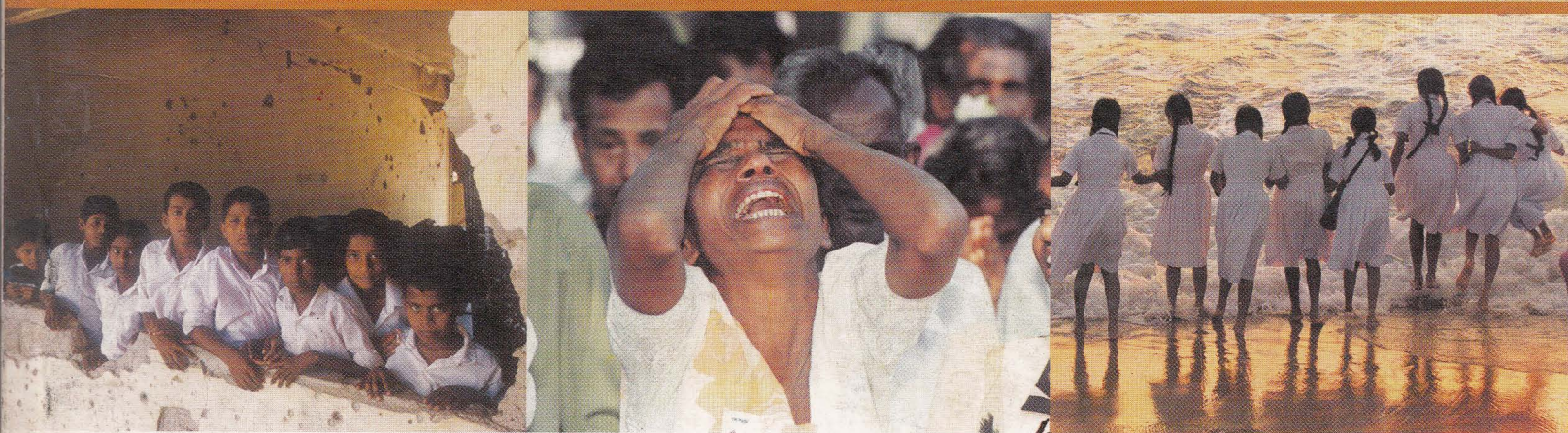# AID, CONFLICT, AND PEACEBUILDING IN SRI LANKA

2000 – 2005

Jonathan Goodhand and Bart Klem

with Dilrukshi Fonseka, S.I. Keethaponcalan, and Shonali Sardesai

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Sida

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Foreword

This is a seminal study on the relationship between aid, conflict, and peacebuilding in Sri Lanka. It builds upon a previous strategic conflict assessment conducted in 2000 and commissioned by the United Kingdom's Department for International Development. Since then, development and diplomatic partners in Sri Lanka have tried to pursue a more coherent "joined up" approach to addressing the challenges of peacebuilding. This study, by example, represents a joint initiative by five partners - the governments of the Netherlands, Sweden, and the U.K., the World Bank, and The Asia Foundation - to analyze political events since 2000 and prospects for a political solution to Sri Lanka's "national question."

Support for democratization, peacebuilding, and conflict resolution has become an important component of international development assistance programs in countries affected by civil conflict, none more than in Sri Lanka where nearly a quarter century of civil war has taken a high toll in terms of lives and economic opportunity particularly among the poorest and most disadvantaged. Sri Lanka's economy has managed to grow at a respectable rate despite years of civil war but this resilience merely underscores the much higher growth potential the country has, if peace is restored. This would significantly reduce poverty and propel Sri Lanka into the upper ranks of middle income countries within a generation.

For this reason, international donors have increasingly realized that they can no longer work "around" conflict. Particularly since the beginning of the peace process, many donors have calibrated their assistance according to the broader objective of building peace. Two of the chief lessons from this experience have been first, that assistance programs must be based upon a sound and thorough understanding of this particular conflict and second, that more strategic and coordinated approaches from the donor (and wider international) community are needed. Strategic conflict analyses can be useful tools for both shared understanding and coordinated responses, especially here.

Indeed one of the study's useful insights is that the "international community" is not monolithic, and different members have different assumptions and priorities and will play different, although hopefully supportive, roles in the Sri Lankan peace process. So instead of pursuing unanimity, which has been a cumbersome and elusive process in the case of Sri Lanka, the authors argue that donors should strive for "strategic complementarity" that emphasizes and builds on areas of convergence in the aims of key members of the international community.

We are happy to have supported a study of this quality that promises to have a shelf life of years not months despite the fluidity of Sri Lankan politics. We hope that it will contribute to the international community's efforts to support a sustainable peace in Sri Lanka and serve as a source of inspiration for future joint initiatives in the area of conflict analysis in Sri Lanka and beyond.

Douglas Bereuter	Suma Chakrabarti	Maria Norrfalk	Ruud Treffers	Shengman Zhang
President, The Asia Foundation	Permanent Secretary, Department for International Development On behalf of the Government of the United Kingdom of Great Britain and Northern Ireland	Director General, Swedish International Development Cooperation Agency (Sida)	Director General, Development Cooperation, Netherlands Ministry of Foreign Affairs	Managing Director, The World Bank

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Acronyms

ACTO	All Ceylon Tamil Congress
ADB	Asian Development Bank
CFA	Ceasefire Agreement
CPA	Centre for Policy Alternatives
CWC	Ceylon Workers Congress
CHA	Consortium for Humanitarian Agencies
DFID	Department for International Development
EPDP	Eelam People's Democratic Party
EPRLF	Eelam People's Revolutionary Liberation Front
EU	European Union
FCE	Foundation for Co-Existence
GTZ	German Development Cooperation
GoSL	Government of Sri Lanka
GDP	Gross Domestic Product
HSZ	High Security Zone
IPKF	Indian Peace Keeping Force
INPACT	Initiative for Political and Conflict Transformation
ISGA	Interim Self-Governing Authority
IDP	Internally Displaced Person
ICRC	International Committee of the Red Cross
IFRC	International Federation of the Red Cross
IFIs	International Financial Institutions
IMF	International Monetary Fund
JVP	Janatha Vimukthi Peramuna
JHU	Jathika Hela Urumaya
KAP	Knowledge Attitudes Perception
LTTE	Liberation Tigers of Tamil Eelam
LMC	Local Monitoring Committee
MDMK	Marumalarchi Dravida Munnettra Kazhagam
MP	Member of Parliament
NPM	National Patriotic Movement
NUA	National Unity Alliance
NGO	Non-Governmental Organization
NEPC	North-East Provincial Council
NERF	North-East Reconstruction Fund
PNM	Patriotic National Movement

PCIA	Peace and Conflict Impacts Assessment
PA	People's Alliance
PLOTE	Peoples Liberation Organization of Tamil Eelam
P-TOMS	Post-Tsunami Operational Management Structure
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
PR	Proportional Representation
SAARC	South Asian Association for Regional Cooperation
SLAF	Sri Lanka Armed Forces
SLFP	Sri Lanka Freedom Party
SLMM	Sri Lanka Monitoring Mission
SLMC	Sri Lanka Muslim Congress
SCA	Strategic Conflict Assessment
SAP	Structural Adjustment Programme
SIHRN	Sub-Committee on Immediate Humanitarian and Rehabilitation Needs in the North-East
SMD	Sub-Committee on Military De-Escalation
Sida	Swedish International Development Cooperation Agency
TELO	Tamil Eelam Liberation Organization
TNA	Tamil National Alliance
TRO	Tamil Rehabilitation Organization
TUF	Tamil United Front
TULF	Tamil United Liberation Front
UNF	United National Front
UNP	United National Party
UNICEF	United Nations Children's Fund
UNHCR	United Nations High Commission for Refugees
UPFA	United People's Freedom Alliance
USAID	United States Agency for International Development
UPF	Upcountry People's Front

Executive Summary

1. INTRODUCTION

This Strategic Conflict Assessment (SCA) follows and builds upon a previous assessment conducted for the U.K. Department for International Development (DFID) in 2000 (Goodhand, 2001). Like the previous study, it aims to do three things: First, to provide an analysis of the structures and dynamics of conflict and peace in Sri Lanka since 2000. Second, to examine how international engagement has interacted with conflict and peace dynamics, with a particular focus on aid donors during this time period. Third, to identify how the strategies and approaches of international donors can best engage with and help strengthen domestic peacebuilding efforts. The primary end users of this report are expected to be aid donors, but it is hoped that it will be of interest to a wider audience inside and outside Sri Lanka. This volume is the first in a six-part series that includes five supplementary studies that are part of the SCA.

2 BACKGROUND

The period under study can broadly be divided into four phases: 1. *Run up to the ceasefire:* in a context of an enduring military stalemate and declining economic conditions, the United National Front (UNF) wins elections in December 2001. 2. *Ceasefire and peace talks:* a ceasefire agreement (CFA) is signed within a month and the UNF government and the Liberation Tigers of Tamil Eelam (LTTE) embark on six rounds of peace talks. 3. *The breakdown of talks and political instability:* Talks become deadlocked; the LTTE suspends its participation and subsequently submits a proposal for an Interim Self Governing Authority (ISGA). This sparks off a political crisis in the South, with the President

taking over three key ministries, then proroguing parliament and declaring new elections for April 2004. A coalition of the Sri Lanka Freedom Party (SLFP) and the Janatha Vimukthi Peramuna (JVP) or People's Liberation Front wins the election. The combination of political instability in the South and an LTTE split prior to the elections that leads to growing violence in the East, means that the prospects for resuming peace talks appear to be remote. 4. *The post-tsunami response:* Negotiations between the government and LTTE about a post-tsunami response mirror the political dynamics of the peace process. It takes almost half a year to reach an agreement on a Post-Tsunami Operational Management Structure (P-TOMS), thus boosting the hopes for peace, despite the lack of legal clarity and the turmoil generated among both Sinhalese and Muslim constituencies.

3. CONFLICT STRUCTURES

In spite of the ceasefire agreement and peace negotiations, the structural dimensions of the conflict within Sri Lanka have remained relatively stable. There has been no "seismic shift" in the "tectonic plates" underpinning conflict in Sri Lanka. The constellation of factors that contributed to the outbreak and sustenance of violent conflict - including the nature of the state, its political culture, the institutional framework of policy, uneven development patterns and competing nationalisms - remains largely unaffected by the peace process. In many respects the "peace" that followed the signing of the CFA has had the effect of freezing the structural impediments to conflict resolution.

On the other hand, there has been a significant change in the external context at both the regional and

international levels. The global "war on terror," growing international engagement in "post conflict" contexts, and Sri Lanka's integration into a dynamic and increasingly assertive wider Asian region have together created new (and sometimes competing) incentives for domestic actors. Though these changes in the external context may have helped create the preconditions for peace talks, they have not yet led to a radical reordering of political forces inside the country.

4.   CONFLICT DYNAMICS

By 2001, the conflict had reached a "hurting stalemate." For a range of external and domestic reasons, neither side felt able to further their political goals purely through military means. The UNF-LTTE peace negotiations followed a phased approach that involved ending the violence, creating a peace dividend, and dealing with the core political issues. International actors were central to this strategy by providing security guarantees and reconstruction assistance, and facilitating peace negotiations.

Although this strategy was a success in the sense that the ceasefire has outlasted the peace talks, which is unprecedented in Sri Lanka, it failed to deliver a lasting or even interim settlement. First, the CFA froze rather than transformed security dynamics. Both parties continued to re-arm and strengthen their military capabilities. Although "no-war, no-peace" has meant an end to large-scale militarized conflict, there have been high levels of political violence, including over 3,000 ceasefire violations. Insecurity has grown in the East since the emergence of the Karuna break-away faction of the LTTE.

Second, although there was a peace dividend of sorts, it has been unevenly distributed and its impacts attenuated. Reconstruction funding was caught up in the politics of the peace process, thus limiting the peace dividend in the North-East. In the South, macro economic reforms introduced by the UNF undermined the economic dividend and led to the perception that the government was unconcerned with the plight of the poor. The lack of

a clear communication strategy about either the peace process or the reform agenda accentuated this view.

Third, the step-by-step approach was based on the assumption that a limited peace could ultimately lead to a transformative peace. With hindsight, however, there could never be complete "normalization" until the core political issues were addressed. It proved impossible to circumnavigate or deal indirectly with the pivotal core of the conflict, this being the question of power sharing and LTTE hegemony in the North East. Without a clear road map for peace talks, the nature of the end goal was always unclear, which created anxieties among external and internal stakeholders. The peace process acted as a "lightening rod" for wider political and societal tensions, exposing the multi-polar and multi-dimensional nature of conflict in Sri Lanka. The bilateral government-LTTE relationship could not be addressed in isolation from other key inter and intra group relationships, which are briefly outlined below.

Sinhalese Politics

The southern polity holds the key to peace in Sri Lanka. Some of the preconditions for sustainable peace include: a level of stability in the politics of the South including a bipartisan approach to peace negotiations, a strategy for limiting the effects of, or co-opting conflict spoilers, and a significant and stable constituency for peace. There have been some positive trends in recent years partly due to the restraining influence of the proportional representation (PR) system on the nationalist politics of the South. It has acted as a brake on the historic processes of ethnic outbidding and contributed to both mainstream parties' greater willingness to explore a negotiated settlement when in power. However, as this latest round of peace talks shows, it has not produced the stability and longevity of government required to move from a cessation of hostilities to a peace settlement. Perversely, PR has produced more moderate mainstream parties, while encouraging more communalist minority parties. Furthermore, a political

settlement requires state reform and thus constitutional change, but achieving the necessary two thirds majority in parliament is less likely under the PR system.

Perhaps the most significant change in the political landscape of the South has been the emergence of the JVP as a political force. The JVP have picked up the baton of Sinhala nationalism, dropped at least temporarily by the SLFP and UNP. Both the JVP and Jathika Hela Urumaya (JHU) benefited from, and mobilized around, anxieties in the South generated by the peace process and UNF government policies - namely unpopular macro economic reforms, concerns about LTTE appeasement, and a perception that the peace process had become "over internationalized." That the JVP have entered mainstream politics is a positive development, but their role in relation to peace negotiations (and P-TOMS) has been to check movement toward federalism.

Tamil Politics

The peace process exposed a complex set of tri-polar dynamics in the North-East (LTTE, Karuna faction, the Muslims) and the South (UNP, SLFP, JVP). It also brought out in sharp relief the LTTE's Janus-headed character and the tensions between its military and political 'faces'. In parallel with brutal repression of internal dissent, continued re-armament and repeated ceasefire violations, there has been a new 'offensive' in pursuit of international and domestic legitimacy. 'No war-no peace' has enabled the LTTE to extend its control. But it has also brought new challenges to its hegemony, namely the re-emergence of eastern regionalism, the growing radicalization of Muslims and the demands that it conform to international norms on human rights and democracy, associated with the internationalization of the peace process. Given the current level of instability in the North-East and South at the time of writing, it appears unlikely that in the short term the LTTE will either come back to the negotiation table or resort to full-scale hostilities.

While the immediate impact of the upcountry Tamils on the peace process is limited, their growing sense of grievance and radicalization is a notable development since SCA1, and in the longer term may constitute a new basis for conflict in Sri Lanka.

Muslim Politics

A bipolar model of conflict resolution marginalized the Muslims, which contributed to growing tension, and sometimes open violence, between the Muslim and Tamil communities in the East. It also exposed divisions within the Muslim polity, hardening fault lines between Muslims in the southeast (who form a relative majority), the North-East (who form a fragile minority) and areas less affected by the war (central hill country, south coast, Colombo). A further set of tensions has grown between the political leadership and an increasingly radicalized constituency of societal leaders and Muslim youth in the southeast. There is a striking parallel between the growth of Tamil nationalism in the 1970s and present day Muslim radicalization.

The Tsunami

The tsunami accentuated rather than ameliorated the conflict dynamics described above. In spite of initial hopes that the tsunami response would provide a space to re-energize peace negotiations, it had the opposite effect, deepening political fault lines. Protracted negotiations about the institutional arrangements for delivering tsunami assistance to the North-East mirrored earlier peace talks and exposed the deep underlying problems of flawed governance, entrenched positions, and patronage politics. Though ultimately the P-TOMS agreement was signed, the process itself further undermined trust between the two sides. As for its potential to catalyse the peace process, much depends now upon whether and how it is implemented in practice.

Sri Lanka's current situation may best be characterized as a "pause in conflict" rather than "post conflict." Though one should not interpret all political and societal changes through the lens of the peace process - since many factors predate negotiations and have their own dynamics - it has raised the political stakes as different groups jockey for a position at the table. At the time of writing, the dominant players in this process appear to have stronger incentives for the status quo than structural change. In other words, there has been a shift from a "hurting stalemate" to a "plain stalemate." A negative equilibrium has developed in which it is about managing the ceasefire rather than advancing the peace process.

5.   INTERNATIONAL ENGAGEMENT

One of the most salient changes in the political landscape since SCA1 has been the "internationalization" of peacebuilding. Although the policies and practices of different international actors varied significantly, two broad trends can be identified. First, there has been a more robust and multi-faceted international response to conflict and peace dynamics than has historically been the case. This has included security guarantees, ceasefire monitoring, facilitation of peace negotiations (Tracks One and Two), and humanitarian/development aid provision (Track Three). Second, there have been changes in the division of roles between various policy instruments and actors. Reflecting contemporary trends in "liberal peacebuilding," there has been a blurring of the traditional distinction between the conflict resolution and the economic aspects of peacebuilding.

Ceasefire Monitoring

The formation of the Sri Lankan Monitoring Mission (SLMM), a Norwegian-headed body tasked with monitoring the ceasefire and addressing truce violations, was one of the provisions of the CFA. To the extent that there has been a ceasefire for more than three years, the SLMM has been successful. Its limited mandate and problem-solving and consensual approach have helped defuse incidents and maintain the commitment of the key protagonists to the ceasefire. However, under the guise of a ceasefire, the permissive conditions have been created for pervasive human rights abuses and criminality. The emergence of the Karuna faction has complicated the situation, since he was not a signatory to the CFA and therefore not bound by the agreement. The credibility of the CFA and its monitors has become increasingly tenuous, as the number and intensity of the violations increase. Arguably, a broader mandate and greater operational capacities could enable the SLMM to play a more effective role in monitoring and maintaining the ceasefire.

Peace Negotiations

The entire architecture of the peace process has been built around international engagement. The UNF government put its faith in the "international security net" in order to bail them out if things went wrong. Norway was seen as an acceptable and non-threatening facilitator by the main protagonists. Although the LTTE pulled out of negotiations in April 2003, Norway continues to facilitate communication between both sides, and Track Two initiatives are ongoing. Therefore, though peace talks have stalled there is still a peace *process*. Some of the lessons to be drawn from Norway's role in this process are as follows: first, negotiations were based on a bilateral model of the conflict and sought to forge an elite pact between the main protagonists. Arguably, the exclusion of key stakeholders provoked spoiler behavior. Second, there was a constant tension between the imperatives of conflict management and human rights concerns. The perception that the international community was prepared to soft pedal on human rights issues, particularly in relation to the LTTE, played a role in undermining the credibility of the UNF government in the eyes of India and the

southern electorate. Third, there was a growing perception that the peace process changed from being internationally supported to internationally driven, shaped by the priorities and timeframes of external rather than domestic actors. Yet even with an "international tailwind," it proved impossible to "bring peace," showing that international actors cannot simply engineer peace and complex socio political processes are not amenable to external micro management. Finally, the importance of Track Two initiatives should be highlighted. Backdoor talks helped initiate the peace process and have played a vital role in maintaining communication since the suspension of negotiations. A critical challenge appears to be one of building a more robust architecture for the peace process that strengthens the interface and synergies between Tracks One, Two, and Three.

Development Assistance

SCA1 donors have increasingly calibrated their policies and programs according to conflict and peace dynamics within Sri Lanka. Their attempts to do this can be divided into three areas of engagement. First, applying peace *conditionalities* to reconstruction and development aid. Second, dealing with the *consequences* of conflict. Third, addressing the underlying *causes* of conflict.

First, at the Tokyo Conference on Reconstruction and Development of Sri Lanka in June 2003, aid donors pledged $4.5 billion as reconstruction and development aid to Sri Lanka, tied explicitly to progress in the peace negotiations. Whether intended by the donors or not, this was interpreted by the parties to the conflict as a form of peace conditionality. In practice, conditionalities or the incentives for increased aid did not have the desired outcome. They were based on an inflated view of aid's importance. There were no mechanisms for ensuring compliance. The common position expressed in Tokyo was subsequently undermined by the reticence of the larger donors to attach political or conflict related conditions to their assistance.

Second, humanitarian and reconstruction assistance for the North-East, in order to address the consequences of war, was a key element of the CFA. Since 2002, there has been a scaling up of assistance to the war-affected areas, but much of it was caught up in the politics of the peace process. A circumscribed peace dividend had the twin effects of undermining confidence in the process and eroding trust between the two sides.

Third, by shifting their priorities to the peace process, some donors arguably strayed too far from their core areas of competence. For these donors, working "on" conflict meant applying peace conditionalities and/or providing a peace dividend. In practice this translated into being sensitive to conflict dynamics in the North-East, while being conflict blind in the South. A focus on short-term conflict management was arguably at the expense of developing conflict sensitive approaches to long-term structural issues such as poverty, governance, and economic development. Therefore, programs aiming to promote peace in the North-East were undermined by policies pursued in the South. For instance, donors encouraged the UNF government to simultaneously force through two major structural changes (negotiating a peace settlement and implementing radical reforms), which created unmanageable tensions within the polity. Although many of the smaller bilateral donors *have* become more conflict sensitive in terms of how they engage with the peace process and programming in the North-East, development policies in the South, funded principally by the larger bilaterals and multi-laterals continue as they always have done. This has meant very limited adaptation to a conflict setting of programs in the areas of governance, macro economic reform, civil society support, and poverty eradication.

6. CONCLUSIONS AND POLICY IMPLICATIONS

Conclusions

It is difficult to predict how the dynamics described above will play themselves out in the future. Violence (and peace) involves too many unanticipated consequences. It is also important to note that peace processes almost never involve a smooth transition from war to peace. Continued instability and violence, the destabilizing tactics of spoilers, and the emergence of new unanticipated tensions tend to be the norm. To an extent, the fact that the peace procss in Sri Lanka has generated "micro cycles" of conflict is hardly surprising. Whether these conflicts can be contained and transformed is another question. Previous efforts at peacemaking, like the Indo-Lanka Accord, created unmanageable tensions within the southern and northern polities, which ultimately exploded in the form of renewed and intensified hostilities.

The preconditions for a transformative peace are not in place. There is a lack of "settlement stability," necessary for either side to take the risks required to reach a negotiated solution. The most likely medium-term scenario appears to be a continuation of the negative equilibrium, as neither protagonist is yet ready to endure the costs of war. But the potential for a return to war is inherent in the current situation. A possible trigger for this could be the growing "shadow war" in the East.

A bipolar model with a focus on conflict management rather than transformation may have contributed to the current impasse. As, arguably, did the strategy of "economizing" peacebuilding, based on the mistaken assumption that economic incentives could override political imperatives. However, one should not overstate the role of international actors in such circumstances. In the short-term, at least, the traditional tools of diplomacy and the policy instruments of aid donors, have limited traction over domestic state and non-state actors. This is not an argument for international

disengagement. As the Norwegians themselves have argued, there is a need for long-term engagement and political commitment. In many respects, it is too early to talk of success or failure.

Implications for Peacemaking

Based on the above analysis, a number of implications can be identified for international actors involved in peacemaking (Tracks One and Two).

- Maintaining and strengthening ceasefire arrangements, which ensure the containment of war is vital. Although there are fears that renegotiating the CFA and the SLMM's mandate risks destabilizing the current equilibrium, the ceasefire in its current form may not survive, given the level of pressure being placed upon it. There may be a need to consider extending the scope of the CFA to cover the full range of military actors and strengthen its human rights component. In parallel, SLMM's mandate and capacities may need to be revisited with a view to improving its means of investigation, better public diplomacy, and boosted operational capacity, particularly in the East.

- More thought can be given to developing a transformative approach to peacemaking and peacebuilding. This would involve raising one's analytical gaze beyond the CFA and the limited peace agenda that the government and LTTE outlined for themselves. Interim processes can help institutionalize political engagement but should not merely freeze the status quo - conditions that show progress toward a transformative agenda can be attached. For instance, questions of human rights, transitional justice, and reconciliation could have been more central to the negotiation process.

- A more inclusive approach to conflict resolution could be developed. Arguably the negotiation model was based upon two "killer assumptions." First, that it was a bipolar conflict between two relatively coherent sets of actors. Second, that the leadership

would be able to represent a clearly defined constituency and "deliver" a peace deal to them after closed-door negotiations. Bipolarity had perverse impacts in the sense that it generated grievances among those who felt excluded. This was exacerbated by the lack of a communication strategy to reach out to the southern and northern polities. An inclusive approach does not necessarily mean getting everyone around the same table at the same time. But it does mean thinking more carefully about inter and intra group divisions and the vertical linkages between leaders and their constituencies. It is possible to map out a number of areas in which one could expand the scope of the (Track One and Two) negotiations:

o   The need to include *both* mainstream parties in negotiations is a clear lesson from the UNF-led peace process. The two parties command the confidence of 60 percent of the electorate, potentially a formidable constituency for peace. A bipartisan approach is therefore a *sine qua non* for peacemaking.

o   An adequate formula for including Muslim representatives in the peace process needs to be found, which goes beyond merely including a Muslim delegate in the government representation.

o   Ways need to be found to engage with the "unlike minded," including nationalist groups such as the JVP and JHU. Ignoring or attempting to exclude such groups has not worked and, arguably, they have some legitimate concerns. Engagement could mean building contacts through Track Two and Track Three processes.

o   Strengthening and supporting Track Two activities appears to be critical, particularly at a time when formal negotiations have broken down. In the current context, Track Two constitutes in many respects the backbone of the peace process.

o   Although there is a significant peace constituency in Sri Lanka, its impacts are attenuated by its fragmented nature, lack of information, and distance from the levers of power. There is scope to strengthen work in this area through, for instance, more strategic engagement with the media, particularly the vernacular press.

• There is a need to rethink the current consensus on harmonization. This is not working in practice, nor does it lead to the most optimal division of labor within the international community. There should be a shift in emphasis away from harmonization toward strategic complementarity. There is scope to think more creatively about the interfaces between diplomatic, development, humanitarian, and human rights actors, so that the distinctive approaches of each reinforce and complement (rather than undercut) one another. The same also applies to complementarity between countries - for instance the "good cop" roles of the European countries, versus the "bad cop" roles of India and the U.S. - and between conflict resolution tracks as the synergies and linkages between Tracks One, Two, and Three could be further strengthened.

• International actors should be cognizant of Sri Lanka's regional context. This has a number of implications including listening to what Asian actors have to say about the conflict, incorporating their concerns into emergent strategy and analysis and in so doing "de-Westernizing" international peacebuilding. Given the sensitivities around excessive international involvement and the current level of domestic support for India, now would seem to be an opportune moment for India to consider the role as an additional co-chair, joining the EU, U.S., Norway, and Japan - though it is recognized that India, given past experiences in Sri Lanka, is wary of taking on the role of peacemaker.

Implications for Aid Donors

If donors are to work more effectively "in" or "on" conflict, they must develop a more realistic assessment of their role and impacts. By attempting to stand on the same ground as the diplomats, aid donors have not been playing to their comparative advantages. The implications of our analysis in relation to the "three C's" (conditionalities, consequences, and causes) are as follows:

First, the lesson about peace *conditionalities* is that applied crudely and without a strong political process to back them up, they have limited or even perverse impacts. Since the tsunami, the aid landscape has changed substantially. The threat of withholding aid in an "over-aided" environment will have very little effect. The debate should now shift toward thinking about positive conditions on aid and gaining influence through engagement. P-TOMs may be one immediate way of doing this. It is extremely important that donors invest the requisite political and financial capital into supporting the practical implementation of this mechanism.

Second, in order to address the *consequences* of conflict, there is scope (and a need) to substantially scale up assistance to the North-East to build a visible peace dividend. This will help meet immediate humanitarian needs and boost confidence in the peace process. Reconstruction programs may simultaneously contribute to the de-escalation of conflict and address its underlying causes by tackling the problem of chronic poverty in the North-East. This may involve developing pragmatic institutional arrangements in order to deliver such programs and to build capacities at the local level.

Third, there is potential for donors to do more to address the underlying causes of conflict, particularly in the South. A key lesson from Sri Lanka is that peace conditionalities may have limited traction when the broader framework of aid conditionalities remains unchanged - especially when some of these conditions may be inimical to peacebuilding. The larger donors in particular can have a significant impact upon the structural dimensions of conflict by working in a conflict sensitive way on areas like governance, economic reform, and poverty. This however may mean (depending on the donor) a significant reorientation of current strategies and approaches. Becoming more conflict sensitive necessarily means becoming more political, in the sense of being more attuned to the political context and governance structures within Sri Lanka. Some of the implications of this are outlined below.

Governance: In this report, conflict in Sri Lanka is conceptualized as a crisis of the state. In seeking to address this crisis, internationally supported "good governance" programs have often hindered rather than helped. There is a need to develop more conflict sensitive governance programs based upon a careful analysis of "actually existing" politics and the key drivers of change within the country. There is scope to work on governance issues more imaginatively. For example, exploring Asian models of developmental states that may be more applicable to Sri Lanka than Western models; engaging more proactively with political parties in a range of areas including policy dialogue and institutional development; initiating dialogue with a more diverse group of actors - including the JVP - on different options and models of governance; focusing more on governance at the provincial and local levels in order to improve delivery and accountability at the community level.

Civil society: To some extent, donors have engaged with civil society as an antidote or alternative to the state. In practice this has meant avoiding the core governance and peacebuilding challenge of how civil society can engage with and hold the state accountable. Some donors have begun to realize this, but more could still be done to support the *political*, as well as the service delivery role of civil society actors. There is scope to target actors and organizations at the meso level as they may hold the key to developing stronger links between

Tracks Two and Three in order to build a more stable and influential peace constituency. As already mentioned, donors could also reach out more to the "unlike-minded" within civil society, given their significant influence on public opinion. Finally, there may be scope for large-scale and locally managed framework funding for civil society initiatives.

Economic reform: The breakdown of peace talks cannot be attributed to the UNF government's package of macro economic reforms. But the Sri Lankan case does raise serious questions about the scope, sequencing, mix, and speed of reform programs in fragile transition contexts. If peacebuilding is an overriding priority, then there may be a need to rethink models based purely on a calculation of optimum economic "efficiency." More thought could have been given to the political impacts and the distributional effects of economic reforms. There is also scope to draw upon and learn from comparative regional experiences in the area of macro economic reform.

Poverty: Poverty eradication is a declared priority of the Sri Lankan government and donors alike. But the growth of relative poverty and the expansion of pockets of exclusion in the North-East and South have had the effect of undermining faith in the government, the development project, and the peace process. Re-energizing efforts to address poverty and social exclusion would have a wider pay off in relation to the peace process. The JVP are one of the only political groups to put social exclusion at the heart of their agenda. This may be one of the few areas where international donors and the JVP have some common ground to explore.

Tsunami relief and reconstruction: Finally, it is widely recognized that large injections of funding have the potential to adversely affect both short-term conflict dynamics and the long-term causes of conflict. A conflict sensitive approach must involve the accountable and balanced distribution of resources with the participation of affected populations. Support for a coordinated approach through P-TOMS should be prioritized. This is also another area of international support in which regional approaches could be further developed.

1. Introduction

In 2000, the DFID commissioned a Strategic Conflict Assessment (SCA) entitled "Aid, Conflict and Peacebuilding in Sri Lanka" (Goodhand, 2001). The study examined the roots and dynamics of violent conflict in Sri Lanka, leading to recommendations for how development donors could more effectively support peacebuilding processes. In the five years that have passed since SCA1 there have been a number of defining events that have altered conflict and peace dynamics in Sri Lanka. Notable among these have been: the signing of a cease-fire agreement in February 2002; the initiation of six rounds of peace talks between the government of Sri Lanka (GoSL) and LTTE; the break down of peace-talks leading to an ongoing no-war/no-peace stalemate; the election of a new government in April 2003; and the tsunami of December 26, 2004 in which over 30,000 people died in Sri Lanka. The socio-political and economic landscape has been transformed by these events. It was therefore decided by the governments of the United Kingdom, Netherlands, and Sweden, the World Bank, and The Asia Foundation, to support a second SCA (SCA2) in order to update both the analysis and recommendations from the original study.

This report, which is the primary output of SCA2, covers the period 2000 - 2005. Since SCA1 (and other studies)[1] examined the underlying structural bases of conflict in some depth, SCA2 focuses primarily on its short to medium-term dynamics. The aims of SCA2 are threefold. First, to deepen understanding of the current dynamics of conflict, with particular reference to the peace process and international engagement. Second, to take stock of international actors' efforts to support peacemaking and peacebuilding processes. Third, to identify opportunities and entry points for international donors to engage with and strengthen domestic peacebuilding processes. The future trajectory of conflict in Sri Lanka hangs in the balance at the time of writing. It is hoped that a careful and fine-grained analysis of this period will yield valuable insights for those attempting to better understand and support the peace process or the broader peacebuilding context. Although development donors are expected to be the primary end users of this report, it is hoped that it will be of interest to a wider audience both inside and outside Sri Lanka.

This study was conducted over a six month period. It involved two field trips to Sri Lanka for duration of five weeks, which included some 125 interviews in the North, East, Hill Country, and South. A wide range of stakeholders were interviewed from the state, private, civil society, and international sectors. SCA2 is also complemented by five thematic studies[2] and a literature review (Klem, 2004).

This report is divided into six sections: after the introduction, *Section 2* provides a short summary of key events since SCA2. *Section 3* briefly explores the structural dimensions of conflict in Sri Lanka and the extent to which they have changed since 2000. *Section 4* provides an in depth analysis of the dynamics of conflict and peace in the last five years. It explores how the peace process has shaped and been affected by security and political dynamics in the North-East and South. *Section 5* examines international actors' engagement with the peace process, focusing in particular on the role of development donors. *Section 6* outlines the principal conclusions and implications of the foregoing analysis for donor policy and practice.

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1   See for instance: Bose (1990), Bush (2003), De Silva (1998), Spencer (1990), Tambiah, (1986), Wilson (2000).

2   Bastian (2005), Burke and Mulakala (2005), Rampton, and Welikala (2005), Philipson, and Thangarajah (2005), Nadarajah (2005).

2. Overview of Key Events since 2000

Summary: The period under study is divided into four phases (see Annex 1 for a detailed timeline of events): 1. *Run up to the ceasefire:* in a context of an enduring military stalemate and declining economic conditions, the United National Front wins elections in December 2001. 2. *Ceasefire and peace talks:* a ceasefire agreement (CFA) is signed within a month and the UNF government and LTTE embark on six rounds of peace talks. 3. *The breakdown of talks and political instability:* Talks become deadlocked; the LTTE suspends its participation and subsequently submits a proposal for an Interim Self Governing Authority (ISGA). This sparks off a political crisis in the South, leading to elections in April 2004 won by an SLFP-JVP coalition. The combination of political instability in the South and an LTTE split prior to the elections that leads to growing violence in the East, means that the prospects for resuming peace talks appear remote. 4. *The post tsunami response:* Negotiations between the government and LTTE about a post tsunami response mirror the political dynamics of the peace process. In June, after almost half a year, a Post-Tsunami Operational Management Structure (P-TOMS) is agreed, but its implementation is held up by the Supreme Court.

2.1 THE RUN UP TO THE CEASEFIRE (JANUARY 2000 - FEBRUARY 2002)

In the context of an enduring military stalemate, President Chandrika Bandaranaike Kumaratunga and LTTE leader Vellupillai Prabakharan, in February 2000, request Norwegian government assistance in facilitating peace talks. However, there is no let up in the fighting. After Prabakharan promises in his annual martyr's day speech of November 1999 to re-conquer Jaffna, a new offensive begins in May 2000. Significant military gains are made by LTTE including the taking of the strategically important Elephant Pass military base. The LTTE advance on Jaffna is only halted after international military support to the government from India, Pakistan, and China.

On December 21, 2000, the LTTE announces a one-month unilateral ceasefire that is extended month by month until April 24, 2001, after which fighting resumes. On June 24, 2001, the LTTE launches an attack on Sri Lanka's only international airport. This has significant military, economic, and political impacts. The LTTE, having gained military parity, feels that it is now in a strong position to enter political negotiations. Furthermore, the People's Alliance (PA)[3] government begins to realize that the "war for peace" strategy is no longer sustainable, having to contend with a shrinking economy, rising desertion rates, and growing domestic and international dissatisfaction with the government's strategy. Norwegian special envoy Erik Solheim visits Sri Lanka twice in May to discuss the possibilities of a truce that fails to materialize due to disagreement over the issues of LTTE de-proscription.

Six crossovers of Muslim members of parliament (MPs), following the President's decision to sack Rauff Hakeem, Minister of Trade, Commerce and Muslim Affairs, triggers a No Confidence motion from the opposition. The President retaliates by declaring a state of emergency, prorogues parliament, and schedules a referendum for a redrafting of the constitution that in the end is never held. A new government is formed through an alliance between the PA and the Janatha Vimukthi Peramuna (JVP), but another crossover of eight PA MPs leads again to a No Confidence motion that the government loses. Elections are scheduled for December 5.

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3   The PA is a coalition of the Sri Lanka Freedom Party and a few smaller parties: the Communist Party, the Democratic United National Front, and the Lanka Equal Society Party.

Despite the imposed curfew and attempts to annul the elections on the allegation of violent intimidation, Ranil Wickremesinghe's United National Front (UNF)[4] triumphs on an agenda of peace and economic prosperity.

