

Title: Using Carrots to Bring Peace?: *Negotiation and Third Party Involvement*

Keywords: negotiation, peace process, conflict resolution, third party involvement, facilitation, incentives, peace conditionality, Asia, Sri Lanka, Indonesia – Aceh, the Philippines – Mindanao, North Korea – Agreed Framework 1994

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Chapter 1: Introduction

Following the end of the Cold War, diminishing bipolar division of the world created more possibilities within the fields of conflict resolution, conflict management, and conflict prevention. The thaw in global relations brought attention to many non-military issues such as reconstruction of post-conflict societies, peace-building and state-building. Non-traditional threats such as pandemic, environmental, and energy issues became integral parts of conflict research. Accordingly, tensions resulting from the quest for energy security, water, and natural resources, and international organized crime have been treated with the equal importance as conflicts resulting from traditional security threats.

The change in perceiving conflicts and recognizing the new issues initiated implementation of innovative tools in conflict management. With regards to instruments of confidence building measures (CBMs), focus has been extended from issues of disarmament and non-proliferation to non-military CBMs, dealing with economics, energy, or culture. For instance, energy and economic incentives played a key role in the negotiations between North Korea and the United States resulting in the *Agreed Framework* in 1994. New approaches to studying conflicts do not reflect any of the traditional IR debates; the focal point of the new conflict resolution theories is not the IR system as such but rather different aspects and indicators of causes of conflicts and instruments for their resolution.

Further, new actors began to emerge in the international arena within the field of conflict resolution and conflict prevention. Non-governmental organizations (NGOs) and regional organizations embark on playing an important part in track two and track three diplomacy and in implementing and monitoring peace agreements. With these changes, the prospects for engaging in conflict prevention, conflict management and peace making by other than military means drew greater attention from both scholars and practitioners. In the early 1990s, academic literature covered sufficiently the definition of relatively new terms such as *conflict management, mediation, negotiation and facilitation*, yet still armed conflicts prevailed among the case studies¹.

Recent examples/practices from peace processes indicates that negotiating the termination of violent conflicts shows that great attention needs to be paid to economic

¹ Since 1989, 122 armed conflicts were registered by the Uppsala Conflict Database Project (UCDP), third party was involved in 82 facilitation cases; peace agreement was signed only in 48 cases (39%). Non-violent conflicts with no casualties, or less than 25 conflicted related deaths, are not listed in the UCDP database and are less frequent in the academic debate on third party involvement.

aspects of the conflict, such as easing economic grievance between the conflicting parties, dealing with immediate relief of population and preparing grounds for reconstruction projects. Hence, these issues have become part of the peace talks' agenda and the third parties facilitating talks have often extended their involvement to donor activities. The current academic debate, however, still offers a limited amount of studies dealing with the issue of employment of conditionalities, in the modern sense, such as economic inducements – reconstruction/development aid and political legitimatization (positive – carrots) and sanctions, embargos (coercive - sticks).

One of the first thorough studies discussing use of positive conditionality, foreign aid, was Ole Elgström's book *Foreign Aid Negotiations: The Swedish-Tanzanian aid dialogue*, published in 1992. Throughout the 1990s the debate on employing peace conditionalities² escalated a decade later, when both practitioners and the academic community devoted attention to peace building and conflict resolution. Yet, as the peace conditionality factor in international negotiations remains as one of the most theoretically `neglected` areas in the field. Furthermore, relatively little is alluded to the academic debate about initiations preceding the actual peace process and official negotiations. It is fairly difficult to estimate the exact role of the informal processes and the unofficial or second track facilitators on overall outcome. With regards to this, getting a complete picture of all patterns in conflict management processes remains uneasy and any research study dealing with third party involvement has to take this fact into consideration.

This dissertation attempts to address several aspects of third party involvement in peace processes and their usage of carrots – economic incentives. Carrots, especially in the form of development aid, are often *a priori* regarded as positive for the recipients, however, empirical evidence from conflicts like Sri Lanka or Afghanistan indicates detrimental effects of such aid on ongoing peace processes.

From the theoretical perspective, this dissertation attempts to combine certain aspects of existing theories on peace conditionalities and employment of incentives, mostly economic and energy, and on peace negotiation in order to generate blueprint policy guidelines and study new instruments for international donors/facilitators/mediators to effective peace negotiations.

² The term *peace conditionality* is further clarified in the section *Research Design*.

