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Hollow Words: Foreign Aid and Peacebuilding in Peripheral Conflicts

ADAM BURKE

Abstract: Many foreign aid agencies promote peacebuilding as a global policy objective. This paper considers how they have fared in practice in subnational, “peripheral” conflicts in Asia that have relatively low international profiles, using case material from Aceh in Indonesia, the Far South of Thailand, and Sri Lanka. Foreign aid has supported long-term economic growth in these countries but typically failed to address peacebuilding concerns or associated inequalities between ethnic groups. Many barriers limit the scope to promote peacebuilding, stemming from recipient governments’ reluctance to accept external involvement and from aid agencies’ own limitations. Those agencies that do address conflict concerns tend not to use technical peacebuilding tools or methodologies. Instead, they prioritize the root causes of conflicts, recognizing human rights protection and equality of opportunity as policy aims. They also devise responses locally, build good relationships with governments, and work incrementally from a strong knowledge base. Wider adoption of similar policy objectives and practice would enable further small-scale peacebuilding initiatives.

Keywords: Aceh, conflict, development, foreign aid, Indonesia, peacebuilding, Southeast Asia, Sri Lanka, Thailand

Providers of International development assistance—non-governmental organizations, bilateral government donors, multilateral development banks and...
United Nations agencies—continue to stress the importance of addressing civil conflicts and promoting justice alongside reducing poverty. The summary of the 2011 World Development Report that addresses conflict, security, and development describes “the negative impact of repeated cycles of violence on a country or region’s development prospects.”¹ This review considers the barriers that foreign aid agencies confront when trying to turn such policies into practice, concentrating on examples of conflicts in South and Southeast Asia.

The merger of development and peacebuilding makes good political sense to developed nation policymakers. It is hard to oppose without sounding callous, and it provides a relatively cheap way to address concerns over instability in foreign countries. Addressing conflict and peacebuilding through aid provision is not a new idea: foreign aid was used by both sides during the Cold War as a policy instrument. The wider adoption of an ostensibly neutral peacebuilding agenda is a more recent phenomenon, however, and it has spread fast. Many development agencies have specialist staff and dedicated departments to help implement peacebuilding policies. United Nations reports and international commissions are joined by good practice guides, academic journals and a consultancy industry in what amounts to a thorough institutionalization of peacebuilding.² Various concepts aim to guide uses of foreign aid for peacebuilding, including human security,³ peace conditionality,⁴ conflict sensitivity,⁵ statebuilding,⁶ and rights-based programming.⁷

Most of the related academic literature on international peacebuilding concentrates on large-scale interventions and high-profile wars, often in what are termed “fragile” or “failed” states—Iraq, Afghanistan, Somalia, Democratic Republic of Congo, and so on.⁸ This paper focuses instead on a different form of conflict: sub-national unrest that occurs commonly and persistently in peripheral regions of countries in South and Southeast Asia, here called “peripheral conflict.” By considering these relatively small but long-term conflicts in what are often middle-income nation states with relatively strong sovereign control, the paper takes a different look at how international policies affect the dynamics of conflict and development. It asks whether the peacebuilding policy objectives of foreign aid agencies are realized in practice when they address such conflicts.

Researching aid flows and peripheral conflict emphasizes the role of the recipient state as well as the donor agency, something often underplayed in analyses of international peacebuilding initiatives and in aid practice itself. Stressing the recipient state also encourages analysis of the main dynamics of foreign aid provision rather than focusing solely on peacebuilding initiatives, given that much foreign aid continues to flow along conventional lines to governments in countries undergoing peripheral conflicts. Foreign aid is approached here as an aspect of international relations and not a technical tool or an apolitical product of international benevolence. It is one element of a wider set of peacebuilding interventions that also includes military peacekeeping forces and third-party mediation. Foreign aid is politically and economically significant,
with official flows from developed countries alone estimated at US$120 billion in 2009.9

In a field where the ground reality rarely tallies with confident policy pronouncements, empirically based research is important. This paper is a new synthesis of fieldwork from three sites of conflict in South and Southeast Asia: Aceh (Indonesia), north-eastern Sri Lanka, and the Far South of Thailand. In all three contexts, international involvement has been relatively limited and plays into a complex domestic environment. Interviews with aid agency staff, counterparts, and other relevant figures (over 100 interviews in 2008–2009 concentrating on the Far South of Thailand) provide new, unpublished material that builds on earlier research in Aceh and Sri Lanka dating back to 2003.

After explaining how foreign aid assistance has been provided in three peripheral conflict settings, concluding sections consider the reasons for the patterns that emerge. It is suggested that the peacebuilding aims of international development agencies are often over-ambitious, although foreign aid has in some cases successfully supported efforts to end conflicts. This review aims to move beyond over-arching criticism that foreign aid is insensitive to conflict concerns toward more nuanced conclusions relevant to aid agency practice.

