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DISSERTATION

Titel der Dissertation

Decentralization and Local Governance In Post-Conflict Societies: Sustainable Peace and Development, The Case of Aceh, Indonesia

Verfasser

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List of Abbreviations

ADG	*Alokasi Dana Gampong* (Village Allocation Fund)
ALA-ABAS	*Aceh Leuser Antara – Aceh Barat Selatan*
AMM	Aceh Monitoring Mission
APA	Aceh Poverty Assessment
APBD	*Anggaran Pendapatan dan Belanja Daerah* (Regional Government Budget)
APBN	*Anggaran Pendapatan dan Belanja Negara* (National Government Budget)
ASNLF	Aceh Sumatra National Liberation Front
BAPPEDA	*Badan Perencanaan Pembangunan Daerah* (Regional Development Planning Agency)
BAPPENAS	*Badan Perencanaan Pembangunan Nasional* (National Planning and Development Agency)
BKPG	*Bantuan Keuangan Peumakmue Gampong* (village block grant program)
BPS	*Badan Pusat Statistik* (Central Bureau of Statistics)
BRA	*Badan Reintegrasi Damai Aceh* (Aceh Peace and Reintegration Agency)
BRR	*Badan Rehabilitasi dan Rekonstruksi* (Tsunami Rehabilitation and Reconstruction Agency)
CMI	Crisis Management Initiative
CSO	Civil Society Organization
CoHA	Cessation of Hostilities Agreement
DAU	*Dana Alokasi Umum* (General Allocation Fund)
DAK	*Dana Alokasi Khusus* (Special Allocation Fund)
DDR	Disarmament, Demobilization and Reintegration
DPR	*Dewan Perwakilan Rakyat* (House of Representatives)
DPRA	*Dewan Perwakilan Rakyat Aceh* (Aceh House of Representatives)
DPRD	*Dewan Perwakilan Rakyat Daerah* (Regional House of Representatives)
DOM	*Daerah Operasi Militer* (Military Operation Area)
GAM	*Gerakan Aceh Merdeka* (Free Aceh Movement)
GRDP	Gross Regional Domestic Product
GoA	Government of Aceh
GoI	Government of Indonesia
HDC	Henry Dunant Center
HDI	Human Development Index
IDPs	Internally Displaced Persons
ICG	International Crisis Group
JKA	*Jaminan Kesehatan Aceh* (Aceh Health Insurance)
KDP	*Kecamatan* (sub-district) Development Project
KPK	*Komisi Pemberantasan Korupsi* (Corruption Eradication Commission or Anti-Corruption Agency)
KPA	*Komisi Peralihan Aceh* (Aceh Transition Committee)
KIP	*Komisi Independen Pemilu Aceh* (Aceh Independent Election Commission)

LoGA	Law on the Governing of Aceh
LNG	Liquefied Natural Gas
MoU	Memorandum of Understanding (Helsinki Peace Agreement)
MSR	Multi-Stakeholder Review
MPR	*Majelis Permusyawaratan Rakyat* (the People's Consultative Assembly)
NGO	Non-Governmental Organization
NII	*Negara Islam Indonesia* (Indonesia Islamic State)
OPM	*Organisasi Papua Merdeka* (Free Papua Organization)
OKPH	*Operasi Pemulihan Keamanan dan Penegakan Hukum* (Operation for Restoring Security and Upholding the Law)
PAD	*Pendapatan Asli Daerah* (Regionally-Generated Income)
PESINDO	*Pemuda Sosialis Indonesia* (Indonesian Socialist Youth)
PUSA	*Pusat Ulama Seluruh Aceh* (All Aceh *Ulama* Association)
PDRI	*Pemerintah Darurat Republik Indonesia* (Emergency Government of the Republic of Indonesia
PERDA	*Peraturan Daerah* (Regional Regulations) in Aceh is known as **Qanun**
PETA	*Pembela Tanah Air* (Homeland Defenders)
POLDA ACEH	*Kepolisian Daerah Aceh* (Aceh Police)
POLRI	*Kepolisian Negara Republik Indonesia* (Indonesian National Police)
RIS	Republik Indonesia Serikat (the Republic of the United States of Indonesia)
SIRA	*Sentral Informasi Referendum Aceh* (Aceh Referendum Information Center)
SSR	Security Sector Reform
TNI	*Tentara Nasional Indonesia* (Indonesian military)
TNA	*Tentara Negara Aceh* (Armed Forces of the State of Aceh)
TRC	Truth and Reconciliation Commission
UMR	*Upah Minimal Regional Aceh* (Aceh's Minimum Regional Wage)
UNDP	United Nations Development Program
UNDESA	United Nations Department of Economic and Social Affairs
WB	World Bank
WH	*Wilayatul Hisbah* (Islamic *Sharia* Enforcement Agency)

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Abstract

The principle of decentralization has been adopted in many peace agreements efforts and believed as a major instrument in conflict mitigation and peace sustainability. The Helsinki Peace Agreement provisions between the Government of Indonesia and *Gerakan Aceh Merdeka*, GAM (The Free Aceh Movement) stipulated also the decentralized self-governance principle and so far succeeded to end a prolonged conflict in Aceh. This study addresses the main research question i.e. what are the dynamics, processes and challenges of decentralization in Aceh post-conflict? The study also seeks to identify the nature of the relationship between decentralization and conflict; to portray the Aceh peace agreement as basis for sustainable peace; and to draw the processes of post-conflict institutional reform in helping conflict mitigation. The implementation of decentralization in Aceh post-conflict acts as driving force to end conflict and to maintain sustainable peace and development.

The study draws the implementation of decentralization in Aceh post-conflict enables the Aceh government to improve their political legitimacy and service delivery, enhance economic development, people's welfare and promote lasting peace. However, the people of Aceh were dissatisfied with the performance of new government regime whilst they have a high expectation of a future Aceh development after the new government elected. Meanwhile, the Aceh post-conflict development has been primarily relied on post-tsunami and conflict reconstruction program which implemented by central government and international donors. Their protests and dissatisfactions may lead to exacerbate the conflict and to spoil the peace agreement. This study identifies also the challenges of decentralization in Aceh post-conflict. Poor capacity of new government to exercise the overall development program is the major obstacles. Meanwhile, rampant corruption, patronage, local despotism, etc have also contributed to the challenge of decentralization in Aceh post-conflict governance. In addition, the demand to divide Aceh into three provinces and unfinished agenda of peace process are crucial to be solved. In short, decentralization is not panacea in conflict settlement but a solution with risks and challenges. The study finally concludes with research implications for future research and recommendations for Aceh government policy on post-conflict governance.

CHAPTER ONE

INTRODUCTION

1.1 Background

The progress of decentralization and the development of democratic local government institutions in Indonesia over the past one decade has been extraordinary. Since the collapse of Suharto regime in 1998, the Indonesian political system has changed dramatically through the radical overhaul of the role of regional government and the reorganizing power-sharing mechanism between the central government and the governmental agencies at provincial and regional level. In order to achieve a rapid process of democratization and good governance principles through the decentralization, the Government of Indonesia (GoI) formally enacted the Law on Regional Government (Law No. 22/1999 was amended by Law No. 32/2004 and Law No. 12/2008) and the Law on Fiscal Balance between the Central and the Region (Law No. 25/1999, followed by the revision of Law No. 33/2004). The GoI initiative on decentralization primarily aims to address local grievances, thus to maintain sovereignty. Decentralization is also proposed as a strategy to enhance public participation in politics, government accountability and provision of services.

Besides the fall of Suharto, the momentum of East Timor independence from Indonesia in 1999 have potentially led to the increased sub-nationalist movements and violent conflicts, particularly in Aceh and Papua, and called for a referendum on secession and independence from the Republic. As a matter of fact, in response to the movements, without sufficient consultations from various elements of local people (e.g. rebel groups - GAM in Aceh and OPM in Papua -, etc), in 2001 the GoI enacted the laws on special autonomy[1] to both regions in a bid to divert secessionist demands.

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[1] Law No. 18/2001 on Special Autonomy to Aceh Province and Law No. 21/2001 on Special Autonomy to Papua Province

In the case of Aceh, the Law on Special Autonomy modified the power-sharing arrangement between Aceh and Jakarta where the Government of Aceh considerable authority to exercise its own affairs in the religion, customary laws and education under the Islamic *Sharia* and to receive a greater returns from all its natural resources revenues. Furthermore, the special autonomy status initially was regarded as an instrument to end a separatist conflict between the armed rebel group, led by *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement) and the Government of Indonesia which has occurred since 1976 and claimed several thousand civilian lives. Lack of opportunities for political participation, use of political force and repression, socio-economic inequality and rivalry over allocation of natural resource revenues – Aceh has abundant natural resources in gas and oil – have contributed to the conflict. However, GAM was very discontent with the grant of special autonomy and rejected the status as a poor substitute for independence and self-determination. Eventually, the peace agreement which had just signed in December 2002 collapsed in May 2003. The Indonesian government immediately declared a martial law, and launched the largest military operation ever in the Aceh conflict against the rebel.

Shortly after the Indonesian first direct presidential election took place in 2004 in which Susilo Bambang Yudhoyono was elected, there were some robust efforts to work on plan for another peace negotiation in Aceh. But just as these steps were being taken, the tsunami struck in December 2004 which the total death toll reached a staggering figure of approximately around 200,000 people. While the tsunami had caused severe destruction of infrastructure and destroyed the lives of people in Aceh and the surrounding areas, it has brought new hopes and prospects for peace and democracy. After intensive talks and negotiations, under the auspices of former Finnish President, Martti Ahtisaari, and his Crisis Management Initiative (CMI), the peace agreement between the two conflicting parties was signed on 15 August 2005 in Helsinki, Finland. This peace agreement primarily dealt with self-government rather than self-determination. Importantly, an autonomy self-government provision to disadvantaged minorities within the state has in fact become a popular policy option for many governments seeking to avoid costly sub-nationalist movements under their

sovereignty. The Philippines, Papua New Guinea, Ethiopia, Russia and China are to name just a few recent examples[2].

The key points of the agreement are Aceh government would exercise authority in all sectors of public affairs except foreign affairs, external defense, national security and fiscal matters. Other important points are that Aceh was allowed to have its own local political parties and is entitled for 70% of total revenue from its natural resources[3]. Subsequently, in order to operationalize the agreement, the Indonesian government revoked the previous special autonomy law on Aceh and enacted the Law No. 11/2006 on the Governing of Aceh (LoGA), which provides a substantial devolution of economic resources and political power to Aceh administration. It is worth noting that decentralization through administrative de-concentration is an inadequate response to a deep-rooted and multi-faceted demand for regional autonomy. Reform efforts need to be combined with a genuine empowerment of locally entrenched political forces, including armed insurgency groups, as part of a creative redesign of the local political authority framework[4].

Since 1980s, the concept of decentralization and self-governance has become a major instrument of political and institutional reform in numerous countries. Decentralization of political and economic powers is commonly chosen as a strategy for mitigating secessionist and self-determination demands[5]. However, little attention has been articulated so far to the connection between decentralization and conflict, under what circumstances that decentralized governance may lead to either preventing or exacerbating conflicts. The following are some positive impacts of decentralization to the conflict: First, regional capacities are more efficient (cost savings and greater flexibility) and more effective

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[2] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?" Policy Studies 10, the East-West Center Washington, p. 1

[3] Memorandum of Understanding (MoU) between the Government of the Republic of Indonesia and the Free Aceh Movement, Helsinki, 15 August 2005

[4] Forrest, B. Joshua. (2007). "Sub-nationalism and Post-Conflict Governance: Lessons from Africa," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, p. 232; Haris, Syamsuddin. (2002). "Regional Autonomy, Democratization, and Alternative Approach on Center-Periphery Conflict Resolution," in Syamsudin Haris (Ed), *Desentralisasi, Demokratisasi dan Akuntabilitas Pemerintahan Daerah*, p. 73

[5] Barron, Patrick; Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," Paper no. 39, Social Development Papers, Conflict Prevention and Reconstruction, World Bank

(proximity to local needs). This improves public service delivery, raises the satisfaction of the population with public administration, and can strengthen the legitimacy of the political system. This in turn can contribute to stability and the peaceful settlement of conflicts; Second, local authorities are more familiar with the local causes of conflict, thus they can analyze these potential conflict more precisely, take measures to balance interests, and raise the chances of non-violent settlement through participatory approaches; and handing over power to regional levels; Third, they can participate politically directly from where they live and preserve their local ethnic identity better. This can divert demands for secession[6]. In contrast, decentralization may also exacerbate conflict rather than deflate, whilst decentralization is locally corrupt, patronage, partisan local political institutions, local despotism, leads to segregation, and ultimately too much decentralization may lead to neglect of the overall national picture and failure to implement national development plan agenda[7]. Conclusively, decentralization is not the ultimate panacea in conflict mitigation but a solution with huge challenges and risks.

1.2 Problem Statement

Nearly six years after the signing of peace agreement both GoI and GAM have positively been keeping and maintaining their mutual commitment through sustaining peace and ending thirty years of secessionist warfare in Aceh. The points of the agreement have been mostly implemented particularly in the issues of political participation and economic development. For instances: the implementation of Gubernatorial and Mayoral direct election in 2006, where the GAM candidates have been elected Governor and several *Bupati* (Head of Districts or Regencies) and Mayors at cities level; the enforcement of local legislative election in 2009, GAM with new local political parties, known as *Partai Aceh* (Aceh Party)

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[6] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline," p. 6; Barron, Patrick; Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh,"

[7] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," United Nations Development Programme; Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline,"; Cornell. Svante. E. (2001). "Autonomy and Conflict,"; Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia,"; and Ferguson, Ian and Chandrasekharan, Cherukat. (2005). "Path and Pitfalls of Decentralization for Sustainable Forest Management: Experiences of the Asia Pacific Region," in: Carol J. Pierce Colfer and Doris Capistrano, The Politics of Decentralization: Forest, People and Power,

won a majority seats in provincial and some district legislatures; and Aceh government receives higher additional revenues than before the implementation of decentralization with the increased local budget revenues from central government and/or donors through post-tsunami reconstruction, post-conflict reintegration fund, and Special Autonomy Fund.

It is worth emphasizing that the Aceh government is still in fragility and risks, several challenges may face during the 'post-conflict phase'. According to Collier that the term of post-conflict societies refers to countries which suffer from wars and armed conflicts in the first ten years after the end of hostilities, the risks is considerably reduced[8]. Therefore, although Aceh post-conflict government is entirely being exercised by local people, this will not ensure that powers and resources are used properly and appropriately. Conversely, decentralization and local governance should ensure socio-political and economic empowerment of local communities to eradicate poverty and unemployment by participating in planning and management of their development process, therefore it leads to a robust chance in promoting sustainable development and peace[9].

However, massive dissatisfactions from local people to the new Aceh government – which elected through the 2006 elections – have recently been apparent, which may lead to exacerbate the conflict and to spoil the peace agreement. The people of Aceh had initially a high expectation to the new Aceh government to achieve a better Aceh in development and sustainable peace. In fact, the Aceh government has limited capacity to govern and to implement the overall development agenda. The government expenditure has largely been concentrated in urban rather than in rural areas and other uneven distribution of development programs among districts in Aceh. Corruption and patronage are being decentralized from national to local elites. Finally, the central government have been demanded to establish more ancillary regulations of Law on the Governing Aceh (LoGA) to address the whole Helsinki Peace Agreement provisions. In short, the Aceh case is complex and multi-faceted, therefore, the ability of Aceh local administration to exercise the governance dimensions

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[8] Collier, Paul., L. Elliott, H. Hegre, A. Hoeffler, A. Reynol-Querol, and N. Sambanis. (2003). "Breaking the Conflict Trap: Civil War and Development Policy," World Bank and Oxford University Press, p. 104

[9] Kauzya, John-Mary. (2004). "Decentralization: Prospects for Peace, Democracy and Development," Conference Paper on Decentralization, the New Dimension of Peace, Democray and Development, 17-18 September 2004, held by Region of Tuscany, Calre and UNDESA

particularly service provisions and socio-economic development to the community, and the commitments of local elites to the agreement; would highly determine the lasting peace.

1.3 Research Objectives and Research Questions

The objectives of the research:

1) To enhance basic knowledge, and understanding on the developments made so far on the processes of decentralization and conflict management experience in Indonesia;

2) To explore the efficacy of decentralization in post-conflict over the pre-secessionist stance of Aceh; and

3) To identify the major challenges in conflict transformation for central government, local government and Acehnese people (center-periphery relation) in managing the sustainable peace in fragile environment.

