



THE WORLD BANK SUPPORT FOR POST-TSUNAMI RECONSTRUCTION IN ACEH AND NIAS, INDONESIA

The World Bank, Indonesia

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The Aceh Peace Agreement: How Far Have We Come?

December 2006

It is now 15 months since the Government of Indonesia and the Free Aceh Movement (GAM) signed an historic Memorandum of Understanding (MoU) in Helsinki aimed at bringing to an end thirty years of conflict in Aceh. As the two year anniversary of the tragic Indian Ocean tsunami approaches and as the EU and ASEAN-led Aceh Monitoring Mission (AMM) prepares for its departure from Aceh, it is time to reflect on the successes and failures of the last 15 months since the signing of the MoU, and on the challenges that remain ahead. What have been the consequences of the Helsinki MoU? How far have we come in consolidating peace in Aceh? What are the challenges ahead?

Implementation of the Helsinki MoU: Great Steps towards the Consolidation of Peace

“So far I think it is working. GAM has all come home safely, I saw the troops going home, and my friends tell me they destroyed weapons at the market.”

Female villager, Sabit, Aceh Jaya

Since the signing of the Helsinki MoU in August last year, much progress has been made towards consolidating peace in Aceh. The Aceh Monitoring Mission (AMM) has successfully overseen the destruction of GAM weapons and police and military withdrawal from Aceh. On December 21st 2005, GAM handed over the final 142 weapons bringing the total number of weapons destroyed to the 840 stipulated in the MoU. On December 31st 2005, a ceremony was held to mark the final withdrawal of 7,628 soldiers and 2,150 police, bringing the total security forces withdrawn to 31,681.¹ On July 11th 2006, the Indonesian national parliament passed the Law on Governing Aceh (LoGA), which operates the clauses of the MoU.

Initially GAM and civil society groups were dissatisfied with some articles of the law, in particular those relating to the Indonesian military's role in Aceh, the lack of retroactivity for an Aceh human rights court, and whether the national government must have “agreement” from or only “consult” with the Aceh provincial government on national laws that affect Aceh. However, GAM, through dialogue facilitated by AMM, and society generally has accepted its content. The passing of the LoGA has provided the basis for the direct election of a new Governor and almost all Districts Heads. Elections are scheduled for December 11th. Former GAM and military personnel are to stand on party and independent tickets. The *Badan Rehabilitasi dan Rekonstruksi* (Rehabilitation and Reconstruction Agency – BRR) has committed to help with infrastructure reconstruction and economic development in conflict-affected areas and the local government has formed a new agency, the *Badan Reintegrasi Aceh* (Aceh Reintegration Agency – BRA)

¹ The final group of 2,150 police actually departed on January 4th 2006.



to coordinate and oversee the distribution of reintegration assistance and has established programs to target key groups.

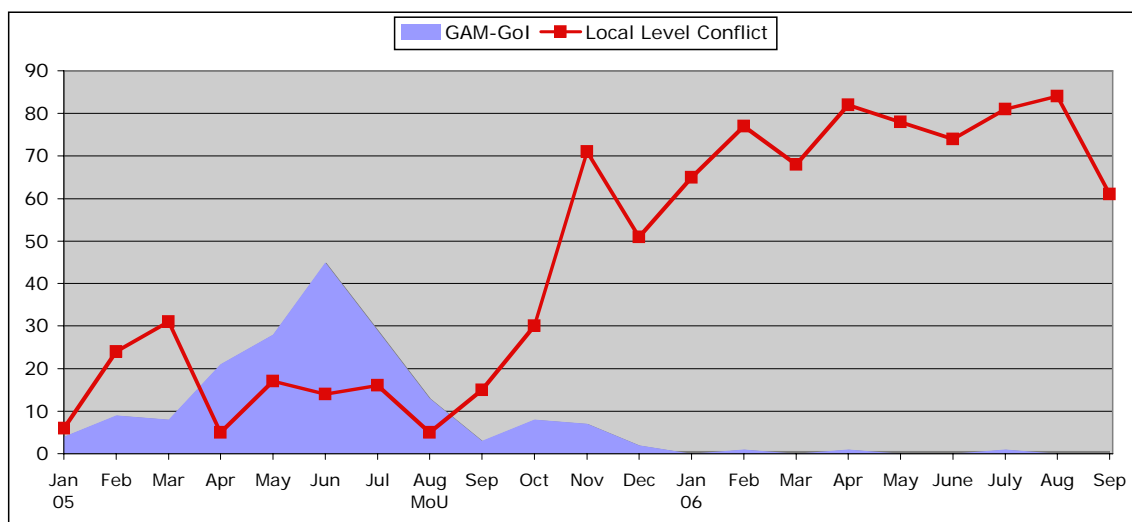
Levels of Conflict Post-MoU: GAM-Government Incidents Drop Off but New Forms of Conflict Emerge