**Foreign Aid, Nation States, Peripheral Conflict**

Peripheral conflicts are typically territorial, long-lasting violent disputes that pit a geographically concentrated ethnic minority against a nation state. The word peripheral refers both to the geographical location of the conflict area and to the marginal political status of the ethnic minority within the national political arena. Sites of such local conflicts exist in many countries, often ones that have undergone rapid recent development. Conflict areas on the fringes of nation states in Southeast Asia include the Far South of Thailand, Mindanao in the Philippines, Aceh and Western Papua in Indonesia, various border areas of Myanmar, the central Vietnamese Highlands, and parts of northern Laos. Across East and South Asia, other active or recent conflicts in Xinjiang (western China), Northeast Sri Lanka, and Northeast India share similar traits.

These conflicts tend to last a long time: overt violence in the Far South of Thailand has occurred in bouts over a period of more than a hundred years, in Aceh for thirty years in its most recent manifestation, and in Sri Lanka for a similar length of time. Many Asian nation states affected by peripheral conflicts have experienced decades of relatively rapid economic growth. The focus of this study on protracted violent unrest that has typically emerged or persisted at the same time as developmental progress belies any straightforward relationship between affluence and peace. The persistence of peripheral conflicts as countries like Thailand have developed economically also shows how conflict itself is not “development in reverse”10 but an element of more complex long-term processes.11
TABLE 1. Prominent Peripheral Conflicts in Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>Site of Peripheral Conflict</th>
<th>Longevity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>West Papua and Aceh</td>
<td>From mid-1970s, following earlier violence. Aceh conflict ended 2005, West Papua ongoing.</td>
</tr>
<tr>
<td>Philippines</td>
<td>Mindanao</td>
<td>Overt violence from the late 1960s, with earlier roots.</td>
</tr>
<tr>
<td>Thailand</td>
<td>Far South</td>
<td>Recurrent in intermittent bouts since 1909.</td>
</tr>
<tr>
<td>China</td>
<td>Xinjiang, Tibet</td>
<td>Low-level since early 20th century.</td>
</tr>
<tr>
<td>Myanmar</td>
<td>Various border areas</td>
<td>From late 1940s.</td>
</tr>
<tr>
<td>India</td>
<td>Various conflicts in the Northeast</td>
<td>Repeated or continual violent unrest since 1950s.</td>
</tr>
</tbody>
</table>

In peripheral conflict sites in South and Southeast Asia, changes associated with modernization and development have exacerbated group affiliations. Many government-led development initiatives can be seen as political acts that strengthen central authority over the periphery, often provoking peripheral resistance. Education policies, for example, are often shaped by nation-building assimilation objectives, teaching specific languages and official versions of history. It is not coincidence that school buildings and teachers have been attacked by rebels in the Far South of Thailand and in Aceh as prominent symbols of the state. Economic development initiatives, meanwhile, can appear from the ground level to be similarly biased against minority groups when they lead to unequal outcomes or disrupt local political relationships. Development initiatives are sometimes more directly applied as part of pacification strategies aiming to win a conflict instead of finding a peaceful shared solution, alongside military “hearts and minds” campaigns and efforts to undermine rebels through rapid integration of local populations into a central state.

Yet development interventions can also reduce the tensions leading to and perpetuating peripheral conflicts, acting as tools of transformation rather than instruments of control. Many examples exist of initiatives that address structural reasons for ongoing conflicts, in places spreading wealth creation more equitably, reducing ethnic tensions, or building more local involvement in policymaking that had previously been carried out solely in the centre.
A dilemma arises for those wishing to use foreign aid for peacebuilding purposes in peripheral conflicts, as can be seen in this bland statement from the executive summary of a United Nations country plan for Thailand:

*Over the last decades, Thailand has made remarkable progress in advancing human development and now stands ready to share its experiences with other middle-income and developing countries. At the same time, Thailand continues to address internal disparities, both regionally and among social groups.*

The first sentence follows conventional inter-governmental development etiquette, showing UN support for the government by praising Thailand’s poverty reduction success and its emergence as a middle-income nation. The second sentence contains the critique of development, presenting the less wholesome aspect of the same process. Interviews with staff of UNDP and other UN agencies in Bangkok confirm that it can be read largely as a coy reference to problems associated with conflict in the Far South of Thailand, more direct language being unacceptable to the Government of Thailand. Foreign donor agencies wishing to support government policies that have contributed to the poverty reduction referred to in the first sentence will typically find a willing partner in the central state. But those wishing to address the internal disparities mentioned in the second sentence in line with their policy commitments to equity, peacebuilding or human security will find the going much harder, as is explained below.

