

October 21, 2006

## Outstanding Issues in Nepal Temper Enthusiasm over Recent Progress

The April 2006 “People’s Movement” that led to the reinstatement of the elected parliament and peace talks with the Maoists has transformed public opinion in Nepal, according to our research. Whereas two years ago, people were distraught about conditions in the country, today there is a level of optimism that we have rarely seen anywhere in the world. Ninety percent of the public believes the country is going in the right direction; two years ago, that figure was just 5 percent. **[Figure 1]**

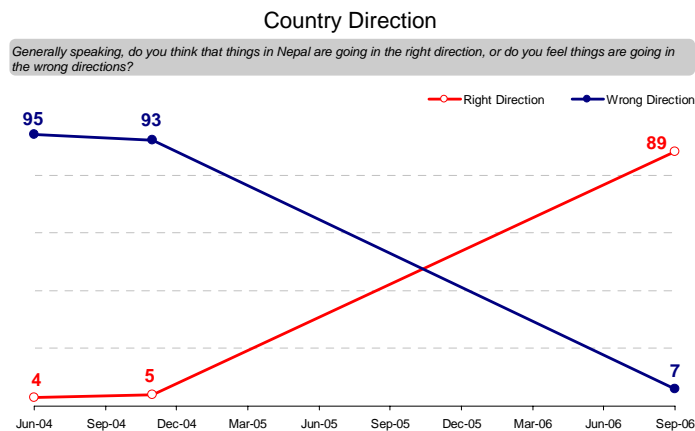


Figure 1

The public recognizes, however, that much remains to be done to consolidate the gains of the People’s Movement and improve people’s lives:

- The Maoists have to be disarmed and integrated into the political process;
- Economic gains must be more widely distributed;

- Constituent Assembly elections must be organized and the body's powers defined;
- The country has to try to reach consensus on divisive issues like the role of the monarchy and the role of religion in public affairs.

The list of unfinished business may account for the tempered degree of optimism in the country. Notwithstanding the extraordinary transformation in public attitudes, Nepalese are still only cautiously optimistic, with a vast majority saying they believe only "somewhat" that the country is going in the right direction.

Thanks to the progress in Nepal in recent months, the political parties enjoy a much improved standing. This could be short-lived, however, if they do not satisfactorily resolve the country's outstanding issues. The outcome of the Constituent Assembly elections could depend to a large degree on how each of the parties proposes to deal with these issues.

This memo analyzes the results of our nationwide survey of 3,000 adults in August and September. (A random sample of 3,000 has a margin of error of 1.7 percent.) We also conducted 10 focus groups in rural and urban areas in June

## Support for Political Integration of Maoists

The first challenge that the government and political parties will have to deal with is the integration of the Maoists. Thus far, the public is almost unanimously supportive of the government's actions toward the Maoists. Nepalese strongly back integrating the Maoists into the political process; about three-quarters of Nepalese think the Maoists should become a political party and participate in the democratic process.

This is due not just to a desire to finally put an end to the long-standing military conflict. The Maoists are an increasingly potent *political* force in the country. Thirty-seven percent now give them favorable ratings, a 32-point jump. To be sure, every political entity in the country is more highly regarded now; but the Maoists enjoy some significant advantages.

There is real sense that the Maoists have the best interests of the people in mind. A large majority (67 percent) thinks the Maoists are interested in making a better country for all Nepalese; only 17 percent think they are acting out of self-interest.

For example, the public believes the Maoists are better on social issues than the SPA. Nepalese think the Maoists would do a better job than the SPA to help the poor and stop caste discrimination. **[Figure 2 next page]**

The Maoists also have a clean image. The public believes they would be more likely to fight corruption than the King or the SPA.

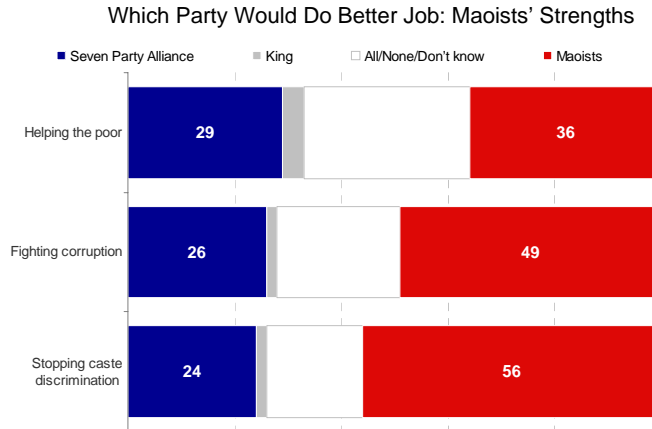


Figure 2

As a result, the Maoists are poised to fare well in Constituent Assembly elections, as we discuss below.

