nepal Tourism Board. "Our other goals are to promote off-beat destinations and homestays with local families so that the economic benefits reach the villages. The

campaign is also meant to preserve the cultural heritage of Nepal and conserve the natural environment." With eight of the world's 14 highest peaks being in Nepal, mountaineering plays a major role in tourism. To draw more climbers, Nepal has waived permit fees for all peaks in the mid west and far west till July 16, 2014. For this year, climbers who have summited Mount Everest (known as Qomolangma in China) and Mount Dhaulagiri, the seventh highest peak in the world, will have their visa fees waived.

A sensational campaign by the private sector is the Eco Everest Expedition 2011 that will see legendary Nepalese climber Apa Sherpa, who conquered Mount Everest an incredible 20 times, try to best his own record in May. The Eco Everest Expeditions which started in 2008 also seek to clean up the mountain and have since brought down over 12,000 kg of garbage.

Tourism entrepreneurs have been utilizing natural resources, like



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for which the agreement was signed in Department of Archaeology, which is also part of the initiative along with Lumbini Development Trust, the state authority entrusted with developing and preserving Lumbini.

"The \$800,000 mother project seeks to strengthen the management of Lumbini and conserve the pillar built by Emperor Ashoka (in 249 BC), the stone he had laid to mark the place where the Buddha was born, and the statue depicting the holy birth," he says.

The project will also review the status of the sacred garden vis-a-vis the master plan formulated by Japanese architect Kenzo Tange.

In 1967, the then UN secretary-general U Thant visited Lumbini and pledged UN assistance for developing the site. Tange, who had designed the Hiroshima Peace Memorial, prepared a master plan in 1978, and the work was to have been completed by 1989. However, because of protracted political instability and a 10-year civil war, it is still far from being so.

Now a private Chinese company has approached Nepal's Ministry of Federal Affairs, Constitu-

ent Assembly, Parliamentary Affairs and Culture, with proposals for five more projects designed to establish Lumbini as the ultimate Buddhist city, just as Vatican City is to Christians and Mecca to Muslims.

Li Debiao, the Chinese Ambassador to Nepal from 1987-1991 and now chairman of a private trade group, the Beijing Zhongtai Jinghu Investment Company, has a preliminary agreement with Nepal's government to build a 100-meter statue of the Buddha in Lumbini and run green electric buses for pilgrims and visitors.

"The talks started in 2009," says Binod Bahadur Shrestha, former president of the Federation of Nepalese Chambers of Commerce and Industry, who is the Chinese company's coordinator in Nepal. "At that time, we pro-

posed five projects and the initial estimate was Nepali Rs 8 billion (over \$111 million). The other three projects were: upgrading the existing garden to a world-class one, establishing an international Buddhist research center and museum, and building a five-star hotel to accommodate the scholars and tourists from abroad whose

visits to Lumbini would increase when the other projects take off.

"Initially, the government said it would okay the statue and the green buses. The statue alone would now cost about NRS 4 billion." Since Lumbini already has hotels inside Tange's master plan area, Shrestha says the Chinese company now plans to build the hotel, which would have at least 100 rooms, outside that area. During his visit in November 2010, Li told the media that all the projects would be completed in five years. The hotel and buses will recoup their investment when they start operating. Li also said the projects are not profit-oriented. Chinese Buddhist associations and monasteries are also likely to invest.

However, it is likely to take another year to clear the red tape before any work can begin.

"As Lumbini was declared a World Heritage Site by UNESCO in 1997, we have to abide by the UNESCO World Heritage Committee (WHC)," says Modraj Dattel, secretary at the ministry. "The statue would need a sizeable piece of land and WHC has to sanction it. After the trust endorses the project, the government will forward the proposal to WHC in Paris. It could take a year."

But the silver lining is that Nepal, living under a caretaker government since June 30, finally elected a new prime minister on Feb 3. Under Jhala Nath Khanal, chairman of the Communist Party of Nepal-United Marxist Leninist, major projects awaiting the approval of a full-fledged government are likely to get going now.

temple, the Swayambhunath and Boudhanath Stupas revered by Buddhists and Jains worldwide, and the Hindu temple of Pashupatinath. The Muktinath temple in northern Nepal is also a famed pilgrimage destination while the Kumari - a deified young girl known as a "Living Goddess" who has her own palace in the capital - is another major attraction.

Even the "People's War", that once demolished the industry, will now play a role in promoting it. The District Development Committee of Rolpa, the remote midwestern region regarded as the cradle of the insurgency, is devising a guerilla trek that will combine adventure with history. The trek is a 12-day walk in western Nepal, through areas that saw fierce fighting between the guerrillas and security forces during the insurgency, and is now considered part of the history of the republic. A study of the proposed route was conducted in 2010 and NTB officials say the trek will be marketed after infrastructure development.