2.2 THE CEASEFIRE AND PEACE TALKS (FEBRUARY 2002 - APRIL 2003)

Within a month after Ranil Wickremesinghe came to power, the government and the LTTE agree on a one-month ceasefire, starting on December 24, 2001. On the February 22, the Norwegian facilitators broker a ceasefire agreement (CFA) between the two parties. The agreement constitutes a cessation of offensive military operations, restoration of normalcy, and the creation of the Sri Lanka Monitoring Mission (SLMM), made up of staff from the five Nordic countries, reporting to the Norwegian government. The mission is given the dual task of monitoring ceasefire violations and resolving truce related disputes at the lowest possible level.

The UNF government and the LTTE engage in six rounds of peace talks.[5] These constitute the fifth set of peace talks to have occurred between the GoSL and the LTTE since the outbreak of conflict in 1983.[6] The government lifts the ban on the LTTE, enabling direct negotiations with the rebel movement. With the "Oslo Communiqué," the outcome of the third rounds of talks, held in the Norwegian capital, the parties agree to explore a federal solution to the conflict.[7]

The restoration of normalcy agreed upon in the CFA includes the cessation of harassment, intimidation, extortion or abduction of civilians, lifting of checkpoints, vacation of public buildings by armed forces, re-opening of roads and railways, lifting of economic restrictions, and (to a large extent) fishing bans. Some headway is made on these issues in the months after the signing of the CFA. The A9 road from Vavuniya to Jaffna, crossing though the LTTE controlled Vanni, is opened to the public and the train to Batticaloa resumes service for the first time in years. Checkpoints in Colombo and the North-East are taken down. Reconstruction activities, supported by the international community, are scaled up. However, CFA clauses on restoration of normalcy continue to be breached including the harassment, abduction, child recruitment, extortion, and political killings by the LTTE in the North-East. Meanwhile, dissatisfaction grows about the slow pace of reconstruction in the North-East, the persistence of army-occupied high security zones, and continued restrictions on fishing and agriculture.

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4   The UNF was a coalition of the United National Party and the Ceylon Worker's Congress (CWC), the Upcountry People's Front (UPF) and some members of the Sri Lanka Muslim Congress (SLMC). Both CWC and UPF represent upcountry Tamils.

5   The following five rounds of talks were held:
1. September 16-18, 2002: Sattahip Naval Base, Chonburi, Thailand
2. October 31-November 3, 2002: Rose Garden Hotel, Nakhorn Pathom, Thailand
3. December 2-5, 2002: Radisson SAS Plaza Hotel, Oslo, Norway
4. January 6-9, 2003: Rose Garden Hotel, Nakhorn Pathom, Thailand
5. February 7-8, 2003: Norwegian Embassy, Nordic Embassy Complex, Berlin, Germany
6. March 18-21, 2003, Prince Hotel, Hakone, Japan
A further round of talks cum donor pledging conference was scheduled in Tokyo in June 2003, but prior to the event, the LTTE suspended its participation in the peace process. The meeting in Tokyo was held nonetheless, but with the Tigers absent, only the Sri Lankan government and donors participated.

6   The previous peace negotiations were: the Thimpu talks, 1985 and the Indo Lanka Accord, 1987, both facilitated by India; the Colombo talks of 1989/90 involving direct negotiations between the Premadasa-led UNP regime and the LTTE; and most recently talks in Jaffna 1994-1995, between the Kumaratunga-led PA government and the LTTE. Many of the people who were involved in these negotiations on both the Sinhalese and Tamil sides have died, with the important exceptions being Prabakharan, Kumaratunga and Balasingham.

7   This was viewed as a significant shift in the LTTE's position from separatism to "self determination."

Peace talks continue with broad international support. In the run up to the planned sixth round of talks, three co-chairs are assigned in addition to Norway: the European Union, Japan, and the United States. The talks scheduled in Japan are to be a pledging conference for post-conflict reconstruction funds. On June 9, 2003 the Tokyo declaration outlines a $4.5 billion reconstruction package and goes onto state that: "assistance by the donor community must be closely linked to substantial and parallel progress in the peace process toward fulfilment of the objectives agreed upon by the parties in Oslo."[8] However, the LTTE did not attend the conference and were not involved in the drafting of the declaration.

2.3 THE BREAK DOWN OF TALKS AND INSTABILITY (APRIL 2003 - DECEMBER 2004)

On April 21, 2003, the LTTE decides to "suspend its participation in the negotiations" (Tamilnet, 2003). In the letter to the Prime Minister, the movement spells out three basic reasons for its decision. The first reason is the decision of the government to "marginalize" the LTTE in approaching the international community for economic assistance. Particularly grieving was the donor meeting in preparation of the Tokyo conference held in Washington, D.C., a place the LTTE could not go given the movement's proscription as a terrorist organization in the United States. The second reason is the failure of the government forces to vacate civilian premises, and the High Security Zone (HSZ) north of Jaffna in particular. Finally, the LTTE argues that the Poverty Reduction Strategy Paper (PRSP) "Regaining Sri Lanka," failed to acknowledge and address the "unique conditions of devastation prevailing in the northeast" (Tamilnet, 2003).

Despite its suspension from the talks, the LTTE reaffirms its commitment to a political resolution of the conflict and presents its own plans for an interim administration on October 31, 2003. The proposed Interim Self Governing Authority (ISGA) respects Sri Lanka's sovereignty and unity, but implies autonomy for the North-East in almost all aspects of life. It has no provisions on the military dimensions and suggests an LTTE dominated administration to govern the North-East for a period of five years, after which elections will be held.

The ISGA triggers a strong reaction in the South. President Chandrika Bandaranaike Kumaratunga once again moves to declare a state of emergency, takes over the ministries of Defence, Finance, and State Media, effectively paralysing Wickremesinghe's administration. On February 7, she dissolves parliament. A snap election is scheduled for April 2004. The president's party, the PA aligns with the JVP to form the United People's Freedom Alliance (UPFA). On April 8, 2004, Wickremesinghe's United National Front (UNF) government falls, winning only 82 out of 225 parliamentary seats. The UPFA does not gain an outright majority, but its 105 seats and the support of smaller parties enable the president to form a fragile coalition government. The government, and the JVP in particular, takes a more critical stance toward the peace talks. The ISGA proposal is rejected out of hand.

Prior to the general election, the LTTE faces a split in the movement. Eastern leader, Vinayagamoorthi Muralitharan, alias Colonel Karuna, announces an independent course for the eastern cadres of the LTTE. Prabhakran retaliates with military force. Karuna dissolves around five thousand cadres and goes into hiding. Already affected by Tamil-Muslim tensions, the East becomes increasingly volatile, affected by guerrilla warfare and political killings. Harassment, extortion, and forced recruitment of civilians appear to be pervasive.

With the fracturing of politics in the North-East and the South, and the consequent lack of "settlement stability," there appears to be little prospect of resuming peace talks in the immediate future.

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8 'Tokyo Declaration on Reconstruction and Development of Sri Lanka.' www.peaceinsrilanke.org.

2.4 TSUNAMI AND P-TOMS (DECEMBER 2004 - SEPTEMBER 2005)

On December 26, 2004, a tsunami hits Sri Lanka, causing massive human, physical, economic, and social damage. It kills over 30,000 people, displaces over half a million people, and destroys the livelihoods of over 200,000 persons. The total damage due to loss of assets and output is estimated to exceed US$1.5 billion.

In the immediate aftermath of the tsunami, the peace process and other political issues move to the background, as the humanitarian response takes priority. Despite initial hopes that the tsunami would re-energize the peace process, it has the effect of deepening political fault lines and resentment. Killings continue and the violence intensifies after the death of Kaushalyan, LTTE political leader in the East, in February.

Almost half a year after the tsunami, on June 24, the government and the LTTE reach agreement over a joint Post-Tsunami Operational Management Structure (P-TOMS) that is intended to facilitate a fair distribution of tsunami aid. In response to P-TOMS, the JVP leaves the government coalition. Muslim politicians are also very critical of it. Implementation is further delayed by a Supreme Court ruling about its legality. A final decision is postponed. On August 12, Lakshman Kadirgamar the (Tamil) Sri Lankan Foreign Minister is assassinated by a sniper in Colombo. In spite of denials by the LTTE, the GoSL states that it has evidence that the LTTE are responsible. In a context of growing tensions, the Norwegians unsuccessfully attempt to facilitate an agreement between the two sides to resume face-to-face bilateral talks to review the terms of the ceasefire and how compliance can be improved.

Preparations for presidential elections, to be held in November, begin following a Supreme Court ruling on August 26 that President Kumaratunga's second six-year term began when she was re-elected in December 1999 and should end by December 2005.

On September 26 the EU announces that its member states will no longer receive LTTE delegations because of the Foreign Minister's assassination.

3. Conflict Structures

Summary: In this section the structural dimensions of conflict in Sri Lanka are examined. These are divided into security, political, economic, and social factors. It is argued that the constellation of factors that contributed to the outbreak and sustenance of violent conflict - including the nature of the state, its political culture, the institutional framework of policy, uneven development patterns, and competing nationalisms - remains largely unaffected by the peace process. In many respects the "peace" that followed the signing of the CFA has had the effect of freezing the structural impediments to conflict resolution. On the other hand, there have been significant changes in the external context at both the regional and international levels. These include the global "war on terror," growing international engagement in "post conflict" contexts, and Sri Lanka's integration into a dynamic and increasingly assertive wider Asian region. These factors together helped create the preconditions for peace negotiations.

3.1 INTRODUCTION

In the following section we briefly revisit the structural dimensions of violent conflict in Sri Lanka that were outlined in some detail in SCA1. It is argued that in spite of the CFA and peace negotiations, the structural dimensions of the conflict *within* Sri Lanka remain relatively stable. There has been no "seismic shift" in the "tectonic plates" underpinning conflict in Sri Lanka. However, there has been a significant change in the external context at both the regional and international levels. This helped create the preconditions for peace talks, but did not lead to a radical reordering of political forces inside the country, which in our view is necessary for the achievement of sustainable peace.

In SCA1 the security, political, economic, and social dimensions of conflict were examined in depth. Our analysis below explores the extent to which there have been shifts in any one or combination of these areas since 2000.

3.2 STRUCTURAL DIMENSIONS OF CONFLICT IN SRI LANKA

3.2.1 Security

Though sometimes caricatured as an "introverted" civil war, the international and regional dimensions of the Sri Lankan conflict have become more evident and arguably more influential since SCA1. Three inter-related areas of change in the external context can be identified. These may best be understood as an intensification of pre-existing trends rather than a complete break with the past.

First, the launch of a "global war on terror" after September 11, 2001 has had important ramifications in Sri Lanka as elsewhere. In global terms, it is a bad time to be a non-state military actor. Instability in the global south is seen to endanger the domestic or "homeland security" concerns of core northern powers. This is reflected in a range of inter-connected measures including U.S. military support for front line states fighting "terrorism," the proscription of "terrorist" organizations, and efforts to "strangle" the trans-national networks that fund non state military groups. Though it should be noted that LTTE proscription by the U.S. and U.K. governments and several unilateral ceasefires preceded 9/11, it is clear that the change in the

international climate has "impressed upon the LTTE the importance of being and appearing to be on the right side of this global ideological and military divide. Essentially, September 11 impacted on the LTTE's political psyche and its room for manoeuvre internationally in respect of funds, legitimacy, and acquisition of weapons." (Saravanamuttu, 2003:131).

Second, since the early 1990s there has been growing and increasingly robust international intervention in zones of instability in the global south. Arguably, this has marked a shift in the center of gravity in international relations from states toward individuals - manifest for example in the U.N. Agenda for Peace of 1992 and, more recently, the "Responsibility to Protect" agenda (ICISS, 2001).[9] The erosion of sovereignty is linked to a lowering of Western inhibitions to intervene in other people's wars. In SCA1 it was argued that international actors accepted India's pre-eminence in the region and were reluctant to invest diplomatically and politically in Sri Lanka. Though India continues to be the most influential external actor, international interest and involvement has grown. The internationalization of peacebuilding in Sri Lanka, therefore, reflects a broader trend in international relations. Arguably, Sri Lanka represents one of the more recent experiments in liberal peacebuilding.[10] Such experiments have involved increasingly expansive and complex multi-mandate responses, leading to a reworking of the relationship between politics, security, and development (Duffield, 2001). Development and humanitarian assistance for example, particularly since 9/11, is seen as a strategic tool for the promotion of security.

Third, there has arguably been a trend toward regionalization as well as internationalization. India's hegemony in the region is a point of continuity. However, Sri Lanka is also located in a dynamic,

confident, and increasingly assertive wider Asian region. The response of Asian governments to international offers of tsunami relief is illustrative of their growing confidence and determination to define their own development paths. Sri Lanka's liberalization policies have forced it to negotiate its relationship not only to globalization, but also to regionalization. The geopolitical concerns and economic interests of a number of Asian countries in addition to India need to be considered from Pakistan to Thailand and China to Japan. When this trend is combined with a more robust, interventionist international response, there is clearly the potential for tensions between Asian countries and between Western and regional powers over the kind of peace that is seen to be desirable.

The shifts in the external environment outlined above have helped create the preconditions for peace talks by affecting the calculus of domestic actors and their relative capacities. However, they have not led to a dramatic shift in the structural sources of insecurity within Sri Lanka. The CFA effectively froze the pre-existing security environment. The key sources of insecurity mapped out in SCA1 remain: both sides have used the CFA agreement to re-arm and strengthen their military capabilities[11] - as they have done during pervious cease-fires (Philipson, 1999; Bose, 2002); the means of violence continues to be decentralized and in certain areas, fragmented; the continued presence of HSZs in the North-East; the continued endemic insecurity in the country as a whole, but particularly in the East.

Though the CFA did have important effects on the security environment, including the removal of road blocks and the opening of borders between the North and the South, these do not signify structural or transformative changes. This is likely to remain the case in the absence of a peace settlement.

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[9]   See also the report of the Secretary General's High Level Panel on Global Threats, Challenges and Change (2004) and literature in response to it.

[10]   "Peacebuilding is in effect an enormous social experiment in social engineering - an experiment that involves transplanting Western models of social, political and economic organization into war-shattered states in order to control civil conflict: in other words, pacification through political and economic liberalization" (Paris, 1997: 56).

[11]   On the government side defence spending did not come down significantly as a result of the cessation of hostilities (Kelegama, 2004:7).

3.2.2 Political

SCA1 conceptualized conflict in Sri Lanka as a crisis of the state rather than an "ethnic conflict." This is not to deny the ethnically patterned nature of conflict in Sri Lanka and the processes through which governance, development, and social relations have become increasingly ethnicized. But a focus on the nature of the state and the quality of governance in Sri Lanka generates insights about the inter-relations between different forms of militarized violence in the North-East and the South. Societal discontents are seldom sufficient to trigger widespread conflict until they penetrate the state itself (Cliffe and Luckham, 1999:35). Violent conflict is therefore rooted in the "pathologies" of the state, and notably in its failure to institutionalize democratic politics. As argued later, the crisis in governance also impedes the search for a solution. The peace process has exposed a continuing crisis in the identity, legitimacy, and policies of the state, which was highlighted in SCA1. For the purpose of this report, five points appear to be salient:

First, the state remains exceedingly centralized and clientalistic. This, as discussed later, has impeded reconstruction efforts in the North-East and the response to the tsunami, both of which have had a negative impact on the peace process. Because of its excessive centralization, the state continues to be seen as the primary source of largess and protection.[12] State patronage is tied up with an ideology of supporting and protecting the paddy producing small holder farmer. As argued later, the UNP government lost the 2004 elections primarily because it neglected this core constituency in the South. Sri Lankan politics is highly personalized and political power is derived from patronage rather than performance (Dunham and Jayasuriya, 1998). This is mirrored also in the centralized and clientalistic nature of civil society and the deeply entrenched partisan nature of the media.

Second, democracy and intolerant nationalism have been organically linked (Snyder, 2000, Spencer, 2004). Sinhalese political elites have historically indulged in a process of "ethnic outbidding" in which mainstream parties sought to corral the Sinhalese vote by competing with each other on an anti-minority stance. Two political zones emerged: a zone of permanent opposition in the North where Tamil parties predominated and a zone of competition in the South where mostly Sinhala politicians fought for votes that would get them close to government (Spencer, 2004:2). Democratic energies have translated into national chauvinist sentiments. Sinhala nationalism has been hegemonic since the 1950s and this had led to reactive cycles of Tamil nationalist identification (Rampton and Welikala, 2005). In spite of a proportional representation (PR) system that enabled minorities to get a voice for the first time in mainstream politics, the bargaining process for the formation of a coalition is usually not on the basis of policies, but much more for securing patronage that follows access to state power (Bastian, 2005:4). The result has been unstable coalition governments.

Third, violent challenges to the state have emerged from the periphery, driven by a sense of exclusion and alienation. Extreme Tamil and Sinhala nationalisms have become the vehicles through which the periphery critiques and challenges the centre. This core-periphery dynamic, though it is about the distribution of power, income, land, education, language, and the like has taken an ethnic form. Ethnic divisions have tended to disable class politics: "In a fundamental sense, communalism is about economic opportunities and distribution, but it shifts class issues to a terrain of ethno-nationalism and heritage, thereby displacing class with ethnicity at the ideological level," (Zackariya and Shanmugaratnam, 1997:11). War has hardened inter-group boundaries, but this does not mean that intra-group or intra-periphery divisions have disappeared. As explored further below, these divisions are likely to resurface in the transition from war to peace.

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12   For instance, recent studies of youth in Sri Lanka reveal a continuing preoccupation with state power. For youth in both the North and the South, the state is still seen as the primary source of redress for their grievances (Hettige, 2004).

Fourth, though the state is centralized, it is also fragmented and it has become more so during the course of the conflict. A form of partial or layered sovereignties (Spencer, 2004) has emerged and the tensions around these competing systems of governance have been exposed during the course of the peace process. For instance, the assumption that political leaders could "deliver" and speak on the behalf of clearly defined constituencies in both the North-East and the South has proven to be wrong. The complex negotiations and hybrid mechanisms connected to international reconstruction programs and tsunami relief are similarly the result of having to deal with contested systems of governance operating in the different parts of the country.

Fifth, there are pressures on the state from above as well as from below. Globalization and the growing involvement of international actors in Sri Lanka (of which the peace process is symptomatic) have contributed to shifts in the distribution of sovereignty. Transnational engagement, therefore, interacts with and plays a role in shaping the nature of domestic governance.

3.2.3 Economic

SCA1 highlighted the complex relationships between state bias, liberalization, uneven development patterns, the politics of exclusion, and ethnic scapegoating (see also Herring 2001). Sri Lanka has a vulnerable agro export and garment export oriented economy that is susceptible to world price fluctuations. Economic liberalization provided some of the motivation and means for civil war. It provided enormous scope for rent seeking and cronyism and heightened inequalities (Herring, 2001). In this sense, international financial institutions (IFIs) supported liberalization and privatization programs provided opportunities for "greed," while creating material conditions that generated widespread "grievances."

Since 2000, these tensions have continued to grow due to a combination of the effects of globalization, specific government policies, and the continued impacts of war. Although growth figures of 4 percent and 5.9 percent were achieved in 2002 and 2003 respectively, this was highly concentrated. By 2004, fifty per cent of Sri Lanka's GDP was produced in the Western Province. Government policies such as the UNF government's reform program (see below) have played a role in accentuating the uneven effects of globalization. Research in the South suggests a deep and widespread dissatisfaction with government economic policies that have persisted since the ceasefire.[13]

Although reconstruction aid for the North-East has grown since the CFA, much of it has been trapped in the politics of the peace process. Therefore, there has been limited large-scale investment in the war-affected areas of the North-East, and levels of chronic poverty are higher here than in other parts of the country. There are higher unemployment rates in the North-East than the rest of the country and also a higher youth bulge in Tamil areas.[14] The structural disparity between development processes in the North-East and the South remains a significant feature of the Sri Lankan political and economic landscape.

The political economy of the conflict did not suddenly change with the CFA. Although economic agendas were never pre-eminent, compared to many other civil wars, significant vested interests were generated by the conflict, which were outlined in SCA1. To a large extent the new "peace time" arrangements have enabled the

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[13] "In Naeagama in 2000 residents expressed loss of faith in state narratives, frustration over employment opportunities, and cynicism about government corruption. Despite the relief and enthusiasm generated by the cease-fire, these attitudes, as well as the social, political, and economic situations that they reflect, persist into the present." (Gamburd, 2004:165).

[14] Unemployment rates according to area are as follows - North, 13 percent; East, 15.9 percent; rest of the country, 8 percent. The ratio of the population under fourteen is as follows - Tamil areas, 35.6 percent male, 32 percent female; southern areas, 22 percent male, 30.2 percent female.

continued pursuit of these interests including government weapons contracts, LTTE taxation, and diaspora funding. Clearly, until there is a political settlement, the transition from war economy to peace economy is likely to be attenuated. The longer the "no war-no peace" situation continues, the more deeply embedded the vested interests are likely to become.

3.2.4 Social

War is the result of and creates a particular kind of *political* economy. It is also sustained by an *emotional* economy. Like the war economy, this emotional economy is likely to persist well after the signing of a ceasefire agreement, and if persistently mobilized by political entrepreneurs, may endanger the transition to peace. Evidently, the discourse of victimhood, ethnic scapegoating, and competing nationalisms cannot be turned on and off like a tap. The "binary moral frameworks" (Fuglerud, 1999:180) of extreme nationalism have permeated the body politic and the wider society: "War is not a detour; it has become the path taken, a fully embedded part of the social formation" (Winslow and Woost, 2004:12).

Ethnicity and religion provide the ideological and symbolic repertoires that make violence possible. Yet, paradoxically, both the LTTE and JVP recruit youth from similar social backgrounds - low caste, rural, Swabasha educated - with similar sets of grievances.

As argued in SCA1, Sri Lanka suffers from a "politics of anxiety" and possibly these anxieties have been sharpened by the peace process. Discourses are deployed by political entrepreneurs, particularly during peace negotiations, to divert attention from internal contradictions within their own constituency and legitimize certain power claims. (Korf, 2004:162). The

role of Buddhism as a mobilizing framework has been well documented (see Tambiah, 1992), but Islamic radicalization has been less covered. Muslim anxieties about the peace process appear to be driving a growing radicalization, which strikingly resembles the growth of Tamil nationalism in the 1970s. This is covered in more detail later; however, the development of this new facet of the "emotional economy" may represent a structural shift in the conflict.

3.3 CONCLUSIONS ON CONFLICT STRUCTURES

Though this report focuses on the last five years, this period cannot be understood without reference to long-term historical processes. An examination of the underlying roots of conflict perhaps leads to the conclusion that there is a high degree of path dependency, particularly with regard to the nature of the state and relations of governance. There has not been a significant change in the political culture and the institutional framework of policy (Dunham, 2004: 346). The southern polity continues to be structured to a large extent around political patronage. Therefore, our analysis of the structural sources of conflict suggests that there has been limited movement in the constellation of factors that contributed to the outbreak and sustenance of violent conflict. As will be argued in the following sections, the "peace" that followed the signing of the CFA has not had a transformational impact on the structural dimensions of conflict. In fact, we will go further to argue that it may perversely have had the effect of "freezing" the structural impediments to conflict resolution.

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15 "..having been born and socialized in ethno-linguistically segregated communities and educated in similarly segregated schools, the disadvantaged Tamil as well as Sinhalese youth do not readily recognize the commonality of their predicament. Hence they identify with two divergent socio-political movements, one in the North (LTTE) and the other in the South (JVP). Their respective political projects tend to be antithetical to each other" (Hettige, 2004:128).

4. Conflict Dynamics

Summary: This section is concerned with the contemporary dynamics of conflict and peace in Sri Lanka. It is divided into four key areas. First, it provides an overview and analysis of the peace process, focusing on the underlying assumptions and strategies of the two principal actors. Second, it examines the interactions between the peace process and the dynamics of security/insecurity. Third, it explores how "no war-no peace" has shaped political dynamics between and within the Sinhala, Tamil, and Muslim polities. Fourth, the effects of the tsunami on conflict and peacebuilding dynamics are analyzed. It is argued that the peace process was shaped by a bipolar model of the conflict that failed to adequately appreciate or address the inter- and intra-group dynamics. "Peace" has had a disorienting effect on the various actors, inflaming competing nationalisms and creating new anxieties among excluded groups. The tsunami has heightened rather than mitigated these tensions. The current situation may best be characterized as a "pause in conflict" rather than "post conflict." There is currently a negative equilibrium or stalemate, since neither side wishes a return to war, nor can they make the necessary sacrifices to move toward a transformative (rather than limited) peace.

4.1 INTRODUCTION

In the following section our focus moves from the origins or structural dimensions of conflict to its contemporary dynamics. Three points should be emphasized before we do this. First, what produces war may be different from what reproduces it. Therefore, the process and practice of violent conflict are important, as well as its underlying causes. Conflict is sustained by an emergent sociology and economy of war. This can be shaped by specific policies or contingent events - for example, the Sinhala Only Act or the tsunami - that can create conditions under which certain kinds of group formation take place and particular grievances occur. Conflict itself transforms these conditions and in Sri Lanka, constitutional and political reforms that might have been sufficient to protect rights and satisfy the political aspirations of Tamils two or three decades ago may no longer be adequate (Cliffe and Luckham, 2000).

Second, as this current period of no-war, no-peace demonstrates, there is no clear and categorical distinction between war and "non-war." For instance, the outbreak of war in Sri Lanka was preceded by high levels of political and societal violence. The conflict ebbed and flowed at different levels of intensity for over two decades, with periods of high intensity conflict interspersed with periods of relative calm. Wars never have clear beginnings and endings. In other "post war" contexts, the structures and systems through which war produces and reproduces itself do not just wither away, but usually persist into "peace time" conditions. Conflict leaves baleful legacies that make peace difficult to build (Luckham, 2004:488). Sri Lanka is no different in this respect - though perhaps the initial optimism engendered by the CFA blinded many to these harsh realities.

Third, the current negotiations constitute the fifth set of peace talks since the outbreak of Eelam War I in 1983. These negotiations both reflect and affect the evolving dynamics of conflict. Each failure to reach a settlement propelled the conflict to incorporate more and more issues until the future of the state became the issue at stake (Philipson, 1999:11). The history of broken and non-implemented agreements has undermined the confidence and trust of both sides, which itself impedes the search for a solution. Philipson (1999) argues that this can partly be attributed to the focus of previous talks on product rather than process:

" This focus on finding the right form of words for the final agreement not only ignores the processes that help to create the climate and support for negotiations, it also excludes parties, sometimes key parties, from any ownership or responsibility for the resulting document" (Philipson, 1999:15).

Warmaking and peacemaking are conceptualized in this report as *processes* that evolve, mutate, and are reflections of and influence underlying structures. We must also distinguish between peace talks and the peace process. Although talks broke down in April 2003 and have been suspended since then, the peace process continues. The ceasefire arrangement has held; both sides continue to communicate with one another directly or indirectly on a range of peace related issues, and Norway is still actively involved as a facilitator. A change in these conditions would signal an end to the peace process.

Finally, it is important to briefly clarify our use of terminology in this report. *Peacemaking* is defined as political, diplomatic, and sometimes military interventions directed at bringing warring parties to agreement. *Peacebuilding* is defined as the promotion of institutional and socioeconomic measures at the local, national, or international levels to address underlying causes of conflict. For the purpose of this study, Track One diplomacy is defined as official negotiations between political and military elites, in other words "top down" efforts at peacemaking. Track Two is defined as non-official mediation, which may be between civil society actors, as well as "behind the scenes" communication between political elites. Track Three is defined as humanitarian and development assistance, which may or may not have explicit peacebuilding objectives but has an effect upon the context in which peace negotiations take place. In practice these tracks are closely inter-linked and merge into one another.[16]

Development interventions may span Tracks Two and Three and also seek to influence Track One. In Sri Lanka, as elsewhere, reflecting perhaps the growing convergence between development and security, aid has been seen as a mechanism that can directly influence the Track One process through the application of peace conditionalities.

We will draw upon the commonly used distinction between conflict management and conflict transformation, arguing that the former tends to focus only on conflict dynamics - sometimes referred to as "conflict dampening" - while the later is concerned with changing the structural causes of violent conflict. This is what we mean in the report when we refer to a transformative approach to peacemaking and peacebuilding.

4.2 THE DYNAMICS OF PEACE

4.2.1 An Overview of the Peace Process; From 'War for Peace' to 'Development for Peace'?

The nature of the "end game," or the circumstances through which the fighting is ended or reduced has an important impact upon the subsequent pattern of peacemaking and peacebuilding. Both the GoSL and LTTE came to the conclusion that their political goals could not be achieved at that point in time through military means. In the terminology of Zartman (2000), a "hurting stalemate" had been reached and, arguably, the conflict was "ripe" for a negotiated settlement.[17]

On the GoSL side, the UNP had campaigned on a peace negotiation ticket and indeed since 1994, inauguration of a peace process has become "one of the first celebrative tasks of new regimes" (Uyangoda, 2003b: 15). There were pressing economic reasons for

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16   For instance "track one and a half" is sometimes mentioned in the Sri Lankan context and relates to peacemaking efforts that occupy the terrain between official diplomacy and broader non official confidence building.

17   Norway was first formally invited as a facilitator in 2000 during the Kumaratunga-led PA administration, while the "war for peace" was still raging. As with previous peace negotiations, talks were preceded by informal communications. Judging by the speed of events following the UNF government's election victory, there was extensive "back channel" communication between LTTE and Wickremesinghe before they came to power.

bringing the war to an end. Sri Lanka's economy suffered severe setbacks in 2000-2001 including continuing drought, rapid decline in foreign investment due to war, collapse of the tourist industry,[18] and continuing macro-economic mismanagement (Bastian, 2005). The government realized that the continuation of the "war for peace" would have pushed the economy to a state of collapse.

The reasons why the LTTE entered negotiations are harder to determine given the opaque nature of the organization. One theory (from the LTTE's critics) is they entered negotiations as a strategic ploy to re-arm and reorganize themselves. Another is that after 9/11, the global environment for non-state military actors changed and ultimately forced the LTTE to pursue a political trajectory - though this does not explain the LTTE's unilateral ceasefire declared in November 2000 following a series of military victories. While the war against terrorism may not have affected the LTTE's behavior in a deterministic way, it is likely that it influenced their strategic calculations. They may also have been influenced by the changing regional context - the support provided by Pakistan and India to the government when the LTTE threatened to recapture Jaffna indicates that neither regional nor international actors were sympathetic to their separatist political project. Uyangoda (2003b) argues that internal factors were also important. "The continuing deprivations and material suffering of their own civilian population should [have been] a compelling reason for the LTTE to re-think their military strategy, despite the spectacular military gains made in 1999-2001" (Uyangoda, 2003b:19).

This fundamental contradiction between military success and its human-political cost may have been another factor pressing the LTTE to seek a negotiated settlement. The first theory is not necessarily incompatible with the others - seeking to re-arm and re-organize during a strategic lull in the conflict does not rule out the possibility that the LTTE were (and perhaps are) serious about peace negotiations. Maintaining the threat of war is a commonly used negotiation tactic. When they came to the negotiation table, the LTTE saw themselves as having military parity with the GoSL and were insistent that this translated into political parity. Maintaining this relationship of equity was for them a basic precondition for negotiations - the shift from violence to politics cannot be justified to themselves and their constituency if it undermines their military and political standing. Finally, one should not discount the importance of Prabakharan's psychology as a contributory factor. Possibly, the LTTE leader came to the negotiation table because he wants to enjoy the fruits of victory during his lifetime.

The UNF government unlike the SLFP[19] had a phased approach to peace negotiations, which involved the following steps:

(a) A ceasefire agreement and initiation of talks with the Norwegians invited as "facilitators"

(b) "Normalization" leading to the creation of a peace dividend

(c) Negotiation on core political issues

How the UNP strategy was implemented in practice is briefly outlined below. A more detailed analysis of international engagement in the peace process follows in Section Five.

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18 The LTTE attack on Katunayake International Airport on July 24, 2001 had important political and economic repercussions. In the aftermath of the attack, Lloyds of London imposed war zone insurance rates on both the airport and the ports. Immediately after the attack, tourism and foreign investment plummeted (Winslow and Woost, 2004: 1).

19 A fundamental disagreement between the PA government and LTTE during the 1994-1995 negotiations was over the two stage approach advocated by the LTTE and the single stage approach advocated by the government. The two stage approach involved first addressing the humanitarian consequences of war that would contribute to "normalization," followed by substantive negotiations on core issues. The PA government, on the other hand, argued that the core issues should be dealt with from the beginning as part of a single package (see Uyangoda, 2003b).

4.2.2 Implementation of the Peace Process

'Stopping the Violence': Ceasefire Arrangements

The CFA was signed in February 2002. It formalized and made bilateral the informal and unilateral ceasefires maintained by the government and LTTE since December 2001 (Uyangoda, 2003b:21). To some extent, this replicated earlier patterns of military de-escalation that had preceded previous rounds of peace talks. But in two respects, the UNF strategy represented a radical departure from earlier governments. First, the CFA accepted that a rebel group was in control of part of the country, which was legitimized by the government signing an agreement with it. This was something that had never happened before. Some critics argued that the CFA violated constitutional provisions, as the Prime Minister had no constitutional authority to sign an agreement pertaining to war. Furthermore, it represented a violation of the Prevention of Terrorism Act (PTA) (Uyangoda, 2003b: 22). Second, the invitation of the Norwegians as "facilitators," and the establishment of the SLMM as ceasefire monitors represented a significant shift in the position of the Sri Lankan ruling class, moving away from the established historical trend of the Indo-centric nature of external involvement on these issues (Bastian, 2005: 8). On the other hand, Wickremesinghe was extremely careful to court both India and the U.S. to provide informal security guarantees, in order to bolster the government's position.

'The Economics of Peace': Normalization and the Peace Dividend

Article 2 of the CFA was concerned with measures to restore normalcy. As Uyangoda (2003b) notes, there are convincing arguments for such a step-by-step approach. A single stage approach that focuses only on root causes ignores the dynamics of conflict reproduction,

highlighted above. Arguably, to get to the underlying causes, one first has to address the consequences and the factors that sustain violent conflict. The economic lever was used heavily by the UNF government (Kelegama, 2004). They hoped that economic development would help "blunt the secessionist impulse" (Saravanamuttu, 2003:138) by providing an immediate peace dividend that would lead to a coalition against the war and weaken support for the LTTE (Kelegama, 2004). The idea was to lock the LTTE into the cessation of hostilities, through a combination of international third party diplomatic support and finance (the so-called international security net).

For the UNF government, support for the peace process was also closely entwined with its economic reform agenda. The Prime Minister realized that to get "economic take-off," he had to solve the secessionist conflict, or at least create a negative peace to clear away the impediments to economic growth. The strategy was as much about "peace for development" as "development for peace." Some even go as far as to argue that the peace process was the means and not the end (Bastian 2005). The government's reform program was spelled out clearly in its Poverty Reduction Strategy Paper (PRSP) "Regaining Sri Lanka." The aim was to accelerate liberalization in order to achieve a 10 percent growth rate. The reform program consisted of reducing government bureaucracy, privatization, and changing labor laws *(ibid)*. At an aggregate level, this strategy appeared to be working with growth rates going from negative growth in 2001 to 4 percent and 4.9 percent in 2002 and 2003 respectively. Tourism picked up; at the end of 2002 the Colombo Stock Exchange closed the calendar year some 31 percent higher than the start of the year, and Foreign Direct Investment rose from $82 million in 2001 to $300 million in 2003. In spite of positive changes at the macro level, the benefits were unevenly spread, with the Western province growing at a far faster rate than other parts of the country.[20]

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[20] For instance, legislation was introduced in 2002 allowing foreigners to own land, which induced a mini real estate boom in the southwest. While this had the positive effect of attracting foreign investment, it also heightened uneven development patterns and the perception that the government did not care for the poor.

The reforms program played a significant role in undermining any potential "feel good" factor related to the peace process. The inability of the government to deliver to its core constituency in the South, who had voted for it in the expectation of an economic dividend, was to cost them the elections. *The UNP weren't concerned with the poor and that's why they lost* (aid donor). "Disaffection on the economic front combined with anxiety over the peace process proved to be a combustible situation" (Saravanamuttu, 2003:138). Grievances were partly about a "lack" of development, but also about a certain type of development that was perceived in rural areas of the South to benefit only Colombo-7 elite. Economic hardships, the perception of government corruption, and concerns about their handling of the peace process - particularly their appeasement of the LTTE[21] and the "over-internationalization" of negotiations - led to a search for alternatives and contributed to the resurgence of the JVP (see below). These problems were compounded by the absence of a government peace advocacy strategy - for instance they had nothing like the PA government's *Sudu Nelum* (white lotus) peace campaign of 1994/1995, to reach out to the southern electorate. In the main, this task was left to the piecemeal initiatives of civil society groups.

In the North-East there was a similar story of a limited and unevenly distributed peace dividend. Undoubtedly, the CFA had a number of positive impacts on the lives and livelihoods of those living in the North-East - the new mobility that came with the opening of the A9, the ending of the economic blockade, the step change in donor supported reconstruction programs, and the surge of diaspora funding all contributed to a limited peace dividend.[22] However, though there were objective changes in material conditions, these did not meet up to the expectations generated by the CFA in either the North-East or the South. In the North-East, the peace dividend was limited by a combination of the LTTE (tax policies, nature of the administration), the government (bureaucratic delays and state bias), and aid donors themselves (institutional short-comings, a tool kit approach, and funding getting trapped in the politics of the peace negotiations) (Kelegama, 2004; Bastian, 2005).

With hindsight, there could never be complete "normalization" until the core political issues were addressed. The circumscribed version of "normality" that emerged as a result of the CFA contributed to a growing sense of frustration in the North-East.