Despite the Maoists' improved image, the public retains serious concerns about their commitment to democracy and nonviolence. Only 12 percent have complete trust that the Maoists would allow a multi-party democratic system, though this is a three-fold increase from 2004. And although Maoist violence has dropped dramatically as a top concern for the public, a majority (52 percent) does not think the Maoists will fully disarm.

This may help explain why there is such strong support (76 percent, including 52 percent strongly) who want the Maoist Army to integrate with the Nepali Army. Better that the Maoists form part of the army than continue to operate as a separate military force.

At the same time, however, the public is not willing to give a free pass to the Maoists (or Nepal army soldiers) who may have committed human rights abuses. The public overwhelmingly favors prosecuting soldiers from both sides accused of crimes against civilians. [Figure 3]

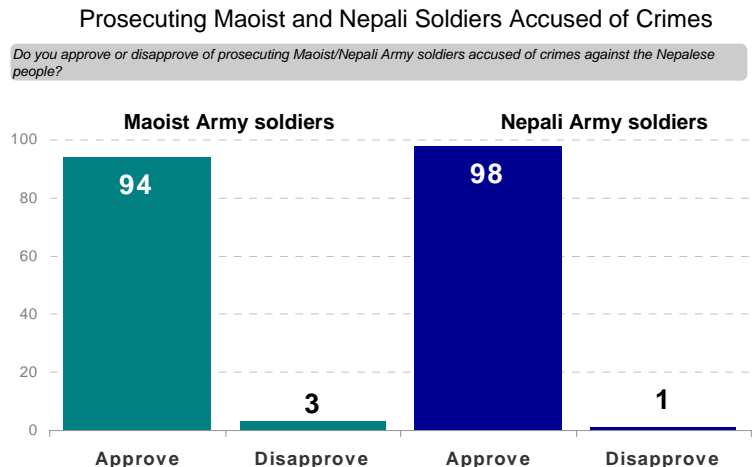


Figure 3

The public does not have much confidence in the ability of the SPA to promote the integration of the Maoists. The SPA has been mostly reactive with regard to the Maoists and has not put forward an integration plan. As a result, Nepalese are looking to the international community to help resolve the array of issues regarding the Maoists.

About two-thirds think an international delegation is needed to moderate peace talks between the SPA, the King and the Maoists, and three-quarters approves of the UN's monitoring the ceasefire between the Maoists and the SPA. The United Nations is also by far the favored international entity to moderate the talks. **[Figure 4]**

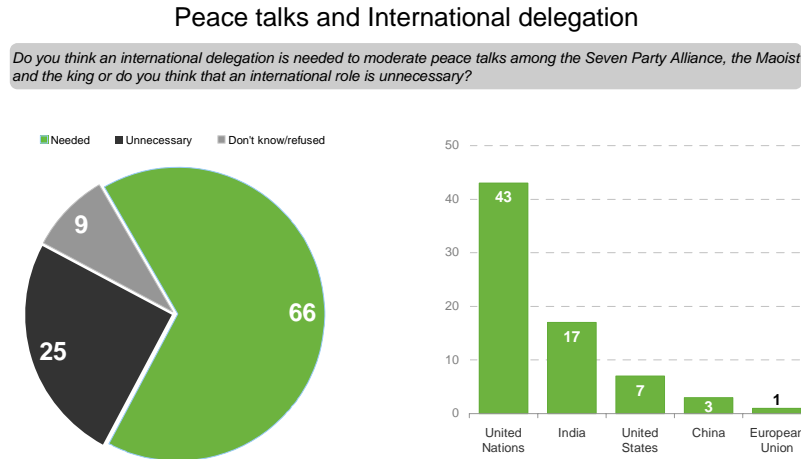


Figure 4

The public also believes the coming Constituent Assembly will be able to help resolve the Maoist situation. Most Nepalese do not see the Constituent Assembly as something that will immediately solve top concerns such as unemployment and education, but they are hopeful it will be able to promote equality and peace. Many people are frankly confused about what the Constituent Assembly will be designed to do. Although a majority recognizes its role will be to rewrite the Constitution, 41 percent think its purpose is to create a government that includes the Maoists.