In order to achieve the above objectives, this study seeks to answer the following main research question: *What are the dynamics, processes, and challenges of decentralization in Aceh post-conflict?*

And followed by three sub-research questions include:

1) What are the nature of the relationship between decentralization or local governance and conflict?

2) Do the Peace Agreement (MoU) and Law on the Governing of Aceh (LoGA) provide the basis for sustainable peace?

3) How are the processes of the post-conflict institutional reform in Aceh; have they helped resolve the violence? and

4) What does the Aceh experience allow us to conclude about the prospects for mitigating conflict through local governance reform?

1.4 Research Hypotheses

In order to guide for answering those research objectives and questions, the following hypotheses are put forward.

1) Decentralization being implemented in Aceh post-conflict is expected to act as driving force to end conflict and to maintain sustainable peace and development; and

2) Strengthening local governance capacity may lead to increase legitimacy and a better service provisions, and it also avoids the tensions of new-patterns of conflict.

1.5 Research Methodology

To achieve the objectives, this study uses primary sources and secondary data which have been gathered through several methods. In the secondary data: the extensive literatures i.e. books, journals, publications, etc. Meanwhile, lessons learned from different case studies on post-conflict governance (e.g. Latin American and African cases) are being examined to formulate the hypotheses in accordance to the contemporary Aceh peace process. This research also extensively uses the primary Aceh's documents: Memorandum of Understanding (MoU), Law on the Governing of Aceh (LoGA), other regulations which relate to decentralization in Aceh specifically and national level generally.

Data from national and provincial *Badan Pusat Statistik*, BPS (Indonesia and Aceh Central Bureau of Statistics); International Organizations data include Aceh Public Expenditure Analysis (APEA) in 2006 and 2008 (WB and GoI), Aceh Conflict/Peace Monitoring Update (WB and University of Syiah Kuala), Aceh Growth Diagnostic in 2009 (WB), Multi-stakeholders Review (MSR) in 2009, etc, all date are also being utilized as main sources in the study. In addition, data and information from national newspapers, magazines, media online (e.g. Kompas, Tempo, detik.com, etc) and local newspapers (such as Serambi Indonesia, etc) are also being used.

Subsequently, in order to gather more direct and objective data and to support the secondary data, qualitative rounds of field-research is imperatively required. The intensive field works

in Aceh and Jakarta were conducted in 2007 and 2010. Several research methods are used to gather a bulk data including Focus Group Discussions (FGDs), and interviews/in-depth interviews. The initial field work was conducted in Aceh in 2007, to trace the recent development of post-agreement (e.g. reintegration process, local institutional reform, etc). The second field work took place in Aceh and Jakarta from February to March 2010 to understand the Aceh post-conflict governance during five years after the end of warfare (e.g. local legislative election in 2009, the progress of peace process, etc). In-depth interviews and FGDs have mainly involved several stakeholders either national or local such as government institutions (central, provincial and district level), non-governmental organizations, civil society organizations, former combatants, private sectors, universities and international organizations).

1.6 Research Paper Structure

This research work is systematically structured in the following way:

Chapter two refers to the theoretical framework. It primarily covers the main concepts in the decentralization and post-conflict governance debate. *Chapter three* describes historical background on conflict in Aceh. It primarily traces the transformation of the Aceh's authority from autonomy to periphery; where the local grievances and dissatisfactions were believed as the root causes of the rebel movements. *Chapter four* portrays the analytical framework of the emergence of decentralization in Indonesia and the nature of the relationship between decentralization and conflict in the case of Aceh. *Chapter five* examines the existence of the Helsinki Peace Agreement and the Law on the Governing of Law (LoGA) as the basis for sustainable peace and development for Aceh. It mainly describes the dynamic of the Helsinki Peace Agreement implementation. *Chapter six* portrays the processes of the Aceh post-conflict institutional reform and the challenges of decentralization in Aceh post-conflict governance to maintain peace and development. *Chapter seven* draws together findings of the study to answer the research questions. It also comes up with research implications and recommendation for future research and future policies of the Aceh government.

CHAPTER TWO

DECENTRALIZATION AND CONFLICT:
CONCEPTS, THEORIES AND DEBATES

2.1 Decentralization at Large

This chapter traces the concepts, theories and debates on the emergence of decentralization in the contemporary democratization era and its linkage to conflict mitigation and peace sustainability. In many countries, the concept of decentralization and self-governance has emerged and evolved in the three following sequence periods. According to Rondinelli et al., the first period was in the 1970s and 1980s, focused on deconcentrating hierarchical government structures and bureaucracies. The second period of decentralization, beginning in the mid-1980s, broadened the concept to involve political power-sharing, democratization, administrative reform and market liberalization. And the final period of decentralization is throughout the 1990s decentralization was seen as a way of opening governance to wider public participation through organizations of civil society[10]. Furthermore, this concept has been frequently discussed in several literatures as a key instrument for conflict transformation and long lasting peace. In some conflict-affected countries, the concept of decentralization and local institutional reform has been primarily offered during the negotiation of peace agreement process; and mostly are effective.

2.1.1 Definition and Concept

The tenet of good governance and democratic governance has been applied in many countries through the implementation of decentralization, as part of the efforts to promote people participation and representation in the decision-making as well as the development activities, the policy of devolution of power and authority to sub-national governments. Decentralization can more be seen as a way of leveraging the development of local

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[10] Rondinelli, Dennis A and Cheema, G. Shabbir. (2007). "From Government Decentralization to Decentralized Governance," in Rondinelli, Dennis A and Cheema, G. Shabbir (Ed), *Decentralizing Governance-Emerging Concepts and Practices*, Brooking Institution Press and Ash Institute for Democratic Governance and Innovation, p. 2

democracy[11] and as a policy of high priority and used as an instrument of poverty reduction, people empowerment, a platform for sustainable democratization, a structure for the mobilization of resources for economic development, a veritable instrument of reconciliation, social integration and well-being in post-conflict environments, and a vehicle for the promotion of a culture of political, economic, civic, and managerial/administrative good governance. The concept of decentralization would also offer opportunities for peace in situations where power-sharing can mitigate severe ethnic, religious, and territorial conflicts inside a country[12].

Several authors on decentralization such as Rondinelli (1981: 133-45), Mugabi (2004: 22), Larson (2005), and Schrottshammer, Kievelitz (2006: 5) usually defined the concept of decentralization as the transfer of power from the national to sub-national government; the official powers transfer include: political, administrative, fiscal responsibilities and territorial hierarchy. According to them, decentralization also means the transfer of tasks, competencies, resources and political decision making powers from central government to its agencies to field organizations of those agencies, subordinate units of government, semi-autonomous public corporations, area wide or regional development authorities, functional authorities, autonomous local government or non-governmental organizations.

As cited in UNDP Working Paper decentralization identified as governance system, "…refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities of sub-national levels…"[13] As a system, the principle of subsidiarity is a basis of the work mechanism of

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[11] Theory implies that the efficiency and equity benefits of decentralization come from the presence of 'local democratic' process that encourage local authorities to serve the needs and desires of their constituents (see Ribot and Jesse, 2005)

[12] Kauzya, John-Mary. (2004). "Decentralization: Prospects for Peace, Democracy and Development," p. 8; Ribot, Jesse. C. (2005). "Choosing Representation: Institutions and Powers for Decentralized Natural Resource Management," in: Carol J. Pierce Colfer and Doris Capistrano, The Politics of Decentralization: Forest, People and Power

[13] United Nations Development Programme. (1999). "Decentralization: A Sampling of Definitions," Working Paper prepared in connection with the Joint UNDP-Government of Germany Evaluation of the UNDP role in Decentralization and Local Governance, p. 2

decentralization. This principle means that not all authority can be delegated to the sub-national and only particular tasks can be implemented in the lower level[14].

Until late 1980s governments pursued three primary forms of decentralization: deconcentration, devolution, and delegation[15]. Other authors often cited the decentralization forms of Rondinelli as follows:

1. Deconcentration "sought to shift administrative responsibilities from central ministries and departments to regional and local administrative levels by establishing field offices of national departments and transferring some authority for decision making to regional field staff"[16] "the least extensive form of decentralization, involving very limited transfer of authority. It entails the transfer of authority for specified decision–making, financial and management functions by administrative means to different levels under the same jurisdictional authority of the central government"[17]. "…the transfer of power to an administrative unit of the central government at the field or regional office level. Local officials are typically not elected but appointed…"[18]

2. Delegation is "…the transfer of managerial responsibility for a specifically defined function outside the usual central government structure. Depending on how implemented, this type of decentralization could represent widely different aims. It could be a means of building the capacity of local government officials in preparation for a subsequent move toward devolution…"[19] "…Through delegation, national governments shifted management authority for specific functions to semiautonomous

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[14] Adhi, Eri Trinurini. (2005). "Decentralization in Indonesia: The Influence on Village Governance in the Traditional Communities in North Sumatra," Socioeconomic Studies on Rural Development, Vol. 138, p. 24

[15] Rondinelli, Dennis A and Cheema, G. Shabbir. (2007). "From Government Decentralization to Decentralized Governance," in Rondinelli, Dennis A and Cheema, G. Shabbir (Ed), *Decentralizing Governance-Emerging Concepts and Practices*, Brooking Institution Press and Ash Institute for Democratic Governance and Innovation, p. 3

[16] Ibid

[17] Mugabi, Edward. (2004). "Decentralization for Good Governance: Policies, Legal Frameworks and Implementation Strategies," Conference Paper on Decentralization, the New Dimension of Peace, Democray and Development, 17-18 September 2004, held by Region of Tuscany, Calre and UNDESA, p. 23

[18] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," Paper was prepared for USAID's Office of Democracy and Governance as a supporting study to the revision of the Decentralization and Democratic Local Governance Programming Handbook, p. 2

[19] Ibid, p. 3

or parastatal organizations and state enterprises, regional planning and area development agencies, and multi- and single-purpose public authorities…"[20]

3. Devolution "…aimed to strengthen local governments by granting them the authority, responsibility, and resources to provide services and infrastructure, protect public health and safety, and formulate and implement local policies…"[21] "…Under devolution, autonomous (mostly, democratically) elected lower-level units, such as provincial, district and local councils, are legally constituted as separate governance units…"[22] "…is the creation or increased reliance upon sub-national levels of elected government, with some degree of political autonomy, that are substantially outside direct central government control, yet subject to general policies and laws…"[23]

Generally speaking, devolution is considered as the most expansive form of decentralization, entailing a considerable shift toward political and operational control by *locally elected officials*. From the literatures can be seen that devolution is the most proper form of decentralization where the local government substantially granted a massive devolution. According to Mugabi[24], devolution has the following characteristics i.e.

a. local units of government are autonomous, independent and clearly perceived as separate levels of government over which central authorities exercise little or no direct control;

b. the local governments have clear and legally recognized territorial boundaries within which they exercise authority and perform public functions;

c. local governments have corporate status and the power to secure resources to perform their functions;

d. devolution implies the "need to develop local governments as institutions" in the sense that they are perceived by local citizens as organizations producing services that

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[20] Rondinelli, Dennis A and Cheema, G. Shabbir. (2007). "From Government Decentralization to Decentralized Governance," p. 3
[21] Ibid
[22] Mugabi, Edward. (2004). "Decentralization for Good Governance: Policies, Legal Frameworks and Implementation Strategies," p. 23
[23] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 2
[24] Mugabi, Edward. (2004). "Decentralization for Good Governance: Policies, Legal Frameworks and Implementation Strategies," p. 24

satisfy their needs and as governmental units over which they have some influence; and

e. devolution is an arrangement in which there are reciprocal, mutually beneficial and cooperative relationships between the central government and local governments.

Although devolution is such an ideal form of decentralization, however Ferguson and Chandrasekharan[25] cautions in the positive way that "too much decentralization (autonomy) may lead to neglect of the overall national picture and failure to implement nationally planned priorities. Successful efforts can enhance participation, increase the regional share of income…, result in better delivery of services and improve the sustainability."

2.1.2 Objectives of Decentralization

Democratic governance through decentralization is a tool for promoting development. Its general objective is to increase efficiency, equity and local democracy. Efficiency increases because a greater local input should result in better-targeted policies and lower transaction costs. In sum, the equity and democracy likely benefit most local people. These are expected to come about by bringing government 'closer to the people' and increasing local participation, as well as government accountability[26]. Heuft and Buchenrieder in Adhi[27] portrayed two type of decentralization objectives include normative objectives which is offering the citizen possibilities for greater participation and promoting a pluralistic decision-making process, and functional objectives which are offering allocative efficiency wherein the community's needs for services and goods are met; administrative efficiency, where the provision of goods and services may be maximal, in both quality according to available

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[25] Ferguson, Ian and Chandrasekharan, Cherukat. (2005). "Path and Pitfalls of Decentralization for Sustainable Forest Management: Experiences of the Asia Pacific Region," in: Carol J. Pierce Colfer and Doris Capistrano, The Politics of Decentralization: Forest, People and Power, Earthscan: London

[26] Larson, Anne. M. (2005). "Democratic Decentralization in the Forestry Sector: Lessons Learned from Africa, Asia and Latin America", in Carol J. Pierce Colfer and Doris Capistrano, *The Politics of Decentralization: Forest, People and Power*, Earthscan: London

[27] Adhi, Eri Trinurini. (2005). "Decentralization in Indonesia: The Influence on Village Governance in the Traditional Communities in North Sumatra."

funds; and good governance. As cited in Furtado in Ferguson and Chandrasekharan[28] that there are some points in regards with the ideal objective of decentralization i.e.

a. Ensure the provision of social services that meet the needs of constituents in a given locale;

b. Draw on local knowledge and preferences;

c. Give interest at local levels a stronger sense of ownership over projects and programming, thus making programming more sustainable;

d. Enhance the public accountability of bureaucrats, elected representatives and political institutions, thus ensuring greater responsiveness in government:

e. Promote local self-reliance; and

f. Promote monitoring, evaluation and planning at the local level and enhance community participation in decision-making.

2.1.3 Autonomy, Self-Governance and Development

The signing of the peace agreement between the Government of Indonesia (GoI) and *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement) followed by the enactment of the Law on the Governing Aceh (LoGA) has granted a significant devolution and territorial autonomy to the local Acehnese people especially in political powers, administrative arrangements and fiscal decentralization. As stated in the agreement that "…Aceh will exercise authority within all sectors of public affairs, which will be administered in conjunction with its civil and judicial administration except in the field of foreign affairs, external defense, national security, monetary and fiscal matters, justice and freedom of religion, and the policies of which belong to the GoI…"[29] "… the GoI will facilitate the establishment Aceh-based political parties…the people of Aceh will have the right to nominate candidates for the positions of all elected officials to contest the elections in Aceh…"[30]

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[28] Ferguson, Ian and Chandrasekharan, Cherukat. (2005). "Path and Pitfalls of Decentralization for Sustainable Forest Management: Experiences of the Asia Pacific Region," Earthscan: London

[29] Article 1.1.2.a of Memorandum of Understanding between the Government of Indonesia (GoI) and Gerakan Aceh Merdeka (GAM)

[30] Article 1.2.1-2 of Memorandum of Understanding between the GoI and GAM

The offer of autonomy with self-government provisions to disadvantaged minorities within the state has in fact become a popular policy option for many governments seeking to avoid costly sub-nationalist movements while maintaining their overall sovereignty. The Philippines, Papua New Guinea, Ethiopia, Russia and China are to name just a few recent examples[31]. As Wolff noted that the regional (or territorial) autonomy can be seen as a mechanism to empower a specific group or local people to exercise a greater degree of self-governance[32]. And the central government may only interfere with the acts of the autonomous entity in extreme cases (e.g. when national security is threatened or it power have been exceeded)[33].

Territorial autonomy might be defined also as regions of a state, usually possessing some ethnic or cultural distinctiveness, which have been granted separate powers of internal administration, to whatever degree, without being detached from the State of which they are part[34]. According to Steiner about the autonomy concept, he divided the autonomy into three schemes, which are: First, power-sharing regime (or form of consociational democracy), which assures one or several ethnic groups of a particular form of participation in governance or economic opportunities, such as ethnic quotas in parliament and government or veto rights. The second scheme is a regime of cultural autonomy, whereby members of particular ethnic communities are endowed with specific rights and duties in relation to the government, occasionally being bound by different laws. The last scheme is that which gives an ethnic group self-rule that is political authority over a certain territory, in order to govern its internal affairs to a determined extent[35].

