
BUILDING BLOCKS AND STUMBLING BLOCKS: PEACEBUILDING IN ACEH, 2005–2009

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Introduction

The August 2005 Helsinki Memorandum of Understanding (MoU) between the Government of Indonesia and the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) formally brought an end to nearly thirty years of violent conflict in Aceh. Since then, Aceh has been largely peaceful, and major strides have been achieved in laying the groundwork for lasting peace and social and economic recovery and development in the province.

The twenty-nine year rebellion and counterinsurgency wrought terrible deprivation and suffering for the majority of the province's population, causing nearly 30,000 deaths. The conflict damaged and destroyed infrastructure and productive assets, disrupted economic activity, and bred rampant corruption and extortion. Despite the province's abundant natural wealth, the poverty level in Aceh remained among the highest in Indonesia.²

In the period following the demise of President Suharto's New Order government in 1998, numerous attempts were made to negotiate an end to the conflict, but none

¹ The author would like to thank Adrian Morel, Cameron Noble, Michelle Ann Miller, Damien Kingsbury, and an anonymous reviewer for their useful comments on an earlier version of this paper.

² The World Bank, *Aceh Poverty Assessment 2008: The Impact of the Conflict, the Tsunami, and Reconstruction on Poverty in Aceh* (Jakarta: The World Bank, 2008), p. 13.

lasted more than a few months.³ It was not until after the catastrophic Indian Ocean tsunami of December 2004 that the government of Indonesia and GAM were able to negotiate a lasting peace. GAM leaders in Aceh and abroad all lost family members in the tsunami, contributing to their resolve to prevent further loss of life in the province. Indonesia's political leaders, as well, were moved to overcome their differences with GAM for the greater good of helping the Acehnese people to rebuild their lives and livelihoods. The presence of large numbers of international aid organizations and workers involved in the tsunami recovery effort opened the province to international scrutiny, helping to push both sides to the negotiating table. In an opinion piece published in the *New York Times* the day after the signing of the accords, President Susilo Bambang Yudhoyono said,

Peace in Aceh was a priority that I publicly set for myself during last year's presidential campaign and after my government took office in October. But the real political opportunity came knocking only after the tsunami last December.⁴

Government negotiators were authorized to bring important new offers to the table, including a significant realignment of the economic relationship between Aceh and the Indonesian central government; amnesty for GAM fighters; release of political prisoners and detainees; and permission for Aceh-based political parties to contest elections.⁵ In return, GAM negotiators agreed to drop their demand for Acehnese independence, accepting instead provisions that mandated significantly increased self-government for the province.⁶ Mediator Martti Ahtisaari's insistence on the principle that "nothing is agreed until everything is agreed" distinguished this negotiation from previous attempts, and surely contributed to its lasting success.⁷ The historic accord was signed by Indonesian Justice Minister Hamid Awaluddin and GAM Chairman Malik Mahmood in Helsinki on August 15, 2005, ushering in a new era of peace in Aceh.

In spite of the long duration and high level of violence and destruction of the Aceh conflict (and unlike post-conflict situations in many other parts of the world), institutions and capacities needed to lay the foundations for sustainable peace and development were largely in place at the time the accord was signed. In Aceh itself, although a significant proportion of the population experienced some form of victimization during the conflict, there were not major population dislocations, and village and other local institutions still functioned. Provincial and district government structures were intact, though operating at sub-optimal levels. As in conflict zones worldwide, Aceh's government was characterized by high levels of corruption and poor service delivery. Nonetheless, structures were in place at the time of the signing that provided a viable starting point for rebuilding effective local government in Aceh.

³ Michelle Ann Miller, *Rebellion and Reform in Indonesia: Jakarta's Security and Autonomy Policies in Aceh* (London and New York, NY: Routledge, 2009), discusses the counterinsurgency policies and tactics and attempts to end the conflict of successive national governments after the resignation of President Suharto in 1998.

⁴ Susilo Bambang Yudhoyono, "Peace Deal with Aceh is Just a Beginning," *New York Times*, August 16, 2005. See <http://www.nytimes.com/2005/08/15/opinion/15iht-edsby.html>, accessed May 4, 2011.

⁵ Konrad Huber "Aceh's Arduous Journey to Peace," *Accord 20* (2008): 16–21.

⁶ Miller, *Rebellion and Reform*, p. 158.

⁷ Martti Ahtisaari, "Delivering Peace for Aceh," *Accord 20* (2008): 22–24.

Indonesia is a successful democracy, with a robust economy. The national government was able immediately to mobilize political and fiscal resources to support the peacebuilding process. Numerous international donors already had a presence in Aceh, supporting the massive tsunami recovery effort there. Some of these agencies initiated new peacebuilding programs, and a small portion of excess tsunami recovery funds was redirected to assist conflict-affected groups and communities.

This article examines the peacebuilding process in Aceh over the four-year period beginning with the signing of the Helsinki Accords in August 2005 and extending through the end of 2009, by which time a significant portion of mandated reintegration assistance had been delivered, Aceh had successfully undergone a series of local and national elections, and work was well underway on the reconstruction of housing and infrastructure damaged or destroyed in the conflict. The article is primarily descriptive, examining the sociopolitical profile of conflict-affected communities and groups, institutional arrangements put in place to implement reintegration and reconstruction in Aceh, and the delivery and efficacy of post-conflict assistance. Considerable attention is devoted to the reintegration of former combatants and conflict victims, as this is a classic problem in peacebuilding efforts worldwide.⁸ This essay does not address the causes or characteristics of the conflict itself beyond some limited discussion of issues relevant to the recovery and peacebuilding efforts.

Methodology: The Multi-stakeholder Review

This article draws on the findings and analysis of the 2010 Multi-stakeholder Review of Post-conflict Programming in Aceh (MSR). The MSR was a two-year collaborative effort between the Aceh Peace-Reintegration Board (Badan Reintegrasi-Damai Aceh, BRA), the National Development Planning Agency (Badan Perencanaan dan Pembangunan Nasional, BAPPENAS), the Indonesian Coordinating Ministry for Political, Legal, and Security Affairs (Kementerian Koordinator Bidang Politik Hukum dan Keamanan, Menko Polhukam), the World Bank, AusAID, Department for International Development (DFID), the Embassy of the Kingdom of the Netherlands, United Nations Development Programme (UNDP), and the US Agency for International Development (USAID) SERASI (Harmony) Program. That international effort was undertaken between 2007 and 2009, to provide an overview of current development and peace programs, summarize progress on ongoing development and peace programs, and identify gaps, constraints, and opportunities to consolidate peaceful development in Aceh.⁹ The MSR drew from a range of data sources, incorporating perceptions and perspectives from a variety of stakeholders. MSR components included quantitative, qualitative, and historical data, including a major

⁸ That reintegration has proceeded so smoothly in Aceh is worthy of attention, a point verified by visiting delegations from other post-conflict zones, such as Southern Sudan and Sri Lanka. See, for instance, www.thejakartapost.com/news/2009/07/02/aceh-inspires-sri-lankan-peace-mission.html and www.usip.org/in-the-field/sudans-popular-consultation-the-journey-determine-the-will-the-people-takes-sudan-indon.

⁹ The MSR Report, subtitled *Identifying the Foundations for Sustainable Peace and Development in Aceh*, is available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/07/09/000333037_20100709004753/Rendered/PDF/556030WP0v20Bo110Report0MSR0English.pdf, accessed December 9, 2011.

Aceh Reintegration and Livelihoods Survey (ARLS) that collected individual, household, and village-level survey data on demographic, social, political, and economic factors in 754 randomly selected villages in every subdistrict in Aceh;¹⁰ a conflict damage and loss assessment study; a “stock-take” of reintegration and post-conflict programming undertaken to date; data on conflict incidents that have occurred since the MoU; qualitative fieldwork on communities’ and community, government, business, and NGO leaders’ perceptions of the peace process; and an historical analysis of conflict in Aceh. The MSR report was completed in December 2009 and introduced to various stakeholders through a series of workshops in Jakarta and Banda Aceh and regional centers in Aceh.

This article examines the MSR’s main findings and analysis, attempting to contextualize the peace process within a longer view of the history of conflict in Aceh and of broader shifts occurring in post-New Order Indonesia. The narrative steers clear of the fluid and rapidly evolving realm of Acehnese politics. The article does not present or discuss the MSR’s recommendations; however, it does examine a number of the report’s conclusions regarding the impact and effectiveness of particular policies, programs, and aid modalities when these conclusions help contribute to a broader understanding of post-conflict Aceh.

Peace Comes to Aceh

The Helsinki MoU set out arrangements for the governance of Aceh, political participation, economic management, rule of law, practice of human rights, amnesty for and reintegration of ex-combatants and political prisoners, security, and dispute resolution. It stated that all acts of violence would end at the signing of the MoU, that the Government of Indonesia would withdraw all elements of non-organic military and police forces from Aceh, leaving only organic police forces responsible for upholding internal law and order and military forces sufficient to uphold external defense,¹¹ and that GAM would demobilize “all of its 3,000 military troops” and decommission all arms, ammunition, and explosives.

Major breakthroughs achieved by the Helsinki negotiations included a clear definition of Aceh’s special autonomy within the unitary Indonesian Republic. Specifically, these negotiations established provincial and district government authority over all sectors of public affairs (excluding foreign affairs, external defense, national security, monetary and fiscal matters, justice, and religion), and the condition that all decisions on domestic or international affairs related to Aceh undertaken by the national government or legislature would be made in consultation with and with the consent of the government of Aceh. Appointment of chiefs of police and prosecutors serving in Aceh should be approved by the Aceh head of administration. The MoU also allowed for the establishment of Aceh-based political parties, insured the right of the people to nominate candidates for all elected offices, and mandated free and fair local elections. Furthermore, according to the MoU, Aceh would retain 70 percent of the revenue from current and future hydrocarbon deposits and other natural resources

¹⁰ Any statistical data in this manuscript, unless otherwise cited, draws from the ARLS.

¹¹ “Organic” and “non-organic” refer to security force units and personnel, the former originating from and based in the province, while the latter are deployed from national (non-Aceh-based) units.

in the province and its territorial seas, and enjoy direct and unhindered access to foreign countries by sea and air.

All participants in GAM activities were to be granted amnesty, and persons who had renounced their Indonesian citizenship could regain it. The MoU further committed the governments of Indonesia and Aceh to facilitating the reintegration into society of anyone who had participated in GAM activities, as well as civilians affected by conflict, through the establishment of a Reintegration Fund under the administration of the authorities of Aceh.

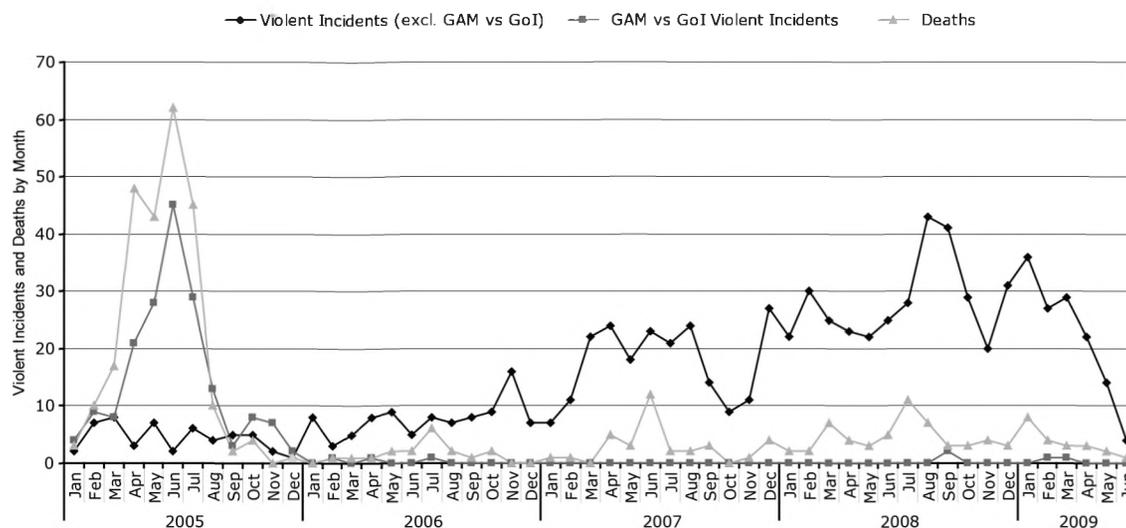
In its first clause (1.1.1), the Helsinki MoU stated that, “A new Law on the Governing of Aceh will be promulgated and will enter into force as soon as possible and not later than 31 March 2006.” In fact, it took a year to draft and pass Law No. 6/2006 on the Governing of Aceh (henceforth LoGA). It is an extremely complex piece of legislation, not limited to just the core issues of “autonomous” regional governance, as it also covers many aspects normally regulated in sectoral laws.¹² The parliamentary debates and long delays—combined with perceived contradictions between the spirit and letter of the MoU and LoGA—have been a source of some tension and will be discussed in a subsequent section.

Finally, the MoU mandated the establishment of the Aceh Monitoring Mission (AMM) by the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) to oversee these commitments, and established mechanisms for the settlement of disputes that arose in its implementation. AMM was mobilized in September 2005, and oversaw the withdrawal of 31,000 non-organic Indonesian military (TNI, Tentara Nasional Indonesia) and police mobile brigade (Brimob) personnel, along with the decommissioning of GAM armaments and disbandment of its military wing, the TNA (Tentara Nasional Aceh).¹³ AMM also monitored the human rights situation in Aceh, the process of legislative change, and reintegration of GAM members. Initially scheduled to complete its mission in six months, AMM’s mandate was later extended an additional twelve months, allowing it to continue functioning through the 2006 gubernatorial and district and municipal head elections.

AMM’s job proved easier than had been expected. Peace took hold immediately in Aceh. The Indonesian government granted amnesty to all who had participated in GAM activities and released over two thousand political prisoners. Thousands of ex-combatants, ex-prisoners, and displaced people returned to their communities. The level of violent incidents and deaths dropped to just a few per month, lower than in most other Indonesian provinces.

¹² Bernard May, “The Law on the Governing of Aceh: The Way Forward or a Source of Conflicts?” *Accord* 20 (2008): 42–46.

¹³ Tentara Nasional Aceh is the preferred local name for the insurgent forces.

