



The Asia Foundation

THE CONTESTED CORNERS OF ASIA

Subnational Conflict and
International Development Assistance

The Case of Aceh, Indonesia

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List of Terms and Acronyms

ABAS	: West Aceh and South Aceh (Aceh Barat Aceh Selatan)
Adat	: Customary law
ADB	: Asian Development Bank
ADRF	: Aceh District Response Facility (GIZ program)
AGTP	: Aceh Governance Transformation Program (UNDP program)
ALA	: Aceh Leuser Antara
AMM	: Aceh Monitoring Mission (EU/ASEAN-sponsored peace mission)
APBA	: Aceh provincial government budget
APBK	: District government budget
APBN	: National government budget
APPS	: Aceh Peace Process Support (EU-funded program)
ARLS	: Aceh Reintegration and Livelihood Survey
ASEAN	: Association of Southeast Asian Nations
A-TARP	: Aceh Technical Assistance Recovery Project (USAID-funded program)
AusAID	: Australian Agency for International Development
Bappeda	: Local Development Planning Agency (Badan Perencanaan Pembangunan Daerah)
Bappenas	: National Development Planning Agency (Badan Perencanaan Pembangunan Nasional)
BKPG	: Financial Assistance for Village Development - Bantuan Keuangan Pemakmue Gampong (local government-financed community development program)
BKPP	: Training and Education Board – Badan Kepegawaian, Pendidikan dan Pelatihan (Government of Aceh)
BPK	: State Audit Agency (Badan Pemeriksa Keuangan)
BPS	: Indonesian Statistics Agency (Badan Pusat Statistik)
BRA	: Aceh Reintegration Board (Badan Reintegrasi Aceh)

BRA-KDP	: BRA program, adopted from KDP, providing community-based assistance to conflict victims
BRR	: Rehabilitation and Reconstruction Agency (Badan Rehabilitasi dan Rekonstruksi)
Camat	: Sub-district head
CBD	: Community-Based Development
CDD	: Community-Driven Development
CMI	: Crisis Management Initiative (Finnish NGO that chaired the Helsinki peace negotiations)
CoHA	: Cessation of Hostilities Agreement (2002 peace agreement, which collapsed in May 2003)
CPDA	: Consolidating Peaceful Development in Aceh (World Bank program)
CSO	: Civil Society Organization
DAU	: General Allocation Grant – Dana Alokasi Umum (grant from central government to regions)
DFID	: UK Department for International Development
Diyat	: Compensation for people who had family member killed in the conflict
DOM	: Military Operation Zone (Daerah Operasi Militer)
DPRA	: Aceh provincial legislative council/parliament (Dewan Perwakilan Rakyat Aceh)
DPRK	: District legislative council/parliament (Dewan Perwakilan Rakyat Kabupaten/ Kota)
EU	: European Union
FDI	: Foreign Direct Investment
FFI	: Fauna and Flora International
FK	: Sub-district facilitator – fasilitator kecamatan (for PNPM/BKPG program)
Forum Bersama	: Joint forum (body bringing together GAM, government,

List of Terms and Acronyms

	civil society and international donors)
FT	: Technical facilitator/engineer – fasilitator teknis (for PNPM/BKPG program)
GAM	: Free Aceh Movement (Gerakan Aceh Merdeka)
Gampong	: Acehnese term for village
GIZ	: Dutch Agency for International Development (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GoA	: Government of Aceh
GoI	: Government of Indonesia
GDP	: Gross Domestic Product
GRDP	: Gross Regional Domestic Product
HDI	: Human Development Index
HRW	: Human Rights Watch
ICG	: International Crisis Group
ICRS	: Information, Counseling and Referral Services (IOM program)
Imeum	: Head of mukim
IOM	: International Organisation for Migration
Jadup	: Living allowance/social security payment (given to former GAM shortly after the MoU)
JKA	: Aceh Health Insurance (Jaminan Kesehatan Aceh)
Kabupaten	: Rural district
KDP	: Kecamatan Development Program (Government and World Bank-financed community development program)
Kecamatan	: Sub-district
Keuchik	: Village head (Acehnese term)
KINERJA	: USAID-funded program on local governance and public service delivery
KKN	: Collusion, corruption, nepotism (kolusi, korupsi, nepotisme)

Kontraktor	: Contractor
Kota	: Urban district
KPA	: Aceh Transitional Council - Komite Peralihan Aceh (organization for former GAM combatants)
KPK	: National Corruption Eradication Commission (Komisi Pemberantasan Korupsi)
KPPOD	: Regional Autonomy Watch – Komite Pemantauan Pelaksanaan Otonomi Daerah (Indonesian NGO)
LCS	: Locality Case Studies
LGSP	: Local Governance Support Program (USAID-funded program)
LoGA	: Law on Governing Aceh
LOGICA	: Local Governance and Infrastructure for Communities
MAD	: Inter-village meeting – Musyawarah Antar Desa (PNPM)
MCFD	: Million cubic feet per day (measure of natural gas extraction)
MDF	: Multi Donor Fund (for tsunami reconstruction)
Meunasah	: Community prayer hall
MKP	: Women’s proposal preparation discussion meeting – Musyawarah Khusus Perempuan (PNPM)
MoU	: Memorandum of Understanding between the Indonesian government and GAM, signed in Helsinki
MSR	: Multi-Stakeholder Review of Post-Conflict Programming in Aceh
Mukim	: Area consisting of multiple villages, below sub-district (kecamatan) level
Musrenbang	: Government development planning process (Musyawarah Perencanaan Pembangunan)
NGO	: Non-Government Organization
NVMS	: National Violence Monitoring System

List of Terms and Acronyms

ODA	: Official Development Assistance
OECD	: Organisation for Economic and Cultural Development
PA	: Aceh Party – Partai Aceh (Ex-GAM’s political party, established in 2007)
Pajak Nanggro	: State tax (tax imposed by GAM during the conflict)
Pangdam	: Provincial military commander (Panglima Daerah Militer)
Panglima	: Military commanders
PECAPP	: Public Expenditure Analysis and Capacity Strengthening Program (World Bank program)
Peusijek	: Traditional welcoming ceremony in Aceh
PG	: Provincial government
PLN	: State Electricity Company (Perusahaan Listrik Negara)
PNA	: Aceh National Party - Partai Nasional Aceh (local party established in 2012)
PNPM	: National Community Empowerment Program – Program Nasional Pemberdayaan Masyarakat (Indonesian government community development program, formerly called KDP)
Puskesmas	: Community health centers (pusat kesehatan masyarakat)
Qanun	: Local by-law in Aceh
Rp	: Rupiah (Indonesian currency, 1 US\$ = approx Rp 10,000)
RPJMA	: Medium Term Development Plan for Aceh (Rencana Pembangunan Jangka Menengah Aceh)
RPJPA	: Long Term Development Plan for Aceh (Rencana Pembangunan Jangka Panjang Aceh)
SAF	: Special Autonomy Fund
Sagoe	: GAM military area, roughly equivalent to an administrative sub-district
SERASI	: USAID-financed program supporting peace process in Aceh (as well as conflict issues in other Indonesian provinces)

Shariah	: Islamic law
SIKD	: Subnational Financial Management Information System – Sistem Informasi Keuangan Daerah (Ministry of Finance)
SPADA	: Support for Poor and Disadvantaged Areas Project (World Bank-financed Indonesian government program)
SPP	: Women’s micro-credit revolving funds – Simpan Pinjam Perempuan (PNPM)
SSPDA	: Strengthening Sustainable Peace and Development in Aceh (UNDP program)
Susenas	: National Social Economic Survey (Survei Sosial Ekonomi Nasional)
SUV	: Sports Utility Vehicle
TII	: Transparency International Indonesia
Tim sukses	: Electoral campaign team
TPK	: Activity Implementation Team –Tim Pelaksana Kegiatan (PNPM)
Tuha Lapan	: Village Planning Board in Aceh
Tuha Peut	: Village Council in Aceh
Ulama	: Islamic religious leaders
Uleëbalang	: Local nobles in Aceh
UNICEF	: United Nations Children’s Fund
UNDP	: United Nations for Development Program
USAID	: United States Agency for International Development
Wali Nanggroe	: Traditional leadership position in Aceh

Executive Summary

Aceh is the best example in Asia of the transformation of a violent conflict into an enduring peace. The Memorandum of Understanding (MoU) of 2005, signed by the Indonesian government and the Free Aceh Movement (GAM), brought a three-decade war to an end. Eight years on, peace continues and few expect large-scale violence to reemerge.

This report looks at development assistance to the province since the peace agreement was signed and asks whether, and in what ways, it has supported the war-to-peace transition. It set out to answer four sets of questions:

- a. Levels and types of contestation and needs.* What have been the main conflict issues in different time periods and how have attendant key needs changed over time?
- b. The make-up of aid.* How have the volume, objectives, and processes of aid evolved?
- c. Aid and local power dynamics.* How has the political economy in Aceh and Jakarta shaped aid? And, conversely, how has aid transformed the political economy?
- d. The impacts of aid on Aceh's transition.* To what extent and how has aid addressed key transformational needs at different times?

The report draws on new data including a large perceptions survey, locality case studies, a stock-take of aid, and key informant interviews. The report also utilizes official statistics, violence data, and previous studies of aid and conflict in Aceh.

Understanding Aceh

The civil war in Aceh was but the latest manifestation of a long history of rebellion against Jakarta. Since 1873, 86 years have been spent in armed uprising. Periods of peace have lasted only as long as the leaders who negotiated peace remained in power.

In many ways, Aceh is now a 'normal' Indonesian province in terms of levels of violence and socio-economic development. There has been a vast improvement in security and violence levels are now similar to many other provinces. Aceh does at least as well as other provinces in life expectancy and education and its score on the Human Development Index. However, the province lags in poverty levels, per capita GDP, and private investment.

Transforming the Conflict

Contestation in Aceh has changed since the end of the civil war. The war was a center periphery struggle driven by perceived lack of autonomy and inequitable natural resource distribution. The peace accord addressed these issues, providing extra resources for the province, additional

decision-making powers, and facilitating GAM's entry into politics. Issues such as a lack of economic opportunity and problems with the quality of political autonomy remain. But they now play out through competition among local elites and tensions between elites and segments of the community. For the most part Jakarta is no longer blamed for problems; conflict is now between different factions and individuals within Aceh.

Elite tensions are primarily between different groups of former GAM. GAM has won political power in Aceh, but a split has emerged in the movement. This has led to inter-elite contestation, which sometimes takes violent form. There has been electoral violence and conflict occurs between different elites over lucrative government contracts and business opportunities. Tensions related to the attempt to split off two areas of Aceh into new provinces have also risen. Lower-level combatants are disappointed that the wealth accumulated by their former leaders has not trickled down to them and there is anger over corruption, collusion and nepotism. Intolerance of religious minorities has also risen.

Over time, issues related to consolidating the war-to-peace transition have changed. In the immediate postconflict period, of primary importance was building confidence in the peace settlement and developing institutions to implement peace agreement promises. However, other issues

have become more important. With trust in Jakarta and confidence in the agreement high, key issues now concern improving the quality of institutions to mediate inter-elite competition and to deliver services and bolster economic growth.

Aid and Development Programs in Aceh

Over the past decade, levels of development assistance to Aceh have varied from extremely low, to extremely high, to relatively low again. During the war, few donors had programs in Aceh. This changed after the 2004 Indian Ocean tsunami. Donors pledged almost US\$ 8 billion in post-tsunami support. The peace agreement led to over US\$ 360 million of government and donor assistance between 2005 and 2008, and some tsunami programs worked in conflict-affected areas. In recent years aid has declined sharply. The annual aid allocation in 2011 and 2012 was only 40% of that offered from 2005 to 2008.

In the early postconflict period, conflict-related programs focused primarily on reintegrating former GAM combatants and political prisoners and helping conflict-affected communities. Beyond technical assistance provided to the ad-hoc reintegration agency (BRA), there was relatively little institution-building work. Tsunami programs tended not to focus on postconflict issues.

Over time, the dominant types of aid programs have changed. Tsunami reconstruction programs have largely ended and, in recent years, government assistance is nine times greater than international aid. New programs have focused on providing continuing assistance to individual conflict victims and building the capacity of institutions to support postconflict development. In addition, large government community-driven and community-based programs annually disburse around US\$ 84 million. There are now only three international donor postconflict-focused programs with a collective annual budget of under US\$ 2 million. Regular local government budgets have grown substantially with the provision of special autonomy funds.

It is hard to measure the impact of aid on development outcomes in Aceh. Only one postconflict project has had a rigorous impact evaluation. However, development outcomes have not progressed as well as in other parts of Indonesia. Given the high levels of post-tsunami and postconflict aid, this suggests that programs have not contributed significantly to higher-level development outcomes.

Aid and Politics in Aceh

Aid projects are almost always a function of multiple stakeholders' interacting incentives. In post-conflict Aceh, the projects are a result of the interacting incentives of the national government, local government, GAM elites, and donors.

In the early postconflict period, the national government focused on meeting

its MoU commitment to assist ex-combatants, political prisoners and conflict victims with their reintegration. Ensuring that programs were in place, and that they satisfied those who had signed the peace agreement, were deemed more important than welfare impacts. The national government wanted to shield post-tsunami funding from political pressures so it did not press for such funds to be used for peacebuilding. The Aceh government favored individually-targeted reintegration programs and gave out cash with little monitoring. As GAM came to political power, and controlled the reintegration agency, they found such programs useful for cementing their power through patronage. Donors, concerned about maintaining space to work in Aceh, initially favored separating tsunami assistance from support for peacebuilding. Later, donors tried to shape government approaches through technical assistance and research but with little effect.

As time went on, the national government became less involved in programming choices. As donors also became less active in Aceh, local government priorities determined the design of postconflict programs. With GAM in power, reintegration programs for individuals continued for patronage purposes, while donors focused on improving local government institutions and service delivery. However, this research suggests that Aceh's leaders have little incentive to build the capacity of state institutions or to focus on good governance, and some of those interviewed also suggested that line ministry programs may have been used for patronage, rather than solely for development purposes.

At the village level, all aid projects reflect local power structures. However, different sets of power relations affect different types of programs. For individual reintegration assistance and regular line ministry programs, the GAM network is more important than the formal village structure in determining who receives benefits. In contrast, for community-driven or community-based programs the village head and formal local institutions are important in deciding what gets funded and who benefits. Ex-combatants do not play a large role in determining how money is spent because they are more interested in district and provincial resources and because the community programs have rigid rules that are hard to subvert. Even in an environment of oligarchic GAM-controlled politics, some government projects have been able to build countervailing power at the community level.

Is Aid in Aceh Contributing to Peace and Development?

In the early period after the signing of the peace accord, the primary peacebuilding needs were: (a) building the trust/confidence of ex-combatant elites in the Indonesian state, and ensuring that the military and pro-Indonesia militia adhered to the peace agreement; and (b) ensuring there were no local-level problems that could de-rail the peace process. The makeup of postconflict aid reflected this. Most funds from both government and donors, were focused on short-term confidence building. GAM members were incorporated by providing incentives, mostly in the form of an allowance, positions in formal institutions,

and short-term projects. Little attention was paid to building effective lasting institutions. Because of the post-tsunami and postconflict contexts, delivery was through ad-hoc mechanisms (BRA and the tsunami reconstruction agency, BRR), or through NGOs, rather than through the regular government structure. The resulting aid program was suitable for immediate needs—contributing to building confidence in the peace agreement, especially amongst ex-GAM. However, a lack of transparency and development effectiveness caused resentment and led to future problems.

Key peacebuilding issues—and sources of contestation—have changed. It has become increasingly important to build effective local government institutions to regulate elite competition and address community dissatisfaction with the *local* state. Maintaining peace requires stronger and more effective local institutions that support development, service delivery and economic growth in Aceh.

Despite changing needs, government aid has focused on the same things as in the early years of peace. Interviews revealed that not well targeted and delivered individual assistance has led to resentment and reduced trust in local authorities. Although donors have realized the need for stronger institutions and now fund programs to improve governance, funds for this work are far smaller than local government budgets. The inability of donors to channel funds through local governments leaves donors with little opportunity to develop meaningful relationships to provide support for local governance.

If donors had focused on governance issues earlier, when funding was substantial and local elites were not entrenched, it might have been possible to have some impact on local governance, although affecting change in this area is challenging. However in the early postconflict years when trust was lacking among stakeholders, donors preferred to focus on immediate needs (building confidence in the peace process). Similarly, with lack of local government capacity on the one hand and the pressure to deliver on the other, they worked with ad hoc transitional government structures (BRA and BRR) rather than with local line ministries. Some argue that the cost has been that governance reform has lost momentum as ex-GAM have gained oligarchic control and have little incentive to improve institutional performance. This is leading to new forms of contestation (among elites and between elites and community members), which could worsen over time. Promoting institutional strengthening—in areas such as rules for resource allocation and ensuring better government service delivery—will be key to preventing the re-emergence of conflict as has so often happened in Aceh's past.

Recommendations

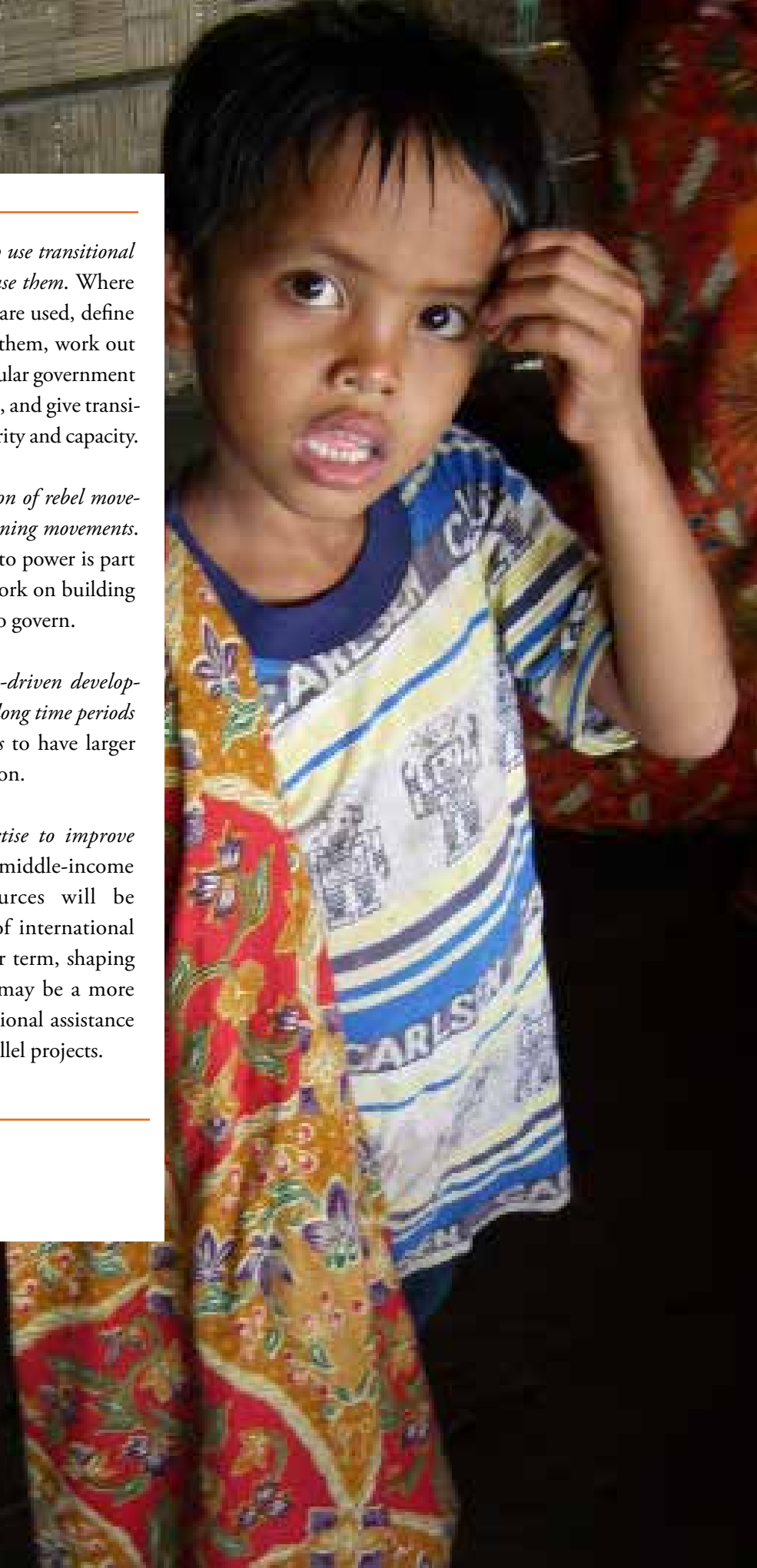
Recommendations for future aid to Aceh:

- *Stay engaged.* Long-term peace cannot be taken for granted yet. Aid agencies should continue to work with government at all levels to support Aceh's transition.
- *Focus on improving governance and service delivery.* This will require experimenting with approaches that: build better understanding of local political dynamics; develop alliances with reformers; support active citizenry; work with local government on flagship programs; work with the national government to discourage local elites from governing malpractice.
- *Sponsor monitoring and analytic work* that generates real-time information and bolsters local research capacity.

Recommendations for aid agencies working in subnational conflicts in other countries:

- *Start institution-building work immediately and experiment with different approaches.* Confidence-boosting measures are important but building the capacity of institutions is necessary before elites consolidate their power. Donors must be politically aware and engaged.

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- *Think through whether to use transitional institutions and how to use them.* Where transitional institutions are used, define a limited time span for them, work out how the transition to regular government structures will take place, and give transitional institutions authority and capacity.
 - *Support the transformation of rebel movements into political/governing movements.* Where providing access to power is part of a peace agreement, work on building former rebels' capacity to govern.
 - *Where using community-driven development (CDD), do so over long time periods and finance public goods* to have larger impacts on social cohesion.
 - *Use resources and expertise to improve government projects.* In middle-income countries, state resources will be larger than the funds of international donors. Over the longer term, shaping government programs may be a more strategic use of international assistance than implementing parallel projects.
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1. Introduction

Aceh is arguably the best example in Asia of a long-running violent conflict transforming into a stable enduring peace. Starting in the mid-1970s, three decades of civil war between the secessionist Free Aceh Movement (GAM) and the Indonesian government resulted in at least 15,000 deaths and severe economic and social impacts. In August 2005—eight months after the Indonesian Ocean tsunami devastated Aceh's shores and increased international attention to the province's plight—a peace agreement was signed. Unlike previous peace accords, the Helsinki Memorandum of Understanding (MoU) has endured. After nearly eight years, the former rebel group has moved into a governing role and few predict that large-scale violence will reemerge soon.

While the story of Aceh is a broadly positive one, tensions and challenges remain. Rather than disappearing, conflict has morphed with center-periphery violence replaced by competition and conflict among local elites, between elites and their communities, and between different communal groups. Although levels of violence have declined sharply since the war ended, sporadic violence does still occur.

Aceh is unique among subnational conflict areas in the volume of aid it has received. The Indian Ocean tsunami of December 2004, which killed over 167,000 people in Aceh alone, led to almost US\$ 8 billion of assistance pledged by international donors,

non-governmental organizations (NGOs), and the Indonesian government. A smaller but still significant amount of aid, focused on supporting Aceh's peace process.

To what extent has development assistance supported Aceh's war-to-peace transition? What has been effective and what has not? And how can aid help address new forms of contestation in the province to prevent a return to larger-scale violence? While peace has endured in Aceh, aid has been less successful. At times aid has had positive effects, supporting confidence in the peace agreement and developing institutions to implement and manage it. However, some aid has had little or negative effects and opportunities for positive impact have been missed.

The challenge of development assistance in Aceh now is to find ways for it to consolidate peace and development. In this regard, understanding the interaction between aid and the changing needs is important to ensure that aid is relevant and effective in supporting Aceh's ongoing transition.

1.1 Understanding Subnational Conflict Areas and the Role of Aid: Concepts

This report is part of a regional study of aid to subnational conflict areas. In addition to this case study of Aceh, the research also includes case studies of Southern Thailand and Mindanao (the Philippines) and a synthesis report. All three case study areas have experienced extended periods of violent subnational conflict, but vary in terms of current conditions of conflict or peace.

Subnational conflict is defined as armed conflict over control of a subnational territory, where an armed opposition movement uses violence to contest for local political authority and, ostensibly, greater self-rule for the local population.

Violence may take many forms, as competition between local elites and inter-communal violence may be closely linked to the vertical state-minority conflict. Subnational conflict areas typically have three over-lapping forms of contestation:

- **State-minority conflict** - active struggle between local political factions over the primary source of legitimate authority, and presence and legitimacy of state actors and institutions in local governance;
- **Elite competition and conflicts** - rivalries between different actors or factions at the local level (often from the same identity group);
- **Communal conflict** - tensions and violence between different identity (usually ethnic or religious) groups at the local level.

The need for transition

The study aims to assess the role that aid can play in helping support an end to violence and the establishment of durable peace in subnational conflict areas. To this end, the overall study conceptualizes each of the three areas as lying at different points on a spectrum of transition from war to peace. For most of Southern Thailand's history, there has been *no transition* in place, with government and armed opposition groups focused on confrontation, and no clear signals that either side is willing to compromise. In Mindanao, a *fragile transition*, where levels of confidence in the peace settlement is low, is potentially giving way to an *accelerated transition* which enjoys higher levels of confidence among armed actors, key leaders, and the wider population. Over the past decade in Aceh, Aceh's transition has gained strength and the province may now be at an *advanced transition* stage, with most of the major institutional reforms implemented, and the locus of contestation and any remaining conflict shifting away from state-minority violence to local elite contestation. To break the cycles of subnational conflict, there is a need for areas to move through the different stages of transition and along the war-to-peace spectrum taking into account potentially shifting dominant levels of contestation.

Strategies for supporting transition

What are the key strategies for international actors to support a transition from war to peace? The study builds upon the 2011 World Development Report, which describes a pathway by which countries and subnational regions can emerge from protracted cycles of conflict and weak governance. For transitions to commence and advance, transformation will be needed in two key areas:

- ***Restoring confidence.*** For ongoing transitions to be advanced there will be a need to restore confidence. In subnational conflict areas, restoring confidence relates to the expectation that the conflict situation (and political dynamics that influence the conflict) can be overcome, and that a credible transition to peace will occur. Governments and international actors can restore confidence by undertaking concrete steps or changes that are likely to result in increased confidence among key groups. As transitions advance, confidence will need to be shored up. A particular focus of confidence-building work should be on those who participated in the conflict (including insurgents, the state, and local elites) who must decide whether or not to continue using violence. If conflict actors believe that a credible transition is unfolding that will lead to greater personal security and attainment of some political objectives and personal benefits, then they are less likely to continue using violence.

- ***Transforming institutions.*** Subnational conflicts are symptoms of dysfunctional institutional arrangements. Moving along the war-to-peace spectrum thus necessitates the adaptation (or establishment) of institutions that can change the dynamics that fuel violent contestation. Transforming institutions in a subnational conflict environment involves the creation or reform of processes, rules, or practices that manage violence and contestation, particularly around security, justice, and economic activity. Transforming institutions often translates into organizations, both government and non-government, that better meet the needs and aspirations of the conflict-affected communities. In cases of state-minority conflict, transforming institutions usually involves fundamental changes to state policies, organizations, and structures, which are contested by local non-state actors. Depending upon the context, institutional transformation may also focus on removing incentives for intra-elite contestation, by eliminating opportunities for rent-seeking, and promoting more transparent local governance.

Assessing the role of aid in supporting transition: developmental and transformational goals

Most aid projects typically have an explicit focus on improving development outcomes, such as improved livelihoods, better health and education rates, and local-level economic growth. In most subnational conflict areas, there are important needs in these areas and addressing them

may play a long-run role in helping to cement peace.

However, attending to development needs alone will not be enough to move countries and areas along the war-to-peace spectrum. If aid is to support the movement of areas along the war-to-peace transition, it should help support processes of confidence- and/or institution-building. The two areas of transformation (restoring confidence and transforming institutions) provide metrics by which aid—individual programs and collective aid efforts—can be assessed.

1.2 Objectives and Focus of the Aceh Study

This report examines the dramatic changes in Aceh over the past decade, how international assistance has evolved, and whether it has been effective at different stages of the transition. In so doing, it focuses on how conflict dynamics and aid practices have evolved and interacted with each other since the signing of the Helsinki peace agreement. The study compares how aid addressed (or not) the different challenges in two periods: the early, post-conflict phase (2005-2009) and the period since 2009. The study focuses on Official Development Assistance (ODA) and not on humanitarian or security assistance.¹

The study focuses on answering four sets of questions:

1. *Levels and types of contestation and conflict and changing needs.* What have been the main conflict issues at different points in Aceh's war-to-peace transition? (Sections 2.1 and 3 of the report). How have key development needs changed over time? (Section 2.2).
2. *The evolution of aid.* How have the volume, types, objectives, and processes of aid evolved? (Section 4).
3. *Aid and local power dynamics.* How have political economy dynamics shaped the nature and impacts of development assistance? And, conversely, how, if at all, has aid transformed the political economy? (Section 5).
4. *The impacts of aid on Aceh's transition.* To what extent, and how, has aid addressed key transformational needs at different times? (Section 6).

The report concludes in Section 7 with recommendations regarding future aid to Aceh and lessons for other countries with subnational conflicts. The Aceh case may be especially relevant for the emerging peace in Mindanao and in southern Thailand where peace talks began again in February 2013.

1.3 Data and Methods

This study draws on both pre-existing and newly collected data (Table 1.1). The early period of Aceh's peace process has been thoroughly examined and this study makes extensive use of these data and

analyses to provide a picture of needs and of the aid portfolio in the first few years after the peace agreement. New research focused on updating past analyses and data to cover more recent years. Comparison of the two periods allows us to see how needs and practices have evolved.

Table 1.1. Data sources

Type of data	Newly collected data	Existing data
Household Perceptions Survey	Survey of 1,586 respondents in 10 sub-districts	ARLS (mid-2008): 1,075 former combatants, 3,136 civilians, 754 village heads, all sub-districts in Aceh; GAM assessment (2006)
Qualitative data	Locality case studies in the same 10 sub-districts	Past studies
Donor and aid data	Aid stocktaking (2011-2012) Interviews with donors and government	2005-2009 aid stock-take (MSR 2009) Assessment of aid in the early postconflict period (e.g. Burke and Afnan 2005; Barron and Burke 2008; Barron 2009); donor evaluations
Data Mapping		Socio-economic data (government, donor surveys) Violence data (National Violence Monitoring System)

Collection of new primary data

First, a *perceptions survey* of 1,586 households was implemented in ten sub-districts (*kecamatan*) across Aceh in October and November 2012. This survey collected information on a range of topics including: respondents' welfare and economic opportunities; levels of trust towards other people, government, political parties, and civil society groups; people's experience of the civil war; access to information; governance and political participation; views of the peace and reintegration process; access to services; experiences with, and views towards, development assistance; and current security and conflict issues. Survey

results are compared with data from the 2008 Aceh Reintegration and Livelihood Survey (ARLS), which asked many of the same questions.

Second, from October to December 2012, community-level ethnographic *locality case studies* (LCS) were conducted in the same ten *kecamatan* where the survey was implemented.² The LCS focus on gathering three types of information: first, how villagers felt about development projects and aid (international and national); second, how development projects/aid affect political economy dynamics in the localities; and,

third, how differing aid modalities shape the effectiveness of aid. In conducting the LCS, researchers interviewed a wide range of individuals on their own and in focus groups. These included village authorities, former GAM combatants, beneficiaries of aid programs, women's groups, local contractors, and villagers. The case studies help explain some of the survey findings, including why and how aid programs have functioned.

Third, *a stock-take of aid programs in Aceh* was conducted for the 2011-2012 period. This uses a similar methodology to that employed in a larger stock-take of peacebuilding programs conducted for the 2005-2009 period (MSR 2009). The same questionnaire was sent out to development agencies with programs in Aceh and information was supplemented with aid program documents and analysis of government aid budgets.

Finally, *interviews were conducted with donors and officials* involved in the aid effort in Aceh. This helps illuminate decision-making processes, perceptions of issues related to aid implementation, and clarifies details and fills information gaps from the aid program stock-take. This study also builds on past research and interviews with aid and government officials, conducted by members of the research team between 2005 and 2008 (e.g. Barron and Burke 2008).

Other data

In addition to the sources listed above, data were collected from a wide variety of other sources.

First, the study uses official government statistics and surveys (including the census and the National Social Economic Survey/*Susenas*), which allows for comparisons between Aceh and other areas of Indonesia and comparisons within Aceh over time. Second, the study makes extensive use of statistics on violence in Aceh as well as elsewhere in Indonesia, collected as part of the World Bank-supported Indonesia National Violence Monitoring System (NVMS). The NVMS includes information on all incidents of violence reported in local newspapers between 1998 and the end of 2012. This dataset includes 16,784 violent incidents in Aceh.

Third, this study draws on a number of previous surveys and studies conducted in Aceh including: a GAM needs assessment; an Aceh-wide village survey; studies on poverty, Aceh's economy, and public expenditures; a business environment assessment; and past research on reintegration programs in Aceh.³

Fourth, the study uses materials provided by donors, including independent evaluation reports, supervision and progress reports, and other project documents.

Fifth, and finally, the study draws on the experiences of the research team who have all worked on aid programs in Aceh since the signing of the peace agreement.

Sampling of locations

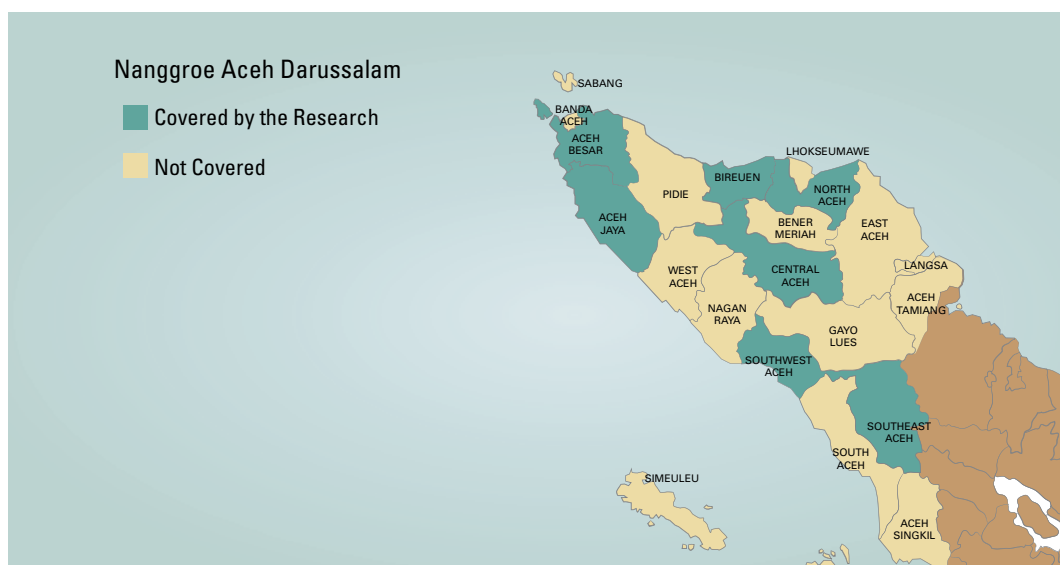
The locations for the household perceptions survey and the locality case studies were selected using multi-stage stratified random sampling. The sample was limited to include only rural areas⁴ and was constructed to ensure geographic diversity, with districts on the north and east coasts, the south and west coasts, and the Central

Highlands all represented.⁵ Sub-districts were then randomly chosen within selected districts to ensure that the sample included variation in levels of aid and civil war violence.⁶ Within selected sub-districts, 150 villages were randomly selected, and on average 10 households were interviewed per village, or 1,586 households in 150 villages. Sampled locations are shown in Table 1.2 and their locations are mapped in Figure 1.1.

Table 1.2. Selected research sites

Group of districts	District	CW Violence	Aid Flow	Sub-district
N and E Aceh	Aceh Besar	High	High	Darul Imarah
				Kuta Malaka
N and E Aceh	Bireuen	High	High	Jeumpa
				Kuala
N and E Aceh	North Aceh	High	High	Meurah Mulia
				Tanah Jambo Aye
W and S Aceh	Aceh Jaya	Medium	High	Krueng Sabee
W and S Aceh	Southwest Aceh	Medium	Low	Jeumpa
Central Highlands	Southeast Aceh	Low	Low	Badar
Central Highlands	Central Aceh	Low	Medium	Bebesen

Figure 1.1. Selected research districts



Data collection challenges

In general, the team faced few challenges in collecting data. In contrast to Southern Thailand and Mindanao, the peace process is well advanced in Aceh and security issues for researchers and enumerators were not a large concern. That said, some of the questions asked, focusing on issues such as conflict corruption, were sensitive. In pre-tests of the survey, some questions were cut because respondents were unwilling to answer them. Extensive training was provided for the locality case study researchers in how to gather sensitive information while ensuring the safety of informants and researchers alike.

