

**Statement by Mr. Praful Patel,  
Vice President, South Asia Region, World Bank  
at the Opening Plenary of Nepal Development Forum 2004**

May 5, 2004  
Kathmandu, Nepal

Rt. Honorable Prime Minister Thapa  
Honorable Finance Minister Dr. Lohani  
Honorable Vice Chairman Dr. Sharma  
Finance Secretary Acharya,  
Distinguished delegates,  
Excellencies, Colleagues, Friends, Ladies and Gentlemen.

In preparation for this meeting there has been much consultation, both within government and with civil society. I wish particularly that I could have been a fly on the wall at the consultations with Nepali youth because my colleagues have shared with me some of these powerful young voices.

Let me share a sample with you now of what was said.

Said one: “You talk as if youth are only about the future. You imply we have no role to play today. We say we are about the present. Do you realize what a colossal waste you make by not tapping into the talents and energies of a third of the population.”

“We say we are about the present.”

What a mistake we have made in not listening to these voices before. And what a relief that we have now confronted this and opened the dialogue. Having done so we are confronted with their expectations and with all the hopefulness and energy that youth brings to the table. This meeting would do well to keep that as a central focus. And we would do well to take the advice that this is not about the future. This is about now. What we deal with is the present. And what are we to do, now?

When I was in Kathmandu in August last year, the air was thick with anticipation. Mr. Chairman, I recall you were on your way to Hapuré, Dang, primed with a far-reaching agenda of socio-economic transformation. We were all convinced that the agenda could pave the way for the lasting peace that has eluded your citizens for the past eight years. I remember, too, how our discussion back then was all about how we, your development partners, could best support you in a process of post-conflict reconstruction; how could we help Nepal make up for the years lost to conflict.

When I arrived back in Washington DC after that visit, I was saddened to hear the peace talks had collapsed. What I was feeling must have been just a fraction of the frustration Nepalis were feeling. A peace so near; a peace so distant.

Why do I mention Hapuré, nine months after the fact and when I have said our challenge today is to make decisions for the present? I do so because I learned two striking lessons about Nepal that are worth remembering as we look ahead.

We, your development partners, attach a very high premium to what we like to call “country leadership” of development. Sometimes you will also hear us talk about “ownership” of reform. New as I was to Nepal back in August, to my mind, the Hapuré agenda confirmed that Nepalis are indeed capable of articulating a thorough agenda of socio-economic reforms – and owning it. I remember the agenda clearly: rich in content, scope and scale. I was also impressed that the discourse on the kinds of reforms needed, was happening in Nepali, among Nepalis. This was lesson one.

Lesson two was stark and sad: the failure of the peace talks illustrated to me just how entrapped Nepal’s prospects for socio-economic change is by political circumstance. No matter how rich – and shared – the socio-economic agenda, a darker reality prevailed.

Of course, much has changed since last August, and for that matter, in the years since the last Nepal Development Forum in February 2002. You know better than I what has happened but bear with me because I want to help us set the *context* for this important meeting. Over the period since we last met, Parliament has been dissolved and the constitutional crisis has deepened. Local elected bodies have, for all practical purposes, become dysfunctional. Since the peace talks collapsed, the conflict has flared up; many more lives have been lost to the violence; many more lives have been uprooted. International concerns have mounted over the deterioration in the human rights situation. And alarms have been sounded in the international community that Nepal may be heading the way of another “failed state”.

Why then, in spite of all this, are Nepal’s external partners gathered in this room today?

I believe we are here because we want to give the development process another chance. I believe ours is the conviction that there must and can be a way; that we must deal with the present and not hang on for some uncertain future.

There are some who believe there is no room for development until the conflict and the constitutional crisis are resolved. Indeed, as the conflict intensifies, many development activities are thwarted. Public services cannot be delivered and this happens mostly in the remoter areas where most of the poor Nepalis live. Further, when the democratic processes are not in place to ensure political commitment, the very sustainability and legitimacy of reforms are weakened. The argument here is that, basically, without peace, there can be no meaningful development, and without democracy, there can be no resolution of the conflict or development. When we see or

read about the suffering of innocent Nepalis caught in the conflict, it seems so obvious that peace has to come before anything else. And it seems just as obvious that we cannot turn away.

The insurgency in Nepal has already claimed some 10,000 lives. Yes, this tragedy must be stopped, as soon as possible. But the reality is that an insurgency of this nature could last many years. It could delay the implementation of many important reforms for many years and this is something Nepal cannot afford.