Figure 1: Violent Incidents and Deaths by Month (2005–2009)

Source: Aceh Peace Monitoring Updates (APMU), Center for Peace and Conflict Resolution Studies (CPCRS), Syiah Kuala University

In the four years following the signing of the MoU, Aceh successfully conducted three elections, with very high levels of voter turnout and relatively little violence. In the 2006–07 *Pilkada* elections, GAM-affiliated candidates won the governorship and over half of the district head and mayoral positions. In the 2009 parliamentary elections, GAM's main political vehicle, Partai Aceh, gained 33 out of 69 provincial parliament seats, far ahead of the second-place Democrat Party. Although there was some concern over political practices during the lead-up to these elections, they surely achieved the short-term goal of incorporating former rebels in subnational political processes, while providing an important impetus to the overall peace process.¹⁴ The fact that voter turnout in Aceh for the 2009 presidential election was higher than the national average—and that 93 percent of Aceh voters supported the incumbent president of Indonesia—demonstrates strong support for the central government's performance since the peace accords, as well as broad acceptance of Aceh's place within the Republic of Indonesia.¹⁵

¹⁴ On the 2006–07 *Pilkada* elections, see Samuel Clark and Blair Palmer, *Peaceful Pilkada, Dubious Democracy: Aceh's Post-Conflict Elections and their Implications*, Indonesian Social Development Paper No. 11 (Jakarta: The World Bank, 2008); and Marcus Meitzner, "Local Elections and Autonomy in Papua and Aceh: Mitigating or Fueling Secessionism?" *Indonesia* 84 (October 2007): 1–39. A discussion of the 2009 parliamentary elections in Aceh is presented in Blair Palmer, "Services Rendered: Peace, Patronage, and Post-Conflict Elections in Aceh," in *Problems of Democratisation in Indonesia: Elections, Institutions, and Society*, ed. Edward Aspinall and Marcus Meitzner (Singapore: Institute of South East Asian Studies, 2010), pp. 286–306.

¹⁵ "KIP Aceh Umumkan Hasil Sementara Pilpres," *Komisi Independen Pemilu Aceh* press release, August 7, 2009, available at <http://www.kipaceh.com>, accessed July 4, 2010.

The Building Blocks of Peace

Economic redress is perhaps the simplest component of peacebuilding, aspects of which were initiated in Aceh relatively soon after the signing of the MoU, while some other forms had to wait until the LoGA was signed into law a year later. The following sections first set out the economic situation in Aceh in the aftermath of the conflict, followed by a discussion of new fiscal arrangements between the central government and Aceh that were put in place by the LoGA. The narrative then examines the delivery of reintegration assistance to former combatants and other conflict actors, and offers observations about the economic and sociopolitical reintegration of former conflict actors.

The Economic Situation in Post-Conflict Aceh

Aceh has experienced low or negative growth rates for most of the past three decades. Compared to the rest of Indonesia, Aceh's economy was plagued by relatively high transaction costs, infrastructure bottlenecks, low investment levels, and a lack of diversification. Most of the province's economic problems stemmed directly or indirectly from the prolonged conflict. A World Bank assessment of infrastructure damage completed in late 2006 indicated that over 50 percent of all categories of major infrastructure across all districts of Aceh was in damaged condition from conflict, natural disaster, or lack of maintenance.¹⁶ In addition to all the physical damage, the years of conflict also had a serious impact on the social fabric of the province, including the separation or displacement of families, psycho-social repercussions affecting individuals and society, and tensions between and among communities, state institutions, and combatant groups. Government was characterized by corruption, inefficiency, rent-seeking behavior, and poor service delivery.

Similar to the rest of Indonesia, Aceh was hit hard by the 1997–98 financial crisis. After 2001, as the rest of Indonesia recovered and started to grow, however, Aceh's economy continued to decline. In fact, Aceh is the only province in Indonesia in which poverty rates continued to increase after 2000.¹⁷ Clearly, a major reason for this was the ongoing conflict.

Oil and gas production in Aceh has declined steadily since 2001, a trend that is expected to continue as reserves are depleted. By 2008, oil and gas and related manufacturing industries accounted for only 22 percent of the province's economy, down from 56 percent in 2003.¹⁸ It is anticipated that the Arun gas field will cease production in 2014.¹⁹ Even when oil and gas and related industries were at their peak, few benefits from these extractive enterprises accrued to local communities. For example, in 2004 the oil-rich Aceh Utara district had a per capita GDP 2.6 times the national average, but 34.2 percent of residents lived in poverty (more than twice the

¹⁶ The World Bank, *2006 Village Survey in Aceh: An Assessment of Village Infrastructure and Social Conditions* (Jakarta: The World Bank, 2007), p. 28.

¹⁷ *Aceh Poverty Assessment 2008*, p. 16.

¹⁸ *Ibid.*, p. 29.

¹⁹ "Indonesia: PT Arun NGL Set to Further Reduce LNG Production in 2011," *LNG World News*, November 8, 2010, at <http://www.lngworldnews.com/indonesia-pt-arun-ngl-set-to-further-reduce-lng-production-in-2011/> accessed May 21, 2011.

national rate of 16.7 percent).²⁰ The overall poverty rate in Aceh at the time the tsunami struck was 28.4 percent.

The December 2004 tsunami changed things dramatically. The poverty rate in Aceh jumped from 28.4 percent to 32.6 percent in the immediate aftermath of the disaster, but due to the tremendous influx of international aid, the rate quickly recovered to pre-tsunami levels, with no significant difference between tsunami-affected and non-affected areas.²¹ Reductions in poverty levels over the next few years were driven mainly by direct assistance to households along with construction and other service-sector employment related to tsunami recovery assistance. As the tsunami recovery effort drew to a close, so, too, did this boon decline. By 2008, the construction sector in Aceh was stagnant or contracting.²²

Inflation rose sharply after the tsunami, peaking at 41.5 percent year-on-year in December 2005, but later slowing to national levels. Nonetheless, the prolonged period of high inflation further compromised the competitiveness of Aceh's economy, and also had an impact on the purchasing power of local people.²³

Aceh is a relatively high-cost economy. At Rp. 1 million per month, Aceh's minimum provincial wage (*upah minimum propinsi*, or UMP) is among the highest in Indonesia. High wages combine with other factors such as inadequate infrastructure and weak regulatory institutions to constrain Aceh's competitiveness and ability to attract investment.²⁴ Foreign and domestic investors shied away from Aceh throughout the conflict period and have not yet returned. The government of Aceh is aggressively courting investors, touting the province's abundant natural resources and strategic location at the heart of the Indonesia–Malaysia–Thailand growth triangle. Still, prospective investors are taking a “wait-and-see” approach to Aceh.

Between 2006 and 2008, a total of forty-two foreign and six domestic investors registered intent to invest with the Aceh Provincial Investment Promotion Board (Badan Koordinasi Penanaman Modal Daerah, BKPMMD), and initiated permit applications.²⁵ According to BKPMMD data, if all these investments reach fruition, they will inject over US\$1.6 billion into the Acehnese economy and provide jobs for at least twenty-two foreign and 4,021 domestic workers. The numbers of expressions of interest by potential investors have increased slightly each year, but they still remain well below levels in most other Indonesian provinces, where hundreds of such applications are processed annually. By the time the MSR went to press in December

²⁰ *Aceh Poverty Assessment 2008*, p. 34.

²¹ *Ibid.*, p. 8. Prior to the tsunami, communities along the coast were generally more prosperous than those living in isolated mountainous areas in the province's interior, many of which were severely affected by the conflict.

²² It is anticipated that construction will pick up again once Dana Otsus funds begin flowing (see below).

²³ The World Bank, *Aceh Public Expenditure Analysis 2006: Spending for Reconstruction and Poverty Alleviation* (Jakarta: The World Bank, 2006), p. 11.

²⁴ “Aceh Economic Update October 2008” (Banda Aceh: Multi Donor Fund, 2008), p. 3.

²⁵ BKPMMD data only capture those investors hoping to take advantage of government facilities and incentives. Most local and domestic investors do not register with BKPMMD.

2009, only four prospective investors had completed the application process to commence business in Aceh.²⁶

Local investment and small- to medium-scale credit allocation have increased steadily since the end of the conflict. Gross Domestic Capital Formation (i.e., new capital created in Aceh) accounted for 15 percent of Aceh's GDP in 2007. This is more than double the pre-tsunami level, but still well below the national level of 25 percent.²⁷ Loans from government and private commercial banks have shown a steady increase over the past four years. Over half of the amount of these loans went toward consumption, although there has been a slight increase in loans for working capital, mainly for trade activities, which accounted for nearly a quarter of the funds loaned in 2007.²⁸

With the decline in both tsunami-related construction and oil and gas production, economic growth in Aceh is presently driven by an expansion in agricultural production. Agriculture's contribution to Aceh's economy expanded from 17 percent in 2003 to 25 percent in early 2008. Fifty-seven percent of Aceh's workforce is engaged in agriculture, well above the national figure of 41 percent. Agricultural production surpassed pre-tsunami levels in 2007 and continued to expand through 2008.²⁹

As poverty in Aceh is predominantly a rural phenomenon—and because rural areas saw most of the fighting during the conflict and provided most of the fighters for rebel forces—addressing rural poverty is of primary concern for those trying to further the peace process in Aceh.³⁰ Expanding agricultural production can play a major role in this effort. Most of the recent growth in agriculture has been achieved through the rehabilitation of tsunami-damaged farmland and fishponds, as well as the resumption of harvests in conflict-affected districts where people had been unable to tend their fields and orchards because of the fighting. Continued rapid growth in this sector will be increasingly difficult to achieve. Furthermore, increasing agricultural productivity typically leads to less demand for farm labor. The agriculture sector in Aceh was already shedding workers prior to the tsunami, a trend that is likely to continue in the future.³¹

Clearly, growth in other sectors of the local economy will be necessary to build a sustainable foundation for peace. An improved security situation and new infrastructure should make Aceh more attractive to national and foreign investors, and also accelerate domestic capital formation in the province. The Helsinki MoU and LoGA include measures to inject significant amounts of fiscal resources into the provincial and local governments, as well as provide targeted reintegration assistance for former combatants, political prisoners, and conflict victims.

²⁶ By contrast, in 2007, the national Investment Coordinating Board (Badan Koordinasi Penanaman Modal, BKPM) recorded 1,608 direct foreign investment project approvals in Indonesia—an average of more than 50 for each of Indonesia's 32 provinces—with a combined value of US\$36 billion.

²⁷ "Aceh Economic Update October 2008," p. 2.

²⁸ *Ibid.*, p. 4.

²⁹ *Ibid.*, p. 2.

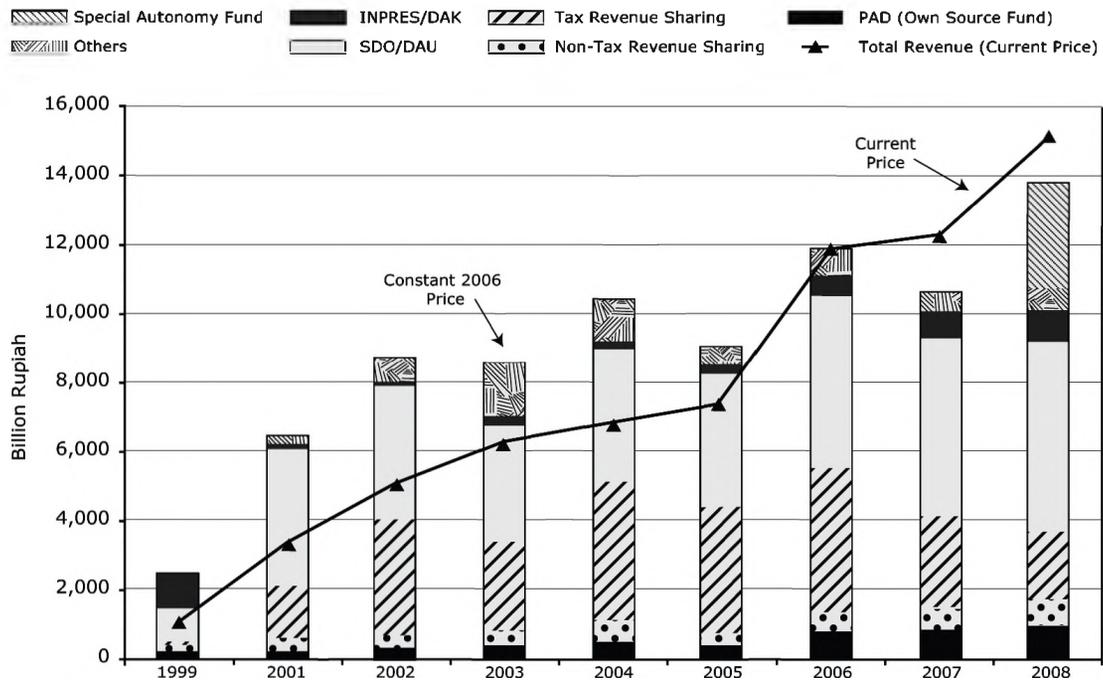
³⁰ In 2007, 30 percent of rural households in Aceh had incomes below the poverty line, compared to 14.7 percent in urban areas. See *Aceh Poverty Assessment 2008*, p. 13.

³¹ *Ibid.*, p. 30.

Increased Fiscal Resources

The Helsinki MoU attempts to address one of the root causes of the rebellion, stipulating that, “Aceh is entitled to retain 70 percent of the revenues from all current and future hydrocarbon deposits and other natural resources in the territory of Aceh as well as in the territorial sea surrounding Aceh.”³² As a result, Aceh now receives the third largest resource-sharing allocation in Indonesia, after East Kalimantan and Riau. Aceh’s 70 percent share of hydrocarbon revenues is far greater than for other hydrocarbon-producing regions, where 15 and 30 percent for oil and gas, respectively, are the norms. However, as already mentioned, oil and gas production in Aceh is already in decline, and this trend is likely to continue. In an effort to redress the imbalances of previous decades further, the LoGA mandates that Aceh also receive the equivalent of an additional 2 percent share of national General Allocation Funds (Dana Alokasi Umum, DAU) for fifteen years, then 1 percent for five more years (until 2027). Following a rather confusing word swap, this fund is called the Special Autonomy Fund, or Dana Otsus.³³

Figure 2: Provincial and Local Government Revenues, 1999–2008



Source: World Bank, “Aceh Public Expenditures Analysis Update 2008”

³² Helsinki Memorandum of Understanding, Section 1.3 Economy, Clause 1.3.4.

³³ Previously, the term “Dana Otsus” referred to the resource revenue-sharing scheme whereby Aceh already received a higher proportion of revenues from gas and oil extracted in the province. Since passage of the LoGA in 2006, however, this term refers to Aceh’s additional 2 percent share of DAU funds, while the hydrocarbon revenue-sharing allocations are now called the “Natural Resource Revenue-Sharing Fund” (Dana Bagi Hasil Sumberdaya Alam, DBH SDA).

Since the enactment of Indonesia's 1999 decentralization laws, DAU funds have become the major source of revenue for regional governments throughout the country. Allocating an additional 2 percent of total national DAU funds to Aceh represents a significant windfall for the provincial and local governments. Aceh now receives the third highest per capita DAU revenues in Indonesia (after Papua and East Kalimantan), double the national average. Aceh's general revenues (provincial and district) increased from Rp. 2.4 trillion (US\$240 million) in 1999 to almost 16 trillion (US\$1.6 billion) in 2008 (Figure 2, above).

