



Social inclusion in the post-conflict state of Nepal: Donor practice and the political settlement

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Kristie Druca

Deakin University, Australia

Abstract

Fragile states constitute a challenging operating environment. Yet, the role of development partner engagement on issues of social inclusion, identity politics, or horizontal inequalities in such fragile environments has not received the attention these complex issues warrant. The attitudes of development actors, their level of commitment, bias, risk management, and understanding of the political settlement can have a real bearing on the effectiveness of such efforts to promote inclusion. In Nepal, certain development partners have faced elite backlash for their engagement on social inclusion, while others have been more successful. This article asks what lessons can be learned from these experiences for those interested in promoting social inclusion in fragile states through development assistance.

Keywords

Donor practice, fragile states, political settlements, social inclusion

Introduction

This article uses the concept of ‘political settlements’ to analyze Nepal’s post-conflict operating environment and the space for inclusive state building. Between 1996 and 2006, a civil war was fought to end Nepal’s monarchy and reform its highly stratified and exclusive state. The Maoist ‘People’s War’ mobilized support from economically and socially disadvantaged people and the Maoists’ communist ideology aligned with the grievances of traditionally excluded groups (Thapa, 2012: 51). Thus, horizontal

Corresponding author:

Kristie Druca, Alfred Deakin Institute for Citizenship and Globalisation, Deakin University, Burwood Hwy, Burwood, VIC 3125, Australia.

Email: kristie.druca@yahoo.com.au

inequalities and group-based exclusion contributed to the conflict. Accordingly, since the signing of the Comprehensive Peace Agreement (CPA), social inclusion has become 'a project of overarching importance that affects the structure of society and its primary social ties' (Toffin, 2014: 220).

According to Nepal's National Development Plan (2007–2010), the purpose of social inclusion is

to fulfil the physical, emotional and basic needs of all the people, groups or castes. It has to be achieved by respecting their dignity and their own culture and also reducing disparities between excluded and advantaged groups and by reducing the gap in the existing opportunities and access. In addition to this, it is to help build a just society by ensuring rightful sharing of power and resources for their active participation as citizens.

This shows clear official intention to achieve social inclusion in order to reduce disparities, promote justice, and fulfill the needs of all citizens.

International efforts to promote peace and social inclusion in a state like Nepal face many challenges, even if they align with official policy. In this context, new political settlements can become ideological battle zones as elites may look for support from foreign powers to gain local advantage (Khan, 2010). Knowing when to align with elites that control the government and when to hold firmly to international norms and practices can be complicated. As Cox et al. (2015) note,

As Nepal itself undergoes significant social, economic, and governance transformations, donors must seek to tread lightly in the spirit of 'local ownership' while at the same time undertaking significant efforts to transform society into a more sustainable, just, and thus peaceful social contract. (p. 5)

Having development partners involved in negotiating an acceptable degree of inclusion can raise concerns about sovereignty.

Additionally, the achievement of social inclusion is no easy matter as dominant social groups will look to maintain their advantage. As Kabeer (2006) suggests, 'dominant social groups invisibilize, seek to impose dominant values, or routinely devalue and disparage certain categories of people'. More broadly, as Leftwich (1993) argues, 'development is a difficult and potentially risky, political process that involves changing the economic and political power between social groups'. While it is within the mandate of development partners to engage in politically difficult issues, such as social inclusion (ICAI 2013:21), in such a context development partners may be inclined to "depoliticize" their practice (Eyben, 2012; Ferguson, 1994; Ruckert, 2008). This, however, leaves development partners open to manipulation by elites, and it may leave the way open for the emergence of a more exclusive political settlement.

The first section of the article discusses the concept of political settlements. A brief introduction to Nepal, group disparities, and informal institutions is then followed by an analysis of development partner agreements around social inclusion. Development partners were initially aligned on the importance of Nepal's social inclusion agenda. However, donor activity generated strong views especially from the media and elites. Some donors were more susceptible than others to this criticism and four examples are

given to highlight why this was the case. A section on lessons learnt from donor practice in Nepal precedes the 'Conclusion' section.

The data presented in this article were collected from July 2012 to February 2014 when the researcher resided in Kathmandu. A mix of in-depth, open-ended questions were used to conduct 66 interviews with a range of key informants: 50 were Nepalese and 16 were foreigners; 41 were men and 25 were women. Most interviews were face-to-face and a few were conducted via Skype. Respondents remain anonymous due to the post-conflict context and career sensitivities. The grounded theory methodology uses 'theoretical sampling' to identify respondents which included development partners, (I) NGOs ([international] non-governmental organizations), Government of Nepal, unions, private sector, academics, journalists, and political parties.

Analytical framework

A political settlement framework illuminates the distribution of power in a state and how decisions are made (Khan's, 2010: 60). The type of political settlement has relevance to many development initiatives and may also influence how included an individual can hope to become. As such, a political settlement framework is useful for analyzing the operations of development partners in fragile states and how well they align with international principles for engagement such as humanity, neutrality, impartiality, and independence.

A political settlement or 'elite pact' consists of the informal power arrangements or 'social order' in a country (Parks and Cole, 2010). In fragile states, a state represents 'a pact of domination' (Przeworski, 1991: 23) because it is 'an agent of coalitions formed to assure compliance' of the settlement rather than to serve the people. It is 'easy for a clientelist political settlement to evolve into competitive clientelism' because 'rents',¹ incentives and favors are needed to maintain power (Khan, 2010: 68). The continual need to maintain a support base plagues leaders and hampers reform efforts, resulting in many position changes. Elections may provide a mechanism for testing the organizational power of competing coalitions, but it is difficult to constrain political competition.

The contending interests that exist within a state constrain and facilitate institutional and developmental change (Di John and Putzel, 2009: 18). Democracy is not always stabilizing in these contexts as it may not achieve development outcomes (Khan, 2010: 68). A new ruling coalition is 'formed by a leadership of political entrepreneurs which seek to bring together enough factions to be able to rule but at the lowest price for themselves' (Khan, 2010: 68). Competitive clientelism results in multiple strategies being adopted to maintain power, even utilizing external actors if possible. The strategies adopted depend on 'the organization and composition of the dominant patron-client factions' and their interests (Khan, 2010: 67). Restructuring the field of power to which state functionaries respond is a key challenge to building a more inclusive state (Herring, 2005).

According to Khan (2010), 'all developing countries have clientelist political settlements, but they differ across countries, and change over time' (p. 57). There are income and wealth differences, but the 'sources of organizational holding power (organizational

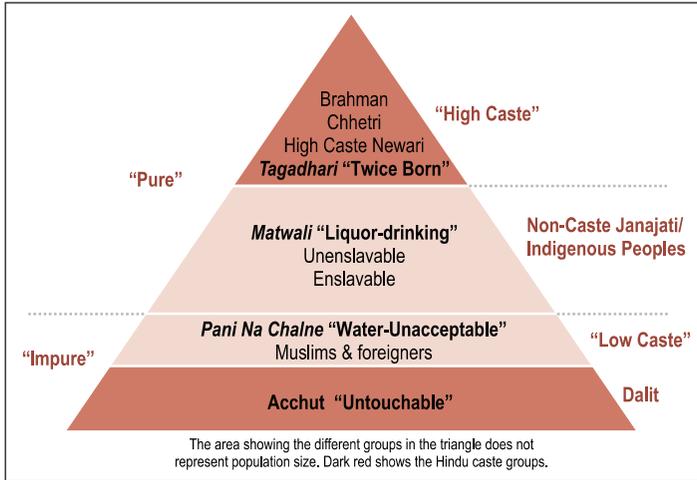


Figure 1. Nepal's caste pyramid.
Source: Bennett and Sharma (2006: 6).

capabilities, legitimacy, and so on) are much more difficult to assess' (Khan, 2010: 57). The evidence in this article suggests that in Nepal, external actors such as development partners can contribute to the organizational holding power of certain factions at different times. In some instances, this is deliberate, such as during peace negotiations, and at other times it is unconscious. Through a lack of awareness about the nature of the political settlement, development partners can become complicit in exclusive political settlements despite their best intentions.

