

Transnational Peace Building in Asia: A comparative study of aid, conflict and peace in Aceh, Indonesia and Sri Lanka

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Introduction

The December 26, 2004 Asia Earthquake and Tsunami devastated Aceh Province, Indonesia and north eastern Sri Lanka. Both regions had experienced cycles of low-intensity armed conflict and uncertain peace for decades. The intersection of a major natural disaster with human conflict rendered both regions complex emergencies, and after the tsunami over 500 I/NGOS and development agencies became involved in the recovery operations. The Aceh peace process that came into effect six months later, in mid-2005 in the form of the Helsinki Memorandum of Understanding (MOU), was catalysed by the unprecedented flow of international assistance into the province, though initial contacts between the recently elected Government of Indonesia (GoI) and the separatist Gerakan Aceh Merdeka (GAM), had commenced prior to the disaster via Finnish mediators. On the other hand, in Sri Lanka, while the tsunami disaster and international assistance contributed to initial rapprochement between the government (GoSL) and Liberation Tigers (LTTE) fighting for autonomy against the State, the fraying Norwegian brokered peace process proved unsustainable.

The Finnish mediated Aceh peace process is currently regarded as one of the most successful internationally mediated peace accords in the world. Back in 2003, the two year-old, Norwegian-brokered peace process in Sri Lanka was also regarded as one of the most successful attempts at “liberal peace building” by the international community.ⁱ However, six years after the Cease Fire Agreement (CFA) was signed between the Government and LTTE, peace in Sri Lanka was formally abrogated on February 16, 2008, and another cycle of deadly violence, locally termed ‘Eelam War 1V’ began in the island. Both peace processes had external mediators, and monitors and extensive funding and international expertise for post disaster recovery and reconstruction from bi-lateral and multilateral donors. The Aceh Monitoring Mission (AMM) was comprised of European Union and ASEAN monitors and the Sri Lanka monitoring mission (SLMM), Scandinavian monitors led by a Norwegian representative.

This paper analyses the international political economy of peace building in Aceh and Sri Lanka, and explores the reasons for the different outcomes of the international communities’ peace building efforts. Both conflicts had seen successive rounds of peace negotiation and cycles of conflict in the past thirty years.ⁱⁱ The peace processes in Aceh and Sri Lanka in the new millennium were distinct from previous rounds of negotiation due to the unprecedented level of internationalization and investment from international agencies for reconstruction and peace. After the CFA in Sri Lanka in 2003, \$ 4.5 billion was pledge at the Tokyo donor conference for post-conflict reconstruction, despite the fact that the country rarely utilizes more than 35 percent of official development

assistance (ODA) annually. In Aceh the international price tag for post tsunami and conflict recovery increased from \$3.5 billion to \$8 billion in the space of three years.

In past decades Aceh, Indonesia and Sri Lanka, had several attempts and rounds of peace negotiations and cycles of violence between centralised post-colonial states and ethno-national groups (Achenese and Tamils), fighting for autonomy and self-determination in northern regions.ⁱⁱⁱ An extensive literature on the causes and dynamics of the main internal parties to the conflicts in Aceh, as well as, Sri Lanka already exists. Hence, this paper focuses on the role of international actors in peace building – the paradigm, processes, approaches and practices of different aid actors evident in the two places, as well as, the socio-political and economic dynamics that may contribute to divergent outcomes of these two recent, internationally-mediated, peace and reconstruction processes in the South Asian and South East Asian region. Of particular interest here is the role of international actors and trans-national aid and trade networks, discourses, and practices in conflict transformation and peace building. The manner in which international aid actors may impact and transform power (im)balances and socio-cultural dynamics between and within the main parties to conflict will be examined.

The paper also focuses on the trans-national dynamics and local-global articulations of peace building in conflicts that are often glossed as internal, ethno-religious, or culture-based, but are more or less globally networked, though trans-national networks of aid, trade, culture and commerce, whether diaspora, developmental, criminal, military-intelligence, humanitarian etc. Simultaneously, the paper maps and compares key stakeholders' processes of transformation (or lack thereof), during the peace building (GAM and LTTE and State/ military). For instance, while GAM disarmed and demobilized to a great extent and there were significant TNI and Indonesian troop withdrawals under the gaze of EU and ASEAN monitors in Aceh, there was no demobilization or demilitarization during the peace process from 2002-2008 in Sri Lanka. Where necessary the research compares the different social movements, as well as, the trajectories and culture of the state, military, and civil society in Indonesia and Sri Lanka during the peace processes.

One of the puzzles that arise when comparing the two peace processes is that the GOI was willing to offer extensive autonomy to a weakened GAM, whereas the GOSL was only willing to offer minimal autonomy to the more militarily powerful LTTE, since it is usually assumed in conflict resolution theory that, when there is greater parity of status between the parties to the conflict the more likely will there be greater concessions from both parties to the conflict, leading to more sustainable peace building. The LTTE controlled territory and operated a quasi state in northeast Sri Lanka, whose boundaries were effectively recognized in the Norwegian brokered peace negotiations in 2001, as the Forward Defence Line (FDL). The LTTE's military and navel strength was also recognised in the CFA, yet the GSL was willing to offer very limited devolution of power. The reverse was true in Aceh where GAM was been considerably weakened by the TNI's Daerah Operasi Militer (DOM), between 1989-1998. At the time of the signing of the Helsinki MOU, GAM did not really control territory though its strongholds were in the hills far from its population base on the coast. The Helsinki MOU conceded local

political parties and a more substantive basis for implementation of autonomy in Aceh. The Helsinki MOU was a far more comprehensive and substantive document than the Sri Lanka Cease Fire Agreement, with clear agendas and timeframes for passage and implementation of the Law on the governance of Aceh.

Comparison of the different dynamics and outcomes of recent peace building in Aceh and Sri Lanka at this time may reveal what is distinct and common about peace making challenges in the South and South East Asia region, as well as, some of the conflict resolution orthodoxies in the context of intra-state conflicts in Asia. To a great extent the contemporary literature on conflict transformation and peace building tends to be based on analysis of inter-state conflicts, or protracted conflicts in African contexts, where the regional political culture of States is different with regard to minority rights and irredentist conflicts from South and South East Asia. Moreover, comparative research on conflict transformation in Aceh and Sri Lanka has tended to focus on *internal*, rather than international actors in peace building or the transnational culture and growing international industry of peace building and reconstruction (eg. Kingsbury: 2007). Hence, this paper particularly focuses on the history and role of international actors and transnational networks in the peace process in Aceh and Sri Lanka.

The levels of engagement of the IC in both peace processes were very high as indexed in the available funds and numbers of international agencies and staff present. Prior to the tsunami disaster the Aceh conflict had been a “silent war”, isolated from the rest of the world due to the GoI’s unwillingness to internationalise the conflict, especially after East Timor’s independence from Indonesia. In Sri Lanka, however, throughout the conflict years there had been a long sustaining international presence in the conflict areas where UNHCR and various INGOs had been active for years due to the situation of displacement and the humanitarian emergency. All this changed after the Asia Tsunami disaster and hence the paper also briefly touches on the international aid architecture developed in response to the disaster in Asia. Particular attention is paid in the paper to the history and extent of the presence of international aid actors in Sri Lanka and Aceh Province, and the substance and process of peace building, including, what actors may exert greater control of the peace building agenda and related issues of local ownership. In particular the paper examines the international aid paradigm and processes manifest in the two contexts. The wide range and contradictory roles that international actors (bilateral donors, IFIs, UN Agencies, INGOs, regional organizations, relief and development agencies and their (macroeconomic policies), may play in internal conflict transformation is recognized

This analysis draws from ethnographic fieldwork in Aceh and Jakarta during my tenure as an Asia Scholar in 2007. It also draws from over a decade of ethnographic study of identity politics, multiculturalism and conflict, as well as, the war economy and peace building in Sri Lanka. (Senanayake 1999, 2003).^{iv} The paper analyses the international aid paradigms, architecture, institutional structures, and conflict transformation and peace building *processes* in Aceh and Sri Lanka, including, the manner in which tsunami recovery was linked to local level peace building. I first assess similarities and difference between the Aceh and Sri Lanka conflicts, the history of conflict transformation attempts

and role of external actors in conflict transformation and peace building 2) transformation or lack thereof of the state and the armed groups as well as the role of civil society.