## Economy is Driving Concern

Another top challenge for the government is to improve the economy. The years of conflict have taken a devastating toll on the country's economy, and the public is looking for the SPA to quickly improve economic conditions. Three of the public's top five concerns are economic-related – lack of jobs, cost of living, and the price of petrol and kerosene. **[Figure 5]**

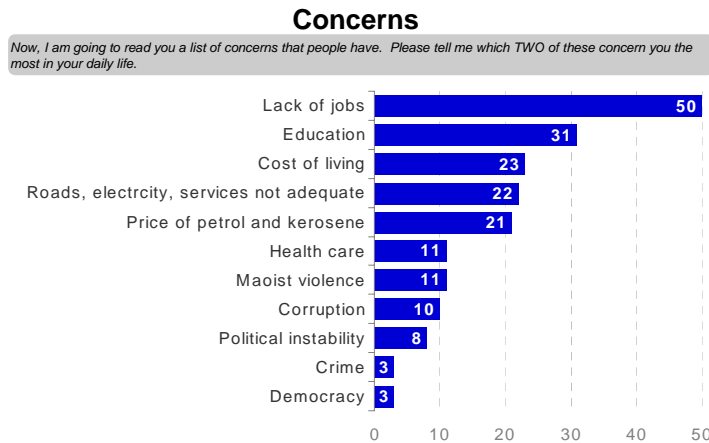


Figure 5

Fortunately for the SPA and the political parties, the public sees them doing a better job on these issues than the Maoists or the King. **[Figure 6]**

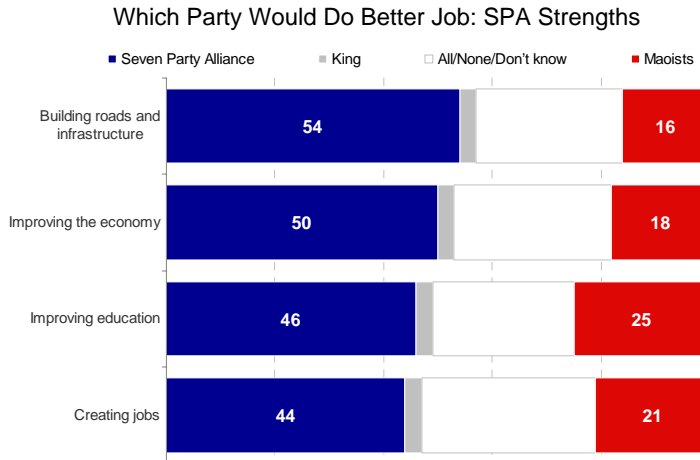


Figure 6

The problem, however, is that the parties seem to be focusing more on issues that rate as much lower concerns, namely political instability and democracy. Those are key issues, to be sure, and the country’s economic performance will depend upon its advancing politically; but the parties cannot be seen to be disregarding the material needs of the public.

While it may be difficult for the SPA to perform the typical duties of a government, it is important that it demonstrate it understands the public’s concerns and implements economic measures that begin to raise living standards. By doing so, the SPA will buy itself more time and build political capital.

## Divisions over Monarchy and Role of Religion

One of the most contentious issues the parties will have to deal with is the role of the monarchy. At this time, there is no consensus on whether Nepal should even have a monarchy. The public is evenly divided on whether or not Nepal should retain a monarchy. **[Figure 7]**

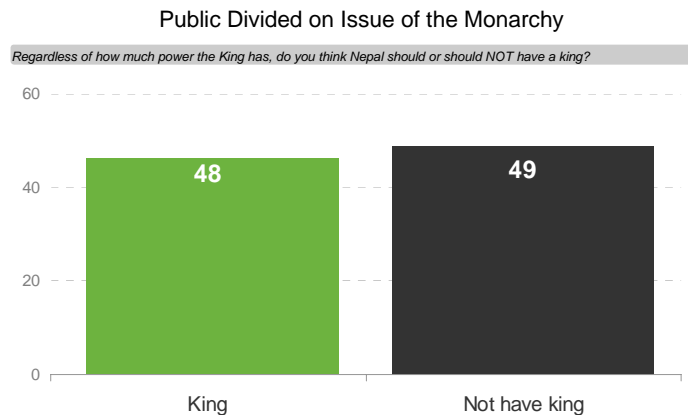


Figure 7

We are also seeing a decline in support for a democracy with a constitutional monarchy. In 2004, 60 percent of the public preferred to have a democracy with a constitutional monarchy, by far the most preferred government.