Inclusive and exclusive political settlements

A political settlement can take many forms and can be inclusive or exclusive. Exclusive settlements involve a narrow coalition of elites that a ruling coalition has established by granting exclusionary access to state structures, rents, and resources. For instance, Nepal's Rana monarchy constructed an administrative and political class (the 'intermediate class') to help manage the empire by selectively recognizing the 'rights' of organizationally powerful groups.² In Nepal, the 'intermediate class' consists of Brahman and Chhetri castes from the hills of Nepal. As Figure 1 illustrates, these 'hill elites' are also known as 'upper castes' because they sit at the top of the caste hierarchy. When the CPA was signed in 2006, Brahmin, Chhetri, and Newars³ held 95% of total civil service positions, 91% of the judiciary, 72% of cabinet positions, and 68% of parliament yet represented only 36.37% of the population (Neupane, 2005). According to Laws (2012), such 'exclusive pacts can lead to political instability as disempowered groups struggle for resources and representation' (p. 28).

Successful transitions from civil war to peace can involve making the political settlement more inclusive (Lindemann, 2008). An inclusive settlement can be achieved when the ruling coalition integrates a broad coalition of elites or social and political groups

Table 1. Comparison of poverty levels during the period 1995–2010 categorized by ethnic group.

| Ethnic group | Poverty, 1995 | Poverty, 2003 | Poverty, 2010 | % change, 1995–2003 | % change, 2003–2010 |
|-------------------------|---------------|---------------|---------------|---------------------|---------------------|
| Hill Brahman/Chhetri | 35 | 18.8 | 17.7 | −46.3 | −5.9 |
| Hill Janajati | 42.2 | 35 | 23.7 | −17.1 | −32.3 |
| Hill Dalit | 58.2 | 44.9 | 42.4 | −22.8 | −5.6 |
| Terai Hill–Middle caste | 28.3 | 24.5 | 29.2 | −13.4 | −19.2 |
| Terai Janajati | 53.4 | 35.2 | 26.6 | −34.1 | −24.4 |
| Terai Dalit | – | 49.2 | 40.2 | – | −18.3 |
| Muslim | 44.3 | 41.3 | 22.1 | −6.7 | −46.5 |
| Other | 43.2 | 49.8 | 11.1 | 15.5 | −77.7 |
| All Nepal | 41.8 | 30.8 | 25.2 | −26.1 | −18.2 |

Source: Central Department of Sociology/Anthropology (CDSA, 2014).

with inclusive access to state structures through government jobs or state resources such as commercial rents and land title (Lindemann, 2008). An inclusive political settlement brought an end to Nepal's 10-year civil war.

However, 'the stability of settlements over time does not necessarily, nor always, depend on the degree to which they are inclusive, at least in the short to medium term' (Laws, 2012: 2). Settlements that are too inclusive can collapse as there are many interests and groups involved, making it increasingly harder to keep all actors happy and loyal. Over the longer term, settlements may require progressive 'inclusion' to remain stable if groups currently excluded from the settlement gain power and make demands. This leaves development partners wondering how inclusive is 'inclusive enough' to achieve stability (Jones et al., 2012).

Nepal

Nepal presents an excellent opportunity to examine the role of donors in building a more inclusive and equitable state. Nepal has many disparate groups, ranks among the poorest of countries, and is heavily aid-dependent. Nepal is categorized as a Less Developed Country (LDC) with a per capita gross domestic product (GDP) of USD721 per annum (Ministry of Finance [MoF], 2014: 1). A total of 25% of the population were living below the national poverty line in 2010/2011, but poverty reduction has been uneven among different social groups (Table 1). The Asian Development Bank (ADB) estimated 2014 GDP growth at 5.4% due to a favorable monsoon and increases in the services sector and remittances (ADB, 2014).⁴ Foreign aid plays a large role in Nepal – external aid represented 22.0% of the national budget in FY2013/2014 and was calculated at 6.2% of GDP in FY2012/2013 (MoF, 2014: 1).

A number of informal systems and practices still govern Nepal as it transitions from an exclusive Hindu monarchy toward a federal democratic republic. Nepal's *aafno manchhe* (one's own people) social system of organization is one such example that operates like a web of privileges and favors (Bista, 1991). In this system, alliances are often defined through

patron–client-type relationships, exclusionary practices, factionalism, failures in cooperation, and corruption (Bista, 1991: 4). Patriarchy and the caste system constitute other informal systems that generally remain in contemporary Nepal despite the 10-year civil war. In such a context, building a more inclusive state can be difficult as past coalitions and patterns of selection favor well-connected clientelist groups (Mohanty et al., 2011: 34–35).

The 2008 Constituent Assembly (CA) elections gave a surprising victory to the Maoists, who formed a majority with Madheshi parties. Many of the members of the CA, a unicameral parliament, consisting of 601 members, were first-time parliamentarians, a quarter of whom were illiterate (The World Bank, 2010). Due to quotas, 50 CA members were Dalits, 192 were Janajatis,⁵ 204 were Madheshis,⁶ and women occupied one-third of the CA seats. Nepal appeared to finally be politically inclusive. However, since 2006, Nepal has seen eight changes in government, including the period when the civil service was under the leadership of the chief justice.

Nepal remains on the World Bank's Fragile State List⁷ and the peace process at various times has been described as 'stalled', 'failing', and at a 'political impasse' (see International Crisis Group [ICG] reports). Nepal's 2013 election brought the traditional conservative Nepali Congress (NC) party back into power, returning many former politicians from the conflict years. This signified a shift from the inclusive political settlement reached at the end of the conflict. The long awaited new constitution that ended the peace process was passed on 16 September 2015 but did not deliver the anticipated equal citizenship rights set out in the CPA. Social unrest and national demonstrations have affected the country since, impacting crucial fuel supplies.

In such fragile situations, even when rights are enshrined in formal institutions, they can be effectively challenged through informal processes in clientelist settlements (Khan, 2010: 54). As such, trust in political parties is low in Nepal. They are considered the most corrupt institution on Nepal's Corruption Index (Transparency International [TI], 2014). This makes traditionally marginalized groups in Nepal reliant on donors for a range of things aside from finances.