The general definition of the autonomy is the granting of internal self-government to a region or group of persons, thus recognizing a partial independence from the influence of the

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[31] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?" Policy Studies 10, the East-West Center Washington, p. 1
[32] Wolff, Stefan. (2005). "Complex Autonomy Arrangements in Western Europe: A Comparative Analysis of Regional Consociationalism in Brussels, Northern Ireland and South Tyrol," in Marc Weller and Stefan Wolff (Ed), *Autonomy, Self-governance and Conflict Resolution: Innovative Approaches to Institutional Design in Divided Societies*, Routledge, p. 121
[33] Daftary (2005: 5) cited in Wolff, Stefan (2005: 122); Haris, Syamsuddin (2002: 76)
[34] Cornell. Svante, E. (2001). "Autonomy and Conflict," Department of Peace and Conflict Research, Uppsala University: Sweden, p. 8
[35] Ibid, p. 9

national or central government, which can be determined by the degree of actual as well as formal independence enjoyed by the autonomous entity in its political decision-making process[36]. The concept of self-governance plus regional integration has been constructed by Wolfgang F. Danspeckgruber. Self-governance is a concept that is more positive, humane and forward looking than classical self-determination. It avoids the slippery slope to secession and independence such as state shattering, and contains less emotionally loaded connotation of past ethnic-historical experiences. Self-governance plus regional integration can be defined as a combination of maximum autonomy, such as internal sovereignty. Internal sovereignty would encompass concern for the areas of culture, education, language, religion, finance, judicial administration, and public safety, as well as certain industrial, energy, and infrastructure projects[37].

Furthermore, it is worth noting that the following conditions needed for autonomy to have positive effects on ethnic group relations namely: a) autonomy units work best when their territorial boundaries coincide with a relatively homogenous group. Although it can be argued that the same benefits would apply to devolution toward more heterogeneous units, there are some risks; b) a democratic political environment is more conducive to successful devolution of political power. Well-established democracies can better guarantee that negotiations over institutional changes are fully implemented and that a judicial process can be accessed for resolving disputes, c) there are better chances of reducing ethnic tensions when division of power, or devolution, between the center and various units are clear; and d) fiscal decentralization may be important as political devolution – although there have been some debates on this –. Political power without control over fiscal resources might be meaningless[38].

It should be noted that the process of decentralization is also a means of ensuring socio-political, administrative arrangements, economic and technical empowerment of local

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[36] Ibid
[37] Danspeckgruber, Wolfgang, F. (2005). "Self-governance plus Regional Integration: A Possible Solution to Self-Determination Claims," in Marc Weller and Stefan Wolff (Ed), *Autonomy, Self-governance and Conflict Resolution: Innovative Approaches to Institutional Design in Divided Societies*, Routledge, p. 37
[38] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom, p. 187

communities to **eradicate poverty and unemployment** by participating in planning and management of their development process, therefore it leads to a robust chance in promoting sustainable development and peace[39]. Kauzya proposed the following table to describe the relationship between decentralization and local development.

TABLE 1
DECENTRALIZATION CHOICES, SYSTEM OUTCOMES, SYSTEM RESULTS AND DEVELOPMENT IMPACT

Decentralization Choice	System Outcome	System Results	Development Impact
Political Civil liberties Political rights Democratic pluralistic systems	Political accountability Political transparency Political representation	Soft/hard budget Constraint Moral hazard Macro-economic Instability Responsive services Effective services Efficient services Sustainable services	Increased incomes Increased productivity Increased literacy Decreased mortality Growth of civil society Etc.
Fiscal &financial Fiscal resources Fiscal autonomy Fiscal decision-making Su-national borrowing	Resource mobilization Resource allocation Fiscal capacity Sub-national indebtedness		
Administrative Administrative structures and systems Participation	Administrative capacity Administrative accountability Administrative transparency		

Source: Kauzya, 2004: 18 as adapted from Parker, Andrew N. 1995[40]

Eventually, the bulk of the autonomy definition as mentioned above is specifically referred to territorial autonomy whereas usually considered synonymous with that of 'self-government'. It is established that the 'right to self-determination' included in the UN Charter referred not to sovereignty or independence but to 'self-government; it was repeatedly noted that the

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[39] Kauzya, John-Mary. (2004). "Decentralization: Prospects for Peace, Democracy and Development," Conference Paper on Decentralization, the New Dimension of Peace, Democray and Development, 17-18 September 2004, held by Region of Tuscany, Calre and UNDESA
[40] Adapted from Parker, Andrew N. 1995, *Decentralization: The Way Forward for Rural Development?* Policy Research Working Paper 1475. The World Bank, Washington, D.C

principle of self-determination conformed to the principles of the charter only insofar as it implied the right of self-government of people, not the right to secession[41].

2.1.4 The Linkage between Decentralization and Conflict

It has been presented previously and discussed in several literatures that the concept of decentralization and territorial autonomy might be seen as a major instrument for conflict transformation and sustainable peace. Through decentralization also the local grievances over inequalities in the distribution of resources and political authority between center and periphery which potentially lead to the conflicts and sub-nationalist/pro-secessionist movements could be eliminated and solved. Collier and Hoeffler introduced two competing models in regards to the cause of conflict and civil wars namely 'grievance' and 'greed'. "The 'grievance' model examines inequality, political oppression, and ethnic and religious divisions as causes of conflict, while the 'greed' model focuses on the sources of finance [to support rebel groups] of civil war."[42]

According to Schrottshammer and Kievelitz, decentralization may lead to conflicts settlements where the sub-national government should improve public services; be better acquainted with the local causes of conflict; facilitate participation and co-determination by minorities; and facilitate the reconstruction of failed states from the bottom-up.[43] Furthermore, where ethnic groups or nations are territorially concentrated, autonomous regions can reduce conflict by removing it from the center and opening up new cleavages at the sub-national level. It gives a particular ethnic or national group the means to obtain cultural recognition, certain guarantees, laws, or advantages for itself. It can also introduce flexibility and diversity in policies, programs, and resource allocations that centralized government cannot accomplish.[44]

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[41] Cornell. Svante, E. (2001). "Autonomy and Conflict," Department of Peace and Conflict Research, Uppsala University: Sweden, p. 10

[42] Collier, P., & Hoeffler, A. (2004). "Greed and Grievance in Civil War," Oxford Economic Papers, No. 56 Oxford University Press, p. 563-595

[43] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline."

[44] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," p. 186

Additionally, there are some points explaining the positive impact of decentralization to the conflict as follows: a) compare with a centralist government apparatus, regional capacities are both more efficient (cost savings and greater flexibility) and more effective (proximity to local needs). This improves public service delivery, raises the satisfaction of the population with public administration, and can bolster the legitimacy of the political system. This in turn can contribute to stability and the peaceful settlement of conflicts; b) local authorities are more familiar with the local causes of conflict, can analyze these more precisely, take measures to balance interests, and raise the chances of non-violent settlement through participatory approaches; and c) the shift of power to regional levels can give minorities more say. They can participate politically directly from where they live and preserve their local ethnic identity better. This can avert demands for secession.[45]

Stefan Wolff pointed out the reason behind the effective of decentralization and consociational power-sharing in conflict settlement i.e. demands of the group seeking to exercise a right to self-determination within a state that does not contemplate secession from its territory can only be accommodated within a territorial framework of autonomy. The right to self-determination is thus exercised 'internally' by the group claiming entitlement to it at several levels; through participation in the election of a regional and central government and through the relative independence of this regional government in legislating and executing policy in assigned areas of competence.[46]

Grasa and Camps attempted to connect decentralization and conflict; they analyzed two pillars of peaceful change in societies that are emerging from an armed conflict or post-conflict environment. First, the institutional design process, to involve democratization in post-conflict societies or those societies with grave issues of inequality and exclusion. In such cases institutional design can be applied to generate forms of democratic decentralization in order to promote progressive peaceful change. This tactic will include important forms of devolution of power to decentralized authorities, as well as crucial

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[45] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline," p. 6

[46] Wolff, Stefan. (2005). "Complex Autonomy Arrangements in Western Europe: A Comparative Analysis of Regional Consociationalism in Brussels, Northern Ireland and South Tyrol," in Marc Weller and Stefan Wolff (Ed), *Autonomy, Self-governance and Conflict Resolution: Innovative Approaches to Institutional Design in Divided Societies*, Routledge, p. 122

elements of social inclusion that will help afflicted individuals to lay down their arms. Second pillar is power-sharing mechanisms and strategies, where governance incentives offered to encourage armed groups to negotiate and implement peace agreements often include incentives such as resource-sharing, inclusion in security structures and several forms of territorial autonomy.[47]

It is worth noting, as Danspeckgruber pointed out that the following are five scenarios if a group or community seeks to obtain greater autonomy (see also table 2).

1. Secession followed by independent statehood;
2. Secession followed by accession to another state;
3. Partition and partial secession followed by either independent statehood or accession to another state;
4. Continuation of the status quo; and
5. Self-governance plus regional integration.[48]

Scenario 1 leads to the formation of a new independent actor in the international system, with new territory, boundaries and international recognition. Scenarios 2 and 3 in turn presuppose the (active) involvement of a third – the to-be-accessed – state in the region and cause a change in boundaries; it does not lead to a new independent state. Only scenarios 4 and 5 help avoid such alterations and thus may prove to be more supportive of regional stability.[49]

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[47] Harzell and Hoddie, 2007 cited in Grasa, Rafael and Camps, Arnau Gutiérrez. (2009). "Conflict Prevention and Decentralized Governance: Some Remarks about the State of the Art in Theory and Practice," paper presented at the Barcelona Forum on Decentralized Governance and Conflict Prevention, July 2009. The forum was organized by the International Catalan Institute for Peace, the Generalitat de Catalunya and the UN System Staff College, p. 7

[48] Danspeckgruber, Wolfgang, F. (2005). "Self-governance plus Regional Integration: A Possible Solution to Self-Determination Claims," in Marc Weller and Stefan Wolff (Ed), *Autonomy, Self-governance and Conflict Resolution: Innovative Approaches to Institutional Design in Divided Societies*, Routledge, p. 27

[49] Ibid, p. 28

TABLE 2
CHARACTERISTICS OF DIFFERENT SELF-DETERMINATION REGIMES

		Self-determination regime			
		Status quo (none)	Secession (statehood)	Autonomy	Self-governance plus regional integration
Boundaries	Internal	Old	New	Old	Old
	External	Old	New	Old	May alter over time
International recognition		None	Yes	None	None
Internal sovereignty	Local governance	Probable	Independent	Autonomous	Independent
External competencies	Foreign treaty-making powers	None	Independent	Dependent	Limited independence
	Foreign representation	None	Independent	Dependent	Possible
	International organization membership	No	Yes	No	Possible
	Regional foreign policy and organization membership	No	Yes	No	Possible

Source: Wolfgang F. Danspeckgruber, 2005

In contrast with the positive impact of decentralization, skeptics argue that autonomy can sometimes exacerbate, rather than deflate, such conflicts especially arguing the ineffective, corrupt, resentment, partisan local political institutions cause frustration and feeling of exclusion which increase the likelihood of violent conflict.[50] Besides, decentralization can cement local ethnic/group majorities. It can worsen the marginalization of local minorities by local majorities and lead to so-called local despotism.[51] Accordingly, it makes dialogue between (or among) groups within the society or autonomous regions difficult, alienate its component groups from each other, and lead to segregation.[52] Eventually, Jacques Bertrand cautions two thinks, "… too much autonomy might lead nationalist groups to secession…the central government can perceived as weak, and therefore more susceptible to secessionist

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[50] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," United Nations Development Programme, p. 5
[51] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline," p. 8
[52] Cornell. Svante, E. (2001). "Autonomy and Conflict," p. 14

actions…," meanwhile "…focuses on the institutional and material resources available to secessionist groups. When government functions and resources are transferred to autonomous units, they can be used as sources of patronage and mobilization. It can also increase a group's sense of distinct identity associated with a state…"[53]

In structuring decentralized governance this should always be sufficiently taken into account in order to avoid putting in place structures of decentralization that can easily facilitate the development of local dictatorship or "centralized decentralization". Vertical decentralization should always be accompanied by horizontal decentralization to empower local people to participate in local governance and counter the tendencies toward local dictatorship.[54] The weak capacity of local apparatus may shift corruption from central to the lower level.

In conclusion, the general debate in the literatures on the relationship between the decentralization and conflict that an effective and successful decentralization may deflate the conflict whilst an ineffective decentralization exacerbates the conflict. Importantly, if the concept of decentralization in post-conflict is well-implemented by providing clear mechanisms/regulation for the government and keeping mutual commitments of the two parties on peace agreement, surely that the lasting peace could be achieved. Lastly, decentralization is not a panacea in conflict settlement but a solution with huge dangers and risks.

2.2 Socio-Political Decentralization
2.2.1 Reconstituting Legitimacy

It has been mentioned in several literatures that political decentralization in post-conflict environment may lead to legitimize the authority and the state through various form of reform i.e. greater local political participation, promoting inclusiveness, the establishment of election, etc. As Brinkerhoff noted about the term of legitimacy that "…legitimacy refers to acceptance of a governing regime as correct, appropriate, and/or right…Reconstituting

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[53] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom, p. 188
[54] Kauzya, John-Mary. (2004). "Decentralization: Prospects for Peace, Democracy and Development," p. 19

legitimacy in post-conflict states involves expanding participation and inclusiveness, reducing inequities, creating accountability, combating corruption, and introducing contestability…"[55]

As Schou and Haug (2005) in Siegle and O'Mahony[56] observed the link between political decentralization and conflict settlement i.e. a) to broad a popular political participation, including minority and disadvantaged groups; b) to bring sub-national groups into a bargaining process with the government; c) to increase state legitimacy through broadened local popular participation; d) to establish state outreach and control in remote areas; and e) to build trust between groups that participate in local governance institutions. Political local governance also guides societal decision-making and public policy, and generate legitimacy through separation of powers, responsive and accountable local government, representation and inclusiveness, and the protection of basic rights for all citizens.[57]

According to Siegle and O'Mahony[58], Political decentralization includes the transfer of political authority to the regional level through the establishment of elected local government, electoral reform, political party reform, authorization of participatory processes, and other reforms. As mentioned earlier that the Aceh peace agreement allowed the local Acehnese people and even the former guerilla group (GAM) to take part and participate in the local democracy such as regional election. In many cases of post-conflict governance such as in Columbia, Guatemala and El Salvador, the armed opposition was either seeking to win a share of power of overthrow the government. Decentralization provided a means for the guerillas to achieve a 'share' of power through legitimate political competition and without insisting that the central government directly negotiate away a measure of its authority to a sub nationalist or pro-secessionist movements group.[59]

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[55] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 7
[56] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 7
[57] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 4
[58] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 3
[59] Bland, Gary. (2007). "Decentralization, Local Governance, and Conflict Mitigation in Latin America," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, p. 221

Political decentralization also becomes a strong vehicle for championing local diversity and local autonomy. Through it, local interests are articulated, and local socio-cultural systems are strengthened. Decentralization provides a structural and institutionalized venue through which local people can participate and exert "more influence in the formulation and implementation of policies" and the determination of their development in general. If it is taken that democracy means the rule of the people, then political decentralization, by facilitating participation of the people in decision-making, promotes democracy.[60]

Strengthening civil societies has been emphasized by several authors in the political decentralization as a crucial point to the local people to be more involved and participative in decision-making process in post conflict societies. As Manor (2006) in Jackson and Scott[61] pointed out, "…engaging civil society in local governance is critical for success: public sector capacity to perform core functions emerges more quickly and is more sustainable when complemented by strengthening of citizen demand-making…programs that promote constructive interaction between government actors, civil society organizations (where they can be found) and people at the local level have unusual promise…"

Other authors such as Bland (2007), Barron and Clark (2006), Schrottshammer and Kievelitz (2006) and Grasa and Camps (2009) also stressed the importance of empowering civil society organizations to legitimize the authority on decentralized governance in conflict transformation. "… consequently a peace process that makes decentralization and the empowerment of civil society a lead priority…"[62] "…creates opportunities for civil society, including local academia and community and religious leaders, to increase their participation in local policymaking and implementation…"[63] "…whether local civil society acts as guarantor for democratization depends on the character of the leading political parties, structural factors, the decentralization scheme (e.g. the degree of local autonomy, border

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[60] Haris, Syamsuddin. (2002). "Regional Autonomy, Democratization, and Alternative Approach on Center-Periphery Conflict Resolution," p. 76; Kauzya, John-Mary. (2004). "Decentralization: Prospects for Peace, Democracy and Development," p. 11

[61] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," United Nations Development Programme, p. 16

[62] Bland, Gary. (2007). "Decentralization, Local Governance, and Conflict Mitigation in Latin America," p. 213

