Chapter Six

Peace-Building Strategies and their Impact on Sri Lanka

Introduction

The contribution of the external actors to the conflict resolution process in Sri Lanka during 1995–2003 through the peace-building approach was an outgrowth of their changing perception about conflict and the conflict resolution process in internal conflicts. In a way the link between development and peace was explored by applying the peace-building concept in Sri Lanka. Apart from the external actors’ initiative to resolve the conflict through peace-building activity, the Kumaratunga government’s active propaganda at the international level about the impact nearly two decades of war had on Sri Lankan society and the need to pressurize the LTTE to participate in the peace talks resulted in the implementation of the strategies for peace-building.

The Kumaratunga government and the UNP government led by Ranil Wickremasinghe provided ample space for the donors’ initiatives with a hope to resolve the conflict and even encouraged the NGOs to work to bring a change in the people’s perceptions towards conflict resolution. This chapter, discussing whether these measures initiated by the external actors with the help of the government were a success in building peace in the island, is divided into two sections. The first section discusses the evolution of the peace-building approach in Sri Lanka, and the second section critically evaluates the peace-building actors’ role.

Evolution of the Peace-Building Approach

Sri Lanka was the first South Asian country to implement economic reform policies in 1977. As a result, the major donors were encouraged to involve in policy-based lending for many years and took the stand not to meddle in the political affairs of the country. The main areas of cooperation between the government and foreign governments included trade, technology, rural development, poverty alleviation and infrastructure facilities. The donor-supported programmes and projects ignored the conflict and its effects on inter-ethnic relations. The Sri Lankan governments’ commitment to implement the neo-liberal agenda made the international agencies
provide funds to the governmental projects despite the fact that aid had been utilized for political purposes. For instance, funds were provided for irrigation, land development and peasant resettlement programmes and projects of the government dominated by the Sinhalese majority to settle Sinhalese peasants in the Northern and Eastern parts of the country, which were hitherto dominated by Tamil and Muslim communities. The Mahaweli development project and house construction projects of the UNP government were an example of the government’s use of aid for political purposes. Herring (2001) argued that ethnic conflict in Sri Lanka escalated after the elections of 1977, after which the government promoted open economy policies, with strong support of the international development community. Japan and the Western capitalist countries gave aid on certain conditions. They wanted the economy to be more open and less controlled, and more favourable to foreign investment. The UNP government agreed to those conditions to get aid. These policies were rationalized on different political and economic grounds and continued till the late 1980s. The donors ignored the ethnic implications of these projects, despite an appeal by the Tamil opposition parties to withdraw the financial assistance.

The unprecedented levels of foreign aid flow raised the level of public expenditure and investment. The urban centres benefited because of industrialization and creation of jobs. However, the open economy hit the subsistence economic activity of the majority of the rural population. The regional disparities between the South and the North and the growing inequalities of income and wealth among the rural and urban population resulted in opposition to the government’s economic policy. The closing of inefficient public enterprises resulted in loss of jobs for many workers. The Tamil community seized the new opportunities, based on their education and entrepreneurial skills, and this was looked upon by the Sinhalese youth with hostility. As a result a sense of relative deprivation developed among large segments of the Sinhalese population. The politicians channelled this anger against the minority Tamil community, which resulted in the 1983 riots and subsequent civil war. At that time

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1 These settlement programmes increased the Sinhalese population from 8 per cent to 31 per cent in the North-East (Shastri 2002). With the help of USAID a National Housing Development Authority was established to construct 100,000 houses in 1979 and USAID contributed heavily to this project that was used by the government to reward the UNP supporters (Herring 2001).
India was the only country to offer help to resolve the conflict by signing the India-Sri Lanka Agreement in 1987.

The government’s liberalization programme has hardly progressed after the outbreak of the conflict in 1983. During 1987–1989 the average economic growth rate was only 2.2 per cent. The Premadasa government took steps to implement development programmes such as Janasavaya with the help of foreign aid despite the war. The government encouraged privatization of the public sector units, which gave a boost to foreign investment. However, this effort was also short-lived because of the breakdown of the peace talks between the LTTE and the Premadasa government in June 1990. Due to the political uncertainty created by the death of the President and the general elections, the implementation of the economic reforms was put on hold.