Some of the core principles of how governments and foreign donors have promoted accelerated, planned development in Southeast Asia and elsewhere have barely altered in recent decades. The capacity of international development discourse and practice to reinvent itself partly explains why foreign aid continues to support a central state, often insufficiently analyzing how the state functions and how minority groups are excluded. At a policy level, the achievement of global economic growth and poverty reduction targets requires state delivery of basic services and competent macroeconomic management. At a practical level, a working relationship with government counterparts is needed in order to disburse funds. It is argued here that by seeing the state’s role in development as either neutral or beneficial, foreign aid donors have often unwittingly contributed to peripheral unrest. Development projects in many countries have a fairly squalid record for contributing to ethnic tension and other precursors of violent conflict, from long-term peripheral conflicts in Southeast Asia to genocide in Rwanda. Comparative reviews have shown that donors commonly overlook group inequalities and the political marginalization of minority groups within nation states. The concentration of development practice on socioeconomic issues also means that critical non-material aspects of conflict, including the ethnic configuration of the state institutions, are rarely comprehensively addressed. Foreign aid has a fairly mixed impact, even when directly supporting peacebuilding, with critics blaming
its politicized roots as well as more practical problems of implementation for its deficiencies.

**Aceh and the December 2004 Tsunami**

The first case study shows the challenges of linking foreign aid and peacebuilding in Aceh, the northernmost part of Indonesia with a population of around four million. Most development assistance to Indonesia, including humanitarian aid to Aceh following the December 2004 tsunami, has paid little attention to conflict concerns. However, foreign donors were able to fund relatively small initiatives that supported a successful peace process in Aceh in 2005–2006, suggesting that worthwhile peacebuilding interventions are in cases possible.

From before the emergence of violent unrest in Aceh in the 1970s through the fall of Suharto in 1998, foreign aid supported government development policies in many fields across Indonesia, backing a pro-Western government alongside military assistance and economic investment. Controversial programs funded by donors included transmigration schemes that relocated people to peripheral regions and contributed to subsequent unrest.

During the 1990s, with the Cold War over, foreign donors increasingly looked to reform the centralized and undemocratic Indonesian state. After Suharto resigned amid acute political and economic unrest, donors and NGOs supported decentralization of power and democratization. Some foreign agencies also tried to fund peacebuilding initiatives in peripheral areas of Indonesia, although in doing so they encountered many obstacles. In Aceh, with conflict between GAM (Free Aceh Movement) rebels and Indonesian Government security forces still ongoing, most donors were denied access. Despite government desire for international legitimacy, foreigners were rarely given permission by the military to enter the province. Apart from some funding for local NGOs, the few aid programs that did operate either employed a small number of Indonesian staff working closely alongside government on uncontroversial issues, or were limited to very marginal activities. Without a presence on the ground, and with a weighty list of other priorities across Indonesia, aid agencies were in a poor position to build any meaningful interventions, whether directed towards peace or otherwise.

The Indian Ocean tsunami of December 2004 killed around 165,000 people, made hundreds of thousands homeless, and brought hundreds of international aid actors to Aceh. For international aid agencies aiming to promote peacebuilding, a new opportunity to address conflict concerns in the province arose. However, even with a huge international humanitarian presence, it was fairly simple for the Indonesian Government to keep aid agencies away from peacebuilding-related issues. Government guidelines for foreign aid agencies banned them from working inland and stated falsely that the tsunami-hit coastal areas were unaffected by conflict.
Barriers to peacebuilding also existed within foreign aid agencies themselves. Most aid agencies were content to abide by the restrictions even though it often contravened both their own policy guidance on conflict and the stance taken elsewhere in their Indonesia country programs. Following government guidelines and overlooking ongoing conflict concerns simplified their challenging humanitarian reconstruction work and maintained a good relationship with the government.²⁸

The situation only changed significantly once the Indonesian Government shifted its approach, after a peace process gathered momentum and led to an agreement between the government and GAM in August 2005. As government concern over external interference lessened, several donors that had maintained close relationships with their government counterparts were invited to cross the coastal road and work elsewhere in Aceh. The government also asked them to support specific aspects of post-conflict reconciliation.²⁹ The International Organization of Migration (IOM) was the first aid agency allowed to support the peace process, alongside the Aceh Monitoring Mission (AMM), a temporary international peace monitoring body established as part of the peace negotiations. Both AMM and IOM were funded by the European Union. Subsequent funding, in response to government requests, was offered by The World Bank, USAID (The US Government official aid agency) and UNDP (United Nations Development Programme). From that point on, various international aid agencies became increasingly involved in assisting the wider peace process.

The projects that emerged reflected the common interests and practical capacities of foreign aid agencies and the government. USAID funded public information campaigns on the peace process, the World Bank expanded and adapted its program of village level funds alongside other initiatives, and UNDP slowly put together funding for technical support to newly empowered local government departments. Other projects aimed to help “reintegrate” former combatants and funded local investments to stimulate an economic “peace dividend.” Foreign aid agencies continued to keep away from directly promoting human rights issues that were threatening both to the military and GAM, given a history of infringements on both sides. They also avoided logos and signs at project sites so that work would appear to be government-funded.