“Go to the coffee shop, and instantly you can feel the peace process is going on. Since the MoU, people like to sit in the coffee shop for 24 hours – from morning to late at night. [And] that’s good for my business.”

Villager, Alue Bu Jalan, Aceh Timur

The security situation has improved remarkably across the province. The number of incidents involving GAM and the Government has dropped dramatically since the signing of the MoU. Indeed, as Figure 1 indicates, only three incidents have occurred since the beginning of this year.² Those that have occurred have been the result of personal grievances between former combatants and security personnel or to a lack of discipline, particularly from police and military still nervous about having their former enemies around. However, both sides have shown genuine commitment to work together in order to resolve such one-off incidents, and local tensions have not escalated.

Figure 1: GAM-Government and Local Level Conflict Incidents



Source: WB newspaper conflict dataset

“Vertical” GAM-Government conflict has been replaced by “horizontal” local level conflict. As GAM-Government conflict has dropped, local level disputes have increased

² As part of an analytical support program to the peace process, the World Bank Office Indonesia, with support from the Decentralization Support Facility (DSF), has been using a newspaper conflict mapping methodology to record and categorize reported incidents of conflict in Aceh. Monthly updates are available in English and Indonesian at: www.conflictanddevelopment.org.



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and are now far more prevalent than conflict between the parties to the MoU (see Figure 1 above). These conflicts include local land and natural resource disputes, vigilante violence, administrative issues and, increasingly, disputes relating to the targeting, distribution and provision of tsunami aid assistance. In September of this year, 27 of 61 local conflict incidents related to development aid. Generally, the rise in such conflicts can be seen as a positive development. The resolution of the conflict between GAM and the Government has opened space for people to contest government and aid agency policies and projects. This is part of the fabric of democracy. Yet, the rising trend in protests against aid and the broader 'democratization of conflict' also present dangers. Aid efforts must be more effective and transparent, and the police must prevent local violence, crime and extortion occurring, to ensure that isolated incidents do not escalate and become more serious.

Reintegration: Smooth Return of GAM to Villages but Much to be done

"The car dropped me off at Krueng Sabee, I started to walk towards my village and I saw my wife for the first time in five years, many other villagers also came out to the road to welcome me back. When they recognized me, they would cry, kiss and hug me because their prayers had been answered and I was able to make my way home safely."

Former political prisoner, Krueng Sabee, Aceh Jaya

The initial return of GAM combatants and political prisoners did not cause problems and was often a happy moment for returnees and villagers. The vast majority of active GAM (80 percent) returned in the first two months following the signing of the MoU. In almost all cases, there has been a high level of acceptance of these GAM returnees; 90 percent of GAM members reported not having encountered any problems and most that did occur were minor.³ This is primarily because they have returned to their home villages and are familiar faces in their communities. Most combatants also managed to return home for short periods during the conflict. Over three-quarters of GAM returnees surveyed indicated that some form of traditional ceremony (*peusijek*, also known as *teprung tawar*) or *kenduri* welcome had been held upon their return.