Till the mid-1990s the multilateral and bilateral donors to Sri Lanka did not show much interest in resolving the conflict. The development assistance as a whole attempted to disregard actual or potential conflict and no specific efforts were made to resolve or to prevent conflict (Klingebiel 1999: 12). Donors such as the World Bank, Japan and Canada did not provide funds to invest in the conflict-affected areas.

In the mid-1990s, some factors influenced the donors’ decision to change their policy regarding providing aid to the government to invest in the conflict-affected areas of the North-East and to continue this even during Eelam War III. Eelam War I in 1983 and Eelam War II diverted the government’s attention from implementing reform policies. There was also a large-scale humanitarian crisis, human rights violations and flow of refugees to many Western countries. This led to a belief among the donor countries that the unstable political conditions created by the civil war were the main reasons for mismanagement of the economy and under-utilization and non-implementation of the reform policies promised by the government. Aid was used to promote negotiations between the parties during 2001–2003 with the condition that allocation of funds would depend on progress in the peace process.

The strategies followed to build peace in Sri Lanka by the donors were also based on the willingness of the Kumaratunga government to continue the open economy policies of the previous UNP regime. Kumaratunga’s promise of “globalization with a
human face" before coming to power was in line with the donors’ changing perspective on development and conflict.  

The focus of development cooperation has been shifted not only to improve the overall growth of the economy but also used for finding a solution to the conflict. Thus, apart from providing aid for development of infrastructure facilities such as modernization of ports and airports, roads and bridges, private sector development, expansion of water supply, telecommunications, development of industries, universities, fishing and agriculture sectors in the country, and rehabilitation and rebuilding of the war-ravaged North-East, the donors have supported the peace activities of NGOs such as peace marches, rallies and advocacy programmes. However, the major donors such as the World Bank and ADB have preferred policy-based lending to the government. The People’s Alliance government’s inclination to fulfil its election promises such as pay increase of workers in the public and private sector and an increased allocation of funds to the poor and unemployed by allocating more funds to welfare programmes had to be cut back due to pressure from the IMF and the World Bank. For instance, the IMF was unwilling to disburse the final instalments of $87 million Enhanced Structural Adjustment Facility (ESAF) to the government (Shastri 2004: 76). Even so, the government spent money on the popular Samurdhi programme.

Even for the donors who have made peace-building their main objective in Sri Lanka, their own political and economic interests have always dominated their aid objectives. Through aid conditionality, for example, they have got the government to follow liberal principles. Thus, the PA government that came to power in 1994 – with its inclination towards state-owned responsibility – was the less favoured recipient of foreign aid than the erstwhile UNP governments, which were more in favour of market-led development. Compared with an average sum equivalent to 13.3 per cent of GDP that came in as foreign assistance in the 1980s, the aid flow under Kumaratunga was an average 8.5 per cent during 1995–2000 (Shastri 2004: 78). The multilateral and bilateral donors’ aid commitment in 1999 was $658 million, which in 2000 decreased to $632 million (Ministry of Finance and Planning 2003a).

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2 The two leftist parties, Lanka Sama Samaja Party (LSSP) and the Communist Party (CP), accepted the SLFP’s decision to reshape the economic policy to suit the needs of the people (Shastri 2004: 75).
Meanwhile, the pressure on the government to toe the aid donors' objectives was growing. The “War for Peace” strategy made the government divert funds from social welfare measures to the war. With Eelam War III the defence budget escalated to almost 6 per cent of GDP, eating into the expenditure on other sectors. As a result, the government agreed to liberalize the economy by privatizing the public sector units in line with donor preferences. It privatized the publicly owned gas, plantations, telecommunications and airline units. Towards the end of 2000 the government cut consumer subsidies and raised the prices of transport, telephone services, electricity and water, which further increased the burden on the people reeling under the war.

The donors' vision for development of the country could not go along with the government’s “War for Peace” strategy to win the confidence of the Tamil minority and led to negative economic growth in 2001. This led to criticism about the overall economic reform policy promoted by the donors. The mounting criticism of the consequences of promoting economic reform and structural adjustment policies in Sri Lanka despite the conflict made the major donors and organisations address the effects of aid on conflict-related issues. The active participation of donors in the peace process and the World Bank support to the office of the Commissioner-General for Relief, Rehabilitation and Reconciliation in the North-East, known as the 3R programme, are a good example of how the major donors changed their strategies to participate in the conflict resolution process during 2002–2003.

