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VZCZCXRO4892 OO RUEHCI DE RUEHKT #1248/01 1761212 ZNY CCCCC ZZH O 251212Z JUN 07 FM AMEMBASSY KATHMANDU TO RUEHC/SECSTATE WASHDC IMMEDIATE 6385 INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 5888 RUEHLM/AMEMBASSY COLOMBO PRIORITY 6193 RUEHKA/AMEMBASSY DHAKA PRIORITY 1434 RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4219 RUEHLO/AMEMBASSY LONDON PRIORITY 5492 RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1637 RUEHCI/AMCONSUL KOLKATA PRIORITY 3622 RUEHGV/USMISSION GENEVA PRIORITY 1745 RUEKJCS/SECDEF WASHDC PRIORITY RUCNDT/USMISSION USUN NEW YORK PRIORITY 2804 RHEFDIA/DIA WASHDC PRIORITY RHMFISS/CDR USPACOM HONOLULU HI PRIORITY RUEAIIA/CIA WASHDC PRIORITY RHEHNSC/NSC WASHDC PRIORITY

 C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 001248 SIPDIS SIPDIS E.O. 12958: DECL: 06/25/2017 TAGS: PREL PREF PGOV EAID KDEM BT NP SUBJECT: NEPAL: FINANCE MINISTER WANTS U.S. SUPPORT FOR POLICE Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d). Summary -------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par1) 1. (C) Finance Minister Mahat told the Ambassador June 22 that the Government of Nepal's most pressing need was support for the Nepal Police to ensure a free and fair Constituent Assembly election. The Ambassador said the U.S. had come up with an additional USD 2.8 million for election security, but emphasized that the real challenge facing the Police was low morale and the absence of leadership. Despite a disconcerting split between "hard-liners" and "harder-liners" within the Maoists, the Ambassador affirmed that the Maoists remained tied into the peace process. The power-grabbing scenarios of each group, the Ambassador emphasized, relied on unrealistic assumptions that the political parties would agree to transfer political power to the Maoists and that the Army would allow a Maoist takeover. Mahat pointed out that, with many Maoist party cadre active in Kathmandu, the Maoists had less of a presence in the countryside, their traditional support base. Mahat said he thought that unification of the Nepali Congress (NC) Party and Nepali Congress Democratic (NC-D) Party would move forward soon. Finance Minister Requests Funds for Police ------------------------------------------ [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par2) 2. (C) Finance Minister Mahat told the Ambassador June 22 that the Government of Nepal's (GON's) most pressing need was support for the Nepal Police, highlighting the planned 70,000 temporary police that the GON planned to hire to support the Constituent Assembly election. In Nepal's previous elections, the then Royal Nepal Army (RNA) had provided logistic and security support. With the Nepal Army (NA) confined to its barracks by the Comprehensive Peace Accord, Mahat said, the Nepal Police (NP) and Armed Police Force (APF) would bear the burden. The Ambassador informed Mahat that the U.S. planned to provide USD 2.8 million to the Police for election security and said that India was poised to provide more equipment. The Ambassador emphasized, however, that the main challenge to the restoration of law and order was not lack of equipment or material support but rather poor morale and lack of senior leadership. Without clear direction from the Home Ministry and Police officials, even the most advanced communication equipment, riot control gear, and vehicles would not enable the Police to enforce law and order and re-establish a responsible presence in the countryside. Mahat and the Ambassador agreed that Home Minister Sitaula was not up to the task. Mahat also pointed to Sitaula's early effort to replace some of the most competent leaders in the Police with his own "cronies." Minister Wants U.S. Funding Routed Through Finance --------------------------------------------- ----- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par3) 3. (C) Mahat asked the Ambassador whether U.S. support to the Police could go through the Peace Support Fund, which the Finance Ministry administers, making it easier for the GON to ensure the investments were complementary to other donor contributions. The Ambassador responded that the U.S. was not able to contribute to multi-donor funds, but would ensure the GON was aware of how the money would be distributed. Mahat then asked whether U.S. police support could be given directly to the Finance Ministry to administer. The Ambassador responded that he would explore various options. Mahat Looks Toward Possible Scenarios ------------------------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par4) 4. (C) Finance Minister Mahat asked the Ambassador what scenarios he envisioned unfolding over the coming days. The Ambassador responded that his key concern was a perceived unhealthy split within the Maoists between "hard-liners" and "harder-liners." The former wanted to use the Maoists' position within the Cabinet and the Parliament to grab more state power and to influence the Constituent Assembly KATHMANDU 00001248 002 OF 003 election. The latter were arguing for large-scale confrontation to achieve Maoist aims, including leaving the government if necessary. The troubling element of this split, the Ambassador said, was that no Maoist faction was arguing for participating responsibly in the democratic process. However, the Ambassador emphasized, the Maoists were unlikely to achieve their aims under either scenario. Both relied on unrealistic assumptions that the political parties would