International Engagement and History of Conflict: Global-Local Articulations

After the Asia Tsunami disaster over 500 I/NGOS became involved in the recovery operations in Aceh Indonesia and Sri Lanka, which were the two most devastated regions. India and Thailand, the third and fourth most affected countries refused most forms of international assistance. Over \$13.5 billion was pledged and delivered for recovery by the international community.^v The funds pledged exceeded the Multilateral Agencies needs assessments, and it was estimated that each victim had in excess of \$7,000 per head (TEC finance review). The global response to visually powerful aid appeals was the largest ever in the history of humanitarian giving, especially since the tsunami waves had hit some of the most beautiful beaches in Thailand and Sri Lanka on the day after Christmas, at a time when there were many tourists from Europe and North America. In an age of “internet giving” and global philanthropy many INGOs and UN agencies raised significant funds for recovery and conflict sensitive peace building.^{vi}

During previous rounds of negotiations between the combatants in Aceh and Sri Lanka, there was relatively little international engagement. Aceh had a humanitarian pause and Sri Lanka had a previous round of peace negotiations from 1994-1996. Sri Lanka has seen what are locally termed four Eelam Wars each of which was punctuated by internally driven peace negotiations which had little success, and once, from 1987-90, with the intervention of India its closest neighbour and regional superpower. In Aceh, there had been several rounds of negotiations after the fall of Suharto and the new regime, under Habibie, Gus dor and Yudhiyono. In Sri Lanka and Aceh, except for the humanitarian pause, the previous cycles of negotiation had occurred without international facilitators, and peace dividend funds were not pledge by the IC. The extensive international engagement in Aceh’s peace building in 2005 was primarily due to the tsunami disaster.

The most violent periods of conflict in Aceh were in 1990-1998, 2003-2004. During 1990 to 1998 Aceh was declared a “special combat zone” (DOM), and the military was given carte blanche to torture and kill whoever they perceived to be rebel sympathizers. On May 19, 2003 the Aceh region was put under martial law for a year, again allowing Indonesian military (TNI) to conduct human rights abuse with impunity. TNI treatment of civilian Acehnese, named “shock therapy”, provoked a violent revolt and attracted more sympathizers to the rebel movement. Ceasefire agreements, while reduced violence during 2000-2004 did not last for longer than eight subsequent months. Although, in 2002 Aceh province was granted special status, allowing implementation of *shariah* law and greater revenue sharing, it did not appease rebels due to their overriding distrust of government's actions and the lack of a space for rebels to enter the political process which was provided for in the 2005 MOU which enabled the setting up of local political parties in Aceh Province which was unprecedented in the country.

The extent of international engagement in the most recent rounds of peace building and reconstruction in Sri Lanka and Aceh, Indonesia were exceptional. This was partly because peace building since the end of the Cold War has been a growth sector in the international development industry, and has increasingly achieved its own momentum and political economy of fundraising, multi-donor appeals, large infrastructure contracts for multinational companies and consultancy firms, significant numbers of northern-based consultants, the related knowledge industry in line with a fee market aid ethos and processes of international bureaucratization. As Max Weber pointed out it is in the nature of bureaucracy to seek to achieve its self-sustaining momentum and work *in itself* and *for itself*.

Sahadevan (2006:239) has observed that peace negotiations have constituted an “integral part of the long-drawn life cycle” of the *long duree* of conflict in Sri Lanka, pointing to the fact that peace building overtime may become part of a conflict dynamic and war economy, which would suggest that those who came to help build peace may also become, perhaps, inadvertently entwined in the structure and dynamics of conflict itself. It is now fairly established that international assistance in low intensity internal armed conflicts and peace processes may either ameliorate or become part of a renewed conflict cycle as several analysts have noted (Anderson. M. B: 1999).^{vii} Research at the United States Institute for Peace has indicated that of the 38 peace processes that took place with international assistance in the decade 1989-1999, 33 returned to conflict within the first three years (Darby: 2002). International actors may sometimes play contradictory roles in post/conflict situations despite attempts to co-ordinate interventions. Macro-economic policies that exacerbate social and economic inequality (also as a result of the over-capitalization of disasters such as the Tsunami), may generate bubble economies, deepen social and regional inequality, and generate new conflicts. The resulting tensions in post/conflict situations may inadvertently undermine the work of international peace mediators and negotiations. In this context, it is important to analyze the role of the international community, which though a set of apparently external observers may sometimes be seen to become embedded and intertwined in conflict and peace processes over time. Equally aid may help peace as was the case in Aceh.

In Sri Lanka, as in several internal conflicts in South Asia (Afghanistan, Pakistan), partly due to proximity to the global ‘war on terror’ (WoT), it is increasingly arguable that there were three principle actors in peace and conflict dynamics: the two main parties to internal conflicts (however fragmented), usually the State and a group opposed to it, as well as, the international community (IC) (none of them being homogenous). In the wake of 9/11 the international community had begun to link development and security in particular ways, even as the notion of human security has been trumped by state-centric notions of security. Of course, a transforming development aid environment, given entrance of significant new Asian donors offering billions of dollars for development assistance (India and China), and increased public philanthropy in an era of “internet giving” for “celebrity disasters” such as the Asia tsunami given spectacular fund-raising by INGOs was evident after the Asia Tsunami disaster. Diasporas have also contributed to post disaster reconstruction, as well as war economies, which tend to blur into each in transitional contexts.

Given the extent of the international aid bureaucracy in Aceh and Sri Lanka, the return of war in the latter case raises questions about the impact of international aid and experts for conflict transformation.^{viii} There have been few systematic reviews of donor assistance and its impact in Sri Lanka and Aceh. Since most analysis is commissioned by donors and for obvious reasons less than objective. The Sri Lanka Strategic Conflict Assessment did not analyse who pledged what, or how the funds were spent, and rather consists of yet another review of the history of conflict and peace building in the island. Indeed, many donor assessments tend to change the topic rather than track and analyse aid flows and governance structures, or the political economy of aid in a transparent fashion. The overlaps between academics and the lucrative development consultancy market in the political economy of the international aid industry is an aspect that also keeps the lid on this very interesting area of research, aside from the sensitive nature of the such studies in fraught conflict environments where international aid may be interpreted by ultra-nationalists as an erosion of sovereignty or used by militants.

This paper then starts from the premise that in situations such as Aceh after the tsunami and Sri Lanka there were three principle actors in highly internationalized peace and conflict processes: the two main parties to conflict, usually the State and a group/s opposed to it, as well as, the international aid community (IC). Of course, civil society constitutes a fourth and often excluded actor in peace processes, which may be one of the reasons for the lack of inclusive and durable peace processes in Sri Lanka. A corollary of over internationalization would be the lack of local ownership of the peace process, policy and paradigm. It is hence that study of how transnational networks of aid and trade, whether, diaspora, developmental, humanitarian, military and intelligence, or criminal – structure forms and patterns of violence and peace making in the global south may help us rethink some of the causes and solutions to interlinked identity and resource conflicts. As such, the attempt here is to develop a *structural analysis* of the three principal actors in Sri Lanka – the Government of Sri Lanka (GoSL), LTTE and the international community (none of them being homogenous) – and their relationship, based on analysis of political economy of the international aid industry and bureaucracy.