Altogether, Aceh's peace dividend in the form of extra Dana Otsus funds and oil and gas revenues is expected to contribute Rp. 78.6 trillion (US\$7.9 billion) to the Acehnese economy from 2006 through to the end of 2027. This is substantially more than the MSR's estimate of the total provincial costs of damage and recoverable loss from the conflict, and these funds provide an opportunity for Aceh to "build back better" if used effectively.³⁴

Under Indonesia's decentralization and revenue-sharing framework, 90 percent of DAU funding is distributed to districts and municipalities, with only 10 percent going to provinces. However, the LoGA alters this distribution for Aceh, allocating the provincial government almost 40 percent of Dana Otsus funds. Many programs to be supported by Dana Otsus in Aceh will take the form of joint efforts between the provincial and local governments. Numerous complex allocation and implementation issues have yet to be worked out.

A special Coordinating Team was established to develop a master plan for the utilization of the additional revenue the province will receive from Dana Otsus and oil and gas revenue-sharing. This team was tasked with designing and improving allocation formulae, setting selection criteria for projects and programs, evaluating projects and programs funded through this mechanism, and providing technical assistance for district and municipal governments to prepare proposals. Numerous donor-supported programs in Aceh have focused on capacity development of provincial and district government agencies in order to make more effective use of Aceh's windfall.

Reintegration Assistance

The Helsinki MoU further stipulates that:

GoI [Government of Indonesia] and the authorities in Aceh will take measures to assist persons who have participated in GAM activities to facilitate their reintegration into the civil society. These measures will include economic facilitation to former combatants, pardoned political prisoners, and affected civilians. A Reintegration Fund under the administration of the authorities of Aceh will be established.³⁵

³⁴ "Building back better" was the slogan adopted by leading national and international agencies involved in the tsunami recovery effort.

³⁵ Helsinki Memorandum of Understanding, Section 3.2 Recovery into Society, Clause 3.2.3.

In addition to the Reintegration Fund, national government assistance to Aceh also includes allocation of funds for the rehabilitation of public and private property destroyed or damaged as a consequence of the conflict. A special provincial agency was established in 2006 to manage the reintegration process, formally named the Board for the Reintegration into Society of Former GAM Members,³⁶ which was subsequently shortened to the Aceh Peace-Reintegration Board, or BRA. BRA was intended to serve as a post-conflict equivalent to the BRR,³⁷ responsible for overseeing the post-tsunami response. However, unlike BRR, which was a national government, ministry-level institution, BRA is a provincial-level agency, reporting to the governor of Aceh rather than the national cabinet.

In successive Governor's Decrees, BRA was tasked with "formulating programs for the reintegration of former GAM into society in the fields of Government, Political Participation, Integration, and Community Empowerment in the Social and Economic Spheres;" "undertaking coordination with district and municipal governments on guidance for former combatants and amnestied political prisoners;" and "undertaking coordination with relevant government agencies on the implementation of reintegration of former GAM members into society."³⁸

In practice, BRA has lacked the capacity to implement this broad mandate. The agency's role has been largely limited to facilitating the allocation of government reintegration funds to former combatants and conflict victims. To further complicate matters, although BRA determines the allocation of reintegration assistance funds, it does not hold or disburse them. Funds are handled by the provincial Office of Social Affairs (Dinas Sosial Aceh, or Dinsos). Standard Dinsos aid delivery modalities require the verification of beneficiary names and bank account details before disbursing funds directly to beneficiaries' bank accounts—a task that has proven quite difficult when these administrators are working with former conflict actors and victims.

BRA's operations have been further hamstrung by delays in the disbursement of funds, from both Jakarta and the provincial government. The causes of these delays lie both with BRA and the government, and include delays in submission of budgets and reports to BAPPENAS and the Ministry of Finance, the obduracy of some members of both national and provincial parliaments, and some disagreements over the appropriate sources of funds.

BRA has offices in each district in Aceh. For the first three years of the agency's existence, district BRA staff were appointed by—and reported to—local district heads (*Bupati*), creating some confusion over responsibilities and authority. Opportunities for patronage and manipulation of reintegration assistance are generally more prevalent at the local than at the provincial level. A revamping of the BRA structure in 2009 created a clearer chain of command between the provincial BRA office in Banda Aceh and the districts.³⁹

³⁶ Badan Reintegrasi Mantan Anggota Gerakan Aceh Merdeka ke Dalam Masyarakat.

³⁷ Badan Pelaksana Rehabilitasi dan Rekonstruksi Nanggroe Aceh Darussalam dan Nias, Agency for the Rehabilitation and Reconstruction for the Region and Community of Aceh and Nias.

³⁸ Governor of Aceh Decrees No. 330/032/2006, 330/106/2006, 330/213/2006, 330/145/2007, 330/438/2008, and 330/320/2009 on Formation of the Aceh Peace-Reintegration Board.

³⁹ Governor of Aceh Decree No. 330/320/2009 on Formation of the Aceh Peace-Reintegration Board.

Two early programs help illustrate the complexity of the task facing BRA. One of the agency's first attempts to provide reintegration assistance in 2006 involved soliciting proposals for individual or group "livelihood" projects, to be funded at Rp. 10 million (US\$1,000) per person. Within weeks, BRA had received over 68,000 proposals, and was ultimately forced to scrap the program because it lacked staff resources to process the proposals, and because the business-support and skills-training services needed to support these activities were not available in Aceh. BRA's announcement that the program would be closed was met with deep resentment and anger, as many people had incurred costs of up to Rp. 300,000, sometimes selling livestock or possessions, to pay agents and local officials to prepare proposals.⁴⁰

Later that year, BRA initiated a program to channel funds through the established Kecamatan Development Program (KDP) network.⁴¹ The BRA-KDP program rapidly disbursed Rp. 217 billion (US\$ 21.7 million) to groups in 1,724 villages in 67 subdistricts (one-third of all subdistricts in Aceh). According to a World Bank evaluation of the program, a preponderance of these funds found their way to conflict victims, who were identified by community members as being in greatest need of aid.⁴² Unfortunately, this successful program was discontinued after just a single round due to a perceived mismatch between the KDP community-based approach and some national officials' and local politicians' conception that BRA should compensate only conflict victims, not communities at large. The termination of the program was met with anger by members of communities who had been told they would receive support the following year. Since that time, "economic empowerment" assistance to conflict victims has continued in the form of direct cash grants to individuals, with unclear impacts.⁴³

Few would contend, however, that direct assistance to conflict-affected groups and individuals was not politically necessary to help "jump start" the peace process in Aceh. Much of the complexity of administering this sort of assistance stems from difficulties in determining who is eligible. According to the MSR ARLS Survey, approximately 1.5 million Acehnese—some 39 percent of the population—consider themselves to be victims of conflict. Furthermore, there are ambiguities around the identification of former combatants. The ARLS Survey estimated the total number of TNA combatants to be around 14,300.⁴⁴ During the Helsinki negotiations, GAM

⁴⁰ International Crisis Group (ICG), "Aceh: Post-conflict Complications," Crisis Group Asia Report No. 139 (Jakarta/Brussels: International Crisis Group), October 4, 2007.

⁴¹ KDP was a national Government of Indonesia program, implemented by the Ministry of Home Affairs with support from the World Bank, aimed at alleviating poverty, strengthening local government and community institutions, and improving local governance. The KDP program ran from 1998 through 2009, when it was superseded by the National Community Self-reliance Empowerment Program (Program Nasional Pemberdayaan Masyarakat Mandiri, PNPM Mandiri).

⁴² Adrian Morel, Makiko Watanabe, and Robert Wrobel, *Delivering Assistance to Conflict-affected Communities: The BRA-KDP Program in Aceh*, Indonesian Social Development Paper no. 13 (Jakarta: PNPM Support Facility, The World Bank, 2009).

⁴³ In addition to BRA programs, a few international donors have also provided reintegration assistance to particular conflict-affected groups. These donors include, notably, IOM's Information Counseling and Referral Service (ICRS) program, which provided vocational training and support to amnestied political prisoners, former combatants, and vulnerable (unemployed) youth. The majority of donor programs, however, have provided support to groups, rather than to individuals.

⁴⁴ For a detailed discussion of the statistical methods employed in producing this figure, see MSR, Endnote no. 21.

representatives deliberately understated the total number of TNA combatants. Although the Helsinki MoU states that “GAM will demobilize all of its 3,000 military troops,”⁴⁵ ex-GAM leaders later publicly claimed that 15,000 former gun-carrying combatants were entitled to assistance (although they did not clearly outline the time period during which these individuals carried arms). In private conversations, some ex-GAM leaders have set the number as high as 30,000.⁴⁶ Impediments to early efforts to provide direct reintegration assistance to former insurgents were compounded by local organizers’ reluctance to provide lists of the combatants’ names and details.

Additional complications arose over the matter of compensation to former pro-Indonesia militia members in Aceh. During the Helsinki negotiations (and continuing to the present day), Indonesia denied the existence of any such organizations. Nonetheless, post-conflict *realpolitik* required that reintegration assistance packages similar to those provided to former TNA combatants be provided to 6,500 “PETA” (Pembela Tanah Air, Defenders of the Homeland) members and another 3,000 members of FORKAB (Forum Komunikasi Anak Bangsa, the Communication Forum for Children of the Nation).⁴⁷

Even the matter of providing reintegration assistance to former political prisoners has proven problematic. Almost all of the 2,035 prisoners released in August 2005 or shortly thereafter received reintegration packages from the government and/or IOM (International Organization for Migration). The Aceh Transitional Committee (Komite Peralihan Aceh, KPA), however, has argued that prisoners released before the 2005 amnesty should also receive reintegration benefits, but to date very few have. GAM members arrested before the 2003 State of Emergency tended to be charged with non-political crimes. KPA asserts that the majority of these persons were, in fact, political prisoners, and thus should be entitled to the same reinsertion benefits as those granted amnesty in 2005. KPA leaders suggest that there are at least 10,000 people in this category, although this figure has not been verified.

By the time the MSR report was released in December 2009, more than 25,000 reintegration “packages”—including cash (usually Rp. 10 million) and sometimes in-kind assistance, training, or mentoring—with a total value of nearly Rp. 400 billion (US\$40 million) had been provided to eligible former combatants and other conflict actors (Table 1, below).

By far the largest group of conflict-affected individuals is made up of the designated “affected civilians,” who are entitled to “economic facilitation” under the terms of the MoU. BRA’s housing program is targeted to reconstruct or rehabilitate over 30,000 houses that were destroyed or damaged in the conflict. As well, the Department of Social Welfare provides routine compensation (*diyat*) payments to 29,818 next-of-kin of people killed in the conflict, and various forms of support for over 25,000 conflict orphans or conflict-affected youth.

⁴⁵ Helsinki Memorandum of Understanding, Section 4 Security Arrangements, Clause 4.2.

⁴⁶ International Crisis Group (ICG), “Aceh: So Far, So Good,” Crisis Group Asia Report No. 44 (Jakarta/Brussels: International Crisis Group), December 13, 2005, p. 5.

⁴⁷ PETA and FORKAB are discussed in the penultimate section of this essay.

Table 1: Individual Assistance to Former Conflict Actors

Cohort	Unit	Target	Disbursed
Ex-GAM TNA	People	6,129	6,129
Ex-GAM Non-TNA	People	6,200	6,200
EX-GAM Non-Specified	People	607	607
Ex-Political Prisoners	People	3,946	3,946
Ex-GAM FORKAB	People	3,204	3,204
PETA	People	6,500	5,000
Total		26,586	25,086

Source: The Aceh Peace Process Stock-Take, MSR

Over 300,000 conflict victims have received some form of assistance, with a total value in excess of Rp. 835 billion (US\$ 83.5 million). The bulk of this has been for housing construction, with most of the remainder for “economic empowerment” (see Table 2). Over 90 percent of the latter was channeled through the BRA–KDP program discussed above, which provided cash and in-kind support to 233,428 people during its short lifespan.

Table 2: Individual Assistance to Conflict Victims

Type of Assistance	Unit	Target	Disbursed
Social compensation (<i>diyat</i>)	People	29,828	29,828
General livelihood assistance	People	9,074	9,074
Health services delivery	People	3,220	3,220
Assistance for IDPs*	People	2,500	2,500
Agricultural training/inputs	People	87,819	87,823
Livestock	People	83,610	83,610
Fishery inputs	People	9,127	9,127
Small business development support	People	61,538	61,538
Educational (scholarship) support	People	121	121
Assistance to orphan/children/youth	People	35,915	25,669
House built/rehabilitated	HH**	30,613	19,138

Source: The Aceh Peace Process Stock-Take, MSR. * Internally Displaced Persons ** Households

Overall, the focus on direct reintegration assistance to individuals combined with the short timelines for expenditure of government funds have diluted the effectiveness of this aid, and constrained the development of linkages between reintegration and more broad-based development initiatives. Little thought has been given to community (or beneficiary) capacity-building opportunities or to the outcomes of this assistance, nor has there been any meaningful follow-up support for recipients. As

well, some observers have pointed out that this emphasis on individual and compensation-based reintegration assistance has led to the emergence of individuals' claims that cannot be fulfilled, producing an entitlement mentality among potential beneficiaries that can stymie broader development efforts, and the hardening of—or creation of new—group boundaries.⁴⁸

In addition to the MoU-mandated, individually targeted reintegration assistance coordinated by BRA, a few international agencies have supported activities with community groups and local NGOs. These initiatives cover a broad range of sectors and types of activity; the bulk of these efforts have been devoted to supporting livelihoods, but also involved trauma healing, education assistance, awareness raising, and capacity building. Examples of such projects include the IOM's Support for Conflict-Affected Communities Project (SCACP) and the Village Prosperity Due to Peace (Makmu Gampong Karena Damai, MGKD) Project, the Japanese Embassy's Grant Assistance for Grassroots Human Security scheme, HIVOS's (Humanistisch Instituut voor Ontwikkelingssamenwerking, or Humanist Institute for Cooperation) program to support Javanese IDPs' return to their land in Aceh, creation of the Conflict Early Warning Systems–Aceh (CEWS–Aceh) network, and the AusAID-funded Local Innovations for Communities in Aceh (LOGICA 2) project to promote improved local government service delivery. Some notable successes have been achieved, but the scope and scale of these programs is miniscule when compared to the deluge of aid that flowed to tsunami-affected communities over the previous four years.

Another facet of post-conflict assistance is the reconstruction and rehabilitation of community infrastructure. BRA has supported the repair or construction of 292 mosques, 43 sanitation facilities, 43 kilometers of roads, and 17 bridges. Donors and NGOs have helped repair or construct 462 sanitation facilities, 162 health centers, 16 schools, and 7 irrigation channels, and to clear 1,286 hectares of agricultural land. These figures represent only a tiny fraction of the total damage caused by the conflict and related neglect. As previously mentioned, a 2006 World Bank survey indicated that over 50 percent of infrastructure in Aceh sustained damage during the conflict. According to MSR estimates, total infrastructure and public facilities damage costs exceed Rp. 2.8 trillion (US\$280 million). It will require many years of reconstruction to repair all this. The majority of this reconstruction will be supported through mainstream government development programs, drawing on the revenue windfall ensuing from the post-MoU fiscal arrangements.