Development partners and social inclusion

Donors initially agreed on the need to work inclusively in Nepal. In 2003, during the conflict, 10 donors formulated the 14-point set of Basic Operating Guidelines (BOGs).⁸ An annex to the BOGs identified the 'promotion of diversity and inclusion in development activities' and went on to state that 'the international community recognizes that more is needed to promote the rights and inclusion of indigenous peoples and other disadvantaged groups'. In 2016, the BOGs office states,

although the armed conflict has now been concluded, the BOGs and their fundamental principles of impartiality, transparency, accountability and inclusion remain as relevant as ever. The context in which the BOGs signatories are working is becoming increasingly complex. It is important to remember that the BOGs express principles that are internationally accepted best practices that should be respected in war, peace or periods of transition.⁹

This indicates donor recognition that in Nepal's changing context social inclusion remains important. As Cox et al. (2015) suggest, there is 'a very clear understanding

among all the different stakeholders that the creation of a level playing field for all of Nepal's diverse population groups through social inclusion and collaboration will lead to long-term social cohesion formation in Nepal' (p. 1). Nepal's development partners considered social inclusion an important part of the peace-building project.

Despite the broad overarching agreement, the various development organizations applied and defined social inclusion in different ways. This article will focus mainly on the approach of the United Kingdom's Department for International Development (DFID) and The Swiss Agency for Development and Cooperation (SDC). DFID's *Operational Plan 2011–2015* has a Gender Equality and Social Inclusion (GESI)¹⁰ annex that sets out goals around empowerment and inclusion. The annex states that DFID (2011) adopts the World Bank's definitions of empowerment and social inclusion:

Empowerment is the enhancement of assets and capabilities of diverse individuals and groups to function and to engage, influence and hold accountable the institutions that affect them. Social inclusion is the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to development opportunities. (p. 2)

The *Swiss Cooperation Strategy for Nepal 2013–2017* mainstreams GESI, stating, 'Special emphasis on disadvantaged groups and gender equality will be ensured, as discrimination and reduced access to goods and public services remain one of the main causes of poverty and social tensions'. The SDC identified working inclusively as a means of poverty reduction.

Definitional clarity and consistency is important when using international norms¹¹ like social inclusion. When external actors are involved in processes of norm bricolage,¹² their use of the norm may differ from local interpretations (Zwingel, 2012: 126). This is particularly the case with norms that change meaning over time and over population groups. Zwingel (2012: 126) argues that the key to the wider acceptance of the norm is to ensure that the norm is subjected to cross-cultural negotiation so that it comes to be localized rather than imposed. Norms have their own life cycle, moreover, and donors should be aware of these changes and facilitate ongoing and wide consultation or risk being the subject of criticism (Zwingel, 2012: 126).

The problem

Following the 2006 CPA, the Nepalese government looked for guidance on how to implement a social inclusion agenda and turned to international actors for support. The government took the Swiss policy on workforce diversity as a starting point for affirmative action. However, international donors have been blamed in Nepal for inadvertently driving a divisive social inclusion agenda (Cox et al., 2015: 4). Some upper caste respondents complained that development partners pushed the agenda of social inclusion too far:

Social inclusion and identity are political things. These identity-based politics are dangerous subjects, and it's creating some sort of internal conflict. That is a problem. We have moved quite a lot, and a lot of change has been fast. Sorry I am in the UN so I shouldn't say this but as a national if you ask me privately, this social inclusion agenda was pushed by outsiders.¹³

A respondent interviewed the head of the conservative upper caste lobby group Chhetri Samaj and was told, 'if there was no donor intervention, there would be no Chhetri Samaj'.¹⁴ The respondent explained that the Chhetri Samaj group felt that donors were taking away their power and access and changing Nepal in ways they did not agree with.

The idea that social inclusion was donor driven and not right for Nepal was commonly expressed in upper caste circles and the media. Some claims made against donor practice seem plausible, while others appear to reflect a desire to maintain the status quo. Privileged groups reference Nepal's tradition of social harmony to suggest that donors have brought instability and identity politics by supporting groups because of their identity (Cox et al., 2015: 4). In contrast, many excluded groups describe the idea of a harmonious past as a myth. Respondents provided numerous examples of local violence perpetrated by upper caste employers or local leaders. Similarly, Lawoti (2007: 33) concurs that Nepal has a long history of collective struggles and repressive regimes using violent tactics to quash protests. Potentially, there was social harmony for groups at the top of the caste hierarchy, but for those at the bottom this sense of harmony or security was rare. Fighting for equal rights has been an ongoing battle for excluded groups.

Backlash

The research identified four examples of elite pushback on development partners. These examples highlight the various ways groups wield power in Nepal and try to involve external actors. The first involves withdrawing funding for the Nepal Federation for Indigenous Nationalities (NEFIN), one of the largest NGOs that supports indigenous people and the social inclusion agenda. Understanding this situation requires some contextual overview of parallel events.

During the constitution drafting process, the ruling coalition proposed a model for the new federal structure with 11 or 14 states. These states had boundaries that recognized deep ethnic attachments to specific parts of the country and named states according to the primary ethnic group in each area (Tillin and Shneiderman, 2015: 28). Such a map, with states named after the dominant ethnic group, shocked Nepal's traditional upper caste groups. According to respondents, the elected leaders in the CA from upper caste groups had a naive idea about what an inclusive state would mean.¹⁵ They felt that the traditionally excluded would be content with some token participation efforts and handouts.¹⁶ One upper caste respondent commented that states named after indigenous groups native to that area made certain CA members feel like foreigners in their own country.¹⁷

In response, the hill elites drove a campaign that framed such a federal system based on identity and an ethnic sense of belonging, as impractical and 'dangerous' (Seddon, 2012). The two oldest political parties, NC and United Marxist Leninist (UML), believed an ethnic-based federal model would weaken the country, be dangerously divisive to Nepalese society, and lead to a Balkan-like civil war (ICG, 2012). Nonetheless, members from UML and NC were signatories to the CPA and other agreements that endorsed territorial autonomy or self-determination.¹⁸

When NEFIN organized *bandhs* (general strikes) to lobby for signed agreements to be upheld, DFID was publicly criticized for promoting divisive 'identity-based' federalism



Figure 2. Anti-DFID graffiti.

DFID: Department for International Development.

Graffiti reads, 'DFID stop aid to Janajati (gypsy people). Janajati are cheaters'.

by funding the NEFIN (see Figure 2). By this stage in the peace process, elites had come to associate the coercive contentious politics of excluded groups (*bandhs*, etc.) as evidence that social inclusion caused conflict. In reality, the groups practiced such tactics because they were excluded from legitimate means of engagement.¹⁹ However, due to public pressure, DFID warned NEFIN that if they kept holding *bandhs*, then funding would stop – a threat they upheld. This signaled to Nepalese elites that DFID could be influenced on its support for inclusion.

When engaging with different identity groups, donors have to be careful and set clear parameters around the nature of the engagement and outline factors that would cause it to end. For example, a Chhetri academic criticized DFID's approach to NEFIN:

DFID was happy giving tables and computers to different Janajati groups throughout the country. But when the Janajatis started saying political rights, then they got uncomfortable . . . If they had understood the context, then they should have seen that this was going to come. And if they were going to go back against it then they shouldn't have started it in the first place. I mean, how can you not know? This is such a political issue. You cannot just say we support this group because of their identity.²⁰

It is not just identity or contentious politics but empowerment with identity that challenges elites. As one respondent explained, 'People were okay with the social inclusion agenda when it meant helping poor Dalits but federalism disputes changed everything'.²¹ Even if supporting NEFIN was an unwise choice, development partners should understand inequality and exclusion and how to correct it.