Given continued government and rebel support for the peace process, the overall political result was positive. A negotiated peace was gradually established and subsequently maintained. The role of foreign aid in this process was broadly successful although limited to narrow areas, donors’ own limitations, and government reluctance, giving little scope to use available funds for other supportive initiatives that could have been undertaken.³⁰ Despite available resources and strong international goodwill in the aftermath of the tsunami, the government still chose to pay for most peacebuilding-related work out of the national budget.³¹
Sri Lanka

The relationship between foreign aid and conflict in Sri Lanka has much in common with the experience of Aceh, but in a very different context. As with other peripheral conflicts, unrest in Sri Lanka saw self-appointed representatives of an ethnic minority violently challenge the central state. The conflict has been more intensive, however, causing at least sixty thousand deaths from 1983 until 2009 before ending in an outright government victory.

The long-term record of unrest in Sri Lanka stands in contrast with the country’s early reputation for economic and social progress. Development from the 1950s was based around government employment creation, agricultural assistance and service provision extending into rural areas, backed in part by foreign aid. By the 1970s, economic problems were limiting the scope of the state to meet growing aspirations. Increasingly chauvinist government policies and populist patronage politics strengthened ethnic identities and stoked resentment within the Tamil minority population, laying the ground for the rise of the LTTE (Liberation Tigers of Tamil Eelam) and over 25 years of violence. 32

The inability or failure of aid agencies to address deteriorating conditions has been well documented, with many foreign-funded projects effectively continuing to support discriminatory government policies. 33 The sensitivity of the issues concerned and the pressure for donors to maintain a good aid relationship meant that efforts to address conflict were often ineffective. American and Canadian officials tried in the 1970s to improve the ethnic balance of future beneficiaries in the huge donor-funded Mahaweli irrigation and settlement project in Sri Lanka, but their complaints were mostly bypassed and the scheme went ahead. The project was regarded by Sri Lankan politicians as a symbol of national identity; efforts to change its form had little impact given the broader political and economic development agendas agreed by the government and donors alike. Mahaweli consumed a huge share of national public investment once work began in the early 1980s. Its ethnically unequal settlement schemes have since been identified as a salient example of government action that fuelled resentment and laid the ground for the emergence of the LTTE. 34

Over time, more donors and NGOs began to focus on peacebuilding, to the extent that Sri Lanka became a test-bed for many small initiatives working with different civil groups. By 2000, a range of bilateral aid agencies were engaged in conflict-related issues as a core aspect of their work. Yet the three largest donors (Japan, the Asian Development Bank and the World Bank) demonstrated little overt recognition of the conflict, nor indeed of ethnic differences more generally, in their documentation or programming. 35 As late as 2001, after eighteen years of violence, major donors were still conducting “business as usual” according to an ADB official interviewed in 2002. They were funding a standard range of aid programs that avoided conflict-affected areas and associated politically sensitive
issues. It was simply not in the interests of larger donors, nor the government, to recognize anything that would complicate provision of substantial funds.

As a peace process began to gather pace in 2003, donors swung behind the Sri Lankan Government. It was now possible both to back the government and to support peace. Donors offered some $4.5 billion in concessional loans conditional to continued negotiations with the LTTE. Major conferences were launched in the USA and Japan to demonstrate international support and add political weight to the financial inducements. This was seen at the time as a positive example of how conditional aid can support peace under new conflict-sensitive approaches, but it turned out to be a false dawn: the peace process collapsed and donor influence was in the end shown to be very limited as the government and the LTTE ignored their efforts.

Donor conditions failed to secure a peace process in Sri Lanka because neither the LTTE rebels nor the government accepted the terms. Mutual lack of trust, competitive domestic party politics within Sri Lanka, and a lack of an empowered domestic pro-peace constituency all undermined incentives for peace. What is more, donors were not themselves fully dedicated to the process. A lack of donor commitment continued after the peace process collapsed. In 2009, just as Western donor nations were making strong public statements and cancelling some small aid projects in protest at the Sri Lankan government’s military campaign, human rights abuses and media restrictions, UN Security Council members unanimously agreed that there was no point in withholding a $1.9 billion IMF loan.

Even without IMF support, Western donors to Sri Lanka had lost what little policy leverage they once had given that the Sri Lankan Government was receiving up to a billion dollars annually from China in development and military assistance. This included the construction of a large port in the South of potential value to Chinese commercial shipping and naval operations in the Indian Ocean. Further support has been provided by Iran and South Korea.

The December 2004 tsunami hit Sri Lanka as well as Aceh, killing around 35,000 people. Some donors saw a potential silver lining to the huge tragedy, and for a short period it seemed to have a positive effect on the peace process. At the local level the disaster induced a common sense of victimhood across ethnic and other divides in the face of what many saw as divine punishment. Peace advocates anticipated that the massive arrival of international tsunami aid would further boost political progress.