'The Politics of Peace': Negotiations on Core Issues

In the initial rounds of peace talks it became evident that both the LTTE and the UNF shared a limited and pragmatic conception of peace. It entailed political engagement to achieve what was possible and leaving aside contentious and intractable issues, such as state reform and power-sharing (Uyangoda, 2003b:25). The economistic assumption that rapid economic growth would be a more effective antidote to the "ethnic conflict" than debating constitutional issues was based on the idea that economics could override political

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[21] For instance, the government allowing the LTTE to import radio equipment duty free created a strong reaction in the Sinhalese press. The ISGA proposals themselves contributed to a growing feeling in the South that the UNF were in danger of "selling out" the country - something that was heightened by the perception of increased international involvement in the peace process. The experience of Wickremesinghe reinforces the point made by Dixit, (2004: xiii) that "there are certain thresholds beyond which no Sinhalese leader can be fully responsive to Tamil aspirations, if he or she desires to stay in power."

[22] Whether this peace dividend was as limited, as some commentators have claimed, has recently been challenged by research conducted by Abeyratne and Lakshman (2005). They found that: the GDP of the Northern Province grew by an average of 12.6 percent during the post-CFA period compared to 3.4 percent during the pre-CFA period; in eastern Province it increased by 10.1 percent (compared to 4.6 percent in the pre-CFA period); in North-Central Province by 8.2 percent (compared to -0.2 percent in the pre-CFA period). They go on to argue that the increase in the average GDP growth rate of Sri Lanka as a whole from 3.9 percent per annum in the pre-CFA period to 5 percent per annum in the post-CFA period was largely due to the exceptionally high growth rates realized collectively by these three provinces.

imperatives. But it proved impossible to address the challenges of reconstruction and development without touching on questions of governance. Who decided on the development priorities, the budget for reconstruction, and the implementation of projects? These questions go directly to the core issues of control, legitimacy, and representation. The language of "normalization" and "interim arrangements" could not disguise the different perspectives of the two parties on the nature of the transition and ultimately, the nature of the end goal. Arguably, it was not possible to circumnavigate the pivotal core of the conflict or deal with it indirectly (CPA, 2005). Ultimately, the six rounds of peace talks were reduced to the single issue of the ISGA and the question of LTTE hegemony in the North-East (Kelegama, 2005:27). More fundamentally, this takes us back to the core Tamil demands enunciated in the Thimpu principles.[23] Although in the Oslo declaration both parties stated a willingness to explore a federal solution, subsequent discussions on the ISGA exposed divergent bottom lines about governance arrangements.

The core dilemma in relation to the step-by-step approach was whether a limited peace agenda could lead ultimately to transformative peace. To what extent could such pragmatic, bilateral negotiations lead to the transformation of the northern and southern polities? Human rights groups expressed concern that the CFA and negotiation process merely legitimized the LTTE's "totalitarian rule" in the North-East, while the UNF abandoned its responsibilities to the people in these areas

(Uyangoda, 2003b:22). A limited peace agenda may ultimately lead to an illiberal peace.[24] It required both time and stability to take on a transformational agenda through a step-by-step approach. In practice, these were absent, due to the President's role and the destructive impact of the media, which tended to be hostile to any perceived concessions: "Any moves toward peace were seen as a concession to fear" (UNF government official). Arguably, the strategy might have worked if the UNF government had been stronger and had more time.

4.3   SECURITY DYNAMICS

In this section the dynamics of security and insecurity are briefly examined, before moving on to a more extensive treatment of the political dynamics of conflict and peace. Given its sensitive nature, reliable information is scarce in this area, but some of the salient developments can be outlined.

First, the consensus among those interviewed is that neither side is ready to go back to war. In the history of war and peace in Sri Lanka, it is unprecedented for the ceasefire to outlive the peace talks.[25] There have been plenty of opportunities for escalation, but both sides have shown restraint. Evidently, when there is the political will to do so, both the Sri Lankan armed forces (SLAF) and the LTTE are able to exert discipline over their troops and cadres. At the end of 2004 there were concerns that the LTTE was preparing for a military operation,[26] but the tsunami probably decreased the

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23   These are (1) recognition of Tamils as a nation, (2) recognition of a Tamil homeland, (3) right to self determination, and (4) recognition of the right to citizenship and fundamental rights of all Tamils (Lewer and William (2002: 488).

24   It was argued by some informants that Indian concerns about the over-internationalization of the peace process and the potential for a step by step to lead to an illiberal LTTE regime in the North-East, prompted them to court the JVP in order to destabilize the UNF government.

25   In an assessment of six rounds of peace talks, Balasingham (2004) states that their only substantial achievement was the Ceasefire Agreement. He goes on to note that, "Based on a military power balance or strategic equilibrium, the Ceasefire Agreement is of paramount importance to peace in Sri Lanka. The possible resumption of the negotiating process rests squarely on the foundation of the Ceasefire Agreement" (Balasingham, 2004:465).

26   Indicators of this included increased recruitment, belligerent statements by the LTTE, and a poster campaign. In his *Mahaveerar* speech of November 27, 2004, Prabakharan spoke of resuming the freedom struggle if the government continued with delaying tactics on the peace process. Some interpreted this as simply a way of keeping Tamil society on a war footing or a negotiating tactic to keep the GoSL and the international community on their toes. Others felt that the LTTE were preparing for a "limited war" involving strategic strikes in the North and/or East.

likelihood of an escalation in the conflict, since it affected the military capabilities of both sides as well as the public acceptability of a resumption of violence.[27]

Second, the CFA and peace process have frozen the security dynamic rather than transformed it. The balance of power has broadly remained the same, though each side continues to test the other while attempting to build up its military capacities - either to strengthen their position at the negotiating table or prepare for the possible outbreak of hostilities. The peace talks were unconditional and not based upon decommissioning of weapons by either party. As a part of the talks, the Sub-Committee on Military De-Escalation (SMD) was created,[28] but in parallel to that, both sides have reinforced their military capabilities - to some extent there is a Cold War dynamic of "retaliatory rearmament," reflecting the lack of trust between the two sides.[29]

A key plank in Wickremesinghe's strategy was to gain informal security guarantees from the U.S.[30] and India - including a possible Indo-Sri Lanka Defence Pact - so as to reduce its exposure in the event of a breakdown in the ceasefire. Post 9/11, the security interests of the U.S., India, and the GoSL have converged around an "anti terrorism" agenda. India has particular concerns about the LTTE's sea tigers and the recent "discovery" of their air power. The government has sought international support in a range of areas to strengthen the military capabilities of its 175,000 strong armed forces. This has included intelligence sharing (India and the U.S.), training (India, Pakistan, U.S., and U.K.), concessional arm sales (U.S.), and procurement (Israel, China,

Pakistan, Ukraine, Belarus, and the Czech Republic). One of the main facets of the war economy has been corruption in military procurement, and the CFA has not affected the underlying incentives that fuel this economy. It is run by large conglomerates that buy political room for maneuver through their donations to the election funds of either party.

On the LTTE side, the CFA does not appear to have adversely affected their arms procurement system. For example, Karuna revealed in an interview in March 2004, that 12 shiploads of military equipment had come in during the period 2002 - 2003 (cited in Kelegama, 2005:28). Maintaining a military balance is an important part of the LTTE's self-perception. They are currently thought to have between 18 - 22,000 cadres. Immediately following the CFA, the LTTE expanded their sphere of influence into cleared areas of the East. The permeability of borders enabled a broadening of the geographical scope of fund raising (Bush, 2002). There was growing extortion, human rights abuses, kidnapping, and recruitment in the East, possibly because the Eastern command was trying to build up its war chest (ibid). The disarming of other Tamil militant groups - one of the conditions of the ceasefire - aided the LTTE's efforts to concentrate both the means of violence and the means of extortion and predation. LTTE rearmament and recruitment campaigns, the discovery of their airstrip in Iranamudu with light aircraft capabilities, and the perception of government appeasement raised concerns - particularly among the Sri Lankan military, the southern electorate, and India - that the ceasefire arrangements risked altering the balance of power in the LTTE's favor. In short, there was a fear

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[27] For example, it has been reported that the LTTE military base at Mullativu was badly affected, though initial claims of 2,400 cadres dying were probably exaggerated. The army were reported to have lost 62 soldiers, 15 sailors, with 87 missing.

[28] Along with a Sub-Committee on Immediate Humanitarian Relief and Rehabilitation (SIHRN) and a Sub-Committee on Political Issues (SPI).

[29] It is reported in Balasingham (2004:429) that on the last afternoon of the sixth round of peace talks, Vidar Helgesen from the Norwegian delegation, in an overview of the peace process, argued that while substantial progress had been made on the political level, this had not been matched on the humanitarian and security fronts.

[30] Two visits were made to the U.S. in September and October/November, 2002 in order to gain U.S. backing for the peace process, to strengthen defence ties - an Acquisition and Cross Servicing Agreement was under consideration - and to obtain a bilateral free trade agreement to support the ready-made garment industry (Kelegama, 2005:25).

that the UNP confused engaging the LTTE with empowering them (Keenan, 2005).

Although the CFA de-escalated conflict dynamics, there is still a strong continuity between the wartime and peacetime behavior of the belligerents. To borrow Von Clausewitz's famous dictum that "war is the continuation of politics by other means," in the case of Sri Lanka one might argue that "peace" has seen the continuation of war by other means. The security and political dynamics are intimately connected. Each round of peace talks, for example, has been accompanied by security incidents.[31] The LTTE in particular have repeatedly probed and tested the SLAF, either through direct attacks[32] or by mobilizing its proxies to organize hartels and demonstrations. On the one hand, the LTTE have used the issue of the HSZs to put pressure on the SLAF while the government has done the same with regard to LTTE camps in the East. Security incidents tend to occur when the political stakes are greatest, or they may be provoked to raise the political pressure on key actors. As explored below, the East has become the principal arena for what might be described as a "shadow war" that involves high levels of violence in the context of a shaky ceasefire. As one interviewee described it, *the East is a huge powder keg.*

Third, the longer the CFA has gone on, the more intra-group tensions have risen to the surface to inflect and complicate bipolar conflict dynamics. The uneasy cohabitation between the President and Prime Minister manifests itself in tensions between the armed forces and the administration.[33] The three heads of the Sri Lankan armed forces were appointed by the President and their loyalty was arguably toward her. There was also a feeling among the SLAF that Wickremesinghe had neglected

the military and lost its support. Some interviewees also felt that a growing JVP influence within the armed forces contributed to a sense of disillusionment with the UNF government. The SLAF, therefore, felt that it had lost out as a result of the CFA and the appeasement strategy had gone too far. In some quarters there may have been a sense of relief when the President stepped in to take over the three ministries.

The most significant shift in conflict dynamics since the CFA has been the emergence in April 2004 of the Eastern breakaway faction of the LTTE, the so-called Karuna group. The Northern command chose to deal with the issue in a decisive military fashion. After fighting south of the Verugal River (North of Batticaloa), Karuna demobilized around 5,000 cadres, leaving him with a core of a few hundred. However, in July 2004 the Karuna faction fought back with repeated bombings and assassinations in the Batticaloa area. They have maintained a physical presence in the East through active cadres and camps located in the border area between the Batticaloa and the Polonnaruwa District. The LTTE no longer have a free run of the East. The Karuna faction's targeting of LTTE leaders, members, and supporters means that it is no longer possible for the LTTE to impose its normal political authority on the population, including taxation, recruitment, and political education. The killing of Kaushalyan, LTTE political head for Batticaloa and Ampara on February 7, 2005 set off a spate of killings, not just in numbers but also in terms of the widening range of victims (CPA, 2005:9). The Karuna issue has introduced a new dynamic that is not covered in the current CFA. Other militarized groups do not fall under the regime of the CFA, yet it is erroneous to simply treat them as proxies of the two main actors. In recent months there has been

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[31]   For example, there was a major incident at sea on March 10, just before the sixth round of talks in which an LTTE ship was sunk by the Sri Lankan navy and 11 cadres died.

[32]   For example, in April 2004, the LTTE abducted soldiers while they also fired into government-controlled areas in Madnidpura, Trincomalee.

[33]   As Balasingham (2004: 424) notes, in relation to the incident at sea on March 10, 2004: "The naval high command, in my assessment, was acting on its own and functioning under the authority of the President...The real power was vested with the executive President, and Wickremesinghe and his ministers had little authority over the armed forces."

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a significant increase in extra judicial killings of individuals associated with the LTTE, the Karuna faction, and other Tamil political groups.[34] Although there is no conclusive proof, it is widely believed that Karuna is supported by elements within the SLAF who are using the faction as a proxy to weaken the LTTE.

The East has become the epicentre of the post ceasefire "shadow war." The LTTE are attempting to consolidate their presence in Trincomalee and slowly reassert themselves in Batticaloa. A full-scale counter insurgency campaign is being conducted under the guise of a ceasefire (UTHR, 2005). It is in the East where violence is most decentralized and unpredictable with overlapping security regimes. Political violence has also become entwined with other sources of conflict, such as tensions over land between Tamils and Muslims. Some informants felt that levels of insecurity are greater now than they were during the war. Trincomalee, at the time of writing, is a particular pressure point that is partly related to the Karuna issue and also to a growing JVP presence in the district. Attacks in Trincomalee suggest that there are increased attempts to test the limits of the CFA and gain the upper hand on the ground.

Finally, as mentioned in SCA1, violent conflict is not confined to the North-East but is an island-wide phenomenon. The "shadow war" going on between LTTE and military intelligence, for example, is being fought in the South as well as the North-East, shown by the killing of Lieutenant Colonel Nizam Muthaliff, a high-ranking officer in military intelligence, in Colombo on May 31.[35] The problem of 50,000 army deserters in the South is an ongoing source of insecurity and connects to other forms of criminal and domestic violence (Smith, 2003).

4.4 POLITICAL DYNAMICS: FRAGMENTATION AND THE PEACE PROCESS

Peace processes can be understood as "moments of truth" in politics, in which the new rules of the game are decided. They raise the political stakes as different groups jockey with one another for a position at the table. Inter and intra-group tensions[36] are likely to be heightened during these periods of intensified political engagement. As the Indo Lanka Accord shows, peace processes may not lead to stability or consensus, but rather to a heightening of tensions and perversely, further conflict - particularly when groups with the power to spoil feel they have been excluded.

Figure 4.1
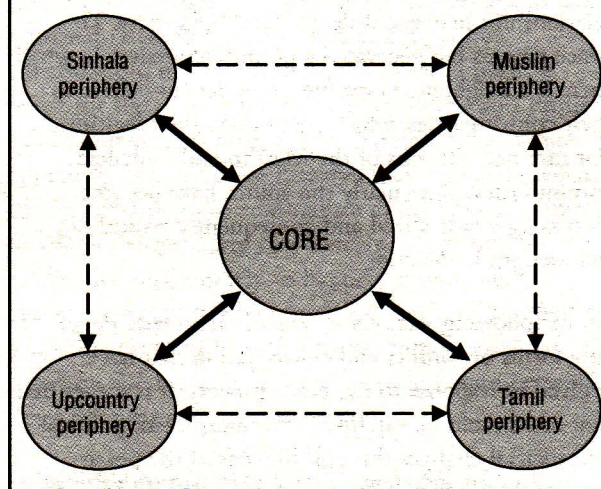
Like the Indo-Lanka Accord, these latest peace talks have acted as a "lightening rod" for wider societal tensions. They have accentuated pre-existing fault lines and helped forge new ones. Negotiations have exposed the multi-dimensional nature of conflict in Sri Lanka - we are not

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34   These include EPDP, EPRLF (V), PLOTE, and TELO.

35   This is not a new phenomenon. The LTTE have exploited peace processes in the past when government security was relaxed to infiltrate southern parts of the island. It is thought that the LTTE are establishing operational cells and conducting target reconnaissance in areas where it was previously denied unfettered access (Rand, 2004).

36   As Bush argues, "often the outbreak of inter-ethnic violence is preceded not by a deterioration of inter group relations, but by changes in intra group relations. Sub groups are important units of analysis" (Bush, 2003: 10).

dealing with a clearly defined bipolar conflict, but with a complex and mutating conflict system involving a welter of inter-connected and multi-level conflicts.

The fault lines that have been exposed or even created by the peace process have *horizontal* and *vertical* dimensions. Whereas the former involves inter and intra-group relationships, the latter are about the linkages between different levels in society. Fig 4.1 illustrates some of the key horizontal relationships, at the centre of which is an ethnically patterned core-periphery dynamic (e.g. government-LTTE). However, there are also intra-core (e.g. SLFP-UNP), intra-periphery (e.g. LTTE-Karuna), and inter-periphery (e.g. LTTE-Muslim) fault lines that are constantly changing and impacting upon the overall conflict system.

The peace negotiations have affected the vertical relationships between different levels of society. The peace process has generated a politics of anxiety in which there is a heightened pressure on leaders to deliver to their constituencies, which questioned their legitimacy. For instance, sections of the Muslim and Sinhalese communities, particularly the youth, have become increasingly radicalized and consequently critical of mainstream leadership.

In the following sections we explore in greater detail the new forms of conflict and collaboration that have evolved in response to the peace process. It is recognized that one should be careful not to interpret all political and societal changes through the lens of the peace process. Many factors predate peace talks and have their own dynamics. However, it is clear that the peace negotiations have been a dominant factor in the political landscape during the period being studied.

We now examine in turn Sinhalese, Tamil, and Muslim politics, and their current dynamics and influence over the peace process. We have chosen to divide our analysis in this way because of the ethnically patterned nature of Sri Lankan politics, but it is recognized that the situation is far more complicated than this division along ethnic lines implies.

4.4.1 Sinhalese Politics

Mainstream Politics

As already highlighted, "pathologies" of the state are partly a cause and partly a consequence of the conflict. The state failed to institutionalize democratic politics, and as the last five years show, this has led to a system of governance and a political dynamic in the South that impedes the search for a solution to the conflict. A complex combination of structural, institutional, and contingent factors have created this dynamic and a political analysis of the South needs to be based on an appreciation of both the "causes" (the nature of the state and system of governance) and the "causers" (the behavior, choices, and policies of political elites). This is a dialectic relationship in the sense that structures shape the choices of individuals, but these individuals in turn have agency and through their policies influence the underlying structures.

Historically, Sri Lankan politics have been dominated by a bipolar party system. Particularly, when there was a first past the post electoral system, the party in power tended to be more moderate while the party in opposition was more nationalistic. There has been a long history of opportunistic opposition to attempts to solve the conflict, from UNP opposition to Bandaranaika-Chelvanayakam Pact, to the recent successful attempt by the SLFP to derail the UNF government led peace process. This dynamic also makes the party in power more risk averse. As one interviewee commented, *"No one wants to go down in history as the betrayer of their race and religion."*

However, the introduction of the proportional representation (PR) system in 1978 by the Jayawardene government had a significant impact on the dynamics of inter-party politics in the South. As one would expect, it has amplified the voice and influence of the minorities and their respective parties. They now have the potential to be "king makers," by tipping the balance in favor of one of the mainstream parties.[37] The introduction of the PR system has also had two important effects on the

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37   For example, the defection of SLMC MPs in 2000 ended up bringing down the PA government.

potential for peacemaking and peacebuilding. First, it has contributed to a change in the nature of the contest between the SLFP and the UNP. Arguably, the dynamic has shifted from one of ethnic outbidding to one involving a battle for the center ground. As discussed below, the nationalist "baton" has been handed over to the JVP and JHU (Rampton and Welikala, 2005). On most of the key political and economic issues, there has been a growing convergence between the two main parties. This is reflected also in the changing thinking of the SLFP and UNP on solutions to the "ethnic conflict." Both want a negotiated solution and recognize the need to reform the state, based on some form of devolution or a (semi) federal model. Both parties have won elections campaigning on a "peace ticket."[38] Surveys show that there is considerable popular support for peaceful resolution of the conflict.[39] This transformation is therefore based on hard-headed calculation rather than ideological commitment. Both parties understand that they must play to the middle ground and "peace" has increasingly become a vote winner. However, the competitive inter-party dynamic has not changed. There have been few indications over the last five years that a bipartisan approach is likely to emerge on the peace process.

The second effect of the PR system is the less positive one of instable coalition politics. The bargaining process, as already mentioned, is concerned with patronage rather than politics and many believe it has contributed to the growing corruption of the political process. Therefore, the PR system has had paradoxical effects on the search for peace in Sri Lanka. On one hand, it has acted as a brake on a process of ethnic outbidding and contributed to both parties greater

willingness to explore a negotiated settlement when in power. But on the other hand, as this latest round of peace talks shows, it has not produced the stability and longevity of government required to follow through with the negotiations. Perversely, PR has produced more moderate mainstream parties, while encouraging more communalist minority parties. Furthermore, a political settlement requires state reform and thus constitutional change, but achieving the necessary two thirds majority in parliament is less likely under the PR system.

The political landscape in the aftermath of the December 2001 general elections was an unfamiliar one. While the hybrid Constitution of 1978 conceptually contemplates the possibility of oppositional parties controlling the executive and legislative branches, this was the first time this, in fact, occurred (Rampton and Welikala, 2005). But cohabitation, in theory, could have been a positive boost for the peace process if the President and Prime Minister had been prepared to entertain a bipartisan approach. But given the history of animosity between the two and the zero sum nature of Sri Lankan politics in which neither party can conceive of sharing the credit, this was unlikely to happen in practice.[40] Wickremesinghe's strategy was to treat the President as a spoiler and keep her away from the peace process, based on the assumption that the public opinion would deter her proroguing parliament.

In addition to the inter-party dimensions of mainstream southern politics, it is important to look at the intra-party dynamics. Compared to the SLFP, the UNP's internal organization is far more effective. The SLFP can be characterized as semi feudal in terms of

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38 The 1999 Presidential elections was the first time that both leaders campaigned on a peace ticket.

39 For instance, a study conducted in 2004 by the Center for Policy Alternatives on Knowledge Attitudes and Perceptions (KAP) of the peace process showed that 72 percent regarded the "no-war, no-peace" situation unsatisfactory and agreed that the government and the LTTE should negotiate a permanent solution. The majority of the population is in favor of decentralization or even federalism and ethnic representation in parliament. Meanwhile, most people oppose asymmetric federalism (autonomy for the North-East) and amnesty for war crimes, but even here, support seems to be on the rise (CPA, 2004).

40 There is a long history of failed attempts to forge this bipartisan approach, for instance the Fox Agreement of 1996.

their leadership and organization base and, arguably, this showed in their haphazard approach to the negotiations of 1994-1995. On the other hand, the pragmatism and organization of the UNP appeared to be a factor in the relative success of the most recent peace talks. However, Wickremesinghe made little effort to communicate his strategy with the wider public or consult with the President - in spite of the fact that his tenuous power base demanded an approach that involved reaching out to diverse political constituencies. As one interviewee commented, "*[H]e thought he was President when he was Prime Minister.*" Ultimately, the radical reform program, his perceived appeasement of the LTTE, and his dependence on the international community played into the hands of nationalists.

It has been argued by some commentators that the President stepped in at the time she did precisely because she feared that Wickremesinghe's strategy was working. If this was the case, it conforms to a historic pattern in which neither party wants the other to take the credit for finding a solution to the conflict. The SLFP-JVP coalition had briefly been tested in 2000, but this was the first time that the JVP had a significant and direct handle on the levers of power. Clearly, this was a pragmatic alliance and there was no real ideological bond between the President and JVP.[41]

With the UNF handing over power to the UPFA, the peace process entered a new phase and negotiations could not simply be picked up where they were left off. The cast of characters[42] and, consequently, the dynamics are different, although the underlying issues are essentially the same. First, the President is more acutely aware of the importance of reaching out to the southern electorate and - unlike Wickremesinghe - has a "common touch."[43] In some respects, she is more trusted in the South and consequently is in a better position to "deliver" a southern consensus regarding a peace settlement. Second, the UPFA is less outwardly oriented than the last government. It sees a limited and discrete international role in the peace process, unlike the more expansive role subscribed to it by the previous regime. Third, the President has a more state centric approach to negotiations, a stronger focus on core political issues, and a reluctance to recognize political parity with the LTTE. The UNF, arguably, had little idea of an end goal, and this led to growing concern that a pragmatic approach focusing only on process could easily be manipulated and inadvertently encourage de facto separation. Fourth, the President has limited room for maneuver at first because of the fragile alliance with the JVP and later because her backing in parliament shrank to a minority. Fifth, there are significant tensions and conflicts within the SLFP, notably between the President and the Prime Minister, which may contribute to ongoing deadlock on the peace process. Finally, there is the potential "wild card" of constitutional reform on the political horizon. The UPFA manifesto asked the people for the mandate to abolish the executive presidency and to reform the PR system.[44] The former is tied up with the President's desire to remain in politics after 2005, when her second and final term of office comes to an end. To effect these changes will require a "constitutional

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[41] In fact, at the time of writing, the relationship between the President and the JVP had reached an all time low, with the President in an interview stating for the first time publicly that she believed her husband had been killed as a result of a joint plot between the JVP and UNP.

[42] Reflecting on this and previous peace talks, it is striking how personalities have shaped the process and the outcomes. Premadasa, Kumuratunga, and Wickremesinghe all stamped their own idiosyncratic personalities and styles on the talks. To some extent, the LTTE, as a non democratic party, are at an advantage to the government when it comes to negotiations - they have more room for maneuver, greater institutional memory, and are not constrained by electoral cycles.

[43] For instance, the UPFA government's budget for 2005 was a populist budget that aimed to satisfy most strata of society (Sarvananthan, 2004:19). Populist measures, such as the promise of employment for 40,000 graduates, played well to the southern electorate, although keeping to these promises is likely to be a different matter. In substantive terms, the UPFA has been forced to follow similar economic policies to the previous government.

[44] A German system that combines elements of first past the post with PR is one of the options being discussed.

revolution,"[45] undertaken for partisan purposes (Welikala, 2004:8). Whether this is likely to happen or not can be debated, but in relation to the peace process it adds an extra layer of uncertainty to political dynamics in the South. Given this environment, the LTTE may feel its best strategy is to play a waiting game in the hope that they will be able to deal with a more stable, UNP-led government after the next elections.

In opposition, the UNP has so far chosen to adopt a low-key, non-confrontational strategy. Whether this signifies the emergence of a bipartisan approach, or merely a strategic pause in inter-party "hostilities," it is too early to tell.

Nationalist Politics
JVP

Sinhala nationalism has always been a key ingredient of the island's conflict, though it has changed vessels over time. The UNP, the SLFP, smaller Sinhala parties, people's movements, and the Buddhist clergy have all played a role in propagating an ethno-nationalist discourse. Two processes underpin the most recent reordering of nationalist forces: first, the re-emergence of the JVP as a political force and second, in parallel the two mainstream parties adopting a more moderate stance with regard to the "national question." As a result, the Sinhalese nationalist vote has migrated to the JVP and to a more limited extent the JHU.

As Sinhala nationalism changes "vessels," it inevitably changes its form. As Rampton and Welikala (2005) argue, though Sinhala nationalism has been hegemonic since the 1950s, its position in Sri Lankan politics has changed - from originally being a discourse through which political elites at the center related to and mobilized the periphery, to becoming a vehicle for counter elite political movements that emerge from the "marshlands and countryside." The JVP has therefore "taken up the slack" left by the mainstream parties in their move toward the center ground during the 1990s (ibid).

The JVP ideology, though it is not immutable and unchanging, has always operated in the interstices of nationalism, Buddhism, and Marxism. But, increasingly, its ideological commitment to nationalism and growing support base among the Buddhist clergy have overshadowed and diluted its commitment to Marxism. Essentially, the JVP mobilize around a discourse of exclusion and resistance.[47] Following armed insurgencies in 1971 and 1987-1989 and its brutal suppression,[48] the JVP has shown a remarkable ability to revive itself in a relatively brief time span (Uyangoda, 2003c:38). The JVP has re-emerged as the main voice of Sinhala nationalism and become a significant "third force" in electoral politics. From the mid-1990s, the movement has grown with every election, with the 2004 elections as a highpoint: it became the main partner of the SLFP in the UPFA coalition, with 39 parliamentary seats and four ministerial posts.[49] Although its growth preceded the 2002 ceasefire, the break through of 2004 can at least partly be attributed to the peace process. First, the

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[45]   The Constitution of 1978 requires for its repeal and replacement a two third majority in parliament and subsequently the consent of the people at a referendum. Since only a single party can obtain a two third majority under the PR system, the UPFA has proposed that on the basis of the general election mandate, a constituent assembly should be called in order to ratify the changes to the constitution (Welikala, 2004:7).

[46]   There has been no major criticism of the President's dealings with the LTTE and the peace process. Neither was there any opposition to P-TOMS, though as one informant argued, *"They can't spoil [P-TOMS]. What would they do when they come to power?"* However, since the signing of P-TOMS, the UNP have become more vocal in their criticism of the government, particularly in the economic sphere.

[47]   For more extensive discussion on the background and politics of the JVP, see Rampton (2003) and Rampton and Welikala, (2005)

[48]   The 1971 insurrection ended with about 20,000 deaths of its group's members and the second "patriotic" insurrection resulted in the region of 40,000 to 50,000 deaths of JVP members and sympathisers (Uyangoda, 2003c:38).

[49]   The JVP has also experienced significant successes in local government elections, having captured 220 seats and also 80 provincial council seats in 2004.

JVP became the instrument for the Sinhala protest voice to the peace process, with both the SLFP and the UNP advocating some form of political solution (though with varying degrees of concessions). It is probable that the JVP benefited from anxieties generated by the peace process, particularly the perceived appeasement of the LTTE, leading to the belief that the JVP could act as a restraint on the mainstream parties. Second, the President, after a short-lived alliance with the JVP in 2000, had no choice in 2004 but to ally with the JVP in order to form a coalition government.

The JVP is, arguably, no longer an "anti-systemic" party, and its political trajectory has been characterized in recent years by the pursuit of state power. "The JVP's trajectory of political engagement has shifted from a radical oppositionist formation to an ally of a ruling party" (Uyangoda, 2003c:60). Though the JVP has made the transition from violence to politics with remarkable success, it still retains many of its earlier characteristics that mark it out from other mainstream and minority parties in Sri Lanka. To some extent, it still continues to function as an opposition party while in power. There is remarkable parallel between the LTTE and JVP in terms of their nationalist ideology, modes of organization, and attitude to mainstream politics - though the chief difference is that the LTTE remains a primarily military organization. As a result of their engagement with mainstream democratic politics, both groups face new contradictions and internal tensions. Like the LTTE, the JVP has a puritanical reputation for abstinence, commitment, and self-sacrifice in pursuit of its goals. Again like the LTTE, there is a "whole discourse of betrayal that brooks no in-betweens in their confrontations with what has become the business, the professionalization of mainstream politics" (Rampton, 2003:168-169). Unlike the mainstream parties that are characterized by vertical, clientalistic relationships, and lose organizational structures, the JVP has remained an extremely centralized and hierarchical movement.[50] The party has a massive number of active or standby volunteers and avails of a number of (proxy) civil society organizations, the most significant one being the Patriotic National Movement (PNM).[51] Unlike the old left political parties in Sri Lanka, the JVP has managed to capture as its core constituency the rural peasantry. But it is also successfully extending its support base into semi-urbanized and middle class constituencies reflected in its rise in union politics. Geographically, it has extended its influence, particularly in the East. Many believe the JVP has a growing support base within the Sri Lankan armed forces. With the tsunami response, the JVP demonstrated a capacity to mobilize thousands of volunteers with an efficiency that easily outruns the state machinery at various levels. Long before the government responded, the JVP had reached out to a large number of people along almost the entire coastline with temporary camps and small-scale assistance. The JVP skillfully positioned itself so that it could critique the government but avoid taking any blame as a member of the administration.

The JVP is a strong opponent of separation or even autonomy of the North-East. The state, according to the JVP, should be a strong and centralized entity. Devolution merely weakens the state and the citizen becomes vulnerable (Uyangoda, 2003c:62). Therefore, the JVP finds it very difficult to engage with the LTTE. First, its strong support of the unitary state leaves little room for accommodation on federalism. Second, its own history as a militant organization that has entered the democratic mainstream means that it can take the moral high ground in relation to the LTTE. As far as the JVP are concerned, it is unacceptable that the LTTE should be rewarded for their military accomplishments by gaining concessions in the peace talks, without demanding them to denounce the armed struggle and become a democratic movement. In line with this point, the JVP has strongly criticized the

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50   The JVP has a classic Bolshevik cellular structure built around the principle of "democratic centralism," among its 1,000 to 2,000 full-time organizers and 20,000 party members (Rampton and Welikala, 2005).

51   The PNM is, to all intents and purposes, a limb of the JVP. Its role is to reach out to wider socio-political forces; in addition to its offices in Sri Lanka, it has branches in France and the U.K. (Rampton and Welikala, 2005).

continuing human rights violations committed by the LTTE.

Another key aspect of the JVP nationalist discourse, which is important in relation to the peace process, is its critique of globalization and international involvement in Sri Lanka. Norwegian facilitation, the work of foreign (often Christian) NGOs, critical donor governments, and international financial institutions like the World Bank and the ADB are all considered to be an encroachment on national sovereignty. Drawing on its non-elitist identity and the ability of its volunteer network to work alongside the common people, the party takes the moral high ground as the guardian of Sinhala interests in a threatening world.

The UPFA was hardly a "coalition of the willing." It was a pragmatic alliance based upon electoral arithmetic[52] and the exigencies of power. The 2004 elections marked both the defeat of the UNP's limited peace agenda, and the significant gains made by radical nationalist opposition (JVP) over the moderate opposition (PA). The JVP's emergence as a third force has changed the traditional dynamic of Sri Lankan coalition politics, in which the minority parties are ascribed a limited role while the main party sets out the political course. Unlike other minority parties, the JVP has an agenda for power and, in the long run, aims to take over from the SLFP as the main challenger to the UNP. Therefore, the JVP was always going to demand a significant role for itself in setting government policy. At the very least, it viewed its role as within government, protecting national interests that are threatened by elite politicians, the LTTE, and the international community.

The eventual departure of the JVP reminds us of the central importance of the "ethnic question" to the JVP and its discourse. For over a year - much longer than many analysts had expected - the party went along with the PA and compromised on sensitive political issues. In the end, it was not economic policies, but concessions to the LTTE (through P-TOMS) that caused them to leave the coalition.

There is limited evidence to date of a more moderate and compromising JVP emerging.[53] However, tensions have begun to arise between the more radical and moderate elements within the party. Essentially, the tension boils down to the question of how the party can maintain its radical appeal while increasingly becoming a mainstream political party. It is possible to maintain its mode of maximalist radical politics or will it lose its cutting edge? As Uyangoda notes, "[t]he more it focuses on 'national' issues, the greater is the compulsion for the movement to pay less attention to local-community specific issues" (Uyangoda, 2003c:61). The more the JVP attempts to broaden its electoral base, it potentially undermines its position as a party speaking for the dispossessed. As one interviewee noted, "We're beginning to see a battle between what is left of Marxism within the JVP and 'traditional' Sri Lankan politics... the doctrinaire positions are shifting toward political expediency."

The JVP decision to withdraw from government may raise expectations about a renewed radicalism among part of the constituency. A more balanced position among the leadership may create a rift with the party workers and cadres. In 1987-1989 the extreme violence of the JVP was attributed by some to young, undisciplined cadres and the nationalist and polarizing issue of the Indo-Lanka accords (Rampton, 2003). The potential for "storm troop activism," in which subaltern violence overspills party controls (Uyangoda, 2003c:54) is perhaps not so great today, but arguably the conditions for this may be building up in the East (see below).

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52   In fact, in 2004, the PA-JVP together gained less votes than in 2001, though they won more parliamentary seats. In 2001, the PA and the JVP won 37.3 percent (77 seats) and 9.1 percent (16 seats) of the votes respectively (46.4 percent and 93 seats in total). In 2004, the UPFA (PA and JVP together) won 45.6 percent (105 seats) of the votes. Therefore, the UPFA got a lower percentage of votes, but a higher number of seats in parliament. This has to do with the PR system through which seats are allocated on the basis of elected districts, with bonus seats for the party that wins the most votes, as well as a national list.

53   For instance, attempts by India to broker relationships with the Communist Party of India, so far, appear to have had little impact in relation to the JVP's position on federalism.

Box 4.1: Buddhism as a Political Force

The Buddhist clergy, the Sangha, consists of three main bodies: the Siyam Nikaya (the oldest and biggest group, exclusively Goyigama), the Amarapura Nikaya (an opposition movement from the lower castes stemming from the 19th century), and Ramanna Nikaya (a religious reform movement, founded in 1863). These bodies, in turn, are divided into chapters and though these are essentially hierarchical, there is considerable space for local autonomy. However, these bodies are not static and there is a long history of reforms and revivalist periods. A key point of contention has been the extent to which monks should engage themselves in socio-political life.

Buddhism grew as a political force under colonialism, linked to Sinhalese nationalist resistance to Christian domination (De Silva, 1998:380).[55] Post independence, Buddhist nationalist mythology was "reinvented," history reinterpreted, and the proclaimed Buddhist nature of the Sri Lankan state and its history at large were propagated (Kirabamune 1999). Buddhist nationalism was emphasized in legislative lobbying and played a prominent part in public meetings and political campaigns (Winslow, 1995:1). All attempts to accommodate Tamil demands in the post-colonial era were confronted with and undermined by a fierce Buddhist response.[56]

Rather than taking an antagonistic position toward the state, Buddhist political forces constituted a popular undercurrent that "colonized" the state. Increasingly, political leaders came to propound Buddhist nationalist views, symbols, and policies. In recent years, a wide range of hybrid organizations have emerged that incorporate non-religious actors as well as individual monks. This includes civil society groups like the Jathika Sangha Sammelanaya, the Jathika Bhikshu Peramuna, and the National Patriotic Movement, which bring together the JVP, Buddhist monks, and other societal leaders. These organizations have taken a political platform alongside the Sangha and may have a major influence on popular thinking and political activism. Like other activist forces in Sri Lanka, these movements have a strong youth component that is critical of the senior Buddhist leadership. The young *bhikkus* with [JVP] political orientation are generally critical of the older bhikkus who are loyal to the establishment represented by the *Mahanayakas* (Dharmadasa 1999:218).