Other challenges were more difficult to overcome. The study team tried to track the flow of aid from two sides: (i) the donors through the aid stocktaking; and (ii) the sub-district and village governments through the LCS. However, this effort was unsuccessful. Most donors do not track their fund allocations and disbursement by district, not to mention sub-district and village. On the other hand, the sub-district and village governments do not have data about most of the development projects implemented in their area. Only for the large community-based/driven development (CBD/CDD) programs, were we able to closely match levels of assistance to specific areas.⁷

Another challenge faced in the LCS relates to the large size and population of the *kecamatan* (sub-districts) chosen.⁸ This meant that it was impossible for the researchers to understand *kecamatan*-level political dynamics and patterns of aid with a high level of detail. Hence, the researchers selected two villages in all *kecamatan* but one,⁹ and focused the research on those villages. These villages are expected to represent the political economy of conflict and aid in the sub-district but there is presumably significant variation between villages within each sub-district, which the study is unable to capture.

2. Understanding Aceh

Using development assistance to support Aceh's war-to-peace transition requires an understanding of the reasons why the area has frequently seen armed rebellion in the past. It also requires an understanding of current needs in Aceh. This section explores both issues. First, it outlines the reasons for the recent separatist insurgency and the reasons why a peace agreement could be reached, placing the war (and the peace accord) in Aceh's longer historical context. Second, it considers how Aceh fares on a range of socio-economic indicators, comparing Aceh with other areas of Indonesia, and comparing differences between districts within Aceh.

2.1 Subnational Conflict in Aceh

The three-decade secessionist civil war in Aceh came to an end with the signing of a 2005 peace agreement—the Helsinki MoU—between the rebel Free Aceh Movement (or GAM to use its Indonesian acronym) and the Indonesian government.¹⁰ Almost eight years on, large-scale violence has not reemerged and Aceh can be viewed as a successful case of conflict resolution. Yet, as in many other subnational conflict areas in Asia, large-scale violence has often erupted again in Aceh after years of calm. Since 1873, 86 of 139 years have seen large-scale armed resistance against Jakarta.¹¹ Historically, peace in Aceh has lasted only as long as the generation who negotiated it has remained in power.

History of contested governance and resistance against the center

A distinct Acehnese Islamic identity emerged in the sixteenth and seventeenth centuries.¹² The sultans of Aceh sought to project Acehnese power into neighboring areas of Sumatra and the Malay world across the Straits of Malacca. Following the death of Sultan Iskandar Muda in 1636, Aceh slowly declined, losing its imperial territories.¹³ However, until 1871, the independent status of Aceh was tolerated by Britain and the Netherlands.¹⁴ The 1824 London Treaty between the two main colonial powers in the region formally identified Anglo and Dutch spheres of influence, with Aceh in the Dutch sphere. Nevertheless, British negotiators insisted on a provision that recognized Aceh's independence.

In 1871, the British agreed to abandon its 'guarantee' of Aceh's independence in return for trade concessions.¹⁵ In early 1873, the Dutch bombarded the Acehnese capital, Banda Aceh. This initial incursion was unsuccessful but a second invasion the same year achieved some control for the Dutch. However, in contrast to other parts of the Indonesian archipelago, Aceh resisted military occupation, and guerilla attacks on the Dutch continued until at least the 1930s when the Dutch managed to co-opt many local nobles (*ulèëbalang*). Between 1873 and 1914, about 100,000 died on the Acehnese side of the war, and on the Dutch side about 16,000 were killed.¹⁶

From the 1930s, a counter-elite emerged from among the local Islamic leaders (*ulama*) who were excluded from Dutch largess. When the Japanese invaded the Dutch East Indies in 1941, they chose the *ulama* who had more legitimacy among the rural Acehnese than the co-opted *ulèëbalang*, as their local functionaries.¹⁷ When the Japanese finally departed from Aceh after their defeat in World War II, the *ulama* supported an independent Indonesia, declaring the anti-Dutch struggle a holy war.¹⁸ *Ulèëbalang* leaders were killed or surrendered as Aceh was gripped by an internal civil war. Aceh became a bastion of the revolutionary independence struggle and the Acehnese were held up as archetypal Indonesian nationalists: indeed, they remain disproportionately represented among those officially named 'Indonesian heroes'. In recognition of their role, the region was awarded special status within the new Indonesian state.

However, discontent grew in Aceh after the national government broke its promises to make Aceh a province and to allow Islamic *shariah* law. This led to many in Aceh joining the Darul Islam rebellion in 1953, which called for an Islamic Indonesian state.¹⁹ This conflict was largely resolved in 1959 when Aceh was given 'special territory' status with broad powers to manage religion, education and customary law.²⁰

The GAM rebellion

As the Indonesian state gained strength under General Suharto and state institutions penetrated even the most rural areas, Aceh's special territory status became increasingly meaningless. Suharto sought to create a highly centralized state to hold ethnically and religiously diverse Indonesia together. In such an environment, providing special powers or even recognition to peripheral areas such as Aceh was out of the question.

In 1976, Hasan di Tiro, an *ulama's* descendant, formed GAM and declared independence from Indonesia. The new movement had links to the old insurgency. GAM's early leaders had all participated in or provided support to Darul Islam; other early recruits were sons of Darul Islam alumni.²¹ The implementation of *shariah* law was indeed a core demand of the early GAM movement. Yet whereas Darul Islam had called for an Islamic *Indonesian* state, GAM saw the future of Aceh as being outside of Indonesia. Over time the narrative of the insurgents changed from one emphasizing a distinct Islamic identity to one based on broader principles such as democracy, human rights and economic justice.²²

Over the next three decades, violence ebbed and flowed. Most of the early GAM leaders were killed or forced to flee Aceh and the insurgency was largely wiped out by 1979.²³ Throughout most of the 1980s, Aceh saw little violence. However, GAM cemented its networks in rural Acehnese society. Kinship ties were utilized for recruitment purposes and a GAM command structure emerged with commanders

(*panglima*) at multiple territorial levels.²⁴ Recruitment of Acehnese laborers and petty traders living in Malaysia expanded GAM's membership. Between 1986 and 1990, around 1,000 GAM fighters received military training in Libya.²⁵ The return of the trainees to Aceh led to an upsurge in violence in 1989.²⁶ In response, the Indonesian military sought to destroy GAM with force, unofficially categorizing Aceh as a Military Operation Zone (DOM in Indonesian) and launching a decade-long military campaign that killed thousands and resulted in widespread human rights abuses.²⁷

After Suharto was deposed in May 1998, Aceh was relatively calm. Just 74 people were killed that year.²⁸ Yet, as elsewhere in the country, violence rose sharply as Indonesia's democratic transition unfolded. As in East Timor and Papua, the new political environment led to fresh Acehnese demands. Initially these were for an investigation of human rights abuses and for meaningful special autonomy. However, continuing military abuses in 1999 led to a hardening of attitudes. GAM recruited from those who had lost family members or witnessed atrocities. In February 1999, the remarkable offer by Indonesia's new president, B. J. Habibie, of an independence referendum in East Timor led to calls for a plebiscite on Aceh's status too. At least 500,000 people gathered in Banda Aceh in November to call for Acehnese self-determination.

This marked the beginning of GAM's third revolt. The movement grew rapidly, moving beyond its east coast strongholds

to gain a significant presence in almost all areas of the province. With security deteriorating—697 were killed in 1999 and a further 1,057 died in the year 2000—the government began peace talks. A Humanitarian Pause was declared in September 2000 but had little effect as GAM used the opportunity to expand its territory to around 70%-80% of the province.²⁹ National law 44/1999 offered a basic special autonomy for Aceh and Law 18/2001 extended the scope of autonomy to include economic issues (a large share of oil and gas revenues were to be retained within the province) and political matters (direct elections of the local government executive).³⁰ However, as violence escalated, special autonomy was never fully implemented.³¹

At least 5,178 were killed in 2001 and 2002. New peace talks resulted in the December 2002 Cessation of Hostilities Agreement (CoHA) but collapsed in May 2003.³² The Indonesian government then declared martial law. The province was sealed off and oversight from the international media and aid organizations were largely banned. Tens of thousands of additional troops arrived. In an echo of strategies in Timor, the military recruited anti-separatist local militia to fight GAM, in particular, in the ethnically heterogeneous Central Highlands.³³

The impacts of this new round of violence were deep. From the beginning of GAM's latest uprising in 1998 until the signing of the Helsinki peace MoU in 2005—an estimated 10,612 people lost their lives.³⁴ The war also resulted in serious human rights abuses.³⁵ A representative survey

conducted in 2008 found that 39% of all people in Aceh—or more than 1.5 million people—considered themselves to be victims of conflict, with displacement, conflict-related mental or physical illnesses, and/or household damage as the most frequently cited issues.³⁶ A similar share of respondents who were surveyed in 2012 (33%) reported that they were conflict victims, but their responses varied significantly from one area of Aceh to another (Figure 2.1). In monetary terms, conflict damages and losses exceeded Rp 107.4 trillion or US\$ 10.7 billion, with over half of the province's rural infrastructure damaged.³⁷ The economic cost of the conflict was double that of the 2004 tsunami.³⁸

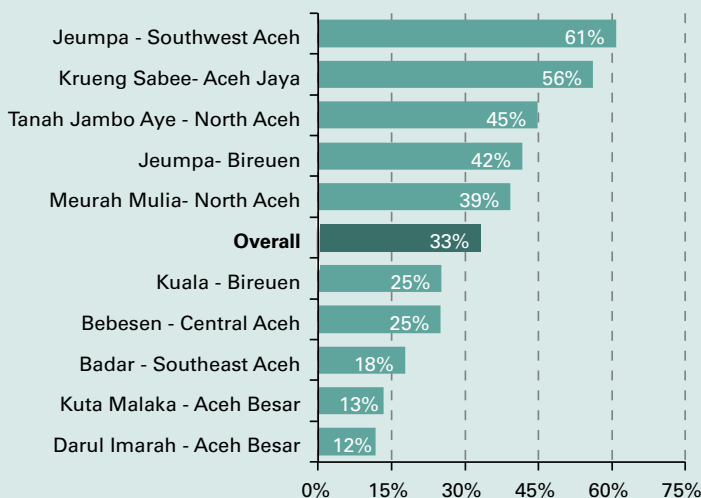
Causes of the GAM rebellion

In a context of contested governance, economic and politico-cultural grievances led to the emergence of GAM. Foremost amongst these were economic grievances. The discovery and development of massive natural gas fields off the east coast in the early 1970s did not benefit most Acehnese.³⁹ By the end of the 1980s, Aceh was contributing 30% of Indonesia's oil and gas exports.⁴⁰ Rapid industrial growth in the Lhokseumawe Industrial Zone did not develop Aceh's broader economy and negatively impacted traditional peasant agriculture and fish farming as farmers' land was appropriated and their communities resettled. Few local people worked in gas extraction, both because extraction is capital intensive

and because local people lacked the necessary skills.⁴¹ The gas production zone thus served to highlight disparities between the rich ghettos of migrants and the surrounding population. In such an environment, it was increasingly easy to blame development failures on the Indonesian exploitation of Aceh's natural wealth.⁴²

Such economic grievances combined with resentment over perceived cultural domination by the Javanese.⁴³ Broken promises that Aceh would receive political and cultural autonomy compounded this dissatisfaction.⁴⁴ Crackdowns by the Indonesian security forces motivated a new generation of GAM fighters and led to the escalation of violence.⁴⁵

Figure 2.1: Are You a victim? YES



The perceptions of people in Aceh about the causes of the GAM-Indonesian government war match this analysis. Seven years after the end of the war, survey respondents identified lack of autonomy, the appropriation of Aceh's natural resource wealth and lack of economic opportunities as the primary drivers of the past conflict (Figure 2.2). Respondents placed less emphasis on the actions of the military.

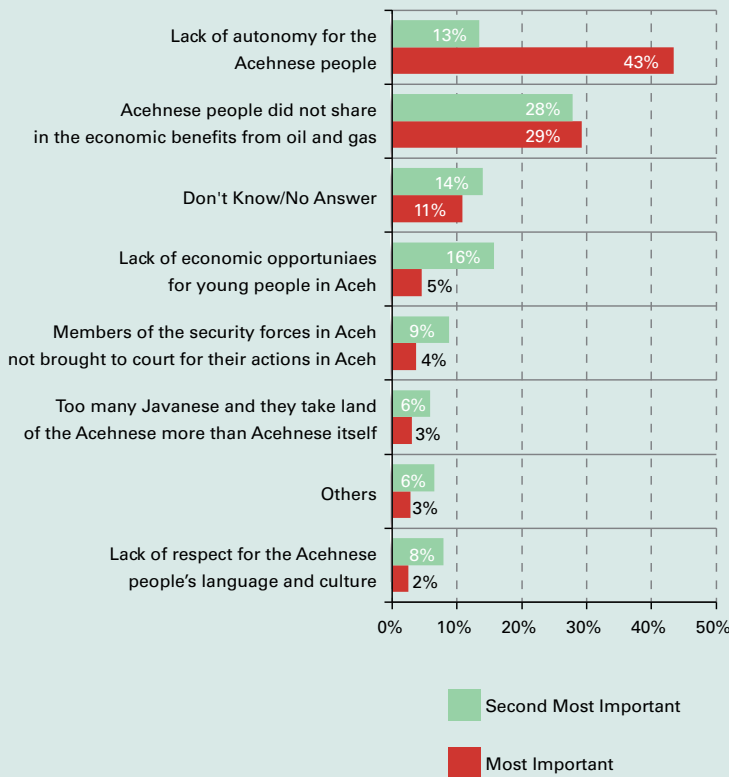
The Helsinki peace agreement and reduced levels of violence

The 2005 Helsinki peace agreement brought the civil war to an end. The Indian Ocean tsunami, is commonly viewed as the catalyst for the peace agreement, but other factors were more important. The Indonesian government had been seeking to negotiate with GAM prior to the

tsunami.⁴⁶ Crisis Management Initiative, the NGO led by former Finnish President Ahtisaari that brokered the accord, had formally invited both sides to negotiate three days before the tsunami struck.⁴⁷ GAM been decimated by martial law and realized that its goal of an independent Aceh was unattainable, at least in the short to medium term. GAM leaders also understood that international support for the independence of a small Muslim state beside the shipping lanes of the Straits of Malacca was unlikely in the post-9/11 world.⁴⁸ On the Indonesian side, a new president and vice-president who favored a political rather than military approach to ending the Aceh civil war were now in

power. Importantly, and unlike previous post-Suharto presidents, the president controlled the military.⁴⁹

Figure 2.2: The Causes of the Civil War



The Helsinki MoU included provisions to disarm and reintegrate rebel forces and transfer considerable power from the national level to Aceh. Rebel leaders agreed to recognize the overall sovereignty of Indonesia. Over 30,000 Indonesian military and police left the province. An unarmed peace mission, the Aceh Monitoring Mission or AMM, was deployed by the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) to oversee the peace process (Box 2.1). A national Law on Governing Aceh (LoGA, Law 11/2006) implemented many of the elements of the MoU.

Unlike the Humanitarian Pause and the CoHA, the Helsinki MoU had an immediate and lasting impact (Figure 2.3). From the beginning of 1999 until July 2005, Aceh had seen an average of 133 deaths per month.⁵⁰ In contrast, just seven people were killed in the two weeks after the signing of the peace MoU on August 15, 2005 and no more than eight people died in any of the following 12 months. The reduced level of violence continued. From August 2005 until the end of 2012, there was an average of seven violent deaths per month in Aceh.

Box 2.1. The Aceh Monitoring Mission (AMM)

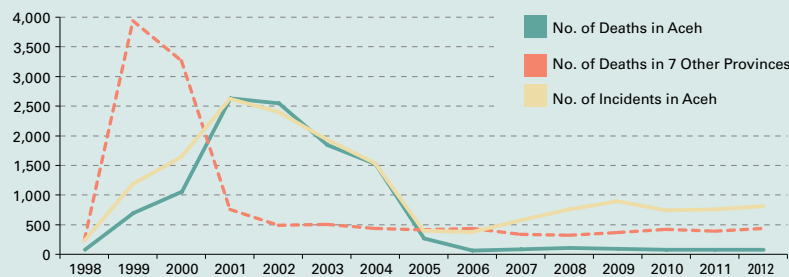
The Aceh Monitoring Mission (AMM) played an extremely important role in enduring the peace process stayed on track. Mandated in the Helsinki MoU (Section 5), the mission contained monitors from EU countries, Norway, Switzerland as well as five ASEAN nations. Although it included serving military personnel, AMM was an unarmed civilian mission. From September 2005 to March 2006, AMM employed 200 monitors spread across 11 field offices and a main office in Banda Aceh. Numbers were reduced after this period, and final AMM monitors left at the end of 2006.

The mission had a wide range of responsibilities including overseeing the implementation of the peace deal, facilitating ongoing talks between GAM and the Indonesian government, and responding to violations of the accord. In the early months, it played an important role in organization and verifying the destruction of GAM's weapons and the departure of Indonesian military troops. There were few violations of the accord but AMM played an important role in ensuing ongoing trust and confidence between the two sides.

In part this success was because it chose to keep a narrow focus. Relatively little attention was paid to issues such as human rights and transitional justice which, whilst mentioned in the MoU, were not a priority for either of the signatories. This meant that these and other human security issues were not addressed. But it did ensure that there was no mission creep, that the two parties retained confidence in the mission, and that it was able to keep to its planned early exit date.

For assessments of AMM, see Schulze (2007) and Barron and Burke (2008).

Figure 2.3. No. Violent Incidents and Deaths in Aceh and Seven Other Provinces in Indonesia, 1998-2012



Source: Indonesia National Violence Monitoring System (www.sn timer-indonesia.com)

Note: The seven other provinces include West Kalimantan, Central Sulawesi, East Nusa Tenggara, Maluku, North Maluku, West Papua, and Papua.

Violence did not disappear in postconflict Aceh. From August 2005 until the end of 2012, there were at least 5,022 violent incidents in the province (over 670 per year). Yet levels of violence are now lower than in many other Indonesian provinces. Between 2006 and 2009, Aceh ranked 13th

of 16 provinces for which we have data on per capita incidents. In terms of per capita deaths, Aceh ranks 8th of the 16 provinces (Table 2.1). For the 2010-2012 period, the number of incidents per capita rose slightly to 16.8 per 100,000 people but per capita deaths fell to 1.7.

Table 2.1. No. Violent Incidents and Deaths by Province, 2006-2009

Province	Absolute		Per year/per 100,000 people	
	Incidents	Deaths	Incidents	Deaths
North Sulawesi	6,471	418	71.4	4.6
Papua	4,781	451	41.9	4.0
West Papua	1,007	93	33.1	3.1
Maluku	1,913	151	31.2	2.5
West Kalimantan	4,701	206	26.8	1.2
North Sumatra	10,685	1,218	20.6	2.3
Central Kalimantan	1,633	247	18.5	2.8
Lampung	5,168	566	17.0	1.9
West Nusa Tenggara	3,031	297	16.9	1.7
Central Sulawesi	1,740	197	16.5	1.9
East Nusa Tenggara	3,032	323	16.2	1.7
South Sulawesi	4,350	586	14.6	2.0
Aceh	2,606	342	14.5	1.9
East Java	20,369	1,680	13.6	1.1
North Maluku	570	43	13.8	1.0
Greater Jakarta	10,142	1,658	9.0	1.5

Source: Indonesia National Violence Monitoring System (www.sn timer-indonesia.com). Population data from the 2010 census. Calculated by the Study Team.

2.2 Socio-Economic Conditions in Aceh

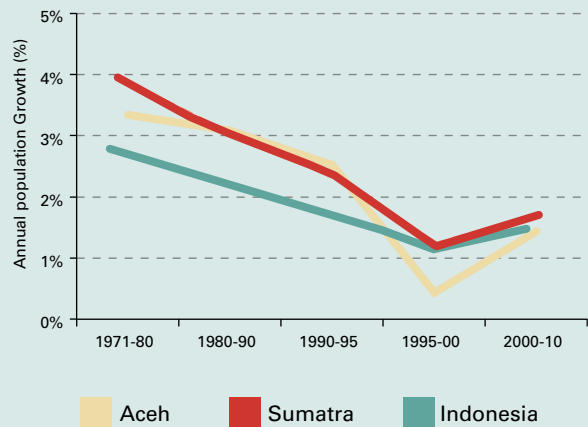
In general, current socio-economic conditions in Aceh differ little from the Indonesian average. On some indicators, Aceh actually performs better than many other provinces. However, poverty levels and unemployment are still well above the national average despite high regional GDP and high levels of public expenditure, and growth has also lagged.

Population

In 2010, Aceh's population was around 4.5 million. While this makes Aceh the 14th most populous of Indonesia's 33 provinces, the province accounts for less than 3% of the national population.⁵¹ Almost two-thirds of Aceh's population live on the province's east coast. This is the traditional center of Acehese power and agricultural production.⁵² These districts, which were also the heartland of the insurgency, were highly affected by the war.

The war did not significantly shape population growth. As Figure 2.4 shows, from 1971 to 1995, Aceh's population growth was on par with other provinces in Sumatra, which was about 1% higher than the national average, in part due to extensive transmigration. Annual population growth in Aceh fell significantly to only 0.4% from 1995 to 2000. During the same period, national and Sumatra-wide population growth was around 1.2% per year. However, population growth in Aceh bounced back to around the national and Sumatra averages from 2000 to 2010.

Figure 2.4. Annual Population Growth, 1971-2010



The economy

From the late 1970s until recently, Aceh's economy was highly dependent on gas production. In 1995, this contributed two-thirds of the province's Gross Regional Domestic Product (GRDP). However, the contribution of gas to the regional economy has declined sharply. Whereas in the early 2000s, it accounted for around 50% of GRDP, by 2006 this had fallen to around one-third of GRDP and gas accounted for only 12% of GRDP in 2010. In 2002, the reopening of gas mining sites, which had closed in 2001, led to a significant increase in Aceh's economic growth that year (see Figure 2.5).⁵³ Nonetheless, declining gas production has meant that total GRDP growth was negative for every year from 2004 to 2009, with the exception of 2006 when hundreds of millions of dollars of post-tsunami reconstruction funds flowed into the province.

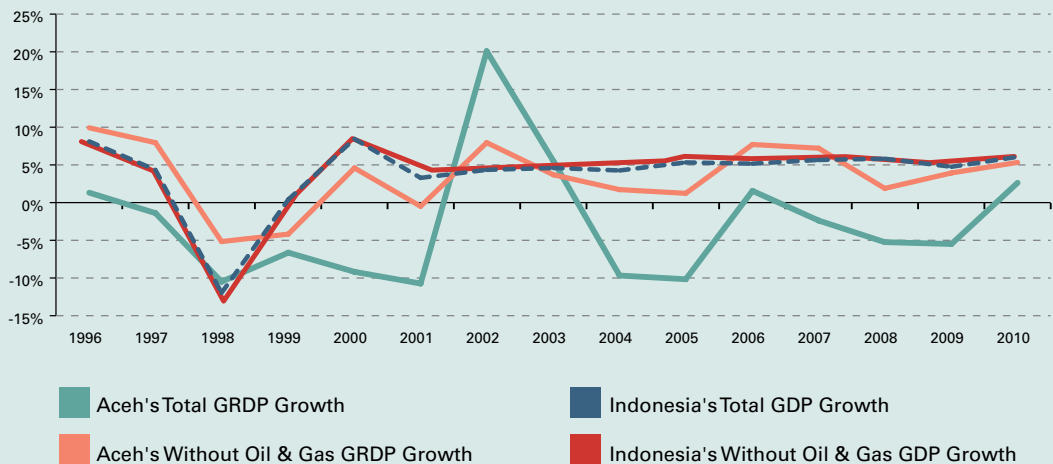
If the contribution of oil and gas to Aceh's economy is excluded, the province's economic performance has been quite acceptable. The impact of post-tsunami funds was reflected in economic growth that exceeded the Indonesian average in 2006-2007. Since the war ended, Aceh's economic growth has been catching up with the Indonesian average for 2009-2010.

In 2011, the GRDP per capita in Aceh was estimated to be around US\$ 2,000 per year or, if the gas and oil contribution is excluded, US\$ 1,700 per year.⁵⁴ This is much less than the Indonesian average of US\$ 3,000 per year (without oil and gas). Compared with other provinces, North Sumatra had annual GRDP per capita

(without oil and gas) of US\$ 2,500, while the two provinces at the other end of the country, Papua and West Papua, which were also affected by subnational conflict, had GRDPs of US\$ 2,800 and US\$ 2,300, respectively.

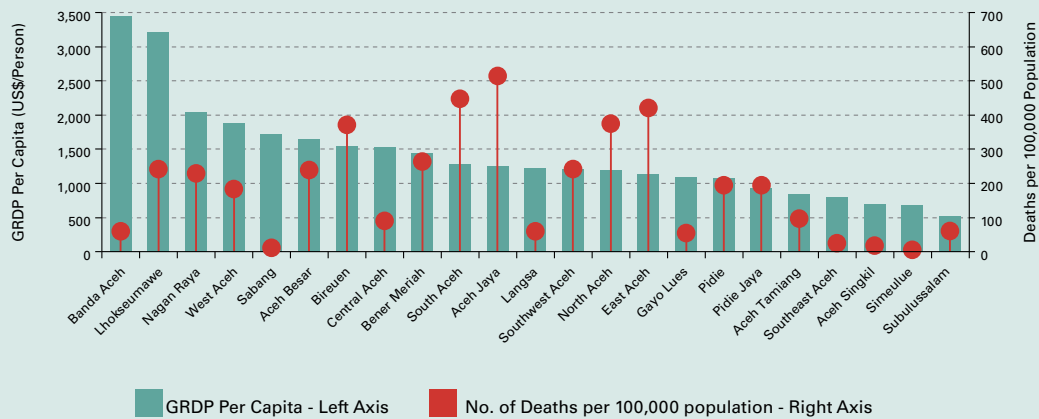
Economic disparities within Aceh are also quite high (Figure 2.6). In 2010, the two largest cities, Banda Aceh and Lhokseumawe, had GRDP per capita of over US\$3,000, which was higher than the national average. In contrast, isolated districts such as Simeulue and those located near the North Sumatra border (Aceh Tamiang, Southeast Aceh, Aceh Singkil, and Subulussalam) had only around one-fourth to one-seventh of the provincial capital's per capita GRDP.

Figure 2.5. Aceh's Economic Growth Compared with all Indonesia, 1996-2010



Source: BPS, calculated by the Study Team.

Figure 2.6. GRDP Per Capita in Aceh by District 2010 (US\$ million, Nominal) and Conflict Intensity, 1998-2005 (Deaths per 100,000 people)



Source: BPS and Indonesia National Violence Monitoring System

(www.snpk-indonesia.com), calculated by the Study Team.

Notes: Exchange rate: Rp 10,000/US\$; * indicates municipality (urban district).

If the current GRDP per capita is compared with the level of violence during the war, most of the districts with the highest intensity of conflict have medium levels of GRDP per capita. However, the lowest conflict intensity districts are well distributed in per capita GDRP levels with some (such as Banda Aceh) among the highest GDRP per capita, some with medium levels (such as Langsa) and some amongst the lowest (the four isolated districts discussed above).

In terms of employment, based on BPS (2012), the open unemployment rate for Aceh was 7.9% in 2012, down from 8.6% two years earlier and much smaller than 12% in 2006.⁵⁵ However, the 2012 unemployment rate was higher than that of North Sumatra and Indonesia (both 6.3%).

Private investment in Aceh was very small from 2009 to 2011. Based on BPS (2012), total domestic investment for the period was only US\$ 40 million, or 9% of investment in North Sumatra and 0.2% of the Indonesia-wide total. Foreign Direct Investment (FDI) was even worse. Between 2009 and 2011, foreign companies invested only US\$ 27.5 million in Aceh, 82% of which was invested in 2011. This was only 3% of the FDI in North Sumatra and only 0.1% of FDI for all provinces. Barriers to investment include perceptions of ongoing insecurity and pressures to pay additional informal taxes/protection money to former combatants.⁵⁶

Public expenditures

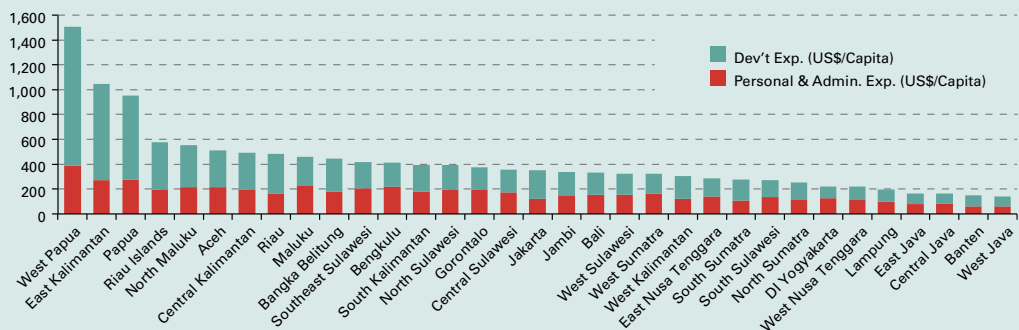
With regard to public investment, the enactment of the Law on Government in Aceh (LoGA) in 2006 led to a significant increase in revenue received by the Government of Aceh (GoA). A Special Autonomy Fund (SAF)⁵⁷ compensated for the significant reduction in natural resource sharing revenues received by the GoA due to declining local gas production.

In 2012, the GoA and district governments in Aceh allocated US\$ 512 per person. Of this total, US\$ 297 per person was for capital expenditures, goods and services, grants, social assistance, and transfers (development expenditures rather than those for personnel costs). As indicated in Figure 2.7, compared with other provinces in Indonesia, Aceh ranked fifth in total per capita expenditure. However, if one focuses only on development expenditures, Aceh ranks sixth, after Riau.

Poverty and the Human Development Index

Aceh remains poorer than most Indonesian provinces.⁵⁸ Based on official statistics, in 2011, 19.6% of Aceh's population was living under the poverty line of US\$ 34/month, which is much higher than the national average of 12.5%, and the poverty rate in the neighboring province of North Sumatra (11.3%). Aceh's poverty rate is higher in rural than in urban areas (21.9% and 13.7%, respectively). In terms of reductions in poverty, in 2011 the proportion of people who were poor in Aceh was 17.4% lower than in 2007. This is also below the national poverty reduction rate, with poverty in 2011 19.2% lower than in 2007. Nevertheless, the reduction in urban poverty in Aceh from 2007 to 2011 (19.6%) was slightly higher than the national average of 18.5%.

Figure 2.7. Consolidated Per Capita Development and Administrative Expenditures of Provincial and Local Governments Budget Plans, 2012 (US\$ per Person)



Source: Ministry of Finance (www.djpk.depkeu.go.id/datadjpk/131/),
calculated by the Study Team.

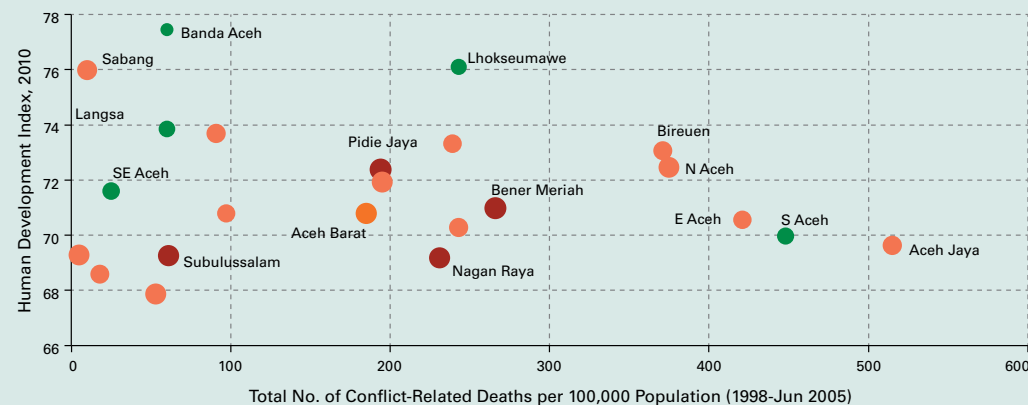
Aceh's Human Development Index (HDI) was quite good in the past. Based on official statistics, in 1996 Aceh's HDI was 69.4 with it ranking 9th out of 26 Indonesian provinces.⁵⁹ In 1999, however, Aceh's HDI had declined to 65.3 and 12th in rank.⁶⁰ Although the HDI for Aceh increased to 68.7 in 2004, the province ranked 15th out of 30 provinces.⁶¹ For the 2004-2010 period, Aceh's HDI gave the province a rank of 17-18th of 33 provinces. This put Aceh below the provinces of South Sumatra, Bangka Belitung, and West Java. In 2010, Aceh's HDI was 71.7, and lower than its neighbor, North Sumatra (74.2).

Within the province, urban areas such as the municipalities (*kota*) of Banda Aceh, Lhokseumawe and Langsa, along with South Aceh district, have the lowest poverty rates in the province: 8%, 14%, 15%, and 16%, respectively, in 2010. In contrast, in the same year around one-quarter of the population of Kota Subulussalam, Pidie Jaya, Nagan Raya, Bener Meriah, and West Aceh were living below the poverty line.⁶²

As discussed above, the war led to higher poverty levels, but this has changed with peace. Indeed, since 2005 conflict-affected areas have seen higher rates of poverty reduction. In 2004, households in highly conflict-affected sub-districts were 29% more likely to be poor than households in areas not affected by conflict, and this increased to 43% in 2005. However, the peace accord soon erased this disparity, with differences disappearing by 2006.⁶³

The high intensity conflict area of South Aceh is now one of five districts with the lowest poverty rate in Aceh, while areas such as Kota Subulussalam, which experienced little violence, are amongst the poorest regions, with low HDI. In general, other high-intensity conflict areas such as Bireuen, North Aceh, East Aceh and Aceh Jaya now have poverty rates and HDI scores around the provincial average.

Figure 2.8. No. Conflict-Related Deaths (1998-Jul 2005), Human Development Index & Poverty Rate (2010)



Source: BPS and Indonesia NVMS (www.snpr-indonesia.com), calculated by the Study Team.

Notes: size of the bubble indicates poverty rate – green=low, orange=medium, red=high; * indicates municipality (urban district).

Education

Educational outcomes in Aceh are better than the national average. Based on official statistics, in 2011 96% of Aceh's adults (over the age of 15) were literate. This was on par with its neighbor, North Sumatra, and slightly higher than the national average of 93% (BPS 2012). In 2011, net participation rates⁶⁴ in Aceh for elementary, junior secondary and high school levels were 93%, 75% and 61%, respectively. These were higher than the national averages for elementary, secondary and high school levels which were 91%, 68% and 48%, respectively. Even Indonesia's capital, Jakarta, had lower rates (90%, 69% and 49%, respectively). In terms of years of schooling, the population in Aceh spends 9.5 years in school on average, with the province ranked 8th among Indonesian provinces and slightly higher than its neighbor, North Sumatra (9.4 years).⁶⁵

These good educational outcomes may be a result of Aceh's relatively low ratio of students per teacher. In 2011, for grades 1 to 12, one teacher taught an average of 12-13 students. This is lower than the national average of 15-17 students per teacher. In Jakarta, one teacher is responsible for 18-22 students.

However, in terms of access to education services, Aceh's situation is worse than North Sumatra's and the national average. Only 50%, 16% and 8% of villages in Aceh had elementary, junior secondary and high schools in their villages.⁶⁶ Nevertheless, with villages in Aceh averaging only 9 km², which is less than the averages for North Sumatra (12 km²) and Indonesia (24 km²), such low coverage does not necessarily mean students in Aceh must travel further to their schools.

Health

Aceh's health development outcomes are not as impressive as in the education sector. Based on *Susenas* data (2010), Aceh's immunization rate for children under five is 77%, which ranks Aceh 22nd out of 33 provinces, although this is still better than the rate for North Sumatra (74%). In 2011, 90% of births were attended in Aceh—a level similar to North Sumatra and higher than the national average of 81% (BPS 2012). The MSR estimated that the cost of conflict due to malnutrition (extra medical costs for sickness and injury were excluded) was US\$ 169.9 million.⁶⁷

In terms of access to health care, Aceh does reasonably well. In 2010, there were 43 public hospitals across the province.⁶⁸ On average, each serves about 105,000 people, while the national average is 1.4 times that of Aceh. The average geographic coverage of each Aceh hospital is 1,350 km², not much different from the national average of 1,200 km². In addition, in 2010, there were 315 community health centers (*pusat kesehatan masyarakat* or *puskesmas*) in Aceh, with service coverage of 14,300 people and 184 km² per center. This is significantly lower (better) than the national averages of 26,400 people and 212 km² per center.

Infrastructure

Aceh has relatively low quality domestic water supply and sanitation. Only 8% of households have access to piped water, which is only two-thirds of the Indonesian average. In North Sumatra, access to piped water is significantly better, at 15% of households. Sixty percent of households in Aceh have access to private sanitation, which is lower than the Indonesian average of 65%. This is also lower than North Sumatra where 75% of households have private sanitation.

However, 93% of the households in Aceh have electricity, which is slightly better than the North Sumatra and Indonesian averages of 91%.⁶⁹ The quality of the supply, though, is relatively poor with, on average, six blackouts experienced by private firms every week in Aceh in 2010.⁷⁰ This is even worse than the electricity provision in Eastern Indonesia (which saw, on average, four blackouts per week in 2011).