But now, only 41 percent prefer this form of government, though this is still a plurality over a democracy without a monarchy or a Maoist republic. **[Figure 8]**

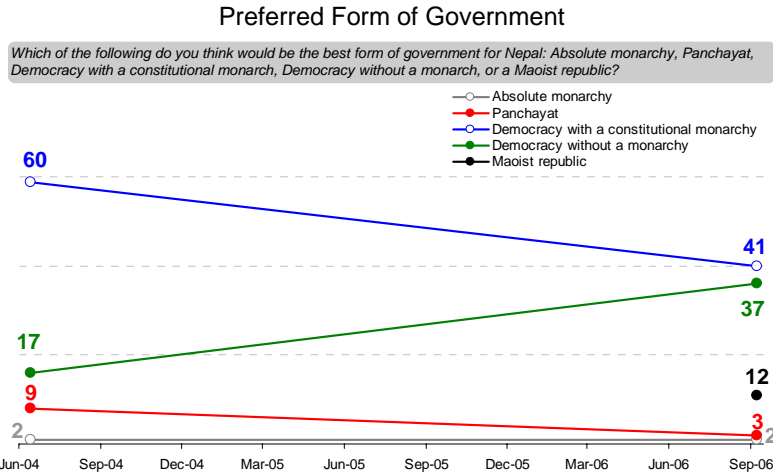


Figure 8

Opposition to the monarchy is driven by young men. Two out of three Nepalese men under the age of 35 oppose having a monarchy, and a plurality favor a democracy without a monarchy. Support for the monarchy is concentrated among women, lesser educated, and the central and eastern regions.

The increased doubts about the value of a monarchy are likely driven by the current King's low popularity. Only 13 percent view the King favorably, a drop of 9 points since late 2004. **[Figure 9]**

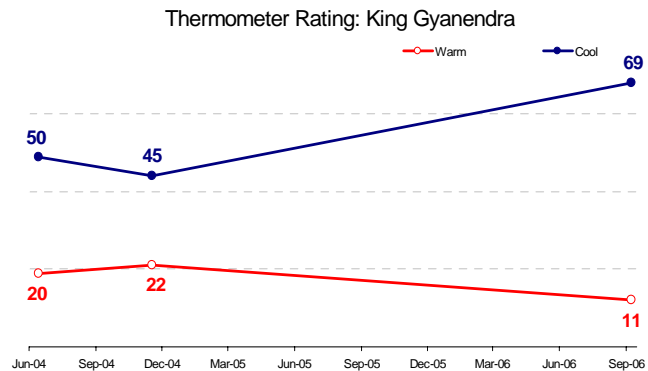


Figure 9

The SPA needs to develop a strategy to resolve whether Nepal retains the monarchy. The Maoists have been effectively using the issue to divide the SPA, but the SPA can counter by announcing some means to resolve the issue, such as a public referendum.

Another contentious issue is the role of religion in the country. The country is nearly evenly divided over whether Nepal should be a secular country or Hindu nation. **[Figure 10]** Again, young men are a decisive factor, with 56 percent supporting a secular country. All other demographic groups are evenly split on the issue.