A number of Buddhist political parties have also emerged, but so far have been less influential than the Sinhala political parties that have incorporated Buddhist elements. Though all main parties maintain the demarcation between state and religion, neither the UNP, the SLFP, or the JVP can afford to ignore the "special" Buddhist dimension of society and politics (De Silva 1998:382).

On the other hand, to view the JVP only as an opponent of peace is unhelpful. Arguably, a more open, election-oriented JVP is a positive development in terms of the relative stability of the southern polity.[54] The JVP have a significant constituency and perhaps more than most other political parties, they are serious about social justice and have helped set the political agenda on good governance, focusing on corruption and the abuse of power (Uyangoda, 2003c:63). The JVP, arguably, have a legitimate role to play in Sri Lankan politics. If they transform themselves into a "conventional" political party, that would imply a structural shift in Sri Lanka's post-independence history from a bipolar to a tri-polar system. It would also raise questions about whether the JVP could simultaneously maintain its position as the third party and continue as the main guardian of Sinhala nationalism. This partly depends upon the role of other ultra nationalist groups, which we briefly turn to now.

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54   There is some evidence to suggest that the JVP's political behavior has been shaped through their involvement in the various levels of government. For instance, the JVP, unlike the mainstream parties, responded to the West Provincial Council crisis earlier in the year through the appropriate machinery at the provincial level.

55   However, the use of religion to legitimize political power in Sri Lanka goes back further than this. According to de Silva (1977:37-38), it reached an early height in the second century B.C. when experiences with Hindu invaders radicalized Sri Lanka Buddhists.

56   The Bandaranaike-Chelvanayagam Pact (1956), the Senanayake-Chelvanayagam Pact (1965), the Thimpu talks (1985), the Indo-Lankan Accord (1987), Kumaratunga's "Devolution Package" (1997), to name the most salient examples, all met fierce criticism from Buddhist groups. See among others Dharmadasa (1999).

JHU and the Sangha

Buddhism has historically been closely entwined with Sinhala nationalism. There is a long Sinhalese tradition of using religion to legitimate political power (Winslow, 1995). The Mahavamsa and the historic role of the Sinhalese Buddhists, as Bhumiputra ("sons of the soil") to guard the sacred land are at the core of the ethno-nationalist discourse (De Silva and Bartholomeusz 2001). As outlined in Box 4.1, however, this discourse has always been a strong political force, and has manifested itself in different ways through different political actors.

Given the diversity of actors, there is no such thing as *the* Buddhist perception of, or response to, the peace process. However, it is striking that the fiercest critics of the talks drew heavily on Buddhist-nationalist discourse. Initially, the Mahanayakes, the Buddhist headmen, granted the peace process the benefit of the doubt (Sinhaya 2005). They actively advocated peace and leading monks took an accommodative stance with regard to Tamil autonomy. Within months, however, the Mahanayakas reoriented their position and voiced their fear that the peace process would boil down to "the establishment of Eelam rather than achieving real peace" (Sinhaya 2005). Contrary to convention, they made a joint political statement arguing against a lifting of the ban on the LTTE and against any kind of (con)federalism or interim administration (Sinhaya 2005).

The peace process prompted a dynamic within the Sangha, in which an accommodative leadership is constrained by an increasingly radicalized constituency - this is mirrored also in the leadership dynamics of the Tamil and Muslim polities. "[T]he 'soft' response of the Mahanayakas to the peace process was strongly challenged by other sections of the Sangha, mainly comprising of younger and more radically minded monks" (Frydenlund 2005: 21). The decision of certain Mahanayakas to support the P-TOMS was also met with anger. Insiders argue that a vast majority of monks are critical of any concessions to the "terrorists" and reject any policies that are perceived to weaken the unitary state. (Ibid: 21) In an attempt to prevent a "division of the country," active groups of educated monks acted alongside the Nikaya hierarchy and accused the Mahanayakas of indifference. Much of the protest was also directed at Norwegian interference with Sri Lanka, as well as the involvement of other international actors, most prominently Christian NGOs. Meanwhile, there have also been minor Buddhist initiatives in favor of the peace process, and there seem to be opportunities to support these endeavors (Frydenlund 2005; 34).

The critical Buddhist stance on the peace process is particularly clear in the Sinhalese media. Editorial views tend to portray the "Tamil homeland" as a colonial construct, devolution as an encroachment on the Buddhist heritage, and reduce the LTTE to "terrorists." These perceptions are shared both by politically partisan Sinhala papers, such as the *Lanka*, as well as by mainstream Sinhala papers, such as *Divaina, Lankadeepa,* and *Lakbima* (Nadarajah 2005).[57] Buddhist nationalism was at the core of widespread editorial protest against the UNF regime, more so than other popular themes, such as the elitist nature of the party and alleged corruption.

Resentment toward the peace process contributed to the emergence of radical and explicitly Buddhist political parties. Building on a range of religious and societal movements, Sinhala Urumaya (meaning "Sinhala heritage") was founded in 2000. For the 2004 elections it fused with the Jathika Sangha Sammelanaya to form the Jathika Hela Urumaya (JHU). The JHU is run by Buddhist monks and has a largely middle class constituency (Rampton and Welikala 2005). It enjoys only limited support from a segment of the Sangha and though it unexpectedly gained support in the 2004 elections from disaffected urban, ex-UNP supporters, it

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[57] *Ravana* is an exception in this regard.

is likely to be a transient political force. However, it has become clear that there is electoral space in the Buddhist-nationalist wing and, as long as that is so, different actors will fill the gap. The messenger may change, but radical political force is likely to remain.[58]

4.4.2 Tamil Politics

The LTTE

More than two decades of war in Sri Lanka has produced a situation of contested and overlapping sovereignties involving a separate system of protection and provision in the North-East, which has increasingly assumed state-like characteristics. One can perhaps best understand the LTTE as a non state actor attempting to become a state actor - in many respects they appear to think and act like a state. For the LTTE, the peace process has involved a re-balancing of strategies and tactics. But it should not be seen as a complete break with the past in the sense that the armed struggle continues, only with a stronger emphasis now placed on the political sphere.[59] The ceasefire has, in some respects, solidified the *de facto* state and, in the eyes of the LTTE and their supporters, has moved them closer toward a *de jure* state. On the other hand, the CFA has also thrown up new challenges to the authority and legitimacy of the LTTE.

A central goal to the LTTE's state building strategy has been to extract political and economic resources from both the international and Sri Lankan state system. It has involved "capturing" the state machinery in order to draw upon its resources and reflected legitimacy. This has continued alongside a violent liberation struggle that has involved fighting an external enemy, the brutal suppression of internal dissent, and the promotion of a discourse that glorifies struggle and sacrifice. However,

in peacetime, sustaining this monolithic discourse may prove to be more difficult. The ceasefire has brought out in sharp relief the LTTE's Janus-headed character. On one hand, there is their military face, demonstrated in their continued testing of the SLAF, re-armament and the violent removal of dissenting voices within the Tamil polity. On the other hand, there is the political face, which is manifest in their ongoing search for international and domestic legitimacy. In the following section we explore how the LTTE has adapted to the new challenges presented by the no war-no peace environment. These can be divided into three areas of primary concern to the LTTE, both in wartime and peacetime - war making and concentrating the means of violence, political consolidation, and resource extraction.

The LTTE in the Post-CFA Environment
Security challenges: Karuna and Eastern Regionalism

The LTTE is primarily a military organization that emerged through violent struggle and, to an extent, depends upon the following ideology: *"If there's no struggle there is no liberation movement"* (interviewee, Jaffna). Unlike a number of other militarized non-state actors such as Hamas or the IRA, their political wing has historically remained underdeveloped and subservient to the military wing. The LTTE has maintained a very clear sequential agenda. A resolution of the conflict with the government and a settlement for the North-East take precedence. Intra-northeastern issues, like the position of the Muslims or transformation of the movement itself, will be a secondary matter and will not take place until the peace process proves to be irreversible. As one informant noted, "Liberation movements won't commit to transformation until they are confident about a settlement."

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[58] The critical Buddhist undercurrent toward the peace process often becomes apparent through seemingly minor incidents. The erection of Buddhist statues in the East, for example, has led to a popular and political reaction time and again. Fierce debates in parliament, mass protest and LTTE hartals indicate that the religious layer of ethno-nationalism must not be ignored.

[59] To illustrate the point that warmaking and peacemaking may be two sides of the same coin for the LTTE, throughout the 1990s they campaigned under the "peace" banner as part of a continuous attempt to internationalise their cause, while simultaneously pursuing the armed struggle.

During the CFA, the LTTE has sought to maintain a balance of power in relation to the SLAF. Apart from the Cold War with government forces, the LTTE has continued to suppress internal challenges. The CFA helped them concentrate the means of violence, as one of its conditions was the disarming of other Tamil militant groups such as the EPDP. However, the emergence of the Karuna faction was a significant challenge to their "war" on the home front. In itself, the defection of LTTE cadres and (potential) fissures in the movement are not a new phenomenon.[60] The difference with Karuna is that he survived and exposed a sensitive nerve in the movement: the historic division between the North and the East.

Karuna is seen by many as a ruthless military leader and opportunist rather than a strong advocate for eastern regionalism.[61] A number of factors may have contributed to the split beyond the political agenda of eastern autonomy, including financial irregularities,[62] indiscipline toward women, and tensions between the military and political wings (Philipson and Thangarajah 2005). Nevertheless, Karuna's break away, ultimately, had the effect of reviving a long-standing political and socio-economic divide between the North and the East. There is a historic resentment among the Batticaloa Tamils that they have been dominated by Jaffna Tamils, which is also reflected within the structures of the LTTE. It is widely perceived that the LTTE recruits most heavily from the East,[63] while the major battles are fought for territory in the North and the movement's leadership is dominated by Jaffna Tamils.[64]

Whether eastern regionalism outweighs Tamil nationalism among the Batticaloa Tamils is hard to assess. There are multiple and competing layers of identity and most Tamils would not consider the two sentiments to be mutually exclusive. Given the rule of terror exercised by both Karuna and the Vanni faction, people have little voice or autonomy. Many have been intimidated or killed. Despite the sympathy for a Batticaloa agenda, many people criticize the timing. The break away jeopardizes the Tamil cause in the peace negotiations. "Karuna said the right thing, for the wrong reasons, at the wrong time," one informant said, summarizing the common view. If the LTTE were to go back to war, Karuna's alignment with the security forces could affect his standing with the Tamil community in the East (Jeyaraj, 2005).

The Karuna issue has had wider ramifications and has influenced intra-Tamil diaspora relations. The LTTE have, in recent months, reshuffled key personnel in their overseas missions[65] in order to reassert their control over the diaspora and prevent a wider split from developing. How it has affected their military capability is unclear, though evidently in the immediate term it has limited their room for maneuver in the East. There must also be concerns within the LTTE that important intelligence has been shared between the Karuna faction and the armed forces.

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60   Kittu and Mahataya were salient examples of high-ranking cadres with a strong support base both within and outside the movement who clashed with the leadership. Both, however, were violently suppressed before any serious revolt could come about (Philipson and Thangarjah, 2005).

61   Arguably, he has now become a "brand name" (Jeyaraj, 2005) attracting support from a range of anti-LTTE groups including ENDLF and PLOTE, in addition to guidance and direction, it is alleged, from the Sri Lankan military intelligence.

62   It is claimed that the Eastern command enjoyed relative financial autonomy with regard to tax collection and military procurement. Financial mismanagement and/or a perception of growing autonomy from the Vanni may have contributed to emergence of the split.

63   Something that is reflected in the prevalence of easterners in LTTE war cemeteries.

64   As an illustration of this, in 1986, when an LTTE-TELO feud broke out in Jaffna, the LTTE Batticaloa leader called together all the paramilitary leaders in the area for a meeting and issued a joint statement that the problems of the East were different from those in the North and should therefore be treated differently. But the LTTE, Jaffna ordered two Batticaloa commanders of Jaffna origin to attack TELO members in the East (Bush 2003:69).

65   The LTTE has operated in public offices in eleven countries under four fronts: the Tamil Coordinating Committee (TCC), the World Tamil Coordinating Committee (WTCC), the United Tamil Organization (UTO), and the Tamil Coordinating Group (TCG) (Gunaratna, 2003:204).

> ### Box 4.2: Conflict and Diversity in the East
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> The Eastern Province is characterized by a great deal of sub-regional diversity. The *Ampara District* is Muslim dominated (41 percent), though Tamil pockets exist, particularly along the coast (amounting to 20 percent of the population).[66] The Sinhala population lives almost exclusively in the interior and includes many settlers from colonization schemes. The *Batticaloa District* is largely Tamil (71 percent), though some Muslim towns like Walechennai, Eravur, and Kattankudy exist along the coast. Batticaloa is the crucible of eastern regionalism. Finally, the three communities are almost equally distributed in the *Trincomalee District*. Muslims and Sinhalese live in high concentrations in and around the Trincomalee town, with a concentration of Sinhalese in Kantale, and the same applying to Muslims in Muthur and Kinniya. With regard to the Tamils, Trincomalee lies between Jaffna and Batticaloa, both geographically and politically. Support for Karuna and eastern regionalism seems to be considerably lower in Trincomalee, with the Tamil population remaining loyal to the LTTE. There is growing evidence at the time of writing that Trincomalee is becoming the epicenter of a number of interconnected conflicts including intra-Tamil, Tamil-Sinhala, and Tamil-Muslim.

Faced with a revival of eastern regionalism, the response of the Vanni-based LTTE illustrates the movement's difficulties in dealing with diverging views. The LTTE leadership resisted attempts by civil society leaders to mediate. There was no room for eastern autonomy within the movement and once Karuna broke away, the movement resorted to violent repression. This response follows a historic pattern of violently suppressing alternative politico-military formations within the Tamil polity. The extensive list of ceasefire violations bears testimony to this. Almost 95 percent of the LTTE violations are acts against civilians, with child recruitment[67] constituting more than half the total violations. Abduction of adults and harassment are the next biggest categories (SLMM website). The LTTE's eastern campaign aims to flush out opponents including EPDP, PLOTE, EPRLF, and military informants. Targets have also been pursued to Colombo and Jaffna. In the three months leading up to the time of writing no arrests had been made in relation to any of the killings in the East. Somewhat ironically, given their own record of violations, the LTTE now demands that the government bring "paramilitaries" under control, as required under the CFA.

Political Challenges: Consolidation and the Search for Legitimacy

Tilly's (1985) characterization of early states as protection rackets, to some extent, resonates with the evolving dynamics of governance in the North-East. In the context of a limited state presence and an ongoing civil war, predatory networks for taxation, extortion, and protection competed with or even replaced the agencies of the state. Paramilitary groups come to run the bare, coercive functions of the state primarily through open violence (Uyangoda, 2003b). The LTTE established itself through concentrating the means of coercion and violent processes of primitive accumulation. Arguably, they are now on the cusp of a transition to a more advanced stage of statebuilding that involves political consolidation and developing more legitimate bases of authority and representation. There have been three strands to the LTTE's project of political consolidation and internal and external legitimization. These have involved building its political control of the North-East (other Tamil parties, Muslims, civil society), seeking to influence southern politics (TNA, SLFP, UNP, JVP), and finally engaging with international politics (international community, Tamil diaspora). How the

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[66]   1981 census, which is considered the latest reliable count.

[67]   By February 2004, more than 1,250 child soldiers in LTTE camps (Asiatimes, ibid).

three strands have been influenced by the dynamics of the CFA is briefly examined below.

Politics of the North-East: Political consolidation in the North-East has involved attempts to build up the "shadow state," consolidating control over Tamil political groupings, reaching a détente with the Muslims, and extending control over Tamil civil society. These objectives may not always be consistent with one another.[68] First, the LTTE is increasingly predisposed to appear and to act like a state.[69] The construction of prestigious buildings in Kilinochchi is only one sign of the evolution of a parallel system of state power, including military, police,[70] judiciary, public administration, and revenue-raising structures. While one can debate the extent to which some of these institutions are real rather than virtual, and the fact that the "shadow administration" relies almost entirely on the continued operation of the state bureaucracy,[71] the CFA period has enabled the LTTE to further formalize and extend the reach of their state-like structures. Moreover, it has enabled them to extend their informal control of the state bureaucracy into government held areas as well.

Second, the CFA has influenced intra-Tamil political dynamics by shifting the balance of power decidedly in the LTTE's favor. The CFA had the effect of legitimizing the LTTE at the expense of other Tamil groupings. It also gave the LTTE the strategic advantage of being able to engage in political activities in government-controlled areas. Political offices were subsequently set up in Jaffna, Colombo, and the East. This was followed by the creation of the Tamil National Alliance (TNA), with the dual objective of unifying Tamil political groupings - like the All Ceylon Tamil Congress (ACTC), the Tamil Eelam Liberation Organization (TELO), the Eelam People's Revolutionary Liberation Front (EPRLF), and members

of the Tamil United Liberation Front (TULF) - and using the new alliance to influence the politics of the South (see below). The TNA represent, in many respects, a coalition of convenience, given the diverse backgrounds and ideologies of the constituent parts. With a limited consensus around a short-term agenda - the restoration of normalcy in the North-East and the commencement of peace talks - the LTTE have used the TNA largely as a mouthpiece in parliament.

The Eelam People's Democratic Party (EPDP) and the Tamil United National Alliance (TULF) pose the main challenge to LTTE hegemony in the long run, although the TULF does not do this openly. Both parties are relatively weak in the North-East. The EPDP has a constituency in Jaffna, mainly on the island of Delft. Being a party cum militia, the party had been able to resist the armed strength of the LTTE up until the CFA.[72] After the CFA, the EPDP, like other Tamil militias, was required to disarm and came to rely on the weak protection of the armed forces and systematic LTTE assaults have taken their toll among the party's members. The JVP has had exploratory talks with the EPDP, whom they see as a political counter weight to the LTTE. The TULF is the oldest, most established Tamil party and has a stronger base of popular support than the EPDP. It is the leading member of the Tamil National Alliance. The formation of the TNA and its support for the LTTE temporarily led to dissension within the TULF. In the end, the majority of TULF parliamentarians supported the TNA and its premise that Tamil political parties should unite behind the LTTE during the peace process. Dissident TULF President Anandasangaree was left as an isolated anti-LTTE voice and has been effectively marginalized within the party.

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68 For example, the goals of winning over the Muslims on one hand, while regaining confidence of the eastern Tamils on the other, may not be easy to reconcile. Securing its military position (by crushing Karuna) was also not conducive to the aim of controlling the civilian population in the East.

69 This pre-dates the ceasefire, and the LTTE built up an extensive parallel administrative structure in Jaffna between 1990-1995.

70 According to Sarvanathan (2004), there are 17 LTTE police stations in the Vanni, one in Batticaloa and one in Trincomalee.

71 For instance, the military, police, and revenue arms are clearly far more "real" than the public administration, which in no way acts as a substitute for the state bureaucracy.

72 Their single parliamentary seat became a reliable one for President Kumaratunga's People's Alliance and EPDP leader Douglas Devananda managed to secure ministerial posts in the cabinet.

Third, Tamil-Muslim relations have undergone a number of critical developments since the signing of the CFA (see also Section 4.4.3). The LTTE objected to a separate Muslim delegation at the peace talks, but simultaneously opened a diplomatic front toward the Muslim leadership. Some three months after the CFA came into being, Prabhakaran signed an agreement with SLMC leader Rauff Hakeem. Through the agreement, the Tigers acknowledged the injustice done to the Muslims, allowed displaced Muslims from LTTE controlled areas to access their land, and promised to consult the Muslims on key issues that concern them.[73] During his visits to the East, Tamilchelvan also met with Muslim leaders and, more recently, the TRO provided some support to Muslim tsunami victims. The appointment of Kaushalyan as Karuna's successor may also be interpreted as a sign of this new détente, in the sense that the former had a more moderate stance in relation to the Muslims compared to his predecessor. However, both Muslims and Tamils still have fears that each will act as a spoiler in relation to their respective political projects. The LTTE strategy of negotiating directly with Muslim representative at the grass roots may have the objective of further fracturing and undermining the Muslim leadership. Just as the wider peace process has sparked off anxieties among excluded groups, agreements between the LTTE and Muslim representatives reverberate among the wider Tamil and Muslim communities. For instance, just two months after the Prabhakaran-Hakeem agreement, 11 people were killed and many more injured as a result of a wave of Tamil-Muslim riots.

Fourth, like the JVP in its previous incarnation, the LTTE's project of political consolidation extends into the social sphere:

> "Bringing the public sphere under total control, with no space for deliberative politics, was a major strategic objective of JVP violence in 1987-1989. The LTTE carries on these politics in Sri Lanka's Tamil society with great passion and commitment" (Uyangoda, 2003c:54).

Its control of NGOs and other civil society actors, again, goes back a long way. However, the CFA and the Karuna issue have influenced this dynamic. In some respects it has opened up spaces for civil society[74] and in others it has closed them. It has enabled the LTTE to strengthen its grip in government-controlled areas.[75] In addition, the Karuna issue had the effect of dramatically decreasing the political space for autonomous civil society thought and action.[76] This particularly applies to the East, where the Tamil population increasingly feel forced to take sides. This is combined with an ongoing LTTE strategy of keeping society on a war footing, using hartals, demonstrations, and security incidents to periodically raise the political temperature and prevent dissent from emerging. The LTTE has also expanded its media operations since the CFA, including a new FM station and a satellite channel, both broadcasting from Kilinochchi (Nadarajah, 2005). Based on current trends, the LTTE's policy of political consolidation is moving the North-East toward an illiberal peace rather than a democratic peace.

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[73] Hakeem and Thamilchelvan met in June 2002 to agree to set up a special LTTE-SLMC joint committee to monitor the full implementation of MOU. However, Karikalan subsequently announced that the LTTE would talk to all parties representing Muslim interest, not just the SLMC (Bush, 2003). Many see this as an LTTE tactic to negotiate directly with the grassroots and undermine the credibility of the Muslim leadership.

[74] Immediately after the CFA, peace seminars, inter-ethnic dialogue, exchange visits, and peace committees became quite common. These activities should not be mistaken for a sign that political space has grown, however. They are merely a result of the fact that peace is now within the liberation discourse, whereas it used to be outside. Nonetheless, these activities may have a lasting impact on people's attitudes and perceptions.

[75] For instance, the Pongu Tamil celebrations in Jaffna were a powerful example of the LTTE's ability to mobilize the population behind a nationalist discourse.

[76] The two universities (Batticaloa and Jaffna), for example, have both been badly affected, having witnessed the death or departure of some of the last remaining critical minds. Throughout the war and the ceasefire, the universities have continued to be powerful political actors, with Jaffna University a center of Tamil nationalism and LTTE activism, while the Eastern University had a strong cultural focus on the eastern concerns and attempted to keep its distance from the LTTE. The wave of killings and intimidation around Batticaloa have assured the silence of Eastern University for some time.

Southern politics: To understand how the LTTE engages with the South, it is important to appreciate the leadership's obsession with the idea that they will not be the next generation of leaders to be taken for a ride by the southern elite. They will not allow the South to play a divide and rule strategy and this is one reason why the Karuna issue is so important to them. What appears to be LTTE paranoia is therefore based upon a particular perspective regarding history and experience. It also stems from an awareness of the considerable dangers and costs of peace - the LTTE must be seen to deliver to their constituency in the North-East[77] and the Tamil diaspora.

To a great extent, the LTTE are thinking like a state and their ISGA proposal indicates that they demand executive powers and jurisdiction in line with the Palestinian Authority. While the ISGA represented a maximalist proposal, key informants who were involved in the peace talks felt that it was genuinely an opening gambit in what was expected to be a protracted bargaining process. The LTTE were, according to these informants, surprised and shocked not to get a response from the UNF government. On the other hand, the LTTE must have been aware of the effects of such a proposal on the southern electorate. Talks on the P-TOMS, as already mentioned, reproduced the same type of dynamics because they relate to questions of legitimacy and the control of resources.

With peace talks stalled, the LTTE's main channel of influence on the politics of the South is through its 22 TNA MPs. While they clearly speak for the LTTE, one might speculate on whether this could lead to a more substantive involvement in democratic politics on the part of the LTTE in the future. The MPs can potentially have a disproportionate influence, given the unstable nature of coalition governments in the South.

International politics: The LTTE has always drawn upon the political and financial resources of international actors and networks. During the 1990s, for example,

international organizations including the U.N. and INGOs played a critical role in meeting the welfare needs of the population and cushioning the impacts of the economic embargo. The Tamil diaspora have also been central to their state building strategy (Gunaratna, 2003). However, the peace process enabled the LTTE to scale up its international image-building campaign. Parallel to the talks, the movement traveled across mainland Europe and other parts of the world, representing the Tamil cause. The LTTE are keenly aware of the legitimizing effects of interacting with the governmental and inter-governmental system. They are very sensitive to where power lies, and appear to be increasingly focusing their attention on the head office, rather than country level offices of bodies such as the U.N. or the EU.

How the post 9/11 environment affected the LTTE's political relationship with the Tamil diaspora is difficult to say. According to Gunaratna (2003:214), "the new determination of host states to target terrorist financing has significantly curtailed diaspora support for the LTTE," and he goes on to argue that this explains the LTTE's desire to sue for peace. However, this does not explain the LTTE's unilateral ceasefires before 9/11. This is an area requiring further research, though it does appear likely that the LTTE felt increasing pressure from the diaspora to explore a political settlement after 9/11.

Socio-economic Challenges: Resource Extraction, Wealth, and Welfare

The LTTE has also acted like a state (and protection racket) in terms of their extraction of internal and external resources. Like a state, they have relied upon data collection for taxation purposes[78] and to make society more "legible" and, therefore, more governable (Scott, 1998). Precise figures are difficult to ascertain and those available are of questionable validity. One study of LTTE finances found that the LTTE's annual

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[77] Tamilchelvan, for instance, has been reported to have said in an interview that he could not go back to Jaffna in the current situation as he was not able to deliver on his promises to the people.

[78] This includes computer databases with extensive personal information of potential supporters including details of their family members both overseas and in the homeland. All LTTE fund collectors have access to personal information of the Tamils living in their area.

revenue reached $100 million, of which $60 million was generated from overseas[79] (Gunaratna, 2003:210). As mentioned above, it is unclear to what extent 9/11 affected the capacity of the LTTE to generate resources through the diaspora. However, if it did have an adverse effect, this would help explain the intensification of internal resource extraction post CFA.[80]

The LTTE tax regime has been in operation since at least 1990, so it was not an outcome of the CFA. But its reach has been extended into government held areas, and taxes that were once levied clandestinely are now extracted more openly and systematically (Sarvananthan, 2003:4).[81] Farmers, fishermen, and small businesses all have to pay taxes and this is passed onto customers in the North-East in the form of higher prices. There is also an array of indirect taxes; for instance, goods passing through LTTE territory to Jaffna are taxed at rates ranging from 5 percent to 25 percent. All vehicles in LTTE territory pay a vehicle registration tax and passengers traveling to Jaffna are subject to a unit tax of Rs 350 per person. Businesses and individuals are routinely asked to contribute to LTTE coffers, while the sale of property in Jaffna is subject to taxation.

The LTTE's vision of self-sufficient, rural-based development is similar to that of the JVP: "The LTTE's economic policies such as self reliance, control of markets etc., smacks of economic nationalism" (Sarvananthan, 2003:12). Although the opening up of the A9 road will mean opening up the North-East to the forces of globalization, the LTTE are to a large extent running a cartel economy. In fact, the LTTE monopolization of the northern economy has intensified since the CFA, resulting in a rise in the cost of living in the north.[82] More lucrative perhaps, has been LTTE investments in the southern economy. Many Tamils are investing, for instance, in real estate and business in Colombo that can generate higher returns than the North-East. For the LTTE, this serves the dual function of raising revenue and intelligence gathering. Therefore, over the years the LTTE has increasingly systematized and institutionalized its systems of predation, extortion, and taxation. One might speculate, particularly during this no war-no peace environment, that these economic interests may, for certain factions within the LTTE, increasingly become an end rather than a means.

In spite of its state-like pretensions, the primary source of entitlements for the population of the North-East remains the Sri Lankan state, which is supplemented by the efforts of international and national aid agencies. This is one of the reasons why negotiations around Sub Committee on Immediate Humanitarian and Rehabilitation Needs in the North-East (SIHRN) were so critical for the LTTE. It was envisaged as the de facto development authority for the North-East, with economic self-determination being the precursor to de jure political autonomy (Sriskandarajah, 2003). The growth of the Tamil Rehabilitation Organization (TRO),[83] particularly since the tsunami, has been a significant development and is itself part of the LTTE's drive toward internal and external legitimacy. The TRO enables the Tigers to overcome restrictions in accessing international funding, to engage directly and openly with aid agencies, and to serve their constituencies in the East. Finally, the TRO provides a way of linking in diaspora support to Tamil welfare issues.

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79 Of this later figure, 90 percent was used for military procurement and the rest for managing LTTE offices and events; 50 percent of the international revenue was generated through solicited grants, trade, investments, and businesses (Gunaratna, 2003:210). Another study by the Rand Foundation estimates the LTTE's annual income to be $82 million (Fair, 2004:31).

80 Interestingly, Gunaratna (2003) argues that LTTE funds dropped dramatically during the peace talks of 1990 and 1994 though he does not say why or provide any figures.

81 This occurs both in LTTE controlled areas (where some 15 percent of the Tamil population lives), in the rest of the country and among the diaspora.

82 For instance, there were recently imposed monopolies on essential goods like wheat flour and cement. This was followed by an LTTE ban on gold imports to the peninsula. It is estimated that around 10 million Rs per day are generated through various taxes and tariffs on vehicles, goods, and people traveling on the A9 (Sarvananthan, 2003). However, given the extremely low tax base of the North and East - between 1990 and 2000, the northern province on average contributed only 3 percent to the national GDP annually (Sarvananthan, 2003) - one should keep local taxation in perspective.

83 TRO is an international NGO with its headquarters in Australia and field offices in the North and East, including a huge newly opened center in Killinochi. It has public overseas offices in fifteen countries in North American and continental Europe, Africa and Asia (Gunaratna, 2003).

> ## Box 4.3: Background on Upcountry Tamils
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> Although the northeastern and upcountry Tamils have very different histories, they share a similar set of structural constraints including an exclusionary state, peripheral status, ethnic discrimination, and so on. The anti-Tamil pogroms of the 1970s and 1980s affected both the Sri Lankan and the Indian Tamils. A growing Eelam-hill country nexus has developed as a result of migration between the hill country and the North-East. Many Sri Lankan Tamils live in the Central Province; during the pogroms, upcountry Tamils migrated to seemingly safe havens in the North-East,[84] a significant number of whom are reported to have joined the LTTE.
>
> Although northeastern and hill country grievances arise from similar background conditions, the political linkage between the two struggles has never been strong. Various Tamil politicians, as well as the LTTE, have acknowledged the hardship of the upcountry Tamils, e.g. the Bandaranaike-Chelvanayakam pact and the Thimpu talks. However, this was never a "bottom line" issue, and the Sri Lankan Tamils' relationship to estate workers has more often been characterized by paternalism than solidarity.
>
> The plantation workers were historically represented by a number of trade unions and one political party, the Ceylon Worker's Congress (CWC). Though the CWC was part of the Tamil United Front and undersigned the Vaddukoddai Resolution, the party by and large confined itself to citizenship and welfare issues and a pragmatic strategy of allying to either the UNP or the SLFP. Since its departure from the TUF, the CWC has maintained a foot in government for most of the time. The party continued to advocate northeastern autonomy, though it resisted becoming a political proxy for the LTTE so as not to jeopardize its position in parliament or government (Rampton and Welikala, 2005). The Colombo establishment was conscious of the potential for the ethnic conflict to spread to the hills and India's interest in the welfare of the upcountry Tamils. This gave the CWC some leverage and helped it improve the living conditions in the plantation sector.
>
> Although there were improvements in terms of legal status and socio-economic welfare, many upcountry Tamils - educated, but unemployed youth in particular - increasingly questioned the pragmatic trade unionist agenda of the CWC. This led to a split in the CWC and the formation of the Upcountry People's Front (UPF) in 1989. After a slow start, the UPF has grown steadily and has managed to retain one seat in parliament over the past decade.

Radicalization in the Upcountry

In the past twenty years, there has been a discernable radicalization of hill country politics. The emergence of the Upcountry People's Front (UPF) is the clearest manifestation of this process. Although the UPF has expressed sympathy with the Eelam struggle, the hill country remains largely detached from the peace process. Box 4.3 summarizes some of the key upcountry political developments that preceded the peace process.

Although the grievances of the upcountry Tamils have not led to armed rebellion, the region has experienced ethnic violence in the recent past, as demonstrated by the Bindunuwewa atrocity.[85] The combination of structural disadvantage, a growing sense of grievance, a political vanguard (educated youth), and a strong set of political demands (through the UPF) may become a combustible cocktail in the future.

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84   In this section, hill country and upcountry are used interchangeably to describe Tamils of nineteenth century Indian origin. Being "late arrivals," the former plantation workers often settled down in close proximity to newly cleared Sinhala colonization villages. These border areas have become of strategic importance after the war broke out.

85   In Bindunuwewa, some 25 Tamil detainees were hacked to death inside the boundaries of their rehabilitation camp in October 2000 by Sinhalese villagers.

The UPF moved the upcountry Tamils' political agenda from the traditional CWC focus on welfare and economic rights toward a more radical set of demands focusing on social justice and political rights. The party embraces the notion of homeland and demands self-determination for the upcountry Tamils. As with the Muslims, there is an emerging nationalist discourse, which has involved the gradual amplification of radical voices that criticize the moderate leadership. Sri Lanka's "secondary" minorities have learned both from their own experience and from the northeastern Tamils that moderate voices are rarely listened to in the southern polity. The peace process has reinforced this perception. The UPF has sought to strengthen ties with the LTTE, while advocating solutions to the unique difficulties of their community. The ceasefire period enabled the UPF to have more open contacts with the LTTE. The CWC, meanwhile, is engaged in a fine balancing act, attempting to avoid simultaneously alienating both the PA and the TNA (and thus the LTTE), and its own constituencies.[86]

The peace process amplified pre-existing trends by strengthening the group consciousness of hill country Tamils with their own specific interests and grievances, and deepening the political differences between the CWC and UPF. While the former allied with the UPFA, the UPF has remained loyal to the UNP. In the short term, hill country issues are unlikely to have a fundamental impact on the peace process. But in the longer term, deprivation and nationalism in the upcountry may generate a political force to be reckoned with, in either the pursuit of war or peace.

4.4.3 Muslim Politics

As outlined in Box 4.4, the Muslims have always been a heterogeneous and politically divided group. With the creation and rise of the SLMC in the 1980s, Muslim politics developed its own separate platform and agenda. But with the death of its founding father, M.H.M. Ashraff, in 2000[87] and the subsequent power struggle between his wife Ferial Ashraff (who created the National Unity Alliance-NUA) and Rauff Hakeem (who came to lead the SLMC), the numerous internal divisions were exposed. The Muslims were confronted with the peace process at a time of internal conflict and contested leadership. Though Ferial Ashraff and Hakeem have avoided open confrontation on issues regarding the peace talks, they have persistently taken seats on opposite sides of the parliamentary floor.[88]

The peace process has had two key effects on Muslim politics. First it raised the political stakes, which accentuated competition and pre-existing fault lines within the Muslim polity. Second, it affected the relationship between the Muslim leadership and their constituencies. Having mandated the Sri Lanka Muslim Congress (SLMC) to protect Muslim interests, people in the war-affected areas (and in the southeast in particular) had high expectations. The gap between the more pragmatic approach of the leadership and the more hard line and radical position of their constituencies has grown during the course of the peace process.

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86   For example, the CWC publicly demanded that the ISGA be taken seriously when it joined the UPFA coalition, but it was clear to many that opposition to the ISGA was the raison d'être of the UPFA coalition.

87   Mr. Ashraff died in a helicopter crash on September 16, 2000. Many people suspect foul play.

88   Mrs. Ashraff joined the opposition, while Hakeem sided with the UNF. When the talks broke down and the UPFA removed the UNF, the two leaders switched position. Most of Hakeem's SLMC took to the opposition ranks; Ashraff's NUA helped the PA-JVP alliance to get the desperately needed parliamentary seats necessary to form a majority.

Box 4.4: A Background to Muslim Nationalism

The Ceylon Moors (some 93 percent) came from the 6th century onward from the Middle East, while the Indian Moors (2.6 percent) crossed over from the Indian mainland. At a later stage, the Malays (3.8 percent) came to Sri Lanka as soldiers under Dutch rule.[89] Their roots lie in other colonies: Java, Malacca, and Somalia. All groups are spread across the country, but the Moors are especially concentrated in the East (as well as in Colombo and in the hillcountry), while the Malays live predominantly in and around Colombo. The three groups remained distinct and engaged in shifting alliances and confrontations with various ethnic (sub)groups throughout Sri Lankan history.

Despite the various clashes, most notably the Sinhala-Muslim riots in Gampaha in 1915, the Muslim communities maintained close relations with the other communities. Muslim men married Sinhala and Tamil women and adopted the respective culture and language. With time, the communities became socio-economically interdependent. The Muslims in the east are a special case, given their demographic concentration and the fact that they became a predominantly farming community. Elsewhere, Muslims mainly engage in trade and services.