The analysis suggests that both the international aid paradigm and delivery process may require reform for sustainable peace building. Of particularly interest is the international political economy of aid and the expanding international humanitarian aid bureaucracy supported by the phenomenon of celebrity disaster advertising and fund raising for victims of disasters by the international aid industry, and the phenomenon of “phantom aid”, which Action Aid International defines as “aid that never reaches the people it is meant for, but is consumed in the aid industry” (2006). The past decades has also seen the expansion of the phenomenon of “phantom aid”, given privatization of reconstruction and development assistance to contractors, companies, consultants and “experts” based in donor countries-- a subject to which we will return. In this context, the paper traces how the role of the international community in conflict transformation may shift over time in protracted conflicts and gain a logic of its own and even morph into the conflict dynamic given processes of aid bureaucratization. The paper suggests that over time certain actors in the IC though a set of apparently external, neutral and

objective observers may tend to become intertwined in the conflict processes given the nature of the evolving international political economy of peace building and reconstruction.

International Aid Architecture and Governance

Historically there are few instances of linear progress from relief to recovery, reconstruction and development. This is particularly true of countries or regions affected by long-term, low intensity conflicts that may be struck by sudden natural disasters, posing the need for holistic and integrated recovery. The international attention and assistance after the disaster helped to catalyse and consolidate a peace process in Aceh, and notched up significant achievements, including the demobilization of GAM and GoI troop withdrawals and the passing of the Law on the Governance of Aceh, and the current governor was a member of GAM. Yet concerns remain regarding the Indonesian State and military's transition from the autocratic Soeharto regime, since agreements in Aceh would have implications for other conflict-affected parts of the country. (Ambon, West Papua, East Kalimantan, now that East Timor is independent). Notably, both Sri Lanka and Indonesia have expressed concern about Kosovo's recent unilateral declaration of independence from Serbia.

In Sri Lanka after initial cooperation between the GoSL and LTTE in the immediate aftermath of the disaster, the international assistance for post-Tsunami reconstruction became one of the causes for escalating tensions that had dogged the three-year-old peace process that the local intelligentsia termed a "no war, no peace" impasse. One reason was inequitable distribution of aid among the Tsunami affected regions controlled by the LTTE and GoSL. In the two years that preceded the abrogation of the Ceasefire Agreement between the Government of Sri Lanka and the LTTE on February 16, 2008, peace in Sri Lanka become a legal fiction – an assumption contrary to ground realities. The ebb of peace in the palm-fringed, tourist-friendly island was indexed in the return of a 'dirty war' in the northeast, a rising body count, trickle of refugees to South India, as well as suicide bombings and barricades in the capital, Colombo. As the head of the Scandinavian Sri Lanka Monitoring Mission (SLMM), noted in October 2007, there was an ongoing low-scale, low-intensity war for two years while the peace process was officially ongoing. Even though neither the Liberation Tigers of Tamil Eelam (LTTE), nor the Government had formally withdrawn from the Ceasefire Agreement (CFA), the new war (or Elaam War 4) continued the spiral of the (para) militarisation of civil society, with a "war economy" sustained by terror, taxation and international post-conflict and post-tsunami reconstruction assistance.

During this time, for the first time in the history of the almost 25 years of armed conflict in the island, there were coordinated attacks on international aid agencies – opening up another front as it were in the conflict. The LTTE called for a boycott of some INGOS and women staff were urged to leave in the Batticaloa District back in 2005. There were also attacks on the Halo De-mining group's compound in Jaffna, but there were no human casualties though equipment was damaged. This trend seemed to reach a bloody culmination with the murder of 12 Action Contre le Faim workers in

Trincomallee in 2007, credibly blamed on the military. Attacks on staff of international aid agencies was a new development in the conflict dynamic that also signalled the fact that external actors had somehow become enmeshed in a deeper way in the conflict dynamics in Sri Lanka over time. Prior to this, Sri Lanka was in high demand among international aid workers who found it a very salubrious place to be doing aid work. It was seen as a safe place to carry out aid work as the parties to the conflict had never endangered or threatened international organization staff, unlike in some other conflict situations in long term low intensity conflicts where aid workers had been kidnapped or killed.

There were also substantive differences in the international aid architecture developed to support the peace processes in these two countries. In Aceh there was the Aceh Monitoring Mission (AMM) set up with a clearly time frame and mandate. The AMM comprised European Union and ASEAN monitors. In Sri Lanka there was a Scandinavian monitoring group that was headed by Norwegian who has direct access to the Norwegian mediators. Early on in the peace process human rights groups pointed out the fact that the SLMM needed to be independent from the peace process facilitators, because facilitators would not be effective monitors, since they wielded the carrot rather than the stick at the conflicting parties. Ceasefire violations would have to be handled by an independent group and the fact that the EU and ASEAN monitors were more independent in Aceh helped. In Sri Lanka the SLMM suffered a loss of independence and credibility due to their proximity to the mediators, and when the parties to the conflict engaged in violations could do little to address them independently from the track one process.

The Aceh peace process was much less internationalized than the Sri Lanka peace process even though post-tsunami recovery in Aceh was highly internationalized. In Sri Lanka both the post-conflict recovery operation and the post tsunami recovery operation were highly internationalized and effectively lacked local ownership. After the Norwegian-brokered Ceasefire Agreement in 2002, three different international pledging conferences for Sri Lanka were held in Oslo, Washington and Tokyo. The conferences gleaned the promise of US\$4.5 billion for post-conflict reconstruction. Four co-chairs were appointed to Sri Lanka's peace process—Norway, EU, US and Japan- the island's largest aid donor. India the closest neighbour and regional superpower, while an active observer of the peace process refrained for obvious reasons. The World Bank, that had positioned itself to lead the expanding international reconstruction industry and bureaucracy in the island, was appointed custodian of the North East Reconstruction Fund (NERF) which was to channel and monitor the international aid for post conflict reconstruction in Sri Lanka .

Whereas the GoI had a strict policy of discouraging international organizations from working in Aceh, in the conflict areas had been open to the IC. The ACAP report notes that it was only after visiting Aceh on December 27 after the tsunami disaster the Indonesian Vice President, Yusuf Kallar, on seeing the devastation in the province called for international assistance to a province that has been deliberately kept isolated throughout the years of the conflict. The GoI's mistrust of international interventions was

due to events in East Timor. On the other hand, in Sri Lanka successive governments had an open door policy towards the international aid industry and throughout the conflict there had been a number of UN and international organizations working the conflict affected regions. This international presence and aid bureaucracy grew during the peace process with the promise of \$4.5 billion, and grew even further after the tsunami. Sri Lanka had a reputation in all these year as a safe and easy “hardship” post among aid workers. This was to change with during the post tsunami years when a general disaffection with the international aid industry grew.

Both the LTTE and GAM had wished to internationalise their struggle, to receive international legitimacy and validation for their claims vis-à-vis the State. The important point however is that in Aceh the peace process was not over internationalised like the post conflict and later Tsunami recovery operation in Sri Lanka, and hence there was better local ownership of the peace process including by civil society groups. In Sri Lanka both the peace process and the tsunami recovery operation were so internationalised and international engagement put a high transaction cost on the peace process itself, to the point that there was little local ownership and civil society input into the peace process. In Indonesia the separation and de-linking of post-conflict reintegration and reconstruction from post-tsunami recovery activities was one of the key reasons for the relative success of peace building.