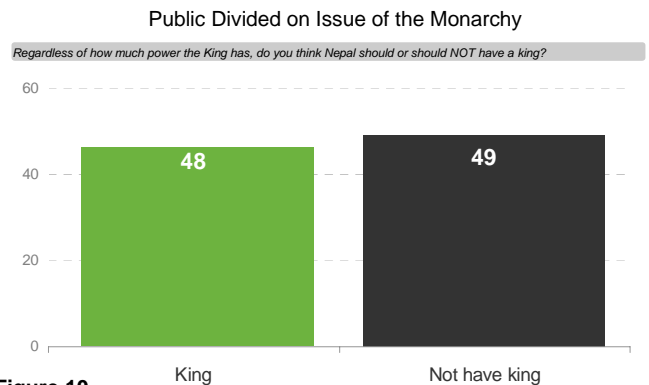
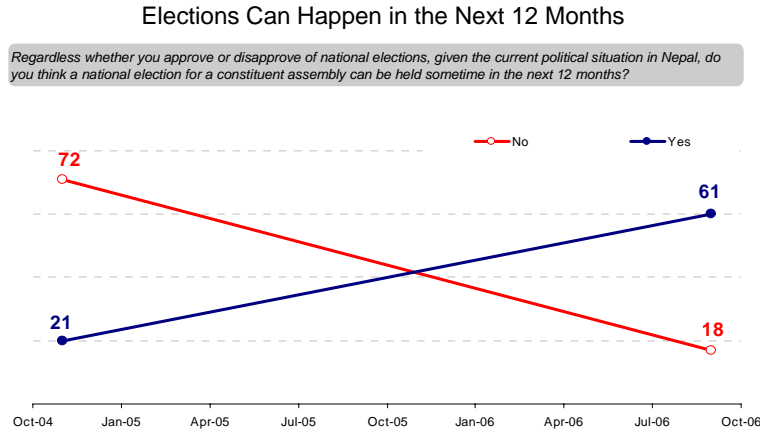


Figure 10

## Parties Well-Positioned for Campaign

Support for a Constituent Assembly is nearly unanimous, and unlike in 2004, a majority (61 percent) thinks national elections can be held within a year. **[Figure 11]**



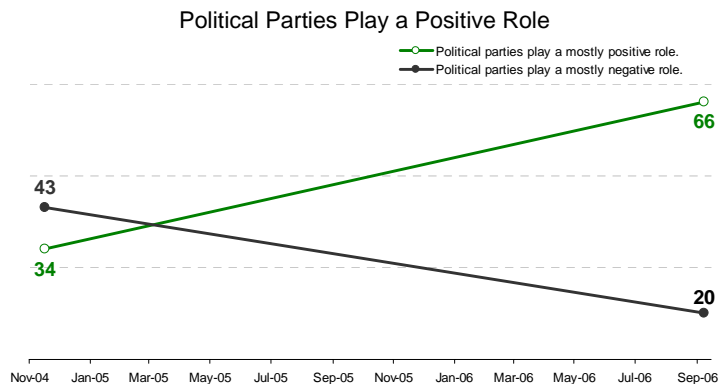
**Figure 11**

The two major political parties, the Nepali Congress (NC) and the Communist Party of Nepal (Unified Marxist-Leninist) (CPN-UML), would begin an electoral campaign in a fairly strong position. The greater optimism has helped produce a significant increase in favorable impressions toward the government and parties.

There is particularly strong support for the SPA. A majority approves of the job the SPA is doing, with 1 in 3 strongly approving. On our 0 to 100 scale, 62 percent give it a positive (above 50) rating. Only 17 percent give the SPA a negative rating.

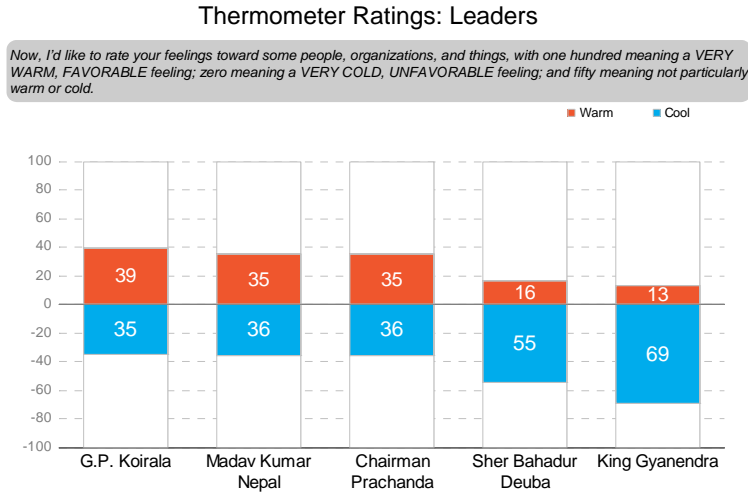
The political parties get good ratings too, albeit not as strong as the SPA. The NC and CPN-UML show a very strong increase in favorable ratings. The NC's favorable marks increase by 24 points since November 2004 to 40 percent, the largest increase among all the parties. The CPN-UML also sees a strong increase in its favorable ratings – a 21-point rise 44 percent.