In the early stages of the war, the Muslims in the North and East sided with the Tamil struggle. After all, the language policy, land colonization, economic marginalization, and lack of employment opportunities affected Muslims and Tamils alike. Many Muslim youngsters joined one of the Tamil militias in the eighties. However, in the course of the war, the center-periphery struggle was overtaken by an ethno-nationalist discourse. The rebellion took a strong Tamil nationalist shape, and the previously peaceful Muslim-Tamil relations became resentful and violent. LTTE intimidations, extortion, destruction of property, and restricted access to agricultural land have caused deep-seated tensions leading to open violence, particularly in the early 1990s. Many Tamils, on the other hand, blame the Muslims for siding with the government and supporting the government armed forces when the Tamils were struggling for their survival. They refer to the numerous hospitals, roads, and schools granted by Muslim politicians who engaged in patronage politics in Colombo.[90]

Against the background of a long history of state discrimination and also as a result of the demonstration effect of Tamil nationalism, the Muslim demand for self-determination began to take shape. The evolution of Muslim nationalism mirrors that of the Tamils and Sinhalese. This is manifest in the sequence of perceived marginalization, the emergence of ethno-politics and the revival or creation of discourses of ethnic identity and homeland. Quite like the other ethnic discourses, Muslim nationalism conceals the intra-Muslim divisions along class, region, historic background (Indian Moors, Ceylon Moors, and Malay), and diverging political preferences. This raises serious doubts about the feasibility of the solutions generated by the discourse (see Box 4.5).

Once the northeastern struggle had taken a bi-ethnic shape, many developmental problems transformed themselves along ethnic fault lines. The struggle for land and resources became a highly sensitive ethnic affair. Pressure on irrigated land is great with population growth (especially among the Muslims) and constrained economic opportunities. Economic prosperity enabled the Muslims to buy lands from the Tamils, while military strength enabled the LTTE to occupy or safeguard lands for the Tamils. Apart from a fundamental source of livelihood, land has become symbolic of ethno-nationalism. After all, the notion of "homeland," and the right to self-determination that is derived from it, is at the core of the ethnic discourse, both on the Tamil and on the Muslim side.

The Peace Process and Muslim Divisions

According to one interviewee in the East, throughout the war, the Muslims "chose national politics," while the Tamils "chose a liberation struggle." Successive Muslim politicians had taken part in war- and peacetime government coalitions, and the Muslims occupied a considerable number of administrative

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89   These figures are based on the 1981 Census, which is still considered to be the most reliable.

90   Interviews in the East revealed a pronounced tendency to stereotype the "other." Tamils feared the perceived radicalization of Islamists and the steady relative growth of the Muslim population. On the other hand, some Muslim informants argued that Tamils were poor and marginalized because they chose to wage war.

posts.[91] With the signing of the CFA and the commencement of talks, existing political differences within the Muslim polity became more acute. The LTTE engaged in direct talks with the state on the basis of its military might, while the Muslims ended up on the margins.

The Muslims feared domination by the LTTE and becoming a "community of political and social slaves" in the North-East (Mohideen 2001:26). Earlier experience with peace talks, most notably with the Indo-Lankan agreement, had left a bad memory.[92] Eastern Muslims, in particular, demanded an independent seat at the negotiation table, pointing to their separate ethnic identity, their homeland, and their inherent right to self-determination. The new SLMC leader, Rauff Hakeem, became one of the four government delegates at the talks. However, many Muslims interpreted this as a tokenism, with Hakeem providing the UNF with legitimacy, but failing to defend the interests of his constituency. The Hakeem-Prabhakaran agreement was similarly distrusted. Although viewed at the time as a political success by Hakeem,[93] it made little difference to the situation on the ground for Muslims, who continued to face restrictions and violence. Popular distrust of Hakeem reached a climax when he was called back from the Oslo talks in December 2002 and suspended as the SLMC leader. Though he managed to stay in office, his room for maneuver was limited.[94] Ferial Ashraff ran into similar difficulties in relation to the signing of the P-TOMS agreement. She found it increasingly difficult to maintain popular confidence and counter the perception that she was being manipulated.

The Muslim demand for a separate delegation to the peace process - and later the negotiations on P-TOMS - was pressing, but Muslim politicians failed to make a very strong case to the government - though there was protest, it was rarely with one voice. The creation of a joint Muslim Peace Secretariat represented a significant step toward developing a common and consistent Muslim position. Whether the secretariat will gather enough resources and political momentum to forge a meaningful Muslim alliance remains to be seen. The diametric opposition of NUA and the SLMC on key issues like P-TOMS indicates that the secretariat still has a long way to go.

The Peace Process and Muslim Radicalization

Sri Lanka's smaller political parties - all of who are ethnically oriented - differ in the way they have taken up their role as political kingmaker.[95] Some of the minority parties (like the JVP and the TNA) have tended to take harder positions. On the other hand, the Muslims (like the CWC) tend to bargain over a relatively minor set of issues without demanding a major reorientation of national policies, thus making them attractive coalition partners. The difference between the CWC and the Muslims, in turn, is that the former makes their decisions *en bloc*, while Muslim politicians make their deals individually or in sub-groups. During the latter stage of the war, this strategy provided the Muslims with relative benefits. However, when their very future was tabled at the peace talks, the northeastern Muslims demanded a more robust bargaining position that would prevent subjugation to LTTE rule and secure Muslim autonomy.

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91 The North-East Provincial Council (NEPC) being a notorious exception.

92 Muslims believe President J.R. Jayawardene had imposed the North-East merger and the NEPC on them. Though the SLMC participated in the NEPC elections, President Premadasa dissolved the council in 1991 after it had declared independence and appointed the members, none of whom were Muslim. The accord invited the IPKF and left the Muslims vulnerable to attacks and atrocities, perpetrated or connived by the Indian forces.

93 Among others, it recognized the Muslims as a separate group, freed them from LTTE taxes, promised to consult them on issues affecting them, and allowed Muslims to return to their lands.

94 Among eastern Muslims, anger against Hakeem was further fuelled by the fact that (unlike Ashraff) he is not from eastern Sri Lanka. "Rauff Hakeem has the right political and diplomatic skills, but he's not a son of our soil," according to one Muslim respondent.

95 Following the introduction of the PR system, the two mainstream parties rely on them for a parliamentary majority. This gives small parties greater bargaining power.

Box 4.5: The Pondicherry Model of Devolution

Given the geographic dispersion of the Muslim population, self-determination cannot take a straightforward form. The proposed solution for "dispersed autonomy" in the Oluvil Declaration and elsewhere is inspired by the Pondicherry model: the creation of a non-contiguous area, with some level of autonomy that comprises all areas predominantly inhabited by Muslims. In such a scenario, Muslim settlements - including the more or less connected territory in the Ampara District and the more isolated Muslim towns like Valaichennai and Muthur - would be lumped together in one local governance structure and receive some form of self-rule.

Pondicherry, which consists of small territories dispersed across the Indian states of Tamil Nadu, Kerala, and Andhra Pradesh, shows that such a solution is not impossible. But there are serious questions about its applicability to Sri Lanka. Unsurprisingly, the demand for self-determination is greatest in Oluvil and its surroundings, the area where autonomy is both perceived to be needed (due to the experience of ethnic violence) and feasible (because they live in dense concentrations). However, it is doubtful that Muslims from Colombo, the south coast, and the hill country (some two thirds of the Muslim population) would favor such a form of autonomy.[96] Muslims in Puttalam, Mannar, and Jaffna may be more supportive, but even within the North-East, there are considerable differences.[97]

The divisions along the lines of ethnicity, region, language, history, and political affiliation within the Muslim community, raise questions about a solution based on a Muslim nationalist discourse that disregards all these differences. Can a solution that reduces the problem to an ethnic one transform a conflict that has a much more complicated base? The Pondicherry model and the underlying ethnic homeland discourse is, in fact, a regionally bound concept propagated through an ethnic discourse. As Korf (2004:168) argues, it may be necessary to unpack the ethnic discourse when searching for a solution: "sustainable democratic peace has to go beyond simplistic spatial solutions to an 'ethnic' conflict."

The peace process thus catalyzed a new set of demands from the Muslims, particularly in the East, where they are most populous. The pragmatism that prevailed during the war gave way to a revival of the plea for autonomy. This was reinforced by widespread disappointment about the limited peace dividend after the ceasefire. The resulting gap between Muslim political leaders and their constituencies poses a major challenge. "We have left room for the youth to lose faith in us," Ferial Ashraff acknowledged. "The risk of youth being alienated is great." Radicalism among Muslim youth and the strong political viewpoints put forward by societal leaders, such as mosque leaders and university staff, have created a strong Muslim-nationalist discourse.

The clearest manifestation of this discourse is the Oluvil Declaration, named after the town of the Southeastern University, where thousands gathered to demand an autonomous political unit and respect for Muslim rights in the rest of the country (Ismail, Abdullah, and Fazil 2005). The feasibility of such a political unit is open to debate (see Box 4.5). Nonetheless, there is a growing homogeneity among eastern Muslims, and the room for political bargaining seems to be minimal. The fact that none of the Muslim politicians in Colombo reacted to the Declaration illustrates the political distance between the people (in the East) and their political leaders.

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96   In fact, the KAP survey showed that "A Muslim majority (51 percent) supported the creation of an LTTE ISGA" (CPA 2004: 22).

97   Previous debates on the de-merging of the North and East also revealed differences. The Muslims from the East strongly criticize the merging of the Northern and Eastern Provinces in 1987. Being the biggest population group in the East (38 percent, according to some accounts), the Muslims are reduced to "political slaves" (Mohideen 2001: 26) in the joined North-East Province (with only 18 percent).

There is a striking resemblance between the rise of Muslim nationalism and the emergence of both Sinhalese and Tamil communalism in earlier times. Quite like the Tamils in the 1970s and 1980s, the Muslim politicians are faced with youth radicalization, shrinking space for compromise, limited political options to satisfy their clientele, and an increasingly strong threat of violent escalation. The language and demands put forward by nationalist leaders are also similar.[98] As one SLMC member commented: "We'll push the democratic way as much as possible, but if we fail, what are we going to tell the youth? They may resort to violence." There does not seem to be any significant organized military strength among the Muslims, but the June 2002 clashes in Muthur, Batticaloa, and Valaichennai, in which Muslim youth (particularly those from the Southeastern University) played a key role, are just one illustration of the limited control of the Muslim leadership.

4.5 THE TSUNAMI AND PEACE/ CONFLICT DYNAMICS

The tsunami, as already mentioned, had profound humanitarian and development costs. The devastation was widespread and all three groups were affected, though the (primarily Muslim and Tamil) populations of the Amparai and Mullaitivu Districts were worst hit (Frerks and Klem 2005). Although natural disasters are in a sense "non discriminatory," war-affected countries have higher pre-existing levels of vulnerability, while the distribution of vulnerability tends to be geographically concentrated in the areas most affected by violence.

Initially, the tsunami seemed to have a "conflict dampening" effect, in a context of growing political and military tensions. As mentioned earlier, the military capabilities of both sides appeared to have been affected, decreasing the likelihood of a swift return to war in the near future. On the ground, the tsunami also appeared to stimulate social energy, with high levels of inter-community and even inter-LTTE/SLAF collaboration (*ibid*). The highly charged political stalemate around the peace process was temporally put to one side, and there appeared to be a window of opportunity to rebuild trust between the two parties. It was hoped that, like many other naturals disasters, the tsunami would have a "social compacting" effect and potentially act as a catalyst for the peace process.

However, "normal politics" did not remain suspended for long. Though the tsunami itself did bring people together, the *response* reflected and accentuated pre-existing tensions. Politics returned with a vengeance and with it, the potential for renewed conflict. Like the peace process itself, the tsunami response heightened the political and economic stakes, acting as a lightening rod for wider tensions and grievances.

The tsunami response reflected the underlying pathologies of the state and the competing systems of governance in Sri Lanka. Each party saw the tsunami as an opportunity to strengthen their legitimacy through the control and distribution of resources. The response in the South reflected the overly centralized, but fractured and patrimonial, nature of the state. The President set up a supra-centralized coordination mechanism for relief, while southern politicians managed to safeguard considerable assets for their constituencies, including the Prime Minister's "Helping Hambantota" initiative.[99] The government response to the North and East was unsurprisingly slower and more limited. Moreover, various Muslim ministers and MPs, some of whom had ministerial positions, were less effective in gaining a share of the spoils for their electoral base in the East.

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[98]   Both the phrasing and the contents of the Oluvil Declaration are very similar to the Vaddukoddai Resolution of 1976. This resolution is seen as a key step in the run up to the war. It declared that the struggle for an independent Tamil Eelam had become "inevitable in order to safeguard the very existence of the Tamil Nation in this Country" (TULF 1976).

[99]   This initiative has led to high profile claims of fraud and government misappropriation of money.

In addition to the challenge of delivering immediate relief, the government struggled with the infrastructure and legislation required for longer term rehabilitation and resettlement. The persistent lack of clarity about the coastal buffer zone (constraining reconstruction close to the sea) was a case in point. The exact size of this zone (100 meters, 200 meters, or even more) and the related conditions remained unclear for months, thus hampering people's attempts to rebuild their lives.

The state's response compared unfavorably with that of its two main challengers, the LTTE and the JVP. Both mobilized a large number of people to deliver humanitarian relief in the immediate aftermath of the tsunami. The hierarchical organizational structures of the JVP and LTTE (in contrast to the mainstream parties) were well suited to the demands of a large-scale relief operation. TRO, as the principal humanitarian arm of the LTTE, benefited from a huge influx of diaspora funding, enabling it to orchestrate a significant response in the North and East, including Muslim areas in Ampara. Likewise, the JVP, in addition to its activities in the South through the Relief Services Force, worked with Muslim and Tamil communities in the East. Although in many respects such initiatives were blatantly opportunistic, they served to reinforce the perception that the state was slow, cumbersome, and biased. The tsunami response has probably had the effect of further de-legitimizing the state and entrenching the positions of anti/non-state actors. As explored further in Section 5, the international response runs the danger of accentuating this process, with the response of the state machinery being dwarfed by international aid from diaspora and official donor sources.

The uneven distributional effects of aid have exacerbated a range of ethnic, political, and social tensions. The tsunami response has become increasingly ethnicized. While the Tamils felt excluded - even obstructed - by the government, there was the perception in the South that communities in the North-East were receiving a disproportionate amount of assistance. The Muslims felt left out by both parties, though they were the worst affected community. Moreover, tsunami relief has become entwined with localized tensions related to geographical location, land, and caste. There have been tensions between "affected" communities on the coast and "non-affected" communities in the hinterland. This is especially salient, given the caste divide involved. The highest land owning castes (Goyigama for the Sinhalese, Mukkuvar and Vellala among the Tamils) tend to inhabit the interior and perceive a historic bias toward the coastal communities (among others, the fishermen castes), who have benefited from the investment and economic support in coastal areas.

Another source of tension has been between the conflict displaced and tsunami displaced. Many of the war affected communities in the North-East have been repeatedly displaced over the last two decades and yet do not qualify for the "five star" relief and rehabilitation packages being offered to the tsunami displaced. Under the current conditions - with heightened ethnic and political tensions and a strong military presence in coastal areas - small incidents can escalate into higher levels of violence. Perceived forms of land colonization or religious activities - like placing Buddha statues or handing out Bibles - have generated anger and distrust.

Hopes, expectations, and fears were increasingly pinned upon the Post Tsunami Operational Management Structure (P-TOMS) - formerly called the Joint Mechanism (JM). Politically and symbolically, it has become a totemic issue. Essentially, P-TOMS is an administrative structure through which the government and the LTTE can jointly receive and coordinate foreign tsunami funds. After more than five months of negotiations, an agreement was finally signed in June 2005, though at great cost to the government, who lost their majority in parliament after the JVP withdrew in protest. At the time of writing, implementation of P-TOMS has been delayed by a Supreme Court decision regarding its legality. A final decision is to be made on September 12. Meanwhile, the UNP has been following

a policy of tacit bipartisanship, while there have been strong protests from the JVP (and the JHU and a section of Bikkus), who have always opposed it, and from sections of the Muslim polity[100] who feel they have not been given sufficient voice in the process.

Although both the government and LTTE from the outset sought to make negotiations over P-TOMS distinct from the peace process, many hoped that progress on the former would re-energize the latter. Over time, the two were drawn closer together, to the extent that negotiations over P-TOMS almost exactly mirrored the dynamics of the peace process. Talks around P-TOMS ultimately boiled down to the question of governance, just as six rounds of peace talks were reduced in the end to the single issue of an interim administration. Is the southern polity prepared to cede a level of control, resources and consequently legitimacy to the LTTE? Or is this, as the JVP and JHU argued, a step toward the realization of the ISGA?[101] There were ongoing tensions throughout the negotiations about the bilateral nature of the process, particularly in relation to the limited role of the Muslims and the exclusion of other Tamil groups. Because the LTTE felt increasingly insecure, particularly following the killing of Kaushalyan, they demanded that the government dismantle all paramilitary groups.[102] On the other hand, India insisted that other Tamil groups be represented. The longer talks continued, the more the Norwegians were drawn into an active mediatory role. Though the interests of India remained crucial, as signified by the President's meeting to brief Prime Minister Singh immediately following the Development Forum in Kandy, Kumaratunga finally gave unequivocal backing for P-TOMS.

P-TOMS has come to epitomize the challenges and opportunities in advancing the peace process on the basis of a political consensus:

> "[T]he overarching significance of the joint mechanism has oscillated between its importance in response to the post tsunami humanitarian imperative and the pre tsunami challenge of advancing the peace process by the two main actors concerned - the GoSL and the LTTE. In both cases, the ultimate terms of reference are the political interests of these two key political actors" (CPA, 2005:14).

To some extent, because P-TOMS has been delayed so long it has lost its practical significance. The major donors pledged their funding unconditionally and ways and means will be found on the ground to deliver assistance to the North-East with or without P-TOMS. However, it clearly still has huge symbolic value. Ultimately, post tsunami reconstruction and the peace process will come face to face with the unfinished business of peacebuilding and the two will have to be reconciled (Loganathan, 2005:10). Failure to implement P-TOMS may not mean the end of the peace process, but will nevertheless undermine it and raise questions about the ability of the two sides to reach a negotiated settlement. If the government does not "even want to compromise on a temporary issue [like the joint mechanism], how can we expect a structural solution from them?" (Tamil civil society member in the East).

100　Although Ferial Ashraff appeared to accept the absence of a Muslim delegation to the P-TOMS negotiations, the departure of one Muslim minister revealed the fragile unity of NUA. Hakeem, in opposition, rejected the mechanism outright.

101　According to the JVP, P-TOMS is a "bridge built to move to interim administration and from there to separate Tamil Eelam" (cited in Manoharan, 2005:10).

102　On Feb 14, Balasingham told Solheim at a meeting in London that the GoSL had to take steps to restore confidence in the peace process, in particular by disarming paramilitaries working alongside its armed forces and to establish a joint mechanism with the LTTE for post tsunami aid [Izzadeen, "In Sri Lanka, no war, no peace" Asiatimes online, March 3, 2005].

4.6 CONCLUSIONS AND FUTURE SCENARIOS

4.6.1 Conclusions

The current situation may therefore be best characterized as a "pause in conflict" rather than "post conflict." In the above section we focused on the peace process and its impact on the internal dynamics of violent conflict (the international dimensions are dealt with in Section 5) and mapping out the complex set of inter and intra-group relationships that are outlined in Fig 4.2. This takes us well beyond a bipolar model of the conflict. Two key points can be drawn from the analysis, which have significant implications for peacemaking and peacebuilding.

Figure 4.2
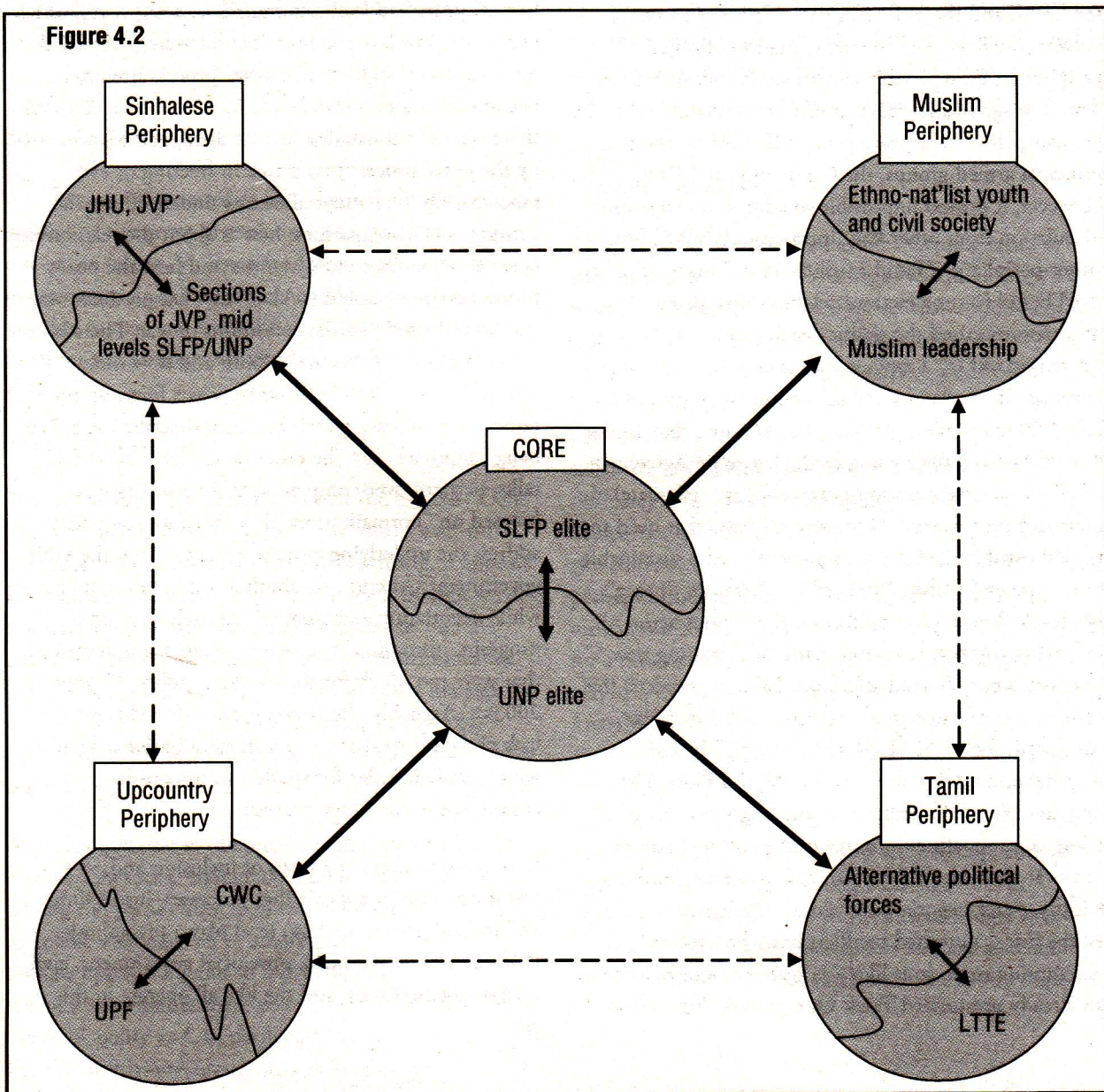
First, there is the question of where one draws the boundaries around "the conflict" and how inclusive/exclusive the peace process should be. We have attempted in our analysis to move beyond a bipolar "ethnic" model toward a more systemic understanding of the conflict. The state has been the starting point for our analysis, and we have argued that a core/periphery, state/anti-state dynamic has been at the heart of both the LTTE and the JVP struggles.[103] In the past two decades, we have seen the radicalization of other peripheries, most notably the Muslims and upcountry Tamils. Logically, in order to take the violence out of Sri Lankan politics, the peace process focused on the two principal armed groups, the GoSL and the LTTE. However, it proved impossible to address this dynamic in isolation from other key "intra-core (UNP-SLFP), "inter-periphery" (Tamil-Muslim), and "intra-periphery" (LTTE and Karuna faction) relationships. Peace negotiations raised the political stakes and acted as a lightening rod for a range of other political and societal tensions. The relations within and between groups are being altered fundamentally: "the dynamics that appear to have enabled the signing of the Ceasefire Agreement (such as financial constraints and military stalemate) are quite different from the intra-group issues that need to be addressed if the CFA is to move toward a sustainable peace process" (Bush, 2003: 176). Therefore, "peace" has had a disorientating effect on the various actors, inflaming competing nationalisms, and creating new anxieties among excluded groups. In some respects, the conflict has mutated into a complex set of tri-polar conflicts in both the North (Muslim, LTTE, and Karuna) and the South (UNP, SLFP, and JVP). This dynamic is not altogether new and, arguably, there are many commonalities in terms of the constellation of forces at the time of the 1987 Indo-Lanka Accords. Clearly, peace negotiations cannot simultaneously tackle all the inter-connected conflicts described above. Attempting to do so is likely to place too much strain on an already pressurized Track One process. But neither

can they be sidelined and ignored. The central challenge is how to build an inclusive peace process that incorporates and addresses the inter-connected sources of conflict, without overloading it. As explored later, building inclusion does not necessarily mean pinning everything onto the Track One negotiations.

Second, there is the question of whether and how a limited peace can lead to a transformative peace - which necessarily involves tackling the underlying structural dimensions of conflict. The peace process itself has become an important dynamic in the conflict. Arguably, there is a central paradox in that the dynamics generated by the peace process play a role in freezing or even exacerbating the structural factors underpinning the conflict. The core question here is about the relationship between structures and dynamics and how the peace process can and should tackle both what produces war and what reproduces the conditions of war. There is clearly a need to think about both and how they interrelate. In 1994 - 1995, there was a focus on product rather than process, which has been described as a "big bang" approach. On the other hand, the UNP-LTTE talks, perhaps over-compensating for past failures, focused on "normalization," but failed to adequately address the underlying structural issues. Also, the UNF government's attempt to simultaneously negotiate peace while negotiating globalization through its reform program, introduced two major changes simultaneously that were too much for the southern polity (Uyangoda, 2003a). Arguably, the negotiations suffered from the lack of a clear road map, or a transformational agenda, which made it easier for spoilers to undermine confidence in the peace process.

In relation to these questions of inclusion and transformation, it appears that processes, institutions, and individuals at the meso level play a pivotal role. Political parties, the press, provincial government, civil society organizations, and the like all operate in this

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103   The difference being that whereas the LTTE's objective was to turn the periphery into a "core," the JVP aimed to take control of the core.

mid-level terrain and may be used by either conflict spoilers or peacemakers. Conflict entrepreneurs have, arguably, been more successful in co-opting such actors and institutions, so that they have become "neuralgia" points, inflaming inter and intra-group grievances. Perhaps this battle for the middle ground is one of the keys to advancing the peace process, as a stronger focus in this area by peacemakers could have mitigated the anxieties created by "closed door" negotiations.

4.6.2 Future Scenarios

It is not possible to predict how the new dynamics created by the peace process itself will play themselves out in the future. Violence (and peace) involves too many unanticipated consequences. However, it is possible to map out three different (but overlapping) medium-term scenarios based on the above analysis.

Toward Positive Peace

This is based on the assumption that the current "Cold War" (or "Cold Peace") can be transformed over time into sustainable peace. At the time of writing, it appears that neither side wants to go back to war, though we do not have the requisite settlement stability to find a solution. There have been numerous opportunities for conflict escalation, but the peace process has managed to survive significant challenges including changes of government, the Karuna defection, the tsunami, and the stalling of P-TOMS.

A critical question is whether interim solutions, like P-TOMS, can create enough confidence and impetus among the parties both to allow structural changes and to enable a broader set of actors (the Muslims, the Sinhala opposition, and so on) to be included. Much depends on whether there is sufficient stability in the southern polity and, in particular, on the role of the JVP. For this scenario to occur, one could envisage a bi-party strategic alliance in relation to the peace process.

Though based on history this may be unlikely, the tacit policy of bipartisanship in relation to P-TOMS is a positive sign. Another possibility would be for one of the parties to have a dominant position with control over both the presidency and the PM's office. This would also require a coalition that does not depend on opponents of the peace process and/or a strategy for bringing them onside. Whether such a Jayawardene-like approach could work with regard to peace remains to be seen. Evidently, a "big bang" peace deal could provoke major political and popular protests.

Negative Equilibrium

This might be characterized as the "Cypress scenario" with both sides locked into a negative equilibrium. This scenario is based on the assumption that a limited peace will not lead, at least in the medium term, to a transformative peace. Essentially, there are stronger incentives for the status quo than for structural change. Arguably, there has been a shift from a "hurting stalemate" to a plain stalemate. A strange kind of normalcy or negative equilibrium prevails in which the key parties gain significant benefits. The LTTE have gained from CFA both economically and politically (and perhaps militarily). In the South, peace of a sort has broken out that does not demand the sacrifices required for a meaningful settlement. International actors have played a critical role in preventing a return to hostilities. Apart from the direct role of the SLMM, the security guarantees and indirect pressures applied by India and the U.S. have probably helped prevent the LTTE from returning to their bunkers. It is, however, a very fragile equilibrium. The LTTE will not settle for the current situation if there is an ongoing challenge to their hegemony in the East and if this scenario edges them closer to a unilateral declarations of *de facto* statehood, this may lead to a violent reaction in the southern polity.

Resumption of War

The possibility of war is always inherent in the current situation and we have not reached the point of irreversibility in the peace process. Arguably, the pain of war helped set in motion the peace process, but now it is the "pain of peace" that may be pushing the two sides back to war. In other words, as dissatisfaction about the lack of a peace dividend in the North-East and perceived intransigence of the other side grows, there has been a gradual shift from "war weariness" to "peace weariness." There are a number of commonalities between the current situation and the time of Indo-Lankan Accord, which was the catalyst for another round of violence conflict in both the North-East and the South.

An "accidental war" (minor incidents escalating into full escalation) can never be ruled out, but given the ability of the two parties to avert escalations of violence so far, this does not seem likely. One may also speculate about a "limited war" (a short, location-specific battle) but, in our view, such a conflict would not remain limited for long. Sri Lankan peace processes have usually ended with a rapid and conscious resumption of violence. With the government hanging in the balance the LTTE may wait to see what's in store for them, but if P-TOMS fails to materialize and if in the eyes of the LTTE government intransigence continues, war may become the more attractive option.

Such a scenario would likely be very bloody. Following recent re-armament and recruitment, we may expect a return to levels of violence characteristic of the "war for peace" period of the PA government. Though the LTTE is aware of international repugnance for terrorist strikes (like the attack on the Temple of the Tooth or the Central Bank), this may still involve targeting of sensitive places in the South. The response of other (potentially) armed actors, like Karuna and the Muslims in the East, is more difficult to predict, but if infighting among non-state groups resumes in the East, the humanitarian consequences would be tremendous.

5. International Engagement

Summary: The peace process in Sri Lanka has become highly internationalized. This has taken the form of external security guarantees, ceasefire monitoring, facilitation of peace negotiations (Tracks One and Two), and humanitarian/development assistance. This section is divided into two parts. The first part examines international support for ceasefire monitoring and Tracks One and Two facilitation. The second part explores the role of humanitarian and development assistance in relation to the dynamics of the peace process and the structural dimensions of conflict. It is argued first that international intervention played an important role in creating the preconditions for negotiations and also preventing a return to war. But it has not had a transformational effect on domestic political processes. As highlighted in the previous section, there is scope for international actors to consider how inclusion and transformation can be incorporated more substantively into the peace process. Second, development actors have attempted to directly influence conflict dynamics through the application of peace conditionalities and the generation of a peace dividend. It is argued that for peace conditionalities to have a significant and positive impact there must be a robust Track One process and a reorientation of the overall framework for aid in Sri Lanka. The absence of these two conditions limited the peacebuilding impacts of development assistance.

5.1 AN INTRODUCTION TO INTERNATIONAL ENGAGEMENT WITH PEACE AND CONFLICT IN SRI LANKA

In this section our focus moves onto the international dimensions of conflict and the peace process. SCA1 stated that "Sri Lanka does not represent an attractive site for a peace rush amongst international mediators at the present moment. The acceptance of the Indo-centric character of the sub-continent has served to limit political attention or intervention" (Goodhand, 2001:52). This is no longer the case. Robust international support for the peace process in Sri Lanka reflects wider global trends. In the post-Cold War era there has been a re-working of global governance. Previous inhibitions about interceding in conflict and security issues have been shed. Aid and conflict resolution discourses have been successively re-invented to legitimize a variety of external interventionist strategies. This is labelled by Mark Duffield (2001) as the "liberal peace," which can be summarized as "an ideological mix of neo-liberal concepts of democracy, market sovereignty and conflict resolution that determine contemporary strategies of intervention" (Pugh and Cooper, 2004: 6).

Sri Lanka represents one of a number of contemporary experiments in liberal peacebuilding. Though each context is different, these experiments share some common characteristics. First, they are justified in terms of the central tenets of the "liberal peace" of market sovereignty and democracy. Second, they involve multi-mandate responses, bringing together military, diplomatic, development, and humanitarian actors. Third, they are characterized by new institutional arrangements, involving complex sub-contracting relationships between state, private, and voluntary sector organizations. Fourth, there has been a convergence of development and security concerns. Underdevelopment is seen to be dangerous and so development and humanitarian assistance are increasingly viewed as strategic tools for conflict management, something that has been characterized as the "securitization" of aid (Duffield, 2001).[104] A third generation[105] of aid conditionality emerged as awareness

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104   This is also connected to northern concerns about international migration. In Sri Lanka, for instance, development assistance is linked to the drive toward the return of refugees from Europe. There has frequently been a premature enthusiasm among the international community to declare the situation as "normal" (Philipson, 1999:26).

105   The first generation being economic conditionalities and the second generation being political conditionalities.

grew about the links between conflict and development. Peace was added to economic and political reforms, as a further condition to be placed on aid. Peace conditionality - the use of formal performance criteria and informal policy dialogue to encourage the implementation of peace accords and the consolidation of peace - has increasingly been applied to aid in conflict affected countries (Boyce, 2002a: 1025).[106]

To a large extent, the above features capture contemporary characteristics of international intervention in Sri Lanka. They pre-dated the peace process, but have become more apparent during the UNF regime that actively internationalized the process. The government was also a driving force behind the demand for greater coherence and harmonization of

international engagement. On the other hand, the southern nationalist reaction to what was seen as excessive internationalization and the compromising of national sovereignty, shows the sensitivities around this issue. The state is under pressure from two directions - from above by international actors and from below by non state or anti state actors. The peace process has heightened these tensions and, to a large extent, its success depends upon how the state is able to manage these competing pressures - and also how sensitive international actors are to them.

In SCA1 the various interests and policies of the international community were summarized in matrix form. This has been updated in Fig. 5.1 below:

Figure 5.1: International Interests and Policies in Sri Lanka[107]						
	Diplomacy	**Security**	**Trade and investment**	**Immigration and refugees**	**Human Rights**	**Aid**
Interests/ concerns	- Political settlement within a united Sri Lanka	- Regional security - Counter terrorism -Trans-national criminality, money laundering, drugs, arms smuggling	- Investment opportunities - Open trading relations	- Refugees and returnees - Human trafficking	- Respect for human rights and international humanitarian law	- Humanitarian relief - Poverty eradication - Promotion of democracy and good governance
Policies	- Track One diplomacy, Norway - Track Two initiatives	- SLMM - Anti terrorism measures - Military assistance, training, and finance	- Foreign Direct Investment - Private sector support - Military equipment - SAARC agreements	- Immigration agreements and border controls - Legal frameworks - Bilateral agreements	- Election monitoring - Support for NGOs - Legal services, security forces, LTTE - Advocacy by UN, ICRC, and NGOs.	- (Tsunami) relief and reconstruction aid - Development programs through government - promotion of good governance - Support for NGOs/civil society

106   For example, in Bosnia donors have attempted to link aid to protection of human rights, cooperation with the international war crimes tribunal, and the right of people displaced by "ethnic cleansing" to return to their homes.

107   Clearly these stated interests are not the only drivers of international policy. Also important are factors such as international prestige (e.g. Norway as a peacemaker, high development assistance budgets), socio-economic or political dogmas (e.g. neo-liberalism), and institutional interests (once established in a country, institutions tend to strengthen themselves rather than phase out).

To an extent, the underlying interests and concerns of international actors are similar to what they were in 2000. For most donor countries, the Sri Lankan conflict is accorded a low priority and, as shown in Fig. 5.1, there are many reasons for international engagement with Sri Lanka other than building peace. However, a major change since 2000 is that the largely rhetorical commitment to peace and security had become, by 2003, a substantial practical commitment, reflected in a range of different policies and programs to address or ameliorate conflict. What caused this shift in policy toward Sri Lanka? International actors' dissatisfaction with the PA government's "war for peace" was clearly a factor that led to a reluctance to take risks and make political or financial investments in the country. At the Donor Forum in Paris in December 2000, donors were outspoken about the failure of the government to promote peace in any meaningful way (Burke and Mulakala, 2005). The PA government maintained its position that the conflict was an internal matter and discouraged unsolicited engagement from the international community (ibid: 9). Various push and pull factors induced a shift in international policies toward Sri Lanka. First, LTTE military victories in 2000 raised the specter of de facto partition that had clear implications for regional stability and separatist causes elsewhere around the world. Second, 9/11 meant that non-state military actors were increasingly viewed as a threat to global security.[108] Even though the LTTE has never taken an anti-U.S. stance, their involvement in the transnational shadow economy inevitably attracted

greater international concern post 9/11.[109] These two push factors probably induced a reappraisal of the Sri Lankan conflict by international and regional players - it was no longer seen as a minor conflict that could be left to burn itself out, since it had the potential to affect regional and global stability. Third, for the first time in the history of the conflict, the two main parties agreed about the need for external facilitation or mediation. Fourth, international actors made the assessment that domestic conditions were conducive for a negotiated settlement, and therefore Sri Lanka provided the opportunity for an internationally supported success story in liberal peacebuilding. Fifth, the election of a "donor-friendly" UNF government with a proclaimed economic reform agenda, helped mobilize support from international aid donors. These final three "pull factors" created positive incentives for international actors to re-engage with Sri Lanka. However, it is important to note that incentives have been altered by the suspension of peace talks and the change of government. The optimism - even bullishness - of Western governments in 2003/4 has been replaced by a more sceptical, wait-and-see attitude. Some talk about "principled exit," while many feel that the prospects of durable peace are slim. Particularly since the tsunami and the influx of financial assistance, there is a feeling that international actors can have limited leverage on domestic decisions makers.

