International Labour Organization

Project to Promote ILO Policy on Indigenous and Tribal Peoples

(PRO 169)

Indigenous Peoples, Poverty Reduction and Conflict in Nepal

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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>CBO</td>
<td>Community Based Organisation</td>
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<td>CAP</td>
<td>Country Action Plan</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DDC</td>
<td>District Development Committee</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>EFA</td>
<td>Education for All</td>
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<td>ERP</td>
<td>Economic Reform Program</td>
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<td>ESP</td>
<td>Enabling State Programme</td>
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<td>EU</td>
<td>European Union</td>
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<td>GSEA</td>
<td>Gender and Social Exclusion Assessment</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HMG-N</td>
<td>His Majesty’s Government of Nepal</td>
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<td>IAP</td>
<td>Immediate Action Plan</td>
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<td>IID</td>
<td>Institute for Integrated Development Studies</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INSEC</td>
<td>Informal Sector Service Centre</td>
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<td>IPO</td>
<td>Indigenous Peoples’ Organisations</td>
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<td>IPRSP</td>
<td>Interim Poverty Reduction Strategy Paper</td>
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<td>JEP</td>
<td>Janajati Empowerment Project</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MP</td>
<td>Member of Parliament</td>
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<td>MS</td>
<td>Mellemfolkeligt Samvirke</td>
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<tr>
<td>MTEF</td>
<td>Mid-Term Expenditure Framework</td>
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<tr>
<td>NCIDWIPN</td>
<td>National Ad Hoc Committee for International Decade for the World’s Indigenous Peoples, Nepal.</td>
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<td>NDC</td>
<td>National Development Council</td>
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<td>NDF</td>
<td>Nepal Development Forum</td>
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<td>NEFIN</td>
<td>Nepal Federation of Indigenous Nationalities</td>
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<td>NFDIN</td>
<td>National Foundation for Development of Indigenous Nationalities</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NIWF</td>
<td>Nepal Indigenous Women’s Federation</td>
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<td>NLSS</td>
<td>National Living Standard Survey</td>
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<td>NORAD</td>
<td>Norwegian Agency for Development Cooperation</td>
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<td>NPC</td>
<td>National Planning Commission</td>
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<td>ODC</td>
<td>Organization Development Centre</td>
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<td>PAF</td>
<td>Poverty Alleviation Fund</td>
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<td>PRS</td>
<td>Poverty Reduction Strategy</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>SNV</td>
<td>Netherlands Development Organisation</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNPFII</td>
<td>United Nations Permanent Forum on Indigenous Issues</td>
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<td>VDC</td>
<td>Village Development Committee</td>
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1. Preface

The UN Permanent Forum on Indigenous Issues (UNPFII) is currently focusing on the Millennium Development Goals (MDG) as they pertain to indigenous peoples. Particularly, the UNPFII session in May 2005 examined the MDGs related to poverty and education. In most low-income countries Poverty Reduction Strategy Papers (PRSPs) have become the main framework for reducing poverty and achieving the MDGs.

Recent research undertaken by the ILO\(^1\) as well as concerns raised by the UNPFII indicates that in many cases, indigenous peoples’ needs and aspirations have not been adequately included in PRSPs. In the context of the first 5-years of preparing national PRSPs, the World Bank and the IMF have initiated a joint full review on progress in implementation, to consider progress, challenges and good practice related to a set of key issues. The key issues are, among others:

- Broadening and deepening meaningful participation, and
- Tailoring the Poverty Reduction Strategy (PRS) approach to conflict-affected and fragile states.

The overall objective of this case study is to provide input and recommendations for the 2005 PRS Review, by looking at the interlinked issues of indigenous peoples, poverty and conflict in Nepal and its reflection in the PRSP/the Tenth Plan. The PRSP in Nepal is the same as the county’s Tenth Plan, thus reflecting the adoption of a single strategy and policy framework for development and poverty reduction by the government.

Specifically, the study provides an analysis of experiences, main challenges, good practices and recommendations for using the PRS process and PRSP to address the interlinked issues of indigenous peoples, poverty and conflict in Nepal.

Research for the study consisted of a detailed review of the PRSP and related documents, articles and reports and extensive consultations with relevant stakeholders, which were carried out between 15\(^{th}\)–24\(^{th}\) April, 2005 in Kathmandu, Nepal. The study team consulted a broad range of actors, including indigenous peoples’ organizations and representatives; government officials, including the National Planning Commission (NPC) and the Finance Ministry; leaders of civil society and human rights organizations; officials of bi- and multilateral donor agencies, including the UN Agencies, the World Bank, the IMF and the ADB; scholars associated with relevant research institutions and resource persons.

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\(^1\) Recent ILO publications on the inclusion of indigenous peoples in PRSPs include a desk review of 14 PRSPs as well as case studies on Cameroon and Cambodia, available at [www.ilo.org/indigenous](http://www.ilo.org/indigenous).
2. Background and Introduction

Nepal is in the 9th Year of a severe armed conflict, initiated in 1996 by the Communist Party of Nepal (Maoist). Since the collapse of the August 2003 ceasefire, the insurgency has escalated and widespread human rights abuses, including abduction, torture, rape, disappearances and summary executions are on the increase in Nepal. At the time of writing, all of Nepal’s seventy-five districts, except Mustang and Manang, are now affected and the Maoist rebels are thought to control over seventy percent of the country. At the district and local levels, many Village Development Committees (VDCs) are without government representation, after officials have fled as a result of Maoist threats. Total casualties amount to over 11,000. The rural poor, caught between the Maoists and the army are the worst affected by the conflict and the livelihood of ordinary citizens has been severely disrupted. In an attempt to escape the violence, many have fled the countryside to the city and across the border into India resulting in extensive population displacement. The national parliament and locally elected bodies have been dissolved since mid-2002 and a state of emergency was imposed in 2005 for three months from 1st February -1st May, after the King sacked the government.

Nepal is a multi-ethnic state, comprised of a great diversity of cultures, castes, languages, religions and belief systems. But this diversity is characterised by widespread discrimination, gender inequalities and major geographical disparities (Bhattachan 2001; Bista 1991). Despite constitutional recognition in 1990 of Nepal as a multi-ethnic, multi-lingual state, centuries of Brahman and Chetri hegemony has resulted in the exclusion of these groups from mainstream social, economic and political processes (Bhattachan 1995; Lawoti 2005). Economic and social relations in Nepal continue to be governed by this deeply entrenched ethnic, caste and gender-based hierarchy, which has resulted in the disproportionate representation of indigenous peoples among the country’s poor.

Social, economic, political and cultural exclusion, especially when combined with high poverty levels, has serious repercussions in multi-ethnic societies and can, as in the case of Nepal, result in violent political conflict (Bhattachan 1995 and 2000). The root causes of the conflict have been identified as deep grievances stemming from the systematic exclusion and marginalization of large sections of the population based on class, caste, gender, ethnicity, religion, language and geographical isolation. The ongoing conflict has succeeded in drawing national and international attention to the gross inequalities, which have characterized the Nepali state and society for centuries. The Maoists stated aim is to bring about social transformation and reduction in long-standing social inequality between men and women, and between different caste and ethnic groups. They believe that the conditions of social inequality have made the armed struggle inevitable in Nepal. They also believe that their success in displacing the present government in the countryside justifies their actions.  

Issues of state-supported discrimination and exclusion raised by the Maoist movement and the support the insurgency has received from ‘traditionally’ marginalized sections of
the society (women, Dalits, indigenous peoples and Madheshis), have resulted in the emerging understanding of ethnicity, caste, gender and region as crucial determinants of poverty and vulnerability in Nepal. Subsequently, social inclusion has been defined as one of the four pillars of Nepal’s PRSP. Indigenous peoples, who comprise at least 1/3 of the population, have been identified as one of the ‘socially excluded’ groups who warrant special attention and targeting for poverty alleviation efforts.

The immense cultural diversity and social inequalities of Nepalese society make the task of poverty reduction in Nepal incredibly complex. The PRSP recognizes that the ‘one size fits all’ approach to development and deregulation is not working for Nepal. Disenchantment and disillusionment, stemming from poverty and inequitable distribution of resources has resulted in instability and conflict. The approach laid out in the PRSP reflects the increasing realisation among the international community and reformist elements in His Majesty’s Government of Nepal (HMG-N) that the frustrations and resentment symbolised by the Maoist conflict will not subside unless the root causes of family, caste, ethnic, gender and geographical disparities are addressed. The ongoing insurgency has succeeded in making the empowerment, inclusion and advancement of indigenous nationalities a major national agenda of Nepalese governance today. However, this fact is not yet reflected at the level of programme implementation by either government or most donors.

This case study argues that despite the good intentions and increasing realization of the importance of social inclusion for poverty alleviation and lasting peace, reflected in the PRSP, insufficient attention has been given to indigenous peoples’ issues in Nepal. The PRS process in Nepal has not been inclusive enough of indigenous peoples and as a result, the final document, does not accurately reflect or address their fundamental concerns. The policies and measures outlined lack continuity and have been largely cosmetic in nature. The failure of past efforts to improve the status of indigenous and low caste groups is also acknowledged in the PRSP, but the following analysis shows that many of the strategies and programmes laid out in the PRSP perpetuate the same problems which characterized past efforts. These shortcomings can be attributed to a combination of factors for which both the government and donors are responsible, including: insufficient awareness of indigenous issues and their specific experience of discrimination; lack of development and under funding of appropriate institutional structures; lack of participation and consultation of indigenous peoples in the design and implementation of poverty reduction and development initiatives; the centralised nature of the Nepali state and general lack of political will. In a country where over 1/3 of the population is from indigenous groups, the result of this has serious implications, both in terms of poverty alleviation and for the establishment of a basis for lasting peace.

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3 Dalits are the so-called “untouchables” within the Hindu caste system
4 Madhesis are groups of peoples inhabiting the Terai (plains) region of Nepal (in contrast to hill peoples - Pahadiya), showing a geographical identity of people as a whole (see Gupta et al 2003). Madeshi groups have suffered historical and systematic discrimination by the Hindu Hill rulers because of their geography and culture. Millions remain without citizenship certificates. (See Gurung 2003; Dahal & Bhattachan 2004).
3. Indigenous Peoples, Poverty and Conflict

3.1. Data and recognition of indigenous peoples

The 1991 census was the first time that data disaggregated on the basis of caste and ethnicity was made public.\(^5\) This progress in addressing issues raised by indigenous peoples was a direct result of the insurgency which has succeeded in heightening awareness of many social and political issues, including gender, caste and ethnicity-based discrimination, which were previously largely ignored by the state.

The 2001 Census identified 102 caste and ethnic groups (mostly Caucasoid and Mongoloid) and 92 languages and dialects (mostly Indo-Aryan and Tibeto-Burman), which are under listing of the actual numbers\(^6\). Given the complex geographical and demographic composition of Nepal, the population can be divided along various lines, including by religion, language, region (hill or plain), and caste/ethnicity. These identities often intersect with one another, resulting in multiple discrimination of certain social groups, particularly women from within these groups.