I believe that, even in this difficult situation, development – done right – can and will contribute to lasting peace in the long run. From what I understand, this was also the underlying message heard at each of the preparatory consultations that I have mentioned leading up to this meeting today.

And again, from what was said and heard at government-led consultations as well as in civil society discussions these past few weeks, there is no shortage of ideas in Nepal on how to make development work under these difficult circumstances.

The challenge to all of us now is to collectively think smart and to deliver development in new and creative ways, ensuring that services reach the poor and the vulnerable. This development forum is perhaps then an extraordinary opportunity for us to collectively rewrite the manual of development in Nepal. Can we open up the space for new ideas and new partnerships to deliver in an environment of extraordinary challenge?

Giving development another chance in Nepal is not a blank check for more of the same chaotic governance. Not one of us here imagine that Nepal's development can be sustained in the absence of a government committed to participation, accountability and transparency. Reforms anywhere thrive on decisions underpinned by consensus and broad public understanding. We note, with some distress, that there are important players absent at our table today. But new players have joined in the interests of development and participation. Can their coming inspire others to this development space?

Mr. Chairman, I am sure you will give us a very comprehensive account of the achievements Nepal has made since the last time we met in this Forum. Many of these reforms are clearly world-class and worth showcasing to the rest of the developing world. You now have a Poverty Reduction Strategy that your external partners accept as a credible basis to build our partnership upon. And you have convinced us that the mechanisms of implementation you have in mind are the right ones to achieve greater development impact on the ground. In this partnership, you have really shown that Nepal is taking on a leadership role far stronger than we have seen in a long time. You and your like-minded colleagues are all heroes and we marvel at your ability to drive these reforms under such inhospitable circumstances.

But most of the world sees a very different picture of Nepal. It sees a picture of bloodshed and human suffering. And it sees a picture of a political landscape unable to coalesce around saving this bleeding nation. Your development partners are rightly wary

that in staying the course with you on reform, we appear to be endorsing a Nepal with its other faces; its faces of constitutional and political crisis in which development has become hostage to political tactics.

I have been told that it has been difficult for Nepal to find its way out of the political crisis, because it is a three-way conflict. In this configuration, each side seems to feel that supporting reforms or protecting development activities would somehow give advantage to another side. Or doing things that are inimical to development, such as human rights abuses, extortions, blocking economic or development activities and organizing *bandhs*, blockades and boycotts are seen to give them political advantage.

This baffles me. I understand that all three forces claim they are for the people, and want an effective democracy of one kind or another. To my mind, democracy is fundamentally about a government that serves people. Surely, doing things to improve their lives and ensure better public services would be a far more effective way to gain people's support. But, it seems to me that many actions taken by the three forces -- or actions that have not been taken -- suggest that they either do not believe people care about a government that serves them, or they do not believe people would see through the political tactic.

So is it possible in the midst of crisis to create this safe space for development with today's players? Can we tempt others to come to this space. Surely we cannot ring fence all of the necessary delivery of services and development opportunities to some of Nepal's most vulnerable citizens. But what else can we do now, in the present, to secure the reforms already achieved and to take them forward with the like-minded and the committed.

Ladies and gentlemen, citizens of Nepal, I believe we are here today because we are determined to make a space in the present to carry forward the small gains already in place. I believe we understand the risks, and they are not inconsequential. But we recognize that the reform path embarked upon by the most determined of you, is the right one. Determinedly trodden, and with our support, it could indeed lay the groundwork for a lasting future peace. And when peace does return, we believe these reforms will have prepared Nepal to shift more quickly to a higher growth path that the country desperately needs in order to make a more meaningful dent on poverty.

Delivering effective development amid conflict will certainly be an underlying theme of our discussions over the next two days. I suggest that as partners, we should also be upfront and candid about some of our skepticism and jointly explore measures to mitigate it.

Most of all, what gives me heart is the deep and active interest that civil society in Nepal has taken in the lead up to this Development Forum. They participated in the consultations and they went beyond that to organize their own discussions, making their voices heard. This convinces me that the Nepali public at large, represented by these groups – non-governmental organizations, the private sector and youth to name a few –

care very much about development. They recognize their stakes in the future of this country. And they want to do something today. “We say we are about the present”, remember. I will hold these words as a comfort because this commitment by civil society is, alone, what gives me the confidence that we are doing the right thing by participating in this forum in these challenging times.

Thank you.