Aceh had 22,457 km of national, provincial and district roads in 2011, giving the province a road density of 0.4 km per km² of land. Although the density of roads is slightly less than in North Sumatra (0.5 km/km²), it is better than the national average (0.3 km/km²). A kilometer of road in Aceh serves 200 people, which is much less (better) than coverage in North Sumatra (360 people/km) and the national average of 479 people/km. About two-thirds of private sector firms in Aceh perceive that the quality of roads is good, which is slightly better than the perception of private firms in 19 other provinces that were surveyed by KPPOD and The Asia Foundation.⁷¹

Conclusions: key needs in Aceh

On many socio-economic indicators, Aceh is doing as well as, or better than, many other Indonesian provinces. However, the above analysis also highlights that Aceh is lagging on a number of important indicators. Levels of poverty remain very high. Years of negative growth, and challenges associated with declining natural resources, have contributed to limited employment opportunities. There are also large inequalities in welfare across Aceh. Lack of economic opportunities was a prime driver of the GAM rebellion. Thus, addressing these economic issues may be of great importance for consolidating peace in Aceh. Historically, lack of progress in promoting broad-based development has reduced the legitimacy of those who have negotiated peace settlements in Aceh and led to new uprisings. Using the current period of peace to make progress in these areas is of critical importance if large-scale violence is not to reemerge in the future.

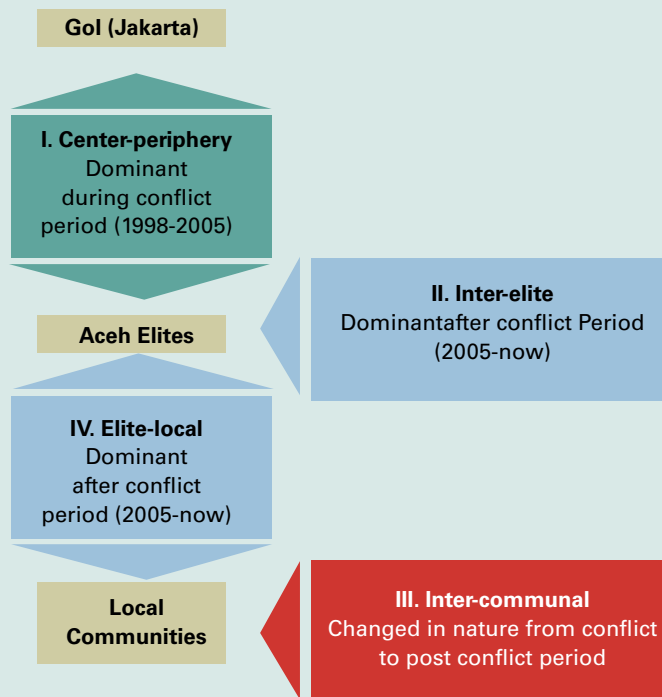
3.Transforming the Conflict

This section looks at how different forms of contestation and conflict in Aceh have evolved since the signing of the Helsinki peace agreement. It discusses why center-periphery tensions (and violence) could diminish and how other forms of contestation have emerged in the postconflict period. The section concludes with a discussion of how changing conflict dynamics have led to different transformational needs at different points in Aceh's war-to-peace transition.

3.1 Contestation and Conflict in Aceh

Since the signing of the Helsinki MoU, the nature of contestation in Aceh has changed. As Section 2 discussed, the war was essentially a center-periphery struggle fuelled by Acehnese grievances that were rooted in perceptions of economic inequity and lack of political and cultural autonomy. Battles between Aceh and Jakarta, carried out militarily by GAM and the Indonesian armed forces, were also underpinned by—and indeed fuelled—local communal hostilities.

Figure 3.1. Changing Forms of Contestation in Aceh



Since the peace agreement, the nature of contestation has changed. Tensions between Jakarta and Acehese elites (and Acehese community) have declined as the peace accord has addressed many of the issues that drove the civil war and has also satisfied elite interests. Issues such as a lack of economic opportunities and problems with the quality of political autonomy remain. But they now play out through competition between provincial and district-level elites (fighting for control of the local political and economic arena) and tensions between those elites and segments of the community, in particular lower-level former combatants. Local inter-group also tensions remain. However, they are no longer between those who supported and those who resisted Aceh's place in Indonesia. Figure 3.1 summarizes schematically how contestation has evolved in Aceh.

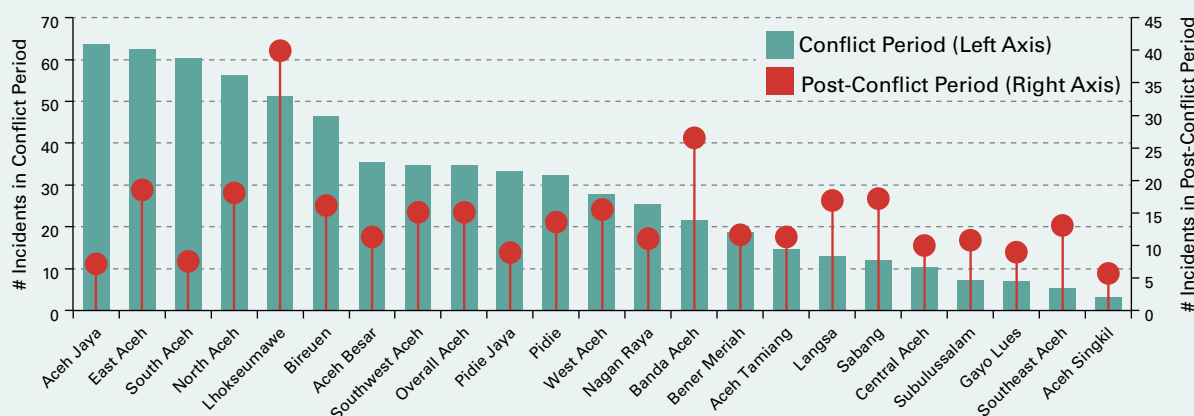
Such changes in the dominant forms of contestation can be seen in the evolving nature of violence in Aceh. During the civil war, 68% of violent incidents and 79% of violent deaths came from separatist violence (Table 3.1). Since the signing of the peace agreement, other issues account for the majority of violent deaths in Aceh. Since August 2005, two-thirds have been the result of crimes, compared with only 20% during the civil war period. Incidents of popular justice, where individuals or groups respond violently to the alleged misdemeanors of others, are now far more common, as is electoral violence. Incidents of domestic violence have also become increasingly common.⁷²

Table 3.1: Changing Types of Violence in Aceh

Type of Violence	# Incidents				# Deaths			
	1998-Jul 2005		Aug 2005-end 2012		1998-Jul 2005		Aug 2005-end 2012	
Separatism	8,074	68.1%	32	0.6%	8,424	79.4%	11	1.8%
Crime	3,349	28.3%	2,715	54.1%	2,089	19.7%	402	66.9%
Popular Justice/Inter-community Violence	111	0.9%	759	15.1%	18	0.2%	19	3.2%
Electoral	53	0.4%	332	6.6%	7	0.1%	8	1.3%
Resource Competition	52	0.4%	198	3.9%	8	0.1%	21	3.5%
Governance	45	0.4%	194	3.9%	10	0.1%	5	0.8%
Violence in Law Enforcement	37	0.3%	317	6.3%	6	0.1%	52	8.7%
Domestic Violence	32	0.3%	339	6.8%	20	0.2%	66	11.0%
Identity (ethnic, religious, etc.)	10	0.1%	71	1.4%	0	0.0%	16	2.7%
Unknown/Others	89	0.8%	65	1.3%	31	0.3%	1	0.2%
Total	11,852	100.0%	5,022	100.0%	10,613	100.0%	601	100.0%

Source: Indonesia NVMS (www.snpr-indonesia.com), calculated by the Study Team.

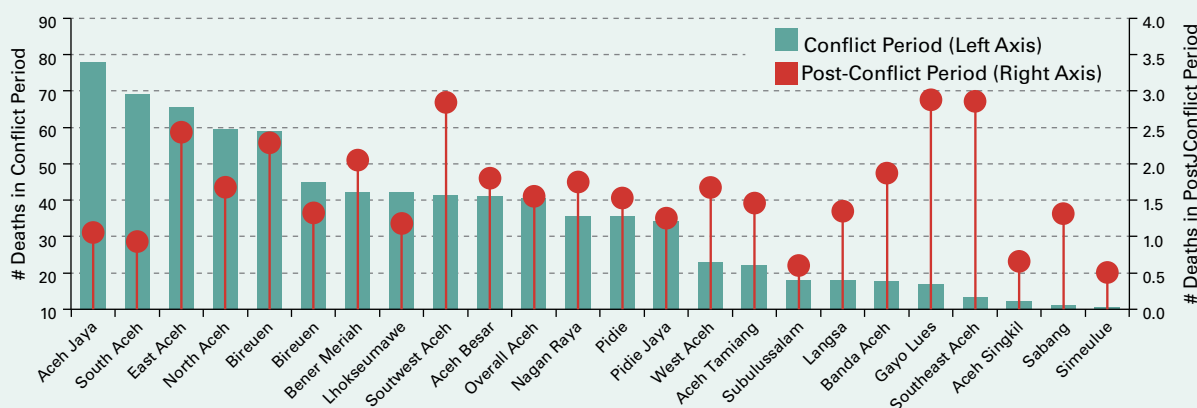
Figure 3.2. Inter-district Variation in Annual Average Number of Incidents During Conflict (1998-Jul 2005) and Postconflict (Aug 2005-2012) Periods, per 100,000 Population



Source: Indonesia NVMS (www.sn timer-indonesia.com), calculated by the Study Team.

Note: * indicates municipality (urban district).

Figure 3.3. Inter-District Variation of Annual Average Number of Deaths in Conflict (1998-Jul 2005) and Postconflict (Aug 2005-2012) Periods, per 100,000 Population



Source: Indonesia NVMS (www.sn timer-indonesia.com), calculated by the Study Team.

Note: * indicates municipality (urban district).

Since the peace agreement, the locations of violent incidents have changed (Figures 3.2 and 3.3). Some of the districts that were highly affected by the civil war continue to see high levels of violent incidents and deaths (e.g. East Aceh, North Aceh, Lhokseumawe and Bireuen). However, other districts that were less affected by civil war violence also now have high levels of violent incidents (e.g. Banda Aceh and Sabang) or deaths (e.g. Gayo Lues and Southeast Aceh).⁷³

As the nature and sites of contestation and violence have evolved in Aceh, so too have the issues that should be addressed to advance Aceh's transition to sustainable peace. The following sections explore how and why contestation has changed in Aceh over time and what this means for the ways in which development can support Aceh's transition.

3.2 Center-Periphery Contestation

Contestation between the Indonesian government and local elites in Aceh significantly declined after the peace MoU was signed. From August 2005 until the end of 2012, only 32 of 5,022 postconflict violent incidents had clear separatist motivations.⁷⁴ Such contestation has largely disappeared because the peace accord, and subsequent implementing legislation such as the 2006 national Law on Governing Aceh (LoGA), provided a platform to address the concerns and interests of the local elites who led the rebellion (Table 3.2).

Economic opportunities

The peace agreement allowed many of the economic grievances that fuelled past conflict to be addressed. As discussed in Section 2, dissatisfaction over the distribution of oil and gas revenues was one of the reasons for the GAM rebellion. The peace MoU responded to this, allowing Aceh to keep 70% of the revenues from its gas

and oil and other natural resources (a substantially bigger share than that retained by most other Indonesian provinces).⁷⁵ This helped build GAM's confidence in the agreement although the provision had more symbolic than monetary value as most resources are nearing exhaustion.⁷⁶

Beyond oil and gas revenues, the end of the civil war saw a major injection of funds in Aceh. These helped bind GAM elites into the agreement, while also raising the confidence of Aceh's populace. In line with most internationally-mediated peace accords, the Helsinki MoU mandated assistance to former combatants and other conflict-affected groups. To pay for these programs, a Reintegration Fund was to be established by the Aceh authorities. By the end of 2008, Rp 3.7 trillion (US\$ 366 million) had been provided for reintegration, with just over half coming from donors, NGOs and the private sector, and the rest coming from the Indonesian and Acehnese governments.⁷⁷ Government funds were under the control of the newly formed Aceh Reintegration Board

Table 3.2. Center-periphery contestation and the Aceh peace process

Issue driving the civil war	Details	MoU/LoGA response
Economic opportunities	Resentment over control of natural resources Lack of economic resources under the control of Aceh	70% of natural resource revenues to remain in Aceh Reintegration and tsunami funds Additional subnational revenues
Political and cultural autonomy	Lack of political decision-making powers held in Aceh Limited right to use shariah law Little opportunity for GAM elites to run for public office	Devolution of most powers to Aceh authorities Implementation of shariah law Actions to facilitate GAM personnel running for public office
Security apparatus abuses	Human rights abuses and clampdowns fuel anti-Jakarta sentiment	30,000 non-local police and military leave Aceh

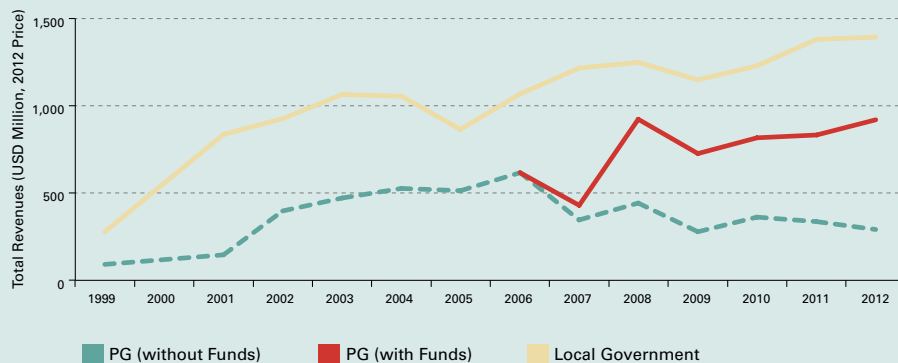
(*Badan Reintegrasi Aceh*, BRA), which also coordinated international assistance. Local elites benefitted as well from the vast post-tsunami humanitarian and reconstruction resources. Around US\$ 8 billion was pledged for tsunami reconstruction, a very large sum for a province of just 4.5 million people.

By 2008, these funds had almost run out. However, special provisions in the LoGA raised subnational government revenues for the province (Figure 3.4). Under the LoGA, for 15 years from 2008, Aceh receives an additional 2% of national DAU funds (the block grant which the central government provides to the regions); for five years from 2023, Aceh will receive an extra 1% of national DAU funds. From 2008 to 2011, these revenues, which were renamed the Special Autonomy Fund (SAF), led to an extra transfer for Aceh of Rp 16 trillion (US\$ 1.6 billion). Over the full 20 years to 2028, it is estimated that SAF funds will total Rp 100 trillion (over US\$ 10 billion). The SAF has more than doubled provincial revenues.⁷⁸

Political and cultural autonomy

The peace agreement and its implementing law also provided a powerful set of incentives and mechanisms for facilitating the incorporation of former rebels into local politics and the state. The Helsinki MoU and the subsequent LoGA gave the province significant powers. Following from the MoU, the LoGA stated that Aceh has the authority to “regulate and implement government functions in all public sectors except ... [those] of national character, foreign affairs, defense, security, justice, monetary affairs, national fiscal affairs, and certain functions in the field of religion.”⁷⁹ This goes far beyond the provisions of past special autonomy arrangements for Aceh. The scope of these powers, along with the vast resources under the control of the provincial and district governments in Aceh, strengthened the incentives for former GAM leaders to support the peace agreement.

Figure 3.4. Provincial and Local Government Revenues in Aceh 1999-2012 (US\$, 2012 Price)



Sources: 2012 Aceh Public Expenditure Analysis World Bank 2006b, Ministry of Finance, World Bank database, calculated by the Study Team.

Note: 2012 is based on budget plans; earlier years use realized budget.

Importantly, the MoU and the LoGA created mechanisms for former guerrillas to quickly attain power, increasing their trust in the settlement and in the national government. The peace agreement stipulated a number of changes to the electoral system, establishing that independent candidates could, for the first time in Indonesia's history, contest the 2006 election and that local parties would be allowed, also for the first time, to contest legislative elections from 2009 on.⁸⁰ This staged approach—first allowing independent candidates and then independent parties—allowed former rebels to stand for election before GAM had formed a political party, a process that required time.

GAM-linked candidates were victorious in subsequent elections. In the 2006 local executive elections, they won 10 of 17 seats for district heads and the Governor of Aceh's seat. In the 2009 legislative elections, their newly-formed Partai Aceh (PA) won 33 of 69 seats in the provincial parliament and most seats in 16 (of 23 in total) district parliaments.⁸¹ The 2012 local elections secured PA's position as the dominant player in local politics. They again won the governorship in a landslide and were successful in winning 13 of 20 district head seats.

Military withdrawal and security

The Helsinki MoU also led to the withdrawal of over 30,000 police and military assigned to Aceh during the civil war, but not native to the province. While Indonesian security forces have remained in Aceh, most are Acehnese. In per capita terms, Indonesian forces in Aceh are no more numerous than in most Indonesian

provinces.⁸² The removal of the harsh face of the Indonesian state helped build confidence among the Acehnese that center-periphery violence would not return.

Concrete actions were also taken to ensure that the Indonesian military did not wreck the peace accord. Indonesian President, Susilo Bambang Yudhoyono, removed hardliners from within the military and made it clear that the military must support the government's position.⁸³ Sweeteners were provided to the military. The budget for the MoU-mandated troop withdrawal was set well above normal levels at Rp 526 billion (US\$ 58.4 million).⁸⁴ This sum was almost exactly the same as the extra budget the military would have received if the war had continued.⁸⁵ The military also continued to receive special funding for non-combat activities in Aceh.⁸⁶ Post-tsunami aid provided ample opportunities for military leaders to make money and many opened new businesses.⁸⁷ Military acceptance of the accord also solidified as it became clear that the MoU provisions on human rights and retroactive justice would not be applied.⁸⁸

Confidence in the peace process and the Indonesian state

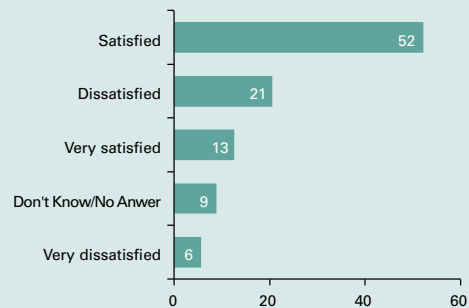
The peace agreement thus addressed the issues that led to violence between Aceh and Jakarta. The provision of extensive resources, autonomous powers, and the withdrawal of security forces, increased trust among former GAM elites. The opening of channels for former rebels to enter local politics, which led to GAM taking political control of the province, allowed

the remaining center-periphery issues to be addressed through formal channels.

The reduction of Jakarta-Aceh violent contestation can be seen in views about the MoU. GAM leaders have given unanimous support for the MoU framework, as have other mainstream elites in Aceh, although some have complained about how the peace agreement has been implemented. In the broader population, most people support, and are satisfied with, the MoU. Two-thirds of 2012 survey respondents were satisfied or very satisfied with implementation of the agreement (Figure 3.5). However, the average level of satisfaction was higher in low-intensity conflict areas (70% respondents were very satisfied/satisfied and only 18% dissatisfied/very dissatisfied). In high intensity conflict areas, 60% were satisfied/very satisfied and 34% dissatisfied/very dissatisfied.⁸⁹ Almost one-half of survey respondents felt that the MoU had resolved most of the issues that led to the past conflict (Figure 3.6) and there was no significant variation between areas with different past levels of conflict intensity. More than half of those surveyed in 2012 felt that the Acehese population was the main beneficiary of the peace accord.

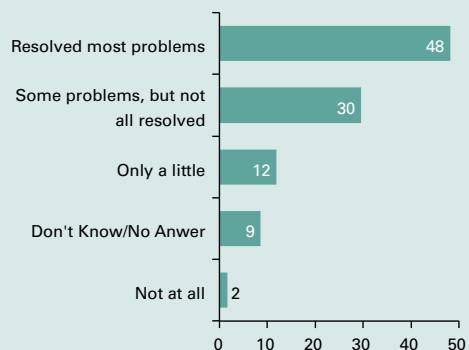
Indeed, seven years after the signing of the peace agreement, most Acehese trust the Government of Indonesia and the Indonesian military. Fifty-five percent of 2012 survey informants said they now feel comfortable talking to police officers and 47% said they would be comfortable talking to military personnel (Figure 3.7). Respondents in high intensity conflict areas are less comfortable talking to military personnel and police officers than those living in low intensity areas. People in high-intensity conflict areas are more comfortable talking to ex-combatants.

Figure 3.5. How Satisfied are You with the Implementation of the MoU?



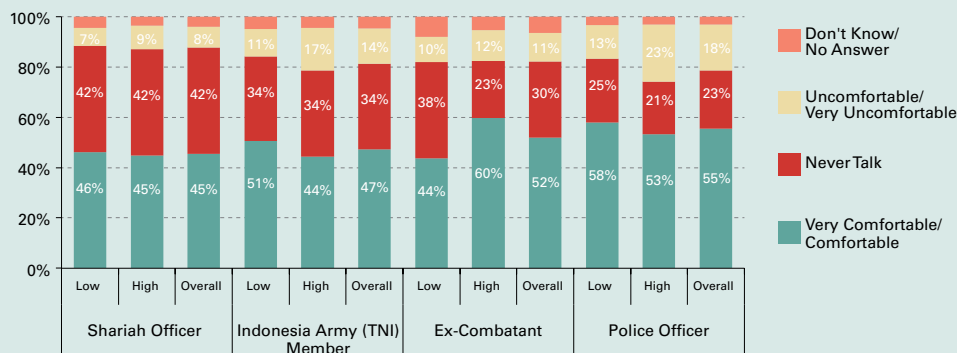
Source: 2012 Quantitative Survey

Figure 3.6. Did the MoU Resolve your Problems?



Source: 2012 Quantitative Survey

Figure 3.7. Comfortable to Talk To ...? (by Conflict Intensity Level)



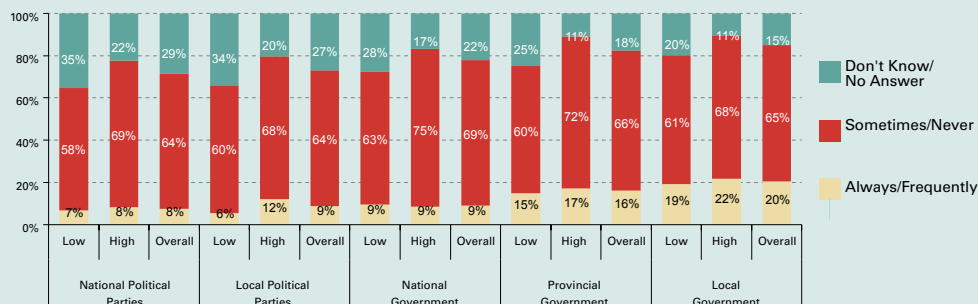
Source: 2012 Quantitative Survey

Around two-thirds of survey respondents thought that all levels of government and political parties at least sometimes fail to act in a morally correct way (Figure 3.8). However, levels of distrust of the national government and political parties, both national and local, are higher. Interestingly, when comparing survey responses in low- and high-intensity conflict areas, the latter have more to say (fewer people failed to answer, or answered 'don't know') and have more negative perceptions of the actors concerned.

Some issues do remain. There have been disputes between Aceh's leaders and the

Indonesian government over new local by-laws (*qanun*) on the role of the Wali Nanggroe and Aceh's flag.⁹⁰ The flag proposed by the Aceh parliament is the same as GAM's flag. After the initial draft of the *qanun* was released, Indonesia's Minister of Home Affairs and the Provincial Military Commander (*Pangdam*) publicly stated their disagreement, referring to a GoI regulation that does not allow a symbol of a separatist movement to be a region's flag.⁹¹ Nevertheless the provincial parliament approved the flag *qanun* leading to more warnings from Jakarta and demonstrations in support of the new flag in Aceh.⁹²

Figure 3.8. ... Acts in a Morally Correct Way?



Source: 2012 Quantitative Survey

However, even where there are disagreements, leaders in both Jakarta and Aceh have engaged in dialogue to try to solve the problems. Given that the terms of the current peace settlement fall short of GAM's past goal of achieving independence for Aceh, there is a risk that perceived interventions from Jakarta on issues such as the flag can be a source of continued instability and can be utilized as part of an anti-Indonesia narrative. However, the fact that the peace accord has by and largely satisfied the interests of local elites mean that this is unlikely to lead to renewed large-scale unrest.⁹³

3.3 Contestation between Elites in Aceh

The peace process has managed to resolve—at least for now—the vertical Aceh-Jakarta separatist conflict. But it has also led to the emergence of new forms of contestation within Aceh. Prominent among these is sometimes-violent competition among local elites. The presence of large resources, combined with the powers derived from Aceh's special autonomy status, have heightened local political and economic competition. To a large extent, current divisions among elites are not based on the old conflict cleavage which pitted leaders who advocated independence against those who wanted Aceh to remain within Indonesia. Instead, new fissures have emerged among the Acehnese elite.

The split within GAM

A prominent elite divide is between different factions within the former rebel movement. During the civil war, GAM had a strict hierarchical structure to maintain discipline. However, like insurgents in many other places, GAM has fragmented in the postconflict period. Emerging divides have not been ideological—i.e. between those supporting the peace agreement and those opposing it—but between leaders fighting for local power.

Following the peace agreement, GAM leaders tried to ensure organizational cohesiveness. In late 2005, they established the Aceh Transitional Council (*Komite Per-alihan Aceh*, KPA), with the same territorial

Box 3.1. The power of KPA

Since its establishment in late 2005, the Aceh Transitional Council (KPA) has emerged as a very powerful organization. While its initial purpose was to ensure that the Helsinki MoU was implemented, and that former GAM combatants received reintegration funds, the scope of its activities has expanded considerably. It now plays a major role in a range of areas including bidding for construction contracts, collecting (some say extorting) funds for Partai Aceh, gathering votes at election time, and providing security at the local level. This political and economic power has led many who were not in GAM during the war to attempt to join the organization, and its membership has expanded significantly in recent years.

The locality case study in Tanah Jambo Aye sub-district in North Aceh illustrates the roles KPA now play. In this area, which had been a bastion of GAM support, former combatants reentered their communities following the signing of the peace agreement with few problems.

Seven years on, former combatants (under the KPA organization) have increasing power in their community. KPA has become a shadow police force, is involved in various development projects, and works with those formally in power. For example, the district administration now asks the KPA to accompany police when clearing out market traders and on other law enforcement activities.

structure as GAM's armed wing, which had been formally dissolved as part of the peace process. In some areas it has emerged over time as a 'shadow government' performing some of the functions of the state (Box 3.1).

In 2007, KPA established GAM's political party (Partai Aceh). However, a split had already developed among ex-GAM prior to the 2006 gubernatorial elections, when Irwandi Jusuf (a former GAM spokesperson) competed against another ticket containing Hasbi Abdullah, a GAM veteran, with Irwandi winning.⁹⁴ Over time the split between Irwandi's followers and the GAM old guard hardened. By 2012, this led to the incumbent governor, Irwandi, running as an independent candidate against the PA pairing of Zaini Abdullah

and Muzakir Manaf.⁹⁵ As discussed below, tensions between these factions within GAM have sometimes turned violent. Following the gubernatorial election, which Zaini, the Partai Aceh candidate, won, Irwandi set up a new political party, Partai Nasional Aceh (PNA), bringing with him many former GAM district commanders.

Control of contracts

Elite competition has also focused on controlling contracts for state-financed infrastructure projects and other business opportunities. In Aceh, as is the case elsewhere in Indonesia, good relationships with those in power are vital for aspiring entrepreneurs (for example to win contracts, gain permits and avoid excessive taxation).

Much 'private' business is heavily reliant on state money, in particular in the construction sector. Throughout Indonesia, contracts are awarded based on political connections and *kontraktor* play a prominent role in politics.⁹⁶

GAM's accession to political power has allowed GAM elites to dominate business. Muzakir Manaf, the former leader of GAM's military wing and vice-governor of the province since 2012, runs a large conglomerate which has been involved in import-export, producing steel for tsunami reconstruction, horticulture, and upgrading ports.⁹⁷ Sofyan Dawood, the former GAM commander for North Aceh, has brokered deals with large public and private companies, including ones from Malaysia and China.⁹⁸ Since they entered local politics, GAM elites have come to dominate the construction sector.⁹⁹ Using their political influence, and sometimes veiled threats of violence, GAM-linked contractors now control much of the sector. They do so not only by directly handling contracts but also by playing a brokering role, taking a cut on contracts they 'facilitate'. With large state budgets available, construction profits can be significant. Aspinall concludes that GAM networks have earned tens of millions of dollars from contracting.¹⁰⁰

The large budgets available in Aceh, plus the fragmentation of GAM structures, has meant that competition over contracts has been fierce and sometimes violent.

ALA, ABAS, and ethnic tensions

Another source of contestation has flowed from the movement by elites in the

province's central highlands and west coast to secede from the province.¹⁰¹ The locality case studies conducted for this study in ALA (Aceh Leuser Antara, consisting of the districts in central Aceh) and ABAS (Aceh Barat Aceh Selatan, West Aceh and South Aceh) found that people perceive that they have been neglected by the provincial government in infrastructure development and the allocation of special autonomy funds. These areas, in particular the Central Highlands, have large ethnic minority populations.

The move by areas to secede from Aceh is not a new one. However, tensions have heightened in the postconflict period and especially since GAM—who are almost entirely ethnically Acehnese—have come to power. Discontent over the Wali Nanggroe *qanun* has fuelled resentment as, no doubt, will the Aceh flag issue. For local elites in districts where the ethnic Acehnese are not dominant (Central Aceh, Bener Meriah, Southeast Aceh, and Gayo Lues), elites view the two *qanun* as unacceptable as they imply the cultural domination of other ethnic groups by the ethnic Acehnese. This has led to a series of protests. For example, on 14 February 2013, students from the ALA/ABAS Free Movement demonstrated in Banda Aceh over the provincial government's decision to allocate US\$ 9.5 million to build a palace for the Wali Nanggroe and another US\$ 4.5 million for annual support for the Wali Nanggroe.¹⁰²

Prospects for secession are slim at present: the Helsinki MoU explicitly prohibits it; the provincial parliament is dominated by

GAM who are vehemently against splitting the province; and few in Jakarta (who must approve the creation of any new administrative area) would want to risk peace by allowing a split to occur. Yet there is potential for increasing tensions between ethnic Acehnese elites, representing former GAM heartlands, and those in other parts of the provinces.

Electoral violence

One consequence of increasing inter-elite contestation has been high levels of electoral violence. From 2008 until 2012, this has accounted for a larger proportion of all violent incidents in Aceh than in any of Indonesia's other postconflict provinces, apart from North Maluku.¹⁰³

The 2006 elections were fairly calm but the 2009 and 2012 contests saw much more violence. In 2006, there were only 11 incidents of pre-election violence, whereas in 2009 there were 91 incidents and, in 2012, 167 incidents. More worrying, and unlike most Indonesian provinces, Aceh has seen a significant number of election-related deaths.

In 2009, the split within GAM was less marked as Irwandi supported Partai Aceh candidates. However, the military, still coming to terms with Irwandi's victory, ran an aggressive intimidation campaign¹⁰⁴ and at least five Partai Aceh/KPA figures were killed in the run up to the elections.¹⁰⁵ Election day itself was largely peaceful.

In 2012, the intra-GAM split, between followers of Irwandi and those who

supported the Zaini-Muzakir ticket, led to significant violence.¹⁰⁶ Much of this violence has occurred in former-GAM strongholds where divisions within the former rebel group are the most pronounced.¹⁰⁷ In late 2011 and early 2012 contests, seven people were killed from violence directly associated with the elections and another half-dozen or so deaths in this period plausibly relate to electoral tensions.¹⁰⁸ One prominent example was the assassination in July 2011 of Teungku Cagee, a former GAM commander who defied KPA orders by supporting the incumbent Irwandi for governor. In late 2011 and early 2012, there were a series of shootings, many of which targeted migrant Javanese laborers. Some believe that Partai Aceh organized the shootings to warn Jakarta to delay the planned local elections until Irwandi was no longer governor and could not use his position as an advantage when campaigning for re-election.¹⁰⁹

Collaboration

Yet the seriousness of inter-elite tension should not be overstated. While violence between elites has occurred, larger-scale violence is rare compared to some other postconflict areas in Indonesia such as Maluku.¹¹⁰ For example, Irwandi Jusuf, the losing candidate in the 2012 gubernatorial election, decided to establish a new party rather than resist Partai Aceh violently. This shows that inter-elite competition in Aceh can potentially be managed through democratic processes.

Aceh is remarkable too for the levels of collaboration between former enemies. For

example: GAM's Muzakir Manaf set up a wind energy company with a senior member of Indonesian intelligence;¹¹¹ local elites from national parties have joined former GAM in business ventures; the former Indonesian military commander for Aceh, Lt. General Sunarko, joined Partai Aceh's campaign team for the 2012 elections, perhaps as a result of his collaboration with former GAM on business projects; and GAM leaders have joined Indonesian security forces in sometimes illicit business ventures, including illegal logging. The period between the signing of the peace MoU and the 2009 election was still one of uncertainty, with the rules of the game changing and turf boundaries in flux, and as a result local elite tensions were widespread. However, since Partai Aceh's victory in 2009, a new status quo has been in place and local elites have by and large adjusted this, choosing not to contest GAM's dominant political and economic role in the province. With the exception of the Partai Aceh/Irwandi rift, former enemies have tended to swap violent contestation for collaboration.¹¹²

3.4 Contestation between Aceh Elites and Locals

Post-MoU, there have been increasing tensions between members of the Aceh elite—including the former GAM commanders who now control Aceh's politics and economy—and community members. Rising inequality within Aceh has led to small-scale but frequent violence.

Resentment and violence from lower-level ex-combatants

Many lower-level ex-combatants have used violence to improve their economic circumstances because they believe that they have no alternative. After the peace agreement was signed, expectations were high among former rebels. After years of harsh conditions in the forests and mountains, they expected to prosper as a result of the peace. Prior to joining GAM, over 96% of ex-combatants had been employed but six months after the MoU, around three-quarters still had no work.¹¹³ Most of the former rebels interviewed cited lack of employment or lack of income generation opportunities as their greatest concern.¹¹⁴ By mid-2008, the employment picture had changed. A representative survey of ex-combatants found that 85% were working, a higher rate than for those who were not ex-combatants.¹¹⁵ However, these jobs often did not meet the expectations of former combatants; after years of fighting, they thought they were entitled to better jobs with higher incomes and status. The 2006 survey found that the vast majority of ex-combatants wanted jobs as traders, with only a small proportion content to

farm, the residual occupation in Aceh.¹¹⁶ Despite this, by 2008 former combatants were more likely than regular civilians to derive their income from rice farming or agricultural wage labor, and were less likely to be employed as civil servants, traders or teachers.¹¹⁷

The dysfunctional reintegration program has contributed to resentment.¹¹⁸ The MoU had envisioned providing assistance to 3,000 former combatants but it soon emerged that GAM's strength was perhaps seven times that number.¹¹⁹ To solve the problem, assistance was provided to an additional category—GAM non-combatants.¹²⁰ Reintegration assistance was distributed through former GAM commanders and they redistributed the funds to former combatants as well as other supporters. Some former combatants complained because they received as little as Rp 30,000 (US\$ 3), which is only *uang rokok* (money for cigarettes).¹²¹ Even when former combatants did receive assistance, on average, their households fared no better than households that received no assistance.¹²² The reintegration program created new demands for, and expectations of, assistance among former combatants and led to their rising disillusionment when this was not forthcoming.¹²³

Reintegration failures were compounded by growing inequalities within the former rebel movement. The political incorporation of former GAM elites has allowed them to enjoy the spoils that come with power in Indonesia's regions. Many senior GAM figures have erected grand houses and drive imported SUVs or Mercedes.

Former commanders now make regular visits to Singapore or Kuala Lumpur for shopping or medical checks.

While GAM elites have benefitted from their entry to politics and businesses such as contracting, access to these areas has been closed to most lower-level GAM. During the civil war, differences in wealth within GAM were relatively slight. But after the civil war ended, sharp disparities emerged and have led to great frustration, especially at the sub-district (*sagoe*) level. In rural villages, many ex-combatants are illiterate and have lower expectations. In contrast, those at the *sagoe* level often have greater ambitions, but do not have the sway with higher-level GAM figures to secure projects of their own.

One consequence is that a larger share of ex-combatants are dissatisfied with the implementation of the MoU than is the case with those who did not fight. Fifty-seven percent of ex-combatants surveyed in 2012 said they were dissatisfied, compared to 26% of non-combatants.¹²⁴ Ex-combatants were also more likely to say that the MoU had not solved the issues that led to the civil war (23% compared with 13% of non-combatants).