The donors’ support to the government’s 3R programme and to INGOs’ development work helped the people in the conflict-affected areas to get some relief in the time of war. During the seven years of intense conflict between the government and the LTTE, many areas were cut off from the rest of the country and a significant number of people fled their homes and became internally displaced. Some of the initiatives taken by the INGOs and donor agencies like GTZ to provide infrastructure, building schools and hospitals and constructing roads and houses were helpful in creating some social and economic stability in the North-East. The aid agencies involved the people in the implementation of the projects as a means to bring the people together. For instance, the Jaffna Rehabilitation project involved different communities as
stakeholders to increase networks and relations between the communities in Sri Lanka.

The flow of foreign aid increased during the UNF regime even to invest in conflict-affected areas, because the UNF government's strategy fitted well with the donor agendas of ensuring security, stability and promotion of liberal capitalism (Bastian 2006: 258) The government believed that the promotion of liberal market economy and strengthening of liberal values and institutions was the way forward for peace and prosperity. This stand along with the UNF government's promise to bring peace to the island through negotiations increased the flow of foreign aid. The Regaining Sri Lanka document of the government was prepared in line with the donors' perspective on various issues such as conflict and development. The government's acceptance of the LTTE's unilateral declaration of cease-fire in 2001 paved the way for the implementation of the strategy of promotion of the peace process through development assistance. For instance, the flow of foreign aid received in 2002 was Rs 17.2 million, which increased to Rs. 61.2 million in 2003. The proportion of grants increased from 33 per cent in 2000 to 41 per cent in 2003; and the proportion of loans decreased from 66.2 per cent to 58 per cent. 

To implement their peace-building measures, the donors have addressed conflict-related issues with the government of Sri Lanka at the bilateral and multilateral level. At the bilateral level, the donor governments' consultations and discussions with the government through embassies and agencies, and at the multilateral level through policy dialogue and the Consultative Group Meetings organized by the World Bank, European Union and the United States, have helped to address the conflict-related issues. For instance, issues concerning the conflict were raised in the Paris donor meetings in 1996 and 1998 by the Kumaratunga government and the donors such as EU and the World Bank in their Cooperation Strategy and the Country Assistance Strategy respectively for Sri Lanka have emphasized the need to deal with conflict-related issues.

3 Donor assistance that flowed in since 2002 contributed to rehabilitation in the North-East of 45 km of the A9 highway, 238 km of small roads, 108 irrigation tanks, 156 wells, 55 schools, 25 health facilities and the rehabilitation of 32,735 IDP families (Kelegama 2002).
The small bilateral donors have contributed much to the peace-building efforts in Sri Lanka. The bilateral donors' conditionalities were more conflict-specific and tried to engage the civil society and the NGOs in their programmes. The major donors were reluctant to use conditionalities till the late 1990s to stimulate a negotiation between the parties.

Advocacy and mobilisation strategies of the NGOs were funded to promote the peace process along with the contribution to small-scale development activities. The Swedish aid programme in Sri Lanka was based on three objectives of economic development, human rights, and democracy. Norway has provided around $75 million aid annually to Sri Lanka for economic development and reconciliation. CIDA has funded de-mining programmes in the Vanni region along with UNICEF. Some 20 per cent of Canadian aid to Sri Lanka is disbursed in the North-East. In response to the CFA, the EU enhanced its role to support peace-related activities such as providing funds to the Peace Secretariat of the government and for the independent Human Rights Commission. Sri Lanka was the first country to get aid from Japan to invest in conflict-affected areas.

The UNDP helped the UNP government of Ranil Wickremasinghe to set up the 3R programme. Several infrastructure projects, such as widening of the A9 highway to the North, were supervised by this programme.

