

**STRENGTHENING THE  
ECONOMIC DIMENSIONS  
OF PEACEBUILDING**

**CASE STUDY SERIES**

**ENHANCING SOCIO-ECONOMIC  
OPPORTUNITIES FOR EX-COMBATANTS  
IN NEPAL**

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### About International Alert

International Alert is a 26-year-old independent peacebuilding organisation. We work with people who are directly affected by violent conflict to improve their prospects of peace. And we seek to influence the policies and ways of working of governments, international organisations like the UN and multinational companies, to reduce conflict risk and increase the prospects of peace.

We work in Africa, several parts of Asia, the South Caucasus, the Middle East and Latin America, and have recently started work in the UK. Our policy work focuses on several key themes that influence prospects for peace and security – the economy, climate change, gender, the role of international institutions, the impact of development aid, and the effect of good and bad governance.

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### About this series

This is part of a series of case studies which explore the socio-economic aspects of reintegration programmes for ex-combatants in a number of conflict-affected countries where International Alert works: Nepal, Liberia and Uganda. The aim is to stimulate discussions at the local, national and international level about the role that private sector actors can play in the effective reintegration of ex-combatants, and to strengthen practice by developing recommendations for future socio-economic reintegration programmes.

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## Introduction

Nepal is recovering from a decade-long conflict which ended with a ceasefire and the signing of a Comprehensive Peace Accord (CPA) in 2006. As part of the CPA Maoist ex-combatants were given the options of voluntary retirement, rehabilitation or reintegration into the Nepalese armed forces.

This case study focuses on the rehabilitation<sup>1</sup> initiative which the United Nations Inter-Agency Rehabilitation Programme (UNIRP) implemented at the request of the government of Nepal for those ex-combatants who were either minors or late recruits. It examines the outcomes of the process at it stood in 2011<sup>2</sup> and highlights the role that the private sector can play in the successful rehabilitation of ex-combatants.

## Background

Conflict erupted in 1996 when the then Communist Party of Nepal (hereafter referred to as Maoists) launched a so-called “people’s war”<sup>3</sup> and Maoist combatants carried out a series of attacks against government services and private businesses. Their goal was to overthrow the monarchy and establish a republic. By the time the CPA was signed in 2006, more than 15,000 people had died and up to 150,000 had been displaced. Both sides in the conflict were accused of targeting civilians.<sup>4</sup>

In accordance with the terms of the CPA, Maoist ex-combatants were confined to seven major cantonments (i.e. permanent military stations) and 28 small satellite camps while the government of Nepal and the Maoists negotiated their integration into the Nepali security sector. A validation exercise, which the United Nations Mission in Nepal (UNMIN) carried out in 2007, resulted in the registration of 23,610 Maoist ex-combatants, of which 4,008 were verified minors and late recruits (VMLRs).<sup>5</sup> The VMLRs remained in the designated cantonments until their release in 2010 and thereafter became eligible for a rehabilitation package implemented by UNIRP.

## The situation in late 2011–early 2012

The agreement reached by the government and the Maoists in November 2011 stipulated that a maximum of 6,500 ex-combatants could be integrated into the Nepali security forces. Registered ex-combatants who did not fall into the category of VMLRs were subsequently given the options of integration, rehabilitation or a one-off payment of \$11,500 upon retiring. Those who would choose integration would need to undergo a qualification process and, upon fulfilling certain pre-agreed criteria, would be able to join the security forces.<sup>6</sup> 3,129 ex-combatants had decided to seek integration into the army, while 6,576 had opted for voluntary retirement by early 2012.<sup>7</sup> The oversubscription on early retirement was partly a result of ambiguities in the directives governing the process.<sup>8</sup>

1 In Nepal reintegration of ex-combatants is a sensitive issue as it implies reintegration into the Nepali army. Rehabilitation, therefore, is the generally accepted term for initiatives geared towards socio-economic reintegration.

2 The research for this case study was carried out in 2010 and 2011. Following its completion, the context with regard to the rehabilitation of ex-combatants in Nepal changed rapidly. The information and recommendations in the present case study are therefore based on the situation as it stood in late 2011. The case study nonetheless contains lessons learnt which may be of use to those working to design and implement sustainable socio-economic reintegration programmes.