Grassroots Economic Recovery?

Clearly, creating employment for former combatants is a primary concern in post-conflict situations. A World Bank reintegration-needs-assessment study in 2006 found that only 25 percent of ex-TNA members were working a year after the cessation of hostilities.⁴⁹ Less than three years later, the ARLS found that 85 percent of male ex-

⁴⁸ Patrick Barron, "Getting Reintegration Back on Track: Problems in Aceh and Priorities for Moving Forward," paper presented at the conference, "The Peace Process in Aceh: The Remnants of Violence and the Future of Nanggroe Aceh Darussalam," Harvard University, October 24–27, 2007.

⁴⁹ World Bank, *GAM Reintegration Needs Assessment: Enhancing Peace through Community-level Development Programming* (Jakarta: World Bank, 2006), p. 17.

TNA and 45 percent of female ex-TNA had full-time employment, which is considerably higher than their civilian counterparts (78 and 28 percent, respectively).

Former combatants are more likely to be working in agriculture than are civilians, and less likely to work as traders or in the public sector. Most ex-combatants appear to have returned to their pre-GAM occupations. According to the ARLS survey, 39 percent of male combatants in full or part-time employment work in the agricultural sector, 19 percent are non-agricultural daily laborers, and 9 percent work as traders.⁵⁰

According to the 2006 survey, ex-TNA members had higher levels of primary and junior high school education than civilians, indicating that GAM recruitment tended to attract more highly educated people. However, these individuals' schooling was interrupted by their involvement in the conflict; male ex-combatants were 17 percent less likely than non-combatants to have completed high school. In the eighteen-to-twenty-five-year-old age bracket (the age group that accounted for the majority of ex-combatants at the time the survey was carried out), 5 percent of male and 4 percent of female civilians were in school, while virtually no former combatants were, indicating that ex-combatants whose education was interrupted had not usually returned to school. This lack of higher education may have implications for the future employment prospects of ex-TNA members, particularly in government or managerial-level private sector positions.

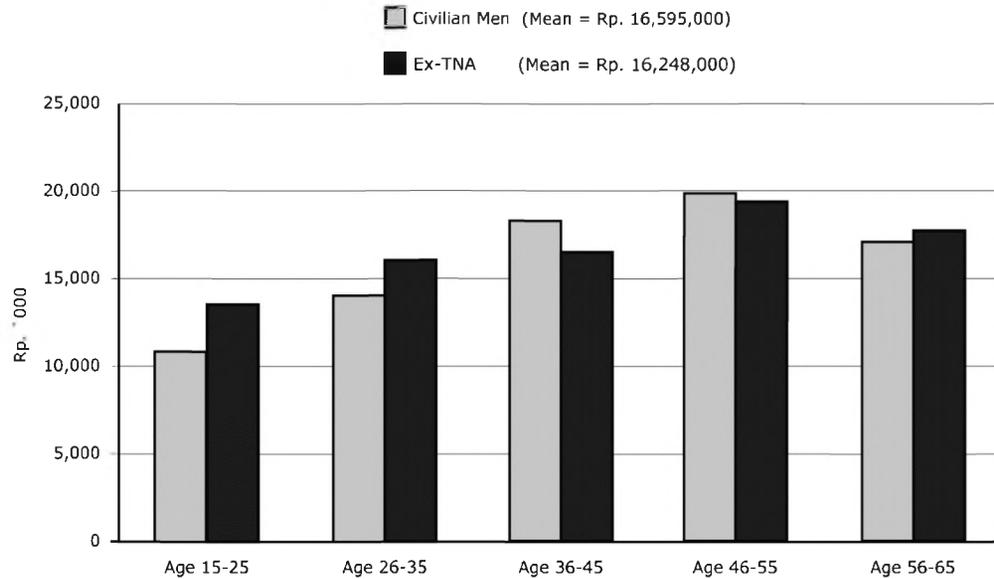
Despite the fact that the survey showed higher employment figures among former combatants than their civilian counterparts, these same individuals' incomes and total asset holdings were still below those of the population at large. Average incomes for male ex-TNA were about 2 percent below male civilians (Rp. 16.2 million and 16.6 million, respectively). Within both the ex-combatant and civilian populations, there are considerable differences across age groups. The higher income figures for younger ex-combatants (Figure 3) can be largely accounted for by the fact that more were working rather than attending school.

Former TNA officers' reported average income, at Rp. 19,695,000, is 23 percent higher than that of non-officers, and nearly 16 percent higher than that of male civilians (Figure 4, below). Much of this disparity can be explained by the fact that many former TNA commanders have parlayed their newly acquired political legitimacy into positions as building contractors.⁵¹ In Indonesia, as in countries around the world, the construction industry forms a crucial lynchpin connecting business and politics. Few skills—other than bullying and deal-making—are required for membership in this elite fraternity.

⁵⁰ Of combatants surveyed in 2006, 30 percent had been farmers, 23 percent traders, 10 percent students, and 8 percent fishermen. Other forms of pre-GAM employment included temporary jobs (9 percent); drivers (3 percent); carpenters (2 percent); and other (10 percent). Five percent of former combatants were unemployed before joining the movement. See *ibid.*, p. 16.

⁵¹ See Edward Aspinall, "Combatants to Contractors: The Political Economy of Peace in Aceh," *Indonesia* 87 (April 2009): 1–34. Aspinall asserts that, rather than viewing this development as the emergence of a new class of organized criminal in Aceh, instead, the business successes of these combatants-turned-contractors represent the incorporation of Acehnese gangsters into existing national neo-patrimonial networks linking the worlds of business and politics. As such, according to Aspinall, this development probably serves to consolidate the overall peace process and "reintegration" of Aceh into the Indonesian polity.

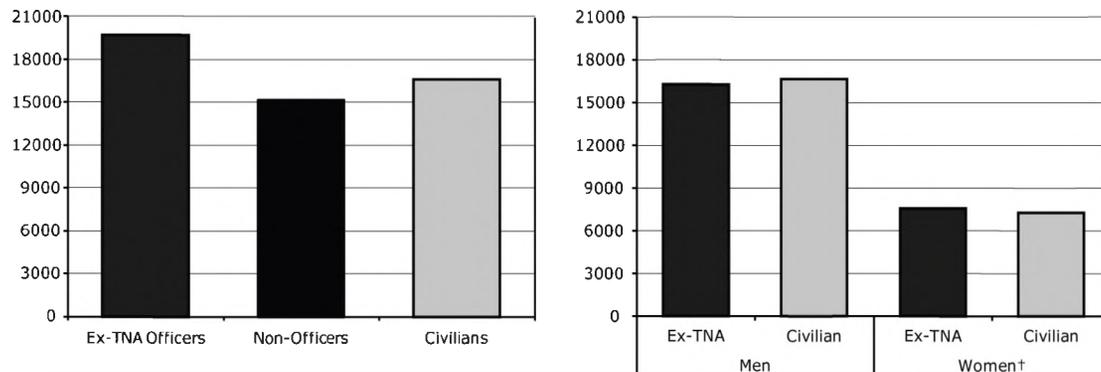
Figure 3: Average Annual Income: Male Ex-TNA and Civilians



Source: ARLS, MSR, Figure 6.4

Women’s reported average income is far below that of men (Figure 5). Female ex-combatants’ average annual earnings are only Rp. 7,529,000, or 46 percent of average male ex-combatants’ earnings. Civilian females earn slightly less (Rp. 7,272,000).

Figures 4 and 5: Comparing Income: Ex-TNA Officers, Non-Officers, and Civilians; and Men and Women



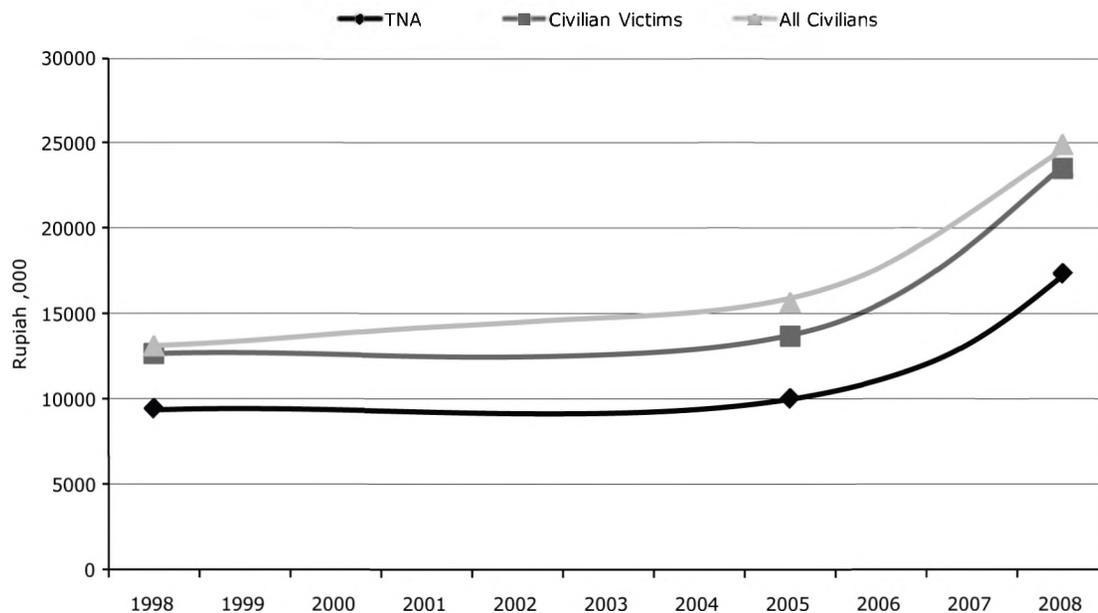
Source: ARLS, MSR Figures 6.5 and 6.6. † Women not representative of all Aceh.

Another measure of personal welfare is household assets. The ARLS measured assets to assess the differences between groups and relative changes in holdings over time. Respondents were asked to record the quantity of assets that they owned at three

different points in time: 1998 (ten years before the survey was undertaken), 2005 (the year the conflict ceased), and 2008 (the time of the survey).⁵²

Both combatant and non-combatant households have seen a rise in asset holdings since the peace agreement in 2005 (Figure 6). Combatants in 1998 were generally poorer than civilians. The asset gap increased until 2005: ex-combatant groups, officers, political prisoners, and women all experienced a decline in assets between 1998 and 2005, while rank-and-file TNA males (the largest group in the survey) experienced a slight increase in assets, roughly similar to that of the population at large (Figure 7). Since the end of the conflict, the assets of former combatants have increased by an average of 72 percent, while average civilian household assets have increased by 54 percent.

Figure 6: Changes in Assets over Time: Male TNA, Civilians, and Civilian Conflict Victims



Source: ARLS, MSR Figure 6.7.

Note: the lines in this figure are based on data from three time points: 1998, 2005, and 2008. The actual shape of the growth curves may vary slightly.

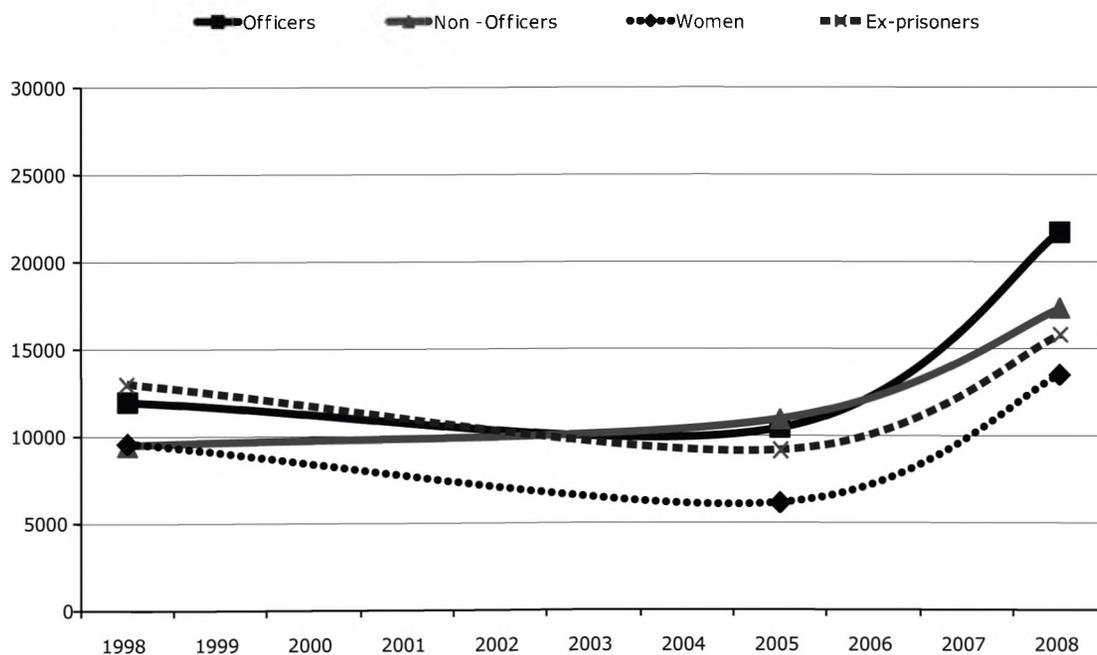
This higher rate of asset accumulation by ex-combatants should be considered in the light of their lower asset base in 2005. In real terms, civilian households have shown higher asset gains (Rp. 8,539,000 for civilians compared to Rp. 7,325,000 for ex-combatants). Former combatants still lag behind the civilian population in terms of average household asset holdings by around 30 percent (Rp. 17,426,000 and Rp. 24,370,000, respectively). Civilian conflict victims have fared relatively well since the

⁵² The ARLS asset ownership survey counted consumer electronics, large household items, vehicles, commercial machinery, and livestock.

end of the fighting in 2005: by 2008, civilian victims' household asset levels had nearly converged with those of non-victim households.

Among former combatant groups, ex-officers have accumulated assets much more rapidly than have members of other groups, indeed faster than the general population. Since 2005, ex-TNA officers' assets have increased by an average of 108 percent, to the point that they are approaching parity with the civilian average (Rp. 21,703,000, compared to Rp. 24,370,000). Former rank-and-file combatants have accumulated assets at a slower rate (58 percent), roughly comparable to that of civilian men (54 percent). In real terms, however, this increase is considerably lower, given that the baseline figure for former rank-and-file combatants at the end of the conflict was considerably lower than for their civilian counterparts. At the time of the survey in 2008, former rank-and-file combatants held assets averaging Rp. 6,364,000, compared to Rp. 8,539,000 for civilians (see Figure 7).

Figure 7: Changes in Assets over Time: TNA Officers, Non-Officers, Female Combatants, and Ex-Prisoners



Source: ARLS, MSR Figure 6.8.