The national consultation on Indigenous Peoples of Nepal held in Kathmandu in March 23-26, 1994 defined indigenous peoples (Advisi-Janajati) in the context of Nepal to refer to those communities:

1. which possess their own distinct and original lingual and cultural traditions and whose religious faith is based on ancient animism (worshipper of ancestors, land, season, nature), or who do not claim "The Hinduism" enforced by the state, as their traditional and original religion.
2. those existing descendants of the peoples whose ancestors had established themselves as the first settlers or principal inhabitants in any part of the land falling within the territory of modern state (Nepal), or and who inhabit the present territory of Nepal at the time when persons of different culture or ethnic origin arrived there and who have their own history (written or oral) and historically continuity.
3. which communities have been displaced from their own land for the last 4 centuries, particularly during the expansion and establishment of modern Hindu Nation State and have been deprived of their traditional rights to own the natural resources (Kipat {communal land}, cultivable land, water, minerals, trading points etc.).
4. who have been subjugated in the State's political power set-up (decision-making process), whose ancient culture, language and religion are non-dominant and social values neglected and humiliated;
5. whose society is traditionally erected on the principle of egalitarianism – rather than the hierarchy of the Indo-Aryan caste system and gender equality (or rather women enjoying more advantageous positions) – rather

\(^5\) Data on caste/ethnicity, religion and language was collected for the first time in the Census of 1952/54. However the data on caste/ethnicity was never made public (Gurung 2002:1).

\(^6\) For example, the Summer Institute of Linguistics has identified more than 125 languages and dialects in Nepal.
than social, economic and religious subordination of woman, but whose social norms and values have been slighted by the state;
6. who formally or informally admit or claim to be "the indigenous peoples of Nepal" on the basis of aforementioned characteristics (NCIDWIPN 1994:2-3).

HMG-N identified and recognized 59 indigenous nationalities (Adivasi-Janajati) of Nepal by enacting a law in 2002 (See Box 1). 18 are from the mountainous region, 24 from the hills, 7 from the inner Terai and 10 from Terai (See Box 1). According to Article 2 (a) of the National Foundation for Development of Indigenous Nationalities Act, 2002,

"indigenous nationalities" means a tribe or community as listed in the schedule having its own mother language and traditional rites and customs, distinct cultural identity, distinct social structure and written or unwritten history" (HMG-N 2002:170).

Box 1. Indigenous Nationalities of Nepal identified and recognized by His Majesty's Government of Nepal.

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<th>TERAI</th>
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<td>9. Tajpura</td>
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According to the census of 2001, of the total 22.7 million population of Nepal, indigenous nationalities comprise 36.31% (Mountain 0.82%, Hill 26.51%, Inner Terai 1.11% and Terai 7.85%) and are in the majority in 27 of the 75 districts. This figure, derived from the census figures, is widely contested by indigenous groups, who refute the validity of the census figures and claim the real figure of indigenous peoples in Nepal is much higher (See NFDIN 2003: 3; Gurung, S. 2004)

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1 Initially HMG-N formally, identified and recognized 61 indigenous nationalities in 1997 by executive order (HMG-N 1997).
2 Gurung, H et al. 2004, p. 4
The National Foundation for Development of Indigenous Nationalities (NFDIN) established under the 2002 Act (operationalised in July 2003) is under the Chairmanship of the Prime Minister, with the Minister of Local Development as Co-Chairman of the Governing Council. The Foundation has a mandate to reduce the inequalities and protect and promote the culture of the Nepal’s ethnic indigenous nationalities. The Foundation formulates and implements programmes aimed at the social, economic and cultural development of indigenous nationalities.

The Nepal Federation of Indigenous Nationalities (NEFIN) is an umbrella organization of indigenous peoples' organizations representing the 59 indigenous nationalities. Currently 48 indigenous organisations are represented as members of NEFIN and this number is increasing. When it was formed in 1990, there were only 8 member organisations. Its mission is to acquire social equality and justice for Indigenous Nationalities by preserving their distinct social, political, cultural and linguistic identities and by promoting their representation in every aspect of national life (NEFIN 2003).

NEFIN is the only legally recognized representative organization of the country’s indigenous nationalities. It has a federal council consisting of one representative form each of its member organisations. The nine office holders of the council and secretariat rotate among the member organisations in alphabetical order. There is also a general secretary and seven other secretaries responsible for the various departments. Elections for office bearing positions are held once every three years at the general assembly. NEFIN also elects the Vice-Chairperson of the NFDIN.

3.2. Indigenous Peoples and Poverty

The complexity of Nepalese society in terms of ethnic, caste, linguistic, religious, geographical and cultural diversity, means that the correlation between indigenousness and poverty is not straightforward. As a result of various historical processes (including geographical location, royal patronage, land alienation and degree of cultural appropriation of Hindu culture and values), within the 59 indigenous groups officially recognized in Nepal, large margins of difference in terms of socio-economic development exist within and between the plethora of these groups. For example, there are nomadic groups (e.g. Raute); jungle-dwellers, practicing shifting agriculture (e.g. Chepang,

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9 Including to establish relations with foreign or international associations having similar objectives, and to exchange cooperation with them. (NFDIN, An Introduction, 2003).

11. The vision of NEFIN is: To recognize the inherent strength of Indigenous Nationalities in the unity of diverse groups with their distinct languages, ethnicity, religion, culture and territory; To understand that every Indigenous Nationality is sovereign and rich in its cultural identity and traditional practice; and To promote the principle of the right to self-determination, Indigenous Nationality are empowered to make their own decisions regarding their lives (See http://www.nefin.org.np/mainsite/content/view/17/48).

Objectives are laid out in the NEFINs Constitution (amended in 2003) include; to influence HMG/N to implement special programmes for the protection, development and economic advancement of indigenous nationalities; lobby HMG/N to comply with international human rights obligations; capacity building and empowerment of indigenous nationalities' organisations (NEFIN 2003:3)

11 Organisation; Finance; Language, Literature, Art and Culture; Women, children and Health; Study and Research; Public Affairs and Foreign Affairs.

12 A process described as 'sanskritisation'/Hinduization', by which other social groups appropriate the values and traditions of Hindu high castes for the purposes of social mobility.
Bankarai); groups inhabiting tropical forest areas (e.g. Tharu, Dhimal); groups who primarily rely on agriculture (e.g. Gurung, Magar, Rai and Limbu) and those with an ‘advanced’ urban culture (e.g. Newar) (Bhattachan and Bhattachan 2003:13).

According to the Nepal Human Development Report of 1998 and 2004, two indigenous groups (Newars and Thakalis) easily surpass the other 57 in terms of their ranking on HDI. According to the 2001 census figures, Thakalis have the highest literacy rate (62.6%) out of all the social groups, surpassing even the dominant castes, while another indigenous group, the Chepangs have the lowest literacy rate (14.6%) (CBS 2003:131). Data from the 1998 Human Development Report on proportion of the population below the poverty line shows the indigenous Newar at the lowest end (25%) and the indigenous Limbu with the highest incidence of poverty (at 71%). However, the relatively high socio-economic status of these groups has been at the expense of their linguistic and cultural rights (e.g. the Newars and the Thakalis are rapidly losing their religious and linguistic identity as in the process of ‘development’ they increasingly appropriate the dominant Hindu culture.)

The correlation between indigenous peoples and high poverty levels is a well-known feature of the world today (The World Bank n.d.) and despite the disparities among different indigenous groups, Nepal is generally no exception. The 2001 census and the National Living Standard Survey (NLSS) data shows that indigenous peoples are (along with Dalits, women and some regional groups), particularly vulnerable to poverty (Bajracharya, Sharma and Osmani 1999; CBS 1996; Gurung, S. 2004; and NFDIN 2003).

In general, most indigenous peoples in Nepal (with the exception of Newars) experience political, economic, social and cultural marginalisation. Many are affected by inequalities and injustices in income, education, health, jobs and political representation. They are also among the most vulnerable to under-employment, migration, bonded labour (including the worst forms), discrimination, trafficking and child labour. They are predominately concentrated in remote rural areas and mainly rely on subsistence farming for their livelihood. Land ownership in Nepal is dominated by high castes, after much of indigenous peoples traditional land was appropriated by the state in the process of nation building. Landlessness and lack of access to natural resources, on which their livelihood previously depended has lead to extreme poverty and lack of access to basic services. The high proportion of indigenous recruits, from certain groups, in the national armed forces reflects an attempt to break out of the cycle of poverty.

The 2004 UNDP Human Development Report makes explicit the link between social exclusion (unequal access of certain groups to economic assets, income or employment opportunities, social services or political opportunities) of indigenous peoples and other minorities, poverty and conflict. It also argues that in many countries, including Nepal, cultural exclusion (such as lack of recognition of identity, territory, language, culture or religion) can also be an important root cause or trigger of contemporary conflicts (UNDP 2004 a; 2004 b)

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13 According to the World Bank, indigenous peoples represent about 5% of the world’s population, but over 15% of the world’s poor (World Bank 2003)
In comparison to other ‘disadvantaged groups’ in Nepal, indigenous peoples are unique in facing exclusion on the basis of identity combined with religion, language and culture on account of provisions in the 1990 Constitution, which designates Nepal as a ‘Hindu kingdom’ and Khas Nepali as the only official language of the country. As distinct peoples, issues of identity and culture, of which language rights form a critical part, are often of fundamental importance to indigenous people. Official recognition of their specific identities often determines the ability of indigenous peoples to exist as distinct peoples within a state with the effect that denial of cultural rights often impacts heavily on their enjoyment of social, economic, civil and political rights.

As elsewhere, the causes of the comparatively high poverty levels of certain groups of indigenous peoples in Nepal is predominantly structural in nature and include, dispossession of land, forest and other natural resources, non-recognition of traditional land-use patterns and land tenure arrangements, discrimination in political, cultural and economic spheres; non-recognition of their mother-tongue languages, customary law, institutions and collective rights. Empowerment of disadvantaged groups as a prerequisite for poverty reduction is well accepted in mainstream development discourses. However, empowerment of indigenous peoples requires not only a focus on their rights as individuals (such as access to food, livelihood, education, health etc), but also on their rights as a group. Such group rights relate to identity, territory (land, forest, pasture, water and minerals), mother tongue (language), religion, culture and indigenous knowledge systems.

Consequently to have an impact, strategies aimed at poverty alleviation must take into account the root causes of discrimination and exclusion faced by diverse disadvantaged groups including indigenous peoples, lower castes, Dalits and Madhesi groups. Some similarities certainly exist between these groups vis-à-vis the dominant group (high caste males), such as low representation in state mechanisms and decision-making positions. However, the nature and causes of poverty faced by these groups also differ in fundamental ways and, therefore, may require different strategies and approaches, both at the level of policy and implementation. The recognition of this ‘difference’ is particularly important for addressing poverty of indigenous peoples, which need to take into account fundamental issues of identity, language, religion and culture. This can only be done by adopting a rights based approach to poverty alleviation.

3.3. Indigenous Peoples and the Maoist Insurgency

Lack of consultation and participation of indigenous peoples (and other disadvantaged groups), combined with poverty, unemployment and the emergence of a culture of conflict, continue to fuel the Maoist insurgency, political instability and the rise of ethnic nationalism in Nepal. While it is clear that the Maoist insurgency has a strong ethnic dimension, the exact nature of the link between the issues of indigenous peoples, poverty and conflict continues to be debated (Gurung, D. B. 2003; Sharma 2002; Pradhan 2002; and Gurung, H. 2005).