There has also been a reversal in the public's perception about the role political parties play in Nepal. In 2004, only 34 percent of the public thought the political parties played a mostly positive role. **[Figure 12]** That number has almost doubled to 66 percent.



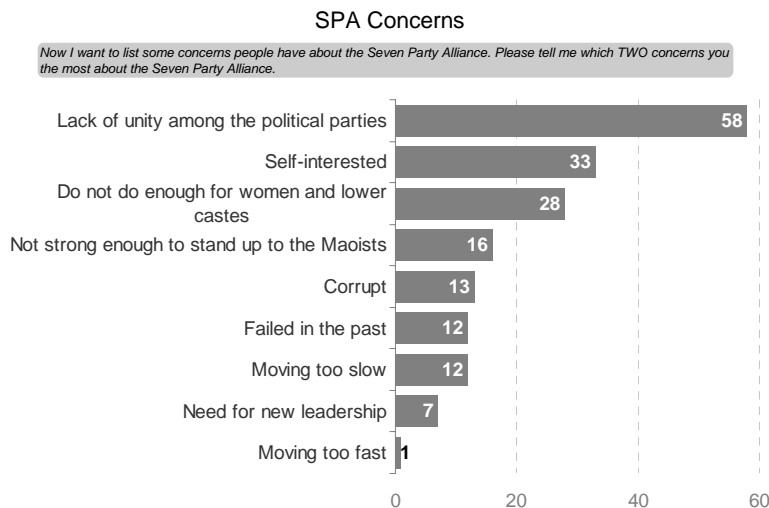
**Figure 12**

The major political party leaders also have modestly favorable ratings. **[Figure 13]** Prime Minister G.P. Koirala has the highest favorable ratings among political leaders, but the ratings for Madav Kumar Nepal and Chairman Prachanda are not far behind.



**Figure 13**

One of the principal challenges for the SPA and the parties will be to develop a more unified strategy and platform. Lack of unity is the public's top concern about the SPA. **[Figure 14]** The Maoists are taking advantage of this concern to further drive the "alliance" apart. Furthermore, the infighting among the alliance's members portray the political parties as being self-interested, acting only to increase their share of the power and not addressing the public's concerns. The SPA needs a platform that addresses the public's concerns on such key issues as the economy and education.



**Figure 14**



## Constituent Assembly Could be Fractious

Based on our polling, it would appear that the Constituent Assembly will be a fractious body, with no one or two parties dominant. If elections were held today, the NC and CPN-UML would have the largest percentage with about 25 percent of the vote, followed by a strong third place showing by the Maoists with 15 percent. **[Figure 15]** A large portion of the public, 18 percent, are undecided.

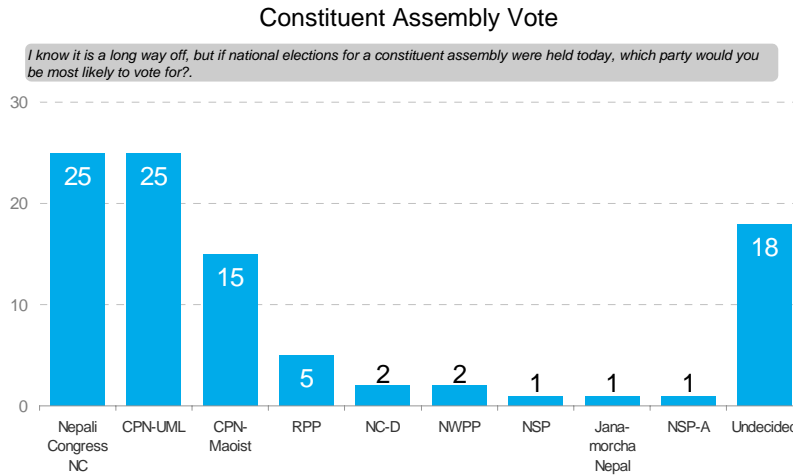


Figure 15

The poll suggests that the Maoists have not only the strongest base of support, but also the greatest potential to grow. Two-thirds of Maoist voters are very certain they will vote for the Maoists, a much higher share than for the NC and CPN-UML. **[Figure 16]** In addition, beyond the Maoists' 15 percent, an additional 14 percent of the public says there is a fair chance they would vote for the Maoists. **[Figure 17]**