To alleviate the hardships caused by the government-imposed restrictions on travel and on goods exported to the North-East, USAID and CARE implemented a three-year programme of food production through local NGOs. To provide relief from the restrictions on the access to land in the North-East, which were posing a major problem in resettling families, the Jaffna Rehabilitation Project (JRP), the Integrated Food Security Programme (IFSP) in Trincomalee and the Water Supply and Sanitation Project (WSSP) in Vavuniya and Mannar were devised by the German Development Cooperation to contribute to the general normalization and stabilization of the region.

At the beginning of 2002 there were 800,000 displaced persons in Sri Lanka. After the CFA, the opening of the Kandy–Jaffna highway on 8 April 2002 provided an
opportunity to the people of the North to integrate into the national economy by opening up trade links and road service, thus increasing the mobility of the people. According to the UNHCR (2005), since the cessation of hostilities, 103,000 IDPs had returned home, and 40,000 IDPs were relocated in the government-controlled areas. An estimated 30,000 people returned from the LTTE-held Vanni to the Jaffna peninsula. However, the High Security Zones (HSZ) set up by the army and the tax collected by the LTTE placed considerable burdens on the people of Jaffna in restarting their traditional economic activities such as agriculture and fishing.

In addition to the IDPs, children affected by war, women and widows, injured people and the elderly are exposed to exploitation and are vulnerable. By 2003 there were around 25,000 children in 41 registered children’s homes in the North-East and 41,012 widows in eight districts of North-East. Landmines and unexplored ordnance caused around 110 deaths and 794 injuries before 2003 (CHA 2003). According to the needs assessment report of CHA (2003), $83.8 million are needed for immediate relief and another $52.7 million for medium-term relief in the North-East. Some 350,000 houses have to be reconstructed and need rebuilding. The overall aid needed - immediate, medium-term and beyond medium term - is $1436.6 million for infrastructure development. During 1998–2003, the amount of bilateral and multilateral aid commitment to infrastructure sectors was: water and sanitation $335 million; land and irrigation $70.5 million (2000 aid commitment of donors to land and irrigation was nil). Power and energy sector has got the maximum commitment by donors such as Japan, which amounts to $1046.5 million.

Assessment of the Peace-Builders’ Role
Peace mobilisation strategies in Sri Lanka are different from the mobilisation strategies of the political parties. The latter have mobilised the people on the basis of ethnicity, language and religion for long; the former have tried to mobilize the people on issues of public importance such as peace and development. Mobilisation was minimal during 1995–2003 except peace rallies and marches organised by Sarvodaya based on religious peace. Some NGOs in Sri Lanka acted as a link between the political leadership and the people through surveys and research.
Concentration of peace work in the Sinhalese-dominated South had little effect in changing the people’s perception about the Tamil community. Many believe that the main reason for the country’s economic and social underdevelopment is the LTTE’s demand for separate statehood and the support it gets from the Tamil community. The NGOs’ argument in favour of federal solution has been attacked by the Sinhalese hardliners as speaking the language of the Western powers, who are imposing a solution on Sri Lanka.

The CFA gave a boost to the peace and development work in the North-East. The peace organisations had done little peace work in the North-East due to the conflict and had to deal with the perceptions that the LTTE’s military power is the main reason for the Sri Lankan government to negotiate and only the LTTE can guarantee them some political rights. At the same time, there are many voices which are not organized and have been bearing the brunt of the conflict for years. The peace organisations tried to give a voice to the people by organising peace marches in Jaffna, but the mobilisation work in the region was minimal due to LTTE’s threat.

The international organisations established contacts with the LTTE so that relief and rehabilitation could be done in LTTE-controlled areas. UNICEF took a bold step to work with the Tamil Rehabilitation Organisation (TRO) in the North-East, providing substantial funds to TRO to construct orphanage centres. However, UNICEF failed to get a commitment from the LTTE that it would not recruit children as soldiers. This stood in contrast to the Canadian government’s policy of putting pressure on the government by diverting considerable amount of to the NGOs when it suppressed the JVP movement. In the conflict-affected areas the UN agencies and ICRC provided emergency relief for the victims throughout the year, in a way contributing indirectly to conflict resolution. The Sinhalese nationalists, however, criticized the ICRC activities on the ground that they were helping only one ethnic community.