However, 15 months on, former combatants and conflict-affected vulnerable groups continue to face livelihood and economic problems and this is testing social cohesion. In February 2006, 75 percent of GAM returnees were unemployed.⁴ Recent field visits indicate that little has changed since then. For the first few months, former GAM combatants were satisfied to spend time with their families. However, there is growing dissatisfaction and frustration at the pace of reintegration assistance and growing resentment at both the government and GAM leadership, particularly amongst the younger, lower ranking former combatants who see their superiors driving new cars and sporting mobile phones while they have nothing. Money from the Government reintegration agency (BRA) has been slow to reach combatants because of political

³ World Bank (2006). *GAM Reintegration Needs Assessment: Enhancing Peace through Community-level Development Programming*. Banda Aceh/Jakarta: World Bank/DSF.

⁴ *Ibid.*



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disputes in Banda Aceh and the difficulty of designing an effective delivery mechanism acceptable to both sides. (The 2,000 pardoned political prisoners have done better, receiving support from the time of their departure from prison). Lack of support for former combatants is a serious problem, and crime rates are beginning to rise as disillusioned ex-GAM turn to “alternative” income generation methods.

Similarly, dissatisfaction is rising amongst conflict-affected communities who have received very little but stand by watching tsunami-affected communities receive projects and support. BRA’s recently launched \$60 million assistance program, which will provide funds to every rural village in Aceh by the end of next year, is an important start (see Box 1). However, additional interventions to generate livelihood opportunities must be a top priority, since the project will mostly fund public goods while villagers also want and expect capital and individual assistance. Equally important is addressing the current inequalities in assistance to tsunami- and conflict-affected communities. A recent survey found that families displaced by conflict are viewed to be significantly worse off in comparison to their host communities, compared to families displaced by tsunami.

Box 1: A Good Start: BRA delivers benefits to GAM, vulnerable groups and conflict-affected communities

The Government and many donors have prioritized the use of community-driven approaches for delivering assistance to both tsunami and conflict-affected individuals and communities in Aceh. Such approaches, which involve heavy participation from recipient communities, can ensure that aid meets community needs. BRA is using the community-driven Kecamatan Development Program (KDP) to deliver approximately \$ 60 million of reintegration assistance to conflict-affected communities over a two-year period. All rural Acehnese villages will receive between \$6,000 and \$17,000 depending on history of conflict and village population size. Recognizing that both GAM combatants and ordinary villagers were affected by years of conflict, the program allows communities to determine themselves how their block grant is to be used, including whether it should be distributed to specific individuals or used for community projects.

Many combatants and villagers remain traumatized 15 months after signing the MOU due to years of violence and abuse. A recent IOM-Harvard-Unsyiah psychological assessment conducted in high-conflict sub-districts in Pidie, Bireuen, and Aceh Utara shows that both men and women experienced high levels of violence and traumatic events, comparable with the likes of Bosnia and Afghanistan.⁵ Some 56% of men and 20% of women report was being beaten; 36% of men and 14% of women report being attacked with a knife; 25% of men and 11% of women report having been tortured while 19% of men and 5% of women report is having been taken captive. People are suffering from significant mental health problems as a result of these experiences. The assessment found that 65% of the population ranked high on depression symptoms, 69% on anxiety symptoms and 34% on post-traumatic stress disorder symptoms. These figures indicate the need to expedite the provision of

⁵ IOM-Harvard-Unsyiah (2006). *Psychosocial Needs Assessment of Communities Affected by the Conflict in the Districts of Pidie, Bireuen Aceh Utara*. Banda Aceh: IOM/Harvard Medical School/University of Syiah Kuala.



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economic and livelihood programs in order to reduce today's burden, as well as a clear need for mental health services that can address the psychological effects of past traumatic events.

Immediate Issues for Consolidating Peace in Aceh

Tremendous progress has been made but much remains to be done, and must be done quickly. There are three immediate priorities.