[63] Barron, Patrick and Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," p. 13

lines of administrative areas), and the extent of prior experience with democracy…"[64] "…Political decentralization also includes procedures to increase the participation of citizens and of civil society in their selection of governmental representatives and in political decision-making…"[65]. Finally, Bland described the effort of Guatemala's local government which creates a forum for civil society to participate in decision making process. "…the development councils – established at all levels of government, but not entirely functioning, to provide a forum for civil society – are considered a primary access point for citizens looking to engage decision-makers..."[66]

2.2.2 Participatory Local Democracy

In order to assign an elected local apparatus and to facilitate the local political democracy, the establishment of democratic election in sub-national level is imperative. It is worth emphasizing as well that in post-conflict environment, elections have served to help resolving long-standing conflicts and to initiate or consolidate transitions to democracy. For states just recovering from conflict, elections and other political arrangements are typically a critical issue to the peace agreements principles. Fair elections have become an increasingly critical requirement for governments to have legitimacy in the eyes of the international community and their own communities.[67] Bjornlund, Cowan, and Gallery also pointed out, elections are the backbone of the principle of democracy and good governance including in post-conflict societies, and the arguments are as follow:

1. "Competitive elections can catalyze profound political change leading to greater democracy. Election in societies that is in an emerging to peace situation can be seminal events that, if successful, not only confer legitimacy on governments but can also profoundly influence institutions, power arrangements, and citizens' expectations;

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[64] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline," p. 8-9
[65] Grasa, Rafael and Camps, Arnau Gutiérrez. (2009). "Conflict Prevention and Decentralized Governance: Some Remarks about the State of the Art in Theory and Practice," p. 21
[66] Bland, Gary. (2007). "Decentralization, Local Governance, and Conflict Mitigation in Latin America," p. 214
[67] Bjornlund, Eric, Cowan, Glenn, and Gallery, William. (2007). "Election Systems and Political Parties in Post-Conflict and Fragile States," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, p. 64

2. Elections provide significant new opportunities for citizen involvement in public affairs. They can provide an avenue for the participation of women, minorities, and disadvantaged groups[68], who traditionally have had less access to politics, governance and also armed opposition group; and

3. Competitive elections offer a means of establishing accountability, channeling political competition, and determining leadership succession."[69]

There was a success story from Colombia about the role of political decentralization and the democratization of local governance on mitigating conflict and the positive effect of the establishment of election in post conflict environment. As Bland noted that "…depends on the extent to which the new local institutions have delivered on the promises of reform…the impact is hardly clear... increased electoral participation, greater local pluralism, and the return of guerilla groups to legal political activity boded well. In 1988, when the first direct elections were held, more than a hundred mayors were elected from parties other than the Liberals or Conservatives (fourteen were former guerillas)…"[70]

In the context of political parties, effective governance and genuine democracy in post-conflict societies require political parties that are inclusive, transparent, accountable, and internally democratic. Parties provide critical avenues for public participation and national dialogue in post-conflict societies and effective political parties are essential to functioning democracy. Within legislatures, parties can provide a peaceful arena for public debate, political competition, and mediation of social conflicts.[71] It should be noted that in post-conflict societies, the development of political parties based on ethnic and religious line is huge risks. Sectarian alignment can exacerbate tensions or conflict, and so it is even more

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[68] According to Cornell (2001: 31), 'group disadvantages' imposed by another group in control of the central government is a factor almost certain to lead to an increasing willingness for political action that may in turn translate into demands for secession. It also refers to 'Political Discrimination' which implies group members are or have been systematically limited in their enjoyment of political rights or access to political position by comparison with other groups in their society (Gurr, Ted R, 1993 in Cornell, 2001).
[69] Bjornlund, Eric, Cowan, Glenn, and Gallery, William. (2007). "Election Systems and Political Parties in Post-Conflict and Fragile States," p. 67
[70] Bland, Gary. (2007). "Decentralization, Local Governance, and Conflict Mitigation in Latin America," p. 212
[71] Bjornlund, Eric, Cowan, Glenn, and Gallery, William. (2007). "Election Systems and Political Parties in Post-Conflict and Fragile States," p. 64

important to support inclusive parties as well as to encourage collaboration and coalitions between and among parties representing different groups.[72]

In general, a peaceful transfer of power is one of the important steps in improving a country's political system and establishing a new government's legitimacy towards its communities. Developing strong, democratic institutions is crucial to create a government that can deliver basic services and economic growth. Meanwhile, it is worth noting that the role of elections as a non-violent form of political competition between different factions and groups can significantly improve the security situation in a country and provide the atmosphere necessary for other improvements to occur.[73]

2.2.3 Socio-Cultural Adaptation

Decentralization often allows for the state to adopt local socio-cultural practices, identities, symbols and even local languages. However, this can exacerbate conflict over the selection of appropriate cultural artifacts and, particularly in heterogeneous societies, result in new cultural or identity chauvinism. The recent violence in East Timor is perhaps a stark reminder of how the choice of language and certain historical identities can exclude certain population groups.[74]

Autonomous region typically include some of most of attributes of states, given that they possess executive, legislative and judiciary bodies; they often have state-like symbols like flags, coats of arms, etc., and often have other state-like institutions like parliaments, ministries, and even presidencies. In fact, autonomies may share most attribute of a state but never, by definition, the main one- that of being completely sovereign, not having any judicial authority above itself. An autonomous region may claim elements of sovereignty, but

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[72] Ibid, p. 66
[73] Ibid, p. 65
[74] Barron, Patrick; Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," p. 13

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it is definition a part of a sovereign state. The sovereignty of the autonomy can never be more than partial or delimited to certain determined spheres such as culture, economy, etc.[75]

2.2.4 Challenges and Risks

In contrast, some literatures argue about the risks of political decentralization concept in post-conflict environments which may potentially exacerbate the tensions and create a new pattern of conflict. As Siegle and O'Mahony[76] identified two problems, i.e. a) political decentralization increases competition between local and national power holders. This may entail sub-national actors using decentralized resources for political mobilization, including the capacity of groups to break away. In response, central governments may attempt to undermine devolved powers to regain authority; and b) lacking central government oversight, it increases interregional conflict, particularly in the reallocation of resources between regions precipitating demands in resource-rich regions for separation. In addition, through the political decentralization, the local elites and former armed groups can take advantage of the decentralization of authority to create their own fiefdoms locally.[77]

In addition, according to Snyder (2000) in Baron and Clark[78], in a number of democratization contexts, "the race among local elites for political power can unleash "noxious nationalist" and new exclusionary, often ethnic-based, political discourses that result in new decentralized conflict. In peace-building environment, opening political space can threaten rebel groups and potentially destabilize fragile peace agreements."

Decentralization and autonomy may in fact isolate the minority and prevent its members from political or economic participation in the larger sphere of the state. As Lyck (1995) in Cornell[79] has taken the example of the Faroe island' decentralization and territorial autonomy to show the negative effects of autonomy, arguing that autonomy led the central government

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[75] Cornell. Svante, E. (2001). "Autonomy and Conflict," p. 15
[76] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 3
[77] Bland, Gary. (2007). "Decentralization, Local Governance, and Conflict Mitigation in Latin America," p. 208
[78] Barron, Patrick; Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," p. 12
[79] Cornell. Svante, E. (2001). "Autonomy and Conflict," p. 14

to feel less responsible for the development of the region. Conversely, local political leaders in decentralized systems may find it expedient not to seek compromise with the central government. In a system where local leaders are only accountable to their local constituents, competitive politics will almost necessarily reward taking ever more 'patriotic' positions in defense of the region or group. Replicating this dynamic across autonomous regions throughout a country, it is easy to envision scenarios where there is little middle ground in which to govern in the national interest.[80]

Conclusively political decentralization in post-conflict societies would be regarded as a shift from military approach to political/diplomatic approach or from violent movements to non-violent movements.

2.3 Administrative-Economic Local Governance

Administrative decentralization requires the full or partial transfer of functional responsibilities to the local level (e.g. health care services, operation of schools, building and maintenance of roads, and garbage collection)[81]. The effective decentralized governance in administrative body involves that regional government have the ability to establish ordinances and regulation or bylaws, which they consider to be appropriate within their jurisdictions. It is worth noting that there is no central control on matters of internal functioning (such as hiring and firing staff).[82] According to Brinkerhoff[83], administrative-economic governance attains effective provision of basic services and economic opportunity through rules-driven and transparent policy-making, regulation, fiscal arrangements, partnerships and civil service system. It usually refers to the effectiveness of the delivery of essential services like water, health, sanitation, electricity, and education.[84]

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[80] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 8

[81] Ibid

[82] Grasa, Rafael and Camps, Arnau Gutiérrez. (2009). "Conflict Prevention and Decentralized Governance: Some Remarks about the State of the Art in Theory and Practice," p. 22

[83] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 4

[84] Blair, Harry. (2007). "Rebuilding and Reforming Civil Services in Post Conflict Societies," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, Routledge: London and New York, p. 162

It has been observed in several literatures and also in Brinkerhoff that conflict and wars destroy basic infrastructure, disrupt the delivery of core services and impede the day-to-day routines associated with the making a living. Poorly, they lead to widespread suffering, massive population dislocation, humanitarian crises, and epidemics.[85] In the case of Aceh, the situation is even worse due to the hit of huge wave tsunami in the region. It caused a massive destruction of basic infrastructure and public facilities in Aceh. In addition, the government operation and service delivery such as in health care, education, electricity, and transportation have collapsed significantly.

2.3.1 Service Delivery

Service delivery or government operations have been strategically supported by civil service reform in decentralized governance. The ultimate goal of the reform is to provide services better, manage resources more efficiently, or other supported objectives. The civil service can be seen as one of the main instruments with which the government fulfills its obligations. In the context of decentralization, this tool must often be reshaped in order to perform a new set of duties efficiently, equitably, and effectively. Reform of the civil service, therefore, is the process of modifying rules and incentives to obtain a more efficient, dedicated and performing government labor-force in newly decentralized environment. A capable, motivated, and efficient staff in order to deliver quality services to its citizens is needed for civil services at all levels of government. When the functions and structures of civil service are decentralized, existing bureaucratic patterns must be reorganized as roles and accountability are shifted. Decentralization thus intensifies the need for capable staff and increases the importance of capacity-building programs[86].

Although the literatures were very limited to address specifically the role of local government in the service delivery in post-conflict situation, however, Jackson and Scott has

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[85] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 5

[86] Decentralization Thematic Team, Center for International Earth Science Information Network (CIESIN), Columbia University, http://www.ciesin.org/decentralization/English/Issues/CSR.html

successfully observed the strengths and weaknesses of local authority to deal with the service provisions through the following assumptions (Table 3).

TABLE 3
LOCAL GOVERNMENT SERVICE PROVISIONS
IN POST-CONFLICT CONTEXT

Strengths	Weaknesses
Increased chance of local ownership	Danger of elite capture–difficulty of ensuring real participation
More likelihood of collective action and stronger accountability to users	Local service delivery plans not linked into national plans
Greater legitimacy than central government	Priorities match very local intra locality concerns-inter locality concerns fall off the radar
Greater awareness of local needs	Lack of capacity or expertise
	Perceived or actual inequalities in service provision can reignite conflict

Source: Jackson and Scott, 2008

Another literature on post-conflict also discussed that the inability to provide fundamental public good and services has impacts on both the immediate prospects for tending to citizens' basic needs and restarting economic activity, and long-term prospects for assuring welfare, reducing poverty, and facilitating socioeconomic growth. Restoring and creating in some areas service delivery capacity and initiating economic recovery are central to governance reconstruction agendas.[87] Additionally, using non-state providers (e.g. NGOs, private or foreigners, etc) for the delivery of basic services in countries with extremely weak state capacity or ruined infrastructure from years of conflict has been discussed for long by several scholars. However, it is worth noting that state service delivery has a major role to play in building the capacity and legitimacy of the state.[88]

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[87] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 5
[88] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," p. 14

On the other hand, Blair has elaborated the mechanisms of service delivery in the post-conflict environment which operated by Non-Governmental Organizations (NGOs), private sector, local government and foreigners (see table 4). The services which are provided by NGOs have many advantages. They can also do quality work (if perhaps not as professionally), and at lower cost than foreign contractors. They are generally less prone to corruption than the civil service, more flexible, since their employees have no rights to tenure or due process, and in the uncertain post-war situation they are anxious to hold on their jobs. On the contrary, NGOs tend to be more expensive than the civil service, and they tend to marginalize it, perhaps more so in that they may stay on for long periods delivering services that in the pre-conflict era had been provided by the bureaucracy. While NGOs can be very effective, they cannot really cover more than a fraction of a country's total service needs.[89]

Furthermore, some services can be run by the private sector, either in part or completely, therefore the consumer would be the direct principal and the market does the monitoring. The role of government officer will be dismissed significantly in the privatized sector, and the reaction of retrenched civil servants may be intense and event violence. Those that remain will be charged with monitoring the newly privatized activities to make sure they are up to an acceptable standard. Naturally, such an assignment will also provide opportunity for rent-seeking abuses, whereby state inspectors take bribes in return for issuing bogus certificates of compliance. Although the market can monitor effectively, however, there are risks of market failure of one sort or another.[90] Finally, in the decentralization context, local government institutions become the principals, while decentralized civil service personnel become the agents. Services can be tailored to local conditions in ways that centralized management could never accomplish, and the providers can be held accountable for what they do by representative local councils. The whole loop of the long route is shortened and made manageable.[91]

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[89] Blair, Harry. (2007). "Rebuilding and Reforming Civil Services in Post Conflict Societies," p. 171
[90] Ibid, p. 171-172
[91] Ibid, p. 173

TABLE 4
POST-CONFLICT SERVICE DELIVERY MECHANISM

Strategy	Advantages	Drawbacks	Civil Service Role	Monitoring Principles
Contracting out (outsourcing to foreigners)	Quick start-up Quality work Least corruption	Most expensive No host-country capacity built Dependency Unaccountable to state or citizenry	Marginalized by "second civil service" [92]	Donors
NGOs	Quality work Cheaper than foreigners Flexible work force Less corruption	More expensive than state provision Cannot cover entire need	Marginalized by "second civil service"	Donors
Private sector competition	Consumer choice ensures quality and affordability Market as monitor	Market failures Imperfect consumer knowledge Insider privatization sell-offs	Minimal involvement Easily corrupted	Market
Devolution and Local Governance	Services tailored High flexibility Citizen control Shorter route to accountability	Local elites become principals Corruption localized Increasing Inequality between localities	Local expansion Fragmentation of career services Opposition to decentralization	Local citizens

Source: Harry Blair, 2007

Ultimately, the need of donors and international actors' involvement in providing services would be significant in post-conflict environment particularly when the service needs to be fixed promptly. However, it leads to undermine the capacity of state. As Jackson and Scott[93] noted that "quick-fix approaches that ignore existing local capacity and/or put off attention to institution-building are accused of creating dependency, reducing the chances for sustainability and squandering opportunities for nascent governments to establish their legitimacy through providing services to citizens".