Although analysis of spatial patterns does not indicate any correlation between the density of indigenous peoples and intensity of the Maoist insurgency, there is a clear
correlation with poverty levels (Gurung, H. 2005:12).\(^{15}\) Social exclusion is both a cause and consequence of poverty; this is reflected by the fact that, along with Dalits, certain indigenous groups are found at the bottom of almost every social indicator in Nepal. It is also reflected by the significant degree of Maoist support and recruits from these socially and economically marginalised sections of society.\(^{16}\) For the purpose of this analysis, it is interesting to note that out of 75 districts of Nepal, the only two districts (Mustang and Manang) where there have been no insurgency related deaths, are areas predominantly populated by relatively homogenous indigenous groups, who due to their geographical isolation have managed to retain a significant degree of autonomy from the state, both in terms of retention of traditional governance structures and control over natural resources. It is also significant that there have been relatively low levels of development interventions in these districts, which seems to suggest that the effective functioning of traditional indigenous systems have contributed to relatively low levels of poverty in this area (Gurung, H. 2005).\(^{17}\)

While the Maoist’s political agenda is primarily class-based, indigenous people’s concerns have played a central part in the Maoist struggle since 2000, with the opening of an Ethnic Department at central level. The Maoists have incorporated indigenous peoples’ issues into their struggle, arguing that systematic exclusion and deprivation of indigenous groups should be addressed as “primary issues” in equitable national development and national integration. The Maoist political platform includes indigenous groups’ right to self-determination, ethnic and regional autonomy, proportional representation, equal language and cultural rights, elimination of caste-based Hindu domination and Brahmanism, and elimination of patriarchy and untouchability. As a DFID report points out; ‘while the Maoist movement has not yet been successful in achieving this platform, increased awareness of the institutionalised exclusion of indigenous communities has encouraged people to question the status quo’ (DFID 2003: iv-v). The extent of politicisation of the ethnic agenda by the Maoist movement has meant that the ‘ethnic issue’ is now firmly on the national political agenda, hence its reflection in the PRSP.\(^{18}\)

Out of the forty-point charter of demands, with which the Maoists launched the insurgency in February 1996, five are in consonance with the indigenous peoples' agenda (ethnic autonomy and self-rule, devolution, secular state, ending ethnic oppression and equality of languages – including mother-tongue education up to higher secondary school

\(^{15}\) Harka Gurung 2005, p. 12.

\(^{16}\) Women make up almost 1/3 of Maoist forces (Thapar 2003:159). Another estimate suggests that as much as 70% of women Maoist recruits are ethnic indigenous.

\(^{17}\) This correlation between community ownership of natural resources is a well documented trend across the world and is proof of merits of self-management, as laid out in the preamble of ILO Convention 169, which recognises ‘the aspirations of these peoples to exercise control over their own institutions, ways of life and economic development and to maintain and develop their identities, languages and religions, within the framework of the States in which they live’.

\(^{18}\) In the Royal proclamation on 1st February 2005, King Gyanendra stated; ‘equal opportunities for the development of all our languages, peoples and their cultures alone can preserve and consolidate the Kingdom's distinct characteristics'. This suggests the explicit recognition by the King that as part of the nation, indigenous peoples have much to contribute culturally and their traditions and values are an inseparable part of the national culture.
The crucial difference between the mainstream indigenous peoples’ movement and the Maoist ethnic agenda is the means used to achieve their common objectives: the non-Maoist movement (represented by the NEFIN) believes that ethnic inequality can be solved within the framework of the existing Parliamentary system through reforms, while the Pro-Maoist ethnic faction sees revolutionary change as the only solution (Sharma 2002:13). Another fundamental difference is that the Maoist movement advocates the right to secession, while the mainstream movement is content with the right to self-determination within the contours of the nation state.  

As a result of the Maoist demand for a secular state and ethnic/regional autonomy, the movement has gained considerable support from Nepalese indigenous peoples. Maoist organisations also have a higher proportion of indigenous peoples’ representation within the organisation compared to mainstream political organisations (see Sharma 2002).

This reflects the failure of the 1990 Constitution and mainstream political processes to adequately address the issues of exclusion raised by Nepal’s indigenous peoples. The inclusion and general approach towards indigenous nationalities in the PRSP reflects this realisation by the state (albeit too late) (cf. Sharma 2002:13). As a result of the Maoist mobilisation of indigenous peoples, the state security forces are quick to draw the assumption, particularly in rural and Maoist affected areas, that certain indigenous groups are ‘natural’ Maoist sympathisers.

Available data on human rights violations reveals that a disproportionate number of victims of killing and forced disappearance belong to the indigenous population. Furthermore, ‘the concentration of the war in indigenous territories has caused wide spread poverty, displacement and trauma to the indigenous women, children and innocent civilians’ (INSEC, 2004: 123). As a result of their geographical location and socio-economic situation (which prevents many from fleeing the area), indigenous peoples are targeted by both sides to the conflict: as potential recruits (by the Maoists) and as Maoist sympathizers (by the Government forces). While both sides claim to represent indigenous peoples, no meaningful consultation process has been established by either and spiritual and cultural dimensions of their issues are universally ignored.

The politicisation of the ‘ethnic' issue and the lack of meaningful consultation with indigenous peoples has serious implications for the effective implementation of the PRSP. It also raises questions about the state’s (and the Maoists) commitment in general to addressing rights issues raised by the indigenous peoples' movement in Nepal. According to an assessment report prepared for DFID Nepal, the central cause of continuing conflict is the government’s ‘unwillingness to acknowledge the root causes of the conflict and reform policies’.

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19 See Preamble, Article 1, Article 7 (1) of ILO Convention No. 169 (1989) for elaboration of this concept of self-determination.
20 In the words of Prachanda, Maoist Party Chairman, ‘Nobody, not even the ruling classes among the oppressed nationalities dare to oppose our policy. They are forced to say that this policy of the Maoists is correct’ (Interview , Revolutionary Worker, No. 1043, February 20, 2000, cf. Sharma 2002: 13).
21 This is particularly the case with certain ethnic groups, such as Tharu and Magar.
Looking at the wider picture, given the ethnic dimensions of the current conflict and the extent of grievances felt by indigenous peoples in Nepal, any peace agreement would need to include separate negotiations on issues raised by indigenous peoples, including rights to identity, education, language, culture, traditional knowledge, land and gender issues. It is imperative to continue efforts to lobby for indigenous participation in the peace talks, whenever these may again become a reality.

One of the main issues raised by the indigenous peoples’ movement in Nepal, which is also the fundamental essence of ILO Convention No. 169, is that nothing should be decided by the State which affects indigenous peoples without specific and full consultation with them. After any civil war, the state has to be reinvented; therefore activities, which strengthen participatory politics and increase representation of previously excluded groups, are imperative for the establishment of a meaningful peace process in Nepal. However, does the approach laid out in PRSP and the corresponding response from the donor community do justice in this regard? As will be shown in the following analysis of the PRS process and its response to the interlinked issues of poverty, indigenous peoples and conflict in Nepal, it is clear that if poverty reduction and lasting peace is to be ensured, a paradigm shift is required in the way that the rest of society, including the donors, views indigenous peoples and their issues.  

23 Intercultural dialogue, using C.169 as a framework (as was the case in Guatemala) can go along way to achieving these ends. (See Chambers, I. 2005)
4. Overview of the PRSP process in Nepal

The PRSP/Tenth Plan (2002-2007) outlines a four-pillar strategy, calling for (i) high, sustainable and broad-based economic growth; (ii) social sector and rural infrastructure development; (iii) social inclusion and targeted programmes for the ultra poor, vulnerable and deprived groups; and (iv) good governance. In terms of implementing this four-pillared strategy, the Plan also stresses cross-cutting approaches with regard to: (i) redefining the role of the state and limiting public interventions; (ii) promoting private sector development; (iii) promoting community participation; and (iv) accelerating the decentralisation process. The PRSP also highlights the importance of effective implementation in order to deliver basic services and infrastructure to the poor, to enhance their quality of life and promote economic and social inclusion of women and marginalised communities and regions. ‘Accordingly, the Plan places strong emphasis on monitoring progress towards the attainment of key poverty reduction goals including the Millennium Development Goals (MDGs), and ensuring that the feedback received from intended beneficiaries and target groups is effectively utilised for improving poverty interventions’ (NPC 2004a:2).

The PRSP represents an important turning point in the government’s policy paradigm towards indigenous nationalities, as their social and economic inclusion in mainstream development is an explicit poverty-reduction goal (ILO 2005:37).

Four strategies and 13 policies and working policies related to indigenous peoples have been identified:

1. All-round development and egalitarian society (7 policies);
2. Conservation of cultural heritage (1 policy);
3. Traditional skills and specialization (3 policies)
4. Mainstreaming (2 policies).

Numerous programs are mentioned under the themes:

a) Institutional arrangement;
b) Language and cultural development;
c) Human resource development; and
d) Social and economic development.

4.1. The process of PRSP formulation

The process of PRSP formulation was as follows:
- The NPC used the World Bank's PRS as a broad guideline and developed the Interim Poverty Reduction Strategy Paper (IPRSP) with technical support of the ADB. This is the starting point of preparation of the PRSP in Nepal.
- The NPC organized regional consultations on the IPRSP.
- After incorporation of suggestions made by the participants of regional consultations, the IPRSP was finalized.
- The NPC prepared instruction and guidelines for preparation of sector plans and consultation with stakeholders based on the IPRSP.
Some donors supported the NPC and concerned Ministries to prepare background papers.

Each Ministry prepared respective sector plans.

The NPC formed a PRSP Formulation (Core) Team.

The PRSP Formulation Team prepared guidelines for Policy Action Matrix to match plans, policies, programs, monitoring with an overarching goal, i.e. poverty reduction.

The PRSP Formulation Team provided 2-3 orientations to the NPC and each Ministry and additional orientation to some Ministries.

A Sector Plan Formulation Team was formed by including a NPC member, divisional heads, experts and stakeholders.

Each Ministry's Sector Plan Formulation Team formed Sub-Team to organize Focus Group Discussion (FGD) to get external inputs.

Some Ministries hired consultants.

Sector plans were prepared by the respective Ministries and crosscutting plan prepared by the NPC.

The NPC with support of DFID commissioned a consulting firm to carry out a study to determine indigenous peoples' major issues, constraints and opportunities;^24

Sector plans were streamlined by the PRSP Formulation Team; the PRSP Formulation Team hired sector experts for short period.

The PRSP Formulation Team and sector experts developed a common format.

Consultation with stakeholders to finalize the draft PRSP.

Draft PRSP finalized.

Regional and national consultation on the Draft, and in some case on specific components of the Draft.

Presentation, discussion, suggestions and approval by the National Development Council (NDC).

Translation of PRSP Final Draft in English for discussion with donors.

Consultation with donors with twin objectives: (a) Look for broader policy perspective, and (b) donor harmonization from international perspective.

Finalization of PRSP.

Submission of PRSP to the Cabinet headed by the Prime Minister for suggestion, change and approval.

2-3 rounds of discussion with the World Bank on the Final PRSP for preparation of the Summary PRSP.

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^24 A similar study was commissioned for Dalits with support of the Action Aid, Care Nepal and the Save the Children USA.
5. Inclusion of Indigenous Peoples in Nepal's PRSP: Consultation and Participation

This section comprises an overview of the nature and degree of consultation with indigenous peoples during the course of PRSP formulation. It will be shown that although a significant attempt was made to address indigenous peoples' issues and concerns through the commissioning of a detailed background paper, the strategies laid out in this document were largely overlooked in the final document. This is followed by a critique of the consultation and participation of indigenous peoples in the PRS process, which emerged from consultations with different stakeholders during the course of this case study, including indigenous scholars and leaders.

