

The Four Pillars of Successful Land Reform: Can Revolutionary Nepal Stand Up?

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The continued failure of land reform has been one of the most contentious issues in the political economy of Nepal for over half-a-century. Civil war (1996-2006) ended with cross-party commitments to implement 'scientific' land reform and end feudalism, putting the issue firmly back in the spotlight. Moving beyond traditional land reform debates this paper determines whether the necessary foundations are in place to provide a platform for successful pro-poor redistributive reform. Through the analytical lens of Borras and McKinley's (2006) '4 Pillars' paradigm, Nepal is assessed vis-à-vis the four fundamental elements of contemporary state-society driven redistributive reform: a beneficiaries-led movement, pro-reform political consensus, productivity-enhancing support to agriculture and an overarching pro-poor growth-oriented development strategy. Provisional exploration exposes less than solid foundations, with beneficiaries providing the only robust support. Nepal's land reform cannot balance on a single pillar and the new democratic republic faces a considerable challenge to underpin its commitments.

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1.0 Introduction

1.1 The Case of Nepal

Nepal is one of the world's poorest countries, ranking 144 out of 182 in the UNDP's (2009) HDR, with 31% of Nepal's 28.8 million people living below the poverty line (WB, 2010). Landlocked between the giants of India and China, Nepal's unique and varied topography renders 80% of the land uncultivable, yet agriculture remains the mainstay of the Nepalese economy, providing employment to 83% of the population and accounting for a secularly declining 33% of GDP (WB, 2010). The agricultural sector has stagnated due to semi-feudal relations of production and persistent underinvestment, while productivity has failed to keep pace with rapid population growth, causing serious concern for food security.^{1 2}

Landlessness and indebtedness are growing problems amongst rural households, interrelated with the persistence of serfdom, insecure tenancy, land fragmentation and absentee landlordism. Land distribution is highly skewed, with 7.5% of farmers owning nearly a third of the farming area (3% hold 17.3% of private farm land) and almost half (47.7%) of all land holdings are too small to meet subsistence needs, within a largely subsistence based production system.³ There is a clear negative correlation between the size of land holding and level of poverty, which underscores current trends in out-migration, urbanisation, off-farm unskilled daily wage work and renting-in of additional land for sharecropping (Adhikari, 2008). One of the key constraints to agricultural productivity, social mobility and economic opportunity has been acknowledged for over half-a-century as the pattern of ownership and access to land.

Since the overthrow of the Rana regime in 1951, reforms to Nepal's land relations have consistently featured on political agendas. The 1964 Lands Act became the first comprehensive programme of reforms and remains at the centre of land policy today. Despite a number of amendments to the Lands Act the overall programme has failed in its objectives; significant redistribution has been evaded, productivity has not improved and off-farm growth has failed to materialise. Shortfalls in planning, investment and implementation are symptomatic of the systemic failure in political conviction, linked to deep-rooted landlord-state alliances (Alden-Wily, 2009).

The continued failure of land reform has proved one of the most contentious issues in the political economy of Nepal for over half-a-century. Maoist insurgents adopted the rallying call 'land to the tiller' during Nepal's decade-long civil war (1996-2006), while peasant movements have become increasingly organised, applying pressure to state actors and raising public consciousness. The civil war ended with the signing of the Comprehensive Peace Accord (CPA) in 2006 followed by the 2007 Interim Constitution (IC) pledge "to implement a scientific⁴ land reform...ending the existing feudal system of land

ownership”, as part of a vision for a “prosperous, modern and just...new Nepal” (GoN, 2007); putting land reform firmly at the forefront of national political debate.

1.2 Can Nepal’s Proposed Land Reform Stand Up?

Under political mandate, and socio-economic imperative, Nepal is on the verge of planning a significant programme of land reform; consequently this paper does not seek to add to an already comprehensive literature discussing the social, political and economic arguments for redistributive land reform, in the face of cross-party political commitments, this paper will move beyond the fundamental debate *to determine whether the necessary foundations are in place to provide a platform for successful pro-poor redistributive land reform in Nepal.*

Borras and McKinley (2006) synthesised the salient features from contemporary and historical land reforms in developing their “4 pillars” paradigm; representing the four fundamental elements necessary to achieve a successful “redistributive alternative”.⁵ Moving away from binary models of state-led and market-led reform, this paradigm frames a state-society driven, productivity-enhancing redistribution, underpinned by a broader concept of land, beyond its economic value, and of land reform in the context of reallocating property and power towards a pro-poor agrarian transition. If the political rhetoric is to be believed and the peasants’ demands heard, this is precisely the land reform that Nepal will be planning; if inclusive growth is to be achieved, it is exactly the land reform that Nepal needs. Nepal has yet to specify any details of proposed reforms, beyond broad political rhetoric, but it is the clear view of this paper that *to achieve success Nepal will need to compare favourably vis-à-vis Borras and McKinley’s 4 pillars.*

The first pillar represents a beneficiaries-led social movement, highlighting (without romanticising) the importance of autonomous and inclusive rural politics in shaping and leading the process through the mobilisation of pressure from below. The second pillar comprises a supportive state, recognising the seat of ultimate authority and incorporating the need for a complementary pro-reform political coalition; with state-society linkages providing a key dynamic in shaping and strengthening these first two pillars. Realising the need for improved productivity to ensure sustainability, the third pillar constitutes supportive and complementary agricultural policy, while the fourth pillar represents the wider macro-economic environment and a pro-poor growth-orientated country development strategy. This interactive framework provides a relevant methodology for exploring the interlinked themes of rural politics and capital accumulation, which together with the character of agrarian production and overarching development strategy will have profound effects upon the success of land reform in Nepal.