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[92] It refers to NGOs and contractors which performing the tasks that the original civil service had once undertaken.
[93] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," p. 15

It is worth noting, as Forrest has discovered in the Camasance post-conflict situation that in decentralized governance and devolution, the Senegalese government as central government position should be primarily as facilitator in local administration reform: "the central government ought to serve mainly as facilitator of such a creative redesign, rather than would-be hegemonic manager. Adopting a more bargaining-oriented attitude in the redesign of regional administration would benefit Senegalese leaders by increasing the likelihood of achieving a permanent peace, which would bring the Senegalese government international political praise and recognition as a peacemaker."[94]

2.3.2 Fiscal and Economic Decentralization

There are some authors discussed the variety of fiscal decentralization concepts. According to Siegle and O'Mahony, economic or fiscal decentralization refers to the shift of financial authority from the central to the local level. It includes reducing conditions on the inter-governmental transfer of resources and giving local jurisdictions greater authority to generate their own revenue.[95] The ultimate goal of fiscal decentralization is to establish effective and transparent financial management. As UNDP pointed out that there are the basic characteristics of a system for decentralized financial management which include: a) transparency of allocation; b) predictability of the amounts available to local institutions; and c) local autonomy of decision making on resource utilization.[96]

Grasa and Camps stressed the issue of fiscal decentralization that is importantly to be agreed upon which revenue would be shared between levels of government (central and regional), including the delegation of tax collection and public expenditure. Grasa and Camps also included the general debates among the scholars on fiscal decentralization and political decentralization: what kind of power transfer to non-central governmental institutions should take place first. During the inception period, it is necessary to focus on the political sphere

[94] Forrest, B. Joshua. (2007). "Sub-nationalism and Post-Conflict Governance: Lessons from Africa," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, Routledge: London and New York, p. 232

[95] Siegle, Joseph and O'Mahony, Patrick. (2006). "Assessing the Merits of Decentralization as a Conflict Mitigation Strategy," p. 3

[96] United Nations Development Programme. (1999). "Decentralization: A Sampling of Definitions."

without the institutionalized capacity for action.[97] Conversely, the inception process should primarily deal with fiscal decentralization, since political decentralization without the proper resources is not possible.[98]

Fiscal and economy matters have been a major point to sustain peace in post-conflict environment. Collier, Hoeffler and Soderbom as cited in Paul Collier discovered evidence that the economy matters for peace, "…they estimate a hazard function of post-conflict risks, year-by-year during the post-conflict decade and find that economic recovery substantially contributes to risk reduction. Benchmarking on the 40% for the typical post-conflict society, they compare two otherwise identical societies which differ only in their growth rates. One is stagnant and the other sustains 10% growth through the decade, a rate which though high has been attained in several post-conflict societies because of the scope for rapid recovery…"[99]

In the context of post-conflict as well, the effective economic governance plays a major issue. Best practices include sound macroeconomic and fiscal policy-making, efficient budget management, promotion of equitably distributed wealth-creating investment opportunities, and an adequate regulatory framework. However, weak post-conflict government leads to: policies that favor powerful elites, few budget controls and rampant corruption, cronyism and patronage arrangements that limit opportunity and siphon off public assets for private gain, and usually a combination of a punitive use of existing regulations and exemptions to benefit the favored few.[100]

According to Paul Collier that post-conflict economic policies should be distinctive, since the societies inherit economic policies that are highly dysfunctional: during civil war governments usually get desperate. In economic terminology, their discount rate increases and this leads to a predictable change in priorities.[101] He also emphasized the prioritization of

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[97] Boex, 2001 in Grasa, Rafael and Camps, Arnau Gutiérrez. (2009). "Conflict Prevention and Decentralized Governance: Some Remarks about the State of the Art in Theory and Practice," p. 22

[98] Ibid

[99] Collier, Paul. (2007). "Post-Conflict Recovery: How Should Policies be Distinctive?" Centre for the Study of African Economies, Department of Economics, Oxford University

[100] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 6

[101] Collier, Paul. (2007). "Post-Conflict Recovery: How Should Policies be Distinctive?"

four aspects of the real economy in post-conflict environment that should make policy distinctive, include a) reconstructing infrastructure; b) managing capital flight and repatriation; c) managing commodity booms; and d) managing constructions booms.[102] In addition, employment issue may affect the risk of violence, as Tobias Debiel and Ulf Terlinden; Paul Collier indicated that in many post-conflict societies, legal employment is rare and former combatants find it hard to reintegrate into the regular economy.[103]

On the other hand, some peace agreements between two conflicting groups have successfully addressed the economic dimensions particularly through provisions for resource-sharing mechanisms in decentralized governance atmosphere. In the case of Aceh, the peace agreement clearly demonstrates the provision of power-based resource sharing arrangement between central and regional government where the province is allowed to retain 70 per cent of natural resource revenues and other resource allocations from Jakarta as central government.[104] As Ballentine and Nitzschke observed the peace agreement between Sudan government and regional rebel group, "these provisions, such as those on oil revenues sharing contained in the recent agreement between the government of Sudan and the Southern rebels, could also serve as reference for donors and civil society to hold governments accountable as agreements are implemented."[105]

Importantly, the power-sharing mechanisms should also focus on the nature and intensity of economic and financial ties between local authority with autonomous territory and other parts of the whole country. This includes a proper structure of the autonomous area's public finances, consisting of central government grants for the provision of all services in relation to devolved powers and independent sources of revenue. Decentralized territory should receive a fair share of central government investment in public services and infrastructure.[106]

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[102] Ibid
[103] Debiel, Tobias and Terlinden, Ulf. (2005). "Promoting Good Governance in Post-Conflict Societies," Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH; Collier, Paul. (2007). "Post-Conflict Recovery: How Should Policies be Distinctive?"
[104] Article 1.3.4 of Memorandum of Understanding between the GoI and GAM
[105] Ballentine, Karen and Nitzschke, Heiko. (2005). "The Political Economy of Civil War and Conflict Transformation," Berghof Research Center for Constructive Conflict Management, p. 18
[106] Wolff, Stefan and Weller, Marc. (2005). "Self-determination and Autonomy: A Conceptual Introduction," in Marc Weller and Stefan Wolff (Ed), *Autonomy, Self-governance and Conflict Resolution: Innovative Approaches to Institutional Design in Divided Societies*, Routledge, p. 1

In addition, omitting or delaying fiscal decentralization is usually a deficit. The assignment of control over their own taxes and guaranteed appropriations from national tax revenue are a basic prerequisite for the regional and local authorities to build confidence and legitimacy. Without sufficient financial resources they cannot adequately perform their newly assigned tasks.[107] Therefore, the proper structure and appropriate constitutional provisions on public finance are an important point for preventing conflicts and sustaining peace in decentralized governance.

2.4 Post-Conflict Situations
2.4.1 The Terminology of Post-Conflict Peace

There are massive discussions in the literatures over the terminology of conflict and post-conflict. The major cause is because there is still an unclear a time period as when a situation transitions from conflict to post-conflict, where there may be repeated transitions as violence which may exacerbate at any time.[108] As Derick W. Brinkerhoff observed that conflict and post-conflict are relative terms, "Post-conflict rarely means that violence and strife have ceased at a given moment in all corners of a country's territory. In practice, most post-conflict reconstruction efforts take place in situations where conflict has subsided to a greater or lesser degree, but is ongoing or recurring in some parts of the country."[109]

Nearly five years after the signing of peace agreement, both conflicting parties have positively been maintaining their mutual commitment through sustaining peace in Aceh. Although some points of the agreement have been implemented so far, however, the rebel group remains unsatisfied. It is worth emphasizing that during the phase of post conflict, Aceh is still in fragility and at risks. There is a specific period of time in post-conflict phase that is the first ten years after the end hostilities, as cited in Paul Collier et al, "if the country succeeds in maintaining post-conflict peace for 10 years or so, the risks is considerably

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[107] Schrottshammer, Eva and Kievelitz, Uwe. (2006). "Decentralization and Conflict: A Guideline," p. 9

[108] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," p. 3

[109] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 3

reduced, but remains at a higher level that before the conflict."[110] Concerning the term of post-conflict societies as discussed previously, figure 1 is addressing the three sequences of post-conflict governance reconstruction which has been elaborated perfectly by Tobias Debiel and Ulf Terlinden. It is worth noting that in practice the duration of each phase are widely vary from one case to another.[111]

FIGURE 1
SEQUENCING POST-CONFLICT GOVERNANCE RECONSTRUCTION
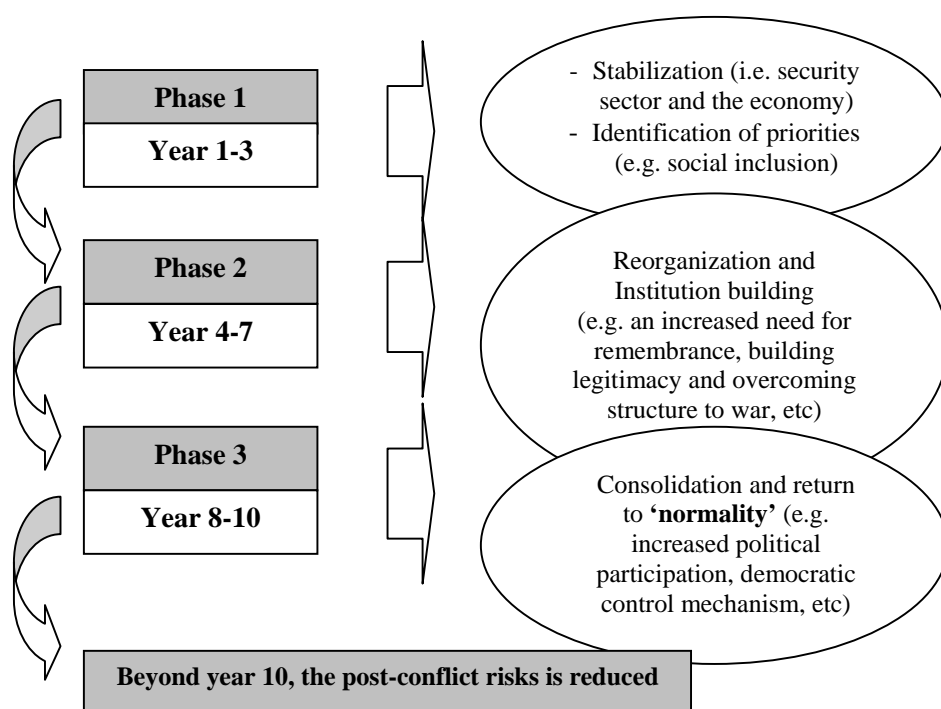
Source: Modified by the author as adapted from Debiel and Terlinden, 2005

As presented above, the post-conflict risks in certain countries are quite high. According to Collier et al, "this is partly because war leaves the society divided and embittered, and partly because war creates interests that favor continued violence and criminality. As a result, people's fears of a relapse into further conflict may dominate the post-conflict economic

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[110] Collier, Paul., L. Elliott, H. Hegre, A. Hoeffler, A. Reynol-Querol, and N. Sambanis. (2003). "Breaking the Conflict Trap: Civil War and Development Policy," World Bank and Oxford University Press, p. 104
[111] Debiel, Tobias and Terlinden, Ulf. (2005). "Promoting Good Governance in Post-Conflict Societies," p. 21

landscape."[112] It is worth emphasizing that the typical post-conflict governance is more autocracy rather than democracy,[113] patronage and elite capture is rife due to the emergence of very strong informal political institutions.[114] On the other hand, in post-conflict situations societies are institutionally weak: they are socially fragmented, psychologically fractured and physically devastated, requiring efforts to simultaneously restore people's confidence and satisfy their basic need for water, waste disposal, food, jobs health services, education, income and security.[115]

TABLE 5
THE SPECTRUM OF POST-CONFLICT PEACE

WARM ↑	6. **Lasting peace: Harmony and Peaceful Condition**
	5. **Participatory society and economy** Include mobility and social rights, participatory industrial rights for labor in corporate organizations and societal conflict resolution
	4. **Dynamic conflict resolution through participatory government** Requires the capability to resolve societal conflicts through deliberation and legislation. Requires productive economy to reduce demands on state
	3. **Conflict resolution through the rule of law** Includes equality before the law (no impunity); a viable civil society, free from the threat of arbitrary violence; basic freedoms of the person and society (assembly, free speech) and primary conflict resolution through adjudication. Requires viable economy; effective subsistence rights.
	2. **Legitimate monopoly of violence** The state is effectively sovereign; no large-scale private violence
COOL	1. **Fewer than 1,000 war-related deaths** No war is ongoing and residual public violence is very limited

Source: Adopted from Doyle, M.W. and N. Sambanis, 1999: 2

As mentioned above, Michael W. Doyle and Nicholas Sambanis attempted to draw the spectrum of post-conflict peace building. All states and regions coming out of conflict are fragile. As they concluded on the spectrum of peace, "no peace is perfect. Public violence never gets completely eliminated … we should thus consider peace to be a spectrum ranging

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[112] Collier, Paul., L. Elliott, H. Hegre, A. Hoeffler, A. Reynol-Querol, and N. Sambanis. (2003). "Breaking the Conflict Trap: Civil War and Development Policy," p. 22
[113] Ibid
[114] Jackson, Paul and Scott, Zoe. (2008). "Local Government in Post-Conflict Environments," p. 8
[115] United Nations Development Programme. (2004). "Governance in Post Conflict Situations," UNDP Background Paper for Working Group Discussions, UNDP and Chr. Michelsen Institute, Bergen Seminar Series, Norway, p. 52

from insecure to secure, or from cool to warm."[116] Meanwhile, the spectrum is a flexible stage of development. It depends on the region in post-conflict society. The most important and the toughest stage to reach is the top of the spectrum. The government after the end of hostilities should move toward a lasting peace in which the society is living in harmony and peaceful condition.

2.4.2 Post-Conflict Security Governance

It is worth emphasizing that security governance has been regarded as a major issue of governance dimension in post-conflict societies, whereas socio-political governance and administrative-economic governance have been presented earlier. Without providing a minimum standard of security to its people, the other governance functions cannot be fulfilled.[117] Typically, the peace agreement has defined the trio classic concepts of disarmament, demobilization, and reintegration (DDR), whilst in post-conflict societies a key focus of establishing security is dealing with former combatants. DDR connects to rebuilding effectiveness in that, without capacity to restart the economy and generate employment opportunities, reintegration will suffer, raising the possibility of crime, banditry and re-emergence of conflict.[118] Additionally, it is worth noting that the successful of all former combatants' reintegration into civilian life not only depends on institutional conditions but also on the population's ability to change violent behavior patterns and deal with collective and individual trauma.[119]

Ultimately, according to UNDESA and UNDP, the strengthening of government capacity to provide security and to disarm, demobilize, and reintegrate former combatants is a complex process that has political, humanitarian, social, and economic dimensions. If the programs of providing security and reintegrating former combatants are successful they can help to

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[116] Doyle, M.W. and N. Sambanis. (1999). "Building Peace: Challenges and Strategies after Civil War," World Bank: Washington DC, p. 1
[117] Debiel, Tobias and Terlinden, Ulf. (2005), p. 4; Brinkerhoff, Derick W. (2007), p. 5
[118] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy."
[119] Debiel, Tobias and Terlinden, Ulf. (2005). "Promoting Good Governance in Post-Conflict Societies."

restore trust in government among conflicting factions and the general population and may help to prevent future conflicts.[120]

2.4.3 Actors in Post-Conflict Governance Reconstruction: Reformers, Preserves and Spoilers

As Brinkerhoff further pointed out that the major concept of governance is about the relationship between state and society. Although the role of third parties is significant, however they cannot repair particular country's governance structure alone. Building or rebuilding governance systems by the end is the responsibility of citizens and leaders in post-conflict societies. A major challenge for further developing a governance reconstruction toolkit is to develop processes and tools for bringing together local and external actors in ways that productively contribute to enhance legitimacy, security and effectiveness.[121] In the third parties perspective like donor agencies, it is imperative to identify the actors either individual or groups in a society before supporting the post-conflict governance reconstruction programmes. Their interests and the division of power between them are decisively impacted by reforms in the post-conflict period. They will accordingly try to affect these reforms in their own interest, or even block them entirely.[122]

Tobias Debiel and Ulf Terlinden also described and identified in their excellent paper the three types of main actors in post-conflict governance reconstruction as follows: (1) *Reformers*. Post-conflict democratic/good governance concept through enhancing the rule of law, transparency, legitimacy, efficiency, public participation and decentralized governance is extremely supported by these actors. These also lead to socio-political and administrative-economic governance transformation in the direction of a sustainable post-war management. There are two kinds of reformers namely: moderate reformers which primarily focus on the need for consensus building and securing legitimacy, whilst in contrast, radical reformers that

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[120] United Nations Department of Economic and Social Affairs (UNDESA) and United Nations Development Programme (UNDP). (2007). "The Challenges of Restoring Governance in Crisis and Post-Conflict Countries," 7th Global Forum on Reinventing Government: Building Trust in Government, 26-29 June 2007, Vienna, p. 23

[121] Brinkerhoff, Derick W. (2007). "Governance Challenges in Fragile States: Reestablishing Security and Rebuilding Effectiveness and Reconstituting Legitimacy," p. 19

[122] Debiel, Tobias and Terlinden, Ulf. (2005). "Promoting Good Governance in Post-Conflict Societies," p. 5

insist the quick result. (2) *Preservers or status quo*. This is the group oriented towards the status quo that have made their careers within the existing system and enjoy a measure of privilege, power and income. While they do not reject improvements in governance, they lack incentive to actively support a process of change, which may involve risks. Preservers are often found in the bureaucracy and other groups that have found strategies for maintaining their livelihood even through the period of armed conflict. Their behavior ("waiting out", blocking far reaching changes by ignoring them or interposing formal obstacles) is highly predictable. At the same time, they are tugged one way and another, particularly in turbulent times of major change. (3) *Spoilers, veto actors*. Spoilers are actors whose status, power, prosperity and group identity are closely linked to existing circumstances in post-conflict societies. These may be political actors in the true sense of the term, but they may also come from business, religious or military groups. Spoilers become veto actors at the point where they use their physical (armed forces, rebels), financial (business people), or socio-cultural (religious and traditional authorities) power to maintain the status quo or mobilize significant parts of the population to the same end.[123] In the context of Aceh, Sukma has observed the three groups in society including the military/TNI, the rebel group/GAM and crime [armed] groups. Those groups can be potentially included as *spoilers of peace* where greed is the dominant motive.[124]

2.5 Conclusion

The chapter attempted to draw the understanding of the dynamics, the nature, and the challenges of decentralized governance concept in post-conflict societies which frequently discussed in the several literatures. The literature review argues about the nature of the relationship between decentralization theories and conflict: effective decentralization leads to end hostilities and to sustain peace whilst ineffective decentralization may exacerbate the old conflict or create new patterns of conflict.