The reason the aid became a cause for multiple conflicts in Sri Lanka after the Tsunami was partly due to different types of institutional frameworks being put in place for post disaster recovery, and the linking of tsunami aid to a stalling peace process. Whereas in Aceh Province there were two separate agencies for tsunami and conflict recovery and rehabilitation, the two disasters were not linked. In Sri Lanka funds for tsunami recovery was linked to the peace process by donors, this also meant that many of the victims who were from the Muslim community and not part of the main conflict did not receive adequate recovery assistance in a timely fashion. In Aceh, the Badan Rahabilitasi dan Rekunstuksi (BRR), operated directly under the President and expedited the tsunami recovery operation, while post-conflict recovery was carried out by BRA (Badan Reintegrasi). The de-linking of tsunami recovery assistance from post-conflict recovery enabled a smoother recovery operation in Aceh. In Sri Lanka the emphasis on linking of tsunami recovery assistance the peace process meant that the tsunami recovery operation was held hostage to a stalled peace process. The year-long negotiations for a Post Tsunami operation Mechanism (P-TOM) process which was later rejected by the supreme courts, effectively exacerbated the situation on the ground by delaying the tsunami recovery operation in the northeast.

A second reason for the success of the peace process in Aceh was the comprehensive and time bound nature of the Helsinki MoU process, and the addressing of economic and identity issues in a comprehensive manner (cf. Aspinal). The Helsinki Mou was a comprehensive agreement between GAM and GOI, which dealt with a range of subjects within a clearly limited time frame for negotiations. It is well known that Marti Atissari, the former Prime Minister of Finland and chief mediator in the Aceh peace processes, had said that he was a busy man and would not be able to facilitate the

Aceh peace process for too long, and hence the parties to the conflict need to work out a peace formula that was at once time bound and comprehensive. Attisari's famous phrase was "nothing is agreed until everything is agreed", which established the need for a comprehensive agreement that addressed all outstanding issues. In Sri Lanka however there was no time frame for the negotiations on core issues, aside from the LTTE's dropping of the demand for a separate state in exchange for substantial devolution of power within a federal constitution. In the Sri Lanka CFA where neither the means, nor the goals, nor time frames were demarcated. Norwegian State Secretary Vidar Helgesen had said, "If the parties get an interim solution it will still have a way to go to a final settlement. In that sense, I think we're talking of years rather than months." The Norwegian approach to peace in Sri Lanka seemed idealistic and flexible, whereas the Finnish approach was pragmatic and more assertive. In short it may be that the Norwegian mediators were 'taken for a ride' by the parties to the conflict in Sri Lanka, due to a lack of adequate preparation and clear agenda!

Locally, peace in Sri Lanka after the first two year of peace euphoria with the signing of the CFA came to be known as a "no war, no peace process" and four years after the conflict as assassinations and attacks that violated the CFA escalated, the peace process was seen as a legal fiction that had little to do with ground realities. Indeed it appeared that a fictional peace process was maintained by the parties to the conflict for the benefit of international donors and the international aid industry, which continued business as usual. This situation enabled a complex "no war, no peace economy" and attendant culture of rent seeking by various actors militant and humanitarian. On the ground a return of dirty war was evident in the northern and east.

The timing of the tsunami in relation to the peace processes in Aceh and Lanka also explains the different outcomes. The Tsunami had a significant psychological impact which opened the space for GAM to think of disarming and demobilising, happened before the Aceh peace process. In Sri Lanka the peace process was already two years old by the time that the tsunami hit and there was no reason at that time to talk of disarmament, because it was not on the agenda in the first instance. The tsunami provided a considerably weakened GAM after Megawathis's DOM with a face saving exit from violence. However, in Sri Lanka there was a notion that there was a parity of parties between the LTTE and the GoSL and neither party would lay down weapons. The tsunami also brought down barriers of hostility and seemed to dispel stereotypes between Aceh and the rest of Indonesia and Java. During the war years there was a perception that Java and the Jakarta government and the rest the county did not care about and were antagonistic towards Aceh, but the overwhelming help from fellow Indonesians in the aftermath of the tsunami broke some of these perceptions since so many Indonesians also came to help the Province in its hour of need. It also broke down the GoI's reluctance to internationalize the Aceh situation.

The tsunami opened a window for peace in Aceh and the scale of the disaster that killed almost 200,000 people provided the psychological impetus for a GAM already weakened by the Daerah Operasi Militer (DOM) to seek peace. In Sri Lanka on the other hand the peace process was already frayed at the edges when the Tsunami struck and the

over-internationalization of the peace and post tsunami reconstruction process too a significant transaction cost which led to a rejection of the United National Front (UNF) government that had signed the CFA with the LTTE. The tsunami aid architecture further widened divisions and linking it to conflict resolution also marginalised the Muslim communities. Of course, in the final analysis it is arguable that an organization such as the LTTE would be far less amenable to transformation than GAM.

Substantive vs. Legal Bureaucratic Peace in Aceh and Lanka

Retrospectively it appears that the Helsinki Agreement that established the peace process in Aceh was a more comprehensive document, viewed by the parties as the first step in a series of clearly defined and time bound steps towards substantive and inclusive peace building, whereas in Sri Lanka the Norwegian mediated Cease Fire Agreement (CFA) appeared to become an end in itself – it merely established on the ground what came to be known locally as “a no war, no peace process”. In conflict resolution theory it is often proposed that ‘parity of parties’ is necessary for successful outcomes, but the Aceh and Sri Lanka cases suggest that there are no universal rules for conflict resolution. Indeed different approaches may be necessary in situations of intra-state conflict and there may be need to rethink conventional conflict resolution frameworks that are based on inter-state rather than intra-state peace building.

Sri Lanka’s peace process has been termed “a no war, no peace” process. It appears that a formalistic and “legal-bureaucratic” approach of international peace building and reconstruction largely accounts for this phenomenon, which put the “development cart before the conflict resolution horse” (Sri Skandaraja). Consider for instance, the resources, energy and experts spent on three international donor conferences in Oslo, Washington DC, and Tokyo, the legal drafts and re-drafts of an Interim Governing Authority for the North and East (ISGA), the World Bank’s North East Reconstruction Fund, (NERF), Post Tsunami Operational Mechanism (P-TOMS), three international donor pledging conferences, Multilateral Needs Assessments, the hundreds of MoUs for large infrastructure reconstruction projects. The international bureaucracy for peace and reconstruction seemed to put a transaction cost on the peace process. It resulted in too much time spent on international development agendas, conferences, and donor time frames that were often at odds with the needs and priorities of those affected by the conflict.

Throughout the \$4.5 billion peace process in Sri Lanka, the north and east coastal fisheries communities continued a subsistence economy, despite the fact that the island’s two main donors for the peace process, Japan and Norway, had highly industrialised fisheries sectors. The most influential number of combatants in the LTTE hailed from impoverished coastal fisheries and rural agricultural communities in the northeast. In fact, the LTTE sank a Chinese fishing trawler perceived to be poaching on local fishing grounds in 2003. Yet little attempt was made to develop and industrialize the fisheries sector which might have provided alternative livelihoods for combatants who from poor fisheries communities from which fighters are recruited. However, the post-conflict and

post-tsunami international aid industry systematically overlooked the importance of enabling sustainable livelihoods for such impoverished and marginal caste communities. Several local experts rather noted the bias towards big business and tourism in the post conflict and tsunami needs assessments of the multilateral agencies (ADB, WB, UN Agencies) , where the up-scaling of fisheries infrastructure is ignored.

