

# **Nepal: Revolution to development - Dont let the donors drive !**

Job-creation is about local ownership and institution-building

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At an interaction last week organised by this paper, Maoist foreign minister-in-waiting C P Gajurel, like many past politicians in Nepal, turned to donors present for help in rebuilding the country.

He said his party would make sure aid goes directly to the people and without leakage and corruption along the way. There was a strong sense of déjà vu hearing all this. It was reminiscent of the euphoria after 1990. Leaders then, as now, promised corruption-free good governance.

It didn't take long for the hope to evaporate. Given the role of money in competitive politics, most politicians were soon up to their necks in the quagmire of corruption.

Gajurel was asked how his party would meet the aspirations of thousands of his cadre. He said there had to be massive job creation for Maoist youth, and he asked for donor help. It left many wondering whether the Maoists would now use ministries as recruitment centres as the UML and NC did post-1990.

Gajurel's reliance on donors also shows that the Maoists may fall into the same old dependency trap. Nepal has been receiving ODA for more than 50 years and part of the goal has been poverty alleviation through job creation. Despite this, unemployment (13 percent) and under employment (47 percent) are at all-time highs. In fact, this was a factor that enabled Maoist recruitment.

In order to do things differently and effectively, the Maoists must realise that employment creation as well as other development undertakings have never been a function of money

alone, but building people's institutions. Only then can local development also generate employment opportunities in the process.

Unfortunately, while the donors are good at doling out money, their record is tardy at best in building institutions resulting usually in the wastage of scarce resources. Take the Ministry of Local Development (with its interesting acronym, MOLD) which has spent a budgeted sum of Rs 38 billion in its nearly 30 years of existence. This does not include the vast sums spent by donors directly to micro-manage projects that they fund.

Despite all this, the rural landscape is characterised by grinding poverty, decreasing production, widespread hunger and malnutrition, unemployment and an exploding population. All of this fuelled the combustion of the insurgency during the last decade.

An example of good institution-building is Nepal's community forestry success. At the heart of the achievement was the government's decision to introduce forest user groups in 1988, an innovation deriving from the Panchayat-era Decentralisation Act of 1982. It had taken us 30 years from 1957, the year when forest was nationalised, to steadily destroy it and only 10 years to resurrect it. Our forests now not only meet needs for fodder, fuel and timber, they also generate money for local development including employment opportunities. Besides, the hinterland is also dotted today with user-owned coops and saving and credit groups that are also doing marvellous work in self-help economic and social development.

Unfortunately, the so-called Local Self Governance Act of 1999 written with generous financial and technical help from the UNDP and DANIDA (which fiercely competed against each other to dominate the exercise and together lured government professionals into abdication) practically removed the user group concept. This set the stage, however inadvertently, for the colossal wastage of resources.

Nepal's new bosses, the Maoists, must recognise that donors are good only as donors, the basic decision-making must be by national professionals and predicated on the dispassionate assessment of

our successes and failures. The elections may have been for an assembly to write the new constitution, but the two years that it is estimated to take is far too long given the urgency of the cause of the poor and hungry in the villages.

The new government must follow a twin-track approach: even as the constitution is written it must set up and strengthen a nationwide network of autonomous user-owned institutions through which all development projects must be implemented on a countrywide and priority basis.

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**P.S.**

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