Elections

Aceh's first post-conflict elections, initially delayed, are scheduled to take place on December 11th. The preamble of the MoU commits the parties to create conditions for "fair and democratic" government and clause 1.2.2 specifies that elections be held by April 2006 at the latest. Delays in finalizing the LoGA meant this deadline was missed, but fortunately this did not cause problems as both sides understood the reasons for delay. The establishment of a stable political environment through peaceful and legitimate elections is indeed crucial to ensuring the peace process continues as smoothly as it has to date. At the time of writing there was no indication that the race for political power will seriously disrupt the peace process. To be sure, there have been some tensions between candidates and the bodies that will implement the elections, as well as intra-party conflict surrounding the selection of party candidates (including tensions between the two GAM-affiliated candidates). These have not yet resulted in violence.

However, those monitoring, implementing and participating in Aceh's elections must be aware of tensions that remain from 30 years of conflict and take active steps to ensure that the contests remain peaceful. This requires close coordination between parties at the local level and strong control from elites to ensure that voters are not mobilized along divisive lines.

AMM's departure

AMM has done an excellent job at overseeing the peace process, facilitating dialogue between the two sides, and building community trust. A recent IFES survey shows that 97 percent of people in Aceh are satisfied with AMM's performance. However, many also felt they should stay in Aceh for one or even two more years and Acehnese are increasingly worried about what will happen when they leave on December 15th.⁶ What should come next? It is extremely important that a clear and widely advertised exit strategy is drawn up. There will be a need for some institutional oversight over the coming years. Key elements of the MoU—including the establishment of a Commission for Truth and Reconciliation, the Joint Claims Settlement Commission, and the commitment to rehabilitate public and private property destroyed or damaged during the conflict—remain to be implemented. At this point no one is expecting any massive break-downs in relations between GAM and the Government. Yet some

⁶ IFES Survey, August 2006.



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mechanism for ensuring dialogue and gently nudging the two sides will continue to be necessary until at least the elections of 2009.

Reintegration and Post-Conflict Development

Much still has to be done to reintegrate former GAM into social and economic life.

Initial benefits for combatants, prisoners and conflict-affected persons are welcome but will not in themselves create sustainable livelihoods. There is a danger that as former conflict actors see no real benefits from the peace, they will become less invested in it. There are also serious inequalities in the provision of aid and services to tsunami and conflict affected areas. This may provide a basis for future unrest. Government, donors and NGOs must adopt an area-focused policy of development assistance to ensure all those vulnerable and in need receive support.

Towards Sustainable Peace: The Importance and Challenge of Local Governance in Aceh

The conflict in Aceh was primarily driven by resentment that the province's rich resources did not result in development for ordinary Acehnese. Dissatisfaction was directed against the Indonesian state, which was seen as corrupt and ineffective. Building sustainable peace in Aceh will necessitate building the legitimacy of the state in the eyes of Acehnese communities and elites. It will also require ensuring that economic opportunities reach those most vulnerable to being mobilized for conflict: the poor and vulnerable in rural Acehnese villages.

The peace process presents a tremendous opportunity to develop and build Aceh.

The MoU and LoGA provide for a massive injection of financial resources and increasing local authority to manage and distribute them. In 2006, the local government in Aceh received revenues three times higher than before decentralization in 1999, an increase from Rp. 2.2 trillion (\$ 232 million at current prices) in 1999 to Rp. 10.4 trillion (\$ 1.1 billion) in 2006. The World Bank estimates that from 2008 onwards, local government revenues will stabilize at around Rp. 13 trillion (\$1.4 billion) due to the benefits of the MoU/LoGA. Yet local government institutions, arguably, do not presently have the capacity to effectively manage and spend such resources. Corruption is a major problem. Mechanisms for managing political competition and ensuring accountability are weak. Government expenditure has largely been concentrated in urban centers, captured by politically connected elites, and continues to disenfranchise the rural poor.

Arguably for the donor and international community, supporting and strengthening the adoption of able, accountable, corruption free, and accessible local state institutions is *the* medium to long-term priority. This, along with the ability of donors and the government to get assistance to villagers and ex-combatants in a timely manner, will largely dictate whether Aceh remains at peace in years to come.