3 The Maoists popularly used the term “people’s war” to describe the civil war they had initiated, whereas the state referred to it as “armed conflict”.

4 International Crisis Group (2010). *Nepal: Peace and justice*, Asia Report, No. 184. Available at <http://www.crisisgroup.org/en/regions/asia/south-asia/nepal/184-nepal-peace-and-justice.aspx>

5 VMLR refers to those ex-combatants who were minors at the time of registration (2007) and those recruited after the signing of the CPA (2006).

6 International Crisis Group (2011). *Nepal’s peace process: The endgame nears*, Asia Report, No. 131. Available at <http://www.crisisgroup.org/en/publication-type/media-releases/2011/asia/nepal-s-peace-process-the-endgame-nears.aspx>

7 ‘3,129 for integration’, *Republica*, 20th April 2012. Available at [http://www.myrepublica.com/portal/index.php?action=news\\_details&news\\_id=34107](http://www.myrepublica.com/portal/index.php?action=news_details&news_id=34107)

8 ‘Integration number likely to be around 3,000’, *Republica*, 15th April 2012. Available at [http://www.myrepublica.com/portal/index.php?action=news\\_details&news\\_id=33932](http://www.myrepublica.com/portal/index.php?action=news_details&news_id=33932)

## Economic context

At the time of the signing of the CPA Nepal was one of the least developed countries in the world.<sup>9</sup> The majority of the population was dependent on subsistence farming, although many family farms were too small to provide sufficient income. Land ownership was concentrated in the hands of an elite. GDP was made up of industry (21.6 percent) and services (37.8 percent), with manufacturing and tourism contributing less than 10 percent each. The conflict itself had a significant impact on the economy. It disrupted transport links, shut down factories and gave rise to widespread extortion in the industry sector, bringing the economy to a virtual standstill.<sup>10</sup>

In 2011 agriculture contributed 33 percent of GDP and this share was expected to grow. Industrial development had been slow due to power shortages, frequent strikes, insecurity and poor infrastructure. The service sector was driven by a gradual rise in tourism, telecommunications and social services. The fertile Terai lowland had the potential to benefit Nepal through cross-border trade with neighbouring India. The region produced wheat and pulses and was also home to agro-based industries such as rice mills and tobacco factories. Yet, the trade deficit with India continued to be one of the country's economic woes. The hilly and mountainous areas, including the region from where the Maoist civil war had sprung, remained the least developed and most poverty stricken areas in Nepal.

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9 United Nations Development Programme (UNDP) (2006). *Human development report 2006 – Beyond scarcity: Power, poverty and the global water crisis*. New York. Available at <http://hdr.undp.org/en/media/HDR06-complete.pdf>

10 International Alert (2006). *Local business, local peace: The peacebuilding potential of the domestic private sector*, Section 2: Nepal case study. Available at <http://www.international-alert.org/resources/publications/local-business-local-peace>

## The disarmament, demobilisation and rehabilitation process

An additional agreement, which the government and the Maoists reached following the signing of the CPA in 2006, stipulated that VMLRs would not be eligible for integration into the armed forces. In 2010, 4,008 VMLRs were allowed to leave the cantonments and were offered rehabilitation packages. The process was led by UNIRP. UNIRP offered psycho-social counselling to VMLRs and their families as well as medical care, where needed. Participants could sign up to any of the available packages up to 12 months after their official discharge ceremony. The rehabilitation options which were available included:

- **Vocational skills training** (e.g. welder, electrician, mechanic, cook, hotel housekeeper, dental lab assistant, floriculture assistant, etc);
- **Micro-enterprise development** (technical and business training, e.g. in food processing and preparation, handicrafts, tailoring, cycle repair, catering services, etc);
- **Health-related training and education** (e.g. auxiliary nurse midwife, community medical assistant, laboratory assistant, etc);
- **Formal or informal education** (e.g. bridging courses as part of primary and secondary education and some opportunities for higher secondary and higher education, etc).