The second example concerns the withholding of a statistically significant report. The report, 'Forging Equal Citizenship in a Multicultural Nepal', which was completed by the World Bank's social development adviser and funded by DFID and ADB and developed in partnership with the National Planning Commission, received significant negative press. Developed as a companion to the well-received 'Unequal Citizens: Gender Caste and Ethnic Exclusion in Nepal' published in 2006, the report analyzed the most recently available data on the economic, human development, and political status of the five excluded groups (women, Dalits, Janajatis, Madheshis, and Muslims) (Bennett

et al., 2012: 19). Upper caste writers, however, described the report as a document that promoted identity-based federalism, although the document simply mentions multiculturalism and fundamental rights for all groups. It is also alleged that upper caste individuals threatened the safety of development partners demanding the report be withheld from publication (Biswokarma, 2012).

DFID chose to withhold the report's publication for reasons that never became public. One development worker commented,

I think there is an assumption that aid is political but there is a slight naivety about it as well. In fact, a lot is about covering arse. Just take that GESI analysis [the withheld report]. When the first one came out nothing was really said but the second one comes out and things are supposed to have happened and they haven't and people got nervous.²²

DFID had become caught between different interest groups and their visions of 'Naya (new) Nepal' (Dhungel, 2012). Additionally, DFID did not understand the way different groups and leaders wield power in Nepal. DFID's Independent Commission for Aid Impact (ICAI) (2013) report stated,

DFID's delayed publication of a (leaked) report on inclusion featured strongly in the local press. Several groups took this delay as evidence that DFID was withholding the publication in deference to a particular group. Others criticized its content. DFID is evidently in a difficult position. (p. 19)

Other development partners also felt the pushback. The third example concerns The United Nations Development Assistance Framework (UNDAF). This 5-year (2013–2017) strategic framework was developed as a guide to United Nations' (UN) operations in the country. The UNDAF was delayed by the bureaucracy and references to social inclusion were watered down (Jha, 2012).

One respondent explained that there were three issues in the UNDAF that were particularly problematic. The first was statelessness:

It was not necessarily about the Madheshis. It was also about Tibetan refugees, people in the hills who don't have citizenship. I mean if you, read the profiling, you wouldn't have understood that it was only about Madheshis solely, but it was taken that way by the bureaucracy.²³

The second issue was religion and the sacredness of the Hindu caste system:

I think the international community has very slowly realized how important religion is in this country. Just because people might say that they are liberal and don't really go to a temple, caste and Hinduism is enormously important here. And so when we start talking about religious minorities . . . that went down very badly.²⁴

Structural discrimination was another sticking point, which is connected to Hinduism but is more about the superiority of Nepali-speaking Hindus from the hills: 'we were told it's a secular country now, structural discrimination is something that Hinduism does, this isn't something that we do. Therefore we can't talk about it, because this is no longer a

Hindu country'.²⁵ Although the plight of excluded groups is acknowledged, the informant implied that an incremental approach to reform was required, rather than a comprehensive strategy to restructure society in one document. Additionally, the respondent explained the importance of localization: 'Even in the UNDAF, which was much more nuanced than other country plans, inclusion was done very badly. Even if we try to get away from identity, it was the issues and how they were framed that caused problems'.²⁶

In a post-conflict context with competitive clientelism, donors need to be aware that different groups and leaders may change tactics and priorities frequently. A respondent explained that at the time of the UNDAF incident (August 2012), the Maoist Prime Minister (PM) Bhattarai

was just hanging on to power and really needed to keep the bureaucracy happy. The bureaucracy is a fundamentally conservative body. It's the most conservative body in Nepal. The UNDAF is not an isolated incident. The Government of Finland, for example, had problems with their country plan and took certain things out. There was a very concerted push back from the bureaucracy at that stage. The bureaucracy got the fright of its life in May 2012. We nearly had a genuinely inclusive constitution which would have changed everything and they blamed the international community for that.²⁷

Given the bureaucracy should in theory serve its elected ministers, the Maoists could potentially have pressured the bureaucracy to deliver more for social inclusion. The fact that they did not is illustrative that the maintenance of power during a changing political settlement took priority over promoting and upholding their social inclusion commitments. Donors should take advantage of the opportunities to increase equity when they emerge, but not make their support dependent on the support of key individuals or political parties.

The fourth example concerns complaints of bias. Elites suggested that The United Nations Mission in Nepal (UNMIN) was pro-Maoist as were some other development partners (Adhikari, 2012: 267). One respondent explained the origin of this bias as correcting a former bias toward the monarchy:

There was a position during the conflict of treating the Maoists as a rebel force not to be dealt with.²⁸ Our ambassador promised the king a couple of helicopters right in the middle of the insurgency. DFID found out and went absolutely bananas and said look they're going to cut holes in this thing and shoot people. Anyway they got the helicopters and six months later one crashed and was found with a hole in the bottom. DFID started to talk about the need for a more neutral stance; to say look what's going on here is that there are a lot of people who are excluded and picking up their tools and going out and fighting for it. Then we got a former social development adviser as our head of office who understood social exclusion. Once the Maoists signed the peace agreement our head of office became super matey with the Maoists.²⁹

The UN Office for the Coordination of Humanitarian Affairs (OCHA) endorsed four humanitarian principles to guide the work of humanitarian actors: humanity, neutrality, impartiality, and independence. Consequently, donors are sensitive to charges of bias.

Elites, savvy in donor discourse, used evidence of bias to shame some donors into withdrawing support for social inclusion. As a respondent explained,

donors saw the Maoists championing democratic rights for all and we [development partners] had basically hung our support on the Maoists. We had this ideology of addressing the root causes of conflict and the root causes of the conflict were social exclusion so it all fitted together nicely.³⁰

However, the elite-driven backlash against social inclusion exposed social inclusion to be a political agenda manipulated by Maoist leaders to gain power. One respondent explained,

Over time the Maoists didn't deliver anything. There was lots of corruption and Prachanda³¹ got rich and then people became quite disillusioned with the Maoists. So by the time the criticism about funding NEFIN happened it became much harder for us to champion this independently because the Maoists weren't doing anything for these groups. If we had have said initially this is about social justice and delivering equality because it is important, not because it was a political agenda then we may not have backed away.³²

The elite-driven backlash against social inclusion coincided with the Maoist demise in power.

In Nepal, political actors mobilize people and resources to support them. These webs of support can create factionalism and prevent coalitions from forming around causes such as social inclusion because the support is aligned to people and the resources and the power they hold. Elite pacts may involve support from regional and remote areas and even poorer social segments if it serves the interests of elites. It may also involve development partners.

Lessons learnt

This section draws out the lessons that can be learnt from the Nepal context. Where relevant it compares the approach of DFID to the SDC because the SDC did not experience the same pushback from hill elites. While there are many lessons learnt, they are all equally important and highlight the need for a holistic and comprehensive approach when addressing issues of social inclusion in a clientelist state.

Importance of understanding the historical, political, and cultural context

An informant explained that elites were able to 'game' development partners that did not understand the power structure that they operated within: 'Essentially, it has been like donors playing poker but not knowing the rules and getting thoroughly worked over'.³³ This comment was part of a broader discussion about donors getting frustrated by the length of time the constitution was taking to finalize and the bureaucracy stalling programs. The informant explained how these delays impacted the performance of development partners as their performance benchmarks were linked to loans or grants or the disbursement of program funds in a timely manner. Many Nepalese who worked with donors were well versed in the incentives of donors, but donors did not have a complete understanding of the culture or rent-seeking practices of the Nepalese. When elites understand the language of donors and what motivates them, they can

frame arguments effectively. As Gaventa and Tandon (2010) point out, it is ‘the politics of knowledge that affects the framing and legitimacy of key issues and actors across levels’ (p. 15).