5.1. Nature and Degree of Consultation and Participation in the PRSP

The PRSP documents provide information about consultation and participation of various stakeholders. The Vice Chairperson of the NPC writes, ‘The Plan is an outcome of extended nation-wide consultation participated in by a large number of people from all walks of life. The participatory approach adopted in preparing the Plan, inclusion of the logical framework, identification of prioritised programs and projects and identification of monitorable indicators are some of the important features’ (NPC 2002: Foreword). The Tenth Plan states, ‘Right from the drafts to the final document, there has been wider public participation involving private sectors, NGOs, intellectuals, women activists, nationalities, scheduled castes, civil societies and communities, presidents of DDCs, mayors, representative council of VDCs and honourable MPs in regional and national levels’ (NPC 2002:2). While explaining the Tenth Plan preparation process, NPC states that ‘it has adopted a participatory and relatively more “bottom up” approach,’ and hence, ‘it is the product of an extended nation-wide consultation process over two years...the feedback from such consultations has been interactively utilized for finalizing the plan's objectives, targets, policies; and programs,’ and ‘as the product of a highly participatory process, it can claim a far higher degree of national ownership and acceptance than earlier plans’ (NPC 2003:5-6).

Until the time of formulation of the Ninth Plan (1997-2002), the NPC had not practised "wider consultative" or "participatory approaches" in development planning or the formulation of poverty reduction strategies. Therefore, the NPC was indeed progressive in introducing such an approach during the preparation of PRSP/the Tenth Plan. The Ninth Plan was the first ever plan to introduce a targeted program for indigenous peoples of Nepal, many of which were quite progressive. However, none of the policy, strategy or programs were ever implemented. It was only after an international meeting of donors in London in 2002 highlighted exclusion/inclusion issues in the context of intensifying internal armed conflict in Nepal that issues of social exclusion, including of indigenous nationalities, began to be taken seriously by the ruling elite.

The NPC states that the PRSP was a product of series of related documents (NPC 2003:6 & 8). These are:
- Interim Poverty Reduction Strategy Paper (IPRSP),
- Mid-Term Expenditure Framework (MTEF),
- Economic Reform Program (ERP),
In addition to these documents the theme papers discussed in the Nepal Development Forum (NDF) also contributed in the formation process.

The NPC states, ‘five consultations, including two women exclusive groups, were organized in three development regions and participants included 'socially backward classes,' 'backward communities' and 'ethnic minorities'.’ The NPC further states, ‘In all these consultations, brief papers were presented, followed by group discussions and additional feedback provided by participants by filling-up a questionnaire.’ ‘There were 112 participants in the three groups and 94 participants in the women only groups.’ Similarly in the draft approach paper, five regional consultations with participation of 60 to 80 in each were organized. Separate consultative meetings with DDC leaders and Members of Parliament were also organized. The National Development Council (NDC), which also comprises representation from "ethnic minorities", finalized the draft approach paper. Ministries and Departments were directly involved in the process of selection and formulation of projects under their respective Ministries.

The four-member PRSP Formulation Team comprised of two Newars25, neither of whom were familiar with indigenous peoples' issues, and two Brahmins (the dominant caste). In the write up of the PRSP (as stated in the acknowledgement, sectoral policies and policy matrix (logframe)) specific policies and policy matrix on indigenous peoples and Dalits have been excluded.

5.2. Proposed plan of action to address indigenous peoples in the PRSP

The realisation of the linkages between exclusion and conflict resulted in the NPC and DFID going beyond regular process and forming a study team to prepare a plan of action on indigenous peoples for the PRSP. Dr. Jagdish Pokharel, the then member of the NPC, was proactive in initiating the ensuing process of consultation.

The NPC, with financial support from DFID, invited four consulting agencies to submit proposals to carry out a study on "Adivasis/Janajatis in National Development: Major Issues, Constraints and Opportunities." The Institute for Integrated Development Studies (IIDS) was selected to carry out the study. A mixed team of indigenous peoples' rights activists26 and politicians/former bureaucrats (from high caste groups),27 conducted the study and submitted a 300 page-long report in November, 2002. The process was highly participatory: the study team organized eight consultative meetings in Kathmandu, Dharan, Pokhara and Nepalgunj; three thematic consultative meetings on 'culture and women', 'language', and 'legal and policy issues'; one focus group discussion with scholars specializing on indigenous peoples' issues and individual interviews with 95

25 Although an indigenous group, as a result of their geographical location (in the Kathmandu valley) the Newars share a monopoly of power with the Hindu high castes.
26 Chaitanya Subba (Coordinator), Amrit Yonjan, Laxmi Limbu, Shyamal Krishna Shrestha, and Sangini Ranamagar.
27 Nilambar Acharya and Dwarika Nath Dhungel.
persons. Individuals and representatives of local level organizations belonging to 23 out of 59 indigenous nationalities participated in these consultative meetings.

The Team Leader of the study team said that the NPC had indicated that they did not want suggestions on political issues such as traditional homeland, ethnic autonomy, right to self-determination, secularism, and constitutional change. Suggestions relating to enactment of new laws and reform of existing laws were permitted. The team discussed briefly with the NPC twice before finalizing its report. The result of this process was the formulation of separate policies and strategies in the areas of linguistic, socio-cultural, human resource, health, economic and women's development, protection of endangered indigenous peoples and legal and policy reforms. Altogether 144 programmes were recommended, which included:

- 43 programmes related to the protection, promotion and development of languages and cultures of indigenous nationalities,
- 14 programmes related to human resource development,
- 8 programmes related to health-related development,
- 28 programmes related to economic development,
- 29 programmes for the overall development of indigenous nationalities,
- 22 different programmes and actions, including legal and policy provisions for strengthening the position of indigenous nationalities.

The final report stated that "these programmes are based on the needs, aspirations and core issues of adivasis/janajatis and conform to the pluralist approach. These programmes relate to the rights-based approach such as the multiethnic or cultural rights, rights to self-government, rights to special representation. These programmes present adivasi/janajatis as partners in development" (IIDS 2002).

The Team leader of the study said that the task force of the NPC, that prepared the PRSP, ignored most of the recommendations in their report. Reasons cited, during consultations for this study with the NPC, IIDS, NEFIN, NFDIN and donors, for the lack of incorporation of the recommendations included; "frequent change in government and NPC members," "political uncertainty," "coordination problems," "the way government works," and "lack of political commitment," etc.

Specific reasons cited for weak follow-up by the various stakeholders included:

- NEFIN and its affiliated indigenous peoples' organizations supported most of the recommendations, however they had reservations about the process used.
- The NPC did not incorporate the report to its maximum potential because of a change in the composition of the NPC team. Once Dr. Jagadish Pokharel term expired, other NPC members did not pursue its incorporation with the necessary commitment and sincerity;
- The findings of the report were not published by DFID, reportedly because of the political sensitivity of some of the issues raised.

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28 Personal communication, with Chaitannay Subba, April, 2005.
5.3. Final Consultation, Participation and Outcome in the PRSP

The NPC organized a final consultative meeting on the draft PRSP. Most of the invited participants were current or former ministers, NPC members, bureaucrats, political leaders, and experts in different fields. NEFIN was not invited, but a couple of indigenous experts were invited to participate on an individual basis. Participants were divided into several thematic groups, including targeted programs for indigenous peoples and Dalits. Participants belonging to indigenous peoples felt they would have more impact participating in the session on targeted programs. However during his presentation of the group work in the plenary, the rapporteur of the group presented his own thoughts, rather than what was being discussed and agreed in the group discussions.

5.4. Criticism by different Stakeholders on Consultation and Participation of Indigenous Peoples in PRSP

Consultations
In spite of the commendable initiative of the NPC in preparing a background paper on indigenous peoples' issues, the following criticisms have been made by indigenous leaders and experts regarding consultation and participation of indigenous peoples in the PRSP process:

- NEFIN and its affiliated indigenous peoples' organizations at the central and local levels were not invited to consultations in the drafting of the PRSP and related documents, including the IPRSP, MTEF, ERP, IAP, and the Approach Paper for the Tenth Plan.
- The Nepal Indigenous Women's Federation (NIWF) and its affiliated indigenous women's organizations were not invited to PRSP consultations designed for women only groups.
- Participants belonging to different indigenous nationalities participated in their individual capacities. However, many of them were not aware about indigenous peoples' issues and even when indigenous peoples' activists were present, their voices were often lost amidst the "crowd."
- The NEFIN and its affiliated indigenous peoples' organizations and experts on indigenous issues were not invited and consulted by individual line ministries.
- A thematic paper on indigenous peoples' issues has yet to be presented and discussed at Nepal Development Forum meetings.

A current NPC member who also participated in the consultation process during the formulation of the PRSP, commended the process of "wider consultation with different stakeholders", including indigenous peoples, in the formulation of the PRSP. However he also acknowledged that many of the participants' voices were overlooked by the NPC.

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29 Krishna B. Bhattachan, consultant of this study on indigenous peoples, PRSP and conflict in Nepal, and Chaittanya Subba, Team Leader of the IIDS study Team, participated in the final consultative meeting on draft PRSP/the Tenth Plan in individual capacity.

30 Participant observation by Krishna B. Bhattachan and Chaittanya Subba.

31 Issues raised and discussed in this Forum have a major influence on Policy changes.
despite their presence during the consultations\textsuperscript{32}. Furthermore, indigenous issues were often raised by other sections of society and he said that the NPC respected this voice because of the awareness raised on such issues as a result of the conflict. Increased awareness of indigenous issues had also been a result of the activity of indigenous peoples' pressure groups. However, lack of initiative by indigenous communities themselves (often as a result of language/time/capacity barriers) was also cited as reasons why some nationalities were left out of the consultation process.

Some scholars were of the opinion that with the exception of some urbanised peoples, indigenous peoples in general are largely incapable of negotiating with larger or dominant groups due to disadvantages in language, political power and the nature of many of their social structures\textsuperscript{33}. Some donors believe that the government's neglect and exclusion of indigenous peoples is "deliberate"\textsuperscript{34}. Therefore, the general opinion was that although the PRSP gives priority to inclusion of indigenous nationalities in national development processes, it has been left deliberately vague because of the bureaucrats’ commitment to the status quo.

Consultations for this study clearly revealed that HMG-N and donors have no proper mechanism or criteria for consultation with and participation of indigenous peoples in the formulation of plans, policies, programs, projects and decision-making.\textsuperscript{35} They have yet to adopt the principle of 'prior and informed consent', involving large-scale face-to-face consultation with indigenous peoples, on the one hand, and informing, researching, involving and asking for written input on discussion papers from indigenous peoples, on the other (Bhattachan, Y. 2005:7-9). However, this said, some degree of consultation with indigenous groups did take place and must be acknowledged. These consultations mostly comprised of small group and/or individual consultation with indigenous peoples and activists, which have been deemed grossly inadequate by representative indigenous organisations.

\textit{Mainstreaming}

Although conceptually, the four pillars of the PRSP are intended to be interlinked and interdependent and the social inclusion pillar (and targeted programmes) is supposed to be integrated into the other three pillars, in practice this has not occurred.

NEFIN and indigenous experts believe that while the identification of targeted programs as one of the four pillars of the PRSP is a highly positive development, it has been created as an island that has no connection with the other three pillars. They believe that indigenous peoples' issue is a crosscutting issue and should be treated as such in all sectors. They opined that the failure to achieve this was due to lack of political will by the government; lack of consultation with and participation of NEFIN and its affiliated indigenous peoples' organizations; no participation of NFDIN or indigenous experts on

\textsuperscript{32} Personal communication, April 2005.
\textsuperscript{33} Personal communication, April 2005.
\textsuperscript{34} Personal communication, April 2005.
\textsuperscript{35} This is also true for donors who have a corporate policy on indigenous peoples, many of which highlight the importance of effective consultation and participation with the peoples concerned.
sector programs, including education, forest, natural resources and governance; and resistance to incorporate suggestions provided by the IIDS report.