Attempts were made under foreign mediation to create a joint government–LTTE funding allocation mechanism, the so-called Post-Tsunami Operational Management Structure, which would serve as an instrument towards peace negotiation as well as a vehicle for allocating humanitarian aid. However, it soon became clear that the tsunami had produced merely a temporary halt in the dynamics of the re-escalating war. On the ground, the tsunami response tended in many places to aggravate underlying conflicts rather than re-energize the peace
negotiations, as resource allocations aggravated local tensions.\textsuperscript{42} At a higher level, domestic political argument over the allocation mechanism damaged the coalition government. After a legal challenge, it was shelved as the government moved toward a final military assault on the LTTE.\textsuperscript{43}

The underlying causes of the failure of the 2000–2005 peace process in Sri Lanka lie in the deeper governance and political challenges that have characterized Sri Lanka for decades. These challenges were sidelined during this period, partly because of the tendency of the administration at that time to search for external legitimacy rather than build it domestically (Bastian 2011). In Sri Lanka, domestic political trends are critical in determining how international aid relates to conflict although it is often under-estimated in international development policymaking. In addition to the short-term dynamics of electoral politics, deeper structural factors that led to conflict, including the significance of ethnicity and identity to the long-running crisis of the Sri Lankan state were overlooked by international aid actors.\textsuperscript{44}

### The Far South of Thailand

Tensions between Malay Muslims in the Far South of Thailand and the highly centralized Thai state have persisted for over a century. Unrest escalated from early 2004, and from then up to February 2012 over 5,000 people were killed in more than 11,000 recorded bombings, shootings, and other incidents involving insurgents and government security forces.\textsuperscript{45} Conflict continues at the time of writing, with little sign of any short-term improvement.

As in Sri Lanka and Aceh, conflict in the Far South of Thailand is not about a simple lack of development but is a more complex and politicized process. In straightforward developmental terms, the Far South of Thailand is poorer than the national average but not markedly so, having shared in decades of socioeconomic improvement. According to UNDP’s 2003 Human Achievement Index for Thailand, not one of the three southernmost provinces was in the poorest 10 out of 76 nationally.

Foreign aid donors have for years supported the development of the Thai state. Aid flows helped to bring most Thais out of poverty, expand infrastructure, provide universal education provision, and improve healthcare.\textsuperscript{46} While most people live longer and have more education as a result of Thailand’s growth, change has also led to tangible inequalities, with a core region dominating at the national level. Local opportunities are typically monopolized by networks of well-connected businesses that are rarely representative of the wider population. A regular failure of foreign aid programs and projects across Thailand to recognize inequalities that relate closely to unrest in the Far South is of particular note here. As in Aceh, the unrest is related to resentment of development processes that favor the center
over the periphery and marginalize the local population in terms of their identity as well as their economic livelihoods. On the occasions that aid provided to Thailand has departed from a state-centric norm and aimed instead to change how the state works in ways that are relevant to the basis of conflict in the Far South—for example, through promoting devolved authority or increased accountability—it has often failed to make any impact. Analyses suggest that foreign aid has had more success across Thailand when it supported and did not try to change domestic policies. Efforts in the 1970s to promote community policing, for example, simply increased the level of local harassment and corruption. Similarly, efforts to fund mainstream expansion of the education system have long been more successful than projects aiming to change the way in which people were taught or address the exclusion of minority groups from education. Of particular relevance to conflict in the Far South, interviews carried out in 2007–8 confirm that donors are rarely allowed to approach issues that are seen as relating to national identity or sovereignty even where they overlap with development, such as language policy in education.

Recent donor activity in Thailand has been limited, given the country’s middle-income status and a reluctance to accept foreign aid. A survey conducted by the author that considered the impact of aid projects in Thailand on the conflict in the Far South diagnosed three main categories. The first category of projects comprised the majority of aid funding and was effectively blind to conflict in the Far South. By backing dominant development processes in fields like education, it supported on aggregate the very actions and institutional norms that established the conditions leading to resentment and subsequent unrest in the Far South. Projects included economic development initiatives in the Far South of Thailand, such as Asian Development Bank funding to stimulate increased trade between Thailand, Indonesia, and Malaysia, the benefits of which accrued in Thailand almost entirely to large Thai Buddhist commercial interests while marginalizing local Malay Muslims.

The second category was of projects that tried to apply current donor thinking on peacebuilding but failed to put it into practice. Interviews with aid agency representatives conducted in 2008–2009 showed that government resistance was the main reason why donors including the EU, World Bank, and UNDP were deterred from their plans or resorted to funding small local non-governmental bodies. Many initiatives stalled at the planning interface with the central state, donors not having the level of commitment or practical aptitude to negotiate a successful path with a resistant government legitimately exercising sovereign authority.