Manage risk early by anticipating and preparing for backlash and resistance

Development partners struggle to understand social norms and how change happens. Development partners underestimated the challenge to the elite’s worldview that social inclusion would bring. A development worker revealed, ‘The perception at the time was that Brahmins and Chhetris will suck this up. Things are changing’.³⁴ An informant explained that it should have been obvious that elites would resist the social inclusion agenda:

It’s a failure of imagination on our part . . . we should’ve expected the right wing push-back. I can see exactly why they would’ve been upset with social inclusion. Everything you believe in is now being turned on its head or abrogated. Of course it’s going to annoy people. And this turned people against the agenda of inclusion. All those things that we raised that relate to inclusion are exactly what they don’t want to see happen.³⁵

The ICAI (2013) report stated that ‘more systematic risk analysis and mitigation earlier in the process could have prevented this outcome [the public criticism DFID received]’ (p. 19). In contrast, the SDC anticipated a backlash against an inclusive agenda:

As an institution when you bring affirmative action then you are always perceived to be taking the side of only those and not others. So, in our policy we strongly advocate for rights for all but we give special attention to those who have been historically challenged in terms of exclusion.³⁶

Some development partners struggle to understand the interests, attitudes, and beliefs of all social groups in heterogeneous societies. There is a tendency to focus on the position development of certain groups as it relates to human development indicators, rather than consider those that might be losing out in relative terms.

Consult widely and repeatedly and plan for long-term outcomes

Testing responses to reform and norms should occur incrementally and be an ongoing process, similar to the way political parties use focus groups to test out policy ideas. A respondent explains,

We needed to test things out more. Ok we know this is the case but what does this say to you? What does this mean to you? What is your reaction? Where do you think we’re gonna get push back?³⁷

An adviser commented that social inclusion involves ‘going slowly, going carefully, but also going consistently and strongly’.³⁸

The traditional donor program structure of a 4-year time frame with a mid-term review and final evaluation is insufficient for managing social norm changes:

Donors are failing and they are bound to fail because of the donor structure. The aid architecture doesn't allow this to happen because we need to show achievement quickly. All the projects have a maximum life of four years and in four years you have to prove changes to your country. Dalit empowerment doesn't happen in four years.³⁹

Understanding the constraints and opportunities to build agency and empowerment and over what time frame is crucial when working on social justice issues like inclusion in conflict-affected states. Doing this well necessitates long-term planning but with quick feedback loops in place achieved by consulting widely and repeatedly. As such, development partners should manage change processes, rather than just programs or projects.

Manage change at an organizational level

The SDC managed change at the organization level, where as DFID focused on programs⁴⁰ and issues. As a DFID adviser explained,

When there started to be a lot of criticism . . . it wasn't like we said we aren't going to do inclusion anymore, it was about specific tasks. The head of office said we won't fund the second Unequal Citizens report to be published and we stopped funding NEFIN.⁴¹

Another adviser argued that a different approach was needed:

It would have been great if when we had discussions everybody just sat down and hashed out what are we doing here. Instead it was about how do we limit the damage? It wasn't about how do we continue with this agenda? I think it's all about reputation and risk to institutions and not about risks to really poor Nepalese.⁴²

A DFID adviser explained how their framework for operating in post-conflict environments incorporated the UN OCHA humanitarian principles, but there was never dialogue about positioning choices or an organization-wide discussion on what social inclusion meant or its value.

In contrast, an SDC employee explained that the principles of equality and the need to change have to be embraced by all within an organization seeking to achieve inclusion, and this requires dialogue and strong leadership:

The [Swiss] leadership saw social inclusion as an opportunity and a moral obligation. We took diversity and inclusion as one of the, let's say, pillars of conflict-sensitive program management. Though Switzerland is known for its neutrality, for Nepal's case the leadership actually took the risk to introduce impartiality and for some time we invested a lot of time defining what that means. But impartiality is taking a side for justice and for the moral obligation. So, it was I think the triggering catalyst to make SDC one of the most progressive international agencies.⁴³

SDC's 2013–2017 country policy mainstreams social inclusion with measurement indicators, whereas DFID's equivalent hardly mentions inclusion (SDC, 2013). SDC

began supporting social inclusion during the conflict and in 2015 remained resolute about their commitment. They also managed to avoid the public criticism that plagued DFID.

Work politically

There were a number of other reasons given by respondents for why some donors changed positions, including an inability to apply knowledge to practice:

I think DFID's *Enabling State Program* did a pretty good job of really understanding the political economy. We understood the political economy from the academic perspective, but I don't think what we actually did was translate that understanding into what does this actually mean about our programing, our policy dialogue. We used it as a descriptor, rather than as intelligence in order to move the agenda forward.⁴⁴

The ICAI (2013: 1) report identified the lack of learning and credible evaluation as DFID's biggest problem, along with poor translation of political analysis into programing, a lack of up-to-date planning tools, and weak project information management.

For academic researchers who study development practice, working politically involves a lot more than a political economy analysis. Leftwich (2011) explains that working politically involves building alliances and coalitions and to do this effectively requires paying attention to the detailed inner politics of regimes, sectors, or issues, including understanding who the players are; where they come from; their organizational affiliations, ideologies, and interests; and the political dynamics involved. Eyben (2005: 264) maintains that to promote human rights development, partners need to change their behavior, embrace uncertainty and contradiction, and allow for and encourage humility. A standard political economy analysis may not explore such micro-politics or the way development partners operate (Leftwich, 2011).

Recognize the benefits of a diverse workforce

During the conflict, development workers were not allowed to leave Kathmandu and so they became dependent on the opinion of their Nepalese staff. A development worker said, 'Every time something blew up we would go and ask our Nepali advisory staff what they thought and what the implications would be for us'.⁴⁵ A few respondents from excluded groups felt that because development partners lack a representative workforce, they were misinformed about the importance of social inclusion: 'Most of the donors are captured by Brahman/Chhetris. They all misinterpret what we say to convince outsiders that their own way is better'.⁴⁶ Excluded groups suggest this creates a biased view of development:

After foreigners, the second level officers of development agencies are all Brahman-Chhetri. Even the translators they use when they come to the Madhesh are Brahmans and Chhetri, so how can they understand Madheshi problems?⁴⁷

Although some development partners tried to draw on local expertise and had social development advisers with extensive country experience along with a well-educated Nepalese workforce, Table 2 illustrates that development partners model and reinforce the relationship between the state and elites through their workforce. The idea behind

Table 2. Workforce diversity in international organizations.⁴⁹

| Identity group | Female | Male | Grand total | % Staff in participating international agencies | % National population in 2001 census |
|-----------------------------|--------|------|-------------|---|--------------------------------------|
| Hill Brahman/Chhetri | 129 | 403 | 532 | 37.3% | 30.9% |
| Hill Dalit | 14 | 37 | 51 | 3.6% | 7.9% |
| Hill Janajati | 111 | 211 | 322 | 22.6% | 21.9% |
| Newar | 139 | 264 | 403 | 28.3% | 5.5% |
| Terai Janajati | 8 | 28 | 36 | 2.5% | 9.8% |
| Madheshi Brahman/Chhetri | 6 | 23 | 29 | 2.0% | 1.0% |
| Madheshi Dalit | 1 | 6 | 7 | 0.5% | 3.9% |
| Other Madheshi caste groups | 5 | 17 | 22 | 1.5% | 13.6% |
| Muslim | 3 | 14 | 17 | 1.2% | 4.3% |
| Other | 1 | 5 | 6 | 0.4% | 1.3% |
| Grand total | 417 | 1008 | 1425 | | |

Source: Social Inclusion Action Group (SIAG, 2008).

affirmative action is to create institutions that reflect national demographics. Despite the Government of Nepal's policy to promote affirmative action and despite the BOGs annex,⁴⁸ different development partners supported workforce diversity to different degrees.