Of course, the legal bureaucratic approach to peace building in Sri Lanka was partly due to the fact that there was little space for concessions by a minority government, for unlike in Indonesia the Government that signed the peace process in Sri Lanka was weak. In Indonesia on the other hand, the SBY-Kallar government controlled the key institutions necessary to ensure passage of the Law on the Governance of Aceh. In Sri Lanka, perpetual conflict between the two major political parties the UNP and SLFP has been the major stumbling block to giving the minorities there rights. Further, a Constitution that is averse to amendment, because it require two thirds majority in parliament was the other stumbling block to devolution of power to the regions. The fact is that these were constitutional and bureaucratic obstacles in the face of a minority government that was committed to making peace in Sri Lanka. The LTTE , fully cogniscent of the bureaurcatic obstacles to the devolution of power and hence did not trust the peace process to deliver.

This impass contributed to creating the ‘fog of peace’ and the no war no peace process. Give the billions of dollars available for reconstruction and the international aid bureaucracy that had arrived in the island, the “development cart was put before the conflict resolution horse” as one analyst of the peace process has termed it (Sriskandraja). The legal-bureaucratic approach to peace building, that was manifest on the ground as “the no war, no peace process” stemmed from, among other things, the large numbers of international players and peace and reconstruction bureaucracy in the island, and the attendant coordination burden and transaction cost of the international aid industry. Of course, all three actors in the conflict and peace dynamics in Sri Lanka – the LTTE, (seduced by the legal fiction of ‘equality or parity of the parties’), GoSL, and the international community bent on implementing a “neoliberal” peace have contributed to the legal bureaucratic approach to peace building.

The legal-bureaucratic approach to peace building in Sri Lanka effectively eschewed seeing track-one peace building as a social process and focused on the main parties to the conflict. The mis-recognition of the conflict in Sri Lanka as an “ethnic conflict” rather than a far more complex resources and identity conflict with multiple intra-group cleavages, including class and caste inequality, contributed to the failure of peace-building. Arguably, the time spent on legalese would have been better spent in the creative implementation of actually existing possibilities for power and resource sharing, enshrined in the constitution under the 13th Amendment, and proper targeting of aid to improving the livelihoods of communities from whom fighters are recruited. There was a tendency to overburden an already over-determined peace process, by linking everything, including, natural disasters like the Tsunami (aid) to power sharing. There appears to be a

need to de-link these issues and have a more balanced approach to peace and development.

The peace building approach of dialogue in various international capitals rather than analysis of substantive issues and implementation at ground level seems to derive from Euro-American analytic frameworks that privilege state-centric theories of conflict resolution, developed out of Cold War inter-State conflict mediation. The main conflicting states or parties are brought to a table to dialogue. However, intrastate conflicts where resource and ethno-religious identity conflicts tend to be intertwined and are often the outcome of post/colonial State building, require different approaches from peace builders. They require engagement with social realities within the country, and attention to internal complexities at the local and sub-national levels. Where the challenge of reconciliation is within countries and communities, and between asymmetric parties (e.g. State actors and non-state actors), peace building necessitates a less legal-bureaucratic approach.

Even as the Government and the LTTE are the principal actors in the conflict, it would be naïve to downplay the role of the international community in the peace outcome in Sri Lanka. The extent of international investment in Sri Lanka's "peace and reconstruction" has made official acknowledgement of the return to war difficult. But the peace process, in the best of times, enabled merely a repressive tolerance. This was by no means only due to the inability of the two main armed actors to engage on difficult issues – principally the need to democratise the LTTE and GoSL, and professionalise and humanise the military and enable the devolution of power. The international peace builders colluded with the main actors in deferring the core social, political economic issues that structure the dynamics of the conflict in order to promote a neo-liberal economic reconstruction agenda that is integral to the (phantom) aid industry.

In hindsight this approach undermined the Norwegian-brokered CFA. The promise of US\$4.5 billion for reconstruction came with a policy requirement of structural adjustments (SAPs), and liberalisation favoured by the World Bank. Very little of this reached the communities affected by the disasters, and from which the majority of combatants are recruited. A recent Sri Lanka Monitoring Mission Report notes on the subject of child recruitment: "some underage children freely volunteer to leave their families due to economic reasons to join the LTTE". Mis-targeted aid translated into an economic bubble, a dramatic rise in the cost of living, increased inequality and poverty in the communities from which soldiers are recruited, and further erosion of the welfare state. In a very short time, the government that signed the peace agreement with the LTTE was voted out of power—and the rest is history. The tide in the affairs of men that may have led to fortune, even to peace in Sri Lanka, had turned.

Phantom aid

In Sri Lanka much of the international assistance for post-conflict reconstruction was in the form of loans rather than grants, whereas in Aceh Indonesia most of the

international assistance after the Tsunami disaster was in the form of grants. This was due to the fact that reconstruction and peace building in Aceh started after the tsunami when there was a lot of grant funds available, whereas the Sri Lanka peace process has started two years prior to the tsunami disaster and the aid tsunami was not available at that time. In Sri Lanka the disbursement of donor assistance was through the World Bank's North East Reconstruction Fund which took a long time to get off the ground, and meanwhile not a lot was done for communities affected by the conflict.

Given donor emphasis on the privatisation of development assistance, international consultants, multinational corporations, private companies, UN Agencies and I/NGOs competed for lucrative reconstruction contracts in Sri Lanka (as in Aceh after the tsunami), in the peace interregnum – from de-mining, to road building, to peace education and advertising. More recently, the December 2004 Asia Tsunami disaster also drew a large number of volunteers and technical experts, unfamiliar with local languages, institutional structure and culture. Despite this, reconstruction has been painfully slow, primarily due to the fact that the international aid industry has snatched away local and regional ownership of the recovery operation. This is in stark contrast to India and Thailand, which refused most forms of international assistance after the Tsunami, but are far ahead in the task of reconstruction.

Over the past half-century of war and natural disaster, Sri Lanka's politicians and policymakers have developed a culture of 'aid dependency' largely due to the de-development of the country's policy making and planning institution during a decade of structural adjustments (when the Ministry of Plan Implementation was effectively shut down), even though ground level facts point to the necessity of a different approach – the country is no longer a least developed county, has almost 90 percent literacy rate, and a number of under and unemployed graduates, and exports technical skills overseas. There are several questions this raises – why is national expertise marginalised in reconstruction; do aid pledges materialise; and how much of the assistance actually reaches the country or the communities affected by war, natural disaster and poverty?

Arguably much of the aid pledged and disbursed for peace and reconstruction in Sri Lanka was "phantom aid", defined by Action Aid as "aid that never materialises to poor countries, but is instead diverted for other purposes within the aid system." Conflict situations present significant "opportunities" for rent seeking and growth to international aid experts and bureaucracy. However, the utility of this ever-growing donor assistance to disaster-affected countries and communities is increasingly an open question. At odds with local development priorities, the international aid bureaucracy is seen to have its own self-sustaining logic that is increasingly irrelevant to either the poverty or conflict on the ground.

A recent report on aid effectiveness by Action Aid International, titled "Real Aid: Making Aid More Effective" estimated that 61 percent of all international donor assistance is "Phantom Aid". Phantom aid, as opposed to Real Aid, includes funds that are: a) tied to goods and services from the donor country, b) overpriced and ineffective technical assistance (this is by far the largest category of phantom aid, accounting for

US\$13.8 billion), c) spent on excess administration, d) poorly coordinated and high transaction costs, e) aid double counted as debt relief, f) aid not targeted for poverty reduction, g) funds spent on immigration related costs in donor countries, etc.