Chapter 2: Research design

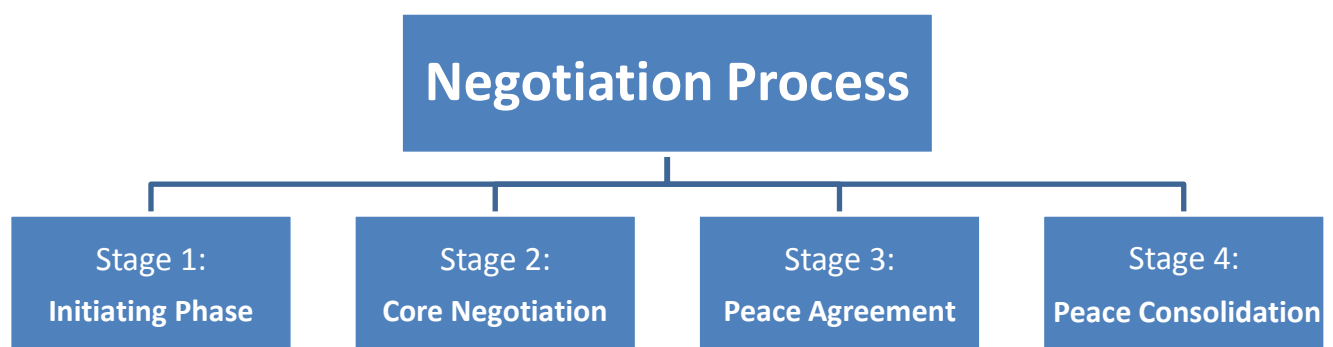
2.1 Aims – Research Question

In light of the current trend of finding synergy between third party facilitation and donor initiatives, this thesis attempts to examine how effective is employment of economic and energy tools in a process of peace negotiations and which conditions are most conducive to successful outcome. After a closer examination of several peace processes it has become clear that in most of the cases, economic and energy incentives cannot be fully separated from political incentives. Issues such as political legitimization and recognition are often discussed in concert with management of reconstruction funds, and further, including of the political incentives is necessary in order to gain a better understanding of incentive functioning in the processes. Additionally, donor-recipient relations have to be included in the analysis.

With regards to negotiation theory, the focal aim of this study is to examine which negotiating instruments are used in conjunction with peace conditionalities and incentives. In order to examine effects of employment of economic and energy tools on peace negotiation, it is necessary to outline a preliminary analysis of negotiation dynamics. A process of conflict management is not a static procedure, but evolves into manifold stages. To gain a clear understanding of the process dynamics and to fully identify patterns (indicators) affecting the development; different negotiation stages have to be taken into consideration and examined separately. At the same time, nexus between different phases cannot be omitted. Scholars generally agree on standard classification of negotiating stages, however terminology varies. Press-Barnathan (2003), engaged in research on links between trade and peace, divides peace process into two stages. The period preceding signing a treaty is defined as *cold peace* and combines both initiating of talks and the actual talks leading into an agreement. Ensuing stage, *warm peace*, covers the final phase ranging from signing of an agreement to attaining stability and decreasing chances of conflict re-escalation.

For this study, it is seen as fruitful to break the Press-Barnathan typology into four stages – *Initiating Phase, Core Negotiation, Peace Agreement, and Peace Consolidation*. As mentioned earlier, it is toilsome to get a good knowledge of activities and initiations done in an effort to bring parties together to official negotiations. Nevertheless, this stage cannot be

neglected when analyzing the effects of different tools on negotiation process. With regards to its particularity, it is separated from the core negotiation in the *Initiating Phase* which covers first contacts between the adversaries facilitated by third party leading commencement of the official negotiation. The *Core Negotiation* encompasses period peaking with signing of an agreement. *Peace agreement* is to examine the period immediately after signing of an agreement and the first stages of a peace building process. The final stage, *Peace Consolidation*, assesses implementation of the agreement and examines how effective are the incentives in a post-conflict setting. It has to be reminded that the center of this research is not to study effects of different incentives on conflict and post-conflict societies, but to generate an overview of how these instruments affect the negotiating process and its actors. In the final part, main focus will be on the assessment of the tools in the perspective of a peace process as a whole. Initially, the author debated whether it would not be more efficient to examine closely only one stage of the negotiation process; however, after closely examining several peace processes where incentives were employed, it became evident that in order to fully assess the effectiveness it is necessary to study all stages of the process. For instance, in cases like Guatemala or former Yugoslavia short-term incentives proved to be effective, however, the overall perspective in the latter case is more complex to be able to evaluate the tools solely in a one-stage perception. The following schema will be used when studying the negotiation process.



Further, this research aims to increase knowledge of trends in asymmetric negotiations and effects of various peace conditionality instruments. The ultimate intent is to generate a debate leading to a blueprint for policy analysis providing measures to more successful selection and

further employment of specific instruments of peace conditionalities in international negotiations.