In this environment, many lower-level, former fighters have turned to crime. Many former combatants have used violence for pecuniary purposes during the civil war. It is thus not surprising that some have continued to do so in the postconflict period.¹²⁵ This has been most pronounced in GAM's old heartlands on the east coast. In 2008, the police in Aceh claimed that

armed crimes were 22 times higher than before the Helsinki MoU (Jones 2008). A prosecutor in North Aceh observed that there were cases of armed crime in her area every month. Between 2008 and 2011, crimes involving firearms increased the most sharply.¹²⁶ The International Crisis Group estimates that 90% of criminal activity in East Aceh district is carried out by ex-combatants who are disappointed that they have not receive their share of the postconflict spoils.¹²⁷

Lower-level former combatants have also used violence to signal discontent and continuing coercive capacity to elites with the aim of increasing downwards patronage flows. Senior GAM figures such as Sofyan Dawood, Ilyas Pasee, Zakaria Saman, and Muzakir Manaf have all had grenades thrown at their houses (Box 3.2).

There have been other attacks aimed at politicians who have criticized former combatants continuing practices of demanding shares of projects and imposing illegal taxes.¹²⁸ These attacks have been intended to intimidate rather than kill—grenades were thrown at buildings rather than at people, and in most cases, nobody was injured.

Broader resentment over lack of economic development and poor governance

Beyond ex-combatants, there is also growing disappointment in Aceh over a perceived lack of economic development and continuing poor governance.

As GAM leaders have come to dominate Aceh's politics, they have continued the practices of Aceh's old elite. They have quickly learned the local political rules of the game and understand well the opportunities for theft from the state's coffers. They have benefitted from a general tolerance of corruption from oversight bodies such as the State Audit Agency (BPK) and the police who are wary about taking action that could lead to problems.¹²⁹

Two 2003 studies by Bank Indonesia and Padjajaran University found that Aceh was the most corrupt province in Indonesia.¹³⁰ Immediately following the Helsinki MoU, many in Aceh felt that corruption would decline as the province gained more control over its affairs. Yet this confidence soon eroded. A Transparency International Survey in 2010 found that 46% of Acehnese felt that corruption levels were similar to before the peace agreement, while 39% felt that corruption had worsened. A 2010 study by KPPOD and The Asia Foundation found that Aceh ranked 22nd of 32 Indonesian provinces surveyed in terms of district heads' action against corruption. Based on a study of good budgetary practices conducted in 20 districts in four Indonesian provinces by

Box 3.2. Attacks on GAM elites

Since GAM have come to power, there have been a number of attacks on the houses and officers of elites from the former rebel movement. Sofyan Dawood's house was attacked in April 2007. The same month a box containing an active grenade was found outside the office of Ilyas Pasee, the GAM North Aceh district head, with a letter in Acehnese threatening him if he "continued to commit infractions in his duties". A grenade was also thrown at the house of the Lhokseumawe vice-mayor (World Bank 2007b). Similar incidents continued the following month with grenades thrown at the house of the head of the Pidie district parliament, at the parliament building in Bener Meriah district, and at the offices of two sub-district heads in Central Aceh district (World Bank 2007c). Zakaria Saman's house in Pidie district was burned in March 2012, and in June 2012, grenades were thrown at his residence in Banda Aceh. The attacks were likely motivated by struggles over economic resources, in particular resources from aid and illegal logging. While no-one was caught, it is likely that the perpetrators were disgruntled GAM members who felt their targets had not passed on a large enough share of the lucrative projects they controlled (ICG 2007b).

Seknas FITRA and The Asia Foundation (2012), three out of five districts in Aceh scored the lowest, although Banda Aceh scored the highest.

One reason for continuing corruption in Aceh is lack of central government oversight. In recent years, corruption cases

pursued by the state in Aceh make up a very small share of the Indonesia-wide total (Table 3.3). There is a general tolerance of corruption in Aceh from oversight bodies such as the State Audit Agency (BPK) and the national Corruption Eradication Commission (KPK).

Table 3.3. Corruption Cases and Potential Losses

Year	Government of Aceh and all Local Governments in Aceh		All Provincial and Local Governments in Indonesia	
	No. of Cases (% of Total)	Potential Losses in US\$ million (% of Total)	No. of Cases	Potential Losses in US\$ million
2010	3 (0.8%)	0.2 (0.1%)	375	237.6
2011	37 (9.2%)	8.1 (0.3%)	404	2,379.1
2012 (Semester 1)	13 (4.9%)	6.7 (4.4%)	266	152.1

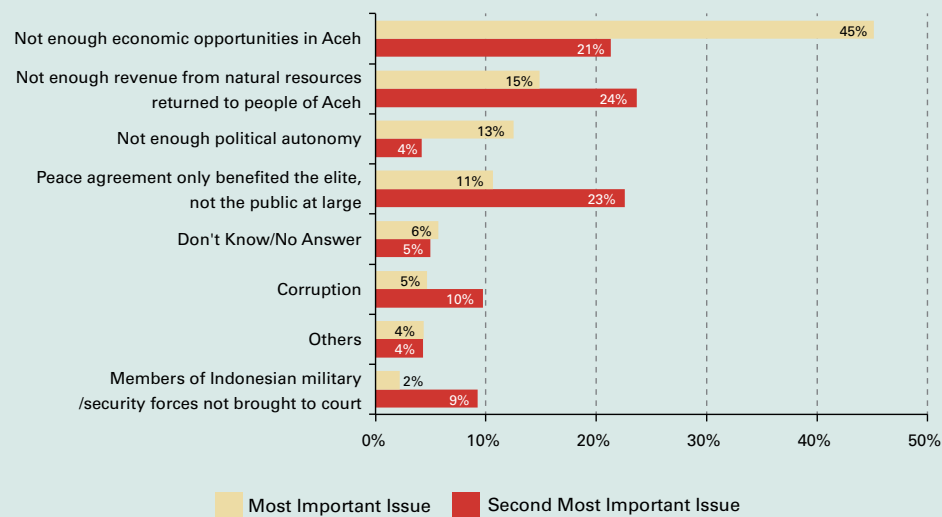
Source: Indonesia Corruption Watch database.

The primary reason for this is that the central government has been wary not to rock the political boat in Aceh. Tolerating the (mis)appropriation of state funds was a way to ensure the allegiance of former insurgent elites to the peace settlement; cracking down on such practices is perceived as having the potential to have a negative effect on peace.¹³¹

As discussed in Section 2.2, while Aceh does well on many indicators of human development, slow economic growth and

high poverty levels continue. Natural gas production and post-tsunami reconstruction, which were the main drivers of Aceh's postconflict economy, have both declined sharply¹³² and two-thirds of respondents surveyed in 2012 felt that lack of economic opportunities continued to be one of Aceh's most important problems (Figure 3.9). One-third of respondents also felt that the peace agreement had only benefitted the elite, not the public at large.

Figure 3.9. Unresolved Problems in Aceh

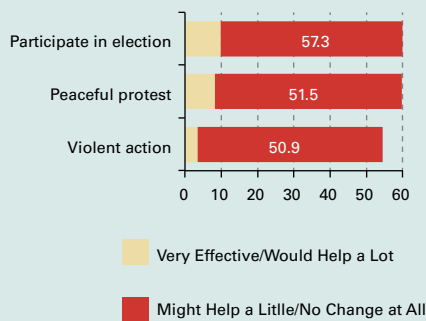


Source: 2012 Quantitative Survey

This has led to some disillusionment with democratic processes in Aceh. Participation in elections is high in Aceh. Ninety percent of respondents surveyed in 2012 said they voted in the gubernatorial elections that year. Of those who did not vote, most said that practical rather than ideological issues had stopped them (for

example illness or travel at the time of the election). But the survey also showed that few have confidence that participation in elections or peaceful protests can improve local conditions (Figure 3.10).

Figure 3.10. What Things Could Improve Village Conditions (%) ?



3.5 Inter-communal Contestation

A final form of contestation in post-conflict Aceh is between local communal groups. This has continued since the war, but the axes around which group identities and differences are constructed, and across which violence occurs, have evolved since the peace agreement.

Old conflict cleavages are becoming less important

Aceh saw some inter-communal violence during its civil war. The separatist war was not ethnic, in that it did not pit two identity groups living side by side against each other. In general, there were not major divides between those who supported Acehnese independence and those who did not. There was a strong degree of support for GAM's goals, if not always its means, among the civilian population in most areas of Aceh.

However, localized inter-communal tensions were present and violence did

occur in some areas. There was suspicion of in-migrant Javanese communities who were viewed by many as collaborating with the Indonesian military and this led to some targeted killings.¹³³ While the ethnic Acehnese make up 79% the province's population, other ethnic groups also exist such as the Gayo in the Central Highlands. The military recruited from among these groups when forming anti-separatist militias and some Gayo also supported GAM.

In the early postconflict period, some worried about the potential for violence between ex-militia and ex-GAM combatants or other revenge-taking acts.¹³⁴ However, such violence did not emerge to any significant extent. There was acceptance, indeed often celebrations, when combatants returned home after the peace deal, including in ethnically heterogeneous areas. A representative survey of 642 ex-combatants six months after the MoU was signed found that 90% had experienced no problems on their return. In more than three-quarters of villages surveyed, traditional *peusijek* (welcoming) ceremonies were held to celebrate the return of combatants.¹³⁵ A 2007 study of every rural village in Aceh found high levels of social capital and improvements in social cohesion and village solidarity following the Helsinki MoU.¹³⁶ Only 7% of villagers interviewed said there were low levels of trust between 'those who returned from the mountain' and other community members.

Nor has trust diminished over time. Of more than 1,000 former GAM members surveyed in 2008, only seven reported some difficulties with being accepted since they returned to their villages.¹³⁷ Even in

areas such as the Central Highlands, where pro-government militia were strong, trust has grown. Across all areas surveyed, 97% of women and 96% of men reported that the presence of former combatants was not a source of division in their community. Around 90% of informants also said they would be happy to welcome former combatants into their family through marriage and that former combatants could be among their close friends.¹³⁸ None of the more than 1,500 informants surveyed in 2012—including people in areas where militia groups had been active—said there had been any violence between former

fighters and communities in their village in the past year (Table 3.4 below). Only 11% of informants said they felt uncomfortable talking to ex-combatants.

Where acts of violence between different ethnic groups have occurred, they have been dealt with quickly and effectively. A deadly attack on a KPA office by former anti-separatist militia in 2008, for example, did not lead to fresh incidents of violence (Box 3.3). Indeed there has been very little trouble in the Central Highlands and certainly much less than many initially expected.

Box 3.3. Atu Lintang and the prevention of violence escalation

On 1 March 2008, an attack by members of former anti-separatist militia on the KPA office in Atu Lintang in Central Aceh resulted in five deaths, the largest loss of life in a single incident since the Helsinki MoU (World Bank 2008c).

The background was a dispute over control of the district's central bus station, which had been controlled by members of a former militia group. With rising KPA power, a turf battle began over who would control the station and the attendant opportunities for 'taxation'.

The response was rapid with the authorities, police and KPA all acting to contain spillovers. Twenty-five suspects were in detention within two weeks and KPA circulated instructions for its members not to take revenge. KPA circulated instructions to its members not to take revenge and Malik Mahmud, the senior GAM leader, led a meeting of all 17 KPA commanders on 4 March to ensure that there was no violent response. Messages went down through the government and military hierarchy to anti-separatist groups that such actions would not be tolerated.

Table 3.4. Sources of Local Conflict in Aceh

Source of conflict	Major source (%)	Minor source (%)	Led to violence in last 6 months (%)
People who get assistance vs. those who don't	9.1	33.4	0.3
Rich vs. poor	4.2	14.8	2.0
New migrants vs. communities	3.9	18.4	0.9
Former fighters vs. communities	2.9	23.5	0
This village vs. other village	2.8	12.6	0.1
Old migrants vs. communities	2.1	14.6	0.1
Young vs. old	1.1	13.9	0.1
Men vs. women	0.3	8.3	0.1

Source: 2012 Quantitative Survey

New forms of inter-communal conflict and violence

Inter-communal violence in postconflict Aceh is more likely to relate to local economic competition and jealousies. When asked about sources of conflict in their village, respondents surveyed in 2012 highlighted differences between those who received aid and those who did not, and between the rich and poor; the latter was more likely to have resulted in violence. Tensions between migrants and those receiving them, and between former combatants and others, were less pronounced (Table 3.4).

Besides criminal acts, the most common source of violence in postconflict Aceh is acts of vigilante popular justice where individuals or groups use violence to respond to the perceived misdemeanors of others. From 2008-2012 such incidents make up a larger share of violent incidents in Aceh (16%) than in the other eight Indonesian provinces for which

data are available, and the incidence of such violence has risen sharply. In 2005, there were 20 popular justice incidents. This increased in 2006 and 2007, jumping to 120 incidents in 2008. Since then, there have been more than 100 incidents per year, with 144 cases of popular justice violence recorded in 2012.¹³⁹

These incidents do, to an extent, reflect a lack of social cohesion as do other incidents involving intolerance of minorities, including the forced closing of churches,¹⁴⁰ the murder of a 'non-orthodox' religious leader, and abuses of power by *shariah* officers.¹⁴¹ However, these are best interpreted as being a result of weak state security and justice institutions rather than of deep rooted hatreds. Those attacking each other were usually not on different sides during the civil war.

3.6 Changing Transformational Needs

As the nature of contestation in Aceh has evolved over time so too have the needs to be addressed to ensure that Aceh's transition to sustainable peace continues. Table 3.5 shows how the dominant conflict issues have changed in Aceh (bolded cells represent the most pressing needs for each time period).

While the civil war was still raging, the most pressing need was to build the confidence of warring parties that an acceptable peace agreement could be reached. In the early days after the signing of the peace accord, building the confidence of elites and community members in the settlement and developing institutions to implement it

was of prime importance. However, as confidence in the settlement grew, and the autonomy agreement has been put in place, center-periphery contestation was replaced by inter-elite and elite-local tensions. The most pressing need now is to develop institutions to mediate inter-elite competition and to support peaceful development. The development of such institutions will be key to ensure that violent center-periphery contestation does not reemerge as it has done so frequently in Aceh's past.

To what extent has development assistance, from both the government and donors, addressed these changing transformational needs? The report continues with an analysis of what aid has done and the ways in which it has supported Aceh's war-to-peace transition.

Table 3.5. Changing Transformational Needs in Aceh

Type of contestation	Needs		
	Civil war period (1998 - mid 2005)	Early postconflict period (mid 2005 - 2008)	Later postconflict period (2008)
I. Center-periphery	Confidence: Build confidence of warring parties that an agreement can be reached	Confidence: Build confidence of formerly warring parties in peace settlement Institutions: Develop institutions to implement peace agreement	Confidence: Maintain confidence of formerly warring parties in peace Institutions: Ensure institutions in place to mediate relations between the center and periphery
II. Inter-elite	Not priority issue	Not priority issue	Institutions: Ensure institutions in place to mediate inter-elite competition
III. Elite-local	Not priority issue	Not priority issue	Institutions: Improve functioning of institutions to support peaceful development
IV. Inter-communal	Not priority issue	Confidence: Build confidence of local groups in peace settlement Institutions: Develop institutions to deliver local assistance in conflict-sensitive ways	Institutions: Ensure institutions in place to mediate inter-communal competition



4. Aid in Aceh

4.1 Overview of Aid in Aceh

Over the past decade, levels of development assistance to Aceh have been extremely low, then extremely high, and then relatively low again. The types of programs funded, and the approaches used, have also altered over time.

The civil war period: little aid

For most of the civil war period, there were few international donors funding programs in Aceh. The 2002-2003 CoHA peace process in Aceh allowed some development efforts to start again in areas such as maternal health (the United Nations Population Fund) and university education (Canada).¹⁴² The United States and Japan also funded low-key initiatives to support peace through local civil society groups and some international NGOs worked in Aceh with European or American funding. However, when the peace process collapsed in May 2003, and martial law was imposed in the province, almost all international aid personnel and programs withdrew. It was only after the December 2004 tsunami hit Aceh's shores that aid agencies returned to work in Aceh again.

One exception was the Kecamatan Development Program (KDP), which for most of the conflict period was the only major foreign-funded program in Aceh. A national government program designed to alleviate poverty after the

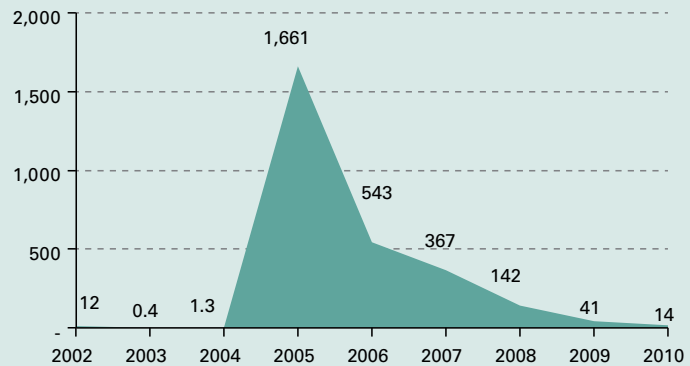
1997 Asian economic crisis, the World Bank-financed KDP provided block grants to communities who developed proposals and competed for funds at the sub-district (*kecamatan*) level. The first phase of KDP operated in Aceh from 1998 to 2001, and covered eight districts (78 *kecamatan*). From 2002 to 2004, the program expanded to cover ten districts (87 *kecamatan*), including conflict 'hot-spots' such as North Aceh, East Aceh, Bireuen, Pidie, Aceh Besar, and South Aceh. In total, in this six year period, around US\$ 3.8 million/year was disbursed to finance village-level infrastructure and economic activities under a women's revolving fund (SPP) scheme. After the tsunami, KDP was scaled up to cover every sub-district in Aceh.

Post-tsunami: massive aid volumes

The December 2004 tsunami brought a great increase in aid to Aceh. By the end of 2007, post-tsunami rehabilitation and reconstruction commitments had totaled US\$ 7.77 billion, exceeding the amount of funds required to rebuild Aceh to pre-tsunami levels (estimated at US\$ 6.2 billion).¹⁴³ Multilateral and bilateral donors made 41.7% of commitments, while 29.6% and 28.7% of the pledges were contributed respectively by NGOs and the Indonesian government.

This level of aid is substantially higher than that reported in the OECD's Aid Statistics (Figure 4.1).¹⁴⁴ The total aid commitment in that database was US\$ 2.57 billion for 2005 to 2007, significantly less than the US\$ 3.24 billion that Masyrafah and McKeon estimated for total multilateral and bilateral loans and grants to Aceh.¹⁴⁵ Nonetheless, Figure 4.1 indicates the general trend of foreign aid to Aceh—very low amounts during the conflict period, peaking right after the tsunami and going down to a low level in recent years.

Figure 4.1. Level of Aid to Aceh based on OECD data, 2002-2010 (in US\$ million, 2009)



Although much smaller in volume than post-tsunami aid, the signing of the peace agreement in August 2005 increased the level of postconflict aid to the province. The Multi-Stakeholder Review of Post-Conflict Programming in Aceh MSR stated that, on top of tsunami allocations, US\$ 173.5 million was allocated for peacebuilding by the Government of Indonesia (GoI) and the Government of Aceh (GoA), and another US\$ 192.1 million came from donors, the private sector and NGOs. By December 2009, no less than 38 donors and 89 organizations were implementing 140 postconflict programs in Aceh.¹⁴⁶

The MSR also estimated that US\$ 218 million of donors/private sector/NGO funds committed for post-tsunami reconstruction, and US\$ 298 million of GoI tsunami funds, went to programs in non-tsunami impacted regions that would indirectly support

reintegration and peacebuilding processes. In addition, US\$ 13 million of provincial and district government budgets (APBA and APBK) were allocated for programs working in highly affected postconflict areas.

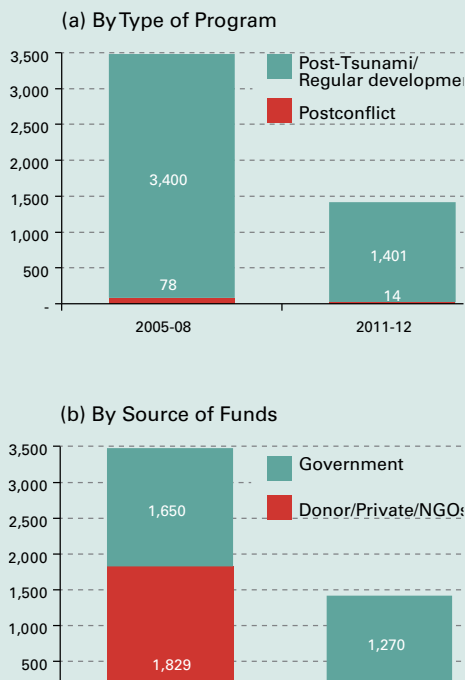
Reductions in aid and donors' assistance

An update of donor programs in Aceh was conducted as a part of this study. As shown in Figure 4.2a, in recent years the level of aid (including that from the government) has declined substantially. The average annual aid allocation for 2011-2012 was only about 40% of that for 2005-2008. For direct reintegration and postconflict programs in 2011-2012, aid was less than 20% of the allocation in the early postconflict period.

Another important change has been the declining role of foreign donors, the private sector and NGOs in financing programs in Aceh (Figure 4.2b). The Indonesian and Aceh governments provided less than half of the assistance in 2005-2008, while 90% of aid in the 2011-2012 period came from the provincial and district governments.

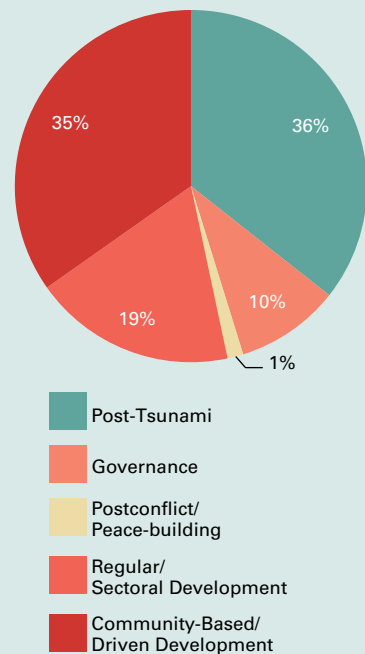
Local government (both the GoA and district governments in Aceh) have spent a significantly increasing amount on ‘development’ in the last few years.¹⁴⁸ In 2005, they spent US\$ 599 million (at 2012 prices), but this increased to over US\$ 1 billion by 2008. For the 2008-2012 period, when special autonomy resources have been flowing, development spending has been relatively constant at around US\$ 1.26 billion per year.

Figure 4.2. Annual Aid Allocations 2005-08 and 2011-12 (in US\$ million, 2012 price)¹⁴⁷



This study identified only 24 programs in Aceh, worth a total of US\$ 290 million, that have been financed by foreign aid in 2011 and 2012. Of this, 99% of funds are allocated to programs that are not specifically postconflict, although they may indirectly contribute to peacebuilding. As shown in Figure 4.3, 36% and 35% of the foreign-funded programs in Aceh are allocated, respectively, for post-tsunami and community-based/community-driven development. Programs addressing governance issues are limited to 10% of the overall commitment.

Figure 4.3. Distribution of Foreign Aid in Aceh by Sector, 2011-2012



4.2 Early Postconflict Aid and Development Programs in Aceh

Programs in the early post-MoU period focused primarily on supporting the reintegration of former GAM combatants and political prisoners, and providing support to conflict-affected communities.¹⁴⁹ There was some support to local governance, primarily to the ad-hoc Aceh Reintegration Agency (*Badan Reintegrasi Aceh*, BRA). Tsunami reconstruction programs have in general tended not to focus on postconflict issues.

Direct individually-targeted reintegration assistance

The peace agreement acknowledged that the transition from military to civilian life could be challenging and that former combatants could be further marginalized in the process. Through the following, the MoU provided measures to aid the reintegration of pardoned political prisoners, former combatants and other groups:

- The provision of a Reintegration Fund to provide "economic facilitation" to former combatants, pardoned political prisoners and affected civilians (Clause 3.2.3);
- The rehabilitation of public and private property destroyed or damaged in the conflict (Clause 3.2.4);
- The allocation of farm land, employment or social security for former combatants, political prisoners and affected civilians (Clause 3.2.5).

The MoU made it clear that the responsibility for developing such programs and providing financing lay with the Indonesian and Aceh governments, rather than with international donors. However, the initial programs were largely financed and implemented by internationals. Having been invited by GoI to oversee the release of political prisoners and develop a program of support for ex-combatants, IOM, with EU funds, implemented a "safety net" program that provided the following:

- *Political prisoners*: just two weeks after the peace deal was signed, IOM coordinated the release from prison and the orderly return home of roughly 1,900 political prisoners from a dozen prisons and detention centers around the country.
- *Publicizing and socializing peace*: IOM printed booklet-sized copies of the peace MoU for distribution throughout Aceh, produced radio public service announcements, and provided editorial and advertising space in local newspapers to government agencies that were contributing to public information efforts.¹⁵⁰
- *Information, counseling and referral service*: IOM provided this support for around 1,900 political prisoners and 3,000 ex-combatants, each of whom received in-kind assistance worth Rp 10 million (US\$ 1,000). This social support program later expanded to cover an additional 5,500 unemployed, vulnerable youth, many of whom had links to the former rebel movement.

In parallel, the Indonesian and Aceh authorities set up a government-financed reintegration program to deliver assistance

Table 4.1. Early Postconflict Aid and Development Programs in Aceh, 2005-2008

Aid Modality	Main programs	General Objectives
Direct, individually-targeted reintegration assistance	<ul style="list-style-type: none"> Government living allowance for political prisoners, ex-combatants and victims of conflict BRA housing and cash payments to combatants and families of persons killed EU Aceh Peace Process Support (APPS), which provided assistance to BRA, AMM and IOM support for reintegration of ex-combatants and others (Euro € 15.85 million) International Organisation for Migration (IOM) Conflict Reintegration Program, largely funded by EU (cash payments to political prisoners and in-kind assistance to ex-combatants) Strengthening Sustainable Peace and Development in Aceh (SSPDA), a program funded by UNDP for improving the livelihoods of ex-combatants and conflict victims, particularly women and vulnerable groups 	<p>To provide 'social protection' to former combatants, pardoned political prisoners, and affected civilians</p> <p>To rehabilitate private property destroyed or damaged in the conflict</p>
Group assistance and community-driven development	<ul style="list-style-type: none"> IOM Makmu Gampong Kareuna Dame (Village Prosperity through Peace) program: financial assistance worth Rp 50 million (US\$ 5,500) for each of 230 conflict-affected communities IOM-USAID peacebuilding and community stabilization initiative in the Central Highlands of Aceh BRA-KDP Program, financial assistance to villages (1,724 villages), worth around US\$ 11,000/village. Japanese-funded NGO projects 	<p>The rehabilitation of public property/ infrastructure destroyed or damaged in the conflict</p> <p>Job creation and social safety net through labor intensive economic activities</p>
Institution-building	<ul style="list-style-type: none"> UNDP Strengthening Sustainable Peace and Development in Aceh (SSPDA) program: Assistance to BRA and Bappenas USAID Aceh Technical Assistance Recovery Project (A-TARP), which included support to BRA (US\$ 17 million, but not all for peacebuilding work) USAID Local Governance Support Program (LGSP), which provided support to improving local governance institutions, including the local electoral commission GIZ Aceh District Response Facility (ADRF) for district and city legislatures (DPRK) and a range of governmental institutions LOGICA community reconstruction and the restoration of government services under the slogan 'active communities—responsive government' Support for Poor and Disadvantaged Areas (SPADA), US\$ 25 million in Aceh and Nias to strengthen governance, promote growth and improve service delivery in Aceh and Nias World Bank analytic work (mainly DFID-funded) UNDP-EU Strengthening Access to Justice for Peace and Development in Aceh, US\$ 5.65 million to support the implementation of the MoU International Center for Transitional Justice (ICTJ), € 0.24 million to support gender and transitional justice, truth-seeking, and reparations activities 	<p>To strengthen BRA to help ensure and guide the sustained economic integration of former combatants</p> <p>To support the implementation of the Law on Governing Aceh, in line with the reintegration process.</p> <p>To ensure that conflict-sensitive planning is integrated into the government's development priorities for Aceh</p> <p>Shape government (and donor) decision-making through evidence and analysis</p>
Tsunami reconstruction	<ul style="list-style-type: none"> Agency for the Rehabilitation and Reconstruction of Aceh and Nias Program (BRR) Multi Donor Fund (MDF): Reconstruction of private (housing) and public infrastructure, livelihood programs, and good governance Other CSOs and bilateral aid 	Rehabilitation and reconstruction

to target groups identified in the MoU. Their initial expectation was that GAM would provide a list of 3,000 combatants who would receive support (the number of GAM troops who were to demobilize under the MoU). GAM, however, did not provide this list for several reasons. First, there were concerns that the peace process would collapse, making it easy to arrest combatants. Second, GAM leaders wanted control over reintegration funds to reinforce their own structures. Third, there was a selection problem: although the MoU referred specifically to 3,000 combatants, the actual number of ex-combatants was some seven times higher. As a short-term solution, the government provided three rounds of *jadup* (living allowance or social security payment). Each payment of Rp 1 million (US\$ 100), although ostensibly only to 3,000 GAM, was actually spread much more widely through GAM's network and support base.

In March 2006, the Aceh Reintegration Agency (BRA) was established under the authority of the Governor of Aceh. BRA developed a program to rebuild houses destroyed during the conflict and also provided cash payments to ex-combatants and households that had lost a family member (*diyat*). Over time, programs for other groups, such as the anti-separatist militia, were also established.

The EU-funded Aceh Peace Process Support (APPS), with Euro 15.85 million, provided technical assistance to BRA and support for the social and economic reintegration of former combatants, prisoners granted amnesty, and victims of conflict.

Many of these individually-targeted programs experienced difficulties. There were few, if any, mechanisms to verify claims, monitor whether assistance reached those

Table 4.2. Individually-targeted BRA Reintegration Programs, 2005-2007

Category	Planned no. beneficiaries	Form of assistance	Amount (US\$)
GAM combatants	3,000	Cash	2,500/person
GAM 'non-combatants'	6,200	Cash	1,000/person
Political prisoners	2,035	Cash	1,000/person
Pro-Indonesia militia	5,000	Cash	1,000/person
GAM who surrendered before the MoU (and usually joined militia groups)	3,204	Cash	500/person
Individual victims of conflict (mid to late 2007)	1,059	Cash	1,000/person
Households that had lost a family member (<i>diyat</i>)	33,424	Cash	300/person/year
Households with damaged housing	31,187	Cash allocation	3,500/house
Physically-disabled persons	14,932	Cash	1,000/person

Source: *Forbes* (2007a, 2007b); BRA (2008).

who were to receive it, or if the money was beneficial. Some ex-combatants received multiple forms of assistance (for example, from both BRA and IOM), while others received little or nothing.¹⁵¹ The MSR also found that individual assistance had little measurable impact on economic welfare: households that did not receive assistance improved faster economically than households that did receive support.¹⁵²

Group assistance and community-driven development

While individual support was the dominant form of reintegration assistance, some programs also sought to deliver broader support to conflict-affected communities. For most of the early post-MoU period, such programs were financed by international donors.

IOM managed a community peace dividend program called *Makmu Gampong Kareuna Damē* (Village Prosperity Through Peace) that delivered quick-impact community projects worth Rp 50 million (US\$ 5,500) to each of 230 conflict-affected communities. Each village also received Rp 1 million (US\$ 110) to hold a *peusijek* (traditional welcoming ceremony) as a reconciliation activity and celebration of project completion. In addition, the UNDP Strengthening Sustainable Peace and Development in Aceh (SSPDA) program also operated a livelihood improvement program for ex-combatants and women and vulnerable groups that were victims of conflict. With EU funds, IOM also built at least 49 small-scale infrastructure projects in non-GAM areas in the Central Highlands.

From mid-2006 to mid-2007, BRA adopted a community-based approach to targeting conflict victims.¹⁵³ With support from the World Bank, BRA adopted the Kecamatan Development Program (KDP), which already operated in every village in Aceh, to deliver in total of US\$ 20.4 million to 1,724 villages (one-third of those in Aceh). The evaluation of the BRA-KDP program shows that assistance to conflict victims through the community-based approach was successful in reaching a large number of conflict-affected people (over 230,000), had substantial welfare impacts, but was less successful in improving social relations and building trust in state.¹⁵⁴

Local government institution-building, including BRA

A third stream of donor assistance focused on building the capacity of government institutions responsible for delivering the postconflict program.

The UNDP SSPDA program, which was implemented from 2005 to 2008 with funds of US\$ 15.2 million provided technical assistance to BRA, the National Development Planning Agency in Jakarta (Bappenas), as well as support for improving the livelihoods of selected beneficiaries. The USAID Aceh Technical Assistance Recovery Project (A-TARP), a US\$ 17 million project in operation from May 2005 to May 2008, was targeted at post-tsunami reconstruction, but also provided assistance to strengthen democracy and, through BRA, to support the peace process in Aceh.

Donors provided some support as well to other local government agencies. Phase 1 of the AusAID-financed LOGICA program (2006-2009) worked on restoring government services in the worst tsunami-affected areas of Aceh under the slogan ‘active communities—responsive government’. LOGICA aimed to strengthen the capacity of local government to respond to community needs through efficient, appropriate and transparent planning and service delivery. The USAID Local Governance Support Program (LGSP), a nine-province program, also provided technical assistance in areas such as financial management and electoral monitoring. The GIZ Aceh District Response Facility (ADRF) targeted the district and city legislatures (DPRK) as well as supporting a number of local government leaders. However, LOGICA, LGSP and ADRF did not work explicitly on issues related to the peace process. The World Bank Support for Poor and Disadvantaged Areas Project (SPADA)—which promoted good governance—included a focus on improving dispute resolution. SPADA applied the bottom-up, demand-driven approach of KDP at the district level in order to improve line ministry decision-making and practices of line ministries there. However, while the quality of many projects funded was good, it had little impact in shaping broader patterns of service delivery or transforming governance practices.

There was also some assistance aimed at strengthening the justice sector. The UNDP-EU Strengthening Access to Justice for Peace and Development project sought to improve the clarity of the legal

framework by developing guidelines on the jurisdiction and procedures of local customary (*adat*) law, through support to the establishment of transitional justice mechanisms, and by increasing legal awareness and access to legal counsel. It also aimed to strengthen the institutional capacities of formal and informal justice delivery systems. However the broad sweep of the project—justice was conceived as also encompassing the redress of economic grievances, aid distribution, human rights violations, and assistance to vulnerable and marginal groups—limited the substantive impacts it had.

The World Bank also developed a large analytical program that included: the publication of monthly conflict monitoring updates, a needs assessment for GAM, an Aceh-wide survey of village development needs, public expenditure analyses, aid monitoring, a growth diagnostic and poverty assessment, and a number of studies on issues such as elections and violence, decentralization in Aceh, evaluations of peacebuilding programs and failures of the reintegration program. The program aimed to both generate knowledge to inform the development of World Bank programs but also to shape the decision-making of government agencies (national and local) on the postconflict programming. However, the program probably had a larger impact in contributing to the development of donor programs than to the make-up of the government program.¹⁵⁵

Tsunami programs

Programs focused on peacebuilding were dwarfed by the level of assistance for tsunami reconstruction.¹⁵⁶ Many tsunami projects indirectly addressed postconflict needs.¹⁵⁷ As noted above, around 7% of the ‘tsunami funds’ reached areas affected by the conflict that were not hit by the tsunami. Over 23% of GAM returnees surveyed in 2006 claimed that their family house was destroyed or damaged by the tsunami and some received support through tsunami-focused programs.¹⁵⁸ Tsunami assistance helped rebuild some infrastructure that had been damaged during the civil war and some former combatants no doubt gained work on large-scale construction projects. Up to 500 former GAM were found work at BRR.¹⁵⁹

However, in general tsunami resources were not used strategically to address postconflict needs. The Multi Donor Fund, a US\$ 600 million plus pot of money for tsunami reconstruction assistance, for example, did not expand into conflict programming.¹⁶⁰ Districts in Aceh that experienced the highest level of conflict damage (East Aceh, Bireuen, North Aceh, Pidie and Nagan Raya) all received very little tsunami money.¹⁶¹

4.3 Current Major Aid and Development Programs in Aceh

Over time, the types of aid programs in Aceh have changed (Table 4.3). Tsunami reconstruction funds have largely been spent,¹⁶² and government assistance is now far larger than international aid.

Currently programs fall into four categories—two of which involve direct work on postconflict and peacebuilding issues:

- Continuing *individual assistance* to conflict victims (under BRA, with funding from the Acehese provincial authorities);
- *Support to build the capacity of both governmental and non-governmental institutions focused on postconflict development*, through three major donor-funded programs.

In addition, two other types of programs may contribute indirectly to maintaining peace:

- *Community-based and community-driven development programs (CBD and CDD)*.¹⁶³ This is supported through two main programs: PNPM (formerly called KDP, GoI with funds from the World Bank and other donors), and Financial Assistance for Village Development (*Bantuan Keuangan Pemakmue Gampong*, BKPG), co-financed by GoA and district governments in Aceh;
- *Support to improve local governance and public service delivery*, with the Local Governance and Infrastructure for Communities (LOGICA) program the largest.