Female ex-combatants and ex-prisoners experienced significant increases in asset holdings since the signing of the Helsinki MoU: 108 and 73 percent, respectively. This may be because members of these groups were more likely to have received multiple forms of reintegration assistance than other ex-combatants. However, because they were considerably poorer than other ex-combatant groups at the end of the fighting in 2005, both groups still lag behind their compatriots in absolute terms. Former political prisoners were, in general, slightly better off than other ex-TNA groups in 1998 (prior to their incarceration), but they experienced the greatest decline in wealth during the

remaining conflict years. As a result, despite increases in assets since the Helsinki MoU, they still lag behind other ex-combatant groups.

There are also regional disparities among former combatants' comparative incomes and assets. Ex-combatants in the central highland districts are considerably poorer than their comrades elsewhere. The gap between civilians' and former combatants' income and wealth is also more pronounced in the central highlands. Other areas with high numbers of poor ex-combatant households include the districts of Pidie and Aceh Timur on the north coast, and Nagan Raya on the west coast—all areas that experienced high levels of violence during the conflict.

Perhaps one of the most interesting findings of the ARLS survey relates to the efficacy, or impact, of the Rp. 1.5 trillion (US\$150 million) reintegration assistance that has been provided to former combatants, political prisoners, and conflict-affected civilians. The survey found that, on average, households that have received reintegration assistance are faring no better than those that have not (Table 3). Among civilian victims' households, those who received no assistance have increased asset holdings at a rate considerably higher than households that did receive some support.

Ex-TNA households that have received no assistance have also accrued assets more rapidly than those that did receive assistance. Paradoxically, ex-TNA households that have received assistance were significantly better off in terms of the value of their household assets in 2005 (before the reintegration programs started) than were those who report having received no assistance.

Table 3: Household Welfare: Received or Not Received Assistance

Household assets (mean) (Rp. '000)	Civilians			Ex-TNA		
	HH received some assistance	HH received no assistance	Comparing HH that received/ did not receive assistance	HH received some assistance	HH received no assistance	Comparing HH that received/ did not receive assistance
Baseline 2005	13,723	13,533	190	11,491	8,408	3,083
Current 2008	20,361	23,864	-3503	18,036	16,405	1,631
Difference (actual)	6,638	10,331	-3693	6,545	7,997	-1,452

Source: ARLS, MSR Table 6.5.

These figures underscore two facts about post-conflict reintegration assistance in Aceh. First, they provide strong, if not conclusive, evidence at an aggregate level that assistance to former combatants has not been successful in targeting the most vulnerable ex-combatants or conflict-affected civilian household. Second, and perhaps more significantly, the data provide evidence that this direct assistance has not significantly improved the welfare of those who have received it.

These findings should not be interpreted as negating the necessity or expedience of providing some forms of direct assistance to former combatants and victims. Evidence

showing the geographic concentration of large numbers of low-earning former combatants and conflict victims in precisely those regions that experienced the highest levels of violence during the conflict calls for targeted programs aimed at improving welfare and creating new employment opportunities for members of these groups.

The economic situation in Aceh has improved significantly during the years since the signing of the Helsinki MoU, however, it still has a long way to go to be on par with most of the rest of Indonesia. Aceh's economic recovery is still fragile, and poverty levels remain well above the national average. Large numbers of people are living just above the poverty line; a small shock could send them back into poverty.

Social and Political Normalization

For people living in Aceh, the greatest dividend from the peace agreement has been peace itself. Not only are people enjoying freedom of movement and assembly for the first time in decades, they are able to resume economic activities that had been largely impossible during the conflict years. As previously mentioned, agricultural production is currently the main driver of economic recovery in Aceh, providing employment, subsistence, and income for the majority of the province's residents. Markets and street-side businesses have sprung to life in towns and cities across the province, after decades of inactivity. (Legal) export trade is resuming. The lives of people across Aceh are approaching a "normal" that the province has seldom known.

Nearly sixty thousand people, or roughly 15 percent of the total population of Aceh, are estimated to have been displaced by the conflict. Given the duration and intensity of the conflict, this is a relatively low figure. Most people were displaced for only a matter of weeks or months, as they returned to their villages once they perceived that the threat that caused them to leave had lessened or passed. By September 2008, three quarters (450,000 people) of internally displaced persons (IDPs) had returned to their villages, with a smaller number choosing to permanently relocate to other towns or villages in the province. The largest share of the displaced were ethnic Acehnese, although minority ethnic groups (especially Javanese migrants, many of whom had come to Aceh under the national transmigration program) were disproportionately represented among the IDP population. Javanese and other migrant groups have also been slower to return.

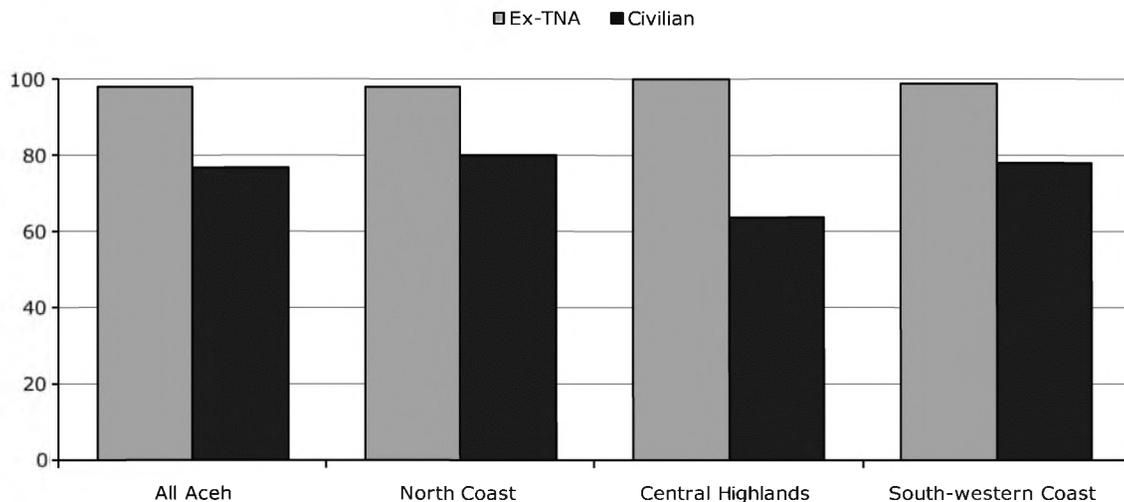
A significant proportion (39 percent) of displaced people fled their communities after experiencing traumatic events such as bombing or shooting, torture or detention, seizure or destruction of property, or the experience of losing their houses to arson. Other common reasons for leaving included robbery, extortion, or physical beatings, lack of food and water, or lack of access to medical services. The primary reasons given for returning were to rejoin family and community, perceived economic opportunities, or because of the improved security situation.

A characteristic of the Aceh rebellion was that most GAM/TNA fighters served in mobile units that regularly rotated in and out of civilian life. This, along with the young age of many combatants, made it fairly easy for them to return to their family homes after the signing of the MoU. As such, ex-TNA combatants experienced a sort of "auto-reintegration" that was smoother than the experience of former insurgents

engaged in civil conflicts in many other parts of the world. The vast majority of ex-combatants had strong family and community support networks to assist with their initial reinsertion.

By and large, former combatants in Aceh enjoy high levels of acceptance and support in the community. Naturally, this differs across regions, depending on the particular trajectory of the conflict in that area. The ARLS found, not surprisingly, that ex-combatants were highly accepting of former colleagues returning to their communities; however, civilians were only slightly more reserved in their acceptance (Figure 8).

Figure 8: Percentage of Male Respondents to Accept Ex-Combatants in their Villages



Source: ARLS, MSR Figure 7.7.

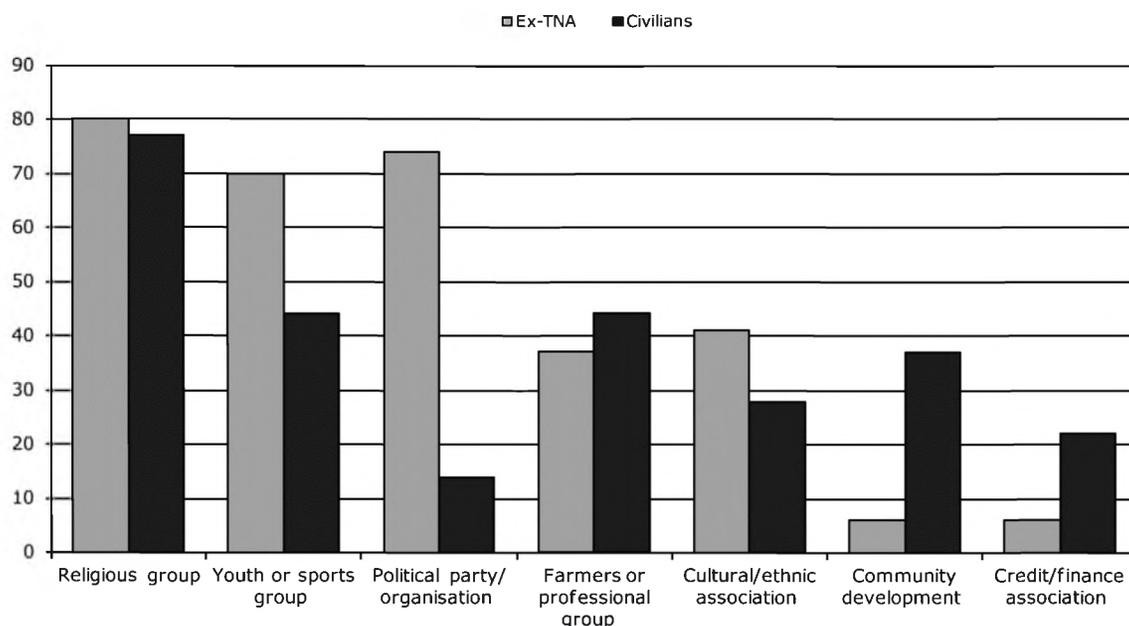
Over three-quarters of (male) civilians said they readily accept ex-combatants returning to their villages. Returning ex-combatants were more coolly received in the ethnically more heterogeneous central highlands districts. Fighting only spread into the highland districts during the final and most brutal phases of the conflict, and many communities there blame GAM—which they see as primarily an Acehnese organization from the northern coastal region—for the violence and privation they endured.

In general, rural communities in Aceh are characterized by strong social capital and high levels of trust in local village-level leadership. While most levels of government virtually ceased to function outside of major towns and cities throughout most of the conflict period, village-level and customary institutions continued to play a crucial role in serving and supporting their communities. This is in spite of the fact that these customary structures, already weakened by the New Order government's standardization of village government throughout the country during the 1970s through 90s, were further undermined by years of conflict. For example, the *Keuchik* (Village Head) was often suspected by one or both sides of collaborating with the

enemy, and held responsible for the actions (or inactions) of community members. Many were unable to remain in their villages, and forced to seek refuge in towns or sub-district capitals.⁵³ Nonetheless, village government was for many people the only government they had. During the post-conflict period, village institutions and leaders have played a vital role in the transition from war to peace.

While there is broad acceptance of returning former combatants, other findings suggest that the social reintegration process is incomplete. Differences remain between civilians and former combatants, including differing levels of participation in particular types of village association or activity (Figure 9).

Figure 9: Associational Membership (Ex-TNA and Civilians)



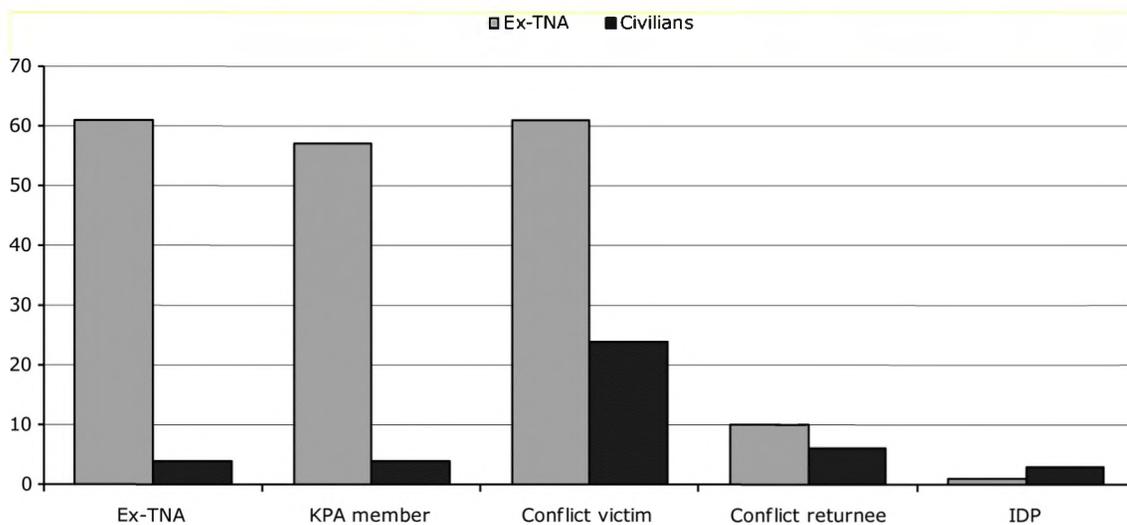
Source: ARLS, MSR Figure 7.8. Men only.

Former combatants are not facing major barriers to participating in village associations and community activities, and are often more active in certain groups or activities—particularly religious, cultural, and ethnic associations, and youth and sports groups—than are non-combatant civilians. None of the 1,086 ex-combatants interviewed during the ARLS reported having been prevented by other villagers from gaining access to health, educational, or other social services or participating in associations. The greater involvement in political groups by former combatants, relative to non-combatants, likely reflects their membership in KPA and/or Partai Aceh (see below).

⁵³ Craig Thorburn, "The Acehese *Gampong*, Three Years On: Assessing Local Capacity and Reconstruction Assistance in the Post-tsunami Era" (Jakarta: AusAID, 2007), available at <https://www.conflictanddevelopment.org/images/stories/doc/en/regCaseStudy/aceh/ACARP-report-lowRes.pdf>, accessed January 26, 2011.

The relatively low level of ex-TNA involvement in economic or community development activities or organizations in their villages is a matter of concern. In Aceh and in other post-war contexts, many ex-combatants are reluctant—or unable—to transform their identities from “freedom fighter” to “community member.” This has much to do with the continued existence of former TNA (now KPA, see below) command structures and related networks of patronage, power, and privilege. Former combatants are unwilling to sacrifice the “social safety nets” on which they depended throughout the difficult years of combat. Ex-combatants are far more likely to associate with each other. By the same token, few non-combatants listed ex-combatants among their closest friends or associates (Figure 10).

**Figure 10: Friendships and Potential Business Relationships:
Ex-Combatants and Civilians**



Source: ARLS, MSR Figure 7.9. Men only.