### UN Inter-Agency Rehabilitation Programme

- By December 2011, 396 participants had completed vocational skills training and a further 39 were in training. The programme also offered them career counselling and mentoring. The Indian cooking course was the most popular option in this package.
- 643 participants had graduated and another 507 had chosen the micro-enterprise option. This option entailed an 11-day business introduction course and provided them with basic start-up skills as well as the possibility to apply for start-up capital. The most popular choices were tailoring and mobile phone repair.
- 425 participants opted for education. Education was provided through government-run schools and the programme included admission, annual school fees, uniforms and a monthly stipend.
- 58 participants chose health-related training and education. This option included a 15- to 18-month course and a 3-month on-the-job training.
- 60% of all graduates had found employment or had established their own businesses.
- 1,040 participants had completed one of the four options and 565 of them were either self-employed or employed. 2% of participants had dropped out.

For more information, see <http://www.undp.org.np/crisis-prevention-and-recovery/program/unirp-113.html>

Many VMLRs had left the cantonments prior to their official discharge in 2010. There was a sense of being side-lined and resentment at not being considered formal ex-combatants. This translated into general reluctance to participate in the rehabilitation programme, which in turn lessened the success of the process. The weak state of Nepal's economy and VMLRs' relatively high mobility also served as inhibiting factors, as they impacted on the ability of VMLRs to find gainful employment upon the completion of their chosen training. Misalignment between the courses on offer and the needs of the labour market, as well as inadequate subsistence allowances for VMLRs in training, posed additional challenges. The different training options moreover offered different benefits packages, leading participants to choose courses which would accommodate their immediate needs rather than improve their long-term livelihood opportunities.

The information that was provided to VMLRs and the general public was furthermore scarce. Interviews with VMLRs and community members, which International Alert conducted in 2010 across various regions, revealed that there had been very little communication regarding what disarmament, demobilisation and rehabilitation (DDR) options were available as part of the UNIRP programme. Although UNIRP had made some efforts to engage businesspeople in supporting the economic rehabilitation of trainees, the private sector had had only limited involvement in the actual design of the programme. This translated into a general lack of knowledge on the part of businesses about the rehabilitation process and inhibited the success of the programme. Training was not necessarily aligned with employers' needs and graduates had limited opportunities to benefit from business support services. VMLRs who gravitated towards urban centres posed additional complications. Not only did their mobility hamper UNIRP's efforts to reach out to them for inclusion in the rehabilitation programme but it also made it difficult for VMLRs to join training modules which were located in other regions.

Affiliation with the Maoists was a particularly contentious issue. Alert interviewees from the private sector repeatedly expressed suspicions towards VMLRs. Despite the labour shortages which Nepal was experiencing at the time, businesses were reluctant to hire ex-combatants. They feared that the latter might join highly politicised trade unions, thereby inciting labour unrest and employer-employee tensions. Many also expressed concern that VMLRs would retain their links with the Maoists, leading to a politicisation of the workplace. Providers of training courses also confirmed that some VMLRs would not join the rehabilitation programme unless they had been advised to do so by the party.

## Outcomes

Throughout the conflict, which was largely justified by the Maoists as a class war, the private sector was subjected to continuous attacks. These involved frequent extortion and kidnappings. The strained relationship between the Maoists, their affiliated unions and the private sector had an impact on the rehabilitation of VMLRs. On the one hand, VMLRs had developed a negative perception of private sector actors, while on the other hand the private sector remained suspicious of employing persons linked to the communist party.

Alert's research into perceptions within the private sector in eight districts revealed that business was generally aware of the need and inherent value of reintegrating ex-combatants into society and the economy. Private sector representatives were also cautiously willing to support the rehabilitation of former combatants but frequently expressed the view that vocational training alone would not suffice. They stressed the need for life skills coaching and long-term support as a means of instilling a strong work ethic in ex-combatants. The latter would often be perceived as not having the "right" attitude and a commitment to hard work. There had been no concerted efforts made by the UN, the government of Nepal and other relevant stakeholders to change the perceptions held by the business community towards those associated with the Maoist conflict. Business representatives thus sought guarantees that VMLRs had no further links with the party or that they had participated in behavioural change programmes to ensure that they would no longer resort to violent means. This reflected a common fear that former Maoist combatants would readily be prepared to use violence because of their previous experience.