Table 4.3. Major Aid and Development Programs in Aceh, 2011-2012

Type of Intervention	Program	Objective	Implementing Agency and Donor	Allocation, Coverage and Timeframe
Individual assistance	Postconflict assistance	Compensate for losses due to the conflict	BRA, funded by Gol through the Gol Ministry of Social Affairs and the Aceh government	US\$ 30 million for 2009 (Gol + GoA); around US\$ 20 million for 2010-2011 (Gol + GoA) + US\$ 4 million for 2012 (GoA). Covers all districts in Aceh, from 2006 until now
Conflict-related institution-building	CPDA	Strengthen institutions to support consolidation of peace and development	The World Bank, funded by the governments of Australia and the Netherlands through various international and local institutions	Average US\$ 1.35 million/ year, 2010-2013
	Gender-Responsive Approach for Reintegration and Peace Stabilization	To support the reintegration of female ex-combatants and vulnerable women who had been left out of the official disarmament, demobilization and reintegration (DDR) process	UNDP grants to civil society organizations	Average US\$ 265,000/year, 2010-2011
	APPS	Support progressive normalization of relations between the MoU signatory parties	Grants from EU to CMI, GIZ, IOM and FFI	Average US\$ 265,000/year, 2011-2012
Local governance and public service delivery	LOGICA 2	Responsive public service delivery	AusAID through contractor	Average US\$ 6.3 million/year, covers six districts, 2010-2014
	KINERJA	Improve public service delivery in health and education and through the business enabling environment	USAID through contractor	Average US\$ 280,000/year, covers five districts, 2012-2013
	Aceh Governance Transformation Program (AGTP)	Enhance the capacity of the provincial executive to create a institutional and policy framework for successful transition	UNDP direct execution	Average US\$ 2.8 million/year, 2008-2012
CDD/CBD	PNPM	Improve local governance and socio-economic conditions	Gol, supported by the World Bank and other donors	Average US\$ 50 million/ year, covers all sub-districts in Aceh, 1998 until now
	BKPG	Accelerate development, reduce poverty, empower communities, and strengthen village governance	GoA and district governments in Aceh, supported by Gol and the World Bank	Average US\$ 33 million/ year, covers all villages in Aceh, 2009 until now

In contrast to the early years of peace, in the last two years there have been only three donor programs specifically focused on postconflict issues, collectively worth less than US\$ 2 million per annum. These are: (i) Consolidating Peaceful Development in Aceh (CPDA), a World Bank-administered trust, funded by the governments of Australia and the Netherlands; (ii) the continuation of the EU Aceh Peace Process Support (APPS) program; and (iii) Gender-Responsive Approach for Reintegration and Peace Stabilization funded by UNDP. The Indonesian and Aceh governments, through the Aceh Reintegration Agency (BRA), allocated US\$ 25 million for reintegration in 2011-2012, more than twelve times the total for donor funding for postconflict issues.

Individual assistance to conflict victims

In contrast to the early postconflict period, BRA is now the only agency providing individually-targeted assistance to conflict victims. Funds are from GoI, managed by the Ministry of Social Affairs in Jakarta, as well as local government sources. As shown in Table 4.3 above, the BRA budget has steeply declined from US\$ 30 million in 2009 to US\$ 4 million in 2012.¹⁶⁴ Based on the 2012 locality case studies, the main activities supported by BRA in recent years are reconstructing houses and providing cash compensation to those who lost a family member during the conflict (*diyat*). In theory, the process of obtaining both housing and *diyat* compensation are the same. The victim makes an application, this is endorsed by the village and sub-district heads (*keuchik* and *camat*) and, after the

district office of BRA verifies the claim, BRA pays tranches of funds directly into the bank account of each beneficiary.

In practice, however, the process of obtaining compensation is very different. For example, 68 houses were burned in a village in Tanah Jambo Aye sub-district in North Aceh, one of the centers of conflict, but only 28% received compensation. Strong competition in obtaining assistance has opened up opportunities for middlemen to operate. Members of the Aceh Transitional Committee (KPA) and/or Partai Aceh are perceived by the community as “key” to receiving compensation (Box 4.1). Most of the beneficiaries interviewed did not mind paying a bribe of US\$ 250 to a middleman because they received US\$ 4,000 in compensation.

According to interviewees, implementation of *diyat* compensation has been even worse. In two villages in Meurah Mulia sub-district (also in North Aceh), community members suspect both inclusion as well as exclusion errors. They believe that several former combatants who were not eligible for compensation forced the village head (*keuchik*) to falsify letters endorsing their applications for compensation. However, villagers have no proof of this as compensation funds are transferred directly to recipients’ bank accounts.

Monitoring and hence accountability of individually-targeted assistance implemented by BRA is lacking. Several of the case study researchers who tried to contact the district office of BRA in North Aceh were not able to meet anyone since the

Box 4.1. BRA beneficiary selection in Jeumpa, Bireuen

The impression one gains in one village in Jeumpa where research was conducted is that questioning BRA is tantamount to challenging the policies of Partai Aceh and former GAM combatants. According to four village officials, the selection of a recipient of BRA assistance is based on the level of damage to the house and the economic conditions of the family. However, residents feel that close relations with the village head and the level of one's militancy during the conflict strongly determine who receives assistance.

One beneficiary of the BRA home rehabilitation program in another village is a mother of ten, whose house was damaged around 2001 or 2002. Although she was clearly entitled to assistance, she had to submit five applications to the district BRA staff and provide Rp 200,000 in "grease money" each time. She also requested aid directly from the district head, his wife, and even a prominent local GAM figure. Eventually she received Rp 40 million, which was transferred directly to her bank account.

At the time of this research, the woman had managed to rebuild most of her damaged home; only the roof remained unfinished. As well as assistance from BRA, she also received help from a GAM figure in the village. According to her, the funds BRA provided were not enough to cover the full cost of repairing her home and replacing her damaged furniture. She thought she would receive Rp 60 million, and is still hoping for the remaining Rp 20 million. She would even provide a small fee to someone who helped her obtain the money.

A resident of the same village whose father was killed in an armed clash between GAM and the military, has twice submitted a *diyat* application to the district BRA. However, at the time of this research, he had received nothing. He repeatedly asked the local BRA sub-district coordinator about the status of his application but received no information. Even though he supplemented his application with a letter from a former GAM sub-district commander, this did not help as he lacks a personal connection in the BRA office.

A former GAM member who lives in another village, even signed a receipt for money but never received it. As the heir of his older brother, who was killed in the conflict in 2001, he has been applying for *diyat* money since 2006, and signed a receipt for it in 2009. But at the time of this research, he had received nothing.

The amount received by the beneficiaries of the *diyat* program appears to be far less than it should be. As local residents understand it, they should receive Rp 15 million per heir over a period of five years. But they only received Rp 3 million in 2006 and the same amount in 2008.

Due to fear of violent reprisals, none of these problems have ever been reported to the police. Nor have residents considered reporting their problems collectively.

office was always closed. Direct transfer to beneficiaries did not reduce opportunities for providing ‘kick-backs’ and made it difficult for communities and village governments to monitor the implementation of the program. Although communities strongly believe there has been corruption, collusion and nepotism, they do not have the courage (or hope) to report the cases to the police.

Conflict-related institution -building

Consolidating Peaceful Development in Aceh (CPDA) is the largest program currently operating that aims “to strengthen national and local institutions to support the consolidation of peace and development in Aceh.” CPDA is operated through a trust fund administered by the World Bank, and executed by two international NGOs and two local CSOs, with oversight by the CPDA Secretariat under the World Bank. The program supports a wide range of activities on both the supply and demand sides to promote more conflict-sensitive development and to address postconflict vulnerabilities. There is no program evaluation measuring the outcomes and impact of the program but, based on the program’s progress report, it appears to be delivering important outputs that contribute to its objective.¹⁶⁵

On the supply side, CPDA supports GoA’s Local Development Planning Board (Bappeda) in including peacebuilding as a priority in Aceh’s Long- and Medium-term Development Plans (respectively, the RPJPA and the RPJMA). This includes establishing an inter-agency peace working group to draft a Consolidation of Peace Action Plan,

and Replace ‘improve’ with improving downward accountability by developing a database of village-level information. The program has also helped GoA’s Training and Education Board (BKPP) to develop a conflict-sensitive training module for provincial and local government officials. At the national level, CPDA is helping the National Development Planning Agency (Bappenas) to develop a strategy for consolidating peace.

On the demand side, CPDA has supported three institutions at a local state university in conducting research to inform the policy-making process. This has included public expenditure analyses and capacity strengthening, as well as research on conflict and development. The program has also supported an Aceh researchers’ forum in developing policy briefs to inform the development of the RPJPA and the RPJMA. A Jakarta-based civil society organization was supported too in collecting and analyzing data and maintaining a database on violent conflict in Indonesia, including Aceh.¹⁶⁶ In addition, CPDA has followed up on several findings of the MSR. This includes creating employment for at-risk Aceh youth as environmental stewards and building the capacity of PNPM facilitators and the local community to provide legal assistance.

Two other much smaller programs have also aimed to build conflict-related institutions in recent years. The EU Aceh Peace Process Support program, which supported AMM, CMI, BRA and much of IOM’s work in the early post-peace agreement years, continued providing around US\$ 265,000/year in 2011 and 2012, when

it closed. The program has provided four grants in recent years: to CMI, to GIZ's Aceh District Response Facility (which aims to build relations and communication between provincial and district governments), to IOM for community policing, and to Fauna and Flora International (FFI) for a community ranger program that is co-financed by CPDA. The UNDP gender program has provided grants to local NGOs, primarily in South Aceh district.

The USAID SERASI program also ran from 2008-2011 in a number of conflict-affected provinces, but with Aceh work concentrated in the early years of that period. The program, which totaled US\$ 8.4 million in Aceh worked primarily on providing small grants to 74 local civil society organizations but also funded some support to BRA and other local government institutions. Community members interviewed in the LCS did not identify any SERASI-financed activities. No program evaluation report is currently publically available.¹⁶⁷

Local governance and public service delivery

Three other major programs have the objective of improving local governance and public service delivery: LOGICA 2, AGTP, and KINERJA. LOGICA and AGTP are implemented solely in Aceh with higher-level outcomes aimed at promoting a stable and peaceful Aceh.¹⁶⁸ KINERJA also covers three other provinces in Indonesia (West Kalimantan, East Java, and South Sulawesi). LOGICA and KINERJA are implemented by contractors

who receive funds directly from each donor and engage various international and local organizations to deliver the activities.

Based on an independent progress report, LOGICA-2 is highly relevant to government and effective in creating an enabling environment for community empowerment, as well as relatively efficient and successful in promoting gender equality.¹⁶⁹ However, the progress report also indicated that peacebuilding and social cohesion activities were not achieving their desired outcomes.¹⁷⁰

The 2012 locality case studies conducted interviews in four sub-districts that received assistance from both phases of LOGICA. At the sub-district (*kecamatan*) level, leaders were positive about the program, and especially about its engagement with them (other donor-funded/ NGO programs typically go directly to villages without sub-district consultations). Villagers also liked the participatory decision-making and employment LOGICA generated, and its outputs were highly utilized. However, the program was perceived as a community-based “NGO program” rather than as a local governance or peacebuilding program.

Since field implementation began in 2011 in Aceh and the three other provinces, KINERJA has focused on improving local governance and public services in three sectors (health, education and the business-enabling environment). The program works in five randomly-selected districts in Aceh, only one of which (Bener Meriah) was a relatively high-intensity

conflict area. The program considers Aceh a ‘normal’ Indonesian province, with no major adjustments made except that the Aceh program is expected to have a stronger link between district governments and GoA. This is because GoA, unlike other provinces in Indonesia, has relatively high budgeting and ‘leveraging’ power vis-à-vis district governments.¹⁷¹ With only one district-level overlap with the 2012 locality case studies (Southeast Aceh), it is not surprising that the LCS did not identify any community-level activities. At the time this report was written in late 2012, no program evaluation report was available.

AGTP, which has worked almost exclusively on providing consultants to the provincial government, also has no accessible program evaluation.

Community-based and community-driven development programs

The two community-level programs, PNPM (formerly known as KDP) and BKPG, are important not only due to their large scale (in 2012 almost US\$ 100 million was allocated for community grants) and full coverage of sub-districts and villages in Aceh, but also because of their visibility at the community level. The 2012 survey asked respondents about the most important projects in their village. The two programs were considered to be the most important programs by 10% and 2% of the respondents, respectively. While these figures are low, no other program was mentioned by a significant proportion of the respondents.¹⁷²

The two programs have very similar objectives—improving local-level governance and socio-economic conditions—but also have some differences. These differences and their implications are summarized in Table 4.4.

The 2012 locality case studies show that the two programs have different strengths and weaknesses, and different stakeholders have different perceptions of each of them (see Section 5.3). The LCS also revealed that PNPM is generally perceived as GoI’s rather than as a World Bank program. In contrast, KDP was accepted by the communities in high-intensity conflict areas in the late 1990s due to its “World Bank branding”, while other GoI programs were rejected.¹⁷³

Table 4.4. Major Differences between PNPM and BKPG

Aspect	PNPM	BKPG	Implications and Community Perceptions
Block grant allocation	Sub-district (<i>kecamatan</i>) level, based on population and several poverty indicators	Village level; uniform in one district. Different levels of district government co-financing can result in village-level allocation in one district differing from others	There is certainty in BKPG that each village will receive a grant every year, which allows multi-year financed projects. This is not the case for PNPM
Sub-district Program Management	A <i>Kecamatan</i> Facilitator (FK) and an Engineer (FT) hired and paid by the Provincial Government (PG)	Utilizes FK and FT of PNPM, plus additional FT and FK. Assistants hired and paid by the PG.	PNPM's FK and FT have limited incentives to monitor the BKPG process and project implementation
Planning Process	Bottom-up and competitive from hamlet and village to the <i>kecamatan</i> level	The Village Planning Board (<i>Tuha Lapan</i>) prepares a project proposal to be considered in community discussions	<ul style="list-style-type: none"> BKPG has more limited community participation. In practice, it is difficult to encourage the community to participate In practice, inter-village competition in PNPM is often replaced by a rotation system to ensure that all villages receive funds over several years PNPM's FK and FT are too busy holding discussions and that limits their ability to assist the community
Disbursement and management of funds	Activity Implementation Team (TPK) is selected from the community and the TPK's Treasurer is responsible for managing the funds	The fund is transferred to a village account managed by the Village Treasurer (a position in the village government)	PNPM fund management is more transparent, but has limited leverage to improve village governance since the fund does not go through the formal structure

Sources: 2012 LCS, PNPM and BKPG program documents.

In addition, the 2012 quantitative survey revealed that the respondents who said that PNPM was the most important program in their villages had a more positive perception of aid addressing their needs and benefitting the villagers (58% and 64%, respectively) compared with respondents overall (52% for each).

However, PNPM ‘fans’ were slightly less confident about corruption, collusion and nepotism (KKN) related to the aid programs implemented in their villages. Only 35% of the respondents who selected PNPM as the most important program in their village said that there was no KKN related to public funds, while 38% of

respondents overall thought that abuse of funds was not occurring. KKN was also identified as a problem in the 2012 LCS. In study villages, there were two fraud cases related to PNPM: a community member who was tasked to deposit money at the local bank ran away with it, and program implementation ceased as a result; in another location, the Provincial Management Consultant for PNPM asked that activity team personnel be replaced due to a conflict of interest. These stories show that PNPM has a relatively strong monitoring system and, more importantly, that it follows up on problems. This may have resulted in wider knowledge about KKN cases than in other programs.

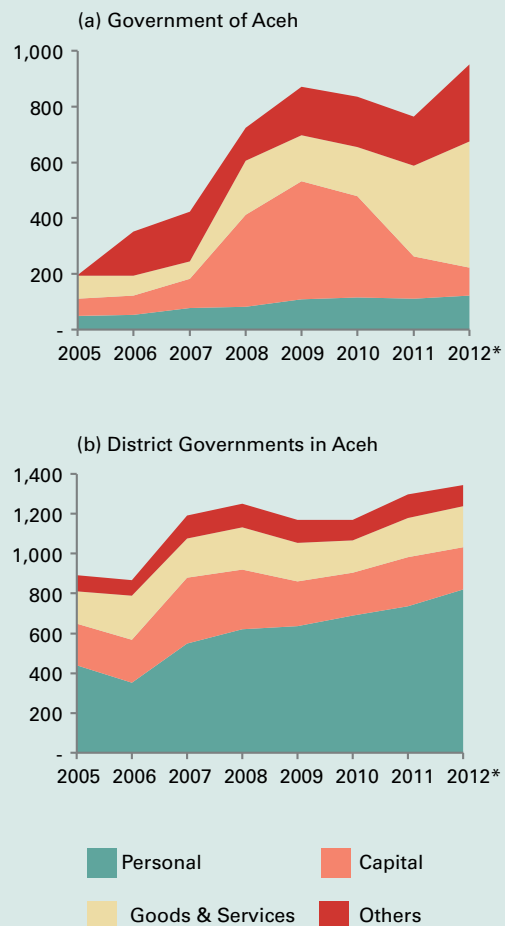
The study team was not able to identify a BKPG- or Aceh-specific impact evaluation of PNPM. However, the national-level PNPM Rural Impact Evaluation shows that the program had a positive impact on increasing the per capita consumption of poor households and helping people to gain employment and access to health care and to move out of poverty. However, respondents indicated that the program did not prevent households from falling into poverty, it did not benefit disadvantaged groups other than the poor, nor did it improve school enrollment rates.¹⁷⁴

With relatively strong branding and government ownership, wide coverage, significant funds spent at the village and sub-district levels, extensive community participation, a strong monitoring and evaluation system, and relatively positive developmental impacts, PNPM and, possibly, BKPG could be considered to have had a positive impact in building the community's trust and confidence in both the national (PNPM) and the provincial (BKPG) government.

Regular provincial and local government development programs

An important source of funds for development programs in Aceh is the budgets of GoA and district governments (APBA and APBK). As indicated in Figure 4.4, in real terms overall planned APBA expenditure in 2012 was US\$ 951 million, which was almost five times 2005 expenditures. This increase was mainly due to increasing revenue from the special autonomy fund (see Section 3.2). The real value of APBK spending also increased one-and-a-half times over the same period.

Figure 4.4. GoA and District Government Expenditure in Aceh by Type, 2005-2012, (US\$ million, 2012 prices)



Sources: Aceh Public Expenditure Analysis (World Bank 2006b) and Ministry of Finance database

(www.djpk.go.id/datadjpk/131/), calculated by the Study Team.

Note: 2012 value is based on budget plans, while other years are based on budget realizations.

In 2012, the total development budget (capital, goods and services, and others) of the GoA and of district governments in Aceh reached US\$ 1.35 billion or US\$ 302 per capita, which is double the national average of US\$ 150 per capita. However, at the district level, especially, there have been significant increases in personnel expenditures. These rose from 40% of total expenditure in 2006 to 60% of total expenditure in the 2012 budgets. The latter is significantly higher than the national average of 51%. As estimated by the 2011 Aceh Public Expenditure Analysis, district governments in Aceh spent 7% of the Aceh Gross Regional Development Product (GRDP), which was much higher than 3% at the national level.¹⁷⁵ The 2011 expenditure analysis also indicated that Aceh's civil servants had increased by 11%, from about 65,000 in 2009 to 72,300 in 2011.

A possible explanation for high educational outcomes in Aceh (see Section 2.2) is high education sector spending. Provincial and district government budget allocations for the education sector in Aceh were relatively high in 2011 at US\$ 122 per capita (about 1.8 times the country's average).¹⁷⁶

The provincial and local governments of Aceh also show positive signs of improving the poor health situation in the province. In 2011, they budgeted US\$ 47 per capita for the sector, which was more than two times the public health budget allocation in North Sumatra province and twice the Indonesian average.¹⁷⁷ This high level of spending is, in part, due to the cost of the Aceh Health Insurance (JKA) program.¹⁷⁸

For infrastructure spending, GoA and district governments in Aceh allocated US\$ 68 per capita for infrastructure in 2011, about 2.4 times the national average.¹⁷⁹ Aceh ranks sixth of all provinces on the infrastructure budget per capita.¹⁸⁰

4.4 Developmental Outcomes

It is difficult to measure whether aid and development programs have contributed to better development outcomes in Aceh. Most individual programs do not have comprehensive evaluations that measure the development outcomes attributed to their activities. Of all the projects discussed above, only the BRA-KDP program that assisted conflict victims had a rigorous impact evaluation.¹⁸¹

However, based on official statistics, even after the conflict ended development outcomes in Aceh have not progressed as well as they have in other parts of Indonesia. Given the relatively high levels of foreign aid and domestic government spending in the province after the tsunami and the peace agreement, this suggests that most inputs have not achieved much.

As discussed in Section 3, Aceh's economy (excluding gas and oil) accelerated in 2009–2011. However, given negative economic growth for most of the last 15 years due to the conflict, the tsunami and declining oil and gas revenues in Aceh, boosting the economy is extremely important.

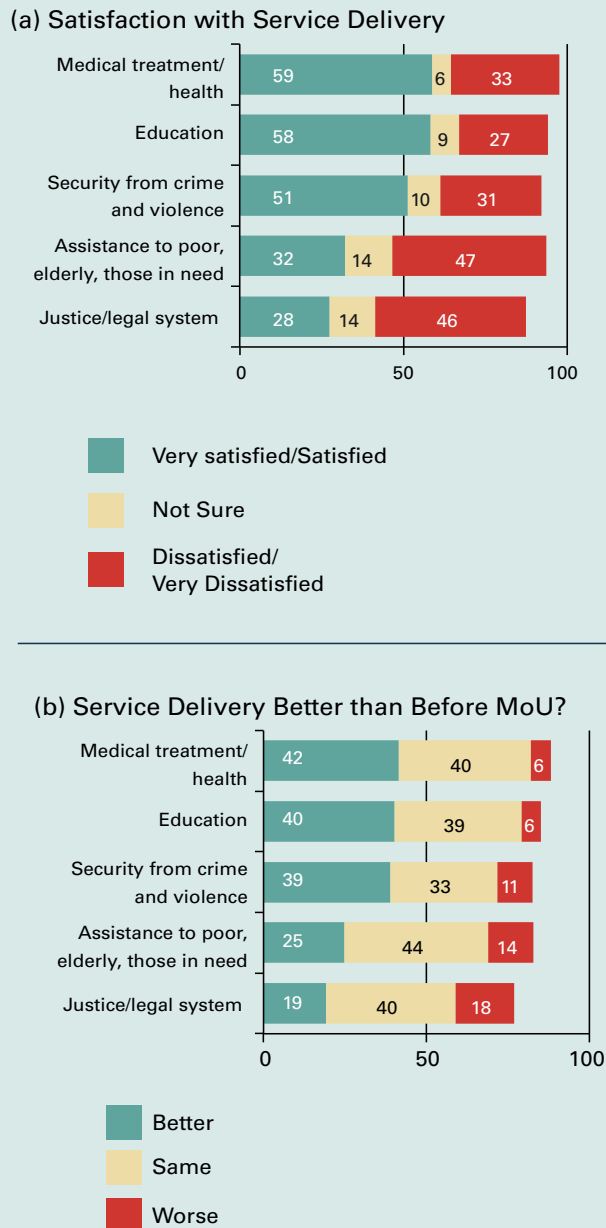
With regard to the number of people living below the poverty line, Aceh has been successful in reducing the proportion of urban and rural poor from 19% and 30%, respectively, in 2007, to 14% and 22% in 2011. Nonetheless, these are still higher percentages than the Indonesian average of 9% for urban poverty and 16% for rural poverty. While Aceh's urban poverty reduction rate from 2007 to 2011

was higher than the country's average (20% versus 19%), its rural poverty reduction rate was only 17% (less than Indonesian average of 19%).

In 1996, prior to the latest conflict, the Human Development Index (HDI) for Aceh was ranked 9th among Indonesia's provinces, and this declined continuously so that in 2007 Aceh ranked 17th. As of 2010, this had not changed. That year, Aceh's HDI was only 1.9% higher than it was in 2007, and improvement was lower than the Indonesia's average of 2.4%.

Although the official statistics do not show positive results, at the micro-level, communities have relatively positive perceptions, at least for some sectors. Based on the 2012 quantitative survey, communities are relatively satisfied with health, education and security from crime and violence (Figure 4.5). The first two results may be attributable to the high investment from GoA (see previous page). Health, education and security are also perceived to be better than before the 2005 peace agreement. However, the levels of satisfaction with assistance to the poor, the elderly and other disadvantaged groups in the community, as well as with the justice/legal system, are low.

Figure 4.5. Satisfaction with Service Delivery and Comparison with the Conflict Period



Sources: 2012 Quantitative Survey

These seemingly positive results should, however, be treated cautiously. First, as reflected in public service surveys in other provinces in Indonesia, community expectations are low, in general, leading to a relatively high satisfaction level. Furthermore, satisfaction levels reported in Aceh are lower than in surveys conducted in other provinces, which show satisfaction rates with health and education that are above 80%.¹⁸² Second, as shown in Figure 4.5(b), the proportion of the community that perceives public service delivery as the same or worse than in the past, is greater than those who perceive it to be better. This includes their responses on the question of security from crime and violence, which one may expect to have improved significantly since the MoU.



5. Aid and Politics in Aceh

What determined the types of aid projects in postconflict Aceh and how they were implemented? In part, decisions on how to spend aid money were based on diagnoses of needs and theories about how these could be addressed. However, in understanding the make-up of postconflict assistance—both from the government and that provided by donors—it is also necessary to consider the political objectives and incentives of key actors. These include the Indonesian government, the local government in Aceh and GAM, and major donors and international agencies. This section first considers national- and provincial-level political dynamics, and how international agencies adapted to these, and made decisions about how to use funds in both the early and later postconflict periods (Sections 5.1 and 5.2). The section then examines the community level, looking at how power structures shaped the ways in which aid programs have been implemented and their transformational and developmental impacts (Section 5.3).

5.1 Politics and Aceh's Initial Postconflict Programs

As the last section showed, postconflict assistance in the early years after the peace agreement focused primarily on providing reintegration assistance to conflict-affected individuals and their communities. There was relatively little focus on improving the functioning of local government agencies, beyond those tasked with implementing the reintegration program or using post-tsunami assistance for reconstruction and development in areas affected by the conflict. Attempts to improve the quality of local government institutions were largely unsuccessful. Few donors worked with leaders from GAM to support the movement's transformation into a political party. Decisions on what to fund, and approaches adopted, were a product of the interacting incentives of the national government, the Acehnese authorities, GAM elites, and the donors.

National government incentives and politics: delivering the MoU promises

In November 2005, three months after the Helsinki MoU was signed, Presidential Instruction 15/2005 on the Implementation of the MoU was issued. It set out roles for, and issued instructions to, 18 different national line ministries and agencies.¹⁸³ The National Planning Agency (Bappenas) took on the role of coordinating international development agencies supporting the peace process, and of developing plans for, and overseeing, national government assistance for postconflict reconstruction and reintegration.

In the early post-MoU months, Bappenas, as with other central agencies responsible for implementing parts of the agreement, focused primarily on ensuring that reintegration programs—as stipulated under the MoU—were developed and financed. Ensuring such programs were in place, and that they satisfied the demands of the two parties to the MoU, was a larger priority for the national government than the developmental impacts of programs. As a result, Bappenas and the Indonesian government supported the development of a postconflict program that delivered cash to beneficiaries agreed in the MoU. However, when it became clear that funds were not improving the welfare of recipients and that some money was not going to the intended beneficiaries, the national government did not exert much pressure to change approaches.

Creative thinking on how best to deal with postconflict needs was largely absent. The vast tsunami resources—both from government and from donors—could have been used to support conflict-affected individuals and areas. However, these resources fell under the remit of the special tsunami reconstruction agency (BRR), which was based in Aceh but had national agency status. Under the Presidential Instruction, BRR was tasked only with including former GAM in the organization, not with using tsunami resources more broadly for postconflict needs.¹⁸⁴ Indeed, while BRR later developed some small reintegration programs, by and large it was reluctant to plan or implement a reintegration program or take on broader postconflict work.¹⁸⁵ The agency was already struggling to deal with the immense challenges of tsunami reconstruction and wanted to avoid what was seen as bumpy political terrain.¹⁸⁶ As a result, planning and implementing government programs for post-tsunami and postconflict needs progressed in parallel, with minimal connection between them.

Local government and GAM incentives and politics: reintegration funds for patronage

Presidential Instruction 15/2005 envisioned that the Aceh government would be responsible for planning and implementing reintegration support. In the early months after the peace MoU was signed, special funds were provided to the governor to support ex-combatants. In late 2005, the acting governor, under strong pressure from many former GAM commanders and keen to win the election the following year, provided three rounds of *jadup* (social security benefits) through GAM commanders.¹⁸⁷ Realizing the need for a more systematic approach to reintegration, a reintegration agency (*Badan Reintegrasi Aceh*, BRA) was established in March 2006 under the authority of the Governor of Aceh to channel and coordinate reintegration assistance.

The evolution of BRA's programs reflects the changing nature of political dynamics in Aceh (Table 5.1). The shape of the early BRA projects—which provided individual assistance to former combatants and housing for conflict victims—reflected agreements made between GAM and the Indonesian government in discussions chaired by the international peace monitors (the Aceh Monitoring Mission, AMM). Both sides were concerned with providing money to former combatants and conflict victims in order to maintain peace; they were less concerned about transparency or the effectiveness of delivery mechanisms. BRA programs reflected this, with cash doled out with little monitoring or support to ensure that the money was used well.

Table 5.1. BRA's Programs and Political Dynamics in Aceh

Period	Dynamic	Donor Support	Main programs
2005-2006	Led by 'technocrats' Main objective: to integrate ex-combatants to support the peace process	USAID, UNDP, EU (technical assistance/capacity building)	Individually-targeted assistance to combatants, conflict victims, and housing
Mid-2006-mid-2007	Still led by 'technocrats' Faced major problems due to inability to manage requests for assistance	As above, plus World Bank program for victims	Individual assistance for ex-combatants; housing; BRA-KDP – community-driven development project, targeted at high intensity conflict areas
Mid-2007-now	Increasingly led by ex-combatants (Aceh-level down to district level), especially from 2010 BRA-KDP was stopped	Practically none	Back to individually-targeted assistance

While the ex-combatant program continued with money provided first through ex-commanders and then directly to a list provided by GAM, mid-2006 saw a change in assistance for conflict victims. GAM and the Indonesian government had agreed on ten criteria for who counted as a victim; BRA subsequently announced that anyone covered by these criteria was entitled to Rp 10 million (over US\$ 1,000). However, within months, over 48,500 applications for around 700,000 people were submitted to BRA. In addition to not having the funds to cover so many applications, BRA also had no way to establish whether claims were accurate or any means of delivering the funds.

Under extreme pressure (deaths threats to BRA staff and large demonstrations outside the BRA office) the agency's management asked the World Bank to help design a program that would devolve decision-making about who should receive funds to the community level. The BRA-KDP program, which was built on the national Kecamatan Development Program, subsequently provided block grants to over 1,700 communities (one-third of the total in Aceh) worth around US\$ 20.4 million.¹⁸⁸ This diffused tensions associated with BRA's promises of assistance for victims.¹⁸⁹

It was planned that the remaining villages would be covered in a second round of the BRA-KDP program. However, in mid-2007, BRA decided to revert to its initial scheme of individually-targeted assistance, despite strong popular support for the program. Again, this decision was due to

the political incentives of those in charge of BRA. In late 2006, the GAM-affiliated Irwandi Jusuf won the governorship and GAM won many district head contests. As they came to power in the province, GAM figures put pressure on BRA to use their programs—including those for conflict victims—to provide assistance to former GAM combatants. After GAM took control of BRA, government reintegration funds were used increasingly for patronage.

Donor incentives and politics: lack of questioning of government approaches

In the early postconflict years, donor agencies largely did not shape government approaches. Their own programs were also shaped to a great extent by both the external political environment and internal constraints.

Following the peace agreement, international donor agencies were primarily concerned with ensuring that the government would allow them to work in Aceh and that their vast tsunami reconstruction projects were shielded from postconflict pressures.¹⁹⁰ The early post-tsunami days were marked by extreme caution and risk aversion on the part of many NGOs and donors, especially on contentious political issues.¹⁹¹ International agencies remembered that prior to the tsunami they were largely not allowed to operate in Aceh. Antagonizing the government could jeopardize not only their tsunami reconstruction programs but also adversely affect their projects elsewhere in Indonesia. In particular, the UN agencies—negatively associated by many in the government

with the Indonesian withdrawal from East Timor—were extremely careful in the months before and following Helsinki not to offend Jakarta.

This had two consequences. First, donors felt most comfortable supporting the national government's plans for post-conflict assistance. They did not question the government's strategy for reintegration and postconflict development that focused peacebuilding programs primarily on individual assistance and kept these separate from programs for tsunami reconstruction. Donors never formed their own coordination group, although informal meetings between donor representatives were sometimes held in Banda Aceh's cafes. Second, in general donor agencies working on tsunami reconstruction chose not to use their programs to deal with needs in conflict-affected areas. A study of donor practices in mid-2005 found that, by and large, agencies had not considered how their massive projects could help cement the peace or how to ensure that their projects were 'conflict sensitive'.¹⁹²

One important exception was the European Union. The EU funded the work of the Crisis Management Initiative to host and mediate the Helsinki talks and also provided funding for AMM, the peace mission. At the same time, they started channeling funds to the International Organization for Migration. IOM's head—who was close to Hamid Awaluddin, the Minister of Justice and Human Rights and the leader of the government delegation in the Helsinki

negotiations—carved out a role supporting the release and return of political prisoners and providing assistance to former combatants.¹⁹³

Over time, as government sensitivities about international involvement receded, donors and other agencies became more confident in seeking a major role in shaping the postconflict program. The World Bank conducted an initial conflict assessment that was published and sent to Bappenas the week the peace agreement was signed.¹⁹⁴ This provided the basis for Bappenas' call for international support in the areas of reintegration, public information about peace, and building the capacity of the police. UNDP provided consultants to Bappenas and BRA to support the formulation of the national government strategy and reintegration budgets. USAID supported the development of a Joint Forum (*Forum Bersama*) where the Indonesian government, GAM, Acehese civil society, and internationals could discuss the postconflict program. In addition to supporting the public information work and the BRA-KDP victims program, the World Bank developed a large analytic program, which, as discussed previously, included an assessment of the needs of former GAM and ongoing conflict monitoring updates, in the hope of shaping government and donor decision-making.

Yet while many—although certainly not all—of these activities were valuable, they had a relatively limited role in shaping national and local government strategies for postconflict programming.

Forum Bersama was incorporated into the BRA structures but never developed beyond being a talk shop with little link to project development and was eventually wound up. Initially, UNDP consultants had minimal influence on government strategies, in part because of language difficulties and lack of understanding of government processes. When UNDP switched to providing technical assistance by Indonesians, they often focused only on technical tasks—such as developing budgets—rather than on shaping larger strategies. The World Bank’s regular conflict monitoring reports, which provided space to highlight emerging issues such as high levels of ex-combatant unemployment, helped shape donor priorities. However, with government actions driven by peace process politics, the conflict monitoring updates and other analytic products usually did not lead to evidence-based decision-making by the national or local government.

Further, little thought was given to who would occupy positions in Aceh’s local government institutions or to building the capacity of these actors. As previously explained, the 2006 Law on Governing Aceh provided mechanisms for GAM’s leaders to enter politics, initially as independents and then through their own political party. Irwandi’s victory in 2006, alongside the victories of GAM-linked figures in many district elections, showed that former GAM were likely to play a prominent role in Aceh’s politics in the future. Yet there was almost no work to support GAM’s transition from a rebel

movement to a political party. Donors were worried about being seen by the national government as being too close to the former insurgent group. Many, bound by limits in their mandates on the extent to which they could engage in ‘political’ work, also felt they had little ability to support GAM’s evolution. The small international NGOs who did try to build the capacity of GAM as a political actors found themselves ill equipped to do so, lacking personnel with Indonesian language skills or knowledge of the local context.

In summary, politics shaped the types of reintegration programs that were developed and how they were implemented. Donors tried to have an influence, but were inherently limited in their ability to do so.

5.2 Politics and Aceh's Current Postconflict Programs

Over time, the role of the national government in designing and financing postconflict programs has diminished.¹⁹⁵ As international donors and development agencies became less active in Aceh, local government priorities largely determined the make-up of postconflict programs.

Local government and GAM incentives and politics: extending patronage while maintaining some legitimacy

The series of elections from 2006 to 2012 resulted in the accession of GAM leaders to the heart of Aceh's polity. Over time, the former rebel group (under the banner of Partai Aceh) has managed to gain near oligarchic control of provincial and local politics.¹⁹⁶ With control of state resources,

and of BRA, GAM elites chose to continue to prioritize top-down, individually-based reintegration programs. Around US\$ 73 million of national and provincial budgets were spent on such programs between 2009 and 2012. Ex-combatant leaders favored individual aid not for its development impact but because they could use the money for patronage. As explored in Section 5.3 below, access to funds is effectively determined by KPA, which controls the BRA structure. Providing such funds to local followers provides a means to buy the loyalty of lower level former combatants, many of whom were upset at the large inequalities in economic status emerging within the movement (see Section 3.4). This was necessary both to limit local level unrest and for campaigning purposes when elections came around.