Though one should not gloss over differences in the policies and practices of the various members of the international community,[110] the UNF government

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108   For instance, in a Reuters report of June 4, 2005 it was reported: "Both India and the United States are concerned about reports that Tamil Tiger rebels are seeking to build up an air force, the Sri Lankan government said after a state visit to India by President Chandrika Kumaratunga. Indian Prime Minister Manmohan Singh voiced 'concern,' while U.S. Secretary of State Condoleezza Rice 'took serious note' during a separate briefing in Washington by foreign ministry officials, the Sri Lankan government said. 'Particular concern was expressed over the illegal acquisition of air capability,' the governments of India and Sri Lanka said in a joint statement issued late on Friday, a day after the two South Asian leaders met in New Delhi. Sri Lankan officials also discussed the possibility of suicide air attacks by the Liberation Tigers of Tamil Eelam (LTTE) during talks with U.S. security officials in Washington," Reuters, June 4, 2005 "India, U.S. worry Sri Lanka rebels seeking airforce."

109   Sri Lanka has been known to be a transit point for arms, narcotics, and "terrorists." The U.S. and India, in particular, have maintained a quiet watch on this.

110   Strictly speaking there is no "international community." There are only international institutions (Reiff, 2002:326), since the word "community" implies shared values and common convictions (Weiss, 2001:423). In this study the term is used to include the broad range of intergovernmental, governmental, and non governmental organizations that have an influence on peace and security. These institutions are arenas in which member states make decisions and pursue national interests. But they are also, as Weiss (2001) argues, operational actors with a semi-independent identity capable of making choices and of doing the right or the wrong thing.

positively encouraged the harmonization of international engagement and the development of common frameworks. Compared to most other experiments in liberal peacebuilding, there appeared to be an unusually strong degree of consensus between the international community and the GoSL about the political and economic framework for intervention. However, as explored further below, in practice the language of "coherence" could not mask the tensions experienced at a range of levels including those between domestic and international actors, within the international community and between different policy arenas.

It is beyond the scope of this report to examine in depth the motivations and policies of various international actors with an interest and involvement in the peace process. However, in Box 5.1 we provide a short summary of some of the key international players:

Box 5.1 : International Stakeholders in the Peace Process

Norway: Norway has been involved as a facilitator since 1999 and is committed to this role so long as both sides request it. Norway has two comparative advantages as a facilitator of the peace process. First, it is acceptable to both sides and, importantly, also to India.[111] It is viewed as a non-threatening and neutral intermediary. Second, Norway has a track record as a peacemaker. For instance Solheim, Special Envoy to Sri Lanka, was himself involved in the Oslo peace process.

India: As the dominant power in the region, India has played numerous roles in the past, from power mediator to protagonist and even spoiler. India's position is summarized by Dixit (2004:30) as follows: 'The Indian view is that whatever solution is found has to be within the framework of constitutional arrangements which preserves Sri Lanka's territorial unity and integrity, a logic which India applies to its own violent separatist movements in different parts of the country."[112] Also, it is commonly assumed that India will not tolerate a model of devolution or federalism that is more far-reaching than the Union of India itself. India will not involve itself directly in mediation,[113] but expects to have a significant influence on the final outcome of the peace process. India proscribed the LTTE following the assassination of Rajiv Gandhi and does not deal with them directly. There has been growing cooperation between India and the GoSL on security, intelligence, trade, and aid. The interest and involvement of Tamil Nadu has declined, though the LTTE continues to have connections with groups such as the MDMK (a political party in Tamil Nadu) and the Tamil Nationalist Movement.[114]

US: The U.S. is one of the four co-chairs of the peace process. Sri Lanka is not viewed by the U.S. as a priority in South Asia compared to India and Pakistan. Its primary concern in Sri Lanka has been counter terrorism, and the LTTE was proscribed in 1999. However, the peace process and the interest of Richard Armitage, former Deputy Secretary of State, brought Sri Lanka to unusual prominence on the U.S. agenda. The extension of USAID funding and the choice of Sri Lanka for the Millennium Challenge Account, suggest an ongoing, though moderate level of engagement. The U.S. tends to align itself closely to the position of the Indians and GoSL. In relation to the LTTE (with whom it is unable to have direct relations) it plays the role of "bad cop", by applying pressure on issues such as terrorism, political killings of Tamil dissidents, child recruitment, and human rights, while providing security assistance to the Sri Lankan government.

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111 According to Dixit (2004:394), India's High Commissioner to Sri Lanka, 1985 - 1989, "Norway had the advantage of not having any emotional, political, or ethnic linkages with the Sinhalese or Tamils." However, it should also be noted that Norway has at various times been perceived by nationalist Sinhalese groups as being "pro-Tamil" because of the small but vocal Tamil diaspora in the country.

112 The Indian position is characterized by Lewer and Williams (2002) as "four no's" - no military intervention, no military assistance (though this is no longer the case), no to mediation unless both sides request it, and no to Tamil Eelam.

113 "In the context of the failure of the Indian mediatory effort in the 1980s and 1990s, India would not take any active and direct part in the mediatory efforts in Sri Lanka in the near future" (Dixit, 2004:397).

114 Over 60 million ethnic Tamils live in Tamil Nadu. Events in Sri Lanka are watched closely by the population and political leaders (see Wilson, 2000). Tamil militants have used this southern state as a rear base during various phases of the conflict, while by the late 1980s it was a place of refuge for 125,000 displaced Tamils (Samarasinghe, 2003:80).

Box 5.1 : *Continued*

Japan: Japan, as a co-chair and the largest aid donor to Sri Lanka, is a significant political and economic actor. Historically, Japan's relationship with Sri Lanka has been primarily an economic one. But the appointment of Special Envoy Akashi and their assumption of a co-chair position signified a new direction in Japan's foreign policy, in which development assistance was to be more closely allied to the political project of peacebuilding. Sri Lanka and Aceh were the test cases of this new strategy. India probably has concerns about another Asian power attempting to flex its political as well as economic muscles in Sri Lanka.

Other Asian countries: Pakistan is the other South Asian country thought to have geo-political interests in Sri Lanka. Its primary concern is to counterbalance the influence of India. It provides military assistance to the GoSL. There are also thought to be non state links between Pakistan and Muslim groups in the East (also with Iran and the Middle East). Other East and Southeast Asian countries have developed economic and trading interests with Sri Lanka, including China, Malaysia, Thailand, South Korea, and Singapore.

Multi-lateral actors: The **EU** is another co-chair. It is not a significant donor, but plays an important political role in terms of its "good cop" role in relation to the LTTE to counterbalance the position of India and the U.S. Its main policy concerns are peacebuilding, migration, democracy, and human rights. However, the EU's decision on September 26, 2005 not to receive official LTTE delegations following Foreign Minister Lakshman Kadirgamar's assassination suggests that it is prepared to use "sticks" and not just "carrots" to induce the LTTE to change its behavior. The **ADB**, though one of the largest funders, does not attempt to use this leverage in the political arena. The **U.N.** also restricts itself to a reconstruction and development role. India and the two parties to the conflict have historically resisted offers of U.N. mediation.

Bilateral donors: Bilateral donors' influence on conflict and peace dynamics varies according to historic ties, strategic interests, spheres of engagement, and funding levels. Though the **U.K.** is a relatively small donor, they have disproportionate influence because of historic ties and their multiple forms of engagement including diplomacy and trade. A number of the other small bilaterals including **Denmark**, **Germany**, the **Netherlands**, and **Sweden** have played an important role in influencing policy debates and being prepared to engage with LTTE.

Therefore, though the "liberal peace" thesis nicely captures the broad contours of international engagement in Sri Lanka, it masks significant differences between the various international players. Two broad dividing lines can be identified that are relevant to debates on peace and conflict. First, there is the division between Asian and Western actors. Traditionally, the former have been more concerned with geo-strategic and trade objectives, while the later have a menu of concerns including human rights, democratization, and liberalization. Though somewhat of a caricature, this difference between Asian and Western donors is certainly perceived by the Sri Lankans themselves.[115] In the South, for instance, there is currently (partly for instrumental reasons[116]) a greater openness to Indian rather than Western involvement in the peace process.

Second, where countries locate themselves in relation to the "war on terror" influences the kind of role they can play to support the peace process. As illustrated in Box 5.1 and explored further below, a kind of "good cop, bad cop" role has emerged by default, in relation to the LTTE.[117] Those supporting a strong anti terrorist line apply the "stick" of sanctions and condemnation, while others dangle the carrot of international legitimacy and development aid. The extent to which this division has

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115   See Jayatilleka (2005: 12).

116   The JVP and JHU, for instance, view India (and the U.S. to a lesser extent) as a means of disciplining and weakening the LTTE.

117   This broadly corresponds to the U.S. emphasis on "hard" power and the European preference for "soft" power.

helped or hindered the peace process is discussed further below. The following sections have been divided into peacemaking and peacebuilding with development assistance being seen to primarily occupy the second sphere. However, it is acknowledged that in practice these divisions may not be so clear-cut.

5.2 PEACEMAKING

5.2.1 CFA and the Role of the SLMM

The CFA was a bilateral agreement between the government and the LTTE.[118] It made provisions, at the request of the two parties for formation of the Sri Lanka Monitoring Mission. The SLMM was given the dual mandate of reporting on truce violations and addressing issues (at the lowest possible level) related to ceasefire violations. The SLMM did not have a peacekeeping mandate nor the means to enforce compliance with the terms of the CFA. In this sense, the SLMM is fundamentally different from the Indian Peace Keeping Force (IPKF), whose mandate was armed peace enforcement.[119] Yet in terms of achieving its core mandate of helping support the ceasefire arrangements over the last three years, it has been more successful than the IPKF. Nevertheless, there have been numerous flaws, many of which are inherent to the ceasefire arrangements.

First, there is arguably a contradiction, at least in the public eye, of having Norway act as both a facilitator of the peace talks and a watchdog for the ceasefire.[120] While these are two separate processes and, in Norway's eyes, there is a clear distinction between the SLMM and the Norway-facilitated peace talks, the two are frequently conflated in the South. In retrospect, it might have been simpler to nominate a different country to head up the SLMM.

Second, there is a tension between the two principal tasks of the SLMM. Its reporting role - not only to the Norwegians and the parties, but also to the wider public - demands a level of transparency. Even though the monitors cannot enforce compliance, one might expect them to be able to exert leverage by "naming and shaming" in the event of violations. On the other hand, their conflict mediation role demands a low key and pragmatic approach. It is normally easier to bring about de-escalation without extensive press and public involvement.

Third, there is some controversy/ debate over whether the CFA favors one side or the other. The Agreement is based on the premise that a "hurting stalemate" compelled both sides to commence negotiations and the ceasefire depends upon maintaining a military balance. Some feel it has been "over-balanced" in favor of the LTTE by, for instance, excluding the SLMM missions in Kilinochchi and Mullaitivu (Loganathan, 2004:4). On the other hand, the ceasefire arguably favors the Sri Lanka Armed Forces on the issue of rearmament. If both sides rearm this does not necessarily indicate an intention to return to war. However, if this occurs asymmetrically, the CFA is likely to come under increasing strain. Rearmament is not forbidden by the agreement as long as the forward defence lines remain intact. Hence, the government can strengthen its military position unimpeded and has done so.[121] The CFA does not forbid the LTTE to purchase arms and equipment, but it may not transport them through government territory. Given that it is encircled by such areas, it must violate the truce to maintain its military capability.

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118   There was no involvement by international actors.

119   As Bose (2002:631) notes, the Indo-Sri Lanka Peace Agreement (and the IPKF as one of the instruments for enforcing it) completely failed in achieving their stated objective of ending the civil war.

120   Though SLMM staff come from the Nordic countries (Iceland, Norway, Denmark, Sweden, and Finland), the head of mission is a Norwegian citizen. The mission established a head office in Colombo and six district offices and one liaison office in Kilinochchi. With both tasks in mind, local monitoring committees (LMCs) were set up along with each field office. In these LMCs, both LTTE and government representatives took a seat.

121   The purchasing of some $150 million worth of arms in Iran just after the tsunami disaster was a salient example that upset both donors and the LTTE.

Fourth, the SLMM has a limited mandate and capacity for information collection. "No-war, no-peace" has created a permissive environment for human rights abuses and criminality. This is compounded by the limited policing capacities in the North-East. Because the majority of ceasefire incidents involved Tamil on Tamil violence, which is not included in the CFA and does not affect the LTTE-SLAF military balance, the SLMM has not become involved. It is not the role of the SLMM to act as a policeman for the North-East, but arguably a stronger mandate to carry out investigations could have played a role in counteracting the culture of impunity.[122] The CFA states that the government should disarm "paramilitary" groups. This left EPDP as an easy (unarmed and poorly protected) prey for the LTTE. More problematic for the ceasefire was the emergence of Karuna. Not being a signatory to the truce, Karuna was not bound to the agreement and consequently his activities fell outside the mandate of the SLMM. There have been over 3,000 ceasefire violations, an average of around three per day. This undermines the credibility of both the CFA and the SLMM. Over 90 percent of these acts were committed by the LTTE, leading to the perception in the South that the CFA merely gave the LTTE "a license to shoot." It was felt that the LTTE were using the truce to strengthen and expand their military positions, the camp in Manirasakulam, close to Trincomalee, being a salient example. The SLMM was perceived to be merely legitimizing such actions.

On the other hand, the SLMM's lack of "sticks" may facilitate cooperation between the parties, as they regard the mission less as a threat than an opportunity to improve their own image and credibility (Samset, 2004b:24). The mission did successfully defuse several incidents that could have escalated without the presence of the SLMM. One incident, which highlights the acute pressures being placed on the SLMM, was the attack and sinking of a Chinese-owned trawler off the coast of Mullaitivu on March 20, 2003, which killed seven crewmen. This occurred only one week after the navy allegedly sank an LTTE "merchant" vessel, during the sixth round of talks in Tokyo. Most people attributed the trawler incident to the LTTE, though when questioned by the SLMM, they denied involvement. This left the SLMM with no option other than to attribute the incident to an "unknown third party." By so doing, it helped prevent the incident from escalating, but perhaps at the cost to its credibility in the South.[123]

There are concerns that managing the ceasefire has become an end in itself, reducing the incentive to find a solution and consolidating an illiberal peace in the North-East:

> "The two sides have accorded the CFA almost totemic status and there is no intention to jettison it. There is no intention either to proactively manage it to cultivate its peace building potential in terms of advancing the peace process and negotiations. It is almost as if the management of the ceasefire is about testing and expanding the limits of the permissible under it, with the exercise of requisite restraint when such challenges threaten the No War component of the No War/No Peace status quo" (CPA, 2005:15).

Questions are consequently raised about renegotiating the CFA and the SLMM's mandate within it, though this course of action risks destabilizing the current equilibrium. There appears to be a consensus that the CFA should not be tampered with lest this leads to its collapse (Loganathan, 2004:3). In spite of its inadequacies, the ceasefire has held and the SLMM can take some of the credit for this, even though at times it

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122 On a positive note, we have never had so much systematic public information about child recruitment and other LTTE offenses.

123 Numerous press statements and speeches were made by the (deputy) foreign minister, the ambassador and Special Envoy Erik Solheim and through the SLMM website, trying to defend the SLMM's position. But they were faced with a public relations dilemma. On one hand, the SLMM could attempt to convey the impression that it has some influence over the two parties, in spite of evidence to the contrary - thus risking loss of confidence in its performance. Or on the other hand, it could be open about the limits of its influence on the two parties, in which case losing credibility in relation to its mandate. (Samset: 2004a and 2004b).

appears to have had more of a symbolic than a practical role. If the SLMM did not exist in its present form, there would clearly be a continuing role for such a body to provide a reliable channel for communication and negotiation. Therefore, the SLMM has been a successful but flawed experiment in ceasefire monitoring. A limited consensus-based mandate with modest goals, working through unarmed extra-regional monitors has proven to be relatively successful. Nevertheless, neither the SLMM nor the CFA appear to be particularly robust at the time of writing, with growing insecurity and violations, particularly in the East.[124] Within the SLMM framework, a stronger mandate (more means for investigation), better public diplomacy (toward the South), and more persistent naming and shaming of the LTTE could possibly have improved the operation.

5.2.2   Track One Peace Negotiations

The most significant difference between the current peace process and its predecessors has been the prominent role played by the international community. The UNF government's strategy was characterized by almost total reliance on Norway to steer the process and faith in the international "security net" to bail them out if things went wrong (Loganathan, 2004:1). The entire architecture of the peace process was built around heavy international engagement, including international security guarantees, the SLMM, Norwegian facilitation of Track One negotiations, the co-chair system,[125] international funding, support for Track Two initiatives, and the donor reconstruction package. The UFPA, though perhaps with less enthusiasm than the UNF government, has broadly continued with the same strategy.

In theory, more robust international engagement should have positive effects in relation to the causes of hostility and domestic capacities for conflict resolution. The more difficult the individual case, the greater the need for more forceful and sustained international action (Stedman, 2001). Both sides realized as far back as 1999, when backdoor discussions with Norway began, that external support was required to break the deadlock. To what extent has international engagement in the peace process opened up the space for conflict resolution and transformation? Arguably, one of the lessons from the latest peace process is that international actors have played a significant role in keeping space open, but they have not had a transformative effect on the roots of hostility and creating political will for peacebuilding, although in many respects it is too early to be too conclusive.

Unlike many other internationally supported peace processes, in Sri Lanka, a bilateral (rather than multilateral) approach has been pursued. From the very beginning, the Norwegians declared that their initiative had two limited objectives - a long-term ceasefire and direct bilateral negotiations between the LTTE and GoSL. They assiduously disclaimed any intention of suggesting constitutional formula or proposals for a political solution (Dixit, 2004). The choice of Norway and its low key and limited agenda made sense in several respects. First, as already mentioned, Norway was seen as an acceptable, non-threatening mediator by the two protagonists and India. Second, given the historical sensitivities around foreign intervention and sovereignty, a low profile approach was vital. Third, a bilateral negotiation model involving a small number of key actors was peculiarly suited both to Sri Lankan politics and the challenge of engaging with a non-state actor like the LTTE. It has become a truism to state that successful peace processes depend upon strong inter-personal relationships between protagonists and mediators. Nevertheless, this is particularly the case in Sri Lanka, given the personalized nature of party politics, and perhaps most importantly the nature of the LTTE.

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124   According to the security forces, more than 80 people were killed in the last five months, a rapid increase compared to 390 in the last three years. The total number of violations has been 2,837 (Balathinsinghala, 2005).

125   These are the EU, the U.S., Japan, and Norway.

Clearly, the world-view and organizational culture of guerrilla organizations are very different from those of states. The Norwegian mediation style, which involved building long-term, trusting relationships with key individuals, appeared to be the most appropriate in relation to the LTTE.[126] Fourth, given the precarious balance of political forces in the South, it was imperative that the Norwegians were not seen to be driving the process. A limited agenda in which their role was primarily one of creating political space for talks made eminent sense at the time.

Although Norway played the primary mediation role in terms of Track One, other international actors performed key supporting (and sometimes perhaps spoiling) roles. Both protagonists had different incentives for engaging with international actors. For the GoSL, the international community reduced their military, political, and economic exposure by providing security guarantees, diplomatic support, and economic assistance.[127] For the LTTE, international actors helped address the problem of asymmetry. In wartime, asymmetry favors the guerrilla group - as Kissinger argued, a guerrilla group wins if it doesn't lose, while the conventional army loses if it doesn't win (cited in Philipson, 1999:56). However, asymmetry in negotiations tends to favor the government, because of their access to international bodies and experts and the support of a sophisticated political network not available to guerrilla groups (ibid). Therefore for the LTTE, their engagement with international actors has always been tied up with the search for legitimacy and political parity with the GoSL.

What lessons can be drawn from international engagement in peacemaking? It is less easy to identify clear lessons than to map out areas of tension and dilemmas that were progressively exposed by the peace talks. These are presented below, not necessarily as "mistakes" made by international actors, but as contradictions inherent in many peace processes.

An Inclusive Versus Exclusive Approach

Perhaps the most common criticism of the peace process and, by extension, the Norwegian's role is that it was based on a bipolar model of the conflict. Understandably, the CFA focused on the two main armed protagonists, but this set the pattern for the subsequent peace talks. It was perceived by many that the strategy of the two sides, with Norwegian support, was to forge an elite pact, "behind the backs" of other stakeholders and the wider population. Because there was no "road map" for peace talks, the nature of the end goal was always unclear, which created anxieties among external and internal stakeholders.[128] Arguably, the exclusion of key stakeholders such as the president, the Muslims, the JVP and other Tamil parties, provoked spoiler behavior. The peace process thus tended to marginalize any challenge to a binary model of the conflict.

Whether Norway can in any sense be "blamed" for this is debatable, since they were following the lead of the two main protagonists. It can plausibly be argued that opening up the peace talks earlier to a wider group of stakeholders would have been destabilizing. According to game theory logic, the more parties to a game, the more difficult it is to reach and maintain a mutually acceptable solution. On the other hand, with the benefit of hindsight, three things might have been done differently. First, a better public relations strategy would have gone some way toward addressing wider anxieties about negotiations conducted behind closed doors.

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126   It has been reported, for example, that the good working relationship between Balasingham and Solheim has been an important factor in the peace talks.

127   Different international actors were sought to provide different elements of the safety net - the U.S. and India providing security guarantees, Norway mediation, Japan funding, etc.

128   Nor was there a normative framework or set of principles like the Mitchell Principles in Northern Ireland that could be used as leverage to guide and discipline the various parties.

Second, more thought could have been given from the outset about including important stakeholders and limiting the negative effects of the various spoilers. This would not necessarily have meant giving everyone a seat at the table, but thinking creatively about how different voices could be captured and represented.[129] Third, Norway might have done more to build a wider infrastructure for the peace process (see below). More "backdoor" contacts could have been developed over time to provide a safety net for the Track One talks. Overall, the peace process was perhaps too dependent on a few key personalities.[130]

LTTE Accommodation, Rights, and Justice

It is commonly assumed that in the "post conflict moment," human rights and democratic principles must be incorporated into the new institutional arrangements in the interests of a sustainable peace (Ferdinands et al, 2004). However, in the aftermath of a violent conflict, raw power rather than democratic principles tends to shape the political and security landscape. As with other peace processes, in Sri Lanka there was a constant tension between the imperatives of conflict management and human rights concerns. To some extent, human rights principles were incorporated within the CFA and subsequent peace talks. However, unlike a number of other peace processes, like El Salvador for example, the belligerents did not sign a separate human rights agreement.[131] The UNF government's policy of LTTE accommodation, in many respects, sent a signal to the international community to go easy on human rights issues. There was almost a policy of keeping the LTTE at the negotiating table at any cost, in order to prevent

them from returning to the bunkers. As one international aid worker noted: "To an extent the Tamils have been sacrificed for the peace process - they don't have any of the basic rights like freedom of speech and freedom of assembly". Solheim's statement that the Karuna issue was an "internal matter" for the North-East (UTHR, 2005:16) reinforces the impression that the international community is prepared to trade stability for an illiberal peace in the North-East. Evidently, there were differences between the various international actors, with the U.S. being more vocal on human rights issues for instance, but neither a policy of accommodation nor one of open condemnation had any impact on LTTE behavior and human rights abuses. A policy of accommodation and an over reliance on the international security net may have worked contrary to the project of constructive engagement on the political and constitutional fronts (Loganathan, 2004).

By seeming to accommodate and legitimize the LTTE, the international community ran the risk of further undermining the credibility of the UNF government to which it was linked in the eyes of the southern electorate.[132] It also increased Indian concerns that the internationally supported peace process was further empowering the separatist ambitions of the LTTE.

Over-internationalization?

After the signing of the CFA, there was a significant international "peace rush." For instance, 30 Colombo based foreign diplomats visited Jaffna in late March 2002 alone (Bush, 2002:21). Peacemaking and peacebuilding thus became a crowded field, after being a lonely pursuit

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129   For instance as one interviewee argued, one could have several parallel "small table" discussions that might feed into the track one process.

130   The same also applies to the P-TOMS negotiations as ultimately it depended upon the determination of President Kumaratunga to push it through.

131   Ian Martin, former Secretary General of Amnesty International, was tasked with the role of drawing up a human rights agreement, but talks collapsed while he was in the process of doing this.

132   It also created an impression of international bias in the sense that international actors condemned Sinhala nationalism while condoning Tamil nationalism. According to UTHR (2005:16) "If Sinhalese nationlists are marginalized while the LTTE is rewarded and feted in European capitals, it sets up a destructive dynamic that has already provoked a Sinhalese backlash against the peace process, and is likely to further fan the flames of Sinahelese extremism."

for most of the preceding decade. Initially, this appeared to be a positive development. India was happy not to play a direct role so long as it was kept informed.[133] Wickremesinghe traveled all over the world to muster support for the government's position, having notable success with the U.S. administration. The LTTE meanwhile had to restrict their search for legitimacy largely to continental Europe, due to the ban imposed on them in the U.S., the U.K., India, and elsewhere, but they achieved some success in meeting government officials and thus gaining an audience for their views and concerns.

However, from the Washington conference onward, there was a growing perception that the peace process had changed from being internationally supported to internationally driven. Washington was a critical turning point because, in the eyes of the LTTE, it challenged the central principle of political parity. Tokyo reinforced the growing perception that the peace process had become over-internationalized - in the words of Balasingham (2004:434) there was "excessive involvement from the international custodians of peace." As discussed below, the LTTE felt that donor conditionalities were primarily aimed at "disciplining" them. It was in the context of the sixth round of peace talks that the term "international security trap" was coined: "As a non state actor caught up in the intrigue ridden network of the international state system, the LTTE was compelled to act to free itself from the overpowering forces of containment" (Balasingham, 2004:434).

In many respects, the earlier dynamics of the Indo-Lanka accord repeated themselves. There was a feeling that domestic actors no longer had control of the process, leading to a backlash in the South as well as a reaction from the LTTE. Furthermore, India - particularly with Japan beginning to flex its political as well as its economic muscles - felt that their influence had become increasingly diluted. Some have argued that India should have been more integral to the architecture of the peace process, for instance as one of the co-

chairs.[134] Therefore, the processes of conflict formation and transformation have become highly internationalized. There is a danger that it will remain in this realm and, as a result, the parties may end up addressing international opinion rather than each other (Loganathan, 2005:5).

The Limitations of International Engagement: Who's Influencing Who?

One of the chief lessons from Sri Lanka is that even when there appears to be a positive constellation of political forces, international actors cannot simply engineer peace - ultimately the traditional tools of diplomacy may have limited traction over domestic state and non-state actors. (The structural impediments to peace are not amenable to external micro management.) International pressure counted for little when it came to the LTTE's withdrawal from the peace talks, the President's dismissal of the UNF government, or the JVP's role in relation to P-TOMS. In spite of repeated external efforts over the years to forge a bipartisan approach to the conflict - from Fox to Solheim - this still remains an elusive goal.

To an extent, the story is less about how international peacemakers influence domestic actors, than how the latter use the former to pursue their particular political projects. As the Norwegians themselves have acknowledged, there is a danger that an "honest broker" is used as a "peace alibi" while the parties continue the conflict (Sjoberg, 2003:10). Both sides have used international actors for their own purpose. The UNF government drew upon the carrots and sticks of international actors to enmesh the LTTE in the so called "security trap." The LTTE have similarly drawn upon their links with international actors to build their legitimacy and maintain political parity with the GoSL.

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133 According to Dixit (2004), the Norwegians acknowledged the relevance of Indian influence and kept them fully informed.

134 In other peace processes regional actors have frequently played a pivotal role. For instance, Kenya was a critical actor in supporting the Sudanese peace settlement.

The JVP's call for stronger Indian intervention is based upon the calculation that they will play a role in diluting the Norwegian's influence and neutralize the LTTE.[135]

Finally, the experience of Indian efforts at peacemaking is instructional in terms of recognizing the limitations of external intervention. India aggressively pursued a settlement between 1983 and 1989. Although they were knowledgeable about the details of Sri Lankan politics and the local sensitivities and had direct channels, they still failed (Philipson, 1999; Bose, 2002; Dixit, 2004).

5.2.3 Track Two Initiatives

Track Two processes normally take place outside the public realm. Dialogue occurs in "safe spaces" between primary and secondary political actors and is strictly confidential.[136] For that reason, it is impossible to give a complete overview of Track Two activities, let alone make judgements about their impacts. Nevertheless, backdoor talks helped initiate the peace process and have played a vital role in maintaining communication since the suspension of negotiations. Arguably, the longevity of the current peace process compared to previous ones is partly attributable to the development of a more robust Track Two process. This has become more apparent during the course of the peace talks. Initially, the supporting role of Track Two was perhaps insufficiently recognized. The Peace Secretariats played a relatively passive role and attention was focused on facilitating the official negotiations. This intensified the pressure and expectations around the Track One process. The lack of a broader "architecture" for the peace negotiations or a "catchment area" for the Track One process was commented upon by several interviewees. Some felt that if there had been more robust back channels, the problems of Washington and Tokyo might have been averted. However, the fact that there still is a peace process is partly due to Track Two initiatives like "One Text" (which evolved after the breakdown of talks), and the ongoing involvement of several specialist organizations including the Bandaranaike Centre for International Studies (BCIS), the Berghof Foundation for Conflict Studies, the Centre for Policy Alternatives (CPA), the Foundation for Co-Existence (FCE), and Initiative for Political and Conflict Transformation (INPACT). Such interventions are built upon an analysis that recognizes that political actors are the "main drivers of change" in Sri Lankan society, that initiatives targeting the meso level are strategically important, and providing additional options for engagement in the peace process is particularly important for non-state actors.

Much work has focused on parliamentarians and political parties. Aware of the need to create change both between the two main belligerents as well as within these actors, various NGOs tried to create a platform for engagement among a wider range of political actors, including political parties and foreign stakeholders. Some of these efforts aimed at identifying or creating consensus around sub-issues relevant to the peace talks. By taking the discussion to a more technical and thus less political level, progress may be made.

Some activities supported key actors with technical and intellectual support in formulating positions. Assistance given to the LTTE in formulating the ISGA proposal is a key example here. The establishment of the Muslim Peace Secretariat is another. The Roadmap initiative is an example of a project that tried to provide the political leadership at large with out-of-the-box inspiration about solutions. Within this and other exercises, various academics and NGOs created documents and discussions on key political issues and sensible ways of going about them. Allegedly, this could move the debate beyond the level of positional bargaining. The

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135 The CPA KAP survey conducted in June 2005 found that only 9.8 percent of Sinhalese wanted Norway to continue as key facilitator of the peace process. 47.5 percent of this group wanted India to take over this role. On the other hand 66.5 percent of the Sri Lankan Tamils and 62.2 percent of upcountry Tamils still felt that Norway was the most suitable country to be the chief facilitator.

136 According to one informant involved in track two mediation, the primary difference between tracks one and two is that in the latter, participants may speak in a personal capacity, while in the case of the former they are purely the representatives of their own side.

facilitation of exposure visits of the LTTE, parliamentarians, and government representatives served the same purpose. A familiarization with other conflicts (like Ireland), as well as solution models (like Swiss federalism) was hoped to have a positive impact on the willingness and ability of key persons to find a solution.

Track Two ideally serves as a backchannel or safety net for Track One. Discussions at a lower level may be used to generate options or test ideas. Successes can subsequently be upgraded to Track One. Observers argue that the Oslo Declaration - the high point of the talks, if there ever was one - was a result of previous discussions at a lower level. Vice versa, a gridlock on seemingly insolvable issues or a complete breakdown at Track One may result in a devolvement to Track Two. This happened after the suspension of talks, when dialogue continued between the key actors as well as with a wider range of political stakeholders.

In sum, the overall success and failure of Track Two efforts cannot be assessed here, but the track was relevant at all stages of the peace process. It nurtured consensus (e.g. the Oslo Declaration), provided inputs (e.g. ISGA), included a wider range of actors (to some extent compensating for the narrowness of the Norwegian approach), and served as a pressure valve after the talks broke down.

5.3 DEVELOPMENT ASSISTANCE AND PEACEBUILDING

5.3.1 Background

SCA1 identified the following categories of aid actors in Sri Lanka - multi-laterals, bilaterals, NGOs, and ICRC/IFRC, who provide support in three key areas - development assistance to the state, development assistance through NGOs, and humanitarian assistance to the North-East. Donor assistance to Sri Lanka during the 1990s amounted to roughly seven percent of GDP.

But by 2001, this had declined to only two percent. Sri Lanka is therefore not, according to any criteria, an aid dependent country. However, the peace process has had an impact on both the magnitude of funding and the priorities of international donors.[137]

When the UNF government came into power, Wickremesinghe created a Special Committee on Foreign Aid that was able to raise $995 million in pledges, close to its target of $1 billion (Kelegama, 2004). According to Central Bank data, the total amount of aid received increased from Rs. 17.2 million in 2002 to Rs. 61.2 million in 2003, an increase of close to 350 percent (Bastian, 2005). The share of concessional loans in foreign debt increased from 97 percent to 98 percent. By mid 2003, aid utilization had improved from 11 percent in 2001 to about 20 percent, partly as the Prime Minister himself had taken a personal interest in this issue. The proportion of grants in aid flows increased from 33.8 percent in 2000 to 41.2 percent in 2003 (Bastian, 2005:24). The high point of the UNF's strategy to attract significant international funding was the Tokyo conference of June 2003, at which $4.5 billion was pledged by international donors. But predictably, there were major differences between pledges and disbursements - only $1 billion of the pledged assistance was utilized in 2003, largely due to the cohabitation crisis. Moreover, Sri Lanka continued to be overwhelmingly dependent on three donors, these being Japan, $292 million (27.5 percent), the World Bank, $244 million (23 percent), and the ADB $196 million (18.5 percent). The tsunami has subsequently transformed the funding environment, the effects of which are discussed in more detail below.

The key priority areas of international donors have largely remained the same as they were in 2000. These include economic reform and development, governance, poverty alleviation, private sector support, civil society strengthening, support to the peace process,

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[137] It is also important to note that the UNF government was not in a position to reduce defence expenditure - defence constituted the single largest public expenditure - and this made the government more dependent on foreign aid for its peace and reconstruction projects (Shanmugaratnam and Stokke, 2004:15).

reconstruction, relief, and interventions in the field of human rights. Sectorally, about 45 percent of the foreign aid goes to economic infrastructure, 30 percent to social sectors, 15 percent to production and 10 percent to other activities.[138]

Since the primary interests of the largest three donors continue to be the promotion of a liberal economy, the lion's share of funding still tends to go on development programs with the government in the South. However, there has been some readjusting of priorities in the light of developments around the peace process. These include increased support for humanitarian and reconstruction activities in the North-East (and more recently throughout the country as a result of the tsunami), civil society initiatives in general and specifically for programs and projects that are thought to have a direct or indirect impact on the peace process.

5.3.2 Donors and the "New Aid Agenda"

The development enterprise has, until recently, been largely agnostic toward matters of conflict and insecurity (Uvin, 2002:5). As SCA1 argued, in Sri Lanka the major donors tended to work "around" conflict, treating it as a "negative externality" to be avoided. Peace and conflict issues were viewed as political concerns, and so beyond the mandate of development actors. Although a small group of bilateral donors had begun to develop a more explicit focus on conflict issues (working "on" conflict), this represented a minority position. Admittedly, a consensus of sorts did emerge during the late 1990s about the key elements of a peace promotion strategy among aid donors. These included addressing root causes, improving human rights, balancing overall development, and preparing for post war reconstruction (Ofstad, 2001). However, on the whole, donors were risk averse and "even a modest re-orientation of the aid program was easily considered a political action in a very

sensitive and politicized environment" (*ibid*:172). "Peace," like "human rights," was to an extent viewed as a taboo subject for international actors. A government that was prosecuting a "war for peace" and treated the conflict as an internal issue, always resisted efforts by international agencies to promote peace through their aid programs. This view was to a large extent shared by the LTTE who made it clear that international NGOs' attempts to promote reconciliation and peacebuilding in the North-East were not welcome.

The coming to power of the UNF government opened the way for a "radical" new agenda for development that involved drawing a more explicit link between aid and security. After 2002, donors have arguably begun to calibrate their policies and programs according to conflict and peace dynamics within Sri Lanka.[139] This has manifest itself in a number of ways including: the growing investment of major donors such as the World Bank and the ADB in the reconstruction of the North-East; donor pledges at Tokyo, which were tied to peace and human rights conditionalities; the increased use of tools and frameworks, such as the SCA and peace and conflict impact assessment (PCIA) methodologies; the deployment of conflict advisors; investment in internal capacity building on conflict issues by donors; and the evolution of coordination arrangements such as the Donor Working Group on the Peace Process.

Donors' efforts to influence conflict and peace dynamics can broadly be divided into three areas of engagement. First, applying peace *conditionalities* to reconstruction and development aid. Second, dealing with the *consequences* of conflict. Third, addressing the underlying *causes* of conflict. These approaches might be characterized as the "three Cs." The first two are primarily concerned with conflict dynamics and the third with conflict structures. They are dealt with in turn below.

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138   These figures apply to 2002 and 2003. www.oecd.org

139   As Claire Short, the then Secretary of State for DFID said, for donors this cannot be business as usual. The peace process is dynamic and demands rapid and flexible responses from donors (cited in Sriskandarajah, 2003).