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[123] Ibid, p. 6
[124] Sukma, Rizal. (2005). "Jalan Panjang Proses Perdamaian Aceh (A Long Road of Aceh Peace Process)," in Media Indonesia, 18 July 2005,

In order to answer the research questions and to identify lessons applicable to the contemporary Aceh, the study mainly looks at the dimensions of governance involving socio-political decentralization and administrative-economic development, without neglecting security-governance however. Besides, the terminology, the sequence period of post-conflict peace and its various actors have been drawn comprehensively, in which the first ten years after the end of hostilities becomes the critical and fragile period. Post-conflict peace-building can be seen as the shift from military/violent approach to diplomacy/political approach in order to achieve the objectives of the groups.

Socio-political decentralization in post-conflict societies as the case of Aceh, refers to the enhancement of state legitimacy through increasing political and local democracy participation which includes the disadvantaged groups (i.e. former combatants, ethnic minorities, etc); and promoting inclusiveness. It is important to note that the establishment of fair elections in Aceh post-conflict phase is a must. In contrast, however, the local elites and rebel group may use their authority and power to create their own fiefdoms locally, whilst the local minorities may have vulnerable and isolated feeling.

The reconstruction of huge impacts of conflict to basic infrastructure, public facilities and poor capacity of staff has been in the priority agenda of post-conflict governance programme in Aceh. In order to grasp the importance of enhancing service delivery (health care, education, electricity, and transportation), the literature has demonstrated the crucial mechanisms of post-conflict service delivery which can be used in Aceh post-conflict. Fiscal decentralization in post-conflict areas usually associated with the strengthening of power-sharing arrangements (from natural resources and other revenues), whilst inequality has been the major causes of conflict. However, post-conflict economic policies should be distinctive since the societies inherit highly dysfunctional economic policies.

In short, decentralization is not an ultimate panacea but a solution with extreme dangers, challenges, and risks. The behavior and commitment of local elites to the peace agreement; and the ability of local government to exercise the governance dimensions are the key factors to determine a lasting peace in Aceh.

CHAPTER THREE

HISTORICAL BACKGROUND:
FROM CENTER TO PERIPHERY,
ACEHNESE GRIEVANCES AND THE INSURGENCIES

Aceh had historically been known as the most powerful state in the region where its government was a robust and influential political and economic. However, although Aceh had a significant power in the Malay Archipelago, it was a never an established nation-state which similar to the contemporary modern history. Importantly, Aceh also was not easily conquered by any colonial rule as strong resistances from the Acehnese people.

The unique of Aceh's political history had been dynamically emerged throughout centuries. During the seventeenth and eighteenth century, the Sultanate authority had dominated Aceh especially during the reign of Sultan Iskandar Muda where Aceh reached its zenith and widely known as its 'golden age'. In the late nineteenth century, as part of the Netherlands East Indies, the Aceh administration had primarily been exercised by the traditional ruling class aristocracy *ulèëbalang*. Finally, in the twentieth century, the Aceh political history had been marked by the social revolution organized by the reformist Islamic religious leader or *ulama* to overcome the *ulèëbalang* domination in Aceh governance. Since 1940s, *ulama* became the leading actors of the Indonesian independence struggle against the Dutch and subsequently took over the Aceh administration. However, since the 1950s post-independence, the unique and dynamic portrait of the relationship between Aceh and Jakarta as central government had began.

This chapter draws the historical background of Aceh in the following series: Firstly, the Sultanate domination; secondly, colonialism, independence and revolution movement; thirdly, the Aceh administration during Sukarno's Era; and finally, Hasan di Tiro and his self-determination terminology.

3.1 The Sultanate Domination

The port-kingdom of Samudra (Pasai), now known as Lhokseumawe, had been as a major center for trade or commerce and Islamic scholarship in the period of fourteenth century. Therefore, Aceh was recognized as an important and influential state in the Malay Archipelago.[125] In 1511, the Portuguese conquered the great Muslim state of Melaka, which had dominated the Malay Archipelago during the fifteenth century.

In response to that, in the early sixteenth century during the reign of Sultan Ali Mughayat Syah (1514-28) particularly in 1520s, he united the neighboring kingdoms of Deli, Pidie, Pasai and Daya.[126] He declared Aceh independent with the purpose of the economic riches to be gained and to compete with the Portuguese and Johor commercial control domination in the Sumatra and Malaya region.[127] Then, Aceh grew significantly and became the strongest state in the region, as Lombard pointed out "over the following 150 years Aceh was dominant power on Malacca Strait; its wealth based on its ability to dominate trade, which in turn depended on military and naval power. At its peak, the sultanate could mobilize a fleet of galleys, each carrying up to eight hundred crew members, and an army of nine hundred elephants and forty thousand men."[128]

3.1.1 Aceh as an Independent Region

Generally speaking that the Aceh's golden age had been reached during the reign of Sultan Iskandar Muda (1607-36) where he consolidated the power and expanded his territory further. Subsequently Aceh became the most powerful state in the region and controlled its authority especially on pepper trade and gold export throughout the areas of Inderapura,

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[125] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," Ithaca: Cornell Modern Indonesia Project, p. 3; Barber, Richard. (Ed) (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," Asian Forum for Human Rights and Development, p. 11

[126] Riddell, Peter. G. (2006). "Aceh in the Sixteenth and Seventeenth Centuries: "Serambi Mekkah" and Identity," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 39

[127] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 4

[128] Lombard, 1986 cited in Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 21

Asahan (now in North Sumatra) and Pahang, Kedah, Perak on the Malay Peninsula.[129] Though Sultan Iskandar Muda strengthened the legal system in his Aceh administration through primarily enforcing Islamic *Sharia*, he did not neglect the traditional local practice or *hukum adat*.[130] It is worth noting that under Iskandar Muda, the system in Aceh: political as well as commercial claimed a monopoly and centralized power to the Sultanate. Reid argued that during the reign of the Aceh sultanate from 1520 to 1641 "there were a number of sultans whose rule was both personal and highly centralized. They played a particularly dominant role in commerce, preferring a system of aggressive royal monopoly to the milder Malay policy of attracting trade to the capital."[131]

As Aspinall noted during the period of Sultan Iskandar Muda, Aceh had been known as its first great historical myth: the time of greatness that frequently used as a motif for subsequent Sultans, rebels, Islamic scholars, Indonesian nationalists, and secessionists alike.[132] In addition, "the tradition of Aceh as an Islamic state began."[133] The Aceh's golden age did not long lasting. With the rise of a rival Malay center in Johor, the decline of Islamic trade across the Indian Ocean, the growth of European power, and crippling internal conflicts, Aceh went into long decline.[134] The deteriorating of the kingdom led to the demise of Iskandar and the erosion of Aceh's commercial and political power. A degree of political decentralization under Iskandar managed to pacify leaders in several territories dissatisfied with Acehnese rule, but this also weakened the Sultanate's control on trade, particularly enormous pepper trade. Merchants began to trade freely with the independent territorial administrations, or *ulèëbalang* by passing the port of Kutaradja (recently known as Banda Aceh).[135] Although in theory *ulèëbalang* as officers of the sultanate, the *ulèëbalang* became politically independent territorial chiefs, deriving their power from the control of trade in their respective domains

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[129] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 4
[130] Riddell, Peter. G. (2006). "Aceh in the Sixteenth and Seventeenth Centuries: "Serambi Mekkah" and Identity," p. 42-43
[131] Reid, Anthony. (1979). "The Blood of the People: Revolution and the End of Traditional Rule in Northern Sumatra," Oxford University Press, p. 4
[132] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 22
[133] Stiegel, 1969 cited in Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992,"
[134] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 22
[135] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," p. 12

and ideological legitimacy from their link with the sultanate.[136] Importantly, this period had been widely known as the shift of the power structure from the centralization to decentralization, or the power transformation from the Sultan to the aristocracy *ulèëbalang*.

Aceh's pepper-production boomed after 1790 (1800-70), when the sultanate provided about half the world supply, gave it strong trade links to Turkey, India, England, the United States, France, and Italy, all of which were appealed to diplomatically at some time. From about 1850 trade was reorganized through *entrepôts* on the regular steamers route, so that Penang became for Aceh.[137] However, the additional wealth and power did not go to the sultan and his court, but to local *ulèëbalang* who controlled particular ports. While they acknowledge successive sultans, sometimes paid him a little tribute, and sought his confirmation of their status, they did not necessarily obey him.[138]

During the reign of Tuanku Ibrahim (1838-70), his rule provided a resurgence of Acehnese authority it had had in the early 1600s. He exploited the rivalries of the new pepper-rich *ulèëbalang*, by a system of judicious alliances was able to extend his authority.[139] Aceh suzerainty again extended over the rest of Sumatra, on the east coast included Langkat, Deli and Serdang in 1854, and the Sultan also claimed authority as far south as Bila and Panai,[140] as Ibrahim used cultural uniformities to define Aceh as a coherent entity, despite political distinctions between territories.[141]

In 1824, the London Treaty was an important agreement in Aceh's history. A major objective of the treaty was the division of the Malay Archipelago in the British and the Dutch spheres influence. It provided the Dutch with control of all British possession on Aceh and other

[136] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 5

[137] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," Singapore University Press, p. 338

[138] Reid, Anthony. (2006). "Colonial Transformation: A Bitter Legacy," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 62

[139] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 5

[140] Ibid, p. 7

[141] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," p. 13

parts of Sumatra.[142] Subsequently, Aceh became less vital in the perspective of British strategic and commercial interest in the region. And with Aceh within the sphere of Dutch influence, there was also less fear that the sultanate could be used by other powers hostile to British interest. It is worth noting that through this treaty Aceh became independence.[143]

The Western imperial rivalry between British and the Netherlands continued, whilst excited their concern over the continuing independence of Aceh.[144] In 1871, the British signed the treaty of Sumatra, as quoted from Reid "Britain agreed to abandon its 'guarantee of Aceh's independence in return for trade concessions…" Furthermore, some scholars described the treaty as "one of the greatest trade–offs of the imperialist age."[145] Eventually, the treaty confirmed the obvious intentions of the Netherlands to take Aceh.

3.2 Colonialism, Independence and Revolution Movement
3.2.1 The Dutch War

The Dutch declared war with Aceh on 26 March 1873 through sending three thousand troops and bombarding the capital, Kutaradja. The invasion began after the Acehnese refused the Dutch ultimatum to surrender. However, they faced strong resistance from the Acehnese. It caused the death of the Dutch commander in charge in the first week of invasion. According to Reid, "… the demoralized 'First Expedition' withdrew. Holland had suffered its most humiliating defeat ever at Indonesian hands."[146] On 24 January 1874, a second military invasion, with a larger armed recruited in Europe (13,000 troops), succeeded in taking the capital, the central mosque and the sultan's palace.[147]

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[142] Hing, Lee Kam. (2006). "Aceh at the Time of the 1824 Treaty," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 89
[143] Ibid, p. 92
[144] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 7
[145] Reid, Anthony. (2006). "Colonial Transformation: A Bitter Legacy," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 97
[146] Ibid
[147] Reid, 1969 cited in Aspinall (2009), p. 24; Reid (2006), p. 98

3.2.2 The *Ulèëbalang* Aristocracy: Aceh Administrators

The Dutch war shaped major change in the social structure of Aceh. The *ulèëbalang* had a major concern to defense their respective territories and did not resist against the Dutch. Meanwhile, the *ulèëbalang* served as local administrators of the Dutch rule. The Dutch met strong resistance, though sporadic and decentralized, led by the Acehnese *ulama* (religious leader), the Islamic leaders, and scholars, however had been uninvolved in the running of the population.[148] During the 1880s, the Acehnese *ulama* declared 'holy war'[149] to fight against the Dutch, thus Muslims was compulsory to participate. Since then, the *ulama* led by Teungku Chik di Tiro of Pidie, was a major actor in fighting against the Dutch.[150]

By 1903, a stable policy and administration through control of arms and trade, and fines on hostile villages had been operated by *ulèëbalang* aristocracy.[151] As insisted by the Dutch orientalist Christian Snouck Hurgronje, who came to Aceh to advise colonial authorities, cited in Reid "the territorial *ulèëbalang* of Aceh be treated with respect, and their views heeded whenever possible."[152] After 40 years of war, by 1913 at last the Dutch largely could conquer Aceh. Subsequently, as Reid observed that "the killing continued, but was now directed exclusively against guerilla bands inspired and often led by famous *ulama*."[153]

With capital in their hands and high socio-economic status as territorial chiefs, the *ulèëbalang* tended to control the land under their jurisdiction, especially paddy fields. Some villagers were forced to sell their land to satisfy the capitalists' needs which were increasingly becoming consumerist. At the same time, the villagers had to meet tax requirements. In rice-growing areas like Pidie, the *ulèëbalang* controlled hundreds of

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[148] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 8

[149] The opinion was noted in popular literature, the *hikayat* (epic verses), some of the *hikayat*, collectively known as the *hikayat perang sabil* (epic of holy war), see Alfian, Teuku Ibrahim. (2006). "Aceh and the Holy War (Perang Sabil)," in Verandah of Violence: The Background of the Aceh Problem, Anthony Reid (Ed), Singapore University Press

[150] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 25

[151] Reid, Anthony. (1979). "The Blood of the People: Revolution and the End of Traditional Rule in Northern Sumatra."

[152] Reid, Anthony. (2006). "Colonial Transformation: A Bitter Legacy," p. 101

[153] Reid, Anthony. (1979). "The Blood of the People: Revolution and the End of Traditional Rule in Northern Sumatra," p. 7

hectares of land. The control of production undoubtedly had political implication in the framework of strengthening patron-client relationship between *ulèëbalang* and farmers. However, that relationship brought about greater disparity between their lives. It had been described the living conditions of the poor villagers, whilst the *ulèëbalang* lived in extravagance.[154] Importantly, with the *ulèëbalang* the Dutch struck a more even bargain of mutual dependence, in the face of powerful anti-Dutch sentiments among the population.[155] "The Dutch for most of their regime had relied heavily on the territorial aristocracy of *ulèëbalang*, and suppressed all opposition to it."[156]

In the 1920s and 1930s, several reformist *ulama* began to modernize Islamic education in the territory by establishing *madrasah*, schools that integrated Islamic religious instruction with an Indonesian secular curriculum to replace the traditional *dayah*.[157] The reformist movement led by the most charismatic of the young *ulama*, Teungku Muhammad Daud Beureu'eh (1899-1987) toured the villages through his *tabligh* (preaching) to have a better future for the Acehnese society. As Reid discussed in his book, "Beureu'eh's movements established a number of schools in the Pidie (Sigli) area, training a new generation who became the revolutionaries of the next decade – including the young Hasan Tiro."[158] This movement culminated through the establishment of the reformist *ulama* organization, namely PUSA, *Pusat Ulama Seluruh Aceh* (All Aceh *Ulama* Association), and Daud Beureu'eh was nominated as the first chairman in 1939.[159]

The organization gained a lot of sympathy from the Acehnese people. This was showed in their support for the organization's activities. Reid observed "…it became something approaching an Acehnese popular movement under *ulama* leadership, the very thing the

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[154] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 123-124
[155] Reid, Anthony. (1979). "The Blood of the People: Revolution and the End of Traditional Rule in Northern Sumatra," p. 5
[156] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," p. 326
[157] Aspinall (2009), p. 28; Kell (1995), p. 8
[158] Reid, Anthony. (2006). "Colonial Transformation: A Bitter Legacy," p. 104
[159] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," Institute of Southeast Asian Studies: Singapore, p. 19

Dutch had most feared."[160] The people regarded the PUSA as their own organization, thus in order to accommodate the popular support the PUSA leaders formed a mass organization, *Pemuda* PUSA (PUSA Youth) in 1940.[161] It is worth noting that the anti-uleebalang campaigns increased and the antagonism between the *ulèëbalang* and the reformist *ulama* became bitterer in the final years of Dutch occupation in Aceh.[162]

During the Japanese rulers from 1942 to 1945, the PUSA leaders welcomed its invasion to finally remove the Dutch from Aceh. However, the Japanese neglected the political role of the PUSA *ulama* and continued the Dutch's practice of using the *ulèëbalang* to run the Aceh government administration.[163] The Japanese occupation was collapsed in 1945, where it created the great tension in Aceh to anticipate the Dutch return. Simultaneously the Indonesian independence was proclaimed and declared across the regions as Aceh was part of the republic.