The Report further notes that, “eighty cents of every dollar of American Aid is phantom aid, largely because it is so heavily tied to the purchase of US goods and services, and because it is so badly targeted at poor countries...Just 11 percent of French aid is real aid. France spends \$2 billion of its aid budget each year on Technical Assistance.... In real terms, the Norwegians are nearly 40 times more generous per person than the American, and 4 times more generous than the average Briton”.

Phantom aid accounts for a good deal of poor country debt, because southern governments service loans and aid that did not materialise because it was consumed in the aid system. The Report estimates that: “ In 2003 developing countries transferred a net \$210 billion to the rich world...Interest payments alone continued to take \$95 billion of developing countries resources, almost three times the value of what they receive in grant payments”.

In May 2006, the Donor Co Chairs of the Sri Lanka peace process estimated that of the 4.5 billion pledged to Sri Lanka, “US\$3,400 million had been provided based on Tokyo pledges and Tsunami funds, and more than 20 percent of that allocated to the north and east, including LTTE- controlled areas”. No disclosure was made of how much of this aid was in the form of loans. Phantom aid in disaster situations, where the usual development project safeguards are waived due to an emergency situation, may be as high as 80-85 percent of donor assistance. In some conflict situations international humanitarian aid has become, as an academic termed it, “a means without end”. It tends to lack an exit strategy until the money runs out, is often mistargeted, tends to distort the local economy, and aggravates inequality, poverty and the underlying structures of a conflict. In the long run, it develops aid dependency and aggravates conflict. The conflicting parties often blame each other for aid that never materialised. International aid may increasingly morph into the war dynamic over time in the conflict zones of the global South even as it expands through processes of bureaucratisation.

At the same time, it is important to note that that the Norwegian mediators, who have often been held responsible for peace and reconstruction policy failures that originate in the World Bank and UN centric international development bureaucracy, are but a miniscule part of the international peace and reconstruction aid industry. Moreover, the Norwegian Government that came to power in 2005 decided not to partner with the Bank in cases where structural adjustment was required as part of a peace and reconstruction package.

In Sri Lanka a new peace process would need to thin the international aid bureaucracy and agencies and facilitate local ownership of the peace building agenda, and focus on substantive issues, including reducing inequality and improving poverty reduction among conflict and Tsunami affected communities. In short, an exit strategy rather than extended time frames for aid is necessary for much of the international aid

industry in Sri Lanka. This would enable a more locally owned and hence sustainable peace process.

Some have identified a deficient knowledge base of the Norwegian mediators as a problem of the peace process in Sri Lanka (Sarvanandan) At the root of the critique of the aid industry in Sri Lanka is the fact and perception of gross inequality between those who came to help and the receivers of assistance, as well as the erosion of basic humanitarian ethics and values evident in operational style of INGOs. What people see are extravagant lifestyles, lack of transparency, increased aid dependency with a concomitant failure of donors to deliver on projects. The fact remains that the majority of large international aid agencies have not performed and even blocked local philanthropists and the business community, which did much of the work in the immediate aftermath of the Tsunami and have a far better delivery rate. Exit strategies and deadlines for the large agencies also seem to have become anachronistic.

A fall from Grace: International aid and rent seeking

Attacks on aid agencies must be contextualised in the broader setting. Militants who lack access to information, technical critique and evaluations respond to real and perceived corruption in the aid industry with violence. Such attacks are a matter of great concern to those who believe that competent international assistance is necessary for conflict de-escalation and reconstruction. Critics however fail to acknowledge and address the general disenchantment with international aid and INGOs that has become widespread in the country since the Tsunami, which in turn gives legitimacy to such attacks.

The International Red Cross in Sri Lanka represents a case study of the manner in which these agencies generate high expectations but fail to deliver due to a host of reasons. Having raised almost US\$2 billion for post-Tsunami reconstruction, 183 expatriate “volunteers”, each worth over US\$120,000, but with little technical expertise, knowledge of society, politics or culture, local languages or institutional structures came to Sri Lanka alone. Having pledged to reconstruct 15,000 houses, it had built a mere 64 one year after the tsunami. The International Federation of the Red Cross and SLRCS is the largest pledged housing donor and has set the bar very low. The blame for this is placed on the GoSL’s buffer zone policy or the condition of the land.

Given the new political economy of the international aid industry including the trend to privatise development assistance to a range of corporations and consultancy companies, and the investment by donors in peace building, it is arguable that the converse of ‘aid dependency’ in parts of the developing world, is induced ‘conflict dependency’ of a northern-based aid industry dominated by the OECD DAC countries. Thus in as many cases, peace building may be seen an integral aspect of cycles of war and the war economy in some aid receiving countries. This is in no way to suggest that aid is a cause of conflict, but rather to say that it may be an exacerbating and cumulative factor in making conflicts more intractable and durable (conflict trap), when inadequately targeted, or as in Afghanistan, the aid system generates a parallel government, usually in

the capital. Yet much of the commentary and evaluations of the role of international actors tends to be naïve (or unaware of the vibrant southern critique of aid as colonialism by other means), and about the fact that peace building is not politically innocent and that different types of peace are possible (eg. Repressive peace, no war no peace, sustainable peace, neo-liberal peace, etc).

A bias towards donor-accountability rather than accountability to disaster affected communities resulted in the marginalization of in-country development expertise as well as, lack of decentralization and accountability to local communities in the reconstruction phase. This effectively meant that the agency tasked with the country's development has its post Tsunami and conflict reconstruction policy as well as crucially its monitoring and evaluation functions, run by international "experts", who lack basic knowledge of the island's society, politics and institutional culture. This was not the case in Aceh where the peace process was far more inclusive with many groups feeding into it. As Derxler notes: There was a strong sense that all components of Acehense society had come together in countless meetings and agreed on a version of the law (LoGA) to submit to Jakarta. .. They had to lobby for what came to be called the "All-Aceh" draft" (2008: 208)

Trajectories of the State, GAM and the LTTE

One of the puzzles of the Aceh peace process has been the fact that the GoI agreed to give Aceh and GAM so much autonomy after having weakened the organization during DOM. In Sri Lanka on the other hand it was not possible to offer such extensive devolution to the LTTE. This is partly due to the longer history and trajectories of the state as well as the non-state actors that are rather different in the two countries. Whereas, when the tsunami hit Aceh the Indonesian State was in a transition from the a highly authoritarian and military dictatorship of the 30 years of Suharto's rule and civil society and pro democracy movements were growing, in Sri Lanka at the beginning of the peace process there was a more democratic system in place and the new UNF government of Ranil Wickramasinghe came to power on a mandate for peace from the electorate. The failure of the peace process in Lanka was largely due to the fact that the government that signed the peace process was a minority government and did not control the all powerful presidency and judiciary, whereas in Indonesia the new government of SBY and Kallar was far stronger and cohesive on the issue of peacemaking in Aceh. The closing of the window for peace in Sri Lanka was therefore partly due to the inability of the government to offer substantive devolution to the LTTE held regions, as well as, the intransigence, impatience and inability of the LTTE to transform itself into a more democratic organization. This also contributed to the fact that the peace dividend was not forthcoming to the people due to the role of the international aid industry. These factors resulted in the fall of the government that signed the peace process in Sri Lanka and unfortunately brought into power a regime bent on war and militarism as a solution to the conflict. The LTTE's lack of flexibility and unwillingness to democratise was the other contributing factor to this constellation. It could then be said at this time that the Indonesian and Sri Lanka states are on reverse trajectories, one moving towards greater democratization out of dictatorship, and the

other toward greater militarization and dictatorship moving away from a more democratic institutional framework.