Box 5.1. Dana Aspirasi and Partai Aceh

The power of GAM has increased since the conflict ended. The provincial and most district legislatures are now dominated by Partai Aceh. Each member of the provincial parliament receives an annual allocation of around Rp 5 billion (US\$ 500,000), referred to as "aspiration funds" (*dana aspirasi*), which they can spend as they wish. Legislators usually distribute these funds directly to their constituents. In Tanah Jambo Aye sub-district, for example, these proposals are submitted through Partai Aceh channels at the village and district levels.

The proactive head of one village in Tanah Jambo Aye has ensured that his village receives a great deal of aid from the aspiration funds. These funds have been used to build a prayer hall, mosque, and irrigation facilities. This village head works very closely with a KPA member from the sub-district, who has close personal relationships with many high-ranking KPA and Partai Aceh personnel up to the provincial level. In contrast, the village head in the other village studied in the sub-district has few connections and consequently, his village has received little aid from the aspiration funds.

Many local line ministry programs—in particular, those related to the construction of public infrastructure—have a similar logic (Box 5.1). Large shares of local government budgets are used to reward GAM followers and prevent them from pressing those in power for a share of the profits made possible by winning elections. In September 2008, 18 months into his term of office, the Aceh Besar district head shocked many by tendering his resignation in front of the district parliament. Initially he refused to disclose his reasons. However, it soon emerged that he had been under constant pressure from his *tim sukses* (electoral campaign team) to give them bureaucratic positions and contracts. Allegedly, he grew tired of such pressures and decided to resign because he could not impose higher moral standards on the bureaucracy.¹⁹⁷

In this context, Aceh's new leaders have little incentive to build the capacity of state institutions or to promote good governance. Nevertheless, leaders have recognized the need for some more broadly popular programs to benefit the population. Politicians, facing electoral competition, have also recognized that delivering good results in at least a few sectors is important for achieving legitimacy and for assuring continuing support in elections.

Thus, on coming to power at the end of 2006, Governor Irwandi developed three large flagship programs: (i) the Village Development Financial Assistance program (BKPG), which was based on the popular national KDP/PNPM program; (ii) the Aceh Health Insurance program (JKA), which provided free healthcare; and (iii) a

program that provided free primary education across Aceh as well as scholarships for university study abroad. These ran in parallel with individual reintegration assistance (as well as regular local line ministry programs) and promised greater development impact.

Irwandi failed to win reelection in 2012. However, the new governor (from Partai Aceh/GAM), who was aware of the three programs' popularity, pledged to continue financing BKPG, free health care, and free primary education.

Donor incentives and politics: recognizing the importance of building institutions but facing challenges in doing so

Over time, donors working on peacebuilding in Aceh have moved away from supporting individually-based reintegration programs and BRA. There are a number of reasons for this.

First, there has been growing understanding of the evolving political context and problems with reintegration programs. Given that Aceh was closed to foreign aid workers until the tsunami, early postconflict programs were often developed with limited understanding of local conditions. Many of the programs (such as those from IOM and UNDP) were largely shaped by short-term consultants who were experts in peacebuilding and reintegration programs but new to Aceh. Consequently, these experts recommended types of programs that had been successful in other countries.¹⁹⁸ Over time, donors tended to put longer-term staff and consultants in their Aceh field offices.

These people were well placed to observe the impact of GAM's rise to power and some of the negative consequences of the reintegration programs that were being implemented.¹⁹⁹

Second, there was decreasing confidence from internationals in the performance of BRA. Donors such as UNDP and USAID had tried hard to shape both BRA's strategy and the design of its programs. Yet it soon became clear that the technical quality of programs was not a priority for BRA.²⁰⁰ After the BRA-KDP program was closed down, the World Bank made a decision not to work with the reintegration agency but to partner with other local government bodies such as the governor's office and the local planning agency (Bappeda).

Third, consensus grew among donors that problems in Aceh now related primarily to poor governance and weak institutions. The Multi-Stakeholder Review concluded that broader-based economic growth would have more beneficial effects for ex-combatants and conflict victims, and greater positive impacts on social cohesion, than individually-targeted programs.²⁰¹ Such approaches required moving decision-making power on postconflict programs away from BRA to the planning agency and local line ministries. However, building the capacity of these agencies would require significant work.

These changing priorities have been reflected in the new generation of internationally-supported, postconflict programs in Aceh (as outlined earlier in Table 4.3). Aid efforts now focus on institution-building (the World Bank), improving local governance and public service delivery (AusAID, USAID), and community development projects (World Bank-supported). In many ways, such programs are similar to those in other areas of Indonesia. Only the World Bank's CPDA and, to a lesser extent, AusAID's LOGICA, has a specific conflict/peacebuilding focus. For most donors still engaged in Aceh, the province is largely viewed as a 'normal' Indonesian province.

However, the ability of international programs to shape governance practices in Aceh has been limited. Declining interest in Aceh had led to a massive reduction in the level of support compared to the early post-tsunami/post-MoU period. By 2012, donors were contributing less than 10% of total development aid.²⁰² Even in less challenging circumstances, reforming poor governance is extremely challenging and can take decades. With the political incentives of those in power in Aceh working against the development of state capacity to promote social and economic development, programs which have had a short duration have struggled to improve institutional performance and state service delivery beyond the village level.

5.3 Community-level Power Dynamics and Development Programs

While national and provincial politics have shaped the choice of government and non-government development projects, local-level political dynamics shape how projects operate. Aid projects interact with local sets of power structures. However, different programs work through—and support—different sets of local political actors and hence may bolster, or weaken, different actors at the local level.

Local institutions in Aceh

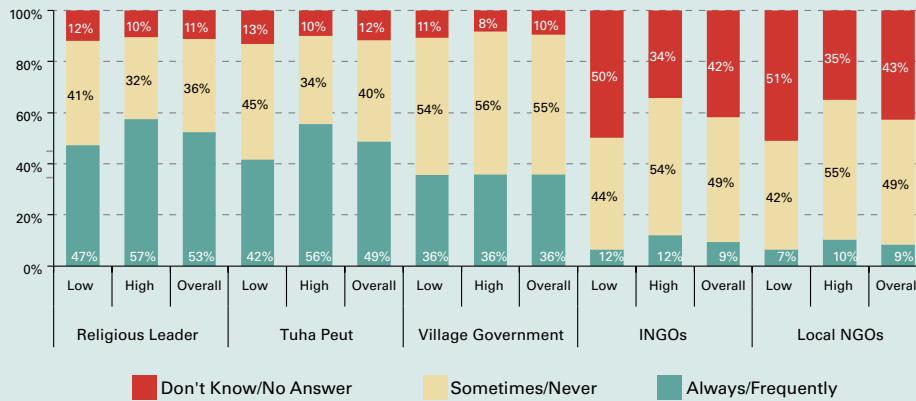
Aceh has a well-established set of formal and informal institutions. In terms of formal government structure, the village (called *gampong* in Acehnese) is the lowest autonomous body with budgeting power. The *gampong* is led by a *keuchik* (village head) who, in accordance with Indonesian law, is democratically and directly elected by the villagers every five years.²⁰³ The village executive has a secretary and other staff who are selected by the villagers, rather than by the *keuchik*. A village council (*tuha peut*) is selected by the community through village discussion, and has legislation, budgeting and controlling power, in addition to responsibilities for gathering information on community needs and aspirations and maintaining religious and traditional values. Another important customary (*adat*) institution at the village level is the *tuha lapan*, which is officially responsible for assisting the *keuchik* in ‘developing the village.’²⁰⁴ In practice, as observed in the 2012 locality case studies, the *tuha lapan* is perceived as being responsible for village development planning council.

Administratively, as elsewhere in Indonesia, the formal structure above the village in Aceh is the sub-district (*kecamatan*). However, the *keuchik* is not accountable to the head of the *kecamatan* (the *camat*), since the *kecamatan* is a ‘deconcentrated’ office of the local government. In Aceh another important *adat* institution is the *mukim*, which has geographic coverage between the *kecamatan* and the *gampong*. A *mukim* is headed by an *imeum* who is selected through a *mukim*-level discussion and, interestingly, is inaugurated by the district-level regent/mayor.²⁰⁵

Trust and confidence in local leaders

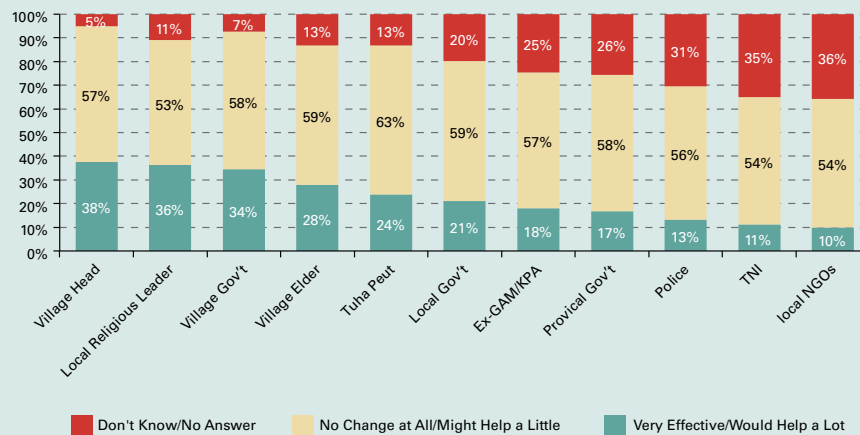
Based on the 2012 perceptions survey, religious leaders and village council members are more trusted than any other leaders—on average, around half of respondents indicate that religious leaders and *tuha peut* members act in a morally correct way (Figure 5.1). Survey respondents have less trust in the village head: only 36% of the community think that s/he acts in a morally correct way, while 55% of the population disagrees. Nevertheless, this is still much better than respondents’ level of trust in local and international NGOs. Interestingly, in contrast with their perceptions of government and political parties, respondents in high-intensity conflict areas are more positive about village-level leaders and NGOs, compared with those in low-intensity conflict areas, perhaps because they have relied on them more in the past.

Figure 5.1. ... Acts in a Morally Correct Way? (by Conflict Intensity)



Source: 2012 Quantitative Survey

Figure 5.2: Could Complaining to ... Improve Village Conditions?



Source: 2012 Quantitative Survey

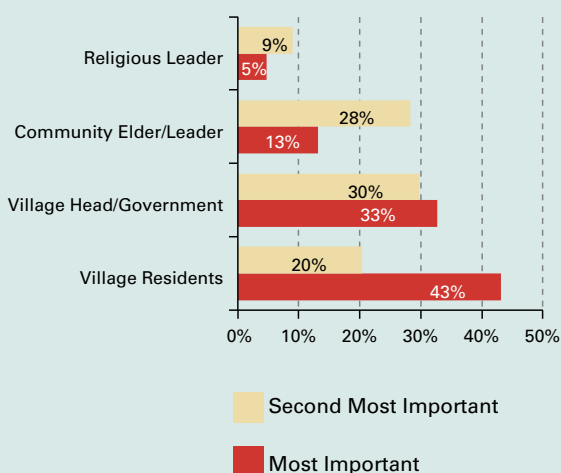
Communities in Aceh are relatively skeptical about their ability to improve conditions in their village—more than half think any action would not improve, or would have little impact on, conditions. However, complaining to the village head, local religious leaders, and village government are perceived

as being more effective than complaining to other actors. Comparison between survey responses in low- and high-intensity conflict areas shows that people in the latter are less likely to believe that complaining to almost any of the actors listed in Figure 5.2 would improve conditions in their village.²⁰⁶

The 2012 LCS confirms these findings. In general, formal village-level government institutions and religious leaders seem to have stronger influence and decision-making power, than other actors. This is the case in all of the localities studied, regardless of whether the village experienced a high or low level of civil war violence, whether it is ethnically homogenous or heterogeneous, rich or poor, tsunami affected or not, or located on the north-east coast, in the Central Highlands, or on the west coast.

More than half of respondents to the 2012 survey think that the community at large is the primary or second-most-important decision-maker in their village, indicating a relatively high level of public participation (Figure 5.3). However, 63% and 41% of respondents also think that the village head/government and community leaders are the main decision-makers in their village, showing the importance of both formal and informal elites in village-level decision-making processes.

Figure 5.3: Village Level Decision-Maker



Interaction between projects and local power dynamics

The interaction between local political dynamics and aid programs is different for different types of aid project. The following sections use the locality case studies to explain these differences focusing on the four types of projects discussed in Section 4.3: direct individually-targeted assistance (BRA); CDD programs (PNPM); CBD programs (BKPG and others, including LOGICA); and regular, local government-funded, development programs.²⁰⁷

Formal government actors

At the sub-district level, the *camat* has a very limited role in implementing or overseeing community-level institutions and programs. He or she has to endorse PNPM and BRA assistance proposals, but there is little indication of more substantive interventions in the programs. The only indication of the *camat's* intervention was on the decision to use a rotation system to select beneficiary villages for PNPM rather than using inter-village competition (see Section 4.3), a step taken to avoid inter-village conflict. In most localities covered in the 2012 locality studies, the *camat* and the *kecamatan* office had almost no knowledge about aid and development programs implemented in their jurisdiction, with the exception of PNPM and LOGICA. The former involves inter-village meetings and the latter specifically focuses on improving governance at the district and sub-district levels.

In contrast, the formal village government—the *keuchik*, village secretary, and the *tuha peut*—have a role in all types of programs, albeit with high variation across programs. For BRA’s individual-assistance programs, the village leadership has the power to endorse (or reject) proposals. However, they are in a weak position to influence decision-making compared with those linked to BRA at the district level. Although PNPM tries to limit the interventions of formal government actors, in reality the village government still has an important role in influencing decisions on the use of funds. The village government has an even more important role in BKPG and other CBD projects. The BKPG proposal is usually prepared by them and then discussed with the community. The process of identifying activities in other CBD projects also seems to be similar to the BKPG mechanism. Program staff identify activities with the village government before consulting with community representatives,

who are replaced by the *tuha peut* in some cases. Nonetheless, community members interviewed in the LCS did not complain about this.

The *keuchik* has a very important role to play in many regular, local government-funded programs. The LCS revealed that decisions on whether a village will receive a project funded from the local budget (APBK) are often determined by the strength of the relationship between the *keuchik*, district government officials, and members of the district parliament. In some cases, villages receive projects because of a personal relationship between the district decision-maker and the village. The quality of proposals identified through the state-mandated, bottom-up planning processes (*musrenbang*) is far less important in determining what is funded. This may result in limited interest in becoming a *keuchik* in Aceh (see Box 5.2 and the discussion on ex-combatants and GAM supporters below).

Box 5.2. Limited Competition in Keuchik Elections

The 2012 LCS covered 19 villages in ten *kecamatan* in six districts (*kabupaten*). Of these, there was real competition in *keuchik* elections in only four villages, and none of these led to violent conflicts. In other villages, the level of competition was very limited.

In three villages—a mix of high- and low-intensity conflict areas during war—no villager was willing to run in the *keuchik* election. Lack of rewards (limited salary and benefits) were cited as the main reasons for this.

Two other villages did not have a *keuchik* election. The incumbent was seen as very charismatic and nobody wanted to compete against him and village election by-laws require that at least two candidates compete in the election. In ten other villages, which were a mix of low- and high-intensity conflict areas, relatively urbanized and relatively rural areas, and east, north, west, and central Aceh, a candidate competed who was “expected to lose.”

Women groups

Although not containing specific instructions, Aceh By-law (*Qanun*) No. 5/2003 on Village Government specifically mentions that women, as well as youth, religious and customary (*adat*) leaders, and intellectuals, should be considered for membership of the *tuha peut*. The 2012 LCS found that several villages in three sub-districts had women *tuha peut* members.²⁰⁸ However, in general women's influence on village-level decision making seems limited.

In contrast, a woman member of PNPM's Activity Management Team (TPK) in Darul

Imarah (Aceh Besar) became an important village-level activist, leading the village cooperative, pre-school center, and health post. PNPM specifically tries to promote women's empowerment through a specific women's group proposal preparation discussion (MKP), by requiring women to participate in the inter-village decision-making meeting (MAD), and by financing a revolving fund for women (SPP). BKPG also has a SPP allocation. However, the 2012 LCS found that women's participation is usually limited only to the MKP and preparing SPP proposals.²⁰⁹ Several concerns were raised about implementation of the SPP revolving fund (Box 5.3).

Box 5.3. Issues with the Women's Revolving Fund (SPP)

Although there have been some cases of successful use of the SPP revolving fund, such as women's groups setting up enterprises in two villages, and expansion of businesses for individual women, the 2012 LCS found two problems with SPP implementation, although these were not specific to Aceh (see, for example, Akatiga 2010).

1. The strict PNPM rule that non-performing SPP loans can influence the disbursement of funds for other PNPM activities has created an incentive for facilitators and village communities to choose SPP beneficiaries who already have businesses. These are not necessarily the poor.
2. In most cases, women's groups that use SPP funds are not sustainable, mainly due to non-performing loans. Most recipients receive loans for consumption and for emergency situations, rather than for economic activities. Some groups also decided to stop operating. The high interest rate charged by PNPM for SPP loans was cited as the main reason for this.

Of the 19 villages in the ten sub-districts studied through the LCS, none had used BKPG funds to finance the infrastructure usually needed and requested by women (health posts, childcare facilities, and water supply). All of the funds used for infrastructure were used for roads and their supporting infrastructure such as drainage and retaining walls apart from one village which used funds for a community praying hall (*meunasah*). PNPM funding for infrastructure was slightly more responsive to women's needs. The LCS researchers found 'women-type infrastructure' in two sub-districts, Darul Imarah and Kuta Malaka, both in Aceh Besar. Similar types of infrastructure were built in the same sub-district (health posts in both villages in Darul Imarah and water supply in both villages in Kuta Malaka), suggesting that district-level consultants and *kecamatan* facilitators strongly promoted women's participation and projects. However, this was not the case in the other sub-districts studied.

Ex-combatants and GAM supporters

As discussed in Section 4.3, ex-combatants—particularly those who have good relationships with the KPA, Partai Aceh, and/or the district-level BRA office—are key to getting individual assistance from BRA. However, beyond BRA programs, the LCS found no systematic effort by ex-combatants to capture community-level aid (Box 5.4).

In areas such as Tanah Jambo Aye in North Aceh, which were previously conflict hotspots, ex-combatants and KPA/Partai Aceh members do indeed dominate village governments and PNPM organizational structures. However, this appears to be a natural result of the large number of GAM supporters living there with no evidence that a systematic effort to capture these institutions has taken place.

Box 5.4. Cooptation by GAM in Jeumpa, Bireuen

There has been very little effort by KPA/PA to “take over” PNPM and BKPG. The scale of the activities is relatively low, compared with the regular projects funded by the provincial and district budgets, making PNPM and BKPG fairly unattractive. In addition, specifically for PNPM, the existence of a facilitator team that has a strong position in verifying proposals from the hamlet level, together with the rigid mechanism, means that they need to follow project processes. However, there are indications that nepotism is rife in the process of selecting the assistant field facilitators. Many are relatives of officials working at BPM, the ministry responsible for the program. Even so, people do not feel that former GAM members intervene to fill these positions.

There are several reasons why ex-GAM are not pursuing village-level funds and why they have not tried to take over the village government structure in more heterogeneous villages. First, as discussed above, there is high community trust in incumbent village governments and religious leaders. In other words, an entrenched local elite beyond GAM exists in many areas.

Second, village government positions are unattractive. During the war, *keuchiks* were under great pressure from both GAM and the Indonesian military; in the postconflict period, they face high community expectations to obtain projects for their villages. During the war, *keuchiks* were required to collect funds from the community and to give the money to GAM (*pajak nanggroë*) as well as to assist in the recruitment of both GAM and anti-GAM militia. In the postconflict era, their salary and other benefits are considered inadequate.


Third, there are other alternatives to the formal government structure for ex-combatants. Politically, KPA, with its parallel structure from the *kecamatan* up to the provincial level, provides a better way for ex-combatants to establish links with higher-level decision-makers. Economically, provincial- and district-level projects and contracts have higher monetary value, less transparent governance processes and hence are easier to control or 'tax' (see Section 3).

Other community elites and project staff

Decision-making on development projects is also sometimes influenced by other local elites and project staff but, in general, villagers accept this. In a village in Krueng Sabee sub-district (Aceh Jaya, one of the areas worst hit by the 2004 tsunami), both funds from PNPM (2011) and BKPG (2011 and 2012) were used to build tsunami evacuation roads. A village in Kuala sub-district (Bireuen) used funds to rehabilitate a soccer field. Although villagers in both communities indicated that other types of infrastructure—health, education, and sanitation facilities—were also needed, local elites and/or project staff had pushed for these projects. However, most villagers interviewed did not mind that they had played this role. Most agreed that the tsunami evacuation roads and the soccer field were a high priority. Project processes—which involved the community at large, albeit with some degree of domination by elite groups—seemed to be adequate for the community to accept the choice of project to be funded.

Impact of aid on community-level political dynamics

In summary, the ways aid and development programs work at the local level in Aceh is a result of existing local-level power structures, *reflecting rather than changing these dynamics*. However, different programs work with different power structures.



BKPG and other community-based development programs enhance the pre-existing power of formal village governments and, in some cases, other existing village elites, but not the power of ex-combatants. BRA assistance, on the other hand, has enhanced the power of ex-combatants, particularly those who have links with district-level BRA officers, and has undermined the formal government structure. Similarly, regular local government programs, particularly in GAM stronghold areas, contribute to expanding the power of ex-combatants, particularly its elites.

PNPM is the only large current program that specifically attempts not to enhance the power of existing community-level elites at the expense of wider community participation. The LCSs found that the program is relatively successful in providing non-elites with access to project decision-making, and its relatively strict mechanism makes it difficult for existing elites to co-opt the program. However, despite one case where PNPM women activists played a more important role in wider, village-level decision-making processes, in general, the program is not changing village-level governance beyond PNPM implementation. This is not, however, specific to Aceh. Research conducted elsewhere in Indonesia has found evidence of positive impact on the functioning of local institutions and on social relations after three or four PNPM cycles.²¹⁰ However, many other CDD and CBD projects appear to have more limited impact in improving village governance beyond the programs themselves.²¹¹

By and large communities were not satisfied with the non-transparent, and in many cases corrupt, implementation of BRA's individually-targeted assistance. In contrast, the communities did not raise concerns about the selection of CDD and CBD projects, even when village-level elites played a disproportionate role in choosing what funds would be used for. In general, they are satisfied as long as two conditions are met: (i) they are consulted on the proposal even if they are not involved in preparing it; and (ii) the local community has the opportunity to participate in project implementation, although they do not always participate if there are better economic opportunities available.

The differences between the BRA and local government programs, on the one hand, and the CDD/CBD programs, on the other, also show how different types of aid can strengthen different sets of elites at the local level. The former programs appear to have strengthened the hand of former GAM leaders at the district and local level. In contrast, the latter programs work through and strengthen the position of other local elites. In many but not all areas, these elites are not former combatants. This analysis suggests that even in an environment of oligarchic GAM-controlled politics at the provincial and district levels, some programs may build local countervailing power.



6. Is Aid in Aceh Contributing to Peace and Development?

To what extent has aid—from government and donors—supported Aceh’s war-to-peace transition? This section brings together the previous analysis of transformational needs at different points in Aceh’s peace process (Section 3), of the dominant aid programs in Aceh (Section 4), and the reasons why the approaches taken were adopted (Section 5). It assesses the extent to which aid programs addressed changing needs and the implications for Aceh’s transition.

6.1 Initial Postconflict Assistance Programs in Aceh

In the early period after the signing of the Helsinki MoU, the key peace-building needs were: (a) to build the trust and confidence of combatant elites in the Indonesian state and in the peace agreement; and (b) to ensure that local-level issues, such as those related to the return of ex-combatants, would not cause problems. Short-term measures were needed to show the seriousness of the government in implementing the peace accord and to provide an immediate peace dividend for former combatants and conflict-affected villages. It also required the development of institutions to implement the peace agreement—in particular the reintegration program for former combatants, political prisoners, and conflict victims.

The make-up of early postconflict aid reflected this. Programs focused primarily on building the confidence of, and generating buy-in from, those who could potentially de-rail the peace process. This required providing funds to formerly-warring elites and getting benefits quickly to groups such as ex-combatants who could cause problems. The early reintegration program—both that funded by the government (money for ex-combatants through GAM structures) and donors (IOM’s programs for political prisoners and ex-combatants)—focused on ensuring that funds rapidly reached potential spoilers of the peace. IOM’s prisoner program, which supported the return of over 1,900 incarcerated GAM in the initial weeks after the signing of the MoU, played a particularly important role in boosting GAM’s confidence in the settlement. A pragmatic decision was made early on that government funds would also be channeled to anti-separatist militia groups, even though they were not covered under the MoU, and GAM agreed to this.²¹² The government and donors also invested heavily in joint GAM-government public information programs to help boost confidence that the peace agreement was legitimate and that both parties were committed to it.

The development effectiveness of such aid was not viewed as a priority. Both donors and government dressed up program designs in the rhetoric of development—reintegration assistance, for example, would help ex-combatants find jobs and boost the local economy. But the unspoken consensus was that it was more important to use aid to create a visible sign of government commitment to the peace accord and to make sure that funds reached those whose actions could wreck the peace deal. As a result, early reintegration programs focused on providing ‘goodies’ and ‘toys’ for potential troublemakers. Funds were channeled through GAM structures to strengthen former rebel elites’ support for the peace process. The fact that funds were not being used transparently or, from a technical standpoint, efficiently, was of little concern to policymakers. While some donors had misgivings about this, by and large they fell in behind the government strategy.

There was little focus on institution-building from either the government or donors in this initial period but this grew as a priority from early 2006. Donor agencies started to invest in technical assistance to the two main agencies responsible for reintegration programming: the Aceh Reintegration Agency (BRA) and, to a lesser extent, the national planning agency in Jakarta (Bappenas). The national and Aceh government all agreed that reintegration programming should be separated from regular government planning and service delivery programs. As such, investments focused on building up transitional institutions such as the ad-hoc BRA to

ensure that it could manage reintegration programs. This mirrored donor approaches to working with the government on tsunami reconstruction, where support was given to the ad-hoc tsunami reconstruction agency (the BRR), rather than to established local government agencies. Some technical assistance and capacity building programs—such as GIZ ADRE, USAID LGSP, the UNDP justice program and the World Bank SPADA programs—did attempt to improve regular service delivery. However, these efforts did not focus on improving the conflict sensitivity of government programs.

Was aid in the early postconflict period transformative? Aid did play a role in helping to address important issues in the early postconflict period. As Table 6.1 shows, the dominant types of aid programs were aligned with the most important transformational needs in the months following the MoU. The priority was building confidence in the peace agreement among elites, communities and ex-combatants, and aid programs focused on these issues. Over time, international aid programs also helped the government to develop institutions such as BRA to implement key elements of the peace accord such as the reintegration program. To a large extent, aid programs did work on the priority issues in the early postconflict period.

Table 6.1. Aid and initial peacebuilding needs

Type of contestation	Transformational need		Focus of government programs	Focus of donor programs
	Confidence	Institutions		
I. Center-periphery	Build confidence of formerly warring parties in the peace settlement	Develop institutions to implement the peace agreement	'Compensation': reintegration assistance for ex-combatants and Acehnese in general	'Compensation': reintegration assistance for ex-combatants and Acehnese in general Support to BRA/Bappenas
II. Inter-elite	Not a priority issue			
III. Inter-communal	Build confidence of local groups in the peace settlement	Develop institutions to deliver assistance in conflict-sensitive ways	Support for victims and community projects	Support for victims and community projects
IV. Elite-local	Not a priority issue			

However, aid programs played a supporting rather than decisive role. In the early days, other factors beyond aid programs were key in ensuring that the peace accord held. As discussed in Sections 2 and 3, both GAM leaders and the Indonesian government had strong reasons for supporting the peace agreement. Elements of the MoU that provided increased autonomous powers to the province and channels for former combatant elites to enter local politics were more important in generating and sustaining support and confidence than reintegration or other peacebuilding programs. Aid agencies, in other words, helped support the transition through their programs; but the stars were already aligned in ways that allowed for Aceh's peace process to flourish.

The lack of focus on developmental impacts—and the elements of program design that could support these such as transparent targeting systems, monitoring of assistance, and efforts to support the broader growth-enabling environment—may have been justified in the short term when the priority was 'getting money out the door'. But over time this led to new sources of contestation such as jealousies between those who were receiving assistance and those who were not. The failure to effectively use post-tsunami reconstruction programs to support rebuilding, development and job creation in conflict-affected areas also resulted in missed opportunities. And the lack of focus on institution-building of local line ministries, made it more difficult later on to make the transition to broader, conflict-sensitive development.

6.2 Current Postconflict Assistance Programs in Aceh

While aid programs and approaches were by-and-large aligned with priority transformational needs in the early postconflict years, this has not been the case in more recent years (Table 6.2, below). Over time, the issues related to cementing peace, and sources of contestation, have changed. Trust between Aceh and Jakarta, and building the confidence of elites and communities in the peace process, are no longer pressing issues. Instead, the dominant peacebuilding issues in Aceh now concern increasing inter-elite contestation and communities' (including lower-level, former ex-combatants) lack of trust in Aceh's leaders. Addressing these issues requires building impartial and effective government institutions that manage elite competition, support equitable growth, and deliver services and goods to Aceh's population. Communities' confidence in the post-MoU settlement is important. But with the devolution of power to Aceh, such confidence largely depends on the quality of local institutions.

Those donors continuing to provide funding have recognized these issues and have shifted the focus of their programs accordingly. Aid programs, by and large, are not well suited to dealing with inter-elite competition and donors are not working directly on this issue.²¹³ The main donor projects in Aceh now all focus on governance and/or service delivery issues. Donors are no longer supporting BRA or individually-based reintegration assistance.

However, donors working on these important issues face immense challenges. Funding for such programs is minute compared with local government budgets. Donors, too, are

unable to channel funds directly through local governments. Under Indonesian law, all on-budget donor resources must go through national ministries. As such, it is nearly impossible to use the promise of funds to achieve improvements in local government practices. As political power has consolidated in Aceh with Partai Aceh's takeover of local governments and government agencies, there are few incentives for elites to improve governance and build institutions. Regarding donor support for governance reform, it may be a question of 'too little, too late'.

Programs are having some positive effects. For example, the World Bank's work under CPDA that supports public expenditure analyses and civil society demand for good governance helped shape the content of the new mid-term development strategy for the province. But these achievements are very much at the margins.

Most postconflict programs are now financed through state resources. In general, current local government programs are not aligned to changing needs in Aceh. The government has continued to support individually-targeted reintegration programs through BRA. Such programs made sense in the early period when the key need was to build confidence in the peace settlement. But with former GAM fully incorporated into the state, the rationale for continuing them is weak. Furthermore, badly targeted and delivered assistance is leading to resentment and reduced trust in local authorities. There has been little interest from politicians and bureaucrats in developing programs that improve the functioning of government and state institutions.

Table 6.2. Aid and later peacebuilding needs

Type of contestation	Transformational need		Focus of government programs	Focus of donor programs
	Confidence	Institutions		
I. Center-periphery	Maintain confidence of formerly warring parties in peace	Ensure institutions in place to mediate relations between the center and periphery	'Compensation': reintegration assistance for ex-combatants and GAM supporters	
II. Inter-elite	Not a priority issue	Ensure institutions in place to mediate inter-elite competition		
III. Inter-communal	Not a priority issue	Ensure institutions in place to mediate inter-communal competition		
IV. Elite-local	Not a priority issue	Improve the functioning of institutions to support peaceful development	Regular line ministry projects where money can be easily diverted	Focus on building government service-delivery for conflict sensitive development

Source: Bolded issues are priority needs

PNPM and BKPG, the government-financed and donor-supported community-driven/based programs, do appear to be an exception in that they are effectively delivering government resources to rural communities in ways that may bolster confidence in the local and national state. As the last section noted, such programs help strengthen non-GAM elites in villages and thus may provide some checks against GAM's increasing control of Aceh's politics and economy. Yet this is not translating into changes at higher levels in the power structure.

The limited ability of donors to shape government priorities, and the mismatch between government aid programs and new postconflict needs, means that, cumulatively, aid has had little positive effect on new sources of contestation. Indeed, dominant government approaches to aid delivery in the province may be contributing to a worsening of such forms of contestation.

If donor support had focused on governance and institution-building issues earlier on, when funds were large and when political power was not so consolidated, it may have been possible to have some positive effects in this area although working on governance reform is challenging and needs long time horizons. However, donors in the early postconflict period preferred to focus on immediate needs (building confidence) and worked with transitional government structures (BRA) rather than local line ministries. For tsunami reconstruction this made sense: BRR was a professional and effective counterpart to donor agencies and played a large role in ensuring the success of the reconstruction effort. Yet, arguably, emergency postconflict programs could have been delivered with at least as much competence through regular line ministries such as the social affairs agency. If the government and donors had chosen to work with established agencies, it would have been less difficult to make the transition from the programs needed in the short

term to cement peace and the conflict sensitive development approaches needed in the longer run. BRA was the result of a political agreement allowing GAM to play a major role in deciding how reintegration funds were used. It may have been possible, though, to provide a similar mechanism within existing government structures—for example, by creating a new bureau within the local social affairs agency.

In the early peace process years, governance work that focused on regular line ministries and local legislatures and executives had little impact. USAID, the EU, World Bank, and UNDP all put some funds into this work, using a range of strategies including the provision of technical assistance, the development of new planning processes, and efforts aimed at improving public expenditures. However, none of the programs were built on strong knowledge of the local political economy, programs did not develop relationships with reformers from within, and the funds provided were small compared with wider government budgets. For aid to be effective in improving local government institutions, it would have had to be much more politically aware and engaged.

Governance reform work has also lost momentum as ex-GAM increasingly have oligarchic control and little incentive to improve institutional performance. This is leading to new forms of contestation (between elites and between elites and community members), which could worsen over time.

To be sure, the forms of contestation and violence in Aceh today are of far less significance than those during Aceh's civil war. In many ways, they are similar to those in other areas of Indonesia. However, Aceh's history shows that large-scale violence has often reemerged when it has become clear that peace settlements have not led to improvements in the welfare of Aceh's population. As Reid writes:

Each past phase of violent conflict has been ended with some kind of solution to the 'Aceh problem'. Usually that solution relied on a heavy element of force followed by accommodation with a particular elite group. Given the latent distrust in the population as a whole, that elite had to be trusted by Jakarta to mediate effectively, and to maintain its legitimacy to lead. The arrangements always broke down eventually, for reasons that necessarily differed in the details. In essence, it might be said, however, that the elite being trusted to mediate for Aceh gradually lost legitimacy because of its compromises, its self-interest, or its growing inefficiency. With that a new challenge arose from within society, connected with the past motif of resistance, and offered the hope to restore pride, integrity and prosperity.²¹⁴

Promoting institutional strengthening—in areas such as rules for resource allocation and ensuring better government service delivery—will be key if armed conflict is not to re-emerge as it has so often in Aceh's past.

7. Conclusions and Recommendations

This chapter concludes in three parts. First, is a recap and reflection on the main findings of the report. Second, are recommendations regarding how development agencies can continue to support Aceh's war-to-peace transition to address new issues and ensure that large-scale violence does not return. Third, and finally, the chapter draws on the experiences with aid in Aceh's transition to provide tentative ideas about what can be done in other subnational conflict areas emerging from prolonged violence.

7.1 Findings

Levels and types of contestation and needs

The likelihood that large-scale violence will re-emerge in Aceh is slight in the near term. The Helsinki peace agreement provided a strong basis for addressing the concerns, and satisfying the needs, of the elite groups who led the organized violence. With strong support from the Indonesian government and local elites, center-periphery contestation has largely ended and there is now little support for armed struggle. However, in devolving powers and resources to the region, the settlement has decentralized the forms of conflict and contestation. Tensions and struggles are now between different individuals and groups *within Aceh*. With violence and contestation fragmented

and localized, and with the absence of an anti-Jakarta narrative to frame issues, fresh armed rebellion is unlikely.

However, over the longer term, the potential for new rebellion should not be dismissed. Aceh's war-to-peace transition is at an advanced stage but this is not irreversible. Violent uprising against a perceived occupier or an illegitimate governing elite has been a frequent theme in Aceh's modern history. As in many other subnational conflict areas, violence has been cyclical, with rebellions followed by peace settlements, and followed again by new uprisings. In the past, peace failed to hold in Aceh because elite agreements failed to translate into deeper changes that improved the welfare of the broader population. The current peace agreement has been exceptionally successful in lowering levels of violence and in incorporating former rebels into the state. However, the lesson from Aceh's historical experience is that peace should not be taken for granted.

Breaking Aceh's historical cycle of violence requires a deeper transformation of community-state relations. For leaders to be deemed legitimate, and for their powers not to be violently contested, ordinary Acehnese need to see benefits from peacetime development. Without this, disgruntled or power-seeking elites can re-ignite violent struggle. Aceh is doing well on many development indicators but lags in terms of poverty levels and economic growth. Given that frustrations with a lack of equitable and just development lie at the heart of previous uprisings in Aceh, reducing poverty is vital. In a context of widespread corruption and predation, effective institutions are needed to bolster development outcomes and build state legitimacy.