A social revolution led by the coalition of PUSA reformist *ulama* and youth educated in the *madrasah* (Youth PUSA and PESINDO, *Pemuda Sosialis Indonesia* (Indonesian Socialist Youth) broke out subsequently, fighting against the *ulèëbalang*, killing hundreds of them, forcing other to flee, and seizing their property.[164] By March 1946, the *ulèëbalang* power had been removed including their political role and economic power, whilst the military power had been taken over by PUSA *ulama*.[165]

3.2.3 Aceh Decentralized Government under the Reformist *Ulama*

After social revolution led by the PUSA reformist *ulama*, the whole aristocratic and bureaucratic class put their power. The regional government (residency not province yet) established in Kutaradja in early October 1945 with the coalition government between the

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[160] Reid, Anthony. (2006). "Colonial Transformation: A Bitter Legacy," p. 104
[161] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 20
[162] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 9
[163] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 21-22
[164] Aspinall (2009), p. 30; Reid (2006), p. 106-107; Kell (1995), p. 9
[165] Ibid (1995), p. 9

reformist *ulama* and the anti-Dutch *ulèëbalang*.[166] The administration operated Aceh with almost full autonomy without central government interference.[167] As Reid portrayed the Aceh autonomy, the situation where the Acehnese completely operated their own Aceh territory, "Aceh was a model of resistance to all ideas emanating from the Dutch, including federalism, though in practice it was Acehnese who were fully in charge of Aceh."[168] During the autonomy, the Aceh government under the reformist *ulama* much enjoyed the complete decentralization granted by central government, they exercised their own affairs such as empowered the Islamic courts, banned practices that violated the Islamic rules, and funded *madrasah*.[169]

The Acehnese youth movement were already enthusiastic Indonesian nationalists, and in October 1945 several *ulama* indicated their support with the "Declaration of *Ulama* Throughout Aceh," signed by four prominent religious leaders, including Daud Beureu'eh, and declaring the struggle of a holy war against the Dutch.[170] Therefore, it is worth emphasizing that the Dutch saw no chance of reclaiming Aceh as they did in all other regions like in Java during 1947 and 1948 military operation (*Agresi Militer I dan II*). Therefore Aceh became a *daerah modal* (stronghold area) and a backbone of the Indonesian revolution and the Acehnese played an important role in the Indonesian Independence struggle.

In response to the 1947 Dutch military action, the central government established two military regions in North Sumatra. Former head of PUSA, Daud Beureu'eh, was appointed by central government as the Aceh Military Governor and the neighboring areas like Langkat and Tanah Karo. As a matter of fact, he became a number-one man in the region as he had a full authority to manage both civilian and military powers and the domination of PUSA in the political arena was complete.[171]

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[166] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 24
[167] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 10
[168] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," p. 341
[169] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 31
[170] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 9
[171] Sjamsuddin (1985), p. 27; Sulaiman (2006), p. 128

Aceh hosted the emergency government that was declared after the Republican leaders were captured by the Dutch in Yogyakarta, Java, and was headed by Deputy Prime Minister Sjafruddin Prawiranegara. The Acehnese loyalty to the Republic of Indonesia demonstrated when President Sukarno in 1948 visited the Aceh and pleaded for gold to buy an airplane, Acehnese merchants responded by donating enough to buy two Dakotas.[172] Meanwhile, during Sukarno's visit to Aceh, the Acehnese *ulama* also questioned about the clear future basis of the Indonesian state whether secular or Islamic state and they demanded to have a special region status for Aceh where the Islamic law could be implemented in Aceh.[173] However, the Acehnese *ulama* were not satisfied with President Sukarno response, whereas Ibrahimy figured out the *ulama*'s dissatisfaction, "when Beureu'eh asked Sukarno to put this promise in writing, the President tearfully responded that his would not be necessary."[174]

The Acehnese *ulama* as Aceh administrator lobbied intensively to the Deputy Prime Minister, Sjafruddin Prawiranegara acting as the Head of the PDRI, *Pemerintah Darurat Republik Indonesia* (Emergency Government of the Republic of Indonesia), to establish Aceh as a separate province instead of part of North Sumatra which stated in Law No. 10/1948.[175] As consequence, the two military regions in North Sumatra dissolved and Sjafruddin Prawiranegara issued a Decree No. 8/Dec/WKPM/1949 on the formation of Aceh Province with effect from 1 January 1950. It was decided as well that the Aceh military governor region, Daud Beureu'eh, was appointed as Governor of Aceh.[176] The Aceh government formed the Provincial Council with 26 seats on 21 January 1950, whilst PUSA dominated with 24 seats.[177]

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[172] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 30
[173] Ibid, p. 30; Sjamsuddin (1985), p. 30
[174] Ibrahimy, 2001 cited in Aspinall (2009), p. 31
[175] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 129
[176] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 35
[177] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 130

3.3 Aceh Administration during Sukarno's Era
3.3.1 Dissolution of Aceh Province

However, as consequence of Prawiranegara's decision on the formation of Aceh, the tensions among the national leaders had raised. Some of them believed that as Head of the Emergency Government of the Republic of Indonesia, Sjafruddin Prawiranegara, had no constitutional power to reform the administrative structure of the Indonesian state. As newly established state, the Indonesian central government concentrated on creating a unified and efficient government, thus the simplification of the government apparatus at the regional level was imperative. Conversely, the Aceh experience would have driven other regions to demand similar treatment.[178] Eventually, according to government regulation No. 5/1950 stated that Indonesia comprised ten provinces include three in Sumatra, four in Java, one in Kalimantan, one in Sulawesi and one in Eastern Indonesia. Therefore, Aceh Province would become part of the North Sumatra Province.[179]

The abolition of the Aceh Province took effect on 25 January 1951. However, the Aceh government saw this central government policy would create a tremendous problem in the political, social, economic and cultural aspect. The following arguments attempt to trace the dissatisfaction of the Acehnese towards the central government decision: 1) the Acehnese were very concerned on their historical and cultural uniqueness. As discussed previously, the history of Aceh especially during its golden age under the Sultanate period echoed the Aceh was the most powerful state in the Malay Archipelago whilst acknowledged as a single nation and an independent entity; 2) as Sulaiman pointed out that the Acehnese were no longer able to enjoy the revenue from the local government and 199 religious schools and the *Sharia* Court went into disarray financially because their finance had the responsibility of the province;[180] 3) the new North Sumatra provincial government would fail to operate Aceh and other regions efficiently because their variety of the development problems among the

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[178] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 44

[179] Syah, Kaoy and Hakiem, Lukman. (Ed) (2000). "The Specialty of Aceh in History: The Case of Deliberating the Law no. 44/1999," *"Keistimewaan Aceh dalam Lintasan Sejarah: Proses Pembentukan UU. No. 44/1999,"* PB. Al Jam'iyatul Washliyah: Jakarta, p. 15

[180] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 130

regions (East Sumatra, Tapanuli, Aceh, etc);[181] 4) the differences in socio-cultural systems, i.e. customary law (*adat*) on land, marriage, etc where the Islamic principles had been dominated for long, would make it a crucial problem for the new province to administer the Acehnese.[182] It should be noted that the new provincial government consisted of different religions. During the revolution, the Islamic rules had been used as a strong symbol to fight against the Dutch.

The Acehnese leaders' dissatisfaction reached their peak, when Daud Beureu'eh informed the central government to resign from his governorship on 31 December 1950 after returning from his Jakarta visit and talk on the Aceh future. Subsequently, the uncertain political situation occurred in the Aceh region. As Sjamsuddin traced in his paper that the *ulèëbalang* gained the situation as a windfall to weak and downgrade the power of the PUSA *ulama* in Aceh politics.[183] They claim their properties which had been taken by the PUSA during the bloody social revolution from the Advisory Council.

Furthermore, by April 1952, the central government began to appoint a non-Acehnese bureaucratic from Java and other neighboring regions such as Christian Batak. For instance, out of the numerous technical services in Aceh i.e. public works, electricity, agriculture, animal husbandry, forestry, railway and industry, only the office for industrial supervision was headed by an Acehnese. The restructuring in the military personnel, the commander and the middle staff in particular, from the Acehnese to non-Acehnese resources also took place, in order to manage control over the regional military forces.[184]

3.3.2 The Republican *Ulama* Revolt

Eventually, the above conditions had been politicized by the Acehnese *ulama*, which supported the Republic of Indonesia during the revolutionary against the Dutch, to mobilize their followers to oppose the central government decision. Daud Beureu'eh, as the PUSA

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[181] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 39
[182] Ibid, 40
[183] Ibid, p. 52
[184] Ibid, p. 54

leader, led the movement and joined the *Darul Islam* struggle. He declared that since 21 September 1953 the whole area of Aceh had been part of *Negara Islam Indonesia*, NII (Indonesia Islamic State) which was proclaimed by Kartosuwiryo on 8 August 1949 in West Java. As newly established state, Indonesia faced a serious challenge towards the Acehnese republican revolt.

Various arguments on the reasons of the Republican *ulama* revolts have been discussed frequently by various scholars on the Acehnese conflict. For instance, Reid traced the issue with three reasons: a) the objection of incorporating the Acehnese with Christian Bataks into a province of North Sumatra; b) the failure of declaring Indonesia as a Muslim state; and c) the poor rewards for the Acehnese leaders who fought for the independence within new state.[185] Conversely, as Sjamsuddin pointed out that it was based on a sense of Acehnese distinctiveness and aimed at regaining the autonomy that Aceh had won in the revolutionary years during period of 1945-49.[186]

The *Darul Islam* revolt justified violence in Islamic terms whereas the obligation for all Muslims to develop a state government based on God's law. Therefore, the adoption of a secular basis for the new republic created a huge dissatisfaction and frustration within the Acehnese leaders. The revolt leaders justified their movement as a *jihad* not only by referring to the desired goal of an Islamic state, but also by recognized their enemies as *kafir* or apostates of Islam.[187] In addition, as discussed in the previous chapter, since the abolition of the Aceh province, the non-Acehnese ethnics (e.g. Javanese and Christian Bataks) had been appointed as head in several technical services. Thus it created an ethnic tension and triggered the revolt. As Aspinall noted that "the declaration (revolt) does appeal for autonomy for Aceh, but includes few passages that justify the revolt in specifically regionalist, let alone ethnic, terms."[188]

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[185] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," p. 19
[186] As cited in Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 32
[187] Aspinal, Edward. (2006). "Violence and Identity Formation in Aceh under Indonesian Rule," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 153-154
[188] Ibid, p. 153

During the revolt, the *Darul Islam* group mobilized about ten thousand fighters and their armed units began attacks on security posts and government offices to seize arms and to take over power. The *ulèëbalang* who had claimed their property from the PUSA ulama also became the initial targets. Around 390 *ulèëbalang* and their followers in Pidie district became victims of abduction or murder.[189] The Indonesian military created detention camps in many major towns all over Aceh to hold families of *Darul Islam* in order to force the men to surrender.[190] As Gelanggang (1956)[191] cited in Aspinall traced the detail violence acted against the local people by the Indonesian military. He described the violent acts including the burning of homes of villagers accused of assisting rebels, rape, kidnap for ransom, electric shock and other torture against suspects, abduction and execution of people suspected of assisting revolts, public torture to death of suspects and massacres of villagers who do not cooperate in pursuing *Darul Islam* forces.[192]

Furthermore, the outbreaks of a series of serious violence in early 1955 in Aceh Besar caused hundred villages were killed by the Indonesian troops. The massacres took place in and around village namely Pulot Leupung and Cot Jeumpa in two different days in late February. Initially, this information reported by local newspaper '*peristiwa*' and later the incident was widely known as "Pulot – Cot Jeumpa incident". According to Aspinall that the incidents occurred after the rebels fired on a military truck, hitting a fuel container and causing it to explode thus almost all on board were killed. In the following day on 26 February, the angry troops of the West Sumatran 142nd battalion had brutality shot dead all the men from where the troops met and found at Cot Jeumpa village.[193] Two days later, another sixty-four fishermen were seized from their homes or when they were fishing or doing other activities from the two fishing villages, taken to the beach and shot without questioning.[194] Those who escaped wounded or were absent from the villages ran into hiding and reported it to the

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[189] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 130

[190] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," p. 19

[191] He was one of the Acehnese leaders of *Darul Islam* and the author of "*Rahasia Pemberontakan Aceh dan Kegagalan Politik Mr. S.M. Amin*" The Secret of Aceh Revolt and the Political Failure of Mr. S.M. Amin, 1956, Pustaka Murni Hati: Kutaradja

[192] Aspinal, Edward. (2006). "Violence and Identity Formation in Aceh under Indonesian Rule," p. 156

[193] Ibid, 158

[194] Ibid; Sjamsuddin (1985), p. 140-141

newspaper, despite threats from the soldiers. The news was widely cited and well documented by national and local newspapers all over the country.[195]

In some respects, the response from local government officials and local leader in other regions to condemn the Indonesian military towards these brutal incidents that undermined the central government position. In contrast, it strengthened the Acehnese ethnic sentiments insofar as it encouraged all Acehnese to unify through supporting the rebels.[196] Eventually, the troops who were responsible for the massacres being shifted out of Aceh and various investigations were conducted; however they were never punished for the killings.[197]

3.3.3 The Decree of Aceh Special Territory Status

By 29 November 1956, the central government passed Law No. 24 on the establishment of the Aceh Province which revisited one of the rebels' demands for reinstating Aceh as a separate province. The law came into effect on 1 January 1957, Ali Hasjmy, a PUSA activist and former *Darul Islam* revolt, was appointed to be governor of Aceh. The status of the Aceh military was upgraded from Regiment to *Kodam Iskandar Muda* (Regional Military Commando), whose commander-in-chief was Colonel Syamaun Gaharu, the Acehnese military. As a matter of fact the number of Acehnese in government administration increased. Subsequently, the intensive approaches and talks to the rebels began and ultimately resulted in the *Lamteh* Charter on 8 April 1957 which comprised an agreement for a ceasefire until the formal negotiations could take place. During the negotiations process, Daud Buereu'eh demanded that the status of Aceh province should adopt the Islamic basis and would allow the implementation of the Islamic law. Meanwhile, Hasjmy and Gaharu had breakthrough policy for the Acehnese including replacing non-Acehnese troops with Acehnese, reestablishing *Sharia*'s courts, and importantly proposing the "special territory" concept[198].

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[195] Ibid (1985), p. 141
[196] Ibid
[197] Aspinal, Edward. (2006). "Violence and Identity Formation in Aceh under Indonesian Rule," p. 159
[198] Sulaiman (2006), p. 132-133; Aspinal (2009), p. 34

However, there was a rift among the rebel leaders towards this issue. Until when the moderate ones led by Hasan Saleh, a non-*ulama* leader and former the Indonesian Military, separated from Daud Beureu'eh and known this group as the Revolutionary Council on 15 March 1959. This group then negotiated with the Vice Prime Minister Hardi in Kutaradja from 25-26 March 1959 and ultimately came with the agreement that the central government would grant amnesty to the rebels, provide rehabilitation to those from police, provide jobs to the rebels and accommodate the armed group into the regular military. Moreover, Vice Prime Minister Hardi issued the decree on the new status of the Aceh province as a "special territory or *Daerah Istimewa*" which the Aceh government could exercise its own affairs specifically in the religion, customary law or *adat*, and education.[199]

In regard with Daud Beureu'eh position, he eventually saw the hopelessness of his position. As the internal split in *Darul Islam* and the increasing number of its leaders whose needs were now fulfilled by the government inevitably weakened his position. Daud Beureu'eh was left with no choice and came down from the hills on 7 May 1962, once Colonel Syamaun Gaharu, Aceh's military commander, had signed a statement to that effect.[200]

3.4 Hasan di Tiro and Self-Determination Struggle

3.4.1 Local Grievances

Theoretically the recognition of Aceh as special territory granted a massive devolution to the local administration. However, the decree of special territory status issued by the Vice Prime Minister Hardi had never been reinforced by any higher legislation and the ancillary regulation were not implemented either.[201] Therefore, it showed that the decree became meaningless. It is worth noting that since President Sukarno introduced a concept namely "*Demokrasi Terpimpin*" (Guided Democracy) during period of 1957-59, authoritarianism and

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[199] Ibid; Kell (1995), p. 11
[200] Sulaiman (2006), p. 133; Aspinall (2009), p. 35
[201] Sjamsuddin, Nazaruddin. (1985). "The Republican Revolt: A Study of the Acehnese Rebellion," p. 295

centralization had been developed widely across the regions and the Aceh's special territory status was only as symbolic power.