2.0 Analytic Framework: The 4 Pillars Paradigm

Drawing on historical experiences and recent UNDP-ISS country studies⁶, Borras and McKinley identify four fundamental elements (“pillars”) necessary to underpin success; these comprise a beneficiaries-led (1), state-supported (2), productivity-enhancing (3), pro-poor growth-oriented (4) paradigm.

The first pillar recognises the key role of rural struggles in shaping agrarian-based social and economic relations, which are both the causes and consequences of dominant regimes of land policy. The model avoids romanticising the power of peasant beneficiaries, while still acknowledging that when large peasant populations mobilise (and sustain their mobilisation) they can challenge and undermine state-elite alliances. There are important elements to this pillar; comprising the level of autonomy, capacity to organise and achieve aims and the extent and influence of wider societal allies, providing a more nuanced understanding of the interaction between beneficiaries, civil society and the state, in driving reform. It is insufficient to simply record the presence or absence of a land rights movement (LRM) in Nepal, but, as with social movements in general, to analyse their historical contingency, political strategies, methods of mobilisation and degrees of solidarity

The presence of a strong LRM does not in itself guarantee success and the redistribution of economic power in rural areas will likely need active support from the state, where authority ultimately rests. The commitment and capacity of state reformists is key to overcoming both national elite opposition and increasing penetration by neoliberal forces. Through historical analysis, pro-reform political consensus will be assessed in the context of democratisation, state restructuring, peace-building and the ongoing constitution-drafting processes, with the state viewed inherently as “both an actor and an arena of contestation”, balancing competing attitudes towards land reform (Borras and Franco, 2008).

Political support for reform must eventually translate into substantial public investment along with technical assistance to enable a small farmer, productivity-enhancing revolution, so significant to successful reforms in Japan, Taiwan and Korea. Borras and McKinley recognise that redistributing land is insufficient in itself to mobilise resources, enhance productivity and generate market-competitive small farmers; a third pillar comprising public fiscal and service support is necessary, both to boost the reform’s short-term efficacy and strengthen its sustainability.⁷ Pillar 3 will be assessed with particular reference to the policy ideology, institutional structure and resource mobilisation of Nepal’s Agriculture Perspective Plan (APP), which outlines the strategy and objectives for the commercialisation of agriculture.

An integral feature of Borras and McKinley’s paradigm is the interdependence and synergy between pillars, with a beneficiaries-led

productivity increase needing wider support from an overarching development strategy, complementary to pro-poor growth. Without national policy geared to growth for the rural poor, land reform's potential for harnessing the poverty-reducing effect of land could be undermined, or subjugated to more anodyne attempts at poverty alleviation. Ultimately though, development strategy must incorporate land reform, to equitably restructure the socio-economic base and enable the pro-poor element of any growth to work more effectively. Pillar 4 will assess Nepal's pro-poor credentials in the context of neoliberal policy, international donor-led development, commitment to the MDGs and institutional devolution, with these competing national and global influences shaping a complex set of development opportunities and constraints.

There are a number of structural impediments, which, for the most part, exist outside of the 4 pillars paradigm, but never-the-less act as complex barriers to agricultural productivity and development; rugged topography, geographical remoteness, rigid caste hierarchies, climate change, population pressure, a porous border with India and the destruction of recent civil war; all having, to a greater or lesser extent, profound effects upon the foundations for redistributive reform, which this methodology cannot address directly.^{8 9}

3.0 The 4 Pillars of Land Reform: Nepal

3.2 Pillar 1: Beneficiaries-led Reform

Nepal's history of social struggles for land rights began as far back as the late 18th Century, though only adopting its more recognisable and cohesive form since the overthrow of the oppressive Rana regime in 1951. The following decade saw the formation of the landless people's movement (*Sukumbasi*) which backed multi-party elections in 1959 and pressed the first comprehensive, but ultimately failed attempt at land reform in 1964.^{10 11}

The 1990 People's Movement bridged multiparty political solidarity with popular protest to reinstitute democracy, and this state-society synthesis has intensified, gaining significant momentum from a civil war substantially driven by land-based inequality and resolved with a commitment to pro-poor land reform. The LRM has become increasingly active in politicising land issues without itself becoming politicised, an important distinction given the tendency for sister organisations of Nepal's political parties to co-opt peasant movements, sidelining those most in need. With many farmers' organisations either captured by richer farmers or subjugated by landlord-state alliances, the focus of the LRM has shifted onto landless farmers, tenants and bonded labourers.¹²

In addition to the painful memories of civil war, illustrating unaddressed land grievances¹³, a number of factors have strengthened the LRM in recent years: the growing frustration with a stagnant agricultural sector; more inclusive democracy with trends towards devolved governance; a broadening political

consensus (at least in rhetoric) to end feudal land relations; growing international solidarity; and a fuller understanding of rural poverty, leading to an appreciation that peaceful and sustainable growth in agrarian states requires a relatively equitable base.