Applying Peace Conditionalities

The Tokyo conference in July 2003 represented the high tide mark (or low point, depending on one's perspective[140]) in the internationalization of the peace process and the convergence of aid and security concerns. $4.5 billion was pledged overall by aid donors.[141] The three largest pledges came from Japan, the ADB, and the World Bank. The linkage between these funds and the peace process was articulated in paragraph 18 of the Tokyo Conference Declaration: "Assistance by the donor community must be closely linked to substantial and parallel progress toward fulfilment of the objectives agreed upon by the parties in Oslo." Conditions that were to be equally applied to both parties were then spelled out in greater detail, including compliance with the CFA, Muslim participation in talks, promotion and protection of human rights, gender equity, and progress toward a final political settlement.[142] It is important to note that donors perceived this as a "positive conditionality" - in other words a reward for "good behavior," with positive peace creating opportunities for increased investment and spending, rather than the application of negative conditions on assistance.[143]

The declaration was the culmination of a process set in motion by the UNF government and backed by international donors. It marked a point of convergence for international and domestic actors, both of whom were operating within an ideological framework of the liberal peace. The UNF government's priority was its economic reform program, and the CFA and peace process were a means to achieve this. They helped the government generate significant external funding for revival of the economy and sent the correct signals to investors. In a sense, Japan and others were financially underwriting the peace process. Donors were happy to go along with this. Peace provided the opportunity to push through radical reforms, a form of shock therapy that would lead to irreversible economic and political changes. Donors, therefore, aligned themselves very closely to the UNF government. Some say donors aligned themselves too closely and too uncritically: "[T]hey tended to fool themselves - they were hearing a language they liked to hear" (aid official). As another aid donor candidly stated, "Some donors didn't serve the country very well by aligning themselves so closely to the UNP."

The Tokyo conference occurred three months after peace talks had broken down. It was the second of two donor conferences[144] to occur without the participation of the LTTE.[145] Arguably, this was a case of international actors pushing ahead with their own time frames and agendas (encouraged by the UNF government), without taking into account the changed ground situation. The GoSL was involved in the final drafting of the Declaration,[146] seeing it as a way of applying pressure on the LTTE, without unduly affecting their reform agenda. According to Burke and Mulakala (2005), "The GoSL left Tokyo with their pockets full, donors left Tokyo locked into a declaration that they were ill prepared to implement, and the LTTE were simply left out." Arguably, in Tokyo, the

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140 The LTTE argued that Tokyo represented the "excessive internationalization" of the peace process (Balasingham, 2004: 434).

141 Twenty percent in the form of grants and the remainder as concessional loans. In total, this amounted to about $1.25 billion per year, compared to Sri Lanka's average aid level of around $750 million per year.

142 For a more detailed analysis of donor policies and Tokyo, see Burke and Mulakala, (2005).

143 See Uvin (1999), who distinguishes between "conditional incentives" and "conditional disincentives" applied by aid donors in situations of conflict.

144 The Washington event was held in April 2003. Though it was intended as a low profile preparatory meeting for Tokyo ,it was not interpreted in these terms by the LTTE.

145 In spite of pressure applied up until the last minute by the GoSL, Norway, and Japan to persuade the LTTE to attend.

146 The U.S. also pushed strongly for the inclusion of conditionalities, believing it was necessary to push the LTTE harder on human rights issues.

donors overplayed their hand, and this had perverse impacts on the peace process. Both the government and donors had an inflated view of the importance of economic levers. They also miscalculated the impacts that a policy of perceived conditionalities would have on both the LTTE and the southern electorate.

The LTTE felt that the Washington and Tokyo conferences undermined the basic principle of parity. Conditionalities were perceived to be a one-sided exercise that aimed to discipline the LTTE rather than the government. Dangling the carrot of aid in front of the LTTE meant little to them unless there were meaningful interim governance arrangements in place to enable them to decide how resources were used and allocated. In the LTTE's view, Washington and Tokyo were symptomatic of an internationalization process that reduced them to a junior partner with little or no formal power. In the journey from Paris 2000 to Tokyo 2003, the largest donors had made a 180 degree turn in their views about aid and conflict - from viewing aid as technical input that could be separated from political processes to a central part of the conflict dynamic. One of the chief lessons from Tokyo is that donors put the development "cart," before the governance and power-sharing "horse" - the former remained rooted to the spot because there were few tangible signs of movement from the latter.[147] For the LTTE, reconstruction was inseparably linked to their political demand for an interim administration for the North-East (Shanmugaratnam and Stokke, 2004:13).

Tokyo was illustrative of donors' instinctive institutional bias toward working with governmental actors. Most donors are novices when it comes to dealing with non-state actors, and this was reflected in the mixed messages they gave out in their interactions with LTTE. On one hand, the LTTE were courted by numerous donor governments and Kilinochchi became, as one interviewee

put it, "the hub of diplomatic activity in South Asia." LTTE delegations were also welcomed in the Chancelleries of Europe in the belief that a combination of international exposure and legitimization would support their political transformation. On the ground, donors were able to work out pragmatic working relationships involving the LTTE and the GoSL. During the initial stages of peace talks, when LTTE-government relations were still cordial, hybrid working mechanisms evolved in order to ensure the delivery of humanitarian and reconstruction assistance to the North-East.[148] Therefore, in some respects, there has been an unprecedented level of international engagement with a non-state actor. But ultimately, as Washington and Tokyo demonstrated, donors feel more comfortable (and by definition of their mandate) working with state rather than non-state actors.

Tokyo also had an impact on perceptions of the peace process in the South. It reinforced the belief, particularly among Sinhala nationalists, that growing international involvement in the peace process was compromising national sovereignty. It provided ballast for the anti-Western nationalist discourse in which international actors are seen to be a threat to Sri Lanka's political and territorial identity. This was amplified by the donor community's decision to align itself so closely with a liberalizing, reform-minded UNF government. Although in their own minds, donors may have thought they were doing the "right thing" by attempting to shore up the peace process, many perceived them to be getting too closely involved in party politics in order to pursue their own agenda. Clearly, this is as much about perception as any objective reality. It is not the case that all donors have subscribed to a more "radical" approach. To a large extent, the likes of the ADB and Japan have continued to take a technocratic and apolitical stance. As one interviewee commented, "Japan's approach is just to have a long term relationship with whoever is in power"

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147   See Srikandarajah, (2003); Shanmugaratnam and Stokke (2004) for a more extensive discussion of this issue.

148   It should be noted that operational agencies working in the North-East varied greatly in their level of engagement with LTTE. For example, UNICEF was prepared to work directly with TRO while UNHCR did not have any direct relationship.

(aid donor). Even if there is a greater willingness to work on conflict issues at the country level, this is not necessarily reflected in policies and strategies at the head-quarters level. As one interviewee stated, "Conflict sensitivity hasn't permeated the boards of the multilaterals" (aid donor).

Since Tokyo, the fracturing of the peace process and the southern backlash against international actors[149] appears to have had a sobering effect on donors. The mood has shifted. As one ex-government official noted, the international community has been "numbed into silence." Donors have, to some extent, reverted to the pattern of behavior prevalent at the time of the last SCA. The fact that the government has not come out in support of donors in response to attacks on them by nationalist politicians and the press, leaves them feeling exposed. This, in turn, encourages risk averse and self-policing forms of behavior. The radical position has not altogether died, but it has become more muted. The Donor Working Group continues to play a role in keeping debates about conflict sensitivity alive. But there is now more scepticism about the potential for financial (dis)incentives to influence the behavior of political actors. In some cases, donors are reassessing their position in the country, feeling that the current constellation of political forces precludes any positive role for them in either development or peacebuilding terms.

Dealing with the Consequences of Conflict

While reconstruction and development funding got caught in the politics of the peace process, there was a political consensus around the need to prioritize humanitarian concerns. Dealing with the consequences of the conflict was a central plank of the phased approach to conflict resolution as highlighted earlier.

However, it is important to note that this issue was being addressed, though to a more limited degree, before the CFA. Humanitarian and rehabilitation assistance were provided by NGOs, the U.N., and the government[150] throughout the 1990s, although this did not prevent the continued socio-economic decline of the North-East relative to the South. Prior to the CFA, some of the larger multilateral donors such as the World Bank and the ADB had begun to recognize the need to initiate programs in the North-East rather than simply wait for a peace settlement. The World Bank supported "Three R's" program was initiated while the war was still going on and subsequently picked up by the UNF government after the CFA - although it lacked the political support to build upon the momentum created in its initial stages of implementation.

Although humanitarian provision preceded the CFA, its political profile suddenly grew as a result of the peace talks. At the second round of negotiations the Sub-Committee on Immediate Humanitarian and Rehabilitation Needs in the North-East (SIHRN) was set up with a secretariat in the North-East. Three priority areas were identified - resettling and rehabilitating internally displaced persons (IDPs), rehabilitating war-affected women and children, and providing livelihoods for war affected people in the North-East.[151] The Oslo donor conference of November 2002 provided a platform to launch the appeal for donor funds for the North-East, and $70 million was initially pledged. Also proposed was a North-East Reconstruction Fund (NERF) with the World Bank to act as the custodian. Donor assistance that flowed in

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149 Manifest, for example, in the attack on the World Bank Director, the proposed Anti-Conversion Bill, JVP attacks on NGOs and the forthcoming Parliamentary Select Committee on NGOs.

150 The annual costs of government dry rations in 1998 amounted to $60 million, around double the humanitarian assistance for that year from foreign donors (Ofstad, 2002).

151 A number of donor supported needs assessments were conducted including The Inter-Agency Needs Assessment Mission to Sri Lanka *Creating Dividends for Peace* May, 2002 and the ADB, U.N. and the World Bank jointly sponsored *Assessment of Needs in the Conflict Affected Areas of the NE*, which was released in April, 2003.

since 2002 contributed to the rehabilitation in the North-East.[152] The big difference with the pre-CFA period was that now the multi-laterals such as the World Bank and the ADB were investing significant resources into the North-East for reconstruction. For example, the ADB's Northeast Coastal Community Development Project involved a $26 million four-year loan targeting three Eastern provinces. Also in contrast with the ADB's previous practice, it aimed to mitigate tensions between the three communities by being as inclusive as possible.

However, in spite of these achievements on the ground, the normalization process ran into political and legal difficulties. SIHRN lacked the legal status to receive and disburse funds and there were no clear procedures regarding its relationship to government line ministries and other institutions dealing with development. While the role of SIHRN was unclear, there was no chance of institutionalizing NERF, although the World Bank was willing to take on the role of custodian and had signed a letter of intent with SIHRN on February 28, 2003. Again, the crux of the issue was related to the question of whether there could be "normalization" without addressing the underlying political questions. In the South, it was debated whether SIHRN (or later P-TOMS) could have a recognized legal status without changing the constitution. Interim measures were resisted as they were viewed as a step toward self-determination and separation.

Humanitarian issues became increasingly politicized. During the 1990s, NGOs and the U.N. deployed a narrative of neutrality to create a sort of humanitarian "no-man's land", bolstered by international humanitarian law (Wickramasinghe, 2001). However, the pretence of a "no man's land" was more difficult to sustain, first when the LTTE were directly involved and second when "humanitarianism" included reconstruction and development oriented activities. The issue of high security zones (HSZs) highlighted the impossibility of somehow placing humanitarian issues in an isolation ward, so they were "quarantined" from political pressures. The problem of IDPs in the North-East was recognized as a pressing humanitarian concern. However army-controlled HSZs,[153] particularly in the Jaffna peninsula where 18 percent of the land is army occupied, prevented many IDPs from returning to their homes. The LTTE raised this as a humanitarian issue, while the government framed it as a security issue (Nadarajah, 2005). In reality, the impasse could never be wholly addressed without a political settlement.

Discussion around humanitarian issues and normalization revealed differing conceptions of rights. The government and, to an extent, donors wished to contain discussions within the SIHRN framework to a limited view of basic rights or humanitarian rights. On the other hand, the LTTE linked humanitarian concerns to the most fundamental right of self-determination: "The Tamil struggle is not for mere survival, it's also for development" (interviewee, Jaffna). A rights discourse was also used instrumentally by the government, to mobilize international support and to apply pressure on the LTTE about child recruitment and internal democracy.

Addressing the Causes of Conflict

The "third C" is concerned with the indirect or direct effects of aid policies and programs on the underlying structural dimensions of conflict. Paradoxically, it may be in the areas where donors *do not* have an explicit focus on conflict that they have the greatest impact on transformative peace in Sri Lanka. In other words, conflict sensitive development programs in areas such as governance, economic development, and poverty eradication may be more influential in the long run than

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152   45 km. of the A9 highway, 238 kms. of small roads, 108 irrigation tanks, 156 wells, 55 schools, 25 health facilities, and 32,735 IDP families received donor funds (Kelegama, 2004:4). There was a five-fold increase in rice production in the North-East due to increased cultivation (ibid:4).

153   It should be noted that there were also LTTE HSZs in the North-East, though they did not cover such an extensive area as the government controlled zones.

attempts to influence conflict dynamics through peace conditional or peace-focused aid. We briefly examine selected areas of donor engagement below, which are judged to have had an effect on the underlying roots of violent conflict.

Governance

As highlighted earlier, we have conceptualized the conflict as a crisis of the state. The root cause of problems currently being experienced - such as uneven development patterns, an ethnicized education system, a lack of minority voice in the political process - can be traced back to the political culture and quality of governance in Sri Lanka. Donor policies have, intentionally or unintentionally, had a profound effect on the state and the quality of governance in Sri Lanka - in spite of one donor's exasperated comment: "I don't think anything the donors say matters in this country." What donors say clearly does matter, though the interviewee is right in the sense that donors cannot engineer political change by forcing or persuading domestic actors to simply do as they say.

Flawed governance is not only the result of internal political processes and opportunistic politicians - domestic governance interacts with global governance and the nature of this interaction may decide whether an authority crisis stabilizes or erupts into conflict. There is a growing body of literature that highlights the links between bad governance, development, and conflict (Duffield, 2001, Moore, 2000; Herring, 2001; Bastian, 2003). The authority crisis of the Sri Lankan state has external and internal dimensions - as mentioned earlier, the state is pressurized from above and below by international and domestic actors, and these two sets of tensions are inter-related. International pressures for a particular system of governance - involving a small, market friendly, enabling state - produces a counter reaction from both the Sinhala and Tamil polities, as marginalized groups feel threatened and demand a strong, protective, and re-distributive state. Although the

LTTE and JVP are poles apart in many respects, their discourses overlap in terms of their notions of a strong developmental state.

If one accepts that international models of governance may be part of the problem, then there is clearly a need to rethink these models. Arguably, since SCA1, donors have made more progress in sensitizing their poverty and economic development programs to conflict dynamics than they have in the area of governance. Some donors, such as Japan, tend to steer clear of governance altogether. Others, such as USAID, have a strong focus on this area, though arguably based on an ideal type model of Western liberal democracy. Few donors are prepared to consider a transformative approach unless it coincides with their version of a liberal state (Burke and Mulakala, 2005). Donors frequently bemoan the lack of a domestic constituency for change in relation to the proposed solutions to the conflict such as decentralization, political reform, and multi-ethnic representation. This may be true, but there is also a limited constituency for change within the donor community in the sense of exploring alternative models of governance. Overall, just as peace conditionalities have had limited purchase, the same can be said about political conditionalities.

This is not to dismiss all donor-supported efforts in the area of governance or to underestimate the magnitude of the dilemmas and problems faced. Nor is this an argument for "freezing" existing governance relations. But there may be a need to engage more explicitly with "actually existing" politics in Sri Lanka, rather than avoiding it through engagement with a sanitized version of civil society or a technocratic approach to civil service reform. A logical starting point would be to have a dialogue with local actors - including the "unlike-minded" - about which principles of governance relations in Sri Lanka are conducive for conflict resolution and which are not.

There are, however, positive examples of engagement by donors and NGOs that may over time lead to

incremental changes in the quality of governance in Sri Lanka. These include work with MPs and political parties (including exposure visits and exchanges), support for governmental and non-governmental human rights bodies, introduction of ideas on decentralization and federalism, and support in sensitive areas like the judiciary and security sector.[154] Some of the more successful initiatives have perhaps been at the local and provincial level, and there maybe scope to do more in this area. Donors have perhaps played a role, either directly or indirectly, by supporting NGOs, in influencing debates on governance. Federalism is now, for instance, part of the mainstream political discourse and international actors can take some of the credit for this.

Civil Society

Three analytical points should be born in mind when examining civil society in Sri Lanka. First, NGOs are only one of a variety of associational forms - including political parties, trade unions, cooperatives, professional associations, religious groups, and sports clubs - that constitute civil society. Second, civil society is also a *political* arena, a site of contestation and struggle where contradictory social forces play themselves out. Third, one cannot assume a clear boundary between civil society and state. Exactly where civil society stops and the state begins in Sri Lanka is not clear. For instance, the country's network of cooperatives is essentially an extension of the state and lacks autonomy. In Sri Lanka, as elsewhere, the relationship between state and civil society is a dialectical one. The identity of one is a function of the integrity and independence of the other, though the relationship has often been asymmetrical, as

state attempts at control led to the partisan politicization of civil society (Saravanamuttu, 1999). Conversely, the state became vulnerable to encroachment by certain elements in civil society and the coercive apparatus of the state become instruments of the controlling classes *(ibid)*. Civil society exhibits and mirrors many of the flaws of the Sri Lankan state - it is both highly centralized and segmented, being made of up vertical patron client relations.

As noted in SCA1, civil society has been as much part of the problem as the potential solution to conflict in Sri Lanka. However, the fact that civil society does have a political role to play is illustrated by the fact that its leaders are so regularly attacked by conflict spoilers.[155] Many feel that the peace process has not been sufficiently inclusive and would like to see a more significant role carved out for civil society. A number of different but interlinked and overlapping roles can be ascribed to civil society actors, which may have an influence on the peace process. These include: a *peace constituency* that can create a pressure for change from below.[156] If one understands power to be decentered and circulating, then collective action from citizens may act both as a brake on opportunistic elites and as a driver for transformative change; a *commentator* that provides voice to citizens and can influence conflict and peace discourses; an *educator* that increases awareness among citizens about the peace process and the key political debates on federalism, power sharing, etc.; a *relationship broker* or networker that forges alliances between individuals, groups, and levels in society in order to support a progressive political agenda; a *policy advocate*, which is a role that a number of Colombo based NGOs have performed very effectively in recent years. The prominence given to constitutional reform, minority

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154 Sida and some of the Swedish political parties and German political foundations, for instance, have worked closely with Sri Lanka political parties. GTZ has implemented programs in the East to strengthen the capacities of local government. The Asia Foundation is also working on governance issues at the local authority (*pradeshya sabha*, urban council, and municipal council) level.

155 The most recent examples of this is murder of Tamil journalist, Sivaram, and the letter sent to a number of civil society leaders threatening to turn them into the "manure of the motherland" in May 2005.

156 "The institutional fabric to keep armed conflict within bounds over the longer term sometimes emerges from below as well as from above" (Richards, 2005:14).

rights, and decentralization in mainstream political debates can at least partly be attributed to their efforts; a *watchdog* or whistle blower, particularly on human rights issues and the climate of impunity produced by war and bad governance; a *service provider* of humanitarian or development programs; an *arena for reconciliation* - violent conflict in Sri Lanka cannot be resolved through political reforms alone. It must also be accompanied by changes in the "emotional economy." Civil society is an arena in which reconciliation can and should be promoted.

Historically, civil society's impact on peacebuilding processes has been modest and ephemeral. Some of the more significant examples of civil society peacebuilding include: the ongoing (though waxing and waning) role of the women's movement during the 1980s and 1990s, civil society support for the PA government's election on a peace ticket in 1994, and the same government's *Sudu Nelum* campaign in 1995-1996. One of the main lessons to be drawn from the above cases is that civil society actors can generate "social energy" that may open up political spaces for peacebuilding. But, if the structural conditions are not conducive, the effects are likely to be transitory. Civil society actors tend to follow the key political trends rather than create them.

Another lesson relates to the way that donors have engaged with civil society. Donor support for civil society has, arguably, been based upon some false assumptions. First, that civil society can be conceptualized as an intrinsically benign and apolitical space. Second, that it is separate from, and in some ways superior to, the state. Third, that it is composed primarily of NGOs who are necessarily more flexible, efficient, and responsive in delivering services than the state. Fourth, that it can act as a principal driver of change or at least a political counter-weight to the state. To an extent, the above points have become a standard critique of donors in relationship with civil society anywhere - yet these assumptions still tend to shape donor behavior in Sri Lanka.

Paradoxically, international engagement with civil society has never been as great as it is now, particularly in the area of peacebuilding, with new NGO actors such as the Berghof Foundation, INPACT, and FCE and the expansion of established players such as CPA and the National Peace Council, and yet civil society appears to be more polarized than it has ever been. Civil society organizations opposed to the peace process have come to the foreground during the course of the peace negotiations. Political entrepreneurs have capitalized on the anxieties and grievances that the peace process generated, which have been stirred up even further by the nationalist press (Nadarajah, 2005). Arguably, peace skeptics have been much more effective than the peace advocates in reaching out to societal groups. Donors perhaps overestimated the influence and outreach of Colombo-based civil society peace advocates: "There was an assumption that civil society leaders could sell peace like they were selling soap" (Sri Lankan analyst, Colombo).

Arguably, if peacebuilding is a priority for donors, then strategies for civil society support need to change. This would mean shifting the focus from funding civil society as a service delivery mechanism toward promoting a more politically active and autonomous civil society sector that goes beyond elite, Colombo-based NGOs. It is a familiar refrain outside of Colombo to hear donors being criticized for never moving outside the "charmed circle" of like-minded organizations. This has been recognized by donors themselves and programs have been developed that attempt to reach out beyond the "usual suspects." Some donors have actively sought partnerships with organizations that better fit the classic definition of civil society than NGOs - for example, private voluntary and civic organizations, professional and membership organizations, research and academic institutions, media collectives, labor unions, and business associations and chambers of commerce (Burke and Mulakala, 2005). Their success in forming partnerships has been mixed, partly because civil society organizations are more responsive and accountable to their members, and their activities are not easily "projectized", whereas NGOs are more responsive and in tune with the international agencies that fund them. It

is clear that internationals, whose partnerships often depend on funding relationships, find it difficult to reach out to non-NGOs that don't want their money and the "unlike-minded" in civil society who disagree with their values. Yet it is precisely in conflict situations that such associations, which are more socially embedded than NGOs, tend to be the main drivers of change.[157]

Poverty and the Reform Agenda

In Sri Lanka, economic reform has become more or less synonymous with a pro-development agenda (Dunham, 2004:339). This has been the line pushed by the IFIs and it is one that has been largely accepted by both the SLFP and UNP. Violent conflict has not induced any substantive rethinking of the macroeconomic model currently being promoted. In an article reviewing economic policies in Sri Lanka since 1977, David Dunham argues that, essentially, the focus has been on "getting the policies right," but with very little thought about "getting the politics right"; "the solutions prescribed have often seemed more a statement of received wisdom than a result of a broad-based analysis of the local context" (Dunham, 2004:347).

The UNF government was certainly not the only regime to promote liberalization and macroeconomic reform - this has been a feature of economic policies since 1977, although often reforms have been resisted or diluted and accompanied by populist measures to make them more palatable. A Structural Adjustment Programme (SAP) was initiated under the PA regime in March 2001 and subsequently renegotiated under the UNF government. However, unlike the former government, the UNF had a strong ideological commitment to reforms and was determined to push them through quickly. The results of their reform program included taking away Samurdhi (poverty alleviation scheme) from 300,000 recipients, curtailing fertilizer subsidies, revision of electricity charges, introduction of a pricing system on petrol, and

restructuring the public sector. The Prime Minister also proposed to privatize the People's Bank, which even some of the mainstream donors recognized would have extremely negative impacts on the lives of the poor. In the main, these reforms were done by "stealth," and there was very little public consultation. The same could also be said about the preparation of key policy documents such as "Regaining Sri Lanka."

True enough, both government and donors in their policy statements made a strong commitment to poverty eradication. The IMF approved a Poverty Reduction Growth Facility (PRGF) and Extended Fund Facility in April 2003 that runs until 2006. The World Bank stepped up its activities with a key target of halving poverty by 2015. To date, it has committed $2.7 billion in loans and grants to support 98 different projects while the ADB loans have totalled $2.7 billion. Yet, the PRSP was based on a trickle down model and involved very little consultation. These shortcomings were also commented upon in the North-East, and in April 2003 Anton Balasingham stated that "Regaining Sri Lanka totally ignored the North-East and concentrated on the South, while the PRSP failed to address the poverty of the North-East as distinct from the rest of the country" (cited in Shanmugaratnam and Stokke, 2004:12).

Discussions between the GoSL, the LTTE, and donors on "normalization" in the North-East revealed tensions over different conceptions of development. While the LTTE in various statements had paid lip service to a development vision that involved an open economy, their practices were extremely statist. Donor agencies working in the North-East found the LTTE's taxation system, tendering processes, and hierarchical system of control at odds with their principles and standard operating procedures. For the government and IFIs, normalization involved opening up the North-East to the forces of globalization. The North-East had been shielded for more than two decades from the effects of liberalization and structural adjustment. For the IFIs the

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157   As an example of this, women's groups in Colombo have played an important role in lobbying for a domestic violence bill. However, when it went through parliament, it was blocked by JVP politicians. This reaction might have been predicted, but the women's groups had not spoken to the JVP on this issue.

"transition from war to peace was actually a transition from a state of pre-structural adjustment toward one of structural adjustment" (Shanmugaratnam and Stokke, 2004:14). Yet this kind of "adjustment" ran the risk of undermining human security in the North-East - how, for instance, was a Tamil farmer with high production costs and reliant on lift irrigation meant to compete with cultivators growing onions in southern Sri Lanka or chillies in south India?

As already mentioned, austerity measures in the South that involved cutting back on poverty related expenditure produced a blow back effect. In spite of the evidence that that shock therapy and a growth-first model are politically destabilizing, donors do not appear to have changed their thinking on this matter. The expected U.S. Millennium Challenge Account (MCA) funding, a new global development assistance mechanism of the U.S. government, is also focused on stimulating economic growth as a poverty reduction strategy. Its planned grant assistance takes a government-led, project-based approach. Project formulation does not appear to be conflict sensitive or adequately take into account the need for balanced assistance to the North-East and South.

5.4   THE TSUNAMI AND INTERNATIONAL ASSISTANCE

The tsunami caused a dramatic change in Sri Lanka's aid landscape. Before the tsunami, as a middle-income country, Sri Lanka's aid budget was declining and a number of donors were planning to down-size or withdraw. The tsunami has had the effect of dramatically increasing the country's aid budget and ensuring donors' continued involvement. Donor assistance includes debt relief amounting to $500 million for 2004-2005 and three billion U.S. dollars of reconstruction aid pledged at the Development Forum held in Kandy in May 2005.

Furthermore, around $1 billion worth of assistance is being channelled through NGOs.[158] This funding will have short-term and long-term consequences. In the short term, it buys the government room for maneuver as it is guaranteed between $800 million to $1.5 billion annually over the next five years. The tsunami became, for the government, an excuse for putting off difficult decisions about the peace process or the reform agenda.[159] The same criticism could also be applied to donors - as one funder commented in relation to the Development Forum meeting, "None of the donor discussion was focused on the underlying structural issues and the major proportion of the country that's not affected by the tsunami." Aid conditionality, in relation to the peace process, is no longer tenable given the magnitude of unconditional assistance that has flowed into the country since the tsunami. The danger that "overaiding" will have negative long-term impacts on the quality of governance in Sri Lanka is also a real one. The problem of "unearned income" strengthening patrimonial systems and undermining social contracts has been highlighted in many other contexts (cf: Moore, 2000). Moreover, the highly visible nature of the international response has produced an anti-Western backlash in the South - reproducing in many respects the dynamic prompted by the perceived over internationalization of the peace process in 2003. The perceived malpractices of NGOs generated significant popular criticism. Reported attempts of conversions by Christian aid agencies reinvigorated the debate on anti-conversion measures. The JVP and affiliated movements started an anti-NGO campaign with posters and speeches across the country.

Many donors saw the tsunami as a window of opportunity to break through the persistent gridlock in the peace process. In some respects, the Tokyo Declaration was reborn as a set of guiding principles developed by donors for tsunami relief. In this way

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158   The Red Cross alone has an annual budget of approximately $400 million. CARE International's budget has quadrupled for the year. According to the Consortium for Humanitarian Agencies, 348 new agencies were registered in Sri Lanka immediately after the tsunami.

159   Tsunami aid also emboldened the government to make new arms purchases from Iran and Pakistan.

tsunami aid was intended not only to address the tsunami damage itself, but also structural issues like state centralization, exclusion, unfair distribution of resources, and corruption. It was also hoped that P-TOMS would create an opening for resuming peace talks, though at the time of writing it is unclear whether this will be the case.

5.5   CONCLUSIONS

One of the most salient changes in the political landscape since 2000 has been the "internationalization" of peacebuilding. Robust support for the peace process reflects wider global trends. Sri Lanka represents one of a number of contemporary experiments in liberal peacebuilding, characterized by integrated, multi-mandate responses involving a new division of labor between political and development actors. The entire architecture of the peace process was built around heavy international involvement that helped create the pre-conditions for peace negotiations. But internationalization did not lead to a transformation of domestic political conditions, which is necessary for a settlement.

By any standards, this latest round of peace talks has been more successful than its predecessors and it is unprecedented in Sri Lanka for the ceasefire to outlive the peace talks. International support, particularly from the Norwegians, for ceasefire monitoring and Track One negotiations has been a critical factor in preventing a return to war and keeping the dialogue going. Perhaps such an approach, however, created a "peace alibi" while the two parties continued to conduct a shadow war with one another. A bilateral and exclusive negotiation model that tended to prioritize conflict management over transformation may have contributed to the current impasse. It has become increasingly apparent that it is not possible to circumvent the core political issues through an incremental approach. "Normalization," through the provision of humanitarian and reconstruction assistance, facilitated by a joint LTTE-government delivery mechanism proved impossible without a broader political settlement.

Furthermore, there was a growing perception that the peace process had become overly internationalized, inflaming public opinion in the South and North-East. This was at least partly related to the changing role of development donors. There has been a blurring of the traditional distinction between the conflict resolution and the economic aspects of peacebuilding. Donors, by applying peace conditionalities and promoting a peace dividend in the North-East, attempted to directly influence conflict and peace dynamics. Arguably, this new division of labor did not work, because the diplomats were too timid and the donors too bullish. To an extent, this was a case of putting the development cart before the political horse - economic imperatives were never likely to override political and strategic interests in a conflict that is primarily about governance and the nature of the state. Peace conditionalities had limited leverage in a context in which donors continue with other forms of political and economic conditionalities that may themselves be inimical to peace. One of the key lessons from Sri Lanka is that peace conditionalities cannot merely be an "add on" to existing practice - donors need to rethink how they approach their core areas of business particularly in relation to governance, economic reform, and poverty.

6. Conclusions and Implications

6.1 OVERALL CONCLUSIONS

The current peace process generated expectations and, initially, optimism about the prospects for sustainable peace in Sri Lanka.[160] However, at the time of writing, much of this optimism has dissipated. Current trends suggest the continuation of an uneasy stalemate or perhaps even a return to war. Neither the underlying structural conditions, nor current conflict dynamics suggest a positive trend toward transformational peace. More than two decades of violent conflict have had a corrosive effect on the Sri Lankan polity and society. It has contributed to processes of political fragmentation and institutional decay, which in turn undermines the capacity of domestic actors to find a solution to the conflict.

We have argued that the peace process itself has been limited by, and further exposed, these structural impediments. Limited peace has not led to transformative peace, and negotiations have become a lightning rod for wider political and societal tensions. A number of preconditions can be identified that are necessary for a sustainable transition from war to peace in Sri Lanka:

- Robust ceasefire arrangements that are upheld, respected by all parties, and reflect political realities on the ground.

- A level of stability and consensus in the southern polity that includes a bipartisan agreement on the strategy and end goal of the peace process.

- A strategy of constructive engagement with peace skeptics.

- A significant and stable constituency for peace among the southern electorate.

- Arrangements that ensure that the interests of the various political and social groupings in the North-East are protected and incorporated into future institutional arrangements.

- Third party support for negotiations.

- Robust, coherent, and sustained international support for peacebuilding.

If one compares Sri Lanka now with the situation at the time of the last round of peace talks in 1994-1995, there has clearly been progress in relation to some of these preconditions. For instance, there is a ceasefire arrangement, though it needs strengthening. There is also a stronger consensus in the South about the need for a negotiated settlement (though a bipartisan approach has yet to emerge). There is continued third party support for negotiations and significant international involvement in peace-related activities. Therefore, the trends are by no means all negative, particularly if one takes a longer term, historical perspective. At the time of writing, the key threat to peace appears to be the "shadow war" in the East, and this constitutes the most immediate challenge for domestic and international actors.

Given the current constellation of political forces within Sri Lanka, how can international actors best support peacebuilding processes? Before attempting to address this question, it is important to put their role in perspective. The last five years reinforce the point made in SCA1 that international actors must maintain a sense of proportion about their capacity to engineer complex political and social changes. By themselves, they do not start wars and neither do they bring them to an end. Both the GoSL and the LTTE have long experience of resisting efforts by the international community to

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160   For instance, a study entitled "Securing Peace. An Action Strategy for Sri Lanka" written in June 2004 concluded that "the prospects for peace in Sri Lanka are promising." Though it does go on to state that "the hard-won gains of the last year could be lost without courageous choices by the Sri Lankan political leadership and increased engagement by the international community" (Barnicle et al, 2004:32).

"discipline" them. On the other hand, just because donors cannot micro manage political change, this does not mean they are irrelevant. The history of international intervention in Sri Lanka indicates that external policies and pressures may have a significant impact (positive or negative) on domestic actors' calculations and on wider structural conditions. Much depends upon timing and whether there is a significant constituency for change within the country. Influence has been greatest when the agendas of international actors are paired with like-minded reformist governments. Though political and social change cannot be simply engineered - either by international or domestic actors - the overall direction of change can be influenced. As previously mentioned, international actors have played an important role in creating the preconditions for peace negotiations and preventing a return to war. There is also scope to amplify the effects of their sticks and carrots and apply them collectively in a more optimal way. Based on the above analysis, a number of overarching principles for international engagement in peacemaking and peacebuilding can be identified.

Political Commitment and Long-term Engagement

Within the donor community there is growing frustration about the lack of progress in the peace process. There are also concerns about anti-Western feelings and many donors feel exposed and unsupported by domestic actors. Some talk about a "principled exit." There is a danger of Sri Lanka falling back into a degenerative cycle of violence if international support for the peace process wanes. International actors need to keep their nerve and remain engaged in one form or another. This is not an argument for blithely continuing as before, but international actors must be sensitive to the fact that a scaling down in presence or funding at this point in time will be interpreted by many domestic actors as a sign of waning political commitment. Current events should be placed within a historical framework and strategies developed accordingly. It is too early to talk about success or failure, even though the short to medium term trends may be negative.

Shared Analysis

SCAs 1 and 2 are part of the process of developing improved, shared analysis. So has been the work with the Donor Working Group and efforts to jointly monitor conflict trends. There are a number of formal and informal, international and national groupings. Compared to many other countries affected by violent conflict, international agencies have access to high quality data and analysis. Since SCA1, donors have developed their internal capacities in this area and improved significantly. However SCA2 has revealed continuing problems in the extent to which analysis is shared (there are pockets of expertise, but knowledge tends to be fragmented and too dependent on the "usual suspects") and also the extent to which analysis is updated and current. This report demonstrates the need for "fine-grained" analysis, in order to better understand and influence conflict dynamics. For donors, this means developing more disaggregated forms of analysis, particularly at the sub-regional and intra-group levels.

Transformative Approach

To state that sustainable peace depends on tackling the underlying causes of conflict has become something of a truism in the conflict transformation literature. But, at times, international actors appear to have lost sight of this because of short-term, pragmatic imperatives. A transformative perspective has to be incorporated into the thinking and strategies of all international actors - whether they are involved in tsunami aid, Track One negotiations, or development projects in the South. Moreover, a transformative approach means more than merely pressurizing the LTTE for change. The same principles have to be applied to all actors, who must be held accountable to international norms.

The challenge is not about maintaining the status quo, but changing it. Clearly, this is risky, but not acting, or not challenging the status quo also brings its own risks. It is important to distinguish between peacemakers and peacebuilders - whereas the former have been in our

view too timid about applying pressure for transformative change, international donors, particularly some of the smaller bilaterals have been quite radical and transformative in their approach. Arguably, diplomats have been too timid and donors too bullish - the former under-rating their political leverage and the latter over-rating their economic purchase on the key actors.

Inclusivity

This study has discussed the limitations of a bipolar approach and the anxieties this created among actors who felt excluded. An inclusive approach does not necessarily mean getting everyone around the same table at the same time. But it does mean thinking more carefully about the inter and intra-group divisions highlighted in this report and also the vertical divisions between leaders and their constituencies. Inclusivity needs to be mainstreamed - it may involve lots of "small table" discussions, widening out civil society participation, focusing more on the mid-level actors, or strengthening activities at the regional and local levels. Support for Track Two initiatives appears to be particularly important in this regard.

Complementarity

Although there has been an unusual level of harmonization of efforts in Sri Lanka, international actors inevitably have different conceptions of, and strategies for, contributing to peace. To a large extent harmonization has crystallized around a liberal, Western notion of what a peace process should look like. There is a need to rethink the current consensus on harmonization. This is not working in practice, nor does it lead to the most optimal division of labor within the international community. There should be a shift in emphasis away from harmonization toward strategic complementarity. On occasion this happens, more by default than design, but on the whole there is a pretence of common goals and approaches and a practice of muddling through with frequent discordance between

actors and interventions. There is scope to think more creatively about the interfaces between diplomatic, development, humanitarian, and human rights actors, so that the distinctive approaches of each reinforce and complement (rather than undercut) one another. The same applies to complementarity between different actors, for instance the "good cop"-"bad cop" roles of the EU and European bilaterals complementing those of the U.S. and India.

Arguably, Western donor countries have not been sufficiently aware of, or responsive to, the sensibilities of Asian countries that have a political and/or economic stake in the country. Clearly, there is no single Asian perspective, just as there is no single Western position on the conflict. But it is clear there were, and continues to be, concerns from Asian actors about the extremely Western-centric approach to the search for peace. This has a number of implications including listening more to what Asian actors have to say about the conflict, incorporating their concerns into emergent analysis and strategy and, in so doing, 'de-Westernizing' international peacebuilding.