Regarding comparative lack of visibility and commitment to indigenous peoples’ issues vis-à-vis other ‘excluded’ groups, a former NPC member was of the view that while the government and planners were increasingly sensitised on women and (to a lesser extent) Dalit issues, indigenous peoples issues still raised some serious concerns. As a result of this uncertainty, indigenous issues have not been mainstreamed throughout the government's programs. Reasons cited for this trend included:

- the government feels threatened by the indigenous peoples’ movement as they comprise a large percentage of the population and are a powerful group,
- there is wide diversity among indigenous groups themselves,
- there are extensive differences within each indigenous community,
- there is a lack of hard data on indigenous peoples’ situations,
- it is difficult to select certain indigenous groups as ‘priority’ groups for targeted interventions.

Conflict

Allegations of lack of commitment by the ruling elite to address social exclusion issues seriously in poverty reduction strategies are potentially very dangerous for Nepal. Social exclusion of certain groups of the population is a recognised cause of the internal armed conflict, however if exclusion should continue in the name of “inclusion”, the breeding ground for conflict is likely to intensify. This said, indigenous experts confess that indigenous peoples' advocacy during the development of the PSRP was weak. Partly as a result of this, indigenous peoples' issues were never discussed in Parliament. The NPC's commendable effort at raising the profile of indigenous issues was poor compensation for this because as an operational tool of the government, Parliament should also have been lobbied during this process.

Conflict, poverty experts and human rights activists consulted for this case study were of the view that the PRSP is not sufficiently sensitive to indigenous peoples issues and despite some recognition of the conflict situation (such as the two tier strategy for growth forecast), it is essentially a conflict blind document. The government has failed to understand and internalise the importance of indigenous peoples' issues in the context of poverty and conflict. They opined that the hard line/orthodox/traditional elites, who continue to dominate government and decision making structures, have largely failed to internalise the need of indigenous peoples and have in many cases been deliberately unresponsive to these issues. They emphasized that the whole development planning, thinking and the whole system needs change, as the current model simply does not work. One respondent said that as a result of Government’s inability to effectively implement poverty alleviation programmes as set out in the PRSP, "the PRSP was contributing to the intensification of the armed conflict in Nepal because of its inequitable distribution of resources which continued to benefit the same social groups as in the past."

36 Personal communication, April 2005
37 Personal communication, April 2005
38 Personal communications, April 2005

6.1. General findings

This section begins with a discussion on implementation of the PRSP, focusing on programs directly relevant for indigenous peoples, namely, targeted programs on indigenous peoples, Janajati Empowerment Project (JEP), Poverty Alleviation Fund (PAF), Education for All (EFA), and affirmative action. This is followed by a list of challenges responsible for the poor implementation of activities targeted to indigenous peoples of Nepal.

There is consensus among all stakeholders that the exclusive focus on poverty reduction of the PRSP represents a historic departure from previous plans, in the five-decades long planning process in Nepal. Regarding the recognition and implementation of indigenous peoples in development planning, Nepalese planners and decision-makers claim that the PRSP/Tenth Plan represents a progression from the Ninth Plan. The NPC roughly estimates that by the end of the Tenth Plan period, about three quarters of the plan would be implemented. However escalation in the conflict situation could potentially hamper this. One of the members of the task force, who was responsible for the write up of the PRSP, claimed that the document is "very good at the policy level", but conceded that its major limitation was its weak implementation.

Researchers, poverty and conflict specialists, indigenous peoples' leaders and experts, human rights activists, civil society leaders and international donors were unanimous in their endorsement of this opinion: The PRSP is "a very good background paper," "a useful framework," "very good general process," "historic departure from the past," "good start in addressing the issue of exclusion/inclusion," "well developed strategy," "impressive on paper," and "Nepal's own PRS". However, strong criticisms were levelled at its "chaotic", "weak", "half-hearted", "commitment less," and "insincere" implementation. The reasons for such weaknesses, pointed out by many in the course of our consultations, included:

- The PRSP was not designed to change structure or power equations; instead it was designed to reduce poverty and hence, it’s programmes and approaches for indigenous peoples are cosmetic in nature;
- The PRSP is blind on the realities of the internal armed conflict as the government's activities are confined to the Kathmandu Valley and district headquarters because of the fact that the insurgents control as much as 70% of the country, particularly rural areas which experience the most severe poverty;
- Although the PRSP gives primary responsibility for implementation to the government and a significant role to local bodies, the private sector and non-governmental organizations (NGOs), the working space of all these leading actors has shrunk due to the protracted internal war;
- Lack of institutionalised system of tracking and monitoring program means in many cases the same group (Brahmin/Chetri), who were the main beneficiaries of development programmes in the past, continue to reap most of the benefits;
- In implementation of the Local Self Governance Act, which is a thrust of PRSP, there has been little resource generation, with the result that institutional capacity remains weak;
- Insufficient linkages between the PRSP and the MDGs. Despite considerable national ownership, the opinion persists that the PRSP is a World Bank-driven initiative and the MDG, UNDP-driven.
- The PRSP fails to incorporate the third pillar (social inclusion) with the remaining three pillars (broad based economic growth, social development and good governance). Although development planners often talk about the necessity of intersectorality, the PRSP still reflects a predominantly sectoral approach to development;
- The PRSP lacks decentralization. Furthermore, due to increasing militarization of the state, the process of centralization has intensified;
- Out of the major ‘excluded groups’ identified (women, indigenous peoples and Dalits), indigenous peoples concerns have less visibility in all programs;
- The PRSP fails to design effective targeted programs because indigenous peoples are widely scattered; (this is also the rational for designing targeted programmes in the first place); resource allocation is a problem due to high costs; and specific statistics are lacking; and
- There is no reliable monitoring system for indigenous peoples either from HMG-N or donor side; the NPC monitors central level programs only; and poverty monitoring and analysis system framework document lack indicators related to indigenous peoples (NPC 2004).

6.2. Targeted Programs on Indigenous Peoples

As mentioned earlier, due to mounting pressure from indigenous peoples' movement, the government enacted a law for the establishment of the National Foundation for Development of Indigenous Nationalities (NFDIN). NFDIN is established with a very broad mandate:
- To ensure indigenous peoples’ social, economic and cultural development and upliftment,
- To preserve and promote the language, script, literature, arts, history and traditional knowledge of indigenous peoples and
- To cause indigenous peoples’ participation in mainstream development and provide assistance in building an equitable society.

Although the Foundation is an autonomous body, it works in close cooperation with the government through the Ministry of Local Development as the link ministry. The Foundation works as a think tank on indigenous peoples and implements programs such as education in mother tongue and income generating activities. The government, including the NPC, considers the Foundation as the main actor to advice government on indigenous peoples’ issues.

However NFDIN argues that the government not only fails to give them necessary autonomy (as guaranteed by law), but also provides them insufficient resources to carry out their mandate. In light of the increasingly high political profile of indigenous peoples’
issues in Nepal, the magnitude of their problems and the implications this has for the country’s development and lasting peace, the budget allocated is regarded as grossly inadequate (See Table 1). NFDIN claims that the NPC is not sensitive to indigenous peoples’ issues, despite their substantial recognition in the PRSP document, which is reflected in the gap between policy and implementation. To date, there has been no donor funding to the Foundation, despite the potential of its role in indigenous peoples' development.

The Ministries and local bodies do not consult the NFDIN even in cases such as the recent establishment of indigenous peoples/Dalit Focal Points at the District Development Committees (DDC). The exception is the involvement of NFDIN in formulating affirmative action for disadvantaged groups, including indigenous peoples, in civil services. However, the high level committee established for this purpose, became defunct after change in political leadership in February 2005. The Ministry of Forest and Environment did consult NFDIN on one occasion, but this was the direct result of passing on of information from a secretary in the Ministry who belonged to one of the indigenous nationalities.

Table 1. The annual budget of the Foundation for Development of Indigenous Nationalities (NFDIN)

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<th>Annual budget allocated by the Government In NRs.</th>
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<td>2</td>
<td>2001-2 (2058-9 B.S.)</td>
<td></td>
<td>11,100,000.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2002-3 (2059-60 B.S.)</td>
<td></td>
<td>16,750,000.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2003-4 (2060-61 B.S.)</td>
<td></td>
<td>23,250,000.</td>
<td>includes NRs. 35 lakh for the Chepangs</td>
</tr>
<tr>
<td>5</td>
<td>2004-5 (2061-2 B.S.)</td>
<td>60,000,000.</td>
<td>21,700,000.</td>
<td>(includes NRs. 70 lakh for the Chepangs)</td>
</tr>
<tr>
<td>6</td>
<td>2005-6 (2062-3 B.S.)</td>
<td>70,000,000.</td>
<td>yet to be allocated but the NPC has suggested to bring it down to NRS. 20,000,000, which the NFDIN has refused to do.</td>
<td></td>
</tr>
</tbody>
</table>

Source: NFDIN, April 2005.

Note: Approximate exchange rate in April 2005: NC Rs. 70 = US$ 1.

6.3. Janajati Empowerment Project (JEP) of NEFIN

The Janjati Empowerment Project (JEP), supported by DFID Nepal’s Enabling State Programme (ESP), is the first major donor-supported project targeted to the third pillar of
the PRSP with focus on indigenous peoples. The project is directly implemented by NEFIN. The DFID Nepal has committed a budget of UK £1.52 million over three years (NEFIN 2004).

**Process**

Experts on indigenous peoples were involved in preparing background documents and the draft project proposal. Extensive consultative meetings were organized by NEFIN with support of DFID’s Enabling State Programme (ESP). Representatives of NEFIN and its affiliated organizations, government and the ESP participated in these consultations. The process of project development and negotiation with NEFIN and its affiliate organisations has taken 1½ years mainly because the ESP and the government wanted to implement the project through capable organizations, but NEFIN took the stance that if the project was not implemented by indigenous peoples themselves, they would not accept the project. Finally middle ground was found by forming a steering committee that would comprise of indigenous experts and representatives of the government. NEFIN would have preferred that project staff were hired from suitably qualified people from within the indigenous peoples' movement, but ESP-DFID gave responsibility to screen and short list the candidates to the Organization Development Centre (ODC). Due to pressure from the NEFIN, the responsibility for final selection of the project staff from among the short-listed candidates was finally given to the NEFIN. Many of the staff selected had little familiarity with the indigenous peoples' movement in Nepal.

The project's six-month long inception phase is just over. The project addresses the historical exclusion of indigenous peoples by the Nepali state through institutional strengthening of indigenous peoples' organisations which helps to bring about fundamental changes by increasing indigenous peoples' influence in policy making and improving participation in socio-economic and political processes at all levels, thus contributing to poverty alleviation and reduced exclusion of indigenous peoples (NEFIN 2004:3). The three “activity areas” are: awareness building, advocacy and institutional capacity building, with the vision that indigenous empowerment would ‘become a central HMG-N policy priority and a priority for implementation and a robust institutional framework would be built to support the development of disadvantaged Janajatis (ESP 2002:4). DFID writes, "Our support to social inclusion recognises that change will take time and direct action ‘on the ground’ needs to be complimented by changes in policies and attitudes so that impact is sustained and widespread" (DFID 2004:16).