At last, carrots, further specified as economic and energy incentives can be presented in various forms, from official development aid (ODA) to reconstruction aid, cooperation on energy project, to trade liberalization and foreign direct investment³. Special emphasis is placed on defining which conditions contribute to successful usage of the incentives and how do different types of carrots affect the negotiating process. Alternatively, coercive incentives exists as well and cannot be omitted as it has been already proved in previous research (Frerks, 2006, Cortright 2002).

The increase of donor initiatives in conflict-laden regions in the past ten years was the main impulse for this research. The general claim is disputing which types of *carrots* are effective tool of conflict management. As they are often used in concert with carrots, sticks cannot be excluded from this research. Findings of this application will lead to finding an answer to the research question:

Which incentives (positive-carrots, coercive-sticks), employed in peace process negotiations by third party facilitators, are most effective and when is the ripest time for their employment?

The research inquiry is complemented by five hypotheses further specifying conditions and instruments of third party facilitators in peace processes.

2.2 Hypotheses

H1: *Employment of positive incentives (carrots) prolongs negotiation and hence can exert a negative role:* In the case of multi-party dispute, provided that the facilitator failed to check distributional equity to the incentives offered to the parties, aid can be perceived as an additional item of the dispute. In the case of bilateral negotiation, offered aid is usually conditioned to political concessions and can pose further challenges to the negotiation process.

³ It should be noted that the humanitarian aid is not considered in this debate. Most scholars agree that it is unethical to subject it to any political negotiation. On the other hand, it is believed, there is very fine line between development and humanitarian aid. (Citation)

H2: ***Cause of the dispute:*** If the key issue of the dispute concerns territorial claims, employment of economic incentives does not generate sufficient leverage over the adversaries to enforce compliance with peace conditionalities.

H3: ***Multi-faced facilitator:*** Negotiations with a multi-faced facilitator are more prone to external (negative) factors and are less likely to attain a stable agreement. Multi-faced facilitator, a third party composed from more than one actor (regional powers, global powers, international organizations, international financial organizations, non-governmental organizations) is more likely to

H4: ***Timing:*** Employment of *carrots* in the initial stage of the negotiation process can hinder parties' flexibility in negotiation in the later stages of the process.

H5: ***Type of Carrots:*** Carrots, employed by the third party facilitator, in the form of development aid/funds are less effective than direct economic investments or trade liberalization.

2.3 Case Study Selection

The empirical domain for this study is a selection of four case studies. The cases represent peace processes, taking place in Asia since 1989. Initially, all peace processes in Asia with a formal third party involvement were classified in a chart⁴; selected from a group of processes taking place in Asia since 1989. Employment of incentives in the processes was the key criteria when electing the final four cases studies – Sri Lanka, Indonesia – Aceh, the Philippines – Mindanao, and the Korean Peninsula. It could be argued, that the final case is incompatible with the other cases as it is not an interstate dispute between a government and a separatist movement. Notwithstanding a different nature of the third party involvement, the process provides a good example of employment of economic and energy incentives. It has to be reminded; this study does not attempt to generate a comparison of processes with many conceptually similar dependent variables, but rather focuses on incentives regardless of the nature of given peace process. Some limitations (region, timeframe, type of third party involvement) have been set only to narrow the selection with regards to the scope of the

⁴ Refer to the *pdf chart*. The chart was compiled based on information from the Uppsala Conflict Database Project (UCDP), www.pcr.uu.se/gpdatabase.

thesis. As was noted previously, it would have been certainly immensely beneficial for the to examine impacts of employing incentives during informal facilitation, yet, due to constraints in gathering sufficient data on the issue, this study is limited solely to formal examples of third party facilitation.

2.3.1 Formal and Informal Third Party Facilitation

For the purposes of this study, all cases were selected only among examples of official third party facilitation. It has to be acknowledge, that informal facilitation, generally carried out within a framework of track two diplomacy, can play a significant role in peace processes. Clearly, informal processes can have some impact on incentive employment, however, it must be noted that information on informal processes usually remain classified as sensitive and greatly thwart any research into this issue. And secondly, available information on unofficial procedures has not been systemized into databases such as the official third party activities⁵. In sum, it is important to acknowledge the distinction between formal and informal third party involvement. Should there be any information available on selected cases studies it would be certainly used in this study.

2.4 Scope and Limitations – *to be finished when as the author will know if she is able to conduct field research*

2.5 Definition and Concepts – *to be finished*

Chapter 3. Theoretical Framework

Suggested subchapters

3.1 Review of Literature

3.2 Incentives and Preventive Diplomacy

3.3 Synergy of Negotiation Theory and Peace Conditionality

3.4 Reflection of Carrots and Sticks in Peace Agreements

3.5 Towards Peace Consolidation

⁵ The UCDP lists only official third party involvement, unofficial attempts are sometimes mentioned, however, due to the lack of available information it is not monitored systematically.

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