Aid in Aceh

The Aceh case shows the advantages of having high volumes of aid in place to support a war-to-peace transition. Aid did not lead to peace in Aceh—other factors were far more important. But the high levels of donor and government assistance following the Indian Ocean tsunami and the peace agreement did play a supporting role. Assistance provided early income streams to ex-combatant elites and boosted their confidence in the peace settlement.

The negative impacts associated with the decline of short-term postconflict aid that have been seen in some countries have not eventuated in Aceh, in large part because rising subnational government revenues filled the gap. For at least the

next two decades, subnational revenues in Aceh will be larger than in most other areas of Indonesia.

Thus, the major change in Aceh has been not in the levels of resources but from resources provided by international donors to those provided by the national and provincial governments. Given that government funds are managed by those who win local office, they create a strong incentive for ex-combatants to compete politically. In this sense, such funds may be more useful at generating—and sustaining—the buy-in of former bel-ligerents to the peace settlement than international aid projects that, while not immune to cooptation, tend to have more checks and balances on how money can be spent.

Aid and local power dynamics

The Aceh case confirms a conclusion emerging from the two related studies of subnational conflict in southern Thailand and southern Philippines: that existing power structures shape how aid is used and its impacts to a greater extent than aid shapes power structures. This is true both at the macro level (in the capitals where project plans are made) and at the micro level (in villages where most beneficiaries live).

The broad approach of Aceh's initial postconflict program was determined largely by elites in Jakarta and Banda Aceh. The national government, local governments and GAM elites all favored a postconflict program that focused primarily on providing individually-based reintegration assistance, that was separated from broader post-tsunami programming, and that did not have welfare impacts as its main priority. By and large, international donors supported this strategy, in part because it fitted global ideas on the importance of short-term confidence-building programs in the period following a peace agreement. However, donors were also reluctant to challenge a government that had previously restricted access to Aceh, and donors wanted to shield their much larger tsunami programs from the complexities of postconflict politics. Thus, even in an environment where they were contributing more than half of aid funds, donors occupied a back seat in strategy development and program formulation.

Now with much less financing coming from international aid, donors find it even harder to shape decision-making on Aceh's postconflict strategy and programs. Although donors recognize the need for institution-building and government capacity building, with international aid now only a tiny fraction of government aid budgets, and with local elites in power who have little incentive to build the capacity and quality of the local state, it is very difficult for donors to affect change.

At the community level, the implementation of projects—both those of government and of donors—is shaped by existing power structures and elites. But different types of projects work with, and strengthen, different sets of elites. For top-down projects, such as BRA's reintegration assistance and many regular line ministry programs, villagers who are connected to people in power at the district or provincial level play the predominant role in determining who benefits. With GAM's accession to politics, the former GAM power structure is particularly important with regard to who benefits from programs, and programs, in turn, strengthen the power of GAM/KPA figures at the local level. In contrast, bottom-up programs work with and strengthen the hand of other actors. BKPG and PNPM, the government block grant programs for villages, involve greater participation from communities and less from higher-levels of government. GAM, by choice, has not captured village governments in most areas and strong informal leadership institutions pre-date the GAM insurgency. Villagers tend to trust this elite and thus turn to them when decisions are made on the use of local development funds. The community-driven and -based programs may thus be strengthening a counter-elite to former GAM at the local level.

The impacts of aid on Aceh's transition

Our analysis of Aceh provides a mixed picture on the ability of aid to shape war-to-peace transitions.

Historically, aid has not been an important factor in determining when a peace agreement will be achieved. Some believe that tsunami aid brought peace to Aceh. But the negotiations that resulted in the Helsinki MoU pre-dated the tsunami and the aid which followed. There is little evidence that in previous periods, such as in the years before the CoHA peace agreement, that the promise of aid gave warring parties an incentive to make peace.

If aid has little ability to trigger peace processes, can it support them once they are under way? Here, there is more positive evidence. Aid did play a role in boosting short-term confidence in the peace settlement by showing the national government's commitment to peace and by meeting some short-term, emergency needs. The opportunities that arose from post-tsunami assistance also helped bind former fighters to the peace agreement. Early postconflict reintegration aid helped build confidence on the part of former GAM and communities that the national government was serious about its role in maintaining peace. A range of other projects—including ones in areas such as public information about the peace agreement—helped bolster support for peace. Undoubtedly assistance to areas that were harshly affected by the conflict has had a positive impact on the lives of affected individuals and communities. Again, the

main reasons why a peace settlement was agreed, and why it has lasted, have very little to do with aid per se. But, at times, aid has played a useful *supporting* role.

However, the Aceh case shows the extreme difficulty that aid can have in dealing with the issues that often emerge as peace processes mature and areas move along the spectrum from war to enduring peace. In Aceh there is now a need to improve the institutions of local governance but assistance has had little impact toward meeting this goal. In part, this may be due to limitations in the strategies of donors. The focus on institution building only came *after* power had consolidated with Aceh's postconflict elections. By the time donors were focused on these issues, their budgets—and hence their leverage—had declined markedly.

This paper has argued that institution-building work could have, and should have, started much earlier. Approaches adopted for governance work were also largely ineffective. Yet we need to be humble about the limits of international agencies' capabilities in this area. International development agencies know how to do some things fairly well. They can build roads and irrigation systems, design functioning mechanisms to get funds into villages, and fix—at least on paper—national budgeting systems. Yet, even as international development agencies have come to realize the importance of state institutions for development outcomes, so too it has become clear how difficult it is to build these. Institutions are a product not only of design—something

donors can help with—but also of the political incentives of those who occupy and constitute them. In the absence of strong internal pressure for institutional reform, we know little about how to turn bad governments into good ones.

7.2 Recommendations for Aid in Aceh

The analysis points to the following recommendations for donors and aid agencies in Aceh

- *Stay engaged.* Long-term peace in Aceh cannot be taken for granted yet. The World Development Report for 2011 stressed that transitions out of war take at least a decade.²¹⁵ Aceh should make it to a decade of peace, a time period when scholars have argued the risk of resumption of civil war is greater.²¹⁶ Nevertheless, Aceh's history shows a vicious cycle of rebellion reemerging after periods of dormancy when the expectations of groups within Acehnese society (and their leaders) of equitable and just development are not met. At present, there is strong support for peace within Aceh, but this could change over time. It is important for aid agencies to continue working with government at all levels—national, provincial, and district—to promote equitable growth.
- *Focus on improving governance and service delivery.* New forms of contestation, and potential future threats to peace, largely relate to the quality of government institutions within Aceh. The incumbent elite

in Aceh has little incentive to improve governance and, as just discussed, international agencies may be ill-equipped to support governance improvement. However, there are areas where governance work in Aceh and elsewhere has had some impact. Experimenting with the following approaches, and adjusting to changing political dynamics, is crucial:

- » **Build better understanding of local political dynamics.** This includes identifying development actors, formal and informal, and learning about their incentives, power, and interests in reform. In addition, it is extremely important to work with provincial and local political institutions. One simple example is to be more active during election time. Prior to elections try to ensure that the candidates promote governance and public service agenda. After them, work to influence mid-term strategies and flagship programs. Aid agencies should not play a direct intervention role but can support and facilitate local development actors.
- » **Develop alliances with reformers in government agencies and local politicians** (for example, local legislative council members) to improve their technical capacity. Even where elected representatives and bureaucrats are not 'reform-minded', strong alliances among reformers—outside and within the government—can lead to significant reforms.²¹⁷ In the Indonesian bureaucratic context—where there is often strong 'buy-in' from management while regulations/plans do not necessarily lead to implementation—it is very important for aid to also work

with technical level staff and not focus solely on issuing regulations.

- » **Support active citizenry.** This may include: continued public expenditure analyses and economic monitoring as well as disseminating the information widely; supporting local civil society groups and academics to advocate for sound policy; documenting and disseminating examples of good practice from Aceh and elsewhere; and supporting journalists in holding politicians to account.
- » **Work with local governments on developing, and improving, flagship programs,** such as BKPG. These programs, where popular, can generate political capital for the politicians who sponsor them.
- » **Work with central government to raise the costs to local elites of governing malpractices.** This may include helping to increase the quality of audits in Aceh and to strengthen the anti-corruption commission.
- *Sponsor monitoring and analytic work* aimed at generating real-time information that allows for approaches to be tailored in response to changing local dynamics. For reasons of sustainability, it will be necessary to build the capacity of local research groups.

7.3 Recommendations for Other Subnational Conflict

Areas

The experience of international donors supporting Aceh's war-to-peace transition also provides some insights that may have relevance for donors working on subnational conflicts in other countries, especially where a peace process is beginning:

- *Start work on institution-building right away after peace is agreed.* In most post-conflict contexts, aid agencies focus first on delivering rapid assistance to bolster confidence in the peace agreement and only turn to broader institution-building work later on. The Aceh experience shows that while such 'quick win' peace dividend work is important, it is also important to think from the beginning about how to build institutions that can manage the transition from war to peace for the longer term. It should be easier to shape institutions before elite power has consolidated.
- *Experiment with different approaches to institution-building.* The Aceh experience shows that traditional approaches to governance work (placing consultants in government offices, introducing new planning processes, etc.) are often ineffectual. Organizations supporting institution-building work need to be much more politically aware and engaged, taking advantage of opportunities as they arise. Supporting NGOs, civil society groups and the media so they focus on improving the accountability of government is usually useful.
- *Advantages and disadvantages of using transitional institutions.* In Aceh, as

in other countries, the government and donors chose to deliver assistance through ad-hoc bodies (the postconflict BRA and the post-tsunami BRR) rather than regular government structures. The advantages of using ad-hoc mechanisms can include quicker disbursement of funds and working with structures that are often less plagued by poor governance practices because they are new. However, the experience of BRA shows that without significant investment in capacity, transitional institutions can be prone to many of the same problems of regular government ministries. Experience in Aceh also shows that it can be extremely difficult to shut down such ad-hoc agencies even when they are no longer needed. This can make the transition from ‘emergency’ programming to longer-term, postconflict development more difficult. Where transitional institutions are used in the early postconflict period, it is thus important to: (a) define a limited time-span for their work and stick to it; and (b) give them sufficient authority and capacity to perform their tasks in a professional way.

- *Support the transformation of rebel movements into political/governing movements.* State organizations are not only a product of the rules of the game that define them but also the people who occupy them. Where helping former combatants to become political leaders is part of the strategy for ending violence (and it usually is), consider how to bolster former rebels’ capacity to govern.
- *Where investing in CDD, do so over long time periods.* CDD has been a useful

mechanism in Aceh for delivering substantial amounts of assistance to rural areas in ways that have development impacts and that are popular. CDD can thus be a way of ensuring that at least some government funds are having positive welfare impacts in environments of dysfunctional government institutions. CDD also provided reintegration assistance in ways that limited local conflict and may be a useful component of DDR programs elsewhere. However, if CDD programs are to have positive social and institutional spillover impacts, they must not provide only a one-shot insertion of funds. Effecting behavioral change requires sustained engagement and must include the financing of public goods (where local collective action is required) as well as private benefits.

- *Use resources and expertise to improve government projects.* In middle-income states, government resources for peacebuilding and postconflict development will likely eclipse international investments over the longer term. As such, it may be most effective to use a decent share of the international aid budget to improve the performance of government programs.

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Annexes

Annex A. Comparison of Aceh and Other Provinces in Indonesia

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Geographic								
Total Land Area	km ²	57,956	72,981	664	97,024	319,036	1,910,931	Statistics Indonesia (SI) 2012
% Land Area to Indonesia	%	3.03	3.82	0.03	5.08	5.00	5.98	SI 2012
Government								
Total No. Villages (2008)	No.	6,424	5,774	267	1,244	3,416	75,666	SI 2012
Total No. Villages (2012)	No.	6,491	5,876	267	1,411	3,619	79,075	SI 2012
Average Population per Village (2010/2012)	Persons/Village	692	2,209	35,984	539	783	3,005	Study Team calculation
Average Village Land Area (2012)	km ²	9	12	2	69	88	24	Study Team calculation
Total No. Sub-Districts (Kecamatan) 2008	No.	276	407	44	131	368	6,250	SI 2012
Total No. Sub-Districts (Kecamatan) 2012	No.	287	422	44	175	389	6,773	SI 2012
Average Population per Kecamatan (2010/2012)	Persons/ Kecamatan	15,660	30,764	218,359	4,345	7,284	35,087	Study Team calculation
% Votes for SBY (2009 Election)	%	93	71	70	74	74	61	SI 2012
No. Civil Servants (Male) 2011	No.	75,736	110,983	180,356	22,020	57,287	2,403,178	SI 2012
No. Civil Servants (Female) 2011	No.	90,498	141,820	126,230	15,131	34,112	2,167,640	SI 2012
Total No. Population per Civil Servant (2010/2011)	Person/Person	27.0	51.4	31.3	20.5	31.0	52.0	Study Team calculation
Provincial Gov't Revenues 2009	IDR million	6,042,468	3,212,559	19,251,894	2,882,594	6,012,822	98,900,034	SI 2012
Provincial Gov't Revenues 2010	IDR million	6,967,815	3,885,636	23,025,987	3,407,803	5,661,736	116,802,488	SI 2012
Provincial Gov't Revenues 2011	IDR million	7,089,660	4,480,782	26,079,200	3,385,707	5,369,147	119,036,826	SI 2012
Provincial Gov't Expenditures 2009	IDR million	7,642,847	3,444,561	19,500,312	2,719,349	5,294,199	101,884,626	SI 2012
Provincial Gov't Expenditures 2010	IDR million	7,528,516	3,666,706	21,552,896	3,104,772	5,650,475	112,153,408	SI 2012
Provincial Gov't Expenditures 2011	IDR million	8,077,918	4,677,861	27,875,807	3,517,182	5,184,147	128,025,010	SI 2012
District Gov't Revenues 2009	IDR million	9,504,287	15,761,186	Not Applicable	5,723,240	13,977,807	295,137,463	SI 2012
District Gov't Revenues 2010	IDR million	10,468,280	17,383,348	Not Applicable	5,948,195	16,229,881	331,832,650	SI 2012
District Gov't Revenues 2011	IDR million	11,697,529	20,164,247	Not Applicable	6,391,208	18,159,879	362,439,782	SI 2012
District Gov't Expenditures 2009	IDR million	10,254,270	15,822,143	Not Applicable	5,834,947	13,824,735	303,543,575	SI 2012
District Gov't Expenditures 2010	IDR million	10,562,015	17,162,614	Not Applicable	6,057,708	15,810,857	330,330,994	SI 2012
District Gov't Expenditures 2011	IDR million	12,045,175	21,244,619	Not Applicable	6,285,501	18,774,503	389,819,188	SI 2012
Total Provincial and District Revenues/Capita (2011/2010)	IDR million/person	4.2	1.9	2.7	12.9	8.3	2.0	Study Team calculation
Total Provincial and District Expenditures/Capita (2011/2010)	IDR million/person	4.5	2.0	2.9	12.9	8.5	2.2	Study Team calculation

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Demographic								
Population 2000	Number	3,929,234	11,642,488	8,361,079	529,689	1,684,144	205,132,458	SI 2012
Population 2010	Number	4,494,410	12,982,204	9,607,787	760,422	2,833,381	237,641,326	SI 2012
Population Density 2000	person/km2	68	160	12,592	5	5	107	SI 2012
Population Density 2010	person/km2	78	178	14,469	8	9	124	SI 2012
Population sex ratio (no. male per 100 female)	Ratio	100.20	99.80	102.80	112.40	113.40	101.40	SI 2012
Population Growth 1990-2000	%	1.46	1.32	0.13	0.00	3.10	1.40	SI 2012
Population Growth 2000-2010	%	2.36	1.10	1.41	3.71	5.39	1.49	SI 2012
Population with Age > 15 yrs, 2011	Number	2,001,259	6,314,239	5,143,826	369,619	1,536,728	117,370,485	SI 2012
% of Population with Age > 15 years (2011/2010)	%	45%	49%	54%	49%	54%	49%	Study Team calculation
Life expectancy, 2010	Number	68.70	69.50	73.20	68.51	68.60	69.43	Ministry of Women Empowerment and Child Protection (MWECF) and Central Statistical Agency (BPS) (2011), Gender-Based Human Development
Life expectancy (male), 2010	Number	66.77	67.58	71.36	66.58	66.68	67.51	MWECF and BPS (2011), Gender-Based Human Development
Life expectancy (female), 2010	Number	70.74	71.54	75.14	70.55	70.65	71.47	MWECF and BPS (2011), Gender-Based Human Development
Lifetime In Migration 1980	Number	148,307	570,863	2,599,367	Not available	96,079		SI 2012. West Papua Barat was a part of Papua
Lifetime In Migration 1990	Number	194,709	499,652	3,170,215	Not available	262,873		SI 2012. West Papua Barat was a part of Papua
Lifetime In Migration 2000	Number	100,166	447,897	3,541,972	130,767	226,773		SI 2012
Lifetime In Migration 2010	Number	213,553	521,847	4,077,515	250,196	435,773		SI 2012
Lifetime Out Migration 1980	Number	213,553	417,659	400,767	Not available	15,559		SI 2012. West Papua Barat was a part of Papua
Lifetime Out Migration 1990	Number	116,010	770,093	1,052,234	Not available	30,786		SI 2012. West Papua Barat was a part of Papua
Lifetime Out Migration 2000	Number	244,314	1,336,772	1,836,664	28,763	43,586		SI 2012
Lifetime Out Migration 2010	Number	264,194	2,298,140	3,000,081	48,955	87,545		SI 2012
Net Lifetime Migration (+ = in), 1980	Number	(67,246)	153,204	2,198,600	Not available	80,520		Study Team calculation
Net Lifetime Migration (+ = in), 1990	Number	78,699	(270,441)	2,117,981	Not available	232,087		Study Team calculation
Net Lifetime Migration (+ = in), 2000	Number	(144,148)	(888,875)	1,705,308	102,004	183,187		Study Team calculation
Net Lifetime Migration (+ = in), 2010	Number	(50,641)	(1,776,293)	1,077,434	201,241	348,228		Study Team calculation
Net Lifetime Migration (+ = in) per total population, 2000	%	-3.7%	-7.6%	20.4%	19.3%	10.9%		Study Team calculation

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Net Lifetime Migration (+ = in) per total population, 2010	%	-1.1%	-13.7%	11.2%	26.5%	12.3%		Study Team calculation
In Migration 1980	Number	51,208	95,586	766,363	Not available	33,420		SI 2012. West Papua Barat was a part of Papua
In Migration 1990	Number	56,326	107,882	833,029	Not available	73,776		SI 2012. West Papua Barat was a part of Papua
In Migration 2000	Number	15,369	139,887	702,202	25,890	49,736	SI 2012	
In Migration 2010	Number	63,987	1,123,962	643,959	53,905	66,562	SI 2012	
Out Migration 1980	Number	28,248	177,289	382,326	Not available	16,191		SI 2012. West Papua Barat was a part of Papua
Out Migration 1990	Number	49,389	277,647	993,377	Not available	31,631		SI 2012. West Papua Barat was a part of Papua
Out Migration 2000	Number	161,581	358,521	850,343	17,623	24,329	SI 2012	
Out Migration 2010	Number	38,802	38,802	883,423	16,835	38,803	SI 2012	
Net Migration (+ = in), 1980	Number	22,960	(81,703)	384,037	Not available	17,229		Study Team calculation
Net Migration (+ = in), 1990	Number	6,937	(169,765)	(160,348)	Not available	42,145		Study Team calculation
Net Migration (+ = in), 2000	Number	(146,212)	(218,634)	(148,141)	8,267	25,407		Study Team calculation
Net Migration (+ = in), 2010	Number	25,185	1,085,160	(239,464)	37,070	27,759		Study Team calculation
Net Migration (+ = in) per total population, 2000	%	-3.7%	-1.9%	-1.8%	1.6%	1.5%		Study Team calculation
Net Migration (+ = in) per total population, 2010	%	0.6%	8.4%	-2.5%	4.9%	1.0%		Study Team calculation
Economy and Poverty								
Working Labor Force (Economically Active)	Number	1,852,473	5,912,114	4,588,418	336,588	1,476,227	109,670,399	SI 2012
Total "Economically Inactive" Population	Number	31,377,531	8,759,321	7,451,687	522,211	1,958,892	171,756,077	SI 2012
Open Unemployment Rate, Feb 2010	Percentage	8.60	8.01	11.32	7.77	4.08	7.41	SI 2012
Open Unemployment Rate, Feb 2011	Percentage	8.27	7.18	10.83	8.28	3.72	6.80	SI 2012
Open Unemployment Rate, Feb 2012	Percentage	7.88	6.31	10.72	6.57	2.90	6.32	SI 2012
Labor Force Participation Rate, Feb 2010	Percentage	62.83	69.38	66.84	70.32	78.86	67.83	SI 2012
Labor Force Participation Rate, Feb 2011	Percentage	66.64	73.53	67.94	71.50	81.51	69.96	SI 2012
Labor Force Participation Rate, Feb 2012	Percentage	65.85	74.55	70.83	72.27	79.27	69.66	SI 2012
Food expenditure per capita, 2011	IDR/month	329,257	316,343	457,669	367,898	193,839	292,556	SI 2012
Non-food expenditure per capita, 2011	IDR/month	224,798	248,222	898,019	382,488	556,491	300,108	SI 2012
Total GRDP in current price, 2011	IDR billion	85,538	314,157	982,540	36,171	76,371	7,427,086	SI 2012
Total GRDP (with oil and gas) per capita (2011 current price/2010 population)	IDR million/person	19.03	24.20	102.26	47.57	26.95	31.25	Study Team calculation
GRDP without oil/gas in current price, 2011	IDR billion	71,658	311,793	977,400	16,567	76,371	6,794,373	
GRDP (without oil and gas) per capita (2011 current price/2010 population)	IDR million/person	15.94	24.02	101.73	21.79	26.95	28.59	Study Team calculation

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Total GRDP (without oil & gas) growth 2008	%	1.92	6.40	6.25	9.25	(1.40)	6.08	SI 2012, Indonesia = sum of 33 provinces
Total GRDP (without oil & gas) growth 2009	%	3.97	5.14	5.03	9.18	22.22	5.33	SI 2012, Indonesia = sum of 33 provinces
Total GRDP (without oil & gas) growth 2010	%	5.49	6.36	6.52	8.61	(3.16)	6.53	SI 2012, Indonesia = sum of 33 provinces
Total GRDP (without oil & gas) growth 2011	%	5.89	6.59	6.70	10.45	5.67	6.74	SI 2012, Indonesia = sum of 33 provinces
Total GRDP growth 2008	%	(5.24)	6.39	6.23	7.84	(1.40)	6.01	SI 2012
Total GRDP growth 2009	%	(5.51)	5.07	5.02	13.87	22.22	4.63	SI 2012
Total GRDP growth 2010	%	2.79	6.35	6.50	28.54	(3.16)	6.20	SI 2012
Total GRDP growth 2011	%	5.02	6.58	6.71	27.22	(5.67)	6.46	SI 2012
Domestic Investment 2009	IDR Billion	79.7	2,060.7	9,693.8	0.0	41.0	37,799.8	SI 2012
Domestic Investment 2010	IDR Billion	40.9	662.7	4,598.5	51.3	178.0	60,626.3	SI 2012
Domestic Investment 2011	IDR Billion	259.4	1,673.0	37,176.3	46.5	1,378.4	76,000.8	SI 2012
Total Domestic Investment (2009-2011)	USD Million	40.0	462.8	5,417.7	10.3	168.1	18,360.7	Study Team calculation
Domestic Investment/Total GRDP (2011)	%	0.30%	0.53%	3.78%	0.13%	1.80%	1.02%	Study Team calculation
Domestic Investment/GRDP w/o oil & gas (2011)	%	0.36%	0.54%	3.80%	0.28%	1.80%	1.12%	Study Team calculation
Foreign Direct Investment 2009	USD Million	0.4	139.7	5,510.8	1.0	1.8	10,815.2	SI 2012
Foreign Direct Investment 2010	USD Million	4.6	181.1	6,429.3	17.2	329.6	16,214.8	SI 2012
Foreign Direct Investment 2011	USD Million	22.5	753.8	4,824.0	33.0	1,312.2	19,474.5	SI 2012
Total FDI (2009-2011)	USD Million	27.5	1,074.6	16,764.1	51.2	1,643.6	46,504.5	Study Team calculation
Total Investment (2009-2011)	USD Million	67.5	1,537.4	22,181.8	61.5	1,811.7	64,865.2	Study Team calculation
FDI/Total GRDP (2011)	%	0.25%	2.28%	4.66%	0.87%	16.32%	2.49%	Study Team calculation
FDI/GRDP w/o oil & gas (2011)	%	0.30%	2.30%	4.69%	1.89%	16.32%	2.72%	Study Team calculation
Total Investment/GRDP (2011)	%	0.55%	2.81%	8.45%	1.00%	18.13%	3.51%	Study Team calculation
Total Investment/GRDP w/o oil & gas (2011)	%	0.66%	2.83%	8.49%	2.17%	18.13%	3.84%	Study Team calculation
Number of the Poor, Mar 2012	Number	909.04	1,407.25	363.20	229.99	966.59	29,132.42	SI 2012
% of the Poor, Mar 2012	Percentage	19.46	10.67	3.69	28.20	31.11	11.96	SI 2012
Poverty line, Mar 2012	IDR/capita/month	350,260	286,649	379,052	349,678	321,228	267,408	SI 2012
Human Development Index, 2006	Index	69.14	72.46	76.33	66.08	62.75	70.08	SI 2012
Human Development Index, 2008	Index	70.76	73.79	77.03	67.95	64.00	71.17	SI 2012
Human Development Index, 2010	Index	71.70	74.19	77.60	69.15	64.94	72.27	SI 2012
Violence								
Number Conflict Incidents 1998-2004	Numbers	11,555	Not Available	Not Available	152	1,718	32,371	National Violence Monitoring System (NVMS). Indonesia data only includes 9 provinces
Number Conflict Incidents 2005	Numbers	400	3,363	2,339	330	1,403	22,695	NVMS. Indonesia data only includes 9 provinces
Number Conflict Incidents 2006-2009	Numbers	2,606	10,687	6,770	790	3,400	79,551	NVMS. Indonesia data only includes 9 provinces

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Number people killed in conflict-related incidents 1998-2004	Numbers	10,370	Not Available	Not Available	49	491	21,325	NVMS. Indonesia data only includes 9 provinces
Number people killed in conflict-related incidents 2005	Numbers	270	365	258	44	76	2,573	NVMS. Indonesia data only includes 9 provinces
Number people killed in conflict-related incidents 2006-2009	Numbers	342	1,218	899	65	313	8,231	NVMS. Indonesia data only includes 9 provinces
Crime Rate, 2009	Per 100,000 Population	141	212	323	242		148	SI 2012
Crime Rate, 2011	Per 100,000 Population	207	303	268	295		153	SI 2012. Data for DKI Jakarta includes Jakarta Greater Area. No provincial level data for Papua and West Papua.
Service Delivery - Education								
Mean years schooling 2010	Years	8.8	8.9	10.9	8.2	6.7	7.9	MWECF and BPS (2011), Gender-Based Human Development
Mean years schooling (male) 2010	Years	9.3	9.2	11.2	9.6	7.3	8.3	MWECF and BPS (2011), Gender-Based Human Development
Mean years schooling (female) 2010	Years	8.5	8.5	10.1	8.0	5.8	7.5	MWECF and BPS (2011), Gender-Based Human Development
Number regular public primary school (Yr. 1-6) teachers, 2010/11	Number	44,506	104,032	36,677	4,392	11,174	1,501,236	SI 2012
Number regular public primary school (Yr. 1-6) students, 2010/11	Number	547,507	1,851,403	837,030	121,289	322,756	27,580,215	SI 2012
Number religious primary school (Yr. 1-6) teachers, 2010/11	Number	11,069	7,612	5,994	344	422	258,737	SI 2012
Number religious primary school (Yr. 1-6) students 2010/11	Number	120,912	106,544	89,058	4,997	6,381	3,082,226	SI 2012
Number regular public junior secondary school (Yr. 7-9) teachers, 2010/11	Number	17,034	38,479	19,432	1,815	4,531	526,615	SI 2012
Number regular public junior secondary school (Yr. 7-9) students, 2010/11	Number	210,599	653,486	384,234	37,971	98,430	9,346,454	SI 2012
Number religious public junior secondary school (Yr. 7-9) teachers, 2010/11	Number	7,367	15,098	5,254	390	362	265,575	SI 2012
Number religious public junior secondary school (Yr. 7-9) students, 2010/11	Number	72,418	157,562	53,200	3,489	2,097	2,587,106	SI 2012
Number regular public high school (Yr. 10-12) teachers, 2010/11	Number	10,853	20,593	12,294	1,033	2,686	253,330	SI 2012
Number regular public high school (Yr. 10-12) students 2010/11	Number	153,790	339,080	196,497	19,575	42,629	4,105,139	SI 2012
Number vocational public high school (Yr. 10-12) teachers, 2010/11	Number	3,217	13,284	10,497	492	1,631	166,492	SI 2012

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Number vocational public high school (Yr. 10-12) students 2010/11	Number	47,278	290,527	257,066	15,750	27,951	3,737,158	SI 2012
Number religious public high school (Yr. 10-12) teachers, 2010/11	Number	5,189	6,744	2,325	210	229	126,497	SI 2012
Number religious public high school (Yr. 10-12) students 2010/11	Number	43,289	64,892	16,070	1,604	594	1,001,998	SI 2012
Total no. elementary school (Yr. 1-6) teachers/student	Students/Teacher	12.0	17.5	21.7	26.7	28.4	17.4	Study team calculation, including religious schools
Total no. junior secondary school (Yr. 7-9) teachers/student	Students/Teacher	11.6	15.1	17.7	18.8	20.5	15.1	Study team calculation, including religious schools
Total no. high school (Yr. 10-12) teachers/student	Students/Teacher	12.7	17.1	18.7	21.3	15.7	16.2	Study team calculation, including religious schools
Number villages that have primary school, 2005	Number	2,861	3,901	16,070	0	2,078	62,658	SI 2012. The 2005 data for N. Sumatra excluded Regencies of Nias and South Nias
Number villages that have primary school, 2011	Number	3,227	4,725	266	774	774	68,350	SI 2012
Number villages that have junior secondary school, 2005	Number	667	1,410	264	0	334	23,320	SI 2012
Number villages that have junior secondary school, 2011	Number	1,023	1,912	252	180	408	31,718	SI 2012
% villages that have primary (Yr. 1-6) schools (2011/2012)	%	50%	80%	100%	55%	21%	86%	Study Team calculation
% villages that have junior secondary (Yr. 7-9) schools (2011/2012)	%	16%	33%	94%	13%	11%	40%	Study Team calculation
Number villages that have vocational high school, 2005	Number	58	304	251	0	62	3,780	SI 2012. The 2005 data for N. Sumatra excluded Regencies of Nias and South Nias
Number villages that have vocational high school, 2011	Number	127	504	135	35	79	6,802	SI 2012
Number villages that have high school, 2005	Number	334	705	228	0	116	9,854	SI 2012. The 2005 data for N. Sumatra excluded Regencies of Nias and South Nias
Number villages that have high school, 2011	Number	407	923	222	82	142	13,186	SI 2012
Net Primary School Participation Rate, 2011	%	92.6	91.5	89.8	88.3	70.1	91.0	www.bps.go.id
Net Junior Secondary School Participation Rate, 2011	%	74.8	68.0	68.9	57.7	46.0	68.1	www.bps.go.id
Net High School Participation Rate, 2011	%	61.4	57.8	49.3	47.9	32.5	48.0	www.bps.go.id
Provincial and Local Governments (PG & LGs) Education Budgets, 2011	Amount (USD million)	546	914	794	140	360	16,135	Sub-National Government Financial Management Information System (SIKD)-MoF
PG & LGs Education Budgets per Capita, 2011	Amount (USD)	121	70	83	184	127	68	Study Team calculation

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
Proportion of Education to Total PG & LGs Budgets, 2011	%	26%	33%	27%	14%	14%	30%	Study Team calculation
Adult (15+) literacy rate, 2011	%	4.2	3.2	1.2	7.6	35.9	7.2	www.bps.go.id
Adult (15+) literacy rate, 2011	%	95.8	96.8	98.8	92.4	64.1	92.8	www.bps.go.id
Adult literacy rate, 2010	Percentage	96.9	97.3	99.1	93.2	75.6	92.9	MWECF and BPS (2011), Gender-Based Human Development
Adult male literacy rate, 2010	Percentage	98.2	99.0	99.6	98.1	81.7	95.7	MWECF and BPS (2011), Gender-Based Human Development
Adult female literacy rate, 2010	Percentage	96.2	96.3	98.9	92.6	72.0	90.5	MWECF and BPS (2011), Gender-Based Human Development
Service Delivery - Health								
Percentage births attended by doctors, 2011	Percentage	10.5	13.8	40.9	15.0	11.8	16.9	SI 2012
Percentage births attended by midwives, 2011	Percentage	78.7	75.0	57.0	48.2	37.7	63.7	SI 2012
Percentage births attended by other paramedics, 2011	Percentage	0.4	0.9	0.3	4.2	3.3	0.7	SI 2012
Percentage births attended by skilled workers, 2011	%	89.7	89.7	98.1	67.3	52.8	81.3	Study Team calculation
Measles immunization level of children (under 5), 2007	%	40.9	36.6	69.8	51.0	49.0	67.0	Bappenas' MDGs Report. Aceh ranked 2nd from bottom.
Immunization level of children under 5, 2010	%	77.4	74.0	83.7	78.0	57.8		Susenas
Numbers of General Hospitals, 2010	Number	38	134	79	10	22	1,299	SI 2012
Numbers of Special Hospitals, 2010	Number	5	14	51	0	2	333	SI 2012
Population per Total No. Hospitals (2010)	Person/ Hospital	104,521	87,718	73,906	76,042	118,058	145,614	Study Team calculation
Land Area per Total No. Hospitals (2010)	km2/Hospital	1,348	493	5	9,702	13,293	1,171	Study Team calculation
Numbers of Public Health Centers, 2010	Number	315	506	341	106	297	9,005	SI 2012
Population per Public Health Center (2010)	Person/Health Center	14,268	25,657	28,175	7,174	9,540	26,390	Study Team calculation
Land Area per Public Health Center (2010)	km2/Health Center	184	144	2	915	1,074	212	Study Team calculation
Numbers of villages that have public health centers (puskesmas), 2005	Numbers	277	478	345	0	264	8,256	SI 2012. The 2005 data for N. Sumatra excluded Regencies of Nias and South Nias
Numbers of villages that have public health centers subsidiary (pustu), 2005	Number	701	1,525	69	0	808	21,924	SI 2012
Numbers of villages that have public health centers (puskesmas), 2011	Numbers	322	535	246	124	273	9,070	SI 2012
Numbers of villages that have public health centers subsidiary (pustu), 2011	Number	863	1,798	0	298	606	22,050	SI 2012
% villages that have puskesmas (2011/2012)	%	5%	9%	92%	9%	8%	11%	Study Team calculation

Indicators	Unit	Aceh	North Sumatra	DKI Jakarta	West Papua	Papua	Indonesia	Source & Note
% villages that have pustu (2011/2012)	%	13%	31%	0%	21%	17%	28%	Study Team calculation
Provincial and Local Governments (PG & LGs) Health Budgets, 2011	Amount (USD million)	213	224	267	73	216	4,933	SIKD-MoF
PG & LGs Health Budgets per Capita, 2011	Amount (USD)	47	17	28	96	76	21	Study Team calculation
Proportion of Health to Total PG & LGs Budgets, 2011	%	10%	8%	9%	7%	9%	9%	Study Team calculation
Service Delivery - Infrastructure								
Percentage of households with access to pipe water	Percentage	7.80	15.18	14.18	8.23	6.56	11.57	SI 2012
Percentage of households with access to bottled water	Percentage	31.20	22.69	67.37	28.23	13.88	22.29	SI 2012
Percentage of HH that have private sanitation facility	Percentage	60.34	74.88	76.30	57.83	46.54	65.20	SI 2012
Percentage of HH that do not have access to sanitation facility	Percentage	25.27	14.12	0.45	13.38	39.01	17.78	SI 2012
Percentage of HH with access to state electricity (PLN), 2011	Percentage	93.34	91.02	99.65	62.10	31.79	90.51	SI 2012
Length of state road, 2009	km	1,803	2,250	143	963	2,111	38,570	SI 2012
Length of state road, 2010	km	1,803	2,250	143	963	2,111	38,570	SI 2012
Length of state road, 2011	km	1,803	2,250	143	963	2,111	38,570	SI 2012
Length of provincial road, 2009	km	1,702	2,752	6,266	1,306	1,873	52,957	SI 2012
Length of provincial road, 2010	km	1,702	2,752	6,600	1,306	1,873	53,291	SI 2012
Length of provincial road, 2011	km	1,702	2,752	6,951	1,306	1,873	53,642	SI 2012
Length of district road, 2009	km	16,368	30,446	0	5,032	12,200	384,846	SI 2012
Length of district road, 2010	km	17,585	29,538	0	5,729	12,340	395,453	SI 2012
Length of district road, 2011	km	18,952	31,047	0	5,729	12,165	404,395	SI 2012. Preliminary figures
Total Length of Road per Land Areas, 2011	km/km ²	0.39	0.49	10.68	0.08	0.05	0.26	Study Team calculation
Population per Total Length of Road, 2011	Person/km	200	360	1,354	95	175	479	Study Team calculation
Provincial and Local Governments (PG & LGs) Infrastructure Budgets, 2011	Amount (USD million)	307.4	346.1	432.3	131.4	338.0	6,851.5	SIKD-MoF
PG & LGs Infrastructure Budgets per Capita, 2011	Amount (USD)	68.4	26.7	45.0	172.8	119.3	28.8	Study Team calculation
PG & LGs Infrastructure Budgets per Land Area, 2011	USD/km ²	5,303	4,742	651,063	1,354	1,059	3,585	Study Team calculation
Proportion of Infrastructure to Total PG & LGs Budgets, 2011	%	15%	13%	15%	13%	13%	13%	Study Team calculation