Unlike GAM which has not lost its links to the people and its social movement qualities. The LTTE is a highly centralised and hierarchical organization. Whereas it is possible to talk of several generations of GAM leadership, with the LTTE there has been only Vellupillai Prabhakaran, a man wanted by the Government of India for the assassination of Rajiv Gandhi. In the context, the peace process was to see the emergence of internal strife and the fragmentation of the group into the Karuna faction which then proceeded to fragment into the Pillayan group. GAM too fragmented during the peace process, but in another sense GAM had been to begin with a more flexible organization. The GAM structure was a looser organization. Fighters joined and left it in a manner that was not permitted by the organizational culture of the LTTE which was very rigid. Also GAM men and women would be farmers by day and fighters by night (Shadia LINA). GAM in a sense was more of a social movement, whereas the LTTE has morphed into a transnationally networked war machine, with a cadre of highly discipline, trained and dedicated suicide bombers.

To understand the differences between GAM and the LTTE, and their differential abilities to transform themselves during a peace process, Michel Wivioka's characterization of Terrorism would be useful. He defines terrorists as a group that loses its original link to the community and evolves into a war machine. The rigidly hierarchical and anti-democratic nature and organizational culture of the LTTE precluded inclusive peace building. This was clearly evident with the Women's Sub-committee which on the LTTE side has only LTTE representative, but on the GoSL side there were civil society members. But in any case the Women's subcommittee never sat at the negotiating table and did not participate in the Track 1 process.

It is inevitable that war machines will fragment during a transition to peace and democracy. Both GAM and LTTE have been through a process of fragmentation during the peace processes. In Aceh the KPA and other groups have emerged. Conflicts have occurred between ex-GAM groups and between the TNI backed paramilitaries, particularly in Aceh Tegga, where the hegemony of GAM is limited due to other ethnic groups (Gayo), that desire their autonomy from Aceh. In the northeast of Sri Lanka, the Muslims have a similar ambivalence about autonomy. During the peace process the LTTE took a greater hit because of the nature of the organization and its inflexibility in transforming itself. There are formidable obstacles to the LTTE transforming itself. During the Ceasefire the LTTE fragmented and the Karuna faction from the east joined the military, which the LTTE blamed on the Government.

Postcolonial state building in Aceh and Lanka: Identity and Resources Conflict

Accommodating cultural diversity and ensuing resource sharing within impoverished post/colonial States has been one of the problems that have beset post/colonial state building processes in Asia and Africa. Many of the Asian regions'

current conflicts are the result of the unfinished business of post colonial state demarcations (partitions) and building, where majority cultural groups often tend to adopt the psychology of victim-hood and marginalization developed in the colonial period. The conflicts in Aceh Indonesia and Sri Lanka has common elements of struggles of marginalized ethno-religious groups to equal rights to development and self-determination in the post/colonial state building project. Additionally, the Aceh conflict has a substantial resources element insofar as Aceh in Indonesia's third richest province out of 31 provinces and fourth poorest due to concentration of oil and gas revenue generated in Aceh Province finding its way to the central government in Jakarta. In Sri Lanka the resources dimension of the conflict stems from the under-development of Tamil regions in the post/colonial state building period (such as the Mahaweli Schemes) and the marginalization for Tamils from state sector jobs, and the economic travails of a community whose traders have been under siege during periodic anti-Tamil urban riots.

The conflicts in Aceh, Indonesia and Sri Lanka were long sustaining low-intensity armed conflicts, with multiple elements including cultural rights, political self-determination vis-à-vis- the State and military, local demands for a higher proportion of oil and natural gas revenues and fiscal devolution. In short, the conflicts in Sri Lanka and Aceh include both ethno-religious identity and resource conflicts in highly centralised States. As such, peace building requires address of multidimensional conflicts. During the post-Cold War years a number of armed struggles for social justice in the global south transmuted into self-sustaining armed violence. From Colombia, to Sri Lanka and Nepal, conflicts between armed groups and the state's coercive apparatus become an end in themselves, rather than a means to an end.

Ethno-religious or identity conflicts have economic causes, as well as, winners and losers. Yet there has been a tendency to explain the conflicts in Aceh and Sri Lanka in terms of ethno-religious and linguistic differences. Acehnese cultural distinctiveness and ethno-religious differences between Acehnese and Javanese and other Indonesian communities are often cited as the cause of conflict. The fact that Aceh is considered the entry point of Islam in Indonesia and more religiously conservative than other regions of Indonesia is often proffered to explain the conflict. In Sri Lanka the conflict is often glossed as an ethnic war between Tamils who are fighting for autonomy and minority rights against the State dominated by the Sinhala Buddhist linguistic community. What ethno-religious explanations of the violence (often inspired by colonial anthropology), tended to ignore is that diverse religious and ethnic communities had co-existed, mixed and mingled for centuries in Aceh and Sri Lanka, giving rise to diverse and multicultural societies. The dominant culturalist and ethnic explanation of conflicts tend to ignore intra-group diversity and the manner in which such conflicts are structured in the political economy of regional inequality and poverty.

Definitions of conflicts as intractable tend to partake of the transhistorical ethno-nationalist logic of conflict that elides long histories of coexistence and intermarriage between communities that seem unable to live together. This paper suggests that during peace building inadequate engagement with the complexity of the conflict in Sri Lanka, and a tendency of international facilitators to collaborate with the parties in the conflict to

keep the peace agenda narrow rather than broaden it and make it more inclusive, and failure to look beyond the “ethnic” narrative, and understand the embedded social and economic inequalities (intra-group dynamics of inter-group conflicts), and address these issues as part of an inclusive and hence sustainable peace process is one of the reasons for the abortive peace process in Sri Lanka despite the huge international investment, in terms of experts and finance.^{ix} In short, there is a need to de-ethnicise conflict analysis

This paper began with the premise that the dynamics of cycles of armed violence as well as peace and development processes in Aceh Indonesia and Sri Lanka cannot be understood without a grasp of how trans-national networks, discourses and practices may structure and in some instances contribute to institutionalize ethno-religious violence or sustainable peace in historically multicultural and hybrid regions, societies and polities that have become conflict prone due to processes of post/colonial state building. While aid if properly coordinated and targeted may contribute to peace building, excessive aid may have severely negative consequences. The recently popular argument that it is greed rather than grievance that explains violent conflicts in the post cold war era obscures the complex interweaving of identity and resource conflicts, as well as, the role of transnational actors in so-called ‘internal conflicts’. The development of war machines and war economies out of social resistance or liberation movements in the post Cold war period, often mobilized against post/colonial State consolidation and centralization in many South Asian contexts has been considerably enabled by transnational networks of aid, trade and crime linked alike to State and non-state parties to conflicts.

Lessons from Sri Lanka

How the current international aid paradigm and process may contribute to aid dependency among recipient countries, on the one hand, and the international aid bureaucracy’s dependence on cycles of conflict and peace building on the other, may contribute to the phenomenon of peace processes being part of the war economy.