By managing to address peacebuilding issues, some foreign-funded projects fell into a third category. Agencies including UNICEF and The Asia Foundation gradually developed ways to gain government approval and fund programs addressing long-term problems and background grievances. Examples included
work to improve educational standards around the interests of Malay Muslims, and promote civil engagement in discussion over future options for autonomy as part of any future peace agreement. These agencies achieved some results on a limited scale. With little sign of a reconciliation process or of a shift in the dynamic of the conflict, and considerable government resistance against international involvement, these agencies only managed to fund fairly small initiatives that focused on improving background conditions. Protection of sovereignty is a critical issue for the Thai state, and foreign agencies are not allowed to do more. For example, elderly statesman and former Prime Minister Anand Panyarachun, head of the former National Reconciliation Commission for the Far South of Thailand, when asked by an American journalist in 2005 what the USA could do to help with the conflict, apparently responded, “Tell them to stay the hell out of here.”

As in Sri Lanka, aid agencies were also held back by their own lukewarm commitment to peacebuilding. Even those donors working on peace promotion in the Far South tended to spend far more on their other programs in Thailand. They needed to maintain a good relationship with the Thai state in order to set up these other grant or loan agreements. For the World Bank and the Asian Development Bank, a key priority has been to encourage the Thai state to take up major loans once more. So while the World Bank did eventually gain government approval allowing it to fund small community peace promotion initiatives in the Far South, its overall relationship with the Thai Government was geared around agreeing for a US$1 billion loan to be spent on national infrastructure projects. Finally approved in late 2010, the loan unsurprisingly made no mention of conflict in the Far South.

**Implications for Foreign Aid and Peacebuilding**

The three conflicts considered here progressed in very different ways. In Aceh, unrest ended through a negotiated settlement between the government and rebels in 2005, with international support but a clear domestic lead. Conflict in Sri Lanka ended in 2009, but through outright military victory rather than negotiation supported by foreign aid funding. In the Far South of Thailand, meanwhile, violence continued.

Foreign aid and peacebuilding initiatives were small factors in the overall direction of all three conflicts. Foreign aid agencies (and their political masters) rarely had the influence, interest or scope to impose peace or significantly change the domestic context surrounding peripheral conflicts. Even where donors found space to promote peace, the result was often mixed. Foreign peacebuilding efforts in Sri Lanka arguably had a negative impact, in the short term backing an externally oriented government with diminished domestic accountability while aid agencies overestimated the extent of their own commitment and influence. Over a longer period, they are also accused of swamping indigenous civil society by funding
NGOs to run donor-defined projects. Donor grant and loan projects are often too unwieldy to address peripheral conflict effectively, in many situations either imposing externally derived solutions that have little domestic support or being captured by dominant interests.

Many of the approaches to peacebuilding recommended in technical aid manuals seem rarely to work in practice in peripheral conflicts. As has been shown in the three case studies, efforts to apply conditions to aid provision that tie recipient governments into seeking peace through negotiated solutions typically confront a lack of interest from both donor and government. Donor countries are often unwilling to damage their relationships with the recipient government by insisting that commitments be honored, while recipient governments have long shown themselves able to adopt and adapt terms attached to aid to suit their agendas.

Conflict sensitivity—the notion of integrating awareness of the causes and dynamics of conflict into aid provision across the board—rarely works in peripheral conflicts where donors continue with “business as usual” elsewhere in the country. Resentment of the central nation state in Aceh, northern Sri Lanka, and the Far South of Thailand has been exacerbated by the forms of development that aid agencies continue to support through their relationships with recipient governments. While aid agencies often promote adherence to human rights or equality, turning these statements into action is far from straightforward in practice. Most recipient governments are more than capable of turning down assistance that they do not consider useful, or nullifying its disagreeable elements.

Three related reasons for foreign aid’s limited applicability to peacebuilding are here identified. First, donors are often not committed enough to promoting a just solution to conflicts. Unless a conflict is a direct security threat or rises up their policy agenda for another reason, it is typically regarded a low priority. For example, foreign aid officials and diplomats in Thailand have said informally that with Western interests not targeted, conflict in the Far South of Thailand is of little concern to them. Similar patterns were seen in Sri Lanka. If a conflict is seen as a significant threat, donors typically respond by backing the state before seeking ways to promote peacebuilding. Foreign assistance to strengthen governments in Indonesia, Thailand, and Sri Lanka during Cold War suppression of internal communist unrest is perhaps mirrored in the recent donor embrace of state-building as a key basis of conflict reduction.

Pro-state bias is furthered by the increasing role of non-Western official donor agencies that are typically more respectful of state sovereignty and less concerned about the effect of government actions on minority groups. This is not a new trend, with Japan and the Asian Development Bank having long been significant players, although the rise of India, China, and other aid providers adds a further dimension.

Second, development itself in many Asian countries affected by peripheral conflicts is a state-centric process and for peripheral minority groups the expansion of
the state may represent a threat. After decades spent promoting “reforms” toward smaller government, many development agencies continue with their traditional focus around strengthening nation state institutions. The widespread adoption of foreign aid approaches based at least superficially around “partnerships” with domestic institutions and the “harmonization” of objectives has drawn them closer to recipient governments but not necessarily enabled closer analysis of the problems faced by minorities marginalized by the state. Global promotion of Millennium Development Goals may help mobilize action to address poverty but is based around targets and national statistics that fail to reflect the context of minority groups or social justice more generally.