One respondent explained that the reason SDC supported social inclusion so purposefully and consistently was because they had a representative workforce (see Tables 3 and 4). A respondent explained, 'Even the Nepali nationals in SDC are quite assertive on this [social inclusion]. There is a critical mass over there unlike in other organizations'.⁵⁰

Train staff in diversity

Some respondents suggested merit-based reasons for why workforce diversity was not supported. They explained that there were not enough educated and experienced members from excluded groups to fill positions. Having a panel comprising Nepalese from different social groups would have been an option if low education and experience were really barriers to a diverse workforce. This panel would not need sector experts because their role would be an advisory panel on Nepal's diversity and how a specific project may benefit certain groups more than others. However, this would require valuing diversity. Clearly, this value was missing because the SDC case demonstrated that having a diverse workforce in Nepal is possible.

Development partners rely upon technical experts to guide their programs. Some donors have a bias against affirmative action as they feel that they need senior Nepalese men with government connections as their national advisers to enable the donor agenda to be supported by the government of Nepal. Yet, a prominent Brahman adviser working for a multilateral confirmed that it can be hard to understand how other castes think. He reported holding some bias in his worldviews but felt it was up to his employer to create the variety in opinions – he should not have to manage his own biases, for this is very

Table 3. SDC staff composition by caste/ethnicity and position.⁵¹

| | Manager | | Officer | | Assistant | | Support | |
|----------------------------------|----------------------|---------|---------|--------|-----------|-------|---------|--------|
| | 2005 | 2012 | 2005 | 2012 | 2005 | 2012 | 2005 | 2012 |
| Brahmin (Hill) | 11 ⁵² (1) | 56 (5) | 11 (1) | 22 (2) | 22 (2) | – | 56 (5) | 22 (2) |
| Chhetri (Hill) | | 67 (2) | | – | | – | | 33 (1) |
| Dalit (Hill) | 33 (1) | 20 (1) | – | – | – | – | 67 (2) | 80 (4) |
| Newar | 18 (2) | 45 (5) | 36 (4) | 27 (3) | 18 (2) | 9 (1) | 27 (3) | 18 (2) |
| Other Janajatis (Hill) | 15 ⁵³ (2) | 20 (3) | 15 (2) | 13 (2) | – | 7 (1) | 69 (9) | 60 (9) |
| Other Janajatis (Madheshi/Terai) | | 0 | | 25 (1) | | 0 | | 75 (3) |
| Other Janajatis (Mountain) | | 100 (1) | | – | | – | | – |

SDC: Swiss Agency for Development and Cooperation.

Table 4. SDC staff composition by gender and position.

| | 2005 | | 2012 | |
|-----------|------|--------|------|--------|
| | Male | Female | Male | Female |
| Manager | 86 | 14 | 41 | 59 |
| Officer | 71 | 29 | 75 | 25 |
| Assistant | 75 | 25 | 50 | 50 |
| Support | 84 | 16 | 67 | 33 |
| Total | 81 | 19 | 42 | 58 |

SDC: Swiss Agency for Development and Cooperation.

difficult to do.⁵⁴ If the majority of staff are upper caste, then they will offer a certain perspective that can mistakenly be interpreted as a consensus view.

A Nepalese academic respondent said that donors never really embraced social inclusion, and this was partly why social inclusion was done badly in Nepal:

There is a double standard among development practitioners and politicians. I worked as a consultant for these multi-laterals. They talk about power transformation in the program but first of all what is needed is to transform themselves, which is not done. Until and unless you are transformed yourself, how do you transform other people? That's the problem. Sometimes changing invisible power is more time consuming than changing the visible powers.⁵⁵

Good diversity training can help reveal unconscious bias in the way people think and expose their discriminatory views.

Elevate the importance of stringent recruitment processes and ensure accountability and transparency

A DFID respondent admitted that dependence on their national advisers went too far:

We had this governance adviser who was a Brahman. I don't know his political allegiance but I did get the sense that he offered a biased view. When he left only one person applied for his position – a Brahman government secretary. We were stupid enough not to do anything about it. I heard later that he told everyone who inquired about his position that it was going to this person which is why no one else bothered to apply.⁵⁶

It is plausible that the adviser legitimately thought this government secretary was the best person for the job and that this example has nothing to do with politicization. Even so, it shows a lack of development partner awareness around recruitment processes.

Some development partners seemed unaware of the potential for political influence in recruitment:

Many people don't even get shortlisted because of their caste or family background. You need to remember that most staff who manage human resources in international organizations are Nepali nationals and Brahman and Chhetri ones at that.⁵⁷

Given Nepal's *aafno manche* system promotes patron–client-type relationships and that the political settlement is one of competitive clientelism, it is surprising that development partners overlooked the potential of recruitment to be politicized.

Ascertain and address the leadership skills required for each position

A few respondents noted that implementing social inclusion well requires certain leadership skills. There is a difference between technical experts and managers in terms of the way they assess risk and understand problems. One adviser commented,

I say all of these things that I would have done differently but a lot of these things I was trying to do differently . . . We really had some beautiful things designed that had support from a wide range of different advisers . . . just no leadership appetite.⁵⁸

Skilled, courageous, and inclusive leaders are required to promote issues of social justice and diversity.

Some development leaders become unnerved when a partner government goes against its own policy agenda and criticizes the donor's approach. One national adviser respondent explained,

We launched this inclusion project, we invited government leaders to the launching ceremony including the finance minister who was our counterpart. Nobody came of course because the purpose of the project was to empower excluded people. But as a formality we did send our invitation to all of them. It was hard to find a prominent person for the launch, ministers and MPs all rejected our invitation. But that's not the whole story. There was a media campaign on the part of the government that donors are not expected to teach us politics. And then a BBC interview with the finance minister of that time saying that if DFID try to teach us politics then we don't need them, who are DFID to teach us to be more inclusive? So, it was very difficult to move ahead.⁵⁹

Donors are meant to follow diplomatic protocol and international guidelines that specify local ownership, but contradictions between local ownership and human rights, among others, will arise.

Conservative and risk-adverse leaders struggle to negotiate conflicting interests in a mutually satisfying manner in a competitive clientelist state. Respondents commented that a change in the head of an aid organization presented a key opportunity for upper caste staff to influence the program's development direction. If a new head of office did not have a social justice background or was not in Kathmandu during the conflict or the early post-conflict years, then they were more easily persuaded that social inclusion presented a reputational risk, fueled identity politics and future secessionist movements, and slowed the constitution's progress.⁶⁰ When new leaders arrive in a country, they can be overwhelmed by the nuances of the local context and tend to more closely follow a practice formula that does not allow for innovation or risk taking.