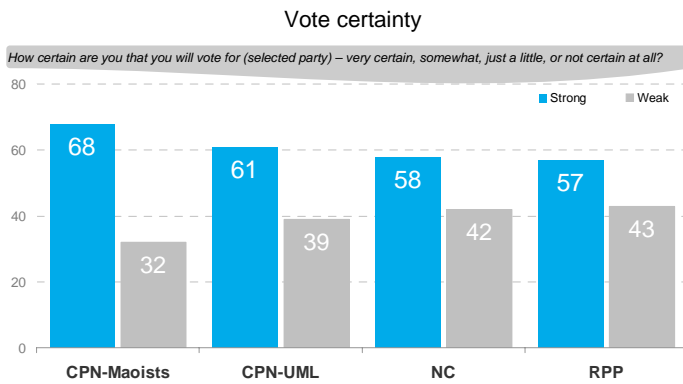


Figure 16

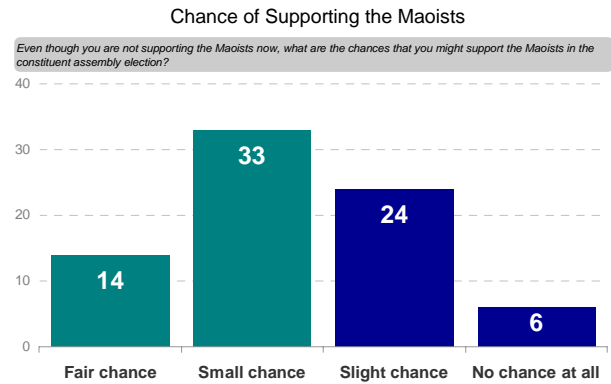


Figure 17

These results need to be read with caution, however. The elections are many months away, and much will happen before then. There is plenty of time for individual parties to distinguish themselves and put forward creative solutions to the country's problems, or conversely, squander the good will that currently exists.

While the elections are possibly a year away, our survey does indicate where groups such as NDI, as well as the political parties, should focus their efforts.

Groups concerned about voter participation and civic education should be aware that women are considerably less likely to vote than men. Seventy percent of male survey respondents say they will vote, compared with just 57 percent of women. Women will also be key to limiting the influence of the Maoists, as they are much less likely to support them than men are.

For the parties, undecided voters will be key. They are mostly female, under the age of 35 and have no formal schooling.

Young men, who as we noted above, are challenging some of the country’s cultural and political traditions, will also be a key demographic group in the election. Men under the age of 35 divide their support among the Maoists, the NC and the UML. **[Figure 18]** Unless the SPA is able to attract the support of young men and move their opinion, it is likely the Maoists will continue to make gains among this target group.

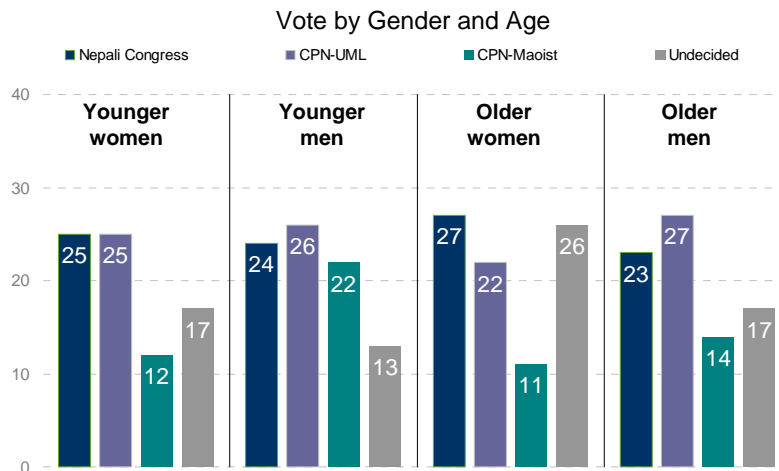


Figure 18