lose their will entirely and the Army would stand meekly aside as the Maoists tried to seize power. The Ambassador emphasized that unity between the seven mainstream parties in the interim government would be key to ensuring that the Maoists remained responsibly engaged in the peace process. The Ambassador told Mahat that the Maoists were turning their sights on the Army as their next obstacle (following the monarchy) to absolute power. With a GON committee for army reform recently constituted, the Ambassador said the Maoists would likely demand full integration of the Maoist People's Liberation Army (PLA) into the Nepal Army. Maoists Losing Their Footing in the Districts --------------------------------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par5) 5. (C) The Ambassador reported to Mahat about a recent briefing by National Democratic Institute's (NDI) Country Representative Dominic Cardy that portrayed the Maoist base of support in the districts as tenuous. The Ambassador described a project in Karnali in which local political party leaders were able to push back against Maoist attempts to intimidate and participate in an NDI training at the Village Development Council (VDC) level. Mahat pointed out that, with many Maoist party cadre now active in Kathmandu, the Maoists had less of a presence in the countryside, their traditional stronghold. The Ambassador emphasized that the parties had to reach out to their supporters at the district level and local party leaders had to work together to address Maoist intimidation ahead of the CA election. Mahat highlighted the difficulty in maintaining unity as the parties began to compete for supporters. Congress Unification -------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par6) 6. (C) Mahat stated that he thought unification of the Nepal Congress (NC) and Nepali Congress-Democratic (NC-D) would move forward soon. Mahat, who sits in the NC Central Committee, said that Prime Minister Koirala, who is also the NC President, and NC-D President and former PM Sher Bahadur Deuba, had agreed in principle that the two parties should be unified, recognizing that a joint way forward would serve both parties' interests. (Note: NC-D Senior Leader Minendra Rijal told Emboff June 25 that unification was possible in the not-too-distant future. Rijal, who is one of the three negotiators for the NC-D, said the NC-D and NC teams had held three rounds of talks already. Deuba, Rijal noted, has publicly disavowed any need to be named Koirala's party successor. The biggest challenge, he said, was to ensure that the NC-D's district-level cadre were given appropriate status in a merged party. End Note.) Mahat Calls for U.S. to Condemn Bhutan on Refugees --------------------------------------------- ----- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par7) 7. (C) The Ambassador told Mahat that the U.S. and the donor Core Group planned to push the GON to re-establish law and order in the Bhutanese refugee camps following recent violence and to reiterate GON support for third-country resettlement. Mahat agreed that resettlement should move forward, but asked the Ambassador why the U.S. was not more vocal in condemning the Royal Government of Bhutan (RGOB) for its human rights abuses and expulsion of the Bhutanese refugees. Mahat compared Nepal's good faith efforts in the past to negotiate repatriation with the RGOB's lack of honest participation. The Ambassador responded that if the U.S. condemned the RGOB, the potential for eventual repatriation of the refugees might be lessened. However, he added, U.S. KATHMANDU 00001248 003 OF 003 policy makers had become increasing critical, and the U.S. had actively pressed privately on refugee returns. Gyanendra Threatens Viability of Monarchy ----------------------------------------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par8) 8. (C) The Ambassador and Mahat agreed that it was unlikely, despite pressure from many sides, that King Gyanendra would abdicate. Mahat emphasized that it would be impossible for his party, the NC, to defend the monarchy with King Gyanendra still in power. However, the Finance Minister emphasized, the Nepali population's increasing frustration with the Maoists might lead to increased sympathy for the monarchy. Comment ------- [Â¶](http://www.bhutan-research.org/us-diplomatic-cables-on-bhutan/07kathmandu1248#par9) 9. (C) We will continue to consult closely with Finance Minister Mahat to ensure the GON has the resources it needs to support a successful peace process. We agree that support to the Nepal Police is a key area of need. Re-establishing law and order in the countryside ahead of the election and managing security on election day itself will be a monumental feat. Many stakeholders have pointed to the lack of law and order as the central threat to the credibility of the CA election. However, few donors are mandated or funded to provide needed support to the Police. Post has initiated a dialogue with the UK, India, and UNMIN on policing and security sector reform to ensure our efforts are coordinated. Equipment alone will indeed be a wasted investment if the Home Minister himself and Police leaders continue to fail to empower rank-and-file officers to enforce the law. We have designed our initial police investment to complement a UK dialogue on election security and plan to include program elements such as training and police outreach to communities to ensure equipment investments are worthwhile. MORIARTY