

***Peace process in progress:***

In 1 November 2011 an agreement was done between all political parties for the settlement of the People Liberation Army (PLA) who are in the cantonments' for the last 5 years. The deal set out for the first time some details of the options available to PLA members. This allowed the multi-party special committee on supervision, integration and rehabilitation of Maoist combatants (special committee) to go to the cantonments and begin a "regrouping" process. This involved re-verifying Maoist army personnel and asking whether they preferred integration, a buy-out and voluntary retirement or rehabilitation.

More than 9,000 opted for integration, just over 7,000 for retirement and a mere six for rehabilitation. About 2,600 of the PLA's 19,600 verified combatants did not appear for the process. Combatants will be separated into groups and go into training courses before they are placed in the NA, take their cash and leave or enter rehabilitation programs for further training. Combatants will thus be separated from the PLA command structure and the Maoist army will be dissolved. The cash packages for the PLAs who take voluntary retirement are attractive, between Rs. 500,000 (approx. \$5,960) and Rs. 800,000 (approx. \$9,500).

***Federalism and State Restructuring***

In the 1 November deal, the parties committed to forming an expert panel to work out the details of the federal system. Later the parties on 21 November, formed the state restructuring commission (SRC) mentioned in the interim constitution. The Chair of the SRC is a natural resource management professional and comes from a dalit (a so called untouchable caste) community. The SRC is assigned to present its report within the next two months. As per the ToR, the SRC will have to recommend restructuring the state mainly on the bases of "identity and capability" and taking into account the options and aspirations of the State Restructuring and Devolution of State Power Committee of the Constituent Assembly. The committee has proposed 14 states based on ethnicity and have many different opinions on it, so endorsed by majority not by consensus. Therefore, it has been in controversial since its proposal.

The SRC will submit its report by 30 Jan 2012.

***The Constitution Drafting***

The term of the Constituent Assembly (CA) which has been in place for the last four years is renewed for six months, from 1 December

Top leaders from major political parties have agreed in principle to settle the remaining thorny issues in constitution writing and prepare the first integrated draft of the new statute in the next two months when the newly-formed state restructuring commission would be coming up with its suggestions on the proposed federal structure. A revised work plan for the period of six-month is prepared and endorsed by the CA to promulgate the Final Constitution by May 2012.

The revised work plan is as follows:

- Consensus development in issues except state restructures – 30 Dec 2011
- First draft of constitution except state structures – 30 Jan 2012
- The State Restructure Commission submits its report - 30 Jan 2012

- Incorporating SRC suggestions in CA's Committee report – 12 Feb 2012
- First draft constitution with state structures – 27 Feb 2012
- Collection of people opinion in the constitution – 28 March 2012
- Incorporating suggestions, finalization and endorsement of Constitution by the CA – 20 May 2012.
- Promulgation of the Constitution – 30 May 2012

***U.S. Department of State Cancels Travel Warning for Nepal***

December 7, 2011, In recognition of improved conditions in Nepal, the U.S. Department of State has cancelled the Travel Warning that was most recently issued on January 12, 2011. The U.S. Embassy is pleased that the overall situation in Nepal has improved to such a degree that this decision could be made.