**6.4. Poverty Alleviation Fund (PAF)**

The Poverty Alleviation Fund (PAF) Nepal was established by HMG-N as an autonomous organization in 2060 B.S. (2003 A.D.) aiming "to alleviate poverty by enhancing social and economic status of the targeted beneficiaries (individuals, families and community groups suffering from social exclusion and economic poverty such as women, Dalit and ethnic groups)" (PAF n.d.:2). The 11-member management committee includes Prime Minister as the Chairperson and Chairpersons of the National Women's Commission and the National Dalit Commission as the members but the NFDIN, which is a similar organization, is not represented in the Committee. Using the provision of
nomination of three members from among prominent persons, the General Secretary of NEFIN has been nominated as a member in an individual capacity.

Indigenous peoples were not consulted during the establishment process of PAF. Indigenous peoples' leaders said that when they assert pressure, the government reacts; otherwise they either ignore or avoid them. Another criticism levelled by NEFIN is that the selection criterion of partner organizations set by the PAF excludes many indigenous peoples' organizations which may not be 'so formalised' as many mainstream NGOs. These criteria are (PAF n.d.: 7):
- Duly registered
- 2 years of proven experience
- Participation of the targeted group
- Proper accounting system
- Financially sound
- Not affiliated with political parties

Conversely, the PAF is demand driven, but demands from indigenous peoples and organisations have so far been weak. Lack of data is also another reason cited for difficulties experienced in targeting indigenous peoples.  

PAF believes that whether indigenous peoples were consulted or not during the establishment process, does not make a difference because they are one of the three target groups (along with Dalits and women). Hence high priority is already given to these three groups, and specific guidelines (operational guidelines, management guidelines, and CBO level) are already in place.

6.5. Sector Program: Education for All (EFA)

In the context of the national Education for All (EFA) plan; NEFIN put pressure on the Ministry of Education to ensure the right of indigenous peoples and mother tongue speakers in the national plan (2001-2015). The ministry formed an additional thematic group to ensure the right of indigenous peoples and linguistic minorities to basic and primary education through mother tongue. The team comprised of indigenous experts, leaders and activists. The national plan of action incorporated most of the recommendations made by the team. It accepted four main strategies in achieving the goals. These are:
1. Use of mother tongue as the subject and the medium of instruction;
2. Bilingual education;
3. Teachers' recruitment, training and deployment;
4. Special programmes for endangered languages and cultures

The activities proposed for the first phase (2003-2005) included establishment of mother tongue schools, inclusion of minority languages as subjects in multilingual context, preparation of textbooks and training to teachers, preparation of reading materials with focus on ethnic cultural values and formulation of policies and programs for mother tongue teacher's recruitment, training and deployment.

39 Personal communication, PAF, April 2005.
40 Personal communication, April 2005
Subsequently, the Ministry of Education prepared a Core Document as a common framework for all planning and programming of the Ministry with donors' financial and technical support. According to a report prepared by DANIDA (2003), the Core Document does not include a separate section on mother tongue education but provides opportunities for addressing indigenous peoples' needs and priorities within the broader strategies. A number of key issues, including development of adequate policy framework, explicit strategies for bilingual education, teacher's training, recruitment and deployment, have not been adequately implemented. Donor support for mother-tongue education has also been nominal.

6.6. Affirmative action

Following the PRSP, the government and donors have been making efforts to implement affirmative action in civil service, education and employment (for women, Dalits and disadvantaged indigenous nationalities). For example, the Ministry of Education has reserved some seats for scholarships to study in foreign countries. Last year, the Tribhuvan University implemented its affirmative action policy on admission of indigenous peoples, Dalits and women, however the Supreme Court of Nepal ruled that supporting legislation must first be enacted before the policy can be implemented. This highlights the absence of supportive laws in Nepal, which continues to hamper or prevent the effective implementation of many programs related to indigenous peoples. Additionally, the Asian Development Bank (ADB) Nepal put conditionality on HMG-N to implement affirmative action in civil service, with the result that the government announced that 20% seats will be reserved for women and 10% seats to Dalits and indigenous peoples each. However this has yet to be implemented by the government and now ADB is following up only for women.41 A high level committee on affirmative action was also formed but has become defunct due to political change.

6.7. Conclusions and main challenges related to the PRSP

Non-recognition of indigenous peoples issue as a crosscutting issue
Although the PRSP has clearly identified four pillars, the social inclusion pillar is not interconnected with the other three. Despite the rhetoric of an integrated approach to poverty reduction, development planners, political leaders and bureaucrats continue to adopt a largely sectoral approach. As long as indigenous peoples' issues are not treated as a cross-cutting issue, the goal of inclusion leading to poverty reduction and achieving MDG will remain elusive in Nepal.

Implementation
In spite of its shortcomings, there are many positive things in the PRSP for indigenous peoples. However, serious concerns have been raised regarding the possible collapse of the PRSP in terms of implementation, largely as a result of the ongoing conflict and lack of political will on the part of the government.

41 Personal communication, ADB April 2005
Concerning targeted program for indigenous peoples, in contrast to the Ninth Plan, the PRSP/the Tenth Plan has been more successful in implementing programmes targeted to indigenous peoples (e.g. the establishment of NFDIN and indigenous people focal points at the District Development Committees). This said, many strategies and programs mentioned have yet to be implemented. As with previous plans, the PRSP is increasingly perceived as mere rhetoric, rather than a practical reality with real chances of implementation. The general opinion is that if the government was serious and sincere about implementing the programs to address social exclusion, (one of the main issues raised by Maoists), then a lot more progress could have been made in these initial three years. Given the realities of the conflict, focusing on socially excluded groups is regarded by many as the only way forward for PRS in Nepal, where social exclusion is an identified root cause of political instability and conflict. Furthermore, because of the Maoist agenda for social transformation, it is difficult for the insurgents to oppose development programmes, which aim to address this imbalance.

*Lack of mechanism and criteria for consultation and participation*
During consultations with various stakeholders, it was made clear that there is no formalised mechanism or criteria to ensure meaningful consultation with and participation of indigenous peoples in the formulation, implementation or evaluation of programs by the government, donors or national and international NGOs. In the absence of an agreed upon mechanism, consultation with and participation of individuals and/or groups belonging to different indigenous nationalities have been carried out randomly. The organizers of such meetings often use the presence of random indigenous peoples to support claims of "wider participation," "bottom up approach" etc. It is significant that indigenous peoples who participated in these consultations did not consider their participation particularly 'meaningful' or their concerns adequately reflected.

*Lack of political will and commitment*
Serious commitment to address indigenous peoples’ issues in Nepal continues to be hampered by a lack of political will among certain elements within government, donors and civil society leaders in Nepal. Most of the decision makers in Nepal are status quo oriented and are generally content with cosmetic and superficial changes. The profile of indigenous peoples’ issues has been successfully raised and significant progress has been made when liberal decision makers (from among the dominant castes) hold positions of power and influence. Many Nepalese decision makers, political and civil society leaders wrongly perceive indigenous peoples as a threat and many donors continue to perceive indigenous peoples as a politically highly sensitive issue. Most lack the expertise at the national level to address these issues effectively.

*Lumping together*
Intensifying armed conflict in Nepal and recent acceptance by both the national and international community regarding the interconnection between poverty, conflict and indigenous peoples, has forced both the government and donors to address the issues of exclusion/inclusion of different caste/ethnic, language, religious, regional and gender groups, including indigenous peoples. However, in doing so, the preferred approach is to lump indigenous peoples with Dalit, women and other "disadvantaged groups". Inconsistent use of amorphous terminology, such as "disadvantaged groups,"
"disadvantaged community," "backward communities," "marginalized groups," "vulnerable groups," "minorities," "underprivileged groups," “downtrodden”, “oppressed”, and "Women, Dalits and tribals/ethnic groups/indigenous nationalities, etc.," is ubiquitous. Such lumping together serves to further marginalise the specific problems faced by indigenous peoples and perpetuates lack of conceptual clarity on these issues, preventing the formulation of effective strategies to address their needs.

Process
The standard process used for development and poverty alleviation planning adopted by the government and donors often goes against indigenous peoples because such processes do not take indigenous peoples' specific situation, needs, aspirations, and demands into consideration.

Lack of a supportive legal framework
Although, there is the provision of affirmative action for indigenous peoples in the PRSP, the lack of an enabling legal framework has prevented implementation.

Non-ratification of ILO Convention No. 169
Nepal has yet to ratify ILO Convention No. 169 on Indigenous and Tribal Peoples (1989), despite considerable progress made by ILO and NEFIN in lobbying for its ratification42. Ratification of this important convention would pave the way for an institutionalised system of consultation with indigenous peoples, in addition to providing a comprehensive development framework for all stakeholders to address indigenous peoples’ issues in an appropriate manner.

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42 Convention 169 was close to ratification in January 2005
7. Response from donors and international development agencies

Conceptually, the PRSP is linked to the MDGs and is meant to provide strategies to achieve these targets. As a framework for World Bank and IMF lending to developing countries, by extension, the PRSP is also expected to guide overall development assistance from international development partners and agencies. This section will assess the extent to which donor resource mobilisation, co-ordination, resource allocation and programme monitoring correspond to the stated goals and commitments for indigenous peoples laid out in the PRSP.

7.1. Main challenges for coherent and adequate donor responses

Although the donor community (nationally and internationally) was instrumental in contributing to the understanding that social exclusion, in addition to poverty, was a major cause of conflict in Nepal, and therefore incorporated as one of the four pillars of the PRSP, donor response to the interlinked issues of poverty, indigenous people and conflict have so far been minimal. Their cautious approach reflects the political sensitivity of this issue with planners and policy makers within the political mainstream. While, donors are fully aware that social exclusion of indigenous people in Nepal is now firmly on the national political agenda, they lack policies, strategies and programmes to effectively address this issue (Bhattachan 1998; Gsanger and Voipio 2000). The main obstacles include:

1. No mechanisms of consultation and participation of indigenous peoples,
2. No policy of partnership with indigenous peoples’ organisations (IPOs),
3. Lack of clarity and understanding of indigenous peoples issues in general, particularly the complexity of the situation at the country level.
4. Resistance to addressing these issues from within donor agencies,

The PRSP is regarded by donors as an appropriate framework on which to base their programme support. Their criticism of the document is not generally directed at its concept, but rather at its (lack of) implementation.

To date, donor efforts to respond to ‘social inclusion’ as a means to poverty reduction have tended to focus on women, followed by Dalits, who have been the main recipients of donor and bilateral aid targeted at “socially excluded groups”. The MTEF fails to allocate specific resources for indigenous peoples within the general programmes laid out in the PRSP, making it virtually impossible to determine the exact level of funding for these groups. Even in terms of targeted programmes, the overall money received for indigenous peoples is, according to some estimates, as much as eight times less than that for Dalits. CSP/CAPs of most donors reflect the approach in the PRSP, which although it mentions indigenous people as priorities for targeting, fails to mainstream their concerns in activities related to the other three pillars.

43 Personal communication, based on data generated from GSEA (WB and DFID) 14th April, 2005.
Related to this is the classification of indigenous nationalities in Nepal, which continues to be a contentious issue and is one of the main reasons, cited by both government and donors, for lack of progress in successful targeting of indigenous peoples in poverty alleviation efforts. One of the principle aims of the Gender and Social Exclusion Assessment (GSEA) undertaken by DFID and World Bank is to generate data to address this problem.