The LRM is spearheaded today by the National Land Rights Forum (NLRF), an expansive peasant-led network of village-level organisations, enabling and mobilising ≈300,000 land-deprived households across 50 districts (CSRC, 2010).^{14 15} In addition to educating and organising land-poor farmers the NLRF focuses on building public consensus for pro-poor reform, developing state-society bridges and innovating practicable community-led models for decentralised and democratised land reform.¹⁶ NLRF leaders have built robust, non-politicised, high-level state alliances, through persistent peaceful advocacy while creating linkages with a select handful of international donors.^{17 18}

The NLRF is committed to maximising internal funding to enhance sustainability through a sense of ownership, taking pride in its inclusive and democratic institutional operation; with a membership comprising 48% females and 56% *Dalits* (former untouchables) it represents a diverse range of rural poor, including landless labourers, marginal farmers, indigenous people and rural women. Creating such coalitions has necessitated the crossing of traditional social barriers to extend the scope of reform.^{19 20 21}

The LRM has widened its political strategy with a broadened agenda now closely aligned with civil demands for human rights, particularly for women and former lower castes. Advocating the link between land rights and rights of subsistence, protection, participation and identity has opened new political spaces and incorporated new social forces, that provide both physical and symbolic leverage to a land reform agenda that still retains its venerable core of agrarian class antagonism (to be overcome by structural change to power relations). In Nepal's increasingly democratised and politicised society, all but the most conservative political forces are compelled to express solidarity with the vulnerable; while appeals to food security and peace building, as well as universals such as democratisation and ecological guardianship, expand land reform from justice for the poor to benefiting society as a whole, and arguably extending to a 'global society', in building widespread consent. Democracy's power is not simply that the rule of the majority will empower the poor (a fallacy of homogenising the poor) but that democratisation enables inclusion in collective decision making and joint ownership of outcomes, key to beneficiaries-led reform.

The success of the LRM strategy is manifested by the incorporation of beneficiary demands into political party agendas, and occasionally policy; most notably in the allocation of land to freed *Kamaiyas*²², joint husband/wife titling, discounted land registration fees for women and the establishment of a High-Level Commission on Land Reform (2008). However, the failure of the High

Level Commission on land reform to fully implement *any* of their objectives, illustrates the chasm between word and deed, necessitating sustained pressure from below.

It is this pervasive lack of political will that led Borrás and McKinley to emphasise the importance of beneficiaries in leading a democratised land reform process and in Nepal they have taken the initiative to design and trial models for community-led land reform. The NLRFs are currently piloting ‘land reform from below’ in 5 districts, with local communities collecting accurate records, including for land holdings, tenancy arrangements, public land use and absenteeism, with which to inform state decision makers (CSRC, 2010). While the promulgation of Nepal’s Local Self-Governance Act (LSGA) in 1999, began a network of District and Village Development Committees as part of a gradual policy of devolution, potentially providing the decentralised institutional architecture for beneficiaries-led reform.²³

Collective action remains central for the poor to leverage their political capital and the NLRFs regularly stages mass demonstrations, marches and sit-ins to bolster the channels of lobbying and policy advocacy. Peaceful protest is a key tenet of NLRF strategy, gaining even greater merit within a post-conflict society that disparages violence as a means-to-an-end (Alden-Wily, 2009). However, some Maoist splinter groups, such as the *Krantikari Sukumbasi Sang* (Revolutionary Landless Association), have continued the practice of their wartime counterparts in seizing private land, with this approach likely to jeopardise public opinion.

Landlord-state alliances pose substantial barriers but increasing levels of autonomy, inclusiveness and state-society institutional bridging offer positive signs that the majority land-poor can shape, implement and sustain a process of redistributive land reform. The progressive political agency of beneficiaries, together with a supportive civil society and moves towards devolved governance, constitute a solid first pillar for Nepal’s land reform; but this cannot support the process alone. As Borrás and McKinley emphasise, a powerful alliance of state reformists is a necessary pillar in tandem.

3.2 Pillar 2: Pro-Reform Political Consensus

Land governance in Nepal was subject to capricious rulers until the introduction of the first comprehensive Lands Act in 1964, promulgated in response to an incipient LRM with the aim of “showing a human face”. The Act emphasised protecting existing power structures and half-hearted implementation allowed ample room for landlord evasion, ensuring little redistribution. The Act remains at the centre of contemporary policy and despite six amendments, consistently fails to deliver the egalitarian social justice promised in the rhetoric. The main outcome of imposing ceilings has been concealment of ownership; the

main result of land administration reform has been authentication of elite title; a main consequence of tenancy registration was eviction; and the upshot of modernisation has been the violation of customary rights.

This lack of political commitment has been the key impediment to genuine land reform; a common characteristic of failed reforms globally. Nepal's decision makers face a conflict of interests, with state leaders bearing close ties to landlords (if they are not landlords themselves) and unwilling to forego privileges or sever longstanding shared interests. Herring (1999) describes this conundrum succinctly: "Land confers power in agrarian systems; reform policy must then work through a system of power to overthrow its base. Not only would one predict little policy, but as importantly little implementation"; a circumstance so vividly illustrated by Nepal's half-century of failure. In the absence of alternatives, land holds the key to economic, and by implication, political power, serving to maintain the *status quo*. Land reform's ability to restructure power relations, stimulate alternatives and underpin social democracy creates a clear 'chicken and egg' dilemma for Nepal's state-supported beneficiaries-led reform.²⁴

The advent of social democracy (1990/1), accompanied by a burgeoning civil society, freer press and invigorated LRM, has created space for more inclusive dialogue to forge broader political consensus. Successive governments have responded with revitalised 'land to the tiller' platitudes, however, the return to democracy has been plagued by inter-party wrangling and intra-party factionalism. Against a background of self-serving politicians failing the poor, the Maoists launched their 'People's War' (1996-2006), with the aim of realising socio-economic transformation through armed struggle, with land reform as their rallying call.²⁵ Rebel actors had seized the reform initiative and in so doing galvanised both public and political consensus.

The decade-long conflict ended with the signing of a peace accord in 2006, in which the importance of land reform was acknowledged in the peace-building process, and later enshrined by the Interim Constitution as the right to "scientific land reform...by ending the existing feudal system of land ownership". Following the 2006 People's Movement²⁶, elections were set for April 2008 to replace the 240-year-old monarchy with a 601-seat Constituent Assembly (CA), governing a new federal democratic republic. Acknowledging the revolutionary mood, all the main parties campaigned vigorously under pro-poor and pro-land reform banners with the Maoists securing a convincing victory, though significantly not an overall majority that would have permitted unilateral policy-making.