Annex B. Selected Development Indicators of Districts in Aceh

Table B.1.1. Population and Human Development Index by District

No.	Regency/ Municipality	Population (2010)	Human Development Index (HDI) Indicators									
			Life Expectancy (Years)		Literacy Rate (%)		Years of Schooling (Years)		Per Capita Expendi- ture (Rp thousand)		Human Develop- ment Index	
			2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
1	West Aceh	172,896	69.87	69.97	94.08	94.53	8.23	8.48	598.72	600.36	70.32	70.79
2	Aceh Besar	350,225	70.64	70.75	96.95	96.96	9.51	9.55	608.63	610.30	73.10	73.32
3	South Aceh	202,003	66.82	66.93	96.47	96.53	8.28	8.43	604.59	606.47	69.64	69.97
4	Aceh Singkil	102,213	64.69	64.92	96.22	96.24	7.74	7.76	608.22	610.14	68.29	68.58
5	Central Aceh	175,329	69.53	69.64	98.13	98.60	9.44	9.52	615.51	618.69	73.22	73.69
6	Southeast Aceh	178,852	69.19	69.22	97.10	97.95	9.34	9.35	596.01	597.96	71.23	71.60
7	East Aceh	359,280	69.63	69.74	97.51	98.21	8.49	8.49	586.29	588.15	70.19	70.55
8	North Aceh	529,746	69.63	69.74	96.42	97.81	9.12	9.15	605.69	607.90	71.90	72.46
9	Bireuen	389,024	72.32	72.35	98.37	98.47	9.23	9.26	592.06	593.96	72.86	73.07
10	Pidie	378,278	69.32	69.53	95.56	95.91	8.65	8.67	611.05	612.56	71.60	71.92
11	Simeulue	80,279	62.91	62.98	98.58	98.66	8.30	8.52	617.10	618.86	68.92	69.28
12	Banda Aceh*	224,209	70.56	70.88	99.10	99.16	11.91	12.09	630.63	632.24	77.00	77.45
13	Sabang*	30,647	70.69	71.02	98.81	98.99	10.36	10.55	625.82	627.35	75.49	75.98
14	Langsa*	148,904	70.36	70.58	99.10	99.20	10.04	10.45	600.66	603.34	73.20	73.85
15	Lhokseumawe*	170,504	70.41	70.81	99.22	99.62	9.91	9.99	631.63	634.07	75.54	76.10
16	Gayo Lues	79,592	66.96	67.08	86.97	87.27	8.71	8.71	600.15	601.96	67.59	67.86
17	Southwest Aceh	125,991	66.74	66.99	96.25	96.34	7.63	7.72	614.26	617.50	69.81	70.29
18	Aceh Jaya	76,892	67.97	68.02	93.78	93.99	8.71	8.72	596.69	598.56	69.39	69.63
19	Nagan Raya	138,670	69.53	69.64	89.78	89.85	7.34	7.57	601.67	604.08	68.74	69.18
20	Aceh Tamiang	250,992	68.27	68.37	98.25	98.27	8.77	8.78	595.40	598.26	70.50	70.79
21	Bener Meriah	121,870	67.52	67.63	97.45	98.50	8.53	8.77	603.78	605.49	70.38	70.98
22	Pidie Jaya	132,858	69.13	69.24	94.23	95.45	8.38	8.64	620.18	622.16	71.71	72.38
23	Subulussalam*	67,316	65.71	65.89	96.53	96.54	7.58	7.59	608.74	612.77	68.85	69.26

Table B.2. Regional Gross Domestic Product and Poverty by District

No.	Regency/ Municipality	Regional Gross Domestic Product (RGDP) 2010 (Rp Million)		RGDP 2010 per Capita (Rp Million/Person)		Poverty Rate (Percentage)					
		Without Oil and Gas	With Oil and Gas	Without Oil and Gas	With Oil and Gas	2005	2006	2007	2008	2009	2010
1	West Aceh	3,247,447	3,247,447	18.78	18.78	35.5	34.5	32.6	30.0	27.1	24.4
2	Aceh Besar	5,750,807	5,750,807	16.42	16.42	29.4	28.7	26.7	21.5	20.1	18.8
3	South Aceh	2,579,552	2,579,552	12.77	12.77	27.0	24.6	24.7	19.4	17.5	15.9
4	Aceh Singkil	715,896	715,896	7.00	7.00	29.2	28.4	28.5	23.3	21.1	19.4
5	Central Aceh	2,685,574	2,685,574	15.32	15.32	27.7	26.7	24.4	23.4	21.4	20.1
6	Southeast Aceh	1,420,680	1,420,680	7.94	7.94	24.6	23.6	21.6	18.5	16.8	16.8
7	East Aceh	4,099,494	6,719,244	11.41	18.70	30.0	29.9	28.1	24.1	21.3	18.4
8	North Aceh	6,330,393	11,223,241	11.95	21.19	35.9	35.0	33.2	27.6	25.3	23.4
9	Bireuen	6,028,942	6,028,942	15.50	15.50	29.7	29.1	27.2	23.3	21.7	19.5
10	Pidie	4,073,088	4,073,088	10.77	10.77	36.0	35.3	33.3	28.1	25.9	23.8
11	Simeulue	549,259	549,259	6.84	6.84	34.1	33.8	32.3	26.5	24.7	23.6
12	Banda Aceh*	7,734,843	7,734,843	34.50	34.50	8.4	8.3	6.6	9.6	8.6	9.2
13	Sabang*	528,892	528,892	17.26	17.26	29.8	28.6	27.1	25.7	23.9	21.7
14	Langsa*	1,827,346	1,827,346	12.27	12.27	15.0	14.0	14.2	18.0	16.2	15.0
15	Lhokseumawe*	5,473,504	10,630,814	32.10	62.35	15.9	14.3	12.7	15.9	15.1	14.1
16	Gayo Lues	863,455	863,455	10.85	10.85	34.0	33.5	32.3	26.6	24.2	23.9
17	Southwest Aceh	1,525,431	1,525,431	12.11	12.11	28.3	28.3	28.6	23.4	21.3	19.9
18	Aceh Jaya	962,231	962,231	12.51	12.51	31.3	30.4	29.3	23.9	21.9	20.2
19	Nagan Raya	2,826,920	2,826,920	20.39	20.39	36.2	35.3	33.6	28.1	26.2	24.1
20	Aceh Tamiang	2,105,444	2,331,418	8.39	9.29	24.5	23.9	22.2	22.3	20.0	18.0
21	Bener Meriah	1,754,660	1,754,660	14.40	14.40	28.8	28.0	26.5	29.2	26.6	26.2
22	Pidie Jaya	1,236,900	1,236,900	9.31	9.31	N.A.	N.A.	35.0	30.3	28.0	26.1
23	Kota Subulussalam	350,098	350,098	5.20	5.20	N.A.	N.A.	30.2	29.0	26.8	24.4

Annex C. Violence Data

Table C.1. Number Violent Incidents and Deaths by District and by Period, 1998-2012

Regency/ Municipality	Numbers of Incidents		Numbers of Deaths		Numbers of Incidents per Year per 100,000 Population		Numbers of Deaths per Year per 100,000 Population	
	Conflict Period	Postconflict Period	Conflict Period	Postconflict Period	Conflict Period	Postconflict Period	Conflict Period	Postconflict Period
West Aceh	364	199	319	16	27.76	15.52	24.33	1.25
Southwest Aceh	333	141	306	11	34.85	15.09	32.03	1.18
Aceh Besar	938	297	838	74	35.32	11.43	31.55	2.85
Aceh Jaya	372	41	396	6	63.80	7.19	67.91	1.05
South Aceh	925	114	904	14	60.38	7.61	59.01	0.93
Aceh Singkil	24	43	18	5	3.10	5.67	2.32	0.66
Aceh Tamiang	279	214	244	31	14.66	11.50	12.82	1.67
Central Aceh	138	130	160	19	10.38	10.00	12.03	1.46
Southeast Aceh	72	174	45	38	5.31	13.12	3.32	2.86
East Aceh	1702	495	1511	65	62.47	18.58	55.46	2.44
North Aceh	2262	712	1989	66	56.31	18.12	49.51	1.68
Banda Aceh*	368	443	134	31	21.64	26.64	7.88	1.86
Bener Meriah	173	106	324	12	18.72	11.73	35.06	1.33
Bireuen	1370	467	1443	66	46.44	16.19	48.91	2.29
Gayo Lues	43	53	42	17	7.12	8.98	6.96	2.88
Langsa*	148	187	90	15	13.11	16.93	7.97	1.36
Lhokseumawe*	662	503	415	26	51.20	39.78	32.10	2.06
Nagan Raya	268	112	320	16	25.49	10.89	30.43	1.56
Pidie	925	380	737	49	32.25	13.54	25.69	1.75
Pidie Jaya	334	88	258	15	33.15	8.93	25.61	1.52
Sabang*	28	39	3	3	12.05	17.16	1.29	1.32
Simeulue	7	23	4	3	1.15	3.86	0.66	0.50
Subulussalam*	37	54	41	3	7.25	10.82	8.03	0.60
District Unidentified	80	7	72	0	N.A.	N.A.	N.A.	N.A.
Grand Total	11,852	5,022	10,613	601	34.60	15.07	30.98	1.81

Endnotes

1. *As such, it does not include an in-depth exploration of the impacts of the EU- and ASEAN- led Aceh Monitoring Mission (AMM), which oversaw the implementation of the peace deal. Box 2.1 provides background information on AMM. Throughout the report, aid is often used as a shorthand for ODA.*
2. *For a detailed overview of the research methods, see the background document 'Guidance Note for Locality Case Studies'.*
3. *References are provided throughout the report.*
4. *These are the areas where most Acehnese live, where armed resistance emerged in the past and that have the most pressing development needs. The urban districts of Banda Aceh, Lhokseumawe, Langsa, Sabang, and Subulussalam were excluded from the sample.*
5. *Districts in Aceh were grouped into three geographic areas. The north and east coast of Aceh is the center of Aceh's politics and economy. It was also the heartland of the GAM insurgency and most districts were heavily affected by wartime violence. The second group of districts is the west and south coast of Aceh. After the 2005 Helsinki Agreement was signed, political leaders from this area launched a campaign to separate from the province. Compared with the first cluster, the GAM movement had less support in this area. These districts are also more ethnically heterogeneous and had a different experience of civil war, with violence only emerging in 1999. The Central Highlands districts differ again, with ethnic Acehnese being a minority. During the war, there was stronger support for pro-government militia in these districts.*
6. *For each district sampled in northern and eastern Aceh, two sub-districts were randomly selected, based on data on the level of violence from the NVMS. For districts sampled in western and southern Aceh and the Central Highlands, one sub-district was randomly sampled. More sub-districts were chosen in the N/E Aceh cluster because this area was more affected by civil war violence.*
7. *Specifically, these programs are the National Community Empowerment Program (PNPM) and the Financial Assistance for Village Development (BKPG) program. PNPM is implemented by the Government of Indonesia with funding from the World Bank and other donors, while BKPG is a CBD program implemented by the Government of Aceh. See discussion in Sections 4 and 5.*
8. *The average size of a kecamatan in Aceh is 202km², with an average population of 15,660 per kecamatan.*
9. *In Bebesen sub-district in Central Aceh, only one village was studied due to the remoteness of the villages that experienced heavy violence in the 1998-2005 period. This remoteness meant the research team did not have sufficient time to cover a second village.*
10. *The analysis in this section draws heavily on Barron with Arthur and Bartu (2012) and Barron and Clark (2006).*
11. *Reid (2008).*
12. *Although they constitute the majority of the population, the Acehnese are but one of around ten ethnic groups in Aceh, and some of the smaller ethnic groups also think of themselves as Acehnese. In most places throughout this report, the term 'Acehnese' means the people of Aceh. Where this report specifically discusses the Acehnese ethnic group, this should be clear in the text.*
13. *Riddell (2006).*
14. *Lee (2006)*

15. Reid (2006).
16. Reid (2005: 339).
17. Sjamsuddin (1985).
18. Reid (2006: 106-107).
19. Sulaiman (1997).
20. Schulze (2004).
21. Nessen (2006).
22. Aspinall (2007).
23. *Di Tiro, himself, left Aceh for Malaysia in late 1978. He, along with other GAM leaders, eventually found exile in Sweden.*
24. Aspinall (2009a: 88-95); Schulze (2004).
25. Aspinall (2009a: 106).
26. Barber (2000).
27. HRW (2001); Sukma (2004).
28. *Unless otherwise indicated, the number of incidents and deaths provided throughout this report come from the Indonesian National Violence Monitoring System.*
29. Schulze (2004).
30. ICG (2003).
31. McGibbon (2004); Miller (2006).
32. Aspinall and Crouch (2003); Huber (2004).
33. Schulze (2004: 42-43); Miller (2009: 109-110).
34. *It is unclear how many people died before 1998. Aspinall (2009a: 112) notes that around 1,000-3,000 people died from military violence between mid-1990 and 1998, although many Acehnese say these figures are too low. An unknown number of people also died at the hands of GAM. Before 1990, killings were less common.*
35. HRW (2003); AI (2004); IOM and Harvard University (2006, 2007).
36. MSR (2009: 22).
37. MSR (2009: 32).
38. MSR (2009: 36).
39. Ross (2005).
40. Kell (1995: 32).
41. Kell (1995: 35).
42. McCarthy (2007).
43. Sulaiman (2006).
44. Miller (2009).
45. Robinson (1998); ICG (2001).
46. ICG (2005); Husain (2007); Awaluddin (2009).
47. Aspinall (2005: 2); Morfit (2007: 117-118).
48. Barron and Burke (2008: 10-11).
49. *President Yudhoyono and Vice-President Kalla had both been involved in the attempts to bring peace to Maluku and Central Sulawesi, two other conflict-affected areas of Indonesia. Importantly, Yudhoyono, a former military leader, commanded respect from the army's top officers. On coming to power, he replaced some senior military*

- with reformers, thereby making it possible to guarantee peace once an agreement had been signed (Morfit 2007).*
50. *Violence reduced sharply after the tsunami. In December 2004, 167 people were killed in 121 incidents. In January this fell to 12 deaths (24 incidents). Violence, however, rose again between April and July, with an average of 48 people dying per month in this period.*
 51. *Population figures from the 2010 census are available at www.bps.go.id (BPS 2010).*
 52. *There are nine districts along the east coast: Aceh Besar, Kota Banda Aceh, Pidie Jaya, Bireuen, North Aceh, Kota Lhokseumawe, East Aceh, Kota Langsa, and Aceh Tamiang. The main road connecting the provincial capital, Banda Aceh, with Medan, the capital of North Sumatra province and Indonesia's fifth largest city, runs along the east coast.*
 53. *Interview with Harry Masyrafah, World Bank consultant working on public expenditure analyses, January 2013.*
 54. *Based on Statistik Indonesia 2012 (BPS 2012).*
 55. *World Bank (2008b).*
 56. *World Bank (2009).*
 57. *Law No. 11/2006 commits the Government of Indonesia to providing Special Autonomy Funds for Aceh amounting to 2% of the overall General Allocation Grant (DAU) from 2008 to 2023, followed by 1% of the total DAU allocation from 2023 to 2028. The total DAU has been set at 26% of net national income and has become the main revenue source for most subnational governments in Indonesia. For more explanation, see Section 3.*
 58. *Annex A provides comparative indicators for Aceh and other Indonesian provinces.*
 59. *Provincial and National Human Development Index, 1996-2011, official BPS website (http://www.bps.go.id/tab_sub/view.php?kat=1&tabel=1&daftar=1&id_subyek=26¬ab=2).*
 60. *The provinces of West Sumatra, Jambi and Maluku passed Aceh in this period.*
 61. *Aceh was overtaken by Bengkulu, Central Java, and the newly-established province of Banten in this period.*
 62. *Annex B shows more fully variation on development indicators across districts.*
 63. *World Bank (2008a).*
 64. *Percentage of students compared to the school age population.*
 65. *Based on National Socio-economic Census (Susenas) data (BPS 2010).*
 66. *The figures for North Sumatra are 80%, 33% and 24%, respectively; nation-wide, 86%, 40% and 25%, of the villages have such access.*
 67. *MSR (2009).*
 68. *BPS (2012).*
 69. *Data are from the State Electricity Company (Perusahaan Listrik Negara, PLN).*
 70. *KPPOD and The Asia Foundation (2010, 2011).*
 71. *Ibid.*
 72. *Violence by law enforcement officers has also increased. For the civil war period, such incidents are coded as 'separatist' because they involve violence directed towards GAM or those perceived to support it.*
 73. *Annex C provides violence data by district for both the conflict and postconflict periods.*
 74. *In the postconflict period, separatist incidents resulted in 11 deaths (out of 601), 21 injuries (out of 3,383), and 78 damaged buildings (out of 712). A total of 5 of these incidents occurred in the two weeks before the signing of the MoU, 5 in the two weeks after the MoU, and another 4 occurred in September or October 2005. After this, such incidents largely ceased, with only 2 in 2006, 4 in 2007, 8 in 2008, and 2 in 2010. In 2011 and 2012, there were no separatist incidents.*

75. Law 25/1999, which applies to most other Indonesian provinces, states that 15.5% of oil revenues and 30.5% of gas revenues remain in the province.
76. While implementation of the 2001 special autonomy agreement increased the natural resource revenues kept within Aceh by more than 150 times, from Rp 26 billion (US\$ 2.6 million) in 1999 (or 1.4% of total revenue) to Rp 4 trillion (US\$ 400 million) in 2004 (40%), it is projected that these revenues will drop significantly when oil and gas resources are exhausted. Since production began at the Arun natural gas plant in North Aceh in 1978, more than 90% of natural gas resources have been exploited. Production, which reached 2,200 million cubic feet per day (MCFD) in 1994, fell to 900 MCFD in 2005 (World Bank 2006b). This declined to 111 MCFD for the first six months of 2008 (World Bank 2008b).
77. MSR (2009: 51).
78. Universitas Syiah Kuala and Universitas Malikussaleh (2011).
79. LoGA, article 7. This differs from the text of the Helsinki MoU, which can be interpreted as only reserving only six areas of power for Jakarta. The sub-clause on areas of 'national character' was added for three reasons: (a) some powers are constitutional obligations of the national government (for example, service provision); (b) some powers concern obligations to fulfil international conventions; and (c) the implementation of some areas by the Government of Aceh would affect other areas of Indonesia (May 2008). In many respects, the powers assigned to Aceh are not that different from those granted to other regions in Indonesia during decentralization. However, the Helsinki MoU and the LoGA assign greater powers to the provincial level (in other parts of Indonesia, decentralization is largely to the district level). Unique to Aceh is the right to establish local political parties.
80. In July 2007, the Indonesian Constitutional Court amended national Law 32/2004 on Regional Government to allow independent candidates to stand in local elections in other parts of Indonesia (ICG 2011: 1-2).
81. On these elections, see Clark and Palmer (2008), ICG (2007a), and Stange and Patock (2010).
82. By 2008, there were only 13,000 police in the province, which in per capita terms is low by Indonesian standards (Jones 2008).
83. Awaluddin (2009).
84. Mietzner (2009: 301).
85. Mietzner (2006: 51).
86. Mietzner (2009: 301-302).
87. Aditjondro (2007: 14-17).
88. For example, Aspinall (2008).
89. Of the ten sub-districts selected for the 2012 quantitative survey, five—Darul Imarah and Kuta Malaka (Aceh Besar), Jeumpa (Southwest Aceh), Badar (Southeast Aceh), and Bebesen (Central Aceh)—experienced low-intensity violence during the civil war, while the other five sub-districts were high-intensity conflict areas. Categorizations are based on NVMS data on deaths during the civil war.
90. The Wali Nanggroe was a traditional leadership position in Acehnese society and GAM's former leader, Hasan di Tiro, assumed the title. Clause 1.1.7 of the MoU states that, "the institution of Wali Nanggroe with all its ceremonial attributes and entitlements will be established." However, the Indonesian government envisioned that this would be mainly a cultural role, with little political power (similar to that of the sultans in other areas of Indonesia). In contrast, since coming to power GAM have pushed for the Wali Nanggroe to have a strong political role. For some academics in Aceh, the qanun is seen problematic as the structure of Wali Nanggroe is viewed as creating a shadow government. A debate on this between Mawardi Ismail (a lecturer at the Faculty

- of Law Unsyiah Banda) and Abdullah Saleh (of Partai Aceh) can be found in the *Tribun News* (<http://aceh.tribunnews.com/2012/11/12/menyoal-qanun-wali-nanggroe>).
91. See http://www.waspada.co.id/index.php?option=com_content&view=article&id=268864:menda-gri-evaluasi-bendera-aceh&catid=77:fokusutama&Itemid=131 and <http://www.tempo.co/read/news/2012/11/20/078442991/TNI-Menolak-Bendera-Aceh-Berbau-Separatis>.
 92. See <http://www.asianewsnet.net/Jakarta-govt-sees-red-over-Aceh-flag-45038.html>.
 93. ICG (2013).
 94. ICG (2006).
 95. Zaini was formerly 'foreign minister' of GAM's government-in-exile, while Muzakir had been the wartime leader of GAM's forces in Aceh.
 96. Klinken and Aspinall (2011).
 97. Aditjondro (2007).
 98. Aspinall (2009b: 11).
 99. Aspinall (2009b).
 100. Aspinall (2009b: 30).
 101. See Ehrentraut (2010).
 102. Kompas (2013).
 103. Eight percent of violent incidents in Aceh for 2008-2012 related directly to electoral competition. In other parts of Indonesia, proportions of violence attributed to elections ranged from 1-4% in Maluku, Central Sulawesi, West Kalimantan, East Nusa Tenggara, Papua and West Papua, and 11% in North Maluku.
 104. ICG (2009).
 105. Palmer (2009).
 106. Aspinall (2011); ICG (2011, 2012).
 107. The districts with the greatest number of incidents of electoral violence are: North Aceh (48 incidents), Bireuen (42), Lhokseumawe (38), and Pidie (35). All are east coast GAM strongholds. Seven of eight deaths from electoral violence in the postconflict period occurred in North Aceh and Bireuen.
 108. Discussion with Adrian Morel, World Bank, October 2012.
 109. The elections, which were scheduled for October 2011, were postponed four times until April 2012 (ICG 2012b).
 110. Postconflict Aceh has seen 1.1 large incidents of violence per year per million people, which have resulted in 1.3 deaths/year/million people. In contrast, postconflict Maluku has seen 5.3 large incidents/year/million people, resulting in 13.7 deaths/year/million people. Large incidents are defined as those resulting in 3 or more deaths, 10 or more injuries, and/or 15 or more damaged buildings. The per capita death rate from large incidents of violence is also lower in Aceh than any other postconflict province in Indonesia. See Barron, Azca, and Susdinarjanti (2012).
 111. Interview with defense analyst, Banda Aceh, 4 March 2011.
 112. ICG (2011).
 113. World Bank (2006a).
 114. World Bank (2006a: 41).
 115. Barron (2009: 22).
 116. World Bank (2006a: 42).
 117. MSR (2009: 44-45). This is not a result of land being given to ex-combatants as has been common after many

other peace agreements. The MoU did provide for the allocation of land to ex-combatants. Yet, in practice, little land has been allocated. This did not become an issue because (a) agricultural land is plentiful in Aceh and hence most ex-combatants do not need new land, and (b) there has been little desire amongst ex-combatants to farm land.

118. For descriptions and critical analyses of Aceh's reintegration programs, see Zurstrassen (2006), Barron (2007), Beeck (2007), ICG (2006; 2007b), Palmer (2007), Aspinall (2008), Frodin (2008), Barron (2009), and Barron and Burke (2008). See Section 4 for a fuller discussion of the reintegration program.
119. Barron and Burke (2008: 38).
120. BRA (2008).
121. World Bank (2006a: 31).
122. MSR (2009: 87).
123. Barron (2008: 26-27).
124. The 2012 survey only included 30 former GAM combatants in the sample. Given the small sample size, differences in the responses between GAM and non-GAM respondents are not statistically significant and results should be treated only as suggestive.
125. On the recruitment of criminals by GAM, see Schulze (2004). On how this has affected postconflict dynamics, see Anderson (2013).
126. Interview in North Aceh, 7 March 2011.
127. ICG (2009: 8).
128. For example, in May 2011 a local politician was attacked while giving a public speech criticizing continuing extortion by KPA members (ICG 2011: 8).
129. Interviews in Aceh, March-April 2011.
130. Miller (2006: 305); McGibbon (2006).
131. One senior Indonesian intelligence official interviewed explained that the police were wary about taking actions against corruption: "The only big cases [that aren't solved] relate to finance and corruption. The police don't address these because they want to keep the peace." Interview, Banda Aceh, 4 March 2011. There is also evidence from other areas of Indonesia affected by conflict, such as Maluku and Papua, that KPK has cancelled investigations because they were worried that these could result in violence (Barron, Azca, and Susdinarjanti 2012).
132. A growth diagnostic study conducted in 2009 identified lack of reliable electricity supply, extortion and security concerns as the main impediments to private investment and economic growth (World Bank 2009). Another study on local economic governance by KPPOD and The Asia Foundation in 2010 examined the perceptions of local, small and medium enterprises. It identified three major constraints: the low quality of local infrastructure; limited business development programs; and challenges in accessing land or insecure tenure.
133. Schulze (2006: 234-236).
134. For example, Barron, Clark and Daud (2005); ICG (2005).
135. World Bank (2006a: 25).
136. World Bank/KDP (2007: 78).
137. Barron (2008: 18).
138. *Ibid.*
139. Data from the National Violence Monitoring System.
140. The Banda Aceh administration has closed nine churches and five Buddhist temples across the city and priests

- have reportedly had to sign agreements to close their churches following mounting pressure from local Islamists.
141. *In Aceh today, Shariah Police officers patrol the streets looking for violations. They especially target women not wearing headscarves, people gambling or drinking alcohol, and couples showing intimacy in public areas. Jakarta-based media report that far from being supported for upholding morals, the Shariah Police are largely hated for their heavy-handed tactics. In September 2012, for example, a teenage girl in Aceh hung herself after abusive treatment by Shariah officers. The 16-year-old girl was at a concert in Langsa, Aceh, on 3 September when Sharia police apprehended her during a raid and publicly harangued her for allegedly engaging in prostitution. The allegations and the girl's name were publicized by local media and she hanged herself on 6 September.*
 142. *Barron and Burke (2008: 14-15).*
 143. *Masyrafah and McKeon (2008: 6).*
 144. *<http://www.oecd.org/dac/stats/>.*
 145. *Masyrafah and McKeon (2008: 6).*
 146. *MSR (2009: 50-52).*
 147. *The 2005-2008 column is an annual average of various types of aid to Aceh, using 2012 constant prices. This includes: (i) post-tsunami aid committed in 2005-2008, which includes indirect postconflict programs and the PNPMM allocation in 2005-2006; (ii) direct postconflict aid committed in 2006-2008; (iii) GoA and district government 'development budget' spending in 2005-2008; and (iv) the PNPMM community grant allocation in 2007-2008. The 2011-2012 column is an annual average at 2012 constant prices for the total amount of: (i) direct reintegration and peacebuilding programs funded by the government and foreign donors; (ii) other foreign donor-funded programs in Aceh; and (iii) development budgets of the GoA and district governments in Aceh in 2011-2012.*
 148. *This includes capital expenditures, goods and services, grants, social assistance, and transfers.*
 149. *The description of programs in this section draws heavily on the MSR (2009, Chapter 5) as well as Barron and Burke (2008).*
 150. *The World Bank, UNDP and USAID were also active in supporting early public information efforts. DFID provided around US\$ 400,000 to the World Bank and UNDP for these programs.*
 151. *MSR (2009: 56).*
 152. *MSR (2009: 59-60).*
 153. *See Section 5.1 for a discussion of the BRA-KDP program and its genesis.*
 154. *Barron et al. (2009); Morel, Watanabe, and Wrobel (2009).*
 155. *Reasons for this are discussed in Section 5.1.*
 156. *Based on data from the tsunami reconstruction agency (BRR), housing and transport attracted the largest share of the tsunami funds (49.7%), followed by health, education, and other social sectors, as well as community-based development activities (ADB 2009). Funding for peacebuilding programs was categorized under the "community, culture and religion" section, which consumed 8.25% of the total funds pledged for post-tsunami assistance.*
 157. *Barron (2008).*
 158. *World Bank (2006c: 48).*
 159. *Aspinall (2009b: 14).*
 160. *The United States, in particular, was reluctant to expand the Multi Donor Fund's mandate. US authorities argued that changing the mandate of the fund to include broader post-war reconstruction and development*

would require approval from Congress (Barron 2009: 30-31). As a result, the US, along with other donors such as the European Union, strongly resisted pressures to aid conflict-affected areas away from the tsunami-hit coasts (Barron and Burke 2008).

161. Barron (2009: 30-31).
162. As shown in Figure 4.3, around one-third of foreign aid for 2011-2012 is still allocated to tsunami reconstruction. This is largely funding left over from the post-tsunami MDF. However, most projects now focus on broader economic development.
163. This report defines CBD as programs in which communities play an important role in planning and implementing the program but do not have full control over the funds. Community-driven development (CDD) programs, on the other hand, involve communities in planning, procurement, managing, and being accountable for the utilization of funds.
164. The Aceh government started contributing resources from APBA (provincial government budget) in 2008, when it provided around US\$ 23.5 million (compared to US\$ 45 million from national budget). Since then, the Aceh share of funds has declined to half that of the central government allocation (2009), one-quarter (2010), and one-seventh (2011). In 2012, the national government stopped providing funds for reintegration.
165. CPDA Secretariat (2012).
166. This is the National Violence Monitoring System and its data are used extensively in this report.
167. Because SERASI had largely phased out by 2011, it is not included in Table 4.3.
168. The outcomes targetted by LOGICA changed significantly from reconstruction and restoration of government services in Phase 1 (2006-2009) to effective governance for a stable and peaceful Aceh in Phase 2 (2010-2014). LOGICA 2 has the following objective: "In response to community-wide advocacy, governments deliver services to improve living standards". LOGICA 2 works towards this through two components—active communities and responsive government—and targets six districts, including high intensity conflict areas such as East Aceh, Bireuen, Southeast Aceh, and South Aceh.
169. Suhirman and Kelly (2012).
170. These activities include staff training and capacity building on the postconflict context and conflict sensitivity and the development of a handbook on conflict resolution and a module on context sensitive budget training.
171. Interview with Prima Setiawan, public service specialist at the KINERJA national office, February 2013.
172. "Road construction" was listed by 8% of survey respondents as the most important program in their villages, but with no specific agency or funding source mentioned.
173. Barron, Clark, and Daud (2005).
174. World Bank (2012).
175. PECAPP (2011: 5).
176. Of Indonesia's 33 provinces, Aceh has the fourth highest education allocation per capita, which is only smaller than the two Papuan provinces and East Kalimantan. Aceh's neighbor, North Sumatra, allocated only US\$ 70 per capita in 2011. From 2009 to 2011, education spending in Aceh decreased, but with an 80% increase from 2007 to 2009, education spending in 2011 was still relatively high.
177. In comparison with the other 32 provinces in Indonesia, Aceh ranked fifth in per capita health allocation, with allocations only higher in Papua, West Papua, East Kalimantan, and the Riau Islands.
178. PECAPP (2011).
179. Based on budget plan indicated in the Sub-National Financial Management Information System (Sistem

Informasi Keuangan Daerah, SIKD) of the Ministry of Finance. Sectoral budget realization data are not available.

180. Aceh's neighbor, North Sumatra, only allocated US\$ 27 per capita for the infrastructure sector in the same year, less than half that of Aceh. Compared with its land area, the infrastructure budgets of Aceh's subnational governments are also relatively high. They allocated US\$ 5,303 per km² in 2011, higher than the national and North Sumatra averages of US\$ 3,585 per km² and US\$ 4,742 per km², respectively.
181. PNPM also had a rigorous impact evaluation (World Bank 2012). However, it identified project impacts across Indonesia and did not isolate impacts in Aceh.
182. See, for example, the national Governance and Decentralization Survey 2 (Widyanti and Suryahadi 2008). Across provinces, around 80% and 90% of the households are satisfied or fairly satisfied with education and health services, respectively.
183. MSR (2009: Annex 9).
184. Clause 1.3.9 of the Helsinki agreement said: "GAM will nominate representatives to participate in all levels of the commission established to conduct post-tsunami reconstruction (BRR)." Subsequently, some senior GAM received jobs at BRR. Most notably, former GAM negotiator, Teuku Kamaruzzaman, was appointed secretary general of the executing arms of BRR, the second most powerful position in the agency. Other senior GAM leaders, such as Malik Mahmud, Muhammad Lampoh Awe, and Muzakir Manaf, were also given high salaried positions with little expectation that they ever came to the office (Aspinall 2009b: 14).
185. Barron (2009).
186. Barron and Burke (2008).
187. In theory, Rp 1 million was provided per round to each of 3,000 former combatants. However, money was spread much more widely. On average, ex-combatants received Rp 170,000-260,000 (US\$ 17-26) per round, although some received as little as Rp 30,000 per round (World Bank 2006c: 30).
188. KDP was also used to channel additional tsunami reconstruction funds from the Multi Donor Fund. The name of KDP, in Aceh and beyond, was later changed to PNPM (the National Community Empowerment Program).
189. Morel, Watanabe, and Wrobel (2009).
190. This section draws extensively on Barron and Burke (2008).
191. Barron and Burke (2008: 16-17).
192. Burke and Afnan (2005).
193. IOM (2008).
194. Barron, Clark, and Daud (2005).
195. Only US\$ 15 million was provided by the central government for reintegration programming in 2011 and nothing was provided in 2012. Beyond this, there were no specific national programs focused on postconflict issues in Aceh.
196. While other parties—national and local—hold provincial and district legislature seats and some district head positions, in most areas elected officials are indebted to Partai Aceh/KPA for their election.
197. World Bank (2008d); Simanjuntak (2008).
198. For a critique of the donor's decisions to support individually-targeted reintegration programming based on international 'best practice', see Barron (2009).
199. A series of studies also shaped perceptions and views. Reports from the International Crisis Group, World Bank studies (especially the conflict monitoring updates), and key academic articles such as Aspinall (2009b),

- documented the growth of GAM contractors, and these were widely discussed among international agencies working in the province.*
200. *The forming of the agency was, in many ways, a political compromise to maintain peace following disputes between GAM and the Indonesian government over the list of ex-combatants who were to receive reintegration assistance.*
 201. *The MSR was sponsored by a number of international agencies, including the World Bank, UNDP, UNORC, AusAID, USAID, the Netherlands Embassy, and DFID. In many ways, the MSR can be viewed as a rare, common statement of the priorities of the aid agencies involved in postconflict programming in Aceh.*
 202. *This is a conservative estimate since the government's contribution to total development aid only includes the 'development expenditure' of GoA and local governments in Aceh, and excludes the national government's deconcentrated and co-administered programs (tugas pembantuan).*
 203. *Based on Aceh's Local Regulation (Qanun) No. 5/2003 on Village Government.*
 204. *Based on Qanun No. 10/2008 on Customary (Adat) Institutions.*
 205. *Ibid.*
 206. *The exceptions are complaining to the village head, to the local religious leader, or to the village government.*
 207. *Conflict-related institution-building programs, such as CPDA, work primarily with the government and civil society organizations (CSOs) at the provincial and district levels, which means they are usually not known at the community level.*
 208. *The sub-districts of Krueng Sabee (Aceh Jaya), Darul Imanah (Aceh Besar), and Kuala (Bireuen).*
 209. *2012 LCS reports for Badar (Southeast Aceh) and Tanah Jambo Aye (North Aceh).*
 210. *Barron, Diprose, and Woolcock (2011).*
 211. *Barron (2010); Wöng (2012).*
 212. *Extra budget was also provided to the Indonesian military to help ensure their support for the accord.*
 213. *Efforts to strengthen electoral institutions could be important here. Some groups such as the Carter Center have been involved in election monitoring in Aceh, and LGSP provided some support to the local electoral commission in 2006, but there has not been much support for building such institutions more systematically.*
 214. *Reid (2008: 9).*
 215. *World Bank (2011).*
 216. *Collier, Hoeffler, and Soderbom (2008).*
 217. *See, for example, MacLaren et al. (2011).*



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