When the Sinhalese nationalists criticised the INGOs and donor agencies that the donors had pledged more aid to the North-East by cutting aid to the South, Japan responded that it was paying continued attention to the programmes of the South. Japan’s special envoy Akashi during his visit to the island in January 2003 explained that the development of Sri Lanka should be looked upon as a single unit, but it was
important to address the war-torn areas of the North and East (*Daily News* 2003). When the burden of conflict in the North diminished there would be more funds and resources available for the entire country, he said.

The programmes and projects of the NGOs took the village or the district as a development unit. The development of villages in isolation has generated new conflicts among the communities. For instance, in Eastern Sri Lanka the NGOs and INGOs involved in resettling the Tamils have not worked to build a link with the Muslims in the neighbouring villages. This led to the suspicion among the Muslims that the NGOs were partial in delivering aid. As a result, assistance is often perceived as pro-Tamil (Kelm 2005: 26).

At the same time, projects funded through the government have been dominated by the Sinhalese leaders, who have channelled funds to their constituencies in the South to get electoral benefits, which has led the minority communities to see the NGOs and donors as being partial to the government perspective. Many believe that the incentive to get funds from the donors has made the government ignore the real plight of the people affected by the war.

In their aid programmes the donors took the district as a unit. About 90 per cent of the projects’ lifespan was over five to six years. For instance, GTZ supported the Jaffna Rehabilitation Project and NORAD supported the Integrated Rural Development Projects (IRDP), which it has funded for twenty years. The donors favoured NGOs with realistic budgets, a comprehensive strategy and ability to deliver results. The pressure to perform and show results in a timeframe, however, undermined the NGOs’ project objectives and goals.

The aid agencies also themselves became pawns in the political game of parties to the conflict. In a situation where the government is a party to the conflict, aid agencies faced a dilemma regarding legitimacy and impartiality of the government to distribute aid equally. The LTTE’s main interest was to get the international community to recognize it as the legitimate representative of the Tamil people. Both sides in the conflict showed a lot of interest in financial assistance from foreign governments than in other forms of cooperation.
The external actors also failed to look into the realities in the North-East during 1995-2003. By their virtual acceptance of the LTTE's claim to be the sole representative of the Tamil people, who alone has the right to negotiate with the Sri Lankan state, they ignored the reality that there are other militant groups and political parties existing in the North-East. Unless all these groups are represented in the peace process it is not possible to achieve sustainable peace.

The focus of the international development assistance was to accelerate the economic growth of the country as a whole. On the other hand the LTTE took the position that peace-related development assistance should give priority to the North-East since it has been badly affected by the conflict, whereas the poverty in the South was the result of the government's economic policies. This position was against the ideology of the donors and the international financial institutions. The southern economy is more integrated into the world economy; whereas the economy in the North is a more closed economy under the tight control of the LTTE. The economy in the North is supported by the humanitarian assistance, assistance from the Tamil diaspora and small-scale agriculture and fishing. However, the government and the donor community are not sensitive to the distinctions of the economies of the North and the South. The international community's failure to analyse the economic situation in the country before giving development assistance has led to regional imbalances.

One of the main reasons for the donors not to invest in the North-East is the absence of any institutional structures to distribute aid. Therefore, to get aid the LTTE came out with the ISGA proposals, which totally ignored the Muslim community as a stakeholder.

The NGOs' peace work faced many dilemmas due to the fluctuating political and ethnic relations in the country. Even the positions of the UNP and SLFP with regard to federalism and unitary state structure changed depending on the political and economic interests. Uncertain political views on these issues have also affected the public opinion.
The advocacy and mobilisation strategies of the NGOs and INGOs failed to address the different perceptions of the parties about peace. The government position was that the negotiations should follow a step-by-step approach. The LTTE took the position that negotiations should address the normalization issue in the North-East; it wanted rehabilitation, resettlement of the displaced and reconstruction of the North-East to be the first objective. These contradictory positions were reasons for the negotiations to fail in 1994–1995. The UNF government did consider the position of the LTTE when it agreed to set up SIHRN in September 2002 to initiate the 3R programme in the North-East, but these sub-committees did not work because of the stalemate in the peace process. As a result the reconstruction and development efforts were slow.