As discussed in the previous section, serious conceptual and definitional problems continue to hamper the incorporation of indigenous peoples’ issues into development planning of donors, with the result that in many cases indigenous peoples are lumped together with other social groups, under the blanket term “disadvantaged” or “socially excluded” groups, which donors universally claim to target in all their programmes. This lack of conceptual clarity reflects the amorphous terminology used in the PRSP document to refer to indigenous peoples, which includes ‘backward’, ‘marginalised’, ‘indigenous’, ‘ethnic’, without actually defining which specific social groups it is referring to.

Another area of concern related to PRS and indigenous peoples, raised by some in the indigenous peoples movement, is the tendency of both the donors and government to apply mainstream development indicators and perceptions of poverty to indigenous groups, without appreciating that indigenous peoples’ own perceptions and priorities may differ in a variety of ways from that of the ‘development mainstream’. A major concern from an indigenous perspective is that adopting indicators used in mainstream development discourses (and PRSPs) for indigenous peoples, leaves no room for reflection of alternative development paradigms which may be the goal of some groups of indigenous peoples. This points to the standardization and homogenisation inherent in PRS processes, which primarily conceptualise poverty in terms of material deprivation, without taking into account cultural and spiritual dimensions, and therefore may not reflect the priorities and perceptions of some indigenous groups.

Developing indicators to monitor poverty and PRSP implementation is currently being undertaken by UNDP and World Bank. However many indigenous activists question the validity of using the National Census and Nepal Living Standards Survey (NLSS) statistics as a basis for generating ethnically disaggregated data in preparation for Poverty Mapping and wider PRSP monitoring. There is a widespread perception within the movement that these data fails to give an accurate picture of the real status of indigenous peoples and has been manipulated to downplay the number of indigenous peoples in order to show that certain caste, language and religious groups (Hindus) are in numerical majority.44

In comparison to the core socio-economic indicators used in mainstream approaches, core indicators for indigenous peoples may differ, reflecting their different priorities. The following example illustrates this point: In order to identify major and subsidiary indicators to categorize the 59 indigenous nationalities into five groups, NEFIN (2004) devised a classification according to mainstream, socio-economic, major and subsidiary

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44 The main grounds for questioning this data is under-estimation of population of mother-tongue speakers and followers of other religions other than Hinduism. In addition, as many as sixteen indigenous groups were not included in the census count. See Bhattachan, K. & Bhattachan, Y. (2003, p 6).
indicators based on available data from the 2001 Census and other sources. In particular, the PRSP indicators used are: literacy rate, housing unit, land holding, and other economic assets and subsidiary indicators are: education level (graduate and above) and population size. However many in the indigenous peoples movement (including within NEFIN) argue that the indicators adopted by NEFIN are not the core indicators of indigenous nationalities of Nepal (Dahal and Bhattachan:25). They argue instead that necessary core indicators for indigenous peoples are: identity, language, religion and culture, while the subsidiary indicators are: education, stage of societal development (hunter-gathering, forest dwelling, agro-pastoralists, semi-urban and urban), health, land ownership, income, employment, political leadership, housing and population size (Dahal and Bhattachan 2004:27).

Among the multi-lateral and bi-lateral donors, DFID, ILO, SNV, DANIDA, the World Bank, and NORAD, are engaged in linking the issues of poverty, indigenous peoples and conflict, and making concerted efforts to address these issues. Other international agencies such as UNDP, EU, ADB (all of which have corporate policy on indigenous peoples, suggesting some degree of institutional capacity on these issues), have yet to target or mainstream indigenous peoples’ issues in their programs and activities in Nepal. Mainstreaming indigenous peoples’ issues into all programmes and activities remains a challenge for all donor agencies, including those who are engaged in some targeted or small-scale interventions directed at indigenous peoples.

7.3. Targeted donor support to indigenous peoples

a) DFID is unique among donor agencies in Nepal in its acknowledgment of poverty reduction and social inclusion, as a prerequisite for lasting peace, commitment to which is reflected by its reorientation of its entire operations around the framework of the Government’s PRSP, particularly the pillar of social inclusion (DFID 2004:2). In addition to the four pillars laid out in the PRSP, the CAP includes an additional objective on peace-building – reflecting the glaring omission of this crucial component in the PRSP. It is pertinent to note that although DFID, has no corporate policy on indigenous peoples, it is the first major donor to implement a targeted program for indigenous peoples through indigenous peoples’ own organizations (discussed in previous section). JEP’s key strategies include:

- Shift focus from generalised capacity building for NGOs and CBOs to strengthening excluded caste and ethnic group representative organisations, encouraging them to collaborate in order to increase their influence.
- Ensure a sharper and more coherent strategy for social inclusion across the programme
- Help government to develop and implement affirmative action policies for the civil service for women and excluded caste and ethnic groups
- Help government to develop and implement the PRSP poverty monitoring system, to track progress by sex, ethnicity and caste;

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45 Bal Krishna Mahubang, personal communication 23\textsuperscript{rd} April, 2005; Pashuram Tamang, personal communication, 24\textsuperscript{th} April, 2005.
• Within selected districts in the Mid and Far West, pursue a more integrated approach to tackling social exclusion by more joined up working between existing programmes and by working with non-traditional partners such as indigenous peoples organisations (DFID 2004:16).

DFID-ESP also intends to support a 4-5 year institutional capacity building project for NFDIN, however since the King assumed executive powers on 1st February, the progress of this had temporarily been stalled. 46 Given the low budget that NDFIN is assigned, despite being the focal point for indigenous peoples’ issues in the Government, such a project would be extremely beneficial for NDFIN and the future implementation of the PRSP with regard to indigenous peoples.

b) For the last two years, the ILO has been supporting representative indigenous organisations in their efforts to promote ratification and implementation of the Indigenous and Tribal Peoples Convention, 1989 (No.169), with the aim of strengthening participatory politics and creating a more socially inclusive society for the establishment of lasting peace. 47 As the foremost international instrument to protect the rights of indigenous peoples, a national dialogue on Convention No.169 and Peace-building in Nepal, organised by ILO, NEFIN and NDFIN, resulted in a general consensus that the convention could provide a clear framework for promoting national priorities as reflected in the PRSP, which include: mainstreaming opportunities for all, especially the marginalized; ensuring equitable access through a reservation policy; decentralization, and a development process that reflects the ethnic diversity of the nation. It is significant that this initiative was the first event of its kind to be held in Nepal where the link between social exclusion, conflict and the issues raised by Nepalese indigenous peoples was publicly endorsed by a UN or donor agency.

As a direct result of the conference on ILO Convention No. 169, there has been increased awareness among donors and foreign governments of the Convention, the ethnic dimension of the Maoist conflict and the plight of Nepal’s indigenous peoples. Extensive linkages were also made with the international indigenous people’s movement, particularly the UN Permanent Forum on Indigenous Issues. Representative indigenous organizations in Nepal continue to lobby for ratification of Convention No. 169.

While ILO is yet to finalise a targeted programme for indigenous peoples in Nepal, a project on promotion and implementation of provisions of ILO Convention No. 169 in the context of peace-building (capacity building for dialogue) is expected in the near future. The indigenous Tharu community, who make up 99% of former bonded labourers, known as Kamaiyas, are also being targeted in child and bonded labour projects.

c) The Netherlands Development Organisation SNV does not have a direct indigenous support strategy, but has supported the Chepang mainstreaming project (the Chepangs are one of the most marginalised indigenous groups - around 85% do not have citizenship

46 Personal communication, NFDIN
47 The Convention has been translated into Nepali, along with the accompanying manual, which has been adapted to the Nepalese context, using national examples and realities where relevant.
This project, now in its third phase, is a case model of success, with the result that implementation of the third phase has now been handed over to the community. With a view to replicating the success of the Chepang model, SNV has also commissioned a study on 16 ethnic communities (with less than 100,000 people). As a signatory to ILO Convention No.169 the Netherlands, through SNV, has also supported the promotional work on the Convention in Nepal.

d) DANIDAs extensive experience at the global level with working on indigenous issues has not yet been translated into concrete programs in Nepal. However, through MS Nepal, DANIDA has been supporting the Kirati Yakthung Chumlung in their advocacy works and promotion of a pioneering mother-tongue education for the indigenous Limbus. A number of useful studies have been commissioned from Denmark, including a Tool Kit for including indigenous people in sector programme support and a technical note on monitoring and indicators on indigenous peoples in bilateral assistance. DANIDA has also supported promotional work on ILO Convention No. 169, the national conference of which succeeded in sensitising their staff on the importance of indigenous peoples’ issues for the establishment of lasting peace. Indigenous peoples’ issues will definitely be a priority for DANIDA in the future, for example there is a strong potential to include these issues in a new peace project, which is being developed centrally. Denmark has also ratified ILO Convention No. 169 and has much to offer Nepal in terms of addressing indigenous peoples’ issues.

e) Future support from Norway on indigenous peoples’ issues in Nepal, in the context of nation and peace building is also promising. Norway has also ratified Convention No.169 and the embassy has been supportive in promotional efforts led by ILO and NEFIN. They have also been proactive in pushing for mother tongue education in the EFA agenda, which continues to be hampered by lack of resource allocation. The Norwegian government has provided a large fund for research on exclusion and nation building in Nepal, which plans to involve international and national researchers.

f) The World Bank alleges to be 'leading the dialogue on the issue of inclusion of marginalized communities and castes in Nepal'. (The World Bank 2005:15). It is also one of the few donor agencies, which has the power to influence government policy makers in this regard. In an attempt to address the paucity of reliable data on indigenous peoples in Nepal, the World Bank, in association with DFID, is currently undertaking an extensive Gender and Social Exclusion Assessment (GSEA), with the objective to 'better understand the institutional underpinnings of caste, ethnic and gender-based social and economic exclusion in Nepal and how these affect poverty outcomes – as well as the options for policy and institutional reforms (The World Bank 2004:34). However some reservations have been made by the indigenous peoples’ movement on the process and strategies used by the World Bank in the formulation of the GSEA and to what extent their activities are perpetuating traditional power structures. These concerns focus mainly around lack of meaningful consultation and participation of indigenous peoples.

48 Best practices for indigenous peoples in sector programme support. Draft Tool Kit. DANIDA, 2004; Monitoring and Indicators on Indigenous People in Bilateral Assistance, 2005.
49 Personal communication, DANIDA-HUGOU advisor. 18th April, 2005.
themselves and the use of researchers (many of them from Hindu high castes) who may not be sensitive to indigenous peoples’ specific issues and needs.\textsuperscript{50}

g) Other than including indigenous peoples in their programmes targeted at ‘disadvantaged’ or ‘socially excluded’ groups, other agencies, such as the ADB, UNDP and the EU in Nepal, are less clear in their action regarding indigenous peoples’ issues at the national level. As with all other agencies, evidently gender issues are receiving the bulk of attention in relation to the PRSP social exclusion and targeted programmes pillar. While targeting women, the concerns of indigenous women are often overlooked. It is also pertinent to add here that unlike DANIDA, SNV, WB and ILO, all of whom have relatively senior staff who are either indigenous peoples themselves (not necessarily a criteria for sensitivity towards these issues) or are sensitive to indigenous issues, UNDP, ADB and EU do not. The impact of having representation of this sort points to the importance of ‘meaningful’ indigenous peoples representation in all decision making bodies, to ensure their voice is heard and help sensitise wider society of their issues and special needs.

h) The UN Permanent Forum on Indigenous Issues, despite its expertise and mandate to co-ordinate the UN system regarding indigenous peoples issues, has not had any consultation or partnership with the NEFIN and most of the affiliated indigenous peoples organizations on the issues of poverty, indigenous peoples and conflict, including the PRSP.\textsuperscript{51}

In summarising, it is justifiable to say that despite the policy statements laid out in the PRSP, (and the corporate policies of a number of donor agencies) until now the extent to which donor agencies have responded to indigenous peoples’ concerns in Nepal have depended to a large extent on the existence of sympathetic individuals, in positions of relative influence within the organisation, who are sensitised to the indigenous peoples issues in Nepal.\textsuperscript{52} Unlike with the gender, and to a lesser extent Dalits (which is still an emerging issue), there is a general lack of institutional understanding of indigenous peoples issues within donor agencies at the national level.