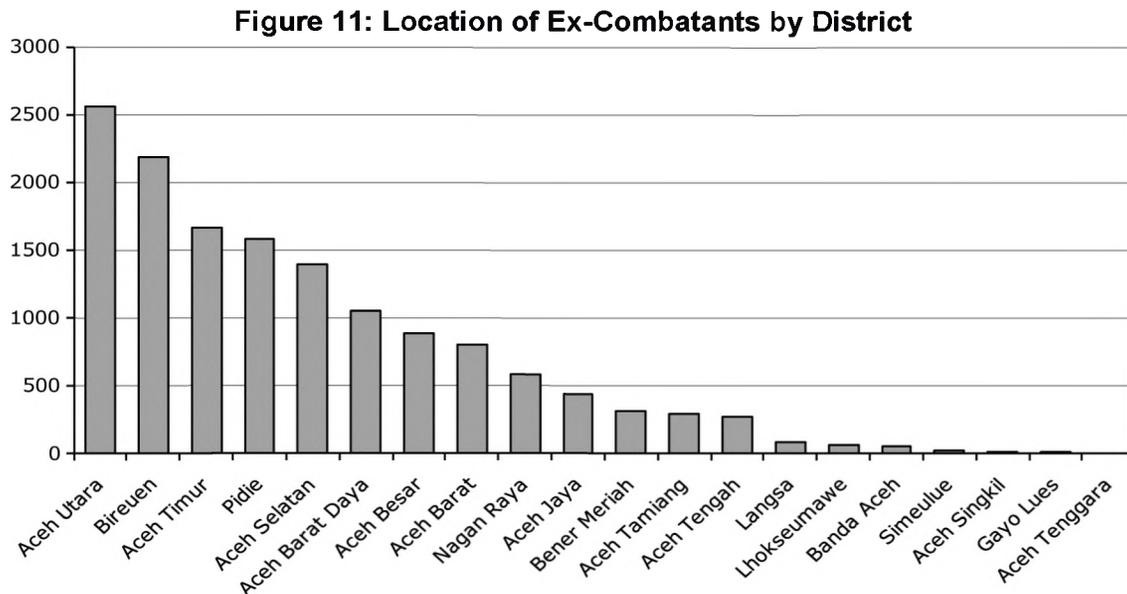
Question: Name five people whom you consider [...] to be your closest friends, and three people with whom you would start a business.

Nearly 60 percent of ex-combatants listed former fellows-in-arms as their closest friends or most likely prospective business partners, compared with only 4 percent of civilians. Ex-combatants were 9 percent less likely to associate with KPA members than with the overlapping, but broader, ex-TNA group. Former officers were 26 and 29 percent more likely than former rank-and-file TNA members to associate with other ex-TNA and KPA members, respectively. This indicates that former TNA command structures and networks remain strong.

Ex-TNA combatants are much more likely to be ethnic Acehnese than non-Acehnese, and are on average six years younger than the overall civilian population, with the vast majority between the ages of 21 and 40. Both male and female ex-combatants were less likely to be married than were civilians of the same age. Ex-combatants (both male and female) were more likely than non-combatants to have lost a family member in the conflict. Somewhat surprisingly, given the assumption that

widowhood was a reason for women joining the TNA, 12 percent fewer female ex-combatants were widowed than were non-combatants.

Former combatants are unevenly distributed across the province. Two-thirds of former combatants live in the east coast districts, with 55 percent concentrated in the four most heavily conflict-affected districts of Aceh Utara, Bireuen, Aceh Timur, and Pidie. Less than 5 percent reside in the central highlands (Figure 11).



Source: ARLS, MSR Figure 3.1.

The same geographic pattern holds true for former political prisoners, as well as conflict victims. Concentrations of unemployed, unmarried, and (perhaps) disgruntled former fighters can present problems for the government and other members of society, especially if these ex-combatants continue to retain conflict-era identities and allegiances.

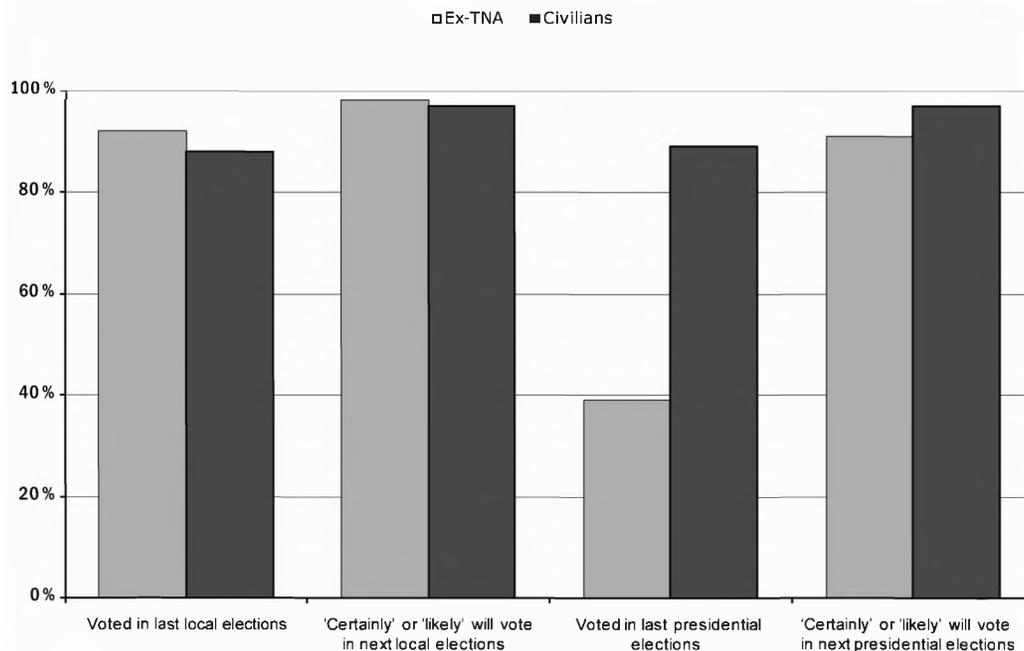
Political Participation

A major breakthrough that paved the way for the Helsinki Accord was the Government of Indonesia's decision to allow the establishment of local political parties in Aceh and for independent candidates to contest elections. Aceh is the only province in Indonesia that currently enjoys these privileges. The decision of GAM's leadership in 2008 to form a political party, Partai Aceh, was a significant milestone on the road to peace. Some observers are concerned that Partai Aceh's heavy-handed behavior in the 2009 parliamentary elections—and a proliferation of acts of intimidation, patronage, and populist practices, more generally—are likely to undermine the management of political competition among local elites and the establishment of an accountable and

responsive government in the medium to long term.⁵⁴ Campaigns since 2005 have been characterized by the candidates seeking and forging pragmatic alliances rather than coalitions based on particular policies or platforms, and by the spreading of patronage and promises. Electoral oversight was flawed; state institutions were often deeply involved in disputes or infractions; and campaign finances were poorly monitored. Nonetheless, local elections have been successful in accelerating the incorporation of former combatants into mainstream political institutions and processes, and the fact that these elections have been largely free from violence is, in itself, a remarkable achievement.

Voter turnout was very high (80 percent) for the 2006–07 local executive elections in Aceh, as well as for the 2009 parliamentary and presidential elections (75 percent).⁵⁵ Turnout in both years was well above the average for gubernatorial and parliamentary elections in Indonesia as a whole.⁵⁶ Former combatants were just as likely to vote as were members of the civilian population (i.e., they demonstrated slightly higher participation in local/provincial elections, slightly lower in the presidential election).

Figure 12: Male Voting in Elections



Source: ARLS, MSR Figure 7.13. The ARLS Survey was administered between the 2006-07 local elections and the 2009 parliamentary and presidential elections.

⁵⁴ Clark and Palmer, *Peaceful Pilkada, Dubious Democracy*, p. iii.

⁵⁵ "KIP Aceh Tuntaskan Rekapitulasi Suara DPR-RI, DPD dan DPRA" [KIP Aceh Finalize the Recapitulation of Votes for the National and Provincial Parliaments and Regional Representative Council], KIP Aceh press release, May 1, 2009, available at <http://www.kipaceh.com>, accessed August 17, 2010.

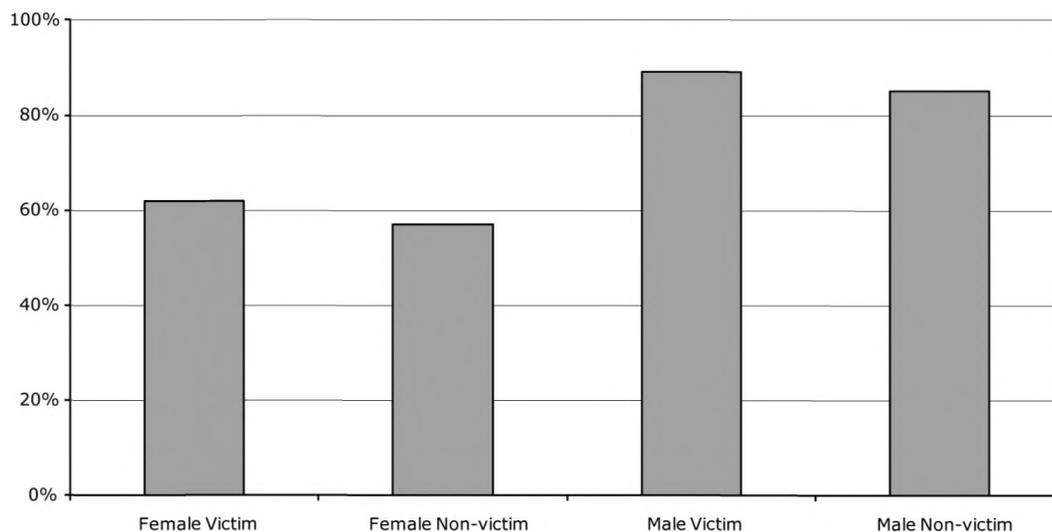
⁵⁶ National figures were at 65 percent for gubernatorial and 60.8 percent for parliamentary elections. International Institute for Democracy and Electoral Assistance (IDEA) website, "Voter Turnout: Indonesia" (n.d.), available at http://www.idea.int/vt/country_view.cfm?CountryCode=ID#Parliamentary, accessed August 11, 2010.

In the 2008 ARLS survey, over 91 percent of former combatants said that they planned to vote in the 2009 presidential elections (Figure 12, above). Given that this group was, until recently, engaged in a rebellion against Aceh's inclusion in the Indonesian state, and that only one in three voted in the 2004 presidential election, this is a remarkable turnaround. The exceptionally high percentage of former combatants—and Acehese voters in general—who cast their ballots in the 2009 presidential election indicates their positive acceptance of Aceh's place within Indonesia. Significantly, incumbent Susilo Bambang Yudhoyono received 93 percent of the Acehese vote.⁵⁷

In another measure of political engagement, the ARLS found that former combatants and civilian conflict victims appear to be more politically informed than other civilians. Ex-combatants, in particular, were far more likely to know the names of the local *Camat* (subdistrict head), *Bupati*, and governor than were non-combatants. Among ex-TNA members, officers were much more politically attuned than non-officers: 26 percent more likely to know the *Camat's* name; and 3 and 4 percent, respectively, were more likely to know the *Bupati's* and Governor's names. This is not particularly surprising; many former TNA *Sagoe* (sub-district-level) commanders probably consider the *Camats* to be their peers, and are likely to have dealt with them on reintegration assistance and other government programs.

In terms of direct participation in local decision-making processes (i.e., village meetings), participation rates were quite high for males, while significantly lower for women.⁵⁸ For both sexes, conflict victims showed higher levels of participation in village meetings than did non-victims (Figure 13). This probably relates to the fact that distribution of post-conflict aid is discussed at these meetings, and those hoping to receive such aid are more likely to attend.

Figure 13: Civilian Participation in Village Meetings



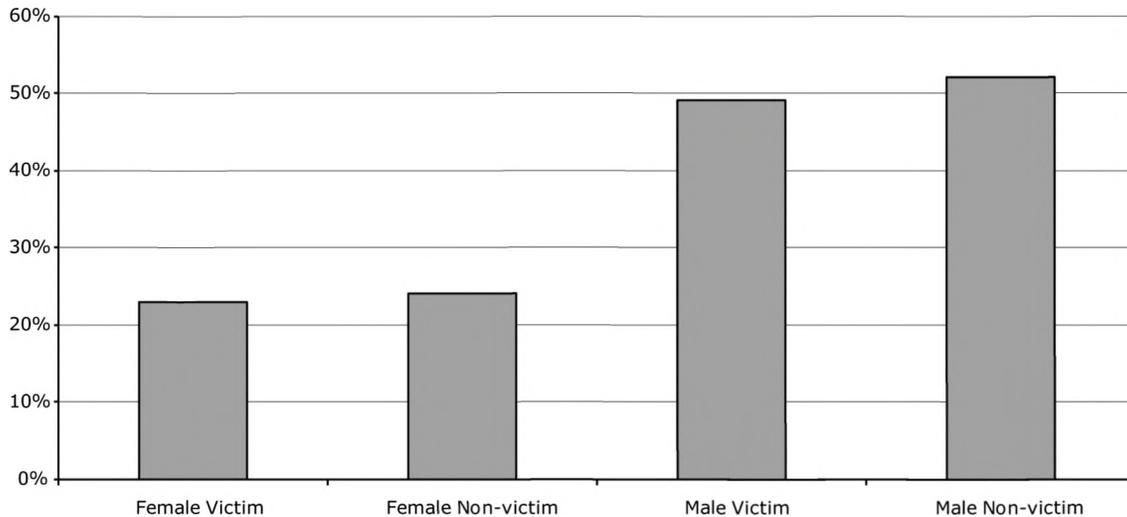
Source: ARLS, MSR Figure 7.15.

⁵⁷ "SBY-Boediono Pair Collects 92.93 Percent of Votes in Aceh," *Antara*, July 9, 2009, available at <http://www.antara.co.id/en/view/?i=1247081044&c=NAT&s>, accessed August 11, 2010.

⁵⁸ The ARLS did not collect data on ex-combatants' participation in or perceptions of village meetings. Figures 8 and 9 and Table 3 provide data on the civilian population only.

While participation in village meetings was high, respondents, particularly women, were less likely to feel that their contributions in these meetings make a difference (Figure 14). This probably reflects villagers' perception that many "issues that affect all villagers" are determined beyond the confines of the village itself.

Figure 14: Feelings of Political Efficacy among Civilians



Source: ARLS, MSR Figure 7.16.

Question: When decisions are made on issues that affect all villagers, do you feel that you personally play an influential role in affecting the outcome, for instance when you speak at village meetings or try to persuade others?

Despite villagers' perception that they have little influence on decisions that affect them, they appeared, nonetheless, to be quite positive about decisions made in their villages. Over 91 percent of villagers surveyed claimed to be "very" or "fairly" satisfied with decision-making in their village.⁵⁹ Furthermore, villagers indicated that they find local decision-making to be generally fair and equitable, and agreed that the system provides greater benefit to the poor, conflict-affected, and other vulnerable groups than to people with connections to local government or to KPA (Table 4, below).

This level of harmony with village government augurs well for the peace process and provides insights into effective means to channel future post-conflict assistance and development programs more generally.

⁵⁹ There was no significant difference in responses between men and women, or victims and non-victims.