The entire amount pledged in the Tokyo Donor Conference was mostly in the form of loans whose proceeds were to be released often on a reimbursement basis. The aid could not cover the entire cost of projects and matching funds were generated from domestic sources. The aid utilization was dependent on the distribution by the government and to whom it distributed the funds.

Of the average foreign aid disbursements of $546 million during 1998–2003, grants accounted for less than one-sixth and the majority of the aid is in the form of loans at high interest rates. This has increased the government debt burden gradually, and led to negative economic growth rate in 2001. By the end of 2003 the total disbursed and outstanding debt burden was $8705.4 million, and interest payment consisted of $400 million (Ministry of Finance and Planning 2003: 30). To repay the debt the government had to cut on social development work and impose more taxes on various services. Due to the availability of foreign funds for every sector the government slowly privatized the economy and withdrew from the major responsibility of social welfare and economic development.

**Impact on Politics**

The peace-building approach did not change the politics of Sri Lanka, which is constantly marred by lack of bipartisan approach on important issues, be it constitutional reforms or the way the peace process had to take. For instance, the PA’s constitutional reforms exercise to change the unitary state structure did not get the support of the opposition UNP.
The peace-building approach also had minimum effect on creating good governance in the country. Violence and corruption are institutionalized in the Sri Lankan society so much so that acts of violence and favouritism to particular sections and groups in government jobs are hardly condemned by the society at large. During the introduction of the 2000 constitution bill in Parliament, the Kumaratunga government faced tremendous criticism from the JVP and the Buddhist clergy. Religion has dominated the political system in Sri Lanka and any attempt to alter the system met with violent resistance. The 2000 parliamentary elections were conducted amid violence and tampering of ballot boxes. The turnout at the elections was around 75 per cent; in the election-related violence 71 persons were killed and over 1800 election-related violent incidents were recorded (Devotta 2006: 84).

Meanwhile, the flow of development assistance had little effect on the electoral promises of the major parties. In contrast to the 1994 elections, the PA in the 2000 elections promised to follow a military path to crush the LTTE and limited devolution for the Tamils. The withdrawal of the LTTE from the 1994–1995 negotiations and the assassination bid on Kumaratunga in 1999 influenced the party’s decisions. The UNP on the other hand promised to find a political solution through negotiations with the LTTE, despite opposing Kumaratunga’s devolution package. These contradictions in the political system of Sri Lanka made the external actors’ peace-building strategies less effective. The UNF government’s *Regaining Sri Lanka* programme also emphasized privatization and reforms and on this platform campaigned in the elections. The UNF’s electoral defeat in the 2004 election was an indication that the people were not in favour of the policies pursued by the donors and the government.

Part of the reason for the aid flows to Sri Lanka getting diverted to international organisations was non-utilization of aid by the government. Overall utilization of grants and loans during 1999–2003 by the government averaged between 25 and 28 per cent. According to the data of the Ministry of Finance and Planning (2003a), in 2000 annual commitment and disbursement was less than $500 million. The funds allotted to the North-East were not fully utilized, one reason being that the government institutions and agencies are defunct in the LTTE-administered North and the East.
Civil Society Perception of Peace-Building Activity

Different perspectives among the ethnic communities with regard to the donors’ work and the failure to deal with them have adversely affected the effort to build peace. The popular view is that the government had minimum say in the allocation of aid; that it was dependent on the donors’ wishes and interests regarding where to invest and which projects to support, which affected the implementation. Improper analysis of the socio-economic situation both in the South and the North has increased regional imbalances. For instance, the IRDP programmes have increased disparities between the districts in the South. Development of small-scale industries has created new jobs and social upliftment of some sections of the population. By targeting some sections in a district, the projects have generated competition for available resources. Political and religious affiliations play a role in the rural society.

Attaching aid conditionalities for disbursement of aid and less disbursement during 1995–2003 also developed resentment against the international agencies’ presence in the island. Particularly after the Oslo and Tokyo donors’ Conferences, many questions were raised with regard to the actual interests of the donors in involving in the peace talks. Since the donors view development as a prelude to peace, non-disbursement of funds promised and committed only led to decrease in the government’s spending on the social sector. At the same time, diversion of funds to non-state actors, even though small, led to the criticism that the external actors’ aid was developing parallel administrative structures in the country. Many argue that the NGOs have acquired the governmental space, with increasing funds and attention from the donors.