The paucity of sincere donor responses to these issues is influenced by both logistical and political reasons and include:

- Lack of understanding of indigenous peoples’ issues and specific needs and the complexity of these issues in Nepal.
- No Nepal specific policy on indigenous peoples (despite the existence of corporate donor policies on indigenous peoples in many cases: e.g. WB, EU, UNDP, ADB, ILO, DANIDA).
- Under-representation of indigenous peoples (or staff sensitised on these issues) in decision-making positions at donor agencies and overrepresentation of high caste males

\textsuperscript{50} NEFIN, personal communication, 22\textsuperscript{nd} April, 2005
\textsuperscript{51} Personal communication NEFIN, 19\textsuperscript{th} April, 2005.
\textsuperscript{52} Among the agencies interviewed, the increased commitment to IP issues of the following agencies, reflects this trend: the World Bank, DFID, ILO, SNV and DANIDA
• Lack of indigenous-specific indicators
• Low priority given to indigenous peoples’ issues at headquarters of many donor agencies
• Lack of definitional clarity on which indigenous groups to target (a result of non-recognition of indigenous peoples by HMG-N until 1997)
• No policies or mechanisms for meaningful participation and consultation of indigenous peoples in donor activities at all levels.
• Political sensitivity of the indigenous peoples issue with HMG-N – majority of UN, bilateral and multilateral agencies have to work through government agencies.
• Indigenous people treated as separate issue by donors, rather than seen as crosscutting issue to be integrated in all pillars of PRSP.
• Government link agency for indigenous peoples issues (NFDIN) under funded and not fully utilised by donors.
• Implementation and awareness of contents of corporate donor policies on indigenous peoples is weak.
• Lack of understanding of the ethnic dimension of the conflict, Nepal’s indigenous peoples’ movement and its future implications.
• No thematic group on indigenous peoples’ issues (unlike for Gender) between multilateral and bilateral donors
• Lack of orientation and training of staff on indigenous peoples’ issues (either in Nepal or donor country),
• Lack of information sharing of data, reports and studies on indigenous peoples’ issues among donors (despite the fact that a lot of information exists).
• Most donors are not proactive on indigenous peoples’ issues (general approach is reactive).
• Insufficient pressure put on HMG-N to address these issues (i.e. through loan conditionality and MTEF).
• Indigenous Peoples issues are relatively uncharted territory for most donor agencies in Nepal, therefore with the exception of ESP-JEP, many appear to be adopting a ‘wait and see’ approach.
8. Recommendations and good practices for addressing indigenous peoples, poverty and conflict in PRSPs

8.1. General

Policy Formulation in conflict affected states
- In conflict-affected states, structural changes defined through a rights-based approach should be given top priority.
- Reduction of social “inequality” should be taken as the central theme of development and poverty reduction strategies – including high priority to issues raised by indigenous peoples in relation to PRSP.
- Promotion of the provisions of ILO Convention No. 169 should be a priority in countries, which have not yet ratified the convention. Ratified or not, the Convention can give concrete and implementable standard for line ministries and donors involved in PRSP implementation and has a proven history (Guatemala) of being used as a peace-building tool. It has the potential to act as overarching framework for all interventions.
- Donors who do not have an indigenous peoples’ policy should develop one; and those who already have such policies, should seriously implement them in conflict areas inhabited by indigenous peoples.
- PRSP’s in conflict-affected states should be flexible enough to adapt to the changing conflict scenario.
- Focus should be given to humanitarian programmes, which directly address the needs of conflict-affected peoples, including indigenous peoples, who may be disproportionately affected by displacement as a result of their predominance in traditional rural-based occupations.
- In conflict affected states with sizeable indigenous populations, focus for PRS should be given to initiating actions at the local level, such as empowerment and advocacy.
- In states affected by conflict with ethnic dimensions, principles of participation and representation of indigenous peoples must be extended to involvement in peace processes.

International Standards
- International Standards, particularly ILO Convention No.169 as the only legally binding international instrument on indigenous peoples, should be respected at all times in the design, implementation and monitoring of all poverty reduction strategies and processes aimed to indigenous peoples.
- Disseminate and implement findings and recommendations of forthcoming sessions (2005-7) of UN Permanent Forum on Indigenous Issues (UNPFII)

Consultation and Participation
- Consultation mechanisms for indigenous peoples need to be developed and institutionalised for all legislative and administrative measures, which may affect them directly. Consultations with indigenous peoples should be conducted through their representative organisations and be in accordance with the articles 6 and 7 of ILO Convention No.169 on indigenous and tribal peoples.
Participation of indigenous peoples’ representatives (sensitive to indigenous peoples’ issues) in decision making bodies and state institutions is crucial if progress is to be made in ensuring social inclusion and reducing poverty levels among indigenous groups.

Implementation
- Inclusion of indigenous rights and priorities in the PRSPs should be followed by appropriate budget allocation and establishment of implementation and monitoring mechanisms, with the full participation of indigenous peoples.
- Comprehensive efforts should be undertaken to ensure the gathering of disaggregated data and specific indicators, relevant for indigenous peoples.
- Responsibility, including budget, for targeted activities related to indigenous peoples should be given to the specific institution responsible for indigenous issues (Ministry/Commission/Foundation/Committee) and/or indigenous peoples’ own representative organisations.
- All international donor agencies should respect and apply the principle of "prior and informed consent" with indigenous peoples.
- Include indigenous peoples’ rights and priorities (e.g. basic and primary education mother tongues; affirmative action for indigenous peoples) in all programs, including poverty reduction programs, supported for the government and civil society.

Awareness/Understanding
- Awareness raising and communication on indigenous peoples’ issues among different sectoral ministries is imperative for effective implementation of indigenous peoples programs.
- Donors must increase their coordination on activities focused on indigenous peoples and make use of in-house expertise of certain agencies (eg. DANIDA, ILO) on these issues.
- Staff of donor agencies and sector programmes should be given training/orientation and follow-up training on indigenous peoples’ issues and rights, in the context of the country in which they work. (In conflict affected states on impact of conflict and displacement on the identity and rights of indigenous peoples).

8.2. Nepal specific

Conflict and Peace Building
- PRSP needs to be reoriented to focus on peace-building initiatives, which involve all sections of the society, including Maoist sympathisers, without whose participation, peace building will remain elusive.
- ILO Convention No. 169 provides a clear guideline and framework for promoting national priorities for indigenous peoples, as reflected in the PRSP and should therefore be ratified and implemented as soon as possible.

Consultation
- Develop recognised mechanisms of consultation with and participation of indigenous peoples in all legislative and administrative measures which may
affect them directly and more specifically in sectoral policies and programs and local bodies;

- The focal point for consultations with indigenous peoples on PRS should include indigenous peoples’ organizations at the village, district, regional and national levels. Responsibility for coordination of these four tiers of consultations should be given to NDFIN and NEFIN (central and district coordination committees).
- HMG-N should give clear guidelines to NDFIN for holding consultations, including with wider civil society organisations on PRS and implementation of PRSP. (The results of consultations should be submitted to NPC. In turn NDFIN should disseminate government ideas and policies to indigenous peoples in appropriate languages).

**International Standards**
- Promotion and awareness-raising on provisions of ILO Convention No.169 in all line ministries, donor agencies, implementing partners, CBOs etc. involved in implementation of PRSP.

**For Government**
- Integrate indigenous peoples’ issues as a cross cutting issue throughout the PRSP;
- Introduce ethnic budgeting and auditing in all sectoral programs of PRSP;
- An indigenous peoples’ representative, sensitive to indigenous peoples’ rights (elected with the support of NDFIN) should be included in NPC.
- Responsibility, including budget, for specific activities related to indigenous peoples should be given to indigenous focal point - NFDIN.
- Budget allocated for indigenous peoples should reflect the importance given to this issue in PRSP (2005 budget for NDFIN reduced by 80 lakhs from last year)
- The budget for targeted programs for indigenous peoples should be prepared separately and not put under the ceiling of the Ministry of Local Development.
- Money allocated for scholarships for indigenous peoples to Ministry of Education, should be reallocated to NEFIN to ensure that disadvantaged indigenous peoples are the intended beneficiaries.
- Allocate resources to sensitize line ministries on interlinked issues of poverty, indigenous peoples and conflict.

**For Donors**
- Each donor funded/supported programme needs to develop a Nepal-specific indigenous peoples policy - based on their corporate policy on indigenous peoples (and in the absence of this on ILO Convention No.169).
- Donors’ policies on indigenous peoples should be used as a platform for strengthened dialogue on indigenous peoples’ needs and priorities.
- Include policy dialogue related to indigenous peoples’ issues (e.g. basic and primary education in mother tongues; affirmative action for indigenous peoples) in all programs, including poverty reduction programs, supported to the government and civil society.
- Donors should allocate resources to sensitize line ministries on the interlinked issues of poverty, indigenous peoples and conflict.
- Increase coordination on indigenous peoples’ issues and best practices in
addressing poverty, conflict and indigenous peoples, through formation of a
coordination committee.

- Increase diversification of staff in donor agencies (and implementing partners)
  through targeted recruitment from indigenous and other marginalised groups.
- Take immediate steps to initiate a dialogue with NEFIN, NFDIN and former
  members of the Subgroup on Indigenous Peoples and Linguistic Minorities on
  how to strengthen the focus on indigenous peoples’ priorities within the EFA
  Core Document. This could, for example, include recognition of bilingual
  education as a main strategy towards inclusive education, provisions for fair
  representation of indigenous peoples and other disadvantaged groups in
decentralized governance bodies, working through indigenous peoples
organisations for social mobilization, specific monitoring of indigenous children
educational achievements, targeted scholarships for indigenous peoples.
- Include capacity building on issues relating to the challenges of multilingual and
  intercultural education as an essential element in the envisaged Human Resource
  Development
- Where indigenous peoples’ priorities are left out in the EFA Core Document,
donors should take steps to address these priorities through direct funding of
  targeted initiatives that could later be integrated within the broader EFA
  programme. Such initiatives could, for example, include training of bilingual
  teachers from especially vulnerable groups, development of methodologies and
  strategies for bilingual teaching, linguistic research, establishment of experimental
  schools for bilingual teaching.

For Indigenous Peoples Organizations

- IPOs need to be proactive in intensifying informed policy advocacy, (e.g. on
  education in mother tongue, development of indigenous peoples sensitive
  indicators, project proposals etc.)
- Ensure widespread dissemination of Nepali version of ILO Manual on
  Convention NO. 169 (NEFIN, 2005).
- IPOs should reduce discrimination from within and ensure voice of indigenous
  women is heard.

For the International Indigenous Peoples Movement

- Increased effort should be made by the international indigenous peoples’
  movement to disseminate and implement the work, findings and
  recommendations of the UNPFII and to influence the UN and donor agencies at
  the country level in this regard.
List of documents reviewed


HMG-N (1997) *Rastriay Jjanajati Bikas Samiti (Gathan) Adesh, 2054* (*Executive Order for the Establishment of the National Committee for Development of Nationalities*),