*'There are chances that they (ex-combatants) might feel isolated if the government and wider society do not show concern for the rehabilitation process, which in turn will encourage them to follow the wrong path.'*<sup>11</sup>

Against this background, Alert's research revealed that VMLRs who subscribed to the UNIRP programme had high expectations of their future employment prospects. They anticipated that UNIRP would provide jobs, facilitate access to loans and offer advanced training for those interested in starting their own business. Respondents furthermore expected that businesses and other employers could provide them with salaries substantially higher than the average. At the same time, there was little recognition on the part of those in the private sector that the labour shortages they had identified in their respective regions might not necessarily mean that good jobs were in fact available. In some cases, compensation structures and employment conditions might indeed have been perceived as inadequate by job-seekers in general, not only by ex-combatants.

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<sup>11</sup> Interview by International Alert and the National Business Initiative with a private sector representative on 10th December 2010 in Kathmandu.

## Lessons learnt

- 1. Poor communication and management of expectations can adversely impact on economic rehabilitation efforts.** Not only did misaligned expectations affect the willingness of VMLRs to join the UNIRP rehabilitation programme but such expectations also seem to have affected their ability to enter the labour market. In Chitwan and Kailali districts, for instance, the majority of opportunities highlighted by private sector respondents were in agriculture. Alert's assessment of VMLRs' expectations indicated, however, that most did not regard farming as an attractive or viable option for their future. This was largely due to VMLRs' previous experience with traditional subsistence farming and the low status accorded to that particular livelihood option. In this regard, a strong communication component could be used not only to manage expectations but also raise awareness of the roles and responsibilities of different stakeholders, including the private sector. Moreover, the integration of trust-building dialogue processes in rehabilitation programmes could serve to address suspicion on the part of business and ultimately, contribute to improving the employment prospects of ex-combatants.
- 2. Soft skills training and long-term support can enhance the effectiveness of socio-economic rehabilitation programmes.** Such support could include psychological counselling to assist employers in dealing with issues related to the behaviour or attitude of ex-combatants. It could also include the provision of advanced training to former combatants interested in pursuing self-employment, follow-up training to address specific gaps identified once employment commences and trainings in communication or work ethics. Support in this regard is integral not only to addressing employers' concerns but also to enabling ex-combatants to integrate successfully into civilian life.
- 3. Early engagement with the private sector and close coordination among stakeholders is essential for the positive reception of ex-combatants into the labour market.** Involvement of the private sector in the design phase of rehabilitation processes could help align training with local economy needs and lessen suspicion between formerly opposing parties to the conflict. The establishment of coordination mechanisms involving businesses, government authorities and other stakeholders could also increase the likelihood of training graduates finding employment by providing a space for different actors to come together and identify economic opportunities available to ex-combatants. It could furthermore provide the rehabilitation programme with a support network to help address barriers to socio-economic rehabilitation. In this regard, it is vital that the design process does not fall into the trap of consulting only with large national-level networks. Local chambers of commerce and associations should be engaged, together with sector-specific networks at the national level.
- 4. Support from government is key to facilitating private sector involvement and sustainable socio-economic rehabilitation programmes.** Government authorities could play an important role in enabling access to credit for former combatants who would generally find it difficult to access loan facilities. In areas where agri-business, for instance, offers prospects for gainful micro-enterprise development, the government could furthermore facilitate access to land. Government leadership is vital in creating a political environment conducive to successful socio-economic rehabilitation, including commitment from different stakeholders with a political stake in the process. In Nepal, engaging trade unions in dialogues and consultations, in an effort to secure their support, could have potentially enhanced employment opportunities for VMLRs.

## Conclusion

The rehabilitation programme in Nepal ultimately succeeded in reaching the majority of its 4,008 target beneficiaries. While some VMLRs underwent training, others received medical and psycho-social support. As in DDR processes elsewhere there were tensions between ex-combatants' immediate versus long-term needs or interests, disagreements over funds for the provision of the training modules and challenges posed by the realities of a post-conflict economy. Nepal has showcased that there is a need to include private sector actors in DDR initiatives. Alert's research has indicated that in order to provide long-term livelihood opportunities for ex-combatants, the business community must be engaged in socio-economic rehabilitation efforts. Such engagement would not only help align vocational skills training with the needs of local economies, but also help counter misinformation and suspicion which may be rife between the parties following a conflict. Early private sector engagement is therefore intrinsically linked to the success of DDR programmes and, by extension, to sustainable peace.

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