The institution of the CA established a genuinely inclusive platform, representing those traditionally excluded from power (32.8% women members) and offering genuine hope for more progressive politics. The Maoist victory saw the emergence and consolidation of legitimate reformists within government; Dr Babarum Bhattarai, Marxist intellectual and principle architect of the war, became

Minister of Finance (2008-9), calling for agricultural revolution through commercialisation and the end of feudalism; exemplifying his party's hybridised communist-capitalist ideology, while noticeably dampening the more radical rhetoric of the conflict era.

The Maoist-led government failed to function well from the outset, relations with coalition partners were strained, while they antagonised rivals by retaining land seized during the war.²⁷ The political scene quickly deteriorated, with the Maoists resigning from government in May 2009, sinking the country into its present day protracted political crisis.²⁸ A hastily assembled 22-party coalition is now tasked with drafting the new constitution and getting the peace process back on track, before fresh elections can be held, with the prospect of restoring political coherence. In August 2011, Dr Bhattarai was sworn in as Nepal's fourth Prime Minister in as many years to lead the fragile multi-party coalition but he faces stiff opposition from both the Nepali Congress and the UML, in addition to hardliners within his own party. While acknowledging this as a significant hindrance to the prioritisation of land reform, this paper will avoid conjecture and continue focusing upon manifest indicators of state commitment to redistributive reform.

Concerns have been growing amongst the LRM that post-conflict revolutionary fervour has waned in political realms with a growing emphasis on agricultural modernisation over redistribution, failing to depart from past policy (Nepali Times, 2008). The Ministry of Land Reform and Management's current Three Year Plan (TYP) is continually preoccupied with anodyne donor-financed land administration projects, such as records computerisation, which, in addition to prioritising administration over governance, risks authenticating current inequities and obstructing future redistribution. Taxation rather than appropriation is still favoured as a deterrent to absentee landlordism, with paid taxes assuring both private property and the *status quo*. The TYP identifies land redistribution, but only to 200,000 land-deprived people (<1% rural population), focusing mainly on ≈13,000 freed *Kamaiya*, implying little appetite for disturbing the pattern of private holdings (Alden-Wily, 2009).

Following intense pressure from the LRM (a 13-day mass sit-in in Kathmandu), a cross-party High-Level Commission for Land Reform was established in December 2008, to design the framework for scientific land reform and provide a roadmap for action. However, no sooner had the Commission set to work than it fell victim to the political crisis, being reshuffled and reinstated and so far remaining fruitless. As part of state restructuring, the principle mandate for the CA is to draft a new constitution, with provision for land reform not only providing a litmus test of current state commitment, but potentially providing constitutional guarantees for the land-deprived.²⁹ The drafting process continues to be well behind schedule (originally due May 2010), indicating a wider political failure in consensus-building *per se*.

Political revolution precipitated successful land reforms in East Asia, but Nepal has so far failed to strike while the iron is hot; the revolutionary fervour of the 2006 People's Movement has dissipated amidst political wrangling, land reform becoming sidelined by, rather than synergising, constitution-drafting and state restructuring. Contrasting the degree of social transformation required with the level of political ambivalence, it is hardly surprising that land reform is retreating from the spotlight. Tangible fears of mass unrest and the persistent drag of stagnating agriculture could conceivably provide the impetus for broad consensus-building, founded upon a combination of constitutional guarantee, enlightened self-interest and exigency, but the decisive pro-reform coalition, constitutive of Borras and McKinley's second pillar, is far from evident.

3.3 Pillar 3: Productivity-enhancing Support to the Agricultural Sector

Nepal's agricultural sector is plagued by numerous natural, cultural and political constraints to development. A mountainous topography leaves just 17% of land cultivable, while absentee landlords allow one-fifth of that to lay fallow and hereditary caste systems fragment already small land holdings.³⁰ The porous border with India and neoliberal structural adjustment undermine Nepal's policy autonomy, while geographical remoteness and poor infrastructure constrain foreign trade and splinter domestic markets. The often steep and fragile land is easily damaged during the monsoon, with rapid deforestation and population growth further exacerbating environmental degradation.³¹ The lack of irrigation, outdated farming techniques and inputs combine with intransigent semi-feudal relations of production to create persistent agricultural stagnation.

Against this backdrop, and with rising rural-urban inequality, the government implemented the Agriculture Perspective Plan (APP) in 1996, with a 20-year horizon. Acknowledging that agriculture by necessity continues to underwrite the economy, accounting for over one-third of GDP and more than three-quarters of employment, the APP became the rhetorical centre of Nepal's reinvigorated development strategy, combining broad-based growth with poverty reduction.³² The Plan comprises four key elements: a wider dissemination and adoption of agricultural technology; increased access to production inputs; sector commercialisation and diversification; and infrastructure development alongside market promotion. It is fundamentally a growth plan which aims to address development goals through increased factor productivity in agriculture and subsequent multiplier effects in non-farm sectors.³³

While the APP embodies a commitment to enhancing productivity and transforming the agrarian economy through investment and commercialisation, it does so in the absence of a clear strategy for redistribution and within a climate of accelerating neoliberal globalisation. There are concerns that this leaves the door open to attempts at modernising agriculture without genuine land reform.

Compounding this are fears for the sustainability of any redistribution, vis-à-vis the APP's poor performance; 14-years after initiation, it has failed to boost productivity, commercialise agriculture or alleviate rural poverty, with agricultural growth stagnating at $\approx 3\%$ for the last two decades (Sugden, 2009).³⁴ The institutional structure, resource mobilisation and policy ideology are not complementary to a small-farmer-beneficiaries-led productivity-enhancing revolution, so key to successful redistributive reforms in East Asia (Borras et al, 2005).