Another popular perception is that the donors dictate and try to give direction to the government because Sri Lanka is a poor country. Also, the people believe that INGOs have no respect for other religions and target those groups who are willing to convert to Christianity. In conflict-ridden countries the donors provide funds after a peace agreement. In contrast, in Sri Lanka the donors are willing to provide funds before the peace agreement.
JVP's Stand on Peace-Building

The two Sinhalese youth uprisings in April 1971 and in 1988–1989 were based on the feeling of alienation and deprivation of the rural youth, who felt left out of the development process. The government's open economy policies attracted a lot of foreign investment to the country for industrial development. The industries were mainly located in the South of the country such as Colombo and some in Kandy, whereas other parts of the country were left out of the development process, particularly the North-East. The government and the donors failed to create employment for the youth who migrated to Colombo in search of jobs. Many of them were not proficient in the English language, which was a drawback in getting jobs. According to Perera (2002), the government's efforts to make radical political and economic reforms led to resentment among the Tamil and Sinhalese section of the population. The JVP mobilised the disillusioned rural Sinhalese youth against the government policies but the government suppressed these insurrections brutally. The JVP's ideology based on socialism and restructuring of the economy, has made the party target the government through a constant campaign against the government's dependence on foreign funds. This has attracted the Sinhalese youth in search of jobs. This anger was also directed towards other minority groups, particularly towards the Tamil community, because the Tamils' language skills helped them get better jobs.

Fundamentally, the JVP’s ideology is based on the protection of Sinhalese values. It resisted the government’s efforts to bring about economic reforms. It also campaigned against the promotion of western ideas and principles by the NGOs. One of the primary global threats, according to the JVP, is the involvement of the lending institutions such as the World Bank and the IMF in running the country, especially in the light of their demands for good governance (Wickremasinghe 2003: 211).

Though the Buddhist Sangha criticised the state for subordinating Sri Lanka's culture and religion to economic and political reasons, the UNF government’s (2002) Regaining Sri Lanka document again promised the same agenda for economic development against which the JVP has been fighting for long. The government promised economic recovery by increasing overall economic growth to 8–9 per cent by reducing the responsibilities of the government in the public services and also
proposed to cut down expenditure on education, health and other social services. The people voted against these proposed policy measures.

*The Tamil and Muslim Communities’ Perception of Peace-Building*

The Tamil parties have viewed the peace-building work done by the donors along with the government as a futile exercise, because the Sinhalese-dominated government could not be trusted in its efforts to build peace. Apart from the lack of long-term commitment, many NGOs’ programmes have been implemented by the public servants, who have injected the bureaucratic structure in the administration.

The peace organisations’ efforts to educate the people about the peace process and conflict resolution through seminars and workshops have attracted mostly the educated sections in the urban centres. Lack of availability of funds and pressure and timeframes to show results made the NGOs avoid areas exposed to conflict. At the same time, the NGOs’ programmes and projects could not deal with the problem of overall educational system in the country as such. Lack of consensus about the contents published in textbooks and insensitivity towards the history of the minorities have alienated the Tamils from the national education system. These issues were to some extent – but not adequately – taken care of by the projects and programmes of the donors for the education sector, through emphasis on curriculum change, teacher training and links with schools.

**Conclusion**

During 1995–2003 the NGOs got enough space to do peace work because of the support from the PA and the UNF governments, which utilized the NGOs’ network. Collaboration between the government and the NGOs helped in generating debate about constitutional reforms and the conflict resolution process. But the impact of the peace work on society depends mainly on the space the government is willing to provide to peace organisations. Sri Lankan society is highly organized along ethnic lines than on social association. The success of peace work in Sri Lanka is highly dependent on political and ethnic associations and the people’s willingness to come out of these networks to participate in the social development process. The peace work tried to address this question but mainly failed because the donors’ policy and
development cooperation was state oriented. The donors and the parties to the conflict had no joint vision of development. Asserting their positions had become much more important to the parties to the conflict than getting international assistance. In sum, the experience in Sri Lanka shows that there are limits to what international assistance can do to promote a peace process.