Third, most foreign aid flows through recipient state institutions, having first been shaped through discussions between donor and recipient officials. Even support for non-governmental bodies typically needs central government approval first. These aid bargaining processes are usually restricted to capital cities, especially in those developing nation states with relatively strong bureaucracies and centralized authority that are often affected by peripheral conflict. In many developing nation states experiencing peripheral conflict, bureaucratic elites in fairly strong central government structures have considerable influence over how aid is used. Even where technocrats operate transparently they will often still back policies that reflect the typical urban bias of modernization. The result is that aid supports centralized and bureaucratic interests that in places promote effective socioeconomic policies but are also often associated with perceived injustices, marginalization of peripheral minorities, and nepotistic relationships between bureaucrats and well-connected business.

Recipient governments typically work hard to stop donors from exerting influence, seeing aid and peacebuilding interventions as a challenge to domestic sovereignty. In many peripheral conflicts including Tibet, parts of Myanmar, and Northeast India, foreign aid agencies are afforded very little if any access. Elsewhere, it is typically heavily circumscribed. The Indonesian military, for example, only accepted the intervention of the international Aceh Monitoring Mission when it was agreed that neighboring Asian countries would contribute up to half of its monitors. European countries were seen as too interfering, while UN involvement was wholly unacceptable to a military stung by the earlier “loss” of East Timor.

With so many barriers, how do some donors occasionally manage to promote peacebuilding? Agencies that have been able to fund peacebuilding initiatives in the case studies examined here vary considerably, from progressive NGOs to official government bodies. There is no guarantee that NGOs address peacebuilding any more than governmental agencies: in Aceh, politically engaged bilateral aid agencies were more concerned about the conflict than chiefly humanitarian NGOs. There may be greater scope to address peacebuilding when some form of negotiation process or agreement is under way, as was the case in Aceh and in Sri
Lanka, 2002–2005, with more likelihood of shared interests between aid agencies and the recipient government. Yet there is no guarantee that support for elements of an ongoing peace process will contribute to its overall success, as seen by the collapse of the cease-fire and associated negotiations in Sri Lanka.

Rather than applying toolkits or employing specialist conflict advisors, agencies engaging in peacebuilding were able to negotiate space to operate with the recipient government and then promote specific projects in alliance with domestic partner organizations. Agencies doing so typically had a strong basis of practical experience within the country on which to base their involvement, responding to opportunities that arose over time. The World Bank’s operational setup enabled it to back the peace process in Aceh from August 2005 through contextually devised measures including village level funds, support for media and information provision, and a unit monitoring data on conflict incidents. Contacts in key government “gate-keeping” departments in the capital, Jakarta, meant that World Bank staff could negotiate involvement at high levels. Employing additional local and international staff in Aceh early in 2005 allowed the agency to build peacebuilding components into existing programs on the ground as well as commission new research on which to base further involvement.65 In Thailand, agencies including The Asia Foundation and Unicef similarly put time and resources into developing relationships with local bodies, especially government-affiliated institutions. The Asia Foundation expanded its long-term programs in the Far South of Thailand in response to increased violence, enabling it to retain central government confidence while establishing small but carefully selected additional initiatives that supported advocates of pro-peace policy reforms. Unicef, with a weaker track record of involvement in the Far South, commissioned a comprehensive situational analysis of the conflict-affected population that not only established an information baseline but also provided a strong argument for their subsequent interventions. Unicef was especially careful to assuage government concerns over external interference in a conflict zone by stressing that their approach was part of an overall national strategy to address the needs of marginalized groups.

These agencies were able to put peacebuilding policies into practice for several reasons. They prioritized knowledge of local political context and of the institutions whose support was essential to their operations, basing their engagement on contextual understanding and partnerships instead of relying on technical blueprints or inputs from experts based in overseas headquarters. They invested money in research, selected specialist staff with a background in social science, political science or anthropology, and offered long-term positions rather than rotating employees on a regular basis. Unicef and The Asia Foundation in Thailand, as well as The World Bank in Indonesia, all employed senior international staff and local staff with experience of the operating environment.66 They also tended to distance themselves from mainstream socioeconomic development models, emphasizing instead equality and minority rights while closely following political
developments. Unicef’s focus on child rights and The Asia Foundation’s politically more engaged approach supported their capacities to engage. Significantly, the World Bank’s work on peacebuilding in Aceh was led by their social development group, who ascribe to similar values and had at the time reached a prominent position within the Indonesia program. Other groups within the World Bank were barely involved in the peacebuilding initiatives.