Foreign aid contributes nearly one-third of public investment in agriculture and the APP is heavily influenced by the funding and subsequent neoliberal policies of its key donor, the ADB; liberalisation and deregulation are prescribed to achieve comparative advantage in private-sector-led agricultural growth, favouring larger farmers in both staples and higher value commodities. Significant government withdrawal in pricing and marketing has led to an upward (and fluctuating) shift in the relative prices of imported inputs, while competition among private traders is insufficient to provide domestic alternatives.³⁵ The sudden rise in input cost has led to a reversal in the adoption of modern technology which already struggled to take root in remote subsistence conditions. Cuts in subsidies were not compensated by measures such as easier access to credit, leading to a reduction in the use of agricultural inputs (or use of lower quality substitutes) by fiscally constrained small farmers, contributing to the poor performance of agriculture and the adverse trend in rural poverty and inequality.³⁶

The failure to invest in infrastructure and agricultural support services has left small farmers in scattered production units, unable to leverage economies of scale in aggregation and standardisation, within increasingly demanding regulatory commodity chains. Nearly two-fifths of rural households live more than two hours from a paved road while only one-fifth of irrigable land has access to year-round irrigation. A nationwide network of R&D exists, but only covers 20-25% farmers, is ill-suited to the demands of emerging higher value agriculture and insensitive to the context-specific requirements of distinct agro-ecological zones.

Agricultural production has failed to keep pace with population demand, while average yields are low compared to neighbouring countries (UNWFP, 2009). Yet spending on agriculture (as % of agricultural GDP) is in secular decline; from $\approx 30\%$ in the 1980s to $\approx 20\%$ in the 1990s to its present level of 3%; well below the minimum 10% that transforming countries invested in their growth spurt years. There are positive signs, with the budget for agricultural investment doubling over the past five years, but this is seriously undermined by under-spending; after the first 10 months of the 2008/9 financial year, MoAC had spent just 16.5% of its budget (UNWFP, 2009). Contributing to these constraints has been Nepal's decade-long civil war, paralleling the APP's implementation the conflict has drained resources, disrupted production, markets and the provision of

inputs, with hopes of a 'peace dividend' failing to materialise in a post-conflict climate of continued political instability and neoliberal retrenchment.³⁷

Agricultural growth is becoming increasingly reliant on the private sector, which is budgeted to provide 70% of capital investment in the recent TYIP (2007-10); an ambitious target given that private investment is generally a function of public investment, added to the deterrent of protracted political instability and increasing competition from neighbouring India and China.³⁸ Even with finance forthcoming, the private sector tends to under-invest in agricultural services characterised by long gestation periods and public-good attributes, hurting poorer farmers and potential land reform beneficiaries. Foreign and private investment can stimulate Nepal's agriculture but this capital often requires a system of protection for private property, which could come into conflict with non-market redistributive land reform.

Many of the persistent failings of agriculture, and indeed the APP, can be linked to semi-feudal land relations and the consequent underperformance of factors of production, where innovation and investment are clearly inhibited by (largely absentee) landlords and exploitative tenancy arrangements. Although these constraints could arguably diminish through redistributive reform, simply acquiring land is insufficient to raise production and improve market competitiveness. This fact was illustrated by the recent Kamaiya land beneficiaries who struggled to meet their livelihood needs after failing to receive adequate support services, in addition to receiving poor quality land that required even greater investment.

There is potential for gains to be made in agriculture; between 2002-07 rice production increased in Bangladesh by 16%, Pakistan 24% and India 31% while Nepal's decreased by 1% (UNWFP, 2009). The FAO estimates that cereal production in Nepal can be raised by 20%, simply through using improved seeds, and to this effect the APP has implemented the District Seed Self-Sufficiency Programme (1996), expected to cover all districts by 2011. Hope lies in this and other APP programmes that focus on small farmer cooperatives to diffuse technology, reduce marketing costs and build economies of scale, as part of a general decentralisation of the institutional landscape that can better accommodate diverse local contexts.

The APP acknowledges three important determinants of Nepal's agricultural performance: access to land, access to inputs and the ability to diversify and commercialise; each could precipitate the other in a comprehensive plan oriented to small-farmer-led modernisation, with land reform the potential catalyst for transformation. The APP will need to overcome significant fiscal, institutional, and ideological constraints before Nepal can have a solid third pillar, realising its long-delayed green revolution and creating a solid foundation for sustainable land reform.

3.4 Pillar 4: Pro-poor Growth-oriented Development Strategy

Nepal missed out on the robust rise of its neighbours, burdened with the lowest per capita GDP in the region (current US\$ 438) and an average annual growth rate of 1.9% between 1990-2008 (WB, 2010).³⁹ Semi-feudal land relations, geographical remoteness, two decades of falling agricultural productivity, 25-years of failed neoliberal policy, 10-years of civil conflict, the under-developing influence of de facto free trade with India, rapid population growth, recent severe droughts and global food and financial crises have combined to paint a socio-economic scene of stagnant agriculture and manufacturing, public sector retrenchment, an unprecedented trade deficit, food insecurity, intransigent rural poverty and rising inequality. Trends towards deagrarianisation, underemployment and livelihood diversification have intensified over the last decade with increasing rural out-migration for domestic-urban, Indian and global employment opportunities, indicating the need for a comprehensive development strategy to address multidimensional causes of poverty and secure the poverty-reducing potential of land.^{40 41}