Despite multi-donor agreements including the BOGs, some new leaders abandoned the agenda of social inclusion. An informant argues,

What we actually needed was to pile more wood on the fire. We stopped half way and stopping half way to me is doing harm. Because you are letting down the people who think there's hope. Not following through just because people in the government started to get worried . . . It's like sending your foot soldiers into the battle and not following with the generals or not having cannons.⁶¹

Working toward social inclusion in conflict-affected states calls for strong leaders who are not swayed by popular opinion because they have confronted their own unconscious bias and understand criticism as resistance to change.

The direction of a country program is dependent on the current leadership of development agencies.⁶² As Eyben (2005) noted, 'the extent to which a country program practices rights-based approaches and how it does so depend significantly on the individuals appointed to the relevant office'. The performance of this leadership may be based upon indicators that favor financial management and following procedures at the expense of social justice, experimentation, or long-term sustainability. However, it offers hope that if leaders skilled in managing change and conflict and who understand the value of diversity are recruited, then social justice will more readily prevail for Nepal's excluded groups.

Conclusion

Nepal relies upon donor programs to raise the standard of living for all the Nepalese. This is a very complex, long-term project. For many observers it may appear that social inclusion has been unsuccessful in Nepal, but it depends on the way results are framed. One critical adviser optimistically notes,

Things have changed in a small, slow and much more realistic way. We were thinking the world would change and the world didn't change any more quickly than the world usually changes. I don't think it's going in a bad direction. I just think it's slow.⁶³

Development planning, monitoring, evaluation, learning, and accountability processes require a clear understanding of change and empowerment and recognition of the time required to witness results.

Certain development partners have faced elite backlash for their engagement on social inclusion. While donors may have been culpable in some ways for imposing a social inclusion agenda, this does not mean they should turn their back on the importance of social inclusion. Definitional clarity about what key terms mean is needed. Social exclusion and discrimination are felt and lived experiences resulting in different understandings of the causes and forms of exclusion (Atkinson, 1998). This means donors have to work harder to localize the definition of social inclusion.

Implementing social inclusion effectively involves restructuring the way development is planned, analysis of the language and discourses it uses, understanding what counts as knowledge or success, and testing responses to change. It requires working with partner governments and collaborating effectively with people who see things differently. Donors need to use the different views held about the future direction of the Nepal state to help find solutions. Disparate social groups cannot conceive mutually beneficial solutions due to their lived experiences of inclusion/exclusion and their own bias. Yet it is unhelpful for donors simply to tell the government or citizens what they should do as the process must involve learning, negotiation, and compromise. Norms have to be localized and this requires wide and regular debate, and forming coalitions and alliances.

Understandably, working with political actors is challenging. It will always be hard to know when their intentions to support a cause are based around social justice, personal gain, or because they wish to politicize and manipulate certain groups and issues. Politicians lie, change their mind, and make elite pacts that can either work against or align with their ideology. Understanding the agency of politicians can be a black box as it frequently changes. 'Picking a winner' is not a good option and development partners often change their choice with new heads of office. Engaging politically cannot just mean working with politicians for it is the poor and excluded who should remain at the forefront of planner's, practitioner's, and evaluator's minds. Development partners need to be aware of the political settlement when they do engage in politics or they can unwittingly become complicit in elite pacts that lead to exclusive political settlements that reproduce inequality and exclusion.

Development partners play a critical role in cementing an agenda like social inclusion. Donors can help create spaces for the legitimate application of rights and can ensure that marginalized and silenced voices are heard and participate in decision-making processes (Eyben, 2005). The politics of representation and accountability become more important in an exclusive state because the power differences and diversities that exist between and within various actors and groups need to be restructured in a fairer manner, and this requires support from external actors like donors (Scoones, 2010). Development partners can correct imbalances but too easily condone exclusionary practices and engage in passive exclusion.⁶⁴

How development partners can most effectively engage on issues of social inclusion, identity politics, or the less politicized term of horizontal inequalities requires more thought. To begin with, issues crucial to state building such as social inclusion should be at the core of donor country strategies and not relegated to an annex. Restructuring the field of power to which state functionaries respond is a key challenge to building a more inclusive state (Herring, 2005), and this warrants a focus on de-clientelization and

accountability. This is particularly necessary when informal institutions such as the caste system and the *aafno manchhe* are known to operate. Additionally, guidance on how to engage with ethnic or other identity-based groups should be made explicit.

Social inclusion is an issue that cuts across programs, organizations, governments, and sectors. Development partners need to manage such issues at the level of organizations and not just projects and pay closer attention to issues such as human resources. Human resource practices that ensure diversity and manage behavior change internally need to be implemented. Creative ways of having various groups represented even if they are uneducated and inexperienced need to be found. Development leaders who have explored their own unconscious bias and limitations (such as why they prefer structure, control, and conformity) are needed to facilitate social inclusion, along with sustainable development practice. Good diversity training would build this capacity. Donors mostly have the wherewithal to ensure this if they make it a priority.

The internal operations of development partners matter because informal power, elitism, and clientelism can affect them and their decisions. Development partners have to understand that they are unable to determine whether a settlement is 'inclusive enough' or whether a regime is sufficiently developmental to bring about stability when a biased workforce advises them. Given that SDC has the most inclusive workforce and never changed its position on social inclusion, a diverse workforce and an organization that values diversity are vital for a good understanding of problems during post-conflict periods. Development partners are more easily manipulated if they do not value heterogeneity.

Many reform initiatives in developing countries fail because they are merely isomorphic mimicry – that is, they are pretended reform attempts (Andrews et al., 2012). An inclusive political settlement may be reached to end a conflict, but the commitment to reform into a state with inclusive organizations and structure does not exist in earnest. An entire state machinery can pretend to reform, especially when longstanding patron–client structures dictate behavior and institutions are politicized. When the mimicry is revealed, donors can be left looking less than perfect if their leaders are short on conviction or never engaged in adequate risk management and participatory planning processes in the beginning.

This aim of this article was not to single DFID out for critique. Even without development partners involved, the political settlement was likely to revert back to a more exclusive settlement because Nepal's institutions reproduce exclusion. An inclusive settlement brought an end to the conflict and involved a large number of interest groups that made elite pacts for different reasons, and many had never experienced this degree of power before. Nepal has been a highly stratified and exclusionary state for centuries, and it will take some time for it to become an inclusive state regardless of the approach or policies adopted. Broader processes and systems, not just donors, produce inequality (Engel, 2014: 1385).

Donor partners undertake a huge responsibility to improve the life of others rather than create more problems or reinforce traditional obstacles to equity. However, understanding different cultures and contexts requires such a multi-faceted level of skills that it is often only partially successful. This article challenges the approach of well-meaning development actors and outlines lessons that may be learned from these experiences.

Those interested in promoting social justice will find that building an inclusive and equitable state is possible to achieve through development assistance but needs judicious management across a range of issues.