6.2 IMPLICATIONS FOR PEACEMAKING

This report has focused on the role of aid donors rather than other international actors directly involved in the peace process. However, it is not possible to draw a clear line between peacemaking and the role of international assistance, particularly since the two have been consciously merged during the course of the peace process. From traditionally being the "junior partner" in inter-state relations, international aid assumed, arguably, the pre-eminent role with regard to the peace process. This "economization" of peacebuilding was based on, in our view, the mistaken assumption that economic incentives could override political imperatives. One of the lessons from the last three years is that the political track should be preeminent - development may complement political negotiations, but it cannot take the lead. In the words of one interviewee, "There should

be less emphasis on international donor politics than on international politics." The impacts of development actors on peacebuilding processes depends largely on what is happening or not happening to the Track One negotiations - rather than vice versa.

Based upon the above analysis, a number of implications can be identified for international actors involved in peacemaking:

First, maintaining a ceasefire arrangement that ensures the containment of war is an absolute precondition for the continuation of a peace process. On the other hand, a sole focus on the CFA may not contribute to transformative peace and risks decreasing the motivation to negotiate by freezing the conflict at a point that leaves one party better off. Though the CFA has held, it has come under increasing strain due to LTTE violations and the emergence of the Karuna faction. The truce was negotiated in a different context, leading some to question its continuing relevance in the new political dispensation. Although there are fears that renegotiating the CFA and the SLMM's mandate risks de-stabilizing the current equilibrium, the ceasefire in its current form may not survive given the level of pressure being placed upon it. There may be a need to consider extending the scope of the CFA to cover the full range of military actors and strengthen its human rights component. In parallel, the SLMM's mandate and capacities may need to be revisited with a view to improving its means of investigation, better public diplomacy, and boosted operational capacity, particularly in the East.

Second, more thought can be given to developing a transformative approach to peacemaking. Some argue that the third party model should change from one of facilitation to power mediation. This would have implications for the identity and mandate of the third party. Options include (a) strengthening the bilateral model with a more robust and upgraded role for the Norwegians, (b) multilateralization that might involve a stronger role for the U.N. or EU, or (c) regionalization, with a more explicit and central role for India.

Whichever approach is adopted, in our view, a pragmatic/realist and elite centered approach has been too limiting. A transformative approach is complex and risky since it involves the reconstitution of the Sri Lankan state and the democratization and pluralization of politics in the North-East. Interim processes can help institutionalize the political engagement, but not if they merely freeze the status quo - they must have conditions or benchmarks attached to them that show progress toward a transformative agenda. For instance, both sides could have been pushed harder on questions of human rights, transitional justice, and reconciliation. The peace process has not been sufficiently anchored in a clear set of principles for engagement as, for instance, with the Mitchell principles in Northern Ireland.

Third, a more inclusive approach to conflict resolution could be developed. It is possible to map out a number of areas in which one could expand the scope of the (Tracks One and Two) negotiations:

- The need to include *both* mainstream parties in negotiations is a clear lesson from the UNF-led peace process. The two parties command the confidence of 60 percent of the electorate, potentially a formidable constituency for peace. A bipartisan approach is therefore a *sine qua non* for peacemaking. Although this has been elusive in practice, at the very least pressure and inducements could be applied to help develop a tacit agreement that the party in opposition will not play a spoiling role.

- An adequate formula for including Muslim representatives in the peace process needs to be found that goes beyond merely including a Muslim delegate in the government representation.

- Ways need to be found to engage with the "unlike minded," including nationalist groups such as the JVP and JHU. Ignoring or attempting to exclude such groups has not worked and, arguably, they have some legitimate concerns. Engagement could mean building contacts through the Track Two and Three processes.

- Strengthening and supporting Track Two activities appears to be critical, particularly at a time when formal negotiations have broken down. In the current context, Track Two constitutes in many respects the backbone of the peace process. Actors and institutions at the meso level can play a pivotal role. In the past they have acted as "neuralgia" points, inflaming grievances and anxieties. But with the right kind of support, mid level actors could become key strategic nodes in the peacebuilding process.

- Although there is a significant peace constituency in Sri Lanka, its impacts are attenuated by its fragmented nature, lack of information, and distance from the levers of power. There is scope to strengthen work in this area through, for instance, more strategic engagement with the media, particularly the vernacular press. The same can be said in relation to the Sri Lankan diaspora and the domestic business community.

- P-TOMS perhaps provides an opportunity to develop and test a more inclusive approach by, for example, ensuring Eastern representation in the district and regional committees and helping develop institutional mechanisms at the local level that include all stakeholders.

Fourth, there should be a shift in emphasis away from harmonization toward strategic complementarity. There is scope to think more creatively about the interfaces between diplomatic, development, humanitarian, and human rights actors, so the distinctive approaches of each reinforce and complement (rather than undercut) one another. The same also applies to complementarity between countries. The Anglo-Saxon and European approaches could be developed more strategically. The U.S. because of its proscription of LTTE is not seen as a neutral interlocutor in relation to peace negotiations. But its strong involvement in the peace process has probably acted as a brake on both sides going back to war. The EU and its member states have typically been more open to engagement with LTTE and offer the potential carrot of legitimacy and resources. The

problem in the past has tended to be when different actors give contradictory messages and either the GoSL or the LTTE, exploit these tensions between the various international positions. Furthermore, the synergies and linkages between Tracks One, Two, and Three could be further strengthened, as the One Text initiative is currently attempting to do.

Fifth, given the perception in Sri Lanka that international actors increasingly transgress national sovereignty, and the remarkable shift in the southern position on India, there is a need to explore ways of amplifying the peacebuilding role of India. One possible option is for India to become another co-chair, though they may not wish to take on this role. However, there is still scope for India's influence to be amplified in other ways including in the Track Two process or other spheres such as trade and aid, which is already significant.

6.3 IMPLICATIONS FOR AID DONORS

If donors are to work more effectively "in" or "on" conflict in Sri Lanka, they must develop a more realistic assessment of their role and impacts. As highlighted in the previous section, aid actors, by attempting to stand on the same ground as the diplomats, are not playing to their comparative advantages. Aid is too blunt an instrument to influence the short-term dynamics and incentive systems of conflict and peace. It is more likely to have an influence on the medium to longer-term factors underpinning violent conflict. This suggests that aid donors should extend their time frames. Long-term trends rather than short-term indicators are better measures of progress on peace and development.

A more conflict sensitive approach involves not only extending time frames but also deepening one's understanding of, and engagement with, the socio-political context. Working on conflict means being explicitly political. But this begs the question of what type of politics aid donors should be concerned with and seek to influence. This study indicates that international donors do have an influence on political and economic

trends in Sri Lanka, but they have limited traction on the short-term calculations of political elites. Becoming "more political" should not mean becoming more partisan, as the donor community was perceived to be in relation to the UNF government. But it could mean being more explicitly committed to a transformative approach. This would involve developing a more explicit theory of change and the links between this and conflict, greater attention to governance and the institutional framework within which aid is delivered, and a strong analysis of trends and the "drivers of change."

A number of more specific implications for aid donors are outlined below, drawing upon the framework of the "three C's" introduced in Section 5 of conditionalities, consequences, and causes:

6.3.1 Peace Conditionalities and Conflict

The peace conditionalities applied by development donors at Tokyo did not have the desired outcomes for several reasons. First, conditionalities were based on an inflated view of aid's value to the key parties. Economic incentives were never likely to override political and security concerns. Therefore, conditionalities lacked the traction they might have had in a more economically driven conflict. Second, donor perceptions of the Tokyo indictors and their impact differed from those of other stakeholders. For most donors, the Tokyo Declaration implied that with peace would come increased prospects and opportunities for aid. Most local stakeholders perceived this linkage as "no aid unless peace," a misinterpretation that led to considerable ambiguity in policy and practice (Burke and Mulakala, 2005). Third, the potential leverage of aid was undermined by the divergent positions of the various donors. On the whole, the larger and more influential donors such as Japan and the ADB were more reticent to attach political or conflict related conditions to assistance. The smaller bilateral donors who took a more radical position had limited leverage, as in relative and absolute terms their financial contribution was small. Fourth, there proved to be a reluctance to actually implement the Tokyo Declaration (largely due to its ambiguity). Fifth, the potential leverage of aid has been further diminished by the influx of tsunami funding. In practice, the debate on conditionalities has no relevance to the post tsunami context. The threat of withholding aid has no leverage whatsoever in an environment that is completely "over-aided." Given this new reality, the debate must shift toward thinking about positive conditions on aid and gaining influence through policy dialogue, rather than through threatened withdrawal or withholding of aid. Support for P-TOMS represents the most salient short-term opportunity for doing this.

6.3.2 Consequences of Conflict

Addressing the humanitarian consequences of the war was one of the key strands in the CFA. It was both an important goal in its own right and also a vehicle for developing trust between the two sides that would facilitate more substantive negotiations on core issues. In a sense, it was viewed as a form of shallow peacebuilding that could evolve into a deeper form of engagement.

In spite of the failures of SIHRN, there is still scope to substantially scale up international assistance to the North-East to address the consequences of war. Although aid has increased, a significant proportion was caught up in the politics of the peace process. Dealing with the consequences of war can help create opportunities to address underlying causes. For instance, working on practical issues that affect both the North-East and South, such as missing persons as a result of conflict, may help build North-South links and contribute toward reconciliation. Practical programs dealing with common issues such as the problems of the conflict-displaced and tsunami-displaced can also have transformative elements built into them. On the ground, pragmatic institutional arrangements have emerged between LTTE, the GoSL, and international donors in terms of delivering tsunami and reconstruction-related aid. These could be formalized with a view to developing

interim institutional arrangements that are inclusive and, if not formally democratic, allow different voices to be heard.

6.3.3 Causes of Conflict

For many donors, working "on" conflict has meant reorienting activities so they have a direct focus on the peace process. This, as already highlighted, had a number of perverse effects - it resulted in inflated expectations about what aid could achieve, led to funding being caught up in the peace process and contributed to a backlash in the South against "neo-imperial" donors. The evidence suggests that donors ventured too far outside their core area of competence. Peace conditionalities may have limited traction when the broader framework of aid conditionalities remains unchanged - especially when some of these conditions may be inimical to peacebuilding. Arguably, donors in the long term can have a more significant impact on the causes of conflict by focusing on their core areas of business, including poverty, governance, and economic development.

In SCA1 it was argued that the smaller bilateral donors could probably have a greater impact on peace and conflict dynamics by influencing the "big three" donors - Japan, the World Bank, and the ADB - who were working around conflict. To some extent, these efforts may have contributed to the changing stance of the World Bank and to a lesser extent the ADB. However, Japan and (to some extent) the World Bank and the ADB still tend to follow an orthodox approach, which if not conflict blind is at least conflict neutral.

The toolbox that donors have at their disposal is quite limited, though in recent years the ambitions of aid actors have grown enormously. To a great extent, the challenge remains similar to the one outlined in SCA1 of "doing things differently rather than doing different things." The following are some of the areas in which donors might do things differently:

Although hardly an original conclusion, donors need to re-think the blueprint model of governance and economic development that has been prescribed to Sri

Lanka in common with many other countries in transition or emerging from conflict. The UNF government, supported by international donors, saw the peace process as an opportunity for "shock therapy" - following the same rationale as aid donors in transition contexts elsewhere, that radical reforms would meet limited resistance during a period of rapid change. As described above, this was not the case in practice and a number of lessons emerge from this experience:

- Attempting to force through two major structural changes (negotiating a peace settlement and implementing radical reforms) simultaneously created unmanageable tensions within the polity.

- More thought needs to be given to the mix and sequencing of such reforms.

- Ameliorative measures need to be taken that may not be "efficient" in economic terms, but may be more politically and socially expedient.

As repeatedly emphasized in this report, at the heart of the conflict is the question of the state and the quality of governance in Sri Lanka. It is clear that an "ideal type" model of governance is not appropriate in any context, but particularly not in a conflictual one. Conflict is related to competing notions of the state. None of the discourses around the state in Sri Lanka come close to the neo-liberal version of a small enabling state. In the North-East, the discourse is around a separate or highly federated state, while in the South it is largely concerned with a strong, unitary state that has a protective and redistributive role. In both cases, however, the state is placed at the center of the development vision. In many respects, this is quite an Asian view of the developmental state and there appears to be scope for international donors to think more carefully about the Asian experience of statebuilding and development and to examine how these models apply to the case of Sri Lanka.

Although the relationship between conflict and poverty is contested, complex, and multi-directional, there is sufficient research and analysis on Sri Lanka to suggest that poverty is a significant variable in the generation of grievance and violent conflict. Yet the UNF's Poverty Reduction Strategy Paper (PRSP) "Regaining Sri Lanka"

involved limited public consultation and, overall, was based on a trickle down model of development. Development donors, in spite of their agreed focus on poverty, were unable or unwilling to challenge the government on the distributional effects of its policies. Somewhat paradoxically, there is a convergence between the proclaimed poverty eradication agendas of development donors and the JVP. This could constitute the basis for a more productive dialogue between the two. The need for a stronger focus on poverty and the distributional effects of assistance, which was emphasized in SCA1, still holds good. To a great extent, donors apply conflict sensitive frameworks to their work in the North-East, but ignore them when it comes to the South. In terms of doing things differently, donors should consider placing a stronger emphasis on safety nets and social protection and targeting "pockets of poverty." This necessarily involves going beyond notions of horizontal inequalities based only on ethnicity. Donors must be more cognizant of the role that intra-group, as well as inter-group, divisions have played in generating the politics of anxiety and exclusion described in this report.

Another finding from SCA1 that still applies today is donors' rather patchy engagement with civil society. Donors' support for a Colombo-centric group of like-minded actors has become a familiar refrain in aid circles. Getting beyond the "charmed circle" of donor friendly organizations is still a challenge, even though donors have experimented with new arrangements. One alternative is to provide more serious large-scale framework funding for civil society initiatives that is locally managed and has the expressed purpose of developing a peace constituency rather than service delivery mechanisms for donor projects.

Donors, like elsewhere, tend to engage primarily with the "like-minded." Yet in situations of conflict it is the "unlike-minded" who are often the key drivers of change. One can debate who is a "spoiler" or "unlike-minded" (and this category may change over time), but it is clear that the donor community has found it problematic engaging with groups like LTTE, the JVP, the Sangha, and the National Patriotic Movement (NPM). Since they are influential stakeholders in the

peace process with major constituencies, if donors do not engage with them, their analysis and influence on conflict and peace dynamics are likely to be circumscribed. If donors are serious about engagement, however, this should not just be conducted with the intention of transforming them into the more "like-minded." A serious dialogue would have to involve the possibility that donors would also be prepared to change their positions and mind sets.

Finally, it is widely recognized that large injections of funding have the potential to adversely affect both the short-term conflict dynamics and long-term causes of conflict. A conflict sensitive approach must involve the accountable and balanced distribution of resources with the participation of affected populations. Support for a coordinated approach through P-TOMS should be prioritized. There is also scope to encourage regional collaboration in relation to disaster preparedness and response.

In conclusion, Sri Lanka has been a flawed, though certainly not failed, experiment in liberal peacebuilding. A heavily internationalized peace process has been a mixed blessing. It has played an important role in preventing a return to war, but it has also had perverse effects that contributed to the current no war-no peace equilibrium. This, however, is not an argument for reduced international involvement. Domestic political actors cannot take the risks required to build peace without sustained and sensitive international backing. We have argued that a different mix and balance of diplomatic, political, security, and economic measures can help create an enabling environment for the peace process. International aid has an important, though supplementary, role in creating these conditions. A key change since 2000 has been the realization that it is no longer tenable to pretend that foreign aid can be divorced from questions of war and peace in Sri Lanka.

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Appendix 1: Basic Timeline (January 2000 - September 2005)

The timeline below captures some of the most important events and trends that took place since January 2000, where the first Strategic Conflict Assessment left off.[161] It has been a turbulent five years. Three parliamentary elections were held, the LTTE and the government negotiated a ceasefire, the peace process commenced, reconstruction and rehabilitation in the North-East began, the LTTE pulled out of peace talks but said it would not go back to war, the LTTE faced a major split when its eastern military commander Karuna Anam broke from the organization taking hundreds of cadre with him, political violence and inter- and intra-ethnic tensions increased in the East, the JVP emerged as a third force in the politics of the South, a long process of political jockeying resulted in a fragile governing coalition between the SLFP and JVP at the center, and the peace process came to a stand-still, characterized as a situation of "no war, no peace."

1. RUN-UP TO THE CEASEFIRE (JANUARY 2000 - FEBRUARY 2002)

- January 5, 2000: Prime Minister Ratnasiri Wickremanayake is the target of a suicide bomber who is stopped outside his office. A month earlier, President Kumaratunga was injured in a suicide bombing while campaigning before the presidential election held on December 21, 1999. Suicide attacks are a regular occurrence in Colombo in 2000.

- February 16, 2000: President Chandrika Bandaranaike Kumaratunga and LTTE leader Vellupillai Prabhakaran invite the Norwegian government to facilitate backchannel dialogue between the two parties to the conflict and act as a go-between.

- April 22, 2000: The LTTE recaptures Elephant Pass, army complex at the gateway to the Jaffna peninsula.

- May 2000: Following the capture of Elephant Pass, the LTTE attempts to regain the Jaffna peninsula. Inroads are made and the LTTE reaches the outskirts of Jaffna town, but further gains are prevented by a determined army fight-back with emergency military assistance from India, Pakistan, and China.

- June 7, 2000: A suicide bomber kills the Minister of Industries C.V.Gooneratne.

- August 18, 2000: President Kumaratunga dissolves parliament at the end of its natural six-year term.

- September 16, 2000: Sri Lanka Muslim Congress leader M.H.M. Ashraff dies in a helicopter crash. Many suspect foul play despite the official explanation of mechanical failure complicated by bad weather. His death results in a power struggle between his wife Ferial Ashraff and Rauf Hakeem for leadership of the SLMC. Hakeem emerges as the new Leader.

- October 10, 2000: Parliamentary elections result in a weak coalition led by the President's People's Alliance. The JVP captures 10 seats and is represented in parliament for the first time.

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161   Timelines have a natural bias toward specific events. Enduring or less tangible processes may be equally or more important, but are easily excluded in such an overview. Also, there is a bias toward events that attract international attention (like security issues, elections, and the peace process). Factors which are crucial to specific constituencies only, like developments within the Sangha, intra-party politics, or regional issues may unfortunately be neglected.

- October 25, 2000: Sinhalese villagers storm a rehabilitation camp in Bindunuwewa, in the Central Province, housing Tamil detainees. They hack and club to death 24 Tamil prisoners and set fire to the center. The camp guards and local police do nothing to prevent the killings and are suspected of colluding with the attackers.

- November 27, 2000: LTTE leader Prabhakaran calls for unconditional talks in his annual martyr's day speech.

- December 21, 2000: LTTE declares a one-month unilateral ceasefire that is extended monthly up to April 24, 2001.

- February28, 2001: The UK proscribes the LTTE.

- June 20, 2001: The President sacks Cabinet Minister Rauff Hakeem who crosses over to the opposition with five SLMC colleagues. The opposition wins a No Confidence motion against the government. The president responds by proroguing parliament.

- July 23, 2001: The LTTE strikes at the international airport in Katunayake, destroying eight military and four civilian aircraft. The impact on Sri Lanka's economy and image is significant. 2001 will mark the first year that Sri Lanka's economy shrinks.

- September 6, 2001: The ruling People's Alliance and the JVP sign a pact and form a new short-lived government sworn in on September 13.

- September 11, 2001: Terrorist attacks that destroy the World Trade Center in New York and damage the Pentagon usher in a new era of global insecurity. The "global war on terror," led by the United States, becomes the dominant theme of international security and politics.

- October 9, 2001: Eight MPs from the Sri Lanka Freedom Party, the largest party in the People's Alliance, cross over to the opposition United National Party. Again, the opposition wins a No Confidence motion and the President is forced to dissolve parliament and call for fresh elections.

- December5, 2001: The UNP wins the election. Its leader Ranil Wickremesinghe becomes Prime Minister, forms a government with the help of minority parties, and enters into a fragile "cohabitation" with the President.

2   THE CEASEFIRE AND PEACE TALKS (FEBRUARY 2002 - APRIL 2003)

- February 22, 2002: The new government and the LTTE declare a ceasefire which, although increasingly fragile, lasts until today. The Sri Lanka Monitoring Mission is established to monitor the truce.

- Throughout 2002: A process of normalization in the North-East begins following the ceasefire. The A9 highway to and from Jaffna is re-opened in April, many displaced people return to the North, most restrictions on the transport of commodities to the North are lifted, fishing restrictions are eased (May 23) and reconstruction and rehabilitation projects commence by the government and international NGOs.

- April 15, 2002: Rauf Hakeem and Velupillai Prabhakaran sign an agreement spelling out their intention to improve Tamil-Muslim relations and consult one another on issues that come up in the peace talks that affect the Muslim community. The agreement allows Muslim farmers to return to their lands, particularly in the East.

- May 16, 2002: Tamil civilians protest against the high security zones in Jaffna and demand permission for the internally displaced to return to their homes within the Zones. HSZs include large buffer areas around major military installations as well as road junctions, schools, and hospitals. Civilian and LTTE agitation over the HSZs would increase over the next two years.

- May 28, 2002: Prime Minister Wickremesinghe advocates devolution as part of a solution to the ethnic conflict in a speech to the European Parliament.

- May 2002: The East experiences its first wave of ceasefire violations.

- Summer 2002: PM Wickremesinghe visits India, the United States, and other countries to secure international support for the nascent peace process. Preparations for direct talks in Thailand begin and on August 14, both parties agree in Oslo on the modalities for talks. On September 4, the government lifts the ban on the LTTE paving the way for direct negotiations. Violent Tamil-Muslim clashes in Batticaloa, Valaichennai, and Muthur jeopardize the Prabhakaran-Hakeem agreement.

- September 16-18, 2002: The first round of six peace talks is held in Thailand.

- October 9, 2002: Seven people die in a clash between the Special Task Force and the LTTE in Akkaraipattu. Violence becomes a common phenomenon in the East .

- October 2002: Insurgent SLMC members boycott parliament and demand assurances from the government that Muslim interests will be protected in the talks with the LTTE.

- October 31 - November 3, 2002: During the second round of peace talks in Thailand, three sub-committees are established to manage the normalization process in the North-East. Colonel Karuna becomes the LTTE representative to the Sub-committee on De-escalation and Normalisation.

- November 25, 2002: Donors pledge support to the peace process during an aid conference in Oslo.

- December 2-5, 2002: The third round of peace talks is held in Oslo. Both parties agree to explore a federal system of government as the basis for a solution to the conflict (Oslo Communiqué).

- January 6-9, 2003: The fourth round of peace talks is held in Thailand.

- February 7-8, 2003: The fifth round of talks is held in Berlin.

- March 20, 2003: A Chinese trawler is sunk of the Mullaitivu coast and seven of its crew members are killed. The LTTE is suspect but deny involvement. The SLMM, after investigating the incident, attributes the incident to an unnamed third party.

- March 21, 2003: The sixth and final round of peace talks is held in Hakone, Japan. Both parties agree to strengthen the SLMM and reiterate their commitment to a federal solution to the ethnic conflict.

- Throughout 2003: The Sinhala press and opposition parties are increasingly critical of Prime Minister Wickremesinghe's conduct of the peace process, accusing him of being too accommodative toward the LTTE.

- April 14, 2003: In the run-up to the Tokyo donor conference, a pre-meeting is held in Washington to discuss the Sri Lankan peace process and donor support. The LTTE cannot attend because they are listed as a terrorist organization in the U.S.

3. THE BREAKDOWN OF TALKS AND INSTABILITY (APRIL 2003 - DECEMBER 2004)

- April 21, 2003: The LTTE suspend their participation in the peace talks on the grounds that they were excluded from the Washington meeting, the government is unwilling to compromise on high security zones, and the government's economic plans fail to meet the needs of people in the North-East.

- June 9, 2003: Donors pledge approximately $4.5 billion in development assistance at the Tokyo conference, but their statement is interpreted by some as linking aid disbursements to progress in the peace process. The LTTE boycotts the meeting on the grounds that the government has not put forward a framework for reaching a solution to the ethnic conflict.

- August 2003: Tamil-Muslim conflict in the East escalates.

- October 31, 2003: Following lengthy deliberations, including consultations with experts in the Tamil diaspora, the LTTE presents its proposal for an Interim Self Governing Authority for the North-East.

- November 4, 2003: President Kumaratunga declares a state of emergency, takes over three key ministries (responsible for defence, law and order, and media), and prorogues parliament precluding any possibility of peace talks resuming around the ISGA proposal. The President declares that the country's security and sovereignty are at risk. The Prime Minister refuses to accept the President's decision and conduct business as usual, precipitating a political crisis.

- November 14, 2004: Norwegian mediators state that Sri Lanka's peace process is on hold until the country's political crisis is resolved.

- November 2003 to January 2004: Repeated efforts by advisors to the President and Prime Minister to break the political impasse and arrive at a power-sharing arrangement fail.

- February 7, 2004: The President dissolves Parliament and calls a snap election.

- Throughout 2004: Norwegian, Japanese, and EU representatives try unsuccessfully to broker a resumption of peace talks. The LTTE travels to Western countries to muster support for its cause.

- March 4, 2004: Eastern LTTE military commander Colonel Karuna Aman refuses Prabhakaran's order to send troops to the North and breaks away from the LTTE.

- March 26, 2004: The LTTE launches a military quick strike against Karuna's strong-hold in northern Batticaloa District. Overwhelmed, Karuna disbands his cadre, goes into hiding, and begins an insurgent campaign against the LTTE in Batticaloa and Amparai.

- April 2, 2004: Parliamentary elections are held resulting in a victory for the United People's Freedom Alliance, comprised of the SLFP and JVP, which captures 105 seats to the UNP's 82. The UPFA forms a government with the help of smaller parties including the JHU and EPDP.

- April 6, 2004: The President appoints Mahinda Rajapakse as Prime Minister. Apparently President Kumaratunga's first choice for PM was her close confidante Foreign Minister Lakshman Kadirgamar, who was elected to Parliament from the national list. The President ultimately opts for Rajapakse because of his larger base of popular support, particularly in the South where the JVP is also strong.

- April 15, 2004: In the aftermath of the Karuna split, the LTTE frees a batch of 220 child soldiers but there are reports of re-recruitment by the LTTE and, later, the Karuna faction.

- Summer 2004: Discussions between the UNP and the President about power sharing fail but the UNP

announces its support for the President's efforts to revive the peace process while criticizing her party's alliance with the JVP. Donors struggle to make good on their commitments made in Tokyo. Tying aid to progress of the peace process becomes a complicated knot involving the strategic interests and principles of different donors, the difficulty of defining and measuring progress, and general scepticism about a speedy solution.
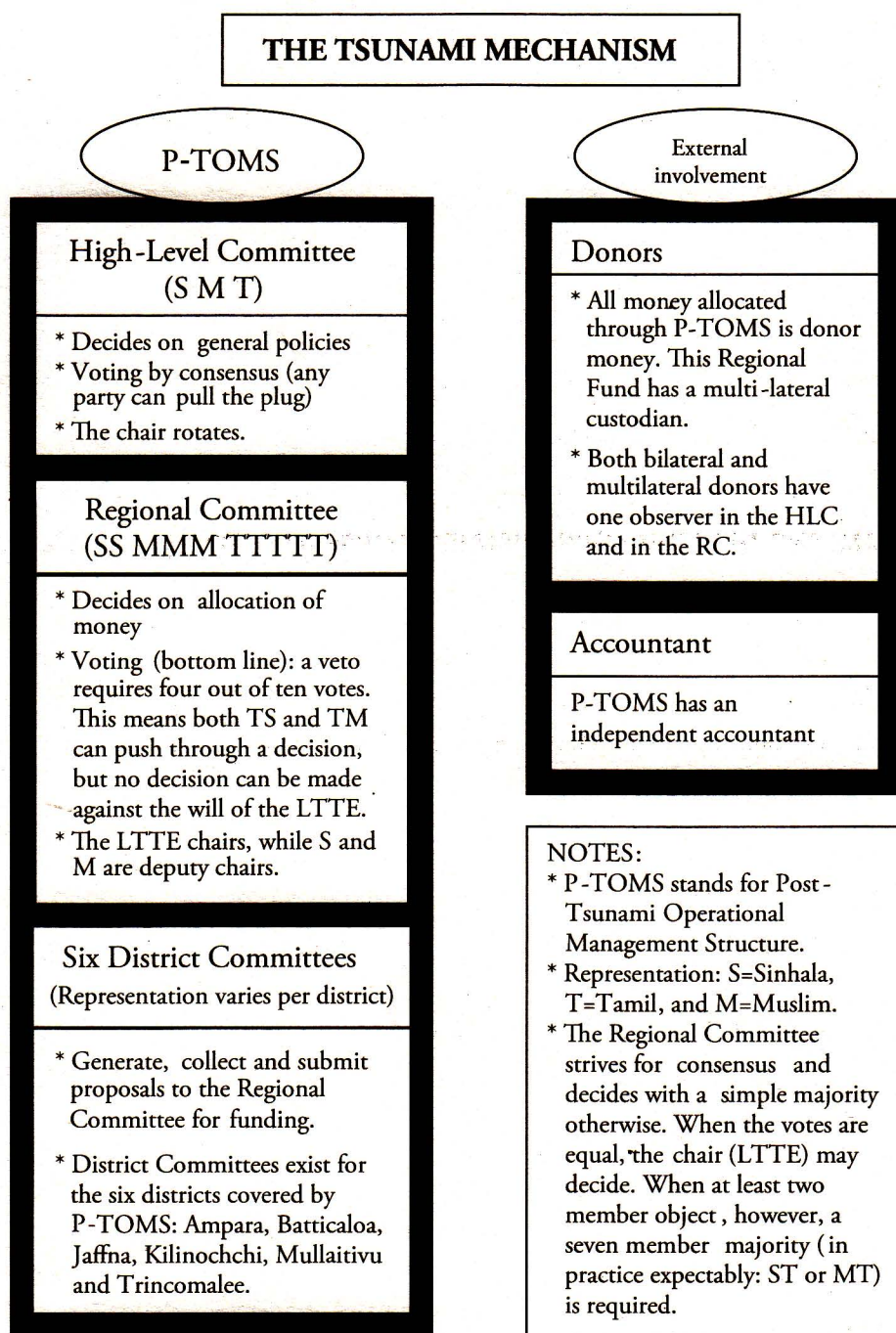
- June 1, 2004: The co-chairs to the peace process (EU, Japan, Norway, and the U.S.) state that both parties must resume negotiations to prevent international attention and support from shifting to other parts of the world.

- July 7, 2004: An assassination attempt against EPDP leader Douglas Devananda at his office in Colombo fails but kills four security staff and injures others. The LTTE denies involvement.

- October 4, 2004: The President inaugurates the National Advisory Council for Peace and Reconciliation (NACPR), a forum for the government to discuss and seek input on the peace process from elected representatives and civil society and religious leaders.

- Fall 2004: The government and LTTE trade charges about who is to blame for the failure to resume peace talks. The LTTE insists on the ISGA proposal as the basis for talks while the government wants to discuss interim measures in the context of a final political settlement.

- December 18, 2004: President expresses confidence that she can keep the JVP in line over the peace process following critical comments by co-chairs the EU, Japan, and the U.S.
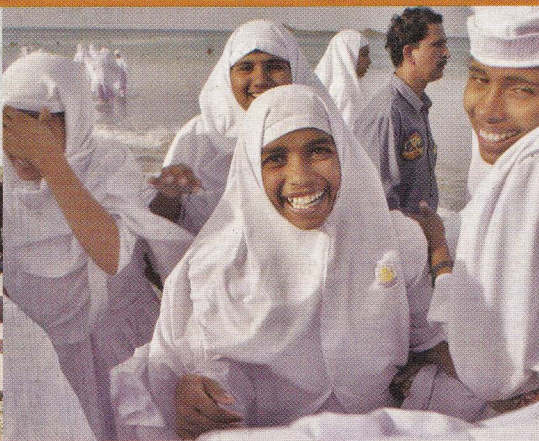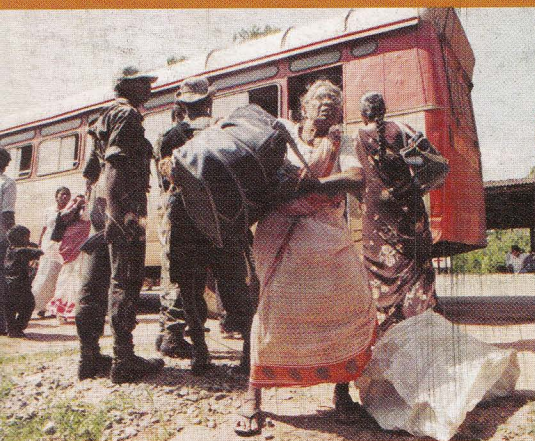
4. TSUNAMI AND THE JOINT MECHANISM (DECEMBER 2004 - SEPTEMBER 2005)

- December 26, 2004: A tsunami hits Sri Lanka, causing tremendous loss of life and comprehensive damage in coastal areas of the North, East, and South. Large amounts of international assistance and financial aid arrives, making coordination and delivery difficult.

- January 6-8, 2005: U.N. Secretary General Kofi Annan visits Sri Lanka to inspect tsunami damage but the government prevents him from going to LTTE-controlled areas.

- January 13, 2005: The U.N. accuses the LTTE of recruiting child soldiers in the tsunami camps. Later (April 5), UNICEF announces that they have confirmed at least 106 cases.

- January 2005: The government and the LTTE begin discussions to set up a joint mechanism for providing tsunami relief and recovery assistance.

- February 8, 2005: Kaushalyan, the LTTE's political leader in the East, is killed while moving through government territory. The government denies any involvement.

- March 10, 2005: The government claims to have discovered an LTTE air strip in the Vanni, creating concerns about an LTTE air strike capability.

- April 5, 2005: An SLMM monitor is injured when the LTTE opens fire on a navy boat close to Trincomalee.

- April 29. 2005: Tamilnet editor Dharmaretnam Sivaram is abducted and killed in Colombo by unknown assailants.

- May 16, 2005: At the donor forum in Kandy, donors pledge over $3 billion dollars for tsunami aid.

The President reiterates her commitment to a joint mechanism with the LTTE and a peaceful resolution of the ethnic conflict.

- June 10, 2005: Protests against the joint tsunami mechanism gather momentum. The police use tear gas to disperse demonstrating monks at the President's residence.

- June 16, 2005: The JVP leaves the UPFA coalition following Kumaratunga's refusal to meet their demand to drop the idea of a joint mechanism. The JVP continues to support the SLFP in parliament on other matters, thus averting another political crisis and election.

- June 24, 2005: The government and the LTTE sign a joint mechanism called the Post-Tsunami Operational Management Structure (P-TOMS). This grants the LTTE along with Muslim and government representatives on regional and district committees the opportunity to participate in and influence the allocation of tsunami aid in the North-East. The SLMC protests that the mechanism doest not adequately safeguard Muslim interests.

- June 26, 2005: Some 40 LTTE cadres, including the political head of Ampara, narrowly escape an ambush close to Welikanda when travelling through government territory escorted by government forces.

- June 30, 2005: In response to the Welikanda attack, the LTTE demands protection for its political representatives when travelling through government controlled areas. Government failure to respond may cause a breakdown of the ceasefire, the LTTE threatens.

- July 11, 2005: The government initially denies responsibility for safeguarding LTTE travel in government areas but eventually agrees to provide protection provided the SLMM is present and on a case by case basis.

- August 12, 2005: Foreign Minister Lakshman Kadirgamar is assassinated by a sniper at his private Colombo residence. The LTTE denies involvement.

- August 26, 2005: The Supreme Court in response to a case filed by the JHU rules that presidential elections must be held by December 2005.

- September 9, 2005: Addressing the U.N. General Assembly, President Kumaratunga states that the LTTE has not moved away from terrorism as is evidenced by the recent killing of the Foreign Minister, their continued recruitment of child soldiers, and killing of political rivals. U.N. Secretary General Kofi Annan stresses the need for peace in Sri Lanka.

- September 26, 2005: The EU announces that it is considering listing the LTTE as a terrorist organization. The EU bans all official travel by LTTE representatives to member states. Though not explicitly blaming the LTTE, the assassination of the Foreign Minister is strongly condemned in the statement. The LTTE initiates a campaign urging the EU to reconsider their stance.

Appendix II: The P-TOMS Mechanism

THE TSUNAMI MECHANISM

P-TOMS

High-Level Committee (S M T)

* Decides on general policies
* Voting by consensus (any party can pull the plug)
* The chair rotates.

Regional Committee (SS MMM TTTTT)

* Decides on allocation of money
* Voting (bottom line): a veto requires four out of ten votes. This means both TS and TM can push through a decision, but no decision can be made against the will of the LTTE.
* The LTTE chairs, while S and M are deputy chairs.

Six District Committees
(Representation varies per district)

* Generate, collect and submit proposals to the Regional Committee for funding.
* District Committees exist for the six districts covered by P-TOMS: Ampara, Batticaloa, Jaffna, Kilinochchi, Mullaitivu and Trincomalee.

External involvement

Donors

* All money allocated through P-TOMS is donor money. This Regional Fund has a multi-lateral custodian.
* Both bilateral and multilateral donors have one observer in the HLC and in the RC.

Accountant

P-TOMS has an independent accountant

NOTES:
* P-TOMS stands for Post-Tsunami Operational Management Structure.
* Representation: S=Sinhala, T=Tamil, and M=Muslim.
* The Regional Committee strives for consensus and decides with a simple majority otherwise. When the votes are equal, the chair (LTTE) may decide. When at least two member object, however, a seven member majority (in practice expectably: ST or MT) is required.

Award winning photographs by Anuruddha Lokuhapuarachchi, Dominic Sansoni, and Gemunu Amarasinghe