1. Phantom aid and lack of transparency: means that the two domestic parties to conflict may accuse each other of misappropriating aid that was primarily consumed by the international aid industry itself.
2. Aid paradigm neo-liberal economic policies and structural adjustments (privatization of welfare states, public goods, services and industries), may exacerbate regional, social and economic inequalities in an already distorted war-economy
3. Accountability of governments is upwards and outwards towards donors, therefore eroding the social compacts and already weak democracy and democratic institutions in fragile states.
4. Dutch disease and erosion of local capacities and civil institutions due to competition from international aid agencies and INGOs given the free market aid model.
5. Transaction costs of aid given the current trend to an unregulated free market aid delivery model with a proliferation of northern development consultancy

companies: local governments and institutions in developing countries spend more time attending to the needs of aid agencies than their affected citizens and publics. The logic of the system promotes greater competition, turf battles and flag flying than co-ordination among aid agencies and explains the irrelevance of the Paris Declaration on Aid Effectiveness in the ground in disaster affected countries

Less internationalisation and a shorter history of international actors in the Aceh peace process at the outset, and hence less transaction cost of aid on the peace process, thought on the tsunami recovery operation. Good Indonesian and Acehnese ownership of peace-building process, assisted by the separation of institutions to deal with the Tsunami recovery operation and post-conflict recovery.

Conclusion

All things change. When the tsunami hit at the beginning it seemed that it would have a salutary effect on the conflict in Lanka, but that the conflict in Aceh, Indonesia would continue. This was to change radically due to the conflict structure/ dynamic changing since the new Yudhiyono- Kallar government had signalled an interest in negotiating peace. The tsunami provided the psychological space for GAM and Acehnese to put aside the past history of grievance. The tsunami was also a face saving mechanism for both parties to climb down from entrenched conflict positions – the GoA permitted internationalization and autonomy, GAM gave up the armed struggle for a separate state. In Sri Lanka has a tendency to read history backwards from we stand, thus giving the nationalists the main voice and marginalising the middle ground. Moreover, the GoSL that abrogated the CFA in February 2008, has used the discourse of the global “war on terror” to deflect the need for a political solution to the conflict. This paper has suggested that the conflict in Sri Lanka is neither an “ethnic conflict” nor a “war on terrorism”, but rather a complex socio-political conflict which needs to be addressed at multiple levels. This can only be done by inclusive peace building when the current conflict configuration gives.

It is not the intention of this paper to review and evaluate the donor assistance but rather to map the three-way conflict dependency relationship between the LTTE, GoSL and aid industry in Sri Lanka and to a lesser extent in Aceh where international engagement is relatively recent, if of no less magnitude. In the context it is arguable that the current international aid paradigm and process requires significant even radical reform if sustainable peace rather than prolonged aid dependency accompanied by cycles of violence is to be achieved in Sri Lanka as in other conflict torn regions. The configuration for the success of peace building Aceh is in many ways exceptional and extraordinary – as extraordinary as the Tsunami disaster and the unprecedented outpouring of international assistance. The success of the peace in Aceh is partially due to the form of assistance available from the IC.

For the sake of peace and development in Sri Lanka and other conflict regions, it is important that policy-makers and others draw lessons from the past experience of

international involvement and recognize that peace building may be part of an extended conflict cycles. At the same time this paper has suggested that the armed violence in Aceh and Sri Lanka cannot be adequately explained either in “economic” or “ethno-religious” terms, nor could sustainable peace be achieved within frameworks that derive from such analyses of war.^x Nor can these conflicts be dismissed as terrorist conflict as has been the tendency since the change of regime and the global war on terror waged by the US. Rather, this research brings an international political economy perspective to the analysis of conflicts that are usually glossed as ethnicity, religion, or identity based and thus attempted to broaden the frame of studies of “new wars” and peace processes in the global south.

The connection between resource and identity conflicts is often not adequately acknowledged in peace processes. A new peace process in Sri Lanka would need to grasp the connection between resource and identity conflicts, as well as, the intra-group dynamics of the inter-ethnic conflict. This requires deeper social analysis that is not to be confused with the notion of “social capital” that post/conflict advisors at the World Bank promote. Peace mediators and international development actors will need to be attentive to the discourse on inequality, poverty and link track one discussions to deeper social conflicts and intra-group inequalities. The need for deeper analysis, however, should not be used as a legitimacy clause for extending project delivery time-frames. Extended time-frames makes for aid dependency among beneficiaries in aid receiving countries, the entrenchment of an expensive international “phantom aid” bureaucracy, and diminished accountability among aid agencies some of which tend to delay on project delivery, while extending costly contracts.

Finally, it is to be hoped that the lessons that may be drawn from the peace processes in Aceh and Sri Lanka may serve as a turning point for a structural adjustment of the international peace and development industry in order to ensure accountability to the communities affected by disasters, as well as, inclusive peace building. This requires getting beyond an international ‘toolkit’ approach to post-conflict reconstruction (with predictably damaging macro-economic policies of structural adjustments), that often undo the work of peace facilitators and mediators, as well as, moving beyond the parties to conflict to ensure inclusive peace building with civil society actors and disaster affected communities. Finally, the need for strong Asian regional institutions that are familiar with the culture of post/colonial Asian state building, development and conflict processes, as well as, the intra-group dynamics of inter-group conflicts is apparent to contribute to effective regional conflict transformation and peace building initiatives.

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ⁱ Sri Lanka Strategic Conflict Assessment 2005 available at the Asia Foundation website. The Sri Lanka peace process had four donor co-chairs: Norway, European Union, United States, and Japan.

ⁱⁱ Aceh had the Henri Dunant Centre in the first two rounds and then Marti Atisari, the former Finnish Prime Minister

ⁱⁱⁱ For an account of why the previous peace negotiations in Aceh failed see Aspinall

^{iv} In Aceh, I was a visiting fellow at Syiah Kuala University Banda Aceh and the Aceh Institute.

^v The Tsunami Evaluation Coalition (TEC), ALNAP Overseas Development Institute, London, the official donor evaluation conducted one year after the disaster in 2005-2006.

^{vi} India and Thailand, the third and fourth most affected countries in the Asia tsunami disaster refused most forms of international aid, which meant that even more aid was available for recovery in Aceh and Sri Lanka. India and Thailand, the third and fourth most affected countries in the Asia tsunami disaster refused most forms of international aid, which meant that even more aid was available for recovery in Aceh and Sri Lanka.

^{vii} There is extensive literature on this subject. See particularly, Mary B. Anderson. "Do No Harm: How Aid can support Peace or War". The Post Tsunami Operational Mechanism (P-TOMS) in Sri Lanka was an indicator of the fact that aid can become a source for conflict even when consciously linked to peace processes.

^{viii} The Strategic Conflict Assessment for Sri Lanka (SCA) commissioned by the World Bank, DIFID, the Asia Foundation and other donors that focuses primarily on the internal political dynamics of conflict in the island, falls short of an adequate, reflexive and transparent analysis of the role and impact of international aid in the island

^{ix} Recent large-N studies of civil war have concluded that inequality does not increase the risk of violent conflict. Such conclusions may be premature because these studies, which usually test the conflict potential of 'vertical inequality' (i.e. income inequality between *individuals*), tend to neglect the group aspect of inequality. Case studies suggest that what matters for conflict is a concept closely linked to both economic and ethnic polarization: 'horizontal inequalities', or inequalities that coincide with identity-based cleavages. Horizontal inequalities may enhance both grievances and group cohesion among the relatively deprived and thus facilitate mobilization for conflict

^x While ethnic explanations of armed conflict view violence as the inevitable outcome of more or less trans-historical cultural identities, arguments that violence is economically rational instrumentalize conflict and obscure the modern social and political processes and dynamics of conflict. Also elided in the claim that grievance arguments merely mask greed is the modern *institutional* processes (national state building, military and paramilitary apparatus, development politics and practices), that form and shape the dynamics of violence in escalating cycles.