Following a period of high inflation and severe budgetary deficit in the early-1980s, Nepal's economic agenda has been appropriated by IFIs and international donors. Stabilisation and structural adjustment began in 1985 with a further push towards privatisation, deregulation and liberalisation after the restoration of democracy in 1990/1.⁴² Nepal has faithfully executed continuous neoliberal prescriptions, becoming one of the most 'open' countries in South Asia and the first LDC member of the WTO (in 2004).^{43 44} Economic liberalisation, embodying a political process, has tended to subjugate the rural poor to the power of national and global capital, through the deregulation of markets and the removal of subsidies and price-supports. Nepal now faces dire problems simultaneously on both domestic and international fronts and the main reason a full-blown economic crisis has been avoided is the compensatory surge in remittances, now threatened by the global downturn.⁴⁵

Bilateral and multilateral aid agencies have increased their influence over Nepal's development process, currently accounting for 53% of public sector development expenditure, rising from 3.6% GDP in 2007 to 4.7% in 2009, partly reflecting donor optimism in the peace process (WB, 2010). Such high levels of aid dependence with shifting donor priorities poses a significant barrier to long-term strategic continuity, with elites seen to control the form and disbursement of aid, consolidating existing power structures. Under contemporary neoliberalism, donor-led development tends to mobilise the poor as autonomous entrepreneurs, capable of finding solutions to their own problems through the global market, forgoing concepts of rights and entitlement and obviating the need for structural change. This runs counter to the ideology inherent in redistributive reform and together with the dialectic of pursuing inclusive growth on the back of liberalised

capitalism (and a reduced state), could impede a pro-poor growth framework conducive to land reform.

Compelled by rising rural-urban inequality and in gradual recognition that past economic reform did not benefit the poor, poverty reduction has become the overarching development goal since the Ninth Plan (1998-2002), with the Tenth Plan (2002-07) continuing to act as Nepal's PRSP.⁴⁶ Broad-based economic growth, infrastructure development, targeted poverty alleviation and good governance are strategic PRSP targets, while the APP prioritises the agricultural sector in recognition that poverty is primarily a rural issue;⁴⁷ signalling a positive departure from previous urban-centric solutions and corresponding with country studies by Thorbecke and Jung (1996) and Datt and Ravallion (1998) showing agricultural sector growth having the greatest effect on poverty reduction in agrarian societies.

Borras and McKinley note that aligning development strategy with achieving the MDGs can provide a pro-poor framework to sustain the socio-economic transformation inherent in redistributive reform. There are positive signs in this respect; the current TYIP is tailored specifically to achieving the MDGs, with Nepal clearly on track for MDG1 (Target 1a) to "reduce by half the proportion of people living on less than \$1/day (PPP value) by 2015" (UNDP, 2010).⁴⁸ However, potential shortfalls towards MDGs for hunger, maternal mortality and primary education, led the MDG Needs Assessment Report (2006) to call for a doubling of donor funding to meet the \$12.6bn required to achieve these goals, further deepening donor influence tied to externally-set time-bound targets.

Recent performance in reducing poverty is much heralded, with a significant fall from 42% (1995/6) to 31% (2003/4). This headline figure though, obscures a more complex picture of rising vertical (class-based) and horizontal (regional/inter-group/ethnic) inequality, burdening Nepal with the highest Gini coefficient in Asia, increasing from 0.34 to 0.47 over the last decade (UNDP, 2010).⁴⁹ This is particularly damaging to a pro-poor agenda, as initial conditions of high inequality have been shown to impede the poverty-reducing effect of growth. Furthermore, much of this acclaimed poverty reduction is accounted for by expanding remittances, rather than any structural change; bypassing the poorest, mainly marginal farmers and landless labourers, who have least access to off-farm opportunities, remittances, or more fundamentally, land.⁵⁰

Since the 1990s, Nepal has steadily become a net importer of food, through a combination of low agricultural productivity, high population growth and changing consumer preferences. High and fluctuating food prices are a particular threat to poverty reduction, with the poor, who are net purchasers, typically spending >80% of their income on food. 42 out of Nepal's 75 districts are estimated to be food deficit while half (49%) of children <5 are chronically malnourished, the highest level outside Africa (UNWFP, 2009).⁵¹ The

government has responded with individualised donor-driven alleviation programmes targeting the poorest,⁵² but a recent Land Use Policy (2010) signifies a more structural foundation for food security, granting legal protection for fertile land from urban and industrial development, creating a potential cornerstone for future land reform.

State commitment to decentralisation and the devolution of decision-making powers to locally elected bodies, provides perhaps the most positive signal for Nepal's pro-poor growth. Taking democratisation and inclusion as means to improve livelihoods, the Local Self-Governance Act (LSGA) (1999) devolves increasing powers over local administration and resource management to 75 District Development Committees and 3,914 Village Development Committees.⁵³ By empowering locally elected bodies to meet the great diversity of needs, the LSGA could provide an institutional framework for innovative and progressive community-led land reform, able to bring beneficiaries into the process as decision-makers, implementers and monitors, capturing local knowledge, reducing administrative costs and enhancing sustainability.

Nepal's overall development strategy focuses on broad-based growth, underpinned by the commercialisation of agriculture to stimulate the wider economy and reduce poverty. Policy space is constrained by macro-economic commitments to IFIs and donor-led development, while the recent civil war and ongoing political instability have further impacted growth.⁵⁴ While the APP, the LSGA and commitments to the MDGs, constitute major initiatives towards a pro-rural pro-poor agenda, economic liberalisation, widespread food insecurity and rising inequality undermine the performance and integrity of this pillar. There is an inherent dialectic in pursuing pro-poor growth while leaving the underlying structures that perpetuate poverty undisturbed, highlighting the importance of integrating land reform into the development process.