**Conclusions**

Overall, foreign aid donors have found limited space to support peacebuilding in peripheral conflicts and are often notable by their absence in such environments. When donors are active, they often fail to integrate peacebuilding approaches into their wider country programs. With such conflicts being a common phenomenon, this is an issue of concern to international promotion of peacebuilding. It suggests that foreign aid agencies are generally poorly positioned to provide more than occasional support for peacebuilding in such situations. It appears to be far harder for them to support elements of peace promotion than to fund traditional top-down socioeconomic development initiatives that may end up unwittingly exacerbating core-periphery tensions. Foreign aid agencies may be more interested in seeking a just peace than their recipient government counterparts, but given their own limitations and those of the operating environment there may only be a little that they can do about it. Beyond foreign aid, it is fair to assume that many of the same restrictions apply to other external attempts to support aspects of peacebuilding such as third party negotiation, monitoring, or military peacekeeping interventions. Options are limited without a recipient government invitation or unusually influential external pressure.

Those few agencies responding to peacebuilding concerns in the case studies covered here tended not only to prioritize peacebuilding itself but also to demonstrate a concern for the underlying issues that exacerbate tensions and can provoke peripheral conflicts. Justice, equality, and human rights were clearly more central concerns for agencies like The Asia Foundation and Unicef in Thailand, or for the World Bank social development group in Aceh, than for the many other aid agencies that did not address peripheral conflicts. In Thailand, where the social development group of the World Bank was less well established and overall program direction followed more conventional lines, the agency struggled for several years to put its peacebuilding initiatives into practice. This may partly be a result of the Thai Government’s unwillingness to allow external involvement, but it also reflects differing priorities across country programs even within the same institution.

Agencies implementing peacebuilding initiatives in the selected case studies did not appear to follow the guidelines, checklists, or recommended approaches for ensuring conflict sensitivity within aid programs. Instead of being driven by
central policy and following technical approaches, they pursued more politically astute and contextually driven strategies. Initiatives that managed to address conflict tended to build on locally grounded, incremental engagement. This suggests that aid agencies need to consider carefully their operational practice if they are to exploit the limited scope that exists to promote peacebuilding in most peripheral conflicts. Elements that emerge as important include decentralised authority, selection and long-term retention of suitably qualified local and international staff, building a knowledge basis and establishing local networks, and putting time and resources into developing relationships with critical government agencies and institutions. These qualities cannot be constructed rapidly but involve gradual program development over several years or more. The form and content of peacebuilding interventions in peripheral conflicts varied considerably, further demonstrating the need for locally devised programs rather than centrally driven initiatives.

Interventions that were implemented tended to be relatively small-scale. The only large investments in peacebuilding proposed by aid agencies in the peripheral conflicts studied during the research period were the billions of dollars offered to support the aborted peace process in Sri Lanka, which never came to fruition. The substantial offers of support did not appear to build, and may have undermined, wider domestic support for peace at the time. Elsewhere, this research suggests that in many peripheral conflicts aid agencies should concentrate on small-scale, carefully devised initiatives rather than looking towards large budgets or rapid disbursements.

The situation that aid agencies find themselves in shows little sign of changing fundamentally. Integration of security concerns with development budgets has pushed state-building back to the center of many agencies’ agendas. This in turn risks creating fewer incentives to address the needs and rights of peripheral minorities and associated aspects of how states operate. Some of the trends highlighted here have been recognized in recent policy-relevant literature. The 2011 World Development Report criticizes foreign aid efforts for concentrating too heavily on conventional sectors such as health and education while passing over issues of justice and equity, for example. Such concerns provide an opportunity to move beyond the technical, target-based approach to development encouraged by narrow pursuit of the soon-to-expire 2015 Millennium Development Goals. Yet there is little to suggest so far that aid agencies will change tack significantly, the likely result being that their future approaches to peacebuilding will not substantially differ from recent practice.

Many of the lessons that emerge from this analysis are not new but have been repeatedly disregarded in the past. Adopting practical steps to improve how aid agencies engage requires sufficient motivation on the part of aid agency management and political leadership, something that appears only occasionally to be in evidence. For example, DFID, the UK Government’s international development agency, has repeatedly been told through internal and external management
reviews that it should further localize responses by committing staff to longer international postings and investing in language skills, yet it has not done so. A desire to maintain directive control in order to implement centrally derived policy is effectively counterproductive, restricting the agency’s ability to turn its global peacebuilding policies into practice in many conflict environments.

There is a need for closer understanding of how development assistance can support peacebuilding in specific contexts and of the institutional changes that aid agencies need to make to take advantage of arising opportunities to engage. Clearer assessment that avoids politically motivated expectations, and explains the practical limits of using development programming to promote peace, can highlight what steps might be viable and what policy statements are likely to remain little more than hollow rhetoric.

NOTES


43. Frerks & Klem, “Conditioning.”
52. Burke, “Foreign Aid.” 135–139.
55. Goodhand and Walton, “The Limits.”