Table 4: Who Benefits Most from Local Decision-Making?

Cohorts said to benefit more from village leadership relative to others	% Civilian Men			% Civilian Women		
	All	Victim	Non-victim	All	Victim	Non-victim
Relatively poor	58	57	59	55	53	57
Most conflict-affected	52	53	50	48	45	49
Elderly	43	43	43	42	37	45
IDPs	42	41	43	39	33	42
Friends/family of the village leader	20	19	21	23	23	23
Ex-GAM/PETA members	18	18	17	18	15	20
People well-connected to local government	16	14	17	18	16	20
People well-connected to KPA	12	11	12	14	11	16

Source: ARLS, MSR Table 7.7.

Stumbling Blocks on the Road to Peace?

Great strides have been achieved in moving Aceh toward a sustainable peace. This is evident in the tremendous decrease in violent incidents, in the integration of former combatants into political processes and organizations, and in the generalized improvement of the incomes and welfare of virtually all sectors of the population. Nonetheless, significant challenges still remain.

Economic Challenges

The foregoing indicates that Aceh's post-conflict economic recovery has been a major factor in keeping Aceh at peace. Ordinary Acehnese have responded positively to the opportunities that peacetime presents and have gratefully returned to work in their fields, groves, and shops. Most former combatants, pardoned prisoners, and conflict victims are working. This having been said, the preceding narrative also underscores the fragile and imbalanced nature of this recovery.

Within the ex-combatant population, men aged between 36 and 45—who should be at their peak earning power—lag behind their non-combatant peers in average income and household assets. Although younger former combatants generally earn more than their civilian counterparts do, much of this gap in earnings can be explained by the fact that very few have returned to school. Their relative lack of education will limit their earning power as they grow older, thus limiting their ability to participate fully in the region's economic recovery.

As previously mentioned, a majority of former combatants are currently employed in the agriculture sector. This is a matter of some concern, for, as is true throughout Indonesia, poverty in Aceh is significantly and positively related to living in a rural

area and to reliance on agriculture as the main occupation of the household.⁶⁰ Furthermore, continued growth in agriculture in Aceh will require increased productivity, which typically involves the introduction of improved technology and leads to less demand for farm labor.

In order to continue to grow, the Acehnese economy needs to diversify. This development, in turn, will require new investments in industry, trade, and services. To date, however, concerns about security and political uncertainty—combined with the province's high-cost economy and dilapidated and inadequate infrastructure—have conspired to keep investors away.

Major investments in large-scale, as well as local, infrastructure are needed in order to increase Aceh's attractiveness to investors and to support the development of production linkages between farmers and processors, as well as the improvement of non-agricultural employment opportunities and an increase in trade flows and trading efficiency. The Aceh government's significantly increased fiscal resources can support such development; however, there are concerns about the provincial and district administrations' ability to manage their rapidly increasing budgets successfully.

One major problem has been that provincial and district administrators have so often submitted their budgets late to the Ministry of Finance. District budgets are routinely submitted five to eight months after the ministry deadline.⁶¹ Prior to the budgets being approved by the ministry, provincial and local governments can only spend on routine items, such as salaries and administration, and are not allowed to implement projects and programs. Once budgets are approved and funds finally arrive, regional administrators find their time is limited, thanks in large part to the original delays. As infrastructure projects such as construction of roads, bridges, schools, and health facilities require thorough procurement processes, such time constraints are often detrimental to the quality of projects being undertaken.

The 2009 parliamentary elections saw the election of many inexperienced politicians to district and provincial parliaments. While it is hoped that the strong showing by Partai Aceh will result in somewhat less fractious legislatures than before, the combination of patronage and populist politics that swept these candidates into office, together with their relative inexperience in government, could compound some of the inefficiency that has plagued lawmaking in Aceh.

Problems of ineffective governance are not limited to the budgeting process; poor service-delivery capacity also has an impact on government effectiveness. For example, by 2006 Aceh had the highest per capita education expenditures in Indonesia (Rp. 457,000 vs. the national average of Rp. 196,000). However, this level of spending has not translated into concomitantly better education outcomes in the province. The situation is no better in the health sector. Average per capita spending on health increased from Rp. 84,766 in 2004 to Rp. 275,184 in 2007 in Aceh, but these higher allocations have failed to produce better health outcomes.⁶²

⁶⁰ *Aceh Poverty Assessment 2008*, p. 21.

⁶¹ "Sudah lewat lima bulan perhitungan APBA 2008 belum masuk Dewan," *Serambi Indonesia*, June 25, 2009.

⁶² The World Bank, *Aceh Public Expenditures Analysis Update 2008* (Banda Aceh: The World Bank, 2008), p. 26.

As donors have attempted to address these issues, a significant proportion (approximately 56 percent, according to MSR calculations) of international donor funds supporting post-conflict recovery and development in Aceh have been dedicated to capacity-building for local and provincial government agencies.

Political Issues

In addition to the economic issues discussed above, numerous political issues continue to simmer in Aceh. Some of these harken back to the conflict period, while others have emerged in its aftermath.

An issue that proved quite divisive in the initial period of peace is the matter of inconsistencies between the Helsinki MoU and the LoGA. It took the Indonesian parliament a full year after the signing of the Helsinki MoU to pass the LoGA. When it finally did come out, many in Aceh felt that parts of the law abrogated important aspects of the MoU. Debate over the full implementation of the Helsinki MoU continues to color Aceh politics and relations between the center and the province.

The most contentious issue relates to the phrasing in the Helsinki MoU that stipulated that international agreements relating to matters of special interest to Aceh, as well as decisions made by the legislature with regard to Aceh, administrative measures undertaken by the central government with regard to Aceh, and recruitment and training of the organic police force and prosecutors in Aceh, will be entered into/taken/implemented "*in consultation with and with the consent of*" the legislature of Aceh and/or head of the Aceh administration. In the LoGA, this phrase was replaced with the more innocuous "*in consultation with and with the consideration of.*" Many people in Aceh believe that this replacement of the word "*consent*" with "*consideration*" abrogates the very essence of the Helsinki agreement. However, the concept of the national government seeking consent from a regional legislature and executive is constitutionally problematic, and, were it included in the LoGA, it could have led to a judicial review by the national Constitutional Court—with possible dire consequences for the peace process.⁶³

The Helsinki MoU also mandates the establishment of a Human Rights Court, as well as a Truth and Reconciliation Commission (TRC) for Aceh. A 2000 national law established four permanent human rights courts in Indonesia,⁶⁴ including one in Medan, which technically has jurisdiction over Aceh, therefore fulfilling Indonesia's obligation to the Helsinki MoU. To date, however, no cases regarding Aceh have been heard in the Medan court. The 2000 law also allows for the establishment of "*ad hoc* human rights courts" to try serious human rights violations that occurred prior to 2000, but it is unlikely that such a format will be used to try cases relating to the Aceh conflict. Some national politicians argue that, since the government has already granted amnesty to GAM members, it would not be proper to enforce the law against Indonesian soldiers accused of committing abuses during the same period. As well, the

⁶³ May, "The Law on the Governing of Aceh," p. 42.

⁶⁴ Undang-undang no. 26 tahun 2000 tentang Pengadilan Hak Asasi Manusia [Law no. 26 of 2000 on Human Rights Courts].

LoGA limits the authority of any proposed Aceh Human Rights Court such that it can only rule on violations occurring *after* the law's passage in July 2006.⁶⁵

TRCs can play an important role in a region's transition from conflict to peace, providing a supplementary channel to judicial processes that is less coercive than other mechanisms. These commissions are usually temporary in nature, with a mandate to investigate past events, create an accurate picture of the pattern of abuses, and to make recommendations for the resolution of past wrongs—including by referring cases to the Human Rights Court. Aceh's plan to establish a TRC received a setback when the 2004 national TRC law⁶⁶ was declared unconstitutional by the newly created Constitutional Court in 2006.⁶⁷ If Aceh establishes its own TRC in the absence of a national organization, that commission would only have effect in Aceh, a significant restriction since many perpetrators of past human rights violations do not reside in the province.⁶⁸

Leading up to parliamentary and presidential elections in 2009, most national lawmakers were more interested in Indonesia's future than its past, and were unsupportive of Aceh's attempts to establish either a Human Rights Court or TRC, or in any national-level endeavors to bring past human rights violators to justice. Most say it is better for the people of Aceh to forgive and forget rather than to continue digging into traumatic past events. Considering the nature of the Aceh conflict and Acehese cultural traditions, forgetting is not a likely solution.⁶⁹ Aceh's customary law and strong Islamic traditions stress the importance of justice processes, whether formal or informal.

An additional source of tension centers on the (re-)establishment of the office of *Wali Nanggroe*, literally, "guardian of the state." The wording in the Helsinki MoU was left deliberately vague: "the institution of *Wali Nanggroe*, with all its ceremonial attributes and entitlements, will be established."⁷⁰ Many in Aceh perceive the *Wali Nanggroe* to be a sort of royal guardian of Aceh, whose role harkens back to that of the Acehese sultanate. This conceptualization holds that the figure's authority is higher than the governor's. Among some circles in Jakarta, people interpret the Acehese demand for the reinstatement of the *Wali Nanggroe's* position to be tantamount to proclaiming a new "constitutional monarchy" within the Indonesian state, as well as a direct allusion to Aceh's long history of resistance against outside domination. This interpretation lends weight to lingering suspicions among national leaders that former GAM members have not dropped their commitment to an independent Aceh.

Most people expected that the title of *Wali Nanggroe* would be granted to Hasan di Tiro, the founder and figurehead of GAM, but Hasan di Tiro died of natural causes in

⁶⁵ Faisal Hadi, "Human Rights and Justice in Aceh: The Long and Winding Road," *Accord* 20 (2008): 66–69.

⁶⁶ Undang-undang no. 27 tahun 2004 tentang Komisi Kebenaran dan Rekonsiliasi [Law no. 27 of 2004 on the National Commission for Truth and Reconciliation].

⁶⁷ I Gusti Agung Putri Astrid Kartika, "The Strange Termination of the Truth and Reconciliation Commission in Indonesia," paper presented at the UCLA Center for Southeast Asian Studies, April 5, 2007, Los Angeles, CA.

⁶⁸ Hadim, "Human Rights and Justice in Aceh," p. 68.

⁶⁹ Leena Avonius, "Waiting for Justice," *Inside Indonesia* 90 (October–December 2007), available at <http://www.insideindonesia.org/edition-90/waiting-for-justice>, accessed July 14, 2010.

⁷⁰ Helsinki Memorandum of Understanding, Section 1 Governing of Aceh, Clause 1.1.7

Banda Aceh on June 3, 2010, just a day after full restoration of his Indonesian citizenship. Many analysts felt that Hasan di Tiro's charisma worked as a unifying factor that smoothed over many of the conflicting interests still rife in Aceh, and that his loss could signal a new rise in tensions.

The newly elected Aceh provincial parliament spent its entire first year in office debating the draft *Qanun*⁷¹ on *Wali Nanggroe*, rather than focusing on the numerous regulations needed to implement other, more substantive aspects of the LoGA. In late 2010, the Partai Aceh made public their draft of the new law and unilaterally attempted to secure the appointment for Malik Mahmud, the former prime minister of the Acehnese government in exile during the conflict years. Mahmud lacks the unifying charisma of the late Hasan di Tiro. Both the draft *Qanun*—which would have granted wide-ranging political powers to the office—and the undemocratic manner in which the appointment was attempted, were met by strong protest from Acehnese civil society.⁷² In early 2011, Partai Aceh scrapped the draft *Qanun* and began work on a new version. With the passage of time, this issue is fading in importance, as people increasingly turn their attention to improving their livelihoods and prospects.

Other threats to peace and stability, however, are proving more persistent. Some of these relate directly to the reintegration process, particularly the persistence of conflict-era networks and identities.

While overall, the reintegration of former combatants into their communities and the return of most displaced peoples has proceeded without complications, the shift from conflict-era identities and affiliations to new roles in a peaceful Acehnese society is taking longer to effectuate. This is partly due to former combatants' reluctance to relinquish the "social safety nets" on which they depended throughout the difficult years of combat, but their reluctance to surrender their former allegiances is surely reinforced, as well, by the government's practice of providing reintegration and recovery assistance programs based on conflict-era identities, a practice that has been the norm for delivery of post-conflict assistance.

Former GAM commanders are reluctant to give up the power and prestige they held during the conflict period. This is evidenced by the persistence of the KPA, the "transitional committee." This committee was formed soon after the signing of the Helsinki MoU, with the intention of transforming GAM's military wing, the TNA, into a civilian organization.⁷³ KPA maintains the same hierarchical structure as the former fighting force, and thus fosters continued segregation between former TNA members and commanders and the broader Acehnese society. In the initial phase of the reintegration process, KPA was involved in distributing some assistance to former combatants, with little or no accountability.⁷⁴ Allegations of irregularities and

⁷¹ *Qanun* is the Arabic term for "canon," used to denote provincial and district government regulations in Aceh.

⁷² Gunnar Strange and Antje Missbach, "A Supreme ruler for Aceh?" *Inside Indonesia* 106 (October–December 2011), available at <http://www.insideindonesia.org/stories/a-supreme-ruler-for-aceh-10122876>, accessed January 21, 2011.

⁷³ When originally proposed, KPA was given the name Komando Peralihan Aceh (Aceh Transitional Command), but some GAM leaders wisely objected to the use of the word "*Komando*," concerned that its military overtones would arouse Jakarta's suspicions. "Committee" it was. International Crisis Group (ICG), "Aceh: So Far, So Good."

⁷⁴ Aspinall "Combatants to Contractors," pp. 13–14.

inequitable distribution of assistance quickly brought this practice to an end, as BRA developed the capacity to verify claims and monitor aid delivery.

Few would question the vital role that former rebel groups can play in supporting the transition of insurgent fighting forces into civilian society. Former leaders of the rebellion, and the command structures already established, are well placed to assist their members in the reintegration process. The demobilization of TNA as a fighting force has been quite successful, and KPA's role in that process should not be understated. Seven years into the transition, however, questions must be asked about the continuing need for such an organization.

Such questions have become even more relevant since the establishment (by the same former GAM leaders who established KPA) of Partai Aceh to carry on the campaign for full implementation of the Helsinki MoU and an "Aceh for the Acehnese" agenda. Indeed, the distinction between KPA and Partai Aceh is somewhat moot; KPA forbade its members to vote for any other party.⁷⁵ Furthermore, KPA's activities increasingly resemble the non-electoral functions of political parties in Indonesia, as they secure and distribute government contracts, jobs, and resources; negotiate with businesses and workers; mobilize demonstrations to press for particular agendas; and pressure, cajole, and cut deals with politicians and officials. In addition, KPA is morphing into a powerful business conglomerate, with former commanders successfully bidding for government construction contracts, or engaging in illegal logging, and then distributing patronage downward.