4.0 Conclusion: Can Nepal's Land Reform Stand Up?

This explorative analysis did not seek to provide definitive conclusions, which may in any case be incompatible in the context of a stubbornly elusive scientific land reform; nevertheless a focused evaluation has revealed flaws and fortés in Nepal's character, capacity and compulsion to support comprehensive transformative reform.

Beneficiaries provided the only solid foundation from which to support and propel the land reform process, by leading demand, innovating community-based models and possessing the potential to implement and sustain a devolved and decentralised redistribution. The LRM has succeeded in broadening its strategy to enhance capacity, symbolism and momentum while retaining the vital ingredients of autonomy and representation. Transcending the right to land from its anti-feudal origins to become a basic human right has offered a more

democratised approach, opening new political spaces with greater opportunity for pro-poor structural outcomes. With increasing civil society solidarity, the LRM can continue its strategic mobilisation, fortifying state-society institutional bridges and converting political rhetoric into action.

While state-society links provide hope, state-elite alliances continue to pose the main impediment. The emergence of the Maoists, with the potential to derive their power through mobilisation of the poor, rather than elite alliances, has given greater political weight to reform, alongside more inclusive parliamentary representation and legislated commitments to devolution. Politics has democratised sufficiently to address structural transformation in the context of land reform (and *vice versa*), but the current political turmoil and persistent procrastination appears unlikely to provide the decisive pro-reform coalition, necessary to bridge the effort from below; more likely in the present form, it will oversee the gradual reconstitution of feudal alliances into capitalist partnerships, with land reform sidelined rather than central to state restructuring and peace-building.

Political reluctance towards land reform is reflected in the APP's ideological, institutional and resource deficits, compounding Nepal's numerous physical and socio-economic constraints. The caprice of foreign aid, neoliberal hegemony and the private sector's profit-compulsion, further restrict agricultural policy space and undermine small-farmer-led modernisation, in the face of rising food requirements. Redistribution can provide an expeditious tool for socio-economic transformation but without subsequent improvements in productivity, the momentum behind reform can quickly evaporate (Borras et al, 2006). The absence of land reform in the APP's drive to commercialise is foreboding, while the current trend to provide low quality land to reform beneficiaries will create the need for even greater levels of support. If the APP is to enable beneficiaries to launch self-reliant competitive farming, with links to broader off-farm development, redistribution will need to be integrated within an astute agricultural strategy, requiring significant boosts to wide-ranging investment, legitimate implementation and an ideological reorientation towards small farmer beneficiaries.

There are positives in Nepal's moves towards decentralisation and functional devolution; democratising political space for local actors encourages a pro-poor trajectory, but entrenched rural poverty, food insecurity and rising inequality undermine the poverty-reducing effect of any growth. Neoliberal retrenchment and donor-driven development restrict policy space, with the threat of anodyne or market-based poverty alleviation potentially obviating deeper structural change. Despite valid commitments to the MDGs, it may be argued that development strategy can only be superficially inclusive until comprehensive land reform has restructured the underlying power base that perpetuates and reproduces cycles of poverty. However, were redistribution to be implemented in

the current context, it may fail to achieve much beyond short-term asset gains for the poor, lure unwitting beneficiaries into debt and penury and expose itself to potential reversal.

This provisional exploration has exposed a less than solid foundation for pro-poor redistributive land reform in Nepal, revealing a strong LRM (pillar 1), weak state-support (pillar 2), constrained agricultural policy (pillar 3) and compromised development strategy (pillar 4). Borras and McKinley's paradigm captured the fundamental features that could underpin success, with each pillar appearing both necessary and integral. Had Nepal compared more favourably vis-à-vis a pro-reform political consensus, small-farmer-led agricultural modernisation and genuine pro-poor development, the country could be well placed to implement and sustain its mandated land reform, despite the noted impediments extraneous to the analytical framework. But land reform cannot balance on a single pillar.

Establishing the foundations for successful reform entails a process of inherent contestation and interdependence between the agencies of state, society and the market, embodied by the interaction of the 4 pillars. Hope lies with the power of beneficiaries to catalyse political consensus and force progressive policy; if subsequent land reform is enabled to enhance productivity, alongside greater equity, positive feedback will ensue, synergising the political, social and economic process and reinforcing the 4 pillars. Such optimism though, must ultimately be tempered by the weight of pragmatism; the post-conflict, new democratic republic of Nepal faces a profound set of risks, challenges and transformations: The task ahead cannot be overstated.

Notes

¹ Average 2% annual population growth rate (2002-2008) (WB, 2008).

² The UNWFP (2009) has been operating in Nepal since 2006, where 41% of the population are undernourished and 80% children <5-years are malnourished.

³ Defined as holdings <0.5ha by the latest National Agriculture Census.

⁴ This rather nebulous term incorporates redistribution with growth alongside the commercialisation of agriculture.

⁵ Based upon research by Borras *et al* (2005) for ISS/UNDP.

⁶ Ten country studies: Armenia, Bolivia, Brazil, Egypt, Ethiopia, Namibia, the Philippines, Uzbekistan, Vietnam, and Zimbabwe.

⁷ The failure of land reforms to significantly reduce poverty in Bolivia and Mexico has been linked to insufficient state-support following redistribution.

⁸ The nearest seaport for accessing the world's economy is 900kms away (in India).

⁹ The open border and high cost of access to international markets puts Nepal in *de facto* free trade with (a more heavily subsidised and powerful) India.