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Notes

1. 'Rents' are defined by Levy (2014) as 'returns that exceed the opportunity cost of resources that might otherwise be deployed in a competitive market' (p. 22). The capture of informal incomes like off-budget resources, land, and other types of rents are typical strategies of informal political power, along with changing formal laws to benefit favored groups (Khan, 2010: 60).
2. See Khan (2009) who describes this process as a common colonial method of political stabilization and divide-and-rule strategies.
3. The proximity of Newars, who are the indigenous inhabitants of Kathmandu, to the state machinery has seen them considerably better represented in state structures than other indigenous groups.
4. Predictions for 2015 gross domestic product (GDP) growth are lower due to devastating earthquakes that destroyed parts of the country.
5. The Adivasi Janajati movement is made up of numerous smaller ethnic-based organizations with different experiences of exclusion. Newars, who are the indigenous inhabitants of Kathmandu, have fared better than other Janajati groups and their condition is sometimes used to argue against indigenous categories being declared as marginalized (Gellner, 1986). The Sherpas too are faring well economically as a group, due to tourism-related economic opportunities. Meanwhile, other groups have been heavily subordinated: for example, the Kamalari – indentured laborers predominantly originating from the Tharu community. Some Newars are Buddhist, like other indigenous groups but contrary to the Adivasi Janajati definition; others are Hindu and have their own internal caste system and language, which they would like recognized (Hangen, 2007).
6. The Madhesh is a low-lying area of Nepal that borders north India. Madheshis share kinship ties, language, culture, and physical features with people across the Indian border and have been subjected to systematic forms of state exclusion (Robins, 2012). A violent Madheshi uprising in 2007 brought the plight of this population group to the attention of the nation.
7. According to The World Bank (2014), 'fragile situations' have either (a) a harmonized average Country Policy and Institutional Assessment (CPIA) country rating of 3.2 or less (in FY2014 Nepal had 3.27) or (b) have had the presence of a United Nations (UN) and/or regional peace-keeping or peace-building mission during the past 3 years.
8. Signatories were

the European Commission, Danish International Development Assistance (Danida), SDC, Canadian International Development Agency (CIDA), the Norwegian Embassy, DFID, Japan International Cooperation Agency (JICA), GIZ, the Embassy of Finland and Netherlands Development Organisation (SNV). The UN, Association of International NGOs in Nepal and the Australian Overseas Aid Program (AusAID) became signatories in 2009, bringing the total number of signatories to 13. (<http://un.org.np/thematicareas/bogs>)

Initially, there were other organizational-based Basic Operating Guidelines (BOGs), but since 2007 one unified set of BOGs existed.

9. To see the list of 14 guidelines, visit <http://un.org.np/thematicareas/bogs>
10. 'GESI' is used so frequently in Nepal that the acronym has become a word that requires no explanation to Nepalese development workers.
11. Wiener (2009: 183ff) defines norms as ideas of varying degrees of abstraction and specification with respect to fundamental values, organizing principles or standardized procedures. Social inclusion (SI) can be considered an international norm as it is widely used in multiple forums including official policies, laws, treaties, or agreements and in academic literature (Wiener, 2009: 183ff).
12. Bricolage involves new ideas that can be adopted from elsewhere merging with institutional practices, local culture, and rules of the game (Bennett, 2008: 205).
13. High-caste ex-bureaucrat, academic, development worker interviewed on 5 July 2012.
14. Foreign development worker interviewed on 30 August 2013.
15. Foreign long-term resident of Nepal interviewed on 11 October 2013.
16. Janajati development worker interviewed on 12 June 2013, Kathmandu.
17. Chhetri academic interviewed on 4 September 2013, Kathmandu.
18. Signed agreements mentioned in the Comprehensive Peace Agreement (CPA) reaffirm the importance of state restructuring, and in 2007, agitating Madheshi and Janajati groups signed various agreements with the state that specified territorial autonomy. Tillin and Shneiderman (2015: 27) argue that the strong emphasis of territorial autonomy in *International Labour Organization* (ILO) 169 and the Convention on the Rights of Indigenous Peoples fueled claims for ethnic-based states as the government of Nepal ratified these in 2007.
19. See Druzca (in press) for an account of Nepal's federalism negotiations and the rise of identity politics.
20. Chhetri academic interviewed on 4 September 2013.
21. Janajati development worker interviewed on 12 June 2013.
22. Foreign development worker interviewed on 6 January 2014.
23. Foreign development worker interviewed on 30 August 2013.
24. See Note 23.
25. See Note 23.
26. See Note 23.
27. See Note 23.
28. During the 10-year conflict, the international media and governments ignored or downplayed its scale and described it as a rebel insurgency; after 9/11 the Maoists were labeled 'terrorists', and this diminished legitimate claims for SI.
29. Foreign development worker.
30. See Note 22.
31. Chairman Pushpa Kamal Dahal (Prachanda) was the Maoist party leader during the conflict and in 2008–2009 lead the Unified Communist Party of Nepal (CPN)–Maoist coalition government.
32. See Note 22.

33. See Note 23.
34. See Note 22.
35. See Note 23.
36. Nepalese development worker interviewed on 15 November 2013.
37. Foreign development worker interviewed on 26 July 2013.
38. See Note 37.
39. Brahman development worker interviewed on 11 November 2013.
40. Department for International Development (DFID, 2011) had developed the *Social Inclusion Action Program* (£2.7 million from 2006 to 2012), to ‘increase the ability of key formal and informal institutions to effectively address gender inequality and social exclusion’.
41. See Note 22.
42. See Note 37.
43. See Note 36.
44. See Note 37.
45. See Note 22.
46. Madheshi lawyer interviewed on 30 December 2013.
47. See Note 46.
48. The annex to the BOGs states, ‘the signatories of BOGs are committed to strive for diversity within their organizations and development programs’. Furthermore, it states that staff be recruited on the basis of suitability for the job while promoting workforce diversity and that signatories will not recruit ‘on the basis of political or other influences’.
49. The survey covers 1425 Nepali staff (417 women, 1008 men) working in 30 international agencies in Nepal (12 Bilateral Agencies [including Embassies], 3 Multilateral Agencies, and 15 UN Agencies). See SI Action Group (SIAG, 2008) for more details.
50. Janajati development worker interviewed on 12 June 2013.
51. Note that figures in brackets are actual number of people.
52. Brahmin and Chhetri were counted as one group in 2005.
53. Janajatis were counted as one group in 2005.
54. See Note 39.
55. Nepalese academic interviewed on 13 July 2012.
56. See Note 22.
57. Janajati development worker interviewed on 12 June 2013.
58. Development worker interviewed on 26 July 2013.
59. See Note 39.
60. Development worker interviewed on 6 January 2014.
61. See Note 58.
62. Unfortunately, the research did not include interviews with senior managers of international organizations delivering aid. Many managers referenced by informants had left Nepal by the time their prominent role was identified.
63. See Note 58.
64. Passive exclusion results from unintended or ill-thought-through actions, while active exclusion is the result of deliberate intent to exclude (Sen, 2000: 14–21).

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Author biography

Kristie Druzca is a PhD candidate from the Alfred Deakin Institute for Citizenship and Globalisation, Deakin University, Melbourne, Australia, researching whether social protection contributes to building a socially inclusive state in Nepal. Kristie has a bachelor in social science, honors degree in anthropology, and a master's degree in applied anthropology and participatory development. Kristie has over 12 years of experience as a development practitioner and lived and worked in Nepal from January 2009 to August 2014.