In many parts of the province, the public is growing increasingly indignant over KPA's undue influence and offended by the rapidly accruing wealth of some KPA leaders/former TNA commanders. Nonetheless, so long as transition remains a profitable venture, it is likely that KPA will continue to claim a role in guiding the process.

More unsettling is the continued practice of collecting unofficial levies, known as "*pajak nanggroe*" (literally "state taxes"). During the conflict, GAM commanders and fighters made tremendous sacrifices for the Acehnese cause. Their modest circumstances and closeness with Acehnese communities—in combination, of course, with their demonstrated capacity to retaliate against individuals or enterprises that did not support them—formed the basis of GAM's fundraising success during the latter years of the conflict.⁷⁶ While many people from across Acehnese society voluntarily contributed whatever they could to the cause, others were given little choice. *Pajak nanggroe* became a ubiquitous feature of economic life in Aceh, affecting a wide variety of actors, from individual households and market traders, to major natural resource companies, and even government-funded construction projects. Although it is not nearly so ubiquitous or egregious now as it had been during the conflict years, the continued practice of *pajak nanggroe* undermines people's confidence in the overall peace process.

KPA leaders attribute many of these practices to "rogue elements" within the organization. However, they have been notably reluctant to discipline errant members

⁷⁵ International Crisis Group (ICG), "Indonesia: Pre-election Anxieties in Aceh," Crisis Group Asia Briefing No. 81 (Jakarta/Brussels: International Crisis Group), September 9, 2008.

⁷⁶ Aspinall, "Combatants to Contractors," p. 6.

and hold perpetrators accountable. Many KPA leaders appear to have an allergy to criticism and retain a sense of themselves as being above the law.⁷⁷ While not all crime in Aceh is committed by former GAM members, and many common criminals invoke the name of the organization to instill fear in people and perhaps avoid prosecution, the fact that some acts of extortion and general thuggery are linked to former GAM fighters cannot be denied.

As previously discussed, there is growing disparity between the earnings and wealth of former TNA commanders and ex-rank-and-file combatants, which is leading to some resentment. This discrepancy is of greater concern in districts with high populations of ex-TNA combatants—particularly Aceh Utara, Bireuen, Aceh Timur, and Pidie. In these districts, there exist distinct pockets of un- or under-employed former combatants, mostly youthful ex-rank-and-file members. These regions have experienced relatively higher levels of crime and political violence, and have been the sites of occasional rogue breakaway groups that claim to be carrying on the struggle abandoned by their erstwhile comrades-in-arms, such as the briefly notorious “Sword Army” (Pasukan Peudueng) in Sawang, Aceh Utara, which was active in 2007.⁷⁸

Other organizations that also perpetuate conflict-era identities and pose a potential threat to the peace process are the pro-Indonesia militia groups collectively known as PETA and FORKAB, the association of “re-educated” former GAM fighters. The name PETA has its origins in World War II, when occupying Japanese troops trained local volunteer brigades to resist Dutch re-occupation of the archipelago. None of the eleven anti-separatist groups in Aceh called themselves by this name, but it is now being used as a generic term for all anti-separatist organizations in the post-conflict period. This remains a sensitive subject, as the Indonesian government has never acknowledged the existence of pro-Indonesia militia groups in Aceh. Significantly, as there has been no formal acknowledgement of their existence, they have therefore not been required to disband.

In most of the predominantly Acehnese parts of the province, such anti-separatist groups are essentially defunct, coming together only to lobby for reintegration assistance. In the central highlands districts, however, their continued existence represents a potential threat to the peace process, as demonstrated by some incidents of pre-election violence, and by occasional rallies in support of secession (see below).

FORKAB only came into existence in Aceh after the Helsinki MoU.⁷⁹ FORKAB in Aceh is an association of ex-TNA fighters who surrendered or were captured and imprisoned by the military during the conflict, and who “went over” to the Indonesian side. FORKAB maintains close ties with the Indonesian military, from which it receives most of its funding. Other funding sources for the group include contractors and businessmen. BRA facilitated reintegration assistance to over three thousand former GAM who had surrendered before the MoU (*GAM menyerah*) or were captured and

⁷⁷ ICG, “Post-Conflict Complications,” p. 1.

⁷⁸ International Crisis Group (ICG) “Indonesia: Deep Distrust in Aceh as Elections Approach,” Crisis Group Asia Briefing No. 90 (Jakarta/Brussels: International Crisis Group), March 23, 2009.

⁷⁹ Nationally, the organization FORKAB has been in existence for many years, and has included politicians, youth group leaders, celebrities, and former military personnel. Its precise function and activities are unclear, though its orientation is highly nationalistic and patriotic, and it maintains close ties with the Indonesian military.

rehabilitated (*GAM binaan*). Most of these were FORKAB members. A portion of these funds was reportedly withheld by the FORKAB leadership to support various political activities.

Another contentious issue is the movement, led by local politicians and elites in the central highlands and southwestern districts, to carve two new provinces out of Aceh. The proposed new provinces are:

Aceh Leuser Antara (ALA), made up of the central highland districts of Bener Meriah, Aceh Tengah, Gayo Lues, and Aceh Tenggara, together with the southwestern coastal district Aceh Singkil and the city of Subulussalam; and

Aceh Barat Selatan (ABAS), from the west coast districts Aceh Jaya, Aceh Barat, Nagan Raya, Aceh Barat Daya, Aceh Selatan, and Simeulue.

The Helsinki MoU notes that “the borders of Aceh correspond to the borders as of 1 July 1956.”⁸⁰ Many provincial politicians (i.e., those opposed to the new provinces) interpret this to mean that the MoU unambiguously and irrevocably confirms Aceh’s unity as a province. GAM negotiators were adamant that such language be inserted into the MoU, fearful of the “divide and conquer” strategy already applied in Papua during the Megawati presidency, during which the government co-opted local Papuan elites who stood to benefit from the creation of new provinces.

Proponents of the two new provinces in Aceh put forth four main arguments. First, pointing to the uneven levels of development in Aceh, they argue that the provincial government neglects highland and west coast communities with respect to investment in infrastructure and development of human and natural resources. Aceh’s main highway runs along the province’s densely populated north coast—the heartland of Acehnese culture and home of the GAM movement—and most economic development is concentrated along this coast.

Second, they suggest that the creation of new provinces would generate new employment opportunities in ALA and ABAS. This vision, however, does not seem to extend beyond the initial spike in hiring of new officials to fill positions in the newly created provincial government apparatus, and the construction of new government buildings.

Third, many local leaders point to the fact that the Aceh conflict only began seriously to affect the highland districts during its final phase. Anti-separatist groups blame the infiltration of GAM insurgents from the north coast for the rise in violence in their region, and see secession as a political break that would help isolate them from future conflict.

Finally, advocates of the plan claim that provincial politics are dominated by ethnic Acehnese from the north coast, which implicitly leaves the concerns of ethnic minorities, such as the Gayo, Alas, and Javanese migrants, unrepresented and unaddressed.

Worryingly, there are close connections between the leaders of the movements for new provinces, and PETA (in ALA) and FORKAB (in ABAS). It is telling that, in the

⁸⁰ Helsinki Memorandum of Understanding, Section 1.1 Law on the Governing of Aceh, Clause 1.1.4.

district capital of Aceh Barat, Meulaboh, FORKAB and the Preparatory Committee for the Establishment of ABAS Province share the same office.

Of the two movements, ALA is the better organized and enjoys stronger support within its constituent districts. The idea of ALA has deeper roots than the concept of ABAS, dating back at least to 2000.⁸¹ ABAS activities and support, on the other hand, appear largely confined to the main towns in its constituent districts, with most rural citizens ignorant of the movement.

Although President Yudhoyono made it clear in the aftermath of the Helsinki accord that he does not support the creation of any new provinces, the issue continues to simmer in Jakarta and the affected districts, punctuated by occasional demonstrations and political action. In the lead-up to the 2009 parliamentary elections, pro-ALA and pro-ABAS groups sometimes clashed with Partai Aceh campaigners in towns in the affected districts. Overall, however, the movements are not seen to be gaining traction, and it is likely that the issue will fade.

Conclusion: The Long and Winding Road to Peace

Few would deny that conditions in Aceh today are the best they have been in living memory. The Indonesian security forces have withdrawn thousands of personnel, and the TNA has surrendered its weapons and demobilized. Aceh's economy is growing—albeit slowly—and thousands of Acehnese households are able to engage in productive activities, with residents returning to the fields and gardens they were forced to abandon during the conflict. People can move about freely, enjoying access to markets, towns, and services they had been denied for a generation. Voter participation in recent elections appears to indicate widespread acceptance of Aceh's place within the Unitary Republic of Indonesia.

Many challenges remain, of course. Although most former combatants, political prisoners, and displaced peoples have been welcomed back into their communities, most still retain conflict-era identities and allegiances. The practice of providing reintegration assistance based on conflict-era identities tends to reinforce this sense of identification. Furthermore, there is concern that a persistent entitlement mentality colors many Acehnese people's expectations that they will continue to receive government support. The massive tsunami recovery effort contributed to this attitude; many inland communities, which suffered damages and losses from the civil conflict on par with the tsunami's impact on coastal communities, now expect that it is "their turn" to receive rescue packages.

Such support is unlikely to eventuate. Total Government of Indonesia and international donor and NGO commitments to Aceh's tsunami recovery amounted to US\$5.8 billion,⁸² or roughly US\$4,700 for each surviving resident of eighty subdistricts experiencing major or moderate tsunami damage. By comparison, total post-conflict aid commitments so far amount to US\$372 million, or approximately US\$320 for each

⁸¹ ICG, "Aceh: So Far, So Good," p. 10. An earlier incarnation of ALA was called GALAKSI, an acronym for Gayo, Alas, Singkil, the three main ethnic groups in the central highlands and southwestern districts.

⁸² "Aceh Tsunami Reconstruction Expenditure Tracking Update" (Banda Aceh: The World Bank), April 2008.

surviving conflict victim—around 7 percent of per capita spending for tsunami survivors. Most of these funds have already been allocated.

The Government of Aceh stands to receive an additional US\$7.9 billion above its regular revenues over the next twenty years from the LoGA-mandated Special Autonomy Fund and resource revenue-sharing agreement. This amounts to 130 percent of the MSR's calculation of the total economic cost of the thirty-year conflict to the province, providing Aceh a real chance to "build back better." Of course, the accomplishment of this goal depends on provincial and local government agencies' capacity to utilize the funds effectively, in a manner that garners public support.

Aceh does not lack the human or institutional resources to effect such a transformation. The end of the conflict has allowed thousands of Acehnese intellectuals and activists, who had left during the conflict to avoid arrest and detention (or worse) to return and join the effort to rebuild their homeland. There has been a proliferation of local and provincial NGOs and civil society organizations, engaged in a range of activities including livelihood, microcredit, and small business development; support and psychological services for conflict victims; and anti-corruption and government oversight. Some of these organizations date back to the conflict era (when many of them operated clandestinely), but their increasing numbers and influence can be seen as yet another "peace dividend" of the post-conflict era. Perhaps more significantly, customary village and supra-village institutions continue to play a vital role in supporting and sustaining people and resolving local disputes, as they did throughout the conflict period. The ARLS survey and case studies conducted for the MSR confirm the high regard that Acehnese people hold for local leaders and institutions.

The commitment and political will of national leaders in Jakarta is one of the primary determinants of the peace process in Aceh, just as Jakarta's security policies and counterinsurgency tactics were instrumental in perpetuating the Aceh conflict.⁸³ The architecture and implementation of the Helsinki MoU and LoGA seem to assure Jakarta's ongoing support for peace and peacebuilding in Aceh, even though at least eleven national laws and regulations needed for the full implementation of the LoGA have yet to be drafted, and some national politicians and officials grouse about the "special treatment" accorded to Aceh and suspected latent separatist ambitions of the Acehnese people. Nonetheless, the revised fiscal and revenue-sharing arrangements, along with numerous important political concessions demarcating Aceh's "self-governing" status, are locked in by national law, and unlikely to be revoked.

The task of maintaining the peace and rebuilding Aceh now falls to Aceh's new generation of provincial and district politicians. To date, their performance has been lackluster, as they embark on a steep learning curve while navigating the new political landscape. At least fifty-nine *Qanun* and governor's decrees are needed for full implementation of the LoGA, yet the provincial parliament expended an entire year debating the *Wali Nanggroe Qanun* issue. Numerous observers—this author among

⁸³ See, for instance, Geoffrey Robinson, "Rawan is as Rawan Does: The Origins of Disorder in New Order Aceh," *Indonesia* 66 (October 1998): 127–56. Robinson's point that the demise of the New Order state and its replacement by a less authoritarian, less militaristic, and less centralized variant could bring about an end to the "Aceh problem" was taken up by Michelle Miller in *Rebellion and Reform in Indonesia*, which discusses the counterinsurgency policies and tactics of four successive national governments since the resignation of President Suharto in 1998.

them—were disappointed when Partai Aceh’s heavy-handed tactics in the 2009 parliamentary elections resulted in no seats going to the three other local parties contesting the election, thus undermining the development of a viable political opposition in Aceh. Just two years later, in the run-up to the 2011 executive elections—which at the time of writing had been postponed until mid-2012—it appears that Partai Aceh’s formidable unity and dominance of the Aceh political scene is diminishing.⁸⁴ Conflict-era loyalties are being tested and (hopefully) are evolving into new networks of allegiance and collaboration more in tune with the post-conflict political landscape.

Perhaps the most important achievement of the 2005 Helsinki MoU and 2006 LoGA has been the transformation of “the Aceh problem” into “Aceh’s problem(s)”—requiring Acehnese solutions. Aceh’s politicians are now wrestling with a host of typical “Indonesian problems,” not unlike those confronting regional governments across newly democratizing Indonesia.

At a ceremony marking the termination of the Aceh Monitoring Mission in December 2006, the departing Mission Head made the rather bold statement that “... peace in Aceh has been reestablished, and the peace process has become irreversible and self-sustaining.”⁸⁵ Few would argue with the first clause. To call the peace process “irreversible,” however, flies in the face of more sober assessments, such as Anthony Reid’s admonition that “if either side of the agreement slips into complacency and assumes the problem is solved, conflict is likely to revive.”⁸⁶

⁸⁴ Edward Aspinall, “Aceh’s No Win Election,” *Inside Indonesia* 106 (October–December 2011), available at <http://www.insideindonesia.org/stories/aceh-s-no-win-election-10122875>, accessed January 26, 2011. See also International Crisis Group (ICG), “Indonesia: GAM vs GAM in the Aceh Elections,” Crisis Group Asia Briefing No. 123 (Jakarta/Brussels: International Crisis Group), June 15, 2011.

⁸⁵ Aceh Monitoring Mission (AMM), “Mission Accomplished” (n.d.), available at http://www.aceh-mm.org/english/info_menu/archive.htm, accessed August 14, 2010.

⁸⁶ Anthony Reid, “The Aceh Conflict: A Long-term View for Long-term Solutions,” MSR Annex No. 4 (Jakarta: World Bank and BAPPENAS, 2009), p. 9.