- ¹⁰ The 1964 Lands Act is covered in sub-section 3.2.
- ¹¹ The landless people's movement has never become, in and of itself, a political party (Basnet, 2008).
- ¹² These are not necessarily mutually exclusive categories.
- ¹³ The threat of revolutionary uprising played an important role in making land reform politically feasible in both El Salvador (1980's) and South Vietnam (early 1970's) (Alden-Wily, 2009).
- ¹⁴ Established in 2004 by CSRC (a Nepali CSO encouraging land rights activism) to integrate people's organisations representing landless and land-deprived farmers.
- ¹⁵ Of a total 1.7m landless and tenant households (average household size 5.3) across 75 districts (CSRC, 2010).
- ¹⁶ CSRC/NLRF initiated a weekly nationwide radio programme on land rights, on Nepal FM since January 2009.
- ¹⁷ NLRF leaders met with the Prime Minister in 2008 to agree the formation of the High-Level Commission for Land Reform, arranging a seat on the Commission for the NLRF chairperson.
- ¹⁸ Six international donors (ActionAid Nepal, Care Nepal, CCO/CIDA, DanidaHUGOU, MS Nepal, Oxfam GB) formed the 'National Alliance for Land and Agrarian Reform' in 2009, to support the NLRF.
- ¹⁹ NLRF mass encampments build critical awareness of the political economy of land rights amongst land-deprived farmers.
- ²⁰ Many *Madhesi* perceive land reform as a politically motivated means to redistribute their fertile *Terai* land to *Pahadis* from the hills; based on outcomes of earlier migrations and land reforms.
- ²¹ Up to 50% of males (15-59-yrs) in many hill villages now work overseas.
- ²² Bonded labourers; legally emancipated in 2000.
- ²³ Successful land reform in Japan, Taiwan and South Korea depended upon the power and authority of local-level committees (Alden-Wily, 2009).
- ²⁴ Nepal can take heart from Kerala (India), where land reforms were both a response to, and reinforcement of, democratisation; itself the product of evolving struggles (Herring, 1999).
- ²⁵ The Communist Party of Nepal-Maoist held only 4 of 205 parliamentary seats in 1996.
- ²⁶ Seen as a continuation of the 1990 People's Movement; 19-days of popular street protests in April forced the King to rescind the absolute power he assumed under the pretext of combating the Maoists.
- ²⁷ The Maoists made an agreement before the 2008 elections to return land seized by Maoist soldiers and their supporters during the war; this process has been slow and has met with resistance by some peasants reluctant to comply.
- ²⁸ After a government decision to sack the Chief of Staff of the Nepali Army was rescinded by the President.
- ²⁹ Such guarantees have underpinned success in West Bengal and the Philippines, while constitutional shortcomings in Nepal allowed the Supreme Court to overrule ceiling reductions in 2001 (Linghorn, 2008).
- ³⁰ Average holding size is 0.8ha.
- ³¹ The area under natural forest has halved in the last 30-years, to make way for a population that has doubled in the same period.

- ³² The country development strategy will be examined under Pillar 4.
- ³³ The APP's objective is to raise annual agricultural growth from $\approx 3\%$ to 5% by 2015.
- ³⁴ The government recently downgraded its 2010 growth projection from 3.3% to 1.1%, the lowest in the region (WB, 2010).
- ³⁵ Fertilizers rose to international price levels with the abolition of subsidies in 1999.
- ³⁶ 72% of institutional finance schemes in Nepal require some form of collateral, usually land, acting as a considerable barrier for small farmers, tenants and sharecroppers.
- ³⁷ Conflict accounted for 15% of the annual government budget in 2005.
- ³⁸ The obverse is the potential of these two markets.
- ³⁹ The government recently downgraded its 2010 GDP growth projection from 5.5% to 3.5% (WB, 2010).
- ⁴⁰ 66% of the economically active population was engaged in agriculture in 2001, falling from 91% in 1981 (CBS, 2004).
- ⁴¹ The urban population grew from 4% (1971) to 13.9% (2001) and is expected to reach 26.7% by 2021 (CBS, 2005).
- ⁴² Opportunities for dramatic neoliberal reform only came after India began to liberalise sincerely in the early 1990s and despite commitments to social democracy the main parties embraced reforms such as privatisation.
- ⁴³ The latest being an IMF Rapid Credit Facility in May 2010, requiring further pro-cyclical retrenchment.
- ⁴⁴ There is little WTO impact to date; Action Aid reported that Nepal was even initially unable to expend its allocation of 'green-box' subsidies for domestic agricultural support.
- ⁴⁵ Accounting for 22% GDP in 2008/9 (excluding informal flows and flows from India) (WB, 2010).
- ⁴⁶ From 1988-1996, 16% annualised growth in urban centres contrasted with $<3\%$ (negative after inflation) in rural areas (Miklian, 2009).
- ⁴⁷ 95% of Nepal's income poor reside in rural areas (ADB, 2009).
- ⁴⁸ Poverty line adjusted to \$1.25/day in 2008.
- ⁴⁹ In Kathmandu, poverty incidence is 3%, while in the mid-Western district of Rolpa, it is 59% (UNDP, 2010).
- ⁵⁰ WB (2010) estimates 30% households receive remittances.
- ⁵¹ Unless production increases significantly, Nepal will become stably food deficit within the next 3-5 years (UNWFP, 2010).
- ⁵² A State Privileged Identity Card will soon grant the right to buy subsidised food, alongside donor-assisted food-aid and food-for-work schemes.
- ⁵³ Resources allocated to local community needs-based programmes, increased from 1% of expenditure in 2000 to 7% in 2009, budgeted at 8% for 2010 and expected to increase further in the next TYP (2011-2013); however central-level spending is ≈ 5 times higher than district-level (WB, 2010).
- ⁵⁴ One recent study estimated the war's opportunity cost at 3% of current GDP (Pradhan, 2009).

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