Sulaiman traced uneven relationship between Aceh as local administration and Jakarta as central government through Law No. 32/1956 on the financial balance between the centre and the regions. The law initially reflected the central government domination in fiscal matters where almost local revenues from taxes and leases went into Jakarta.[202] As a matter of fact, even if the special territory was properly implemented, there might be a problem with budget for Aceh government. Furthermore, the special territory status which supposedly aimed for Aceh development and the people's welfare had irritated. The greed of central government corresponded to the direct control of the Aceh natural resources production, thereby Aceh natural resources primarily oil and natural gas did not contribute significantly to the local economy. Throughout period of 1957-66, the Aceh government repeatedly lobbied Jakarta to return ten per cent of oil production revenues but they always rejected.[203]

During President Suharto regime (1966-98), the relationship between center and periphery lingered weak and worsen. Like Sukarno, the authoritarian and centralization government was the Suharto's strategy to maintain his lengthy power. The natural riches of Aceh have been exploited for the benefit of the central government, while the province itself gained relatively little. The impact of the energy boom, particularly the production of Liquefied Natural Gas (LNG), has been disproportionate, with much contention regarding the distribution of benefits between the region and the central government. Aceh contributed a substantial amount to central government coffers and however received proportionately little in return; the industries that were the source of these revenues have brought many ills and few benefits to the Acehnese and to the provincial economy[204]. Instead of Aceh being enriched by the extraction of its natural resources and the attendant industrial development, it ranked among the ten provinces in Indonesia with the highest percentage of poor villages, a distinction that it shares with other principal raw-material-producing provinces such as Riau,

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[202] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 134
[203] Ibid
[204] Kell (1995), p. 53

East Kalimantan, and Irian Jaya. In 1993, more than 40 per cent of 5,643 villages in Aceh were classified as poor. It was the seventh highest of poverty rate among the provinces in Indonesia[205].

Furthermore, the high GRDP of Aceh, as a result of its contribution of gas since the 1980s, did not immediately upgrade the local standard of living. One comparative analysis by Booth found that in 1987 the consumption per capita per year in Aceh was USD 168, compared to the high GRDP per capita of USD 1,021. However, on a closer observation, poverty struck more in Pidie and North Aceh with their high population density and reliance on a rice-based economy, despite sharing the area with gas exploitation[206]. The local grievances and dissatisfactions as consequences of predatory and greedy central government grew among the Acehnese population. In short, as periphery region and subordination of Jakarta, Aceh was one of the poorest provinces whilst abundant natural resources. There was no significant qualitative improvement of Aceh's poverty rate when compared to the conditions during the colonial period.

It was Hasan di Tiro who previously supported the Republican revolt and one of the PUSA youth leaders, he sympathized with the Aceh grievances and became more critical of the Jakarta's authoritarian and centralization regime. Unlike the previous rebel which demanded Indonesia as Islamic State, Hasan di Tiro sought a complete independence that inspired from historical experiences. As International businessman, his anger was also triggered by the rejection of his proposal to join the development project in the exploitation of natural gas. A plenty natural gas was found in Arun, near Lhokseumawe in 1971 and then was the largest natural gas refinery in the world built by Mobil Oil and *PT. Pertamina* (Indonesian state oil company) in 1976.[207] As cited in Reid that "Hasan Tiro had already become a successful international businessman, and certainly knew of this and may have been influenced by

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[205] Kell (1995), p. 54
[206] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 126
[207] Syah, Kaoy and Hakiem, Lukman. (Ed) (2000). "The Specialty of Aceh in History: The Case of Deliberating the Law no. 44/1999," p. 40

expectations of riches awaiting both his country and himself personally…What Hasan Tiro wrote was all about history and hubris and very little about gas."[208]

3.4.2 GAM: Contemporary Aceh Insurgency

As a matter of fact, Hasan di Tiro proclaimed that the Acehnese had the rights to be self-determining and to free from all political control of the foreign regime of Jakarta.[209] It was United Nations Declaration on 14 December 1960 regarding the granting of self-determination to colonized countries that inspired Hasan di Tiro to use the term to resist against the Republic of Indonesia.[210] He claimed that the *Negara Aceh Sumatra* (Aceh Sumatra State) had always had its sovereignty since the world begun and thus his recent struggle could be seen as the continuation of the anti-colonial movement during the Dutch War in 1873. "…But, colonialism, either by white, Dutch, Europeans, or by brown, Javanese Asians is not acceptable to the people of Acheh Sumatra".[211] Besides, the transfer of the Aceh sovereignty to Indonesia from the Dutch colonialist in 1949 was illegal because without consulting most of the Acehnese people. As Hasan di Tiro stated during the independence declaration that "… This illegal transfer of sovereignty over our fatherland by the old Dutch colonialists to the new, Javanese colonialist was done in the most appalling political fraud of the century…"[212]

By 4 December 1976, Hasan di Tiro declared his ideology and ideas through establishing the Aceh Sumatra National Liberation Front (ASNLF), subsequently became *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement). Hasan di Tiro was born in 1923 in the village of Tanjong Bungong, Mukim Cumbok, Lameulo, Pidie. He was offspring of a well-known Acehnese *ulama* family and grandson of Teungku Cik di Tiro, a national hero during the

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[208] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," p. 348
[209] Di Tiro, Hasan. (1984). "The Price of Freedom: The Unfinished Diary of Tengku Hasan di Tiro," National Liberation Front of Acheh Sumatra, p. 15
[210] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 146
[211] Di Tiro, Hasan. (1984). "The Price of Freedom: The Unfinished Diary of Tengku Hasan di Tiro," p. 16
[212] Ibid

anti-colonial struggle against the Dutch[213]. Having moved from Aceh to the heart of the Indonesian Republic in 1946, Hasan Tiro came back to Aceh at the end of 1948 on the staff of the Deputy Prime Minister Sjafruddin Prawiranegara, who led the Emergency Government of Indonesia from Aceh in the first half of 1949. In 1950 Tiro returned to his studies in Jogjakarta, from where he obtained some kind of scholarship to the US. He based himself in New York, working part-time at the Indonesian mission to the UN, presumably on the recommendation of Sjafruddin. There he grew more critical of the Jakarta leadership and sympathized with the grievances of Aceh. Hasan Tiro had broken with the Jakarta Government, but not yet with the idea of Aceh as part of a reformed Indonesia[214]. Due to his involvement in the *Darul Islam* rebel, in 1954 the Indonesian government cancelled his passport[215].

Initially, the Hasan di Tiro's movement was small. Most of his followers were the former Darul Islam supporters, where their numbers were only three hundred with limited arms and logistics[216]. As his movement was largely secular platform, the movement failed to win widespread support among the Acehnese *ulama*, whose help was crucial if a mass following to be built[217]. He, himself, led the guerilla in the hills and the mountains for two years and four months because he believed that the combination between armed guerilla and diplomacy was an effective tool to achieve the independent Aceh Sumatra State.[218] By 1982, the Indonesian military had effectively neutralized the movement. Di Tiro himself, along with other GAM leaders, went into exile in Sweden in 1979. In its incarnation the GAM had been weak and was suppressed by the Indonesian Government with relative ease. However, the social, political and economic conditions that had prompted the movement's emergence did not go away[219].

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[213] Schulze, Kirsten E. (2004). "The Free Aceh Movement (GAM): Anatomy of a Separatist Organization," Policy Studies 2, the East-West Center Washington, p. 4
[214] Reid, Anthony. (2005). "An Indonesian Frontier: Acehnese and Other Histories of Sumatra," p. 347-348
[215] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," p. 41-42
[216] Sulaiman, Muhammad Isa. (2006). "From Autonomy to Periphery: A Critical Evaluation of the Acehnese Nationalist Movement," p. 138
[217] Kell (1995), p. 65
[218] Sulaiman, Muhammad Isa. (2006), p. 138
[219] Kell (1995), p. 66

Furthermore, with the support of Libyan authorities, during 1986-89 he deployed several youth GAM supporters to Libya to obtain military and ideological training. In late 1989, with established and potent armed group, GAM escalated their insurgency against the Indonesian military[220]. The aim of GAM's strategy was to weaken Indonesia's hold on Aceh by destroying the state's provincial infrastructure, civil government, and education institutions. This was coupled with efforts to establish GAM control over Aceh's territory and population. The movement's bellicose rhetoric and attacks on vital industries, Javanese migrants, and populated areas. GAM consciously raised the level of violence so that the international community would feel compelled to intervene and thereby 'deliver' independence.[221]

In response to GAM insurgency, in 1990 the Government of Indonesia formally launched the counter-insurgency operation namely *Jaring Merah* (Red Net) through deploying a large troop to the Aceh province and resembling it as the "total war" strategies against rebel group. As Barber noted that "the military's strategy was based around the use of "shock therapy" as a campaign of terror to discourage support for GAM."[222] It is worth noting that during 1989 to 1998, the whole Aceh areas was under the DOM, *Daerah Operasi Militer* (Military Operation Area). Creating civilian militias is typical in conflict areas; to assist the Indonesian military operation in Aceh, the creation of village militias was also one of the central elements of the military's counterinsurgency strategy. Such groups were set up in villages in East, North and Central Aceh, and in Pidie.[223] In general, this operation claimed several thousand of guerillas and civilians lives.

During the first years of *Jaring Merah* (DOM) scores of guerillas and civilians were killed, tortured and disappeared. Kidnap victims spoke of being forced to bury people shot by the military; women related accounts of sexual assault and rape. Subsequent investigations revealed that in the period of 1989-98 between 1,258 and 2,000 people were killed and 3,439 tortured. Human Rights Watch put the number of disappeared at 500 while the Aceh

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[220] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," p. 32

[221] Schulze, Kirsten. E. (2006). "Insurgency and Counter-Insurgency: Strategy and the Aceh Conflict, October 1976-May 2004," p. 226-229

[222] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," p. 33

[223] Kell, Tim. (1995). "The Roots of Acehnese Rebellion, 1989-1992," p. 75

Regional Assembly estimated it at between 1,000-5,000, KONTRAS at 1,958, and the NGO Forum Aceh believed the number to be as high as 39,000. A total of 625 cases of rape and torture of women were recorded. An estimated 16,375 children were orphaned and 3,000 women widowed. Some 597 houses were burnt by the Indonesian security forces. After DOM 7,000 cases of human rights violations were documented and at least 12 mass graves were investigated.[224]

Subsequently, in 1998 the Suharto's regime collapsed and then the Indonesian political structure had changed dramatically from centralized to decentralized government. During the transitional period, the Indonesian Government was very weak and lack of legitimacy. Some observers classified Indonesia as fragile state. In the context of Aceh conflict, GAM gained the momentum of socio-political instability to escalate their insurgency against the Indonesian Government. Apparently, since 1999 GAM had successfully emerged as a strong armed rebel group. In 2002 GAM Minister of State Malik Mahmud claimed GAM had an active guerilla army of 30,000 and a reserve of almost the whole population of Aceh. Both observers and the Indonesian military believed the number to be lower, estimating the size of GAM troops to be between 3,000 and 8,000.

GAM aimed at paralyzing the local government structure. This was achieved through attacks on public buildings, the intimidation of civil servants at all levels, and the recruitment of as many as possible into GAM's parallel civilian government. In this context, civil servants, judges, members of the regional parliaments, and village heads were intimidated, kidnapped or shot. In 2000-1, such actions caused the virtual collapse of Aceh's legal system. In several districts courthouses were destroyed and many judges, prosecutor and lawyers were subject to repeated intimidation. Most judges fled. Local legislators, especially those who criticized GAM, as well as the governor and deputy governor, were also targeted because they were all seen as the lackeys of Jakarta. A GAM field commander estimated that in April 2003 about 70 per cent of Acehnese society used GAM's civil government offices as opposed to Indonesian ones. Furthermore, when martial law was declared in May 2003, 99 out of 228

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[224] Schulze, Kirsten. E. (2006). "Insurgency and Counter-Insurgency: Strategy and the Aceh Conflict, October 1976-May 2004," p. 257

districts and 4,750 out of 5,947 villages did not have a functioning local government. GAM also systematically targeted Indonesia's state education system. This included the burning of schools as well as the intimidation and killing of teachers. Between 1998 and 2002 some 60 teachers were killed, and 200 other physically assaulted. Some 170 were seriously injured or tortured. Many were kidnapped. Between the beginning of 1989 and June 2002, 527 schools, 89 official houses for teachers, and 33 official houses for principals were burnt down. Religion teacher Rusli Abdullah believed GAM was responsible for all of these burnings because they think these are where Indonesia brainwashes Acehnese children[225].

One of the most controversial objectives of GAM's guerilla strategy was the systemic attempt to cleanse Aceh of all Javanese presence. GAM saw Javanese migrants as colonial settlers who demographically shored up Jakarta's claim to Aceh and as potential collaborators with the Indonesian security forces. In mid-1990, GAM went on an offensive against Javanese settlers and trans-migrants in North Aceh. According to Amnesty International, thousands of Javanese trans-migrants were intimidated, extorted and arson into leaving their homes. On 19 May 2001, GAM burned six Javanese houses in Lhoksari village, Pante Cermin, West Aceh. "They ordered all Javanese working at PT Telaga Sari Indah plantation to leave within three days or they would be killed, one by one. Some 200 families fled into Meulaboh town. As Schulze observed, "the expansion of GAM in 1999 most likely was the trigger for ethnic conflict in Central Aceh, which then led to the exodus of some 120,000-176,000, mostly Javanese, to North Sumatra."[226]

3.6. Conclusion

The uniqueness and greatness of Aceh history has highly influenced the modern Aceh conflicts. Aceh had been known as the most power state in the region which endorsed the Islamic principles in its administration. The first conflict against toward the central government in 1953 led by Daud Beureu'eh and demanded Aceh to be part of Indonesian Islamic Federal State, the insurgency ended through the negotiation table in 1962 and Aceh

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[225] Schulze, Kirsten. E. (2006). "Insurgency and Counter-Insurgency: Strategy and the Aceh Conflict, October 1976-May 2004," p. 230-232
[226] Ibid, p. 234-236

province granted the status of 'special territory'. The most contemporary Aceh conflict began in 1976 which declared by Hasan di Tiro and named his movement as GAM, the Free Aceh Movement. Unlike the previous conflict, the GAM insurgency sought the complete independence from Indonesia. The great historical myth as an independent state used as a motive, whilst initially uneven financial distribution between Aceh and Jakarta, the greedy and predatory central government and human rights violence were believed as the root causes of conflict. It is worth noting that Aceh was one of the poorest provinces in Indonesia, but ironically the province has abundant natural resources especially in natural gas and oil.

CHAPTER FOUR

THE EMERGENCE OF DECENTRALIZATION IN INDONESIA AND DECENTRALIZATION EFFORTS TO ADDRESS GRIEVANCES IN ACEH CONFLICT

The governance system of the Republic of Indonesia is a unitary state. Since the inception in 1945, the Indonesia's founding father has chosen the unitary model to manage the relationship between center and regions. The creation of a powerful single Indonesian state had been in such an ambitious agenda of the leaders in which Indonesia comprised the heterogeneous population based on ethnic and religious. During the period of 1959-98, the government's power was highly concentrated in Jakarta as center. Subsequently, Indonesia became a centralized government that led to the authoritarian system and provoked the rebellions' grievances in several regions such as Aceh. Conversely, since 1999, the redefinition of center-regions relations and the radical overhaul of the provincial roles have been taken place in Indonesia. It was marked by the enactment of two Laws: the Regional Autonomy and Fiscal Balance between the Center and the Regions, which were implemented in early 2001. The concept of decentralization brought a great deal of hope to several regions particularly Aceh, Papua and East Timor which previously suffered from the authoritarian regime.

In the case of Aceh conflict, the new Indonesian leaders preferred to use diplomacy and political approach through dialogue with the rebel group as their strategy to resolve the problem. Meanwhile, the decentralization concept had been gradually introduced in 2001 through the Law on Decentralization (Special Autonomy Status) enacted by the central government. However, the first decentralization efforts was failed to address local grievances which believed as the root causes of conflict, due to lack of support from local Acehnese and GAM rebel groups. Finally, the Helsinki Peace Agreement has succeeded to end hostilities. Devolving significant powers to Aceh and enjoying their self-governance under the decentralization concept has been generating a lasting peace so far.

This chapter will primarily attempt to address the issues of the relationship between decentralization or local governance and conflict in the Aceh case. Thus, during the discussion the chapter will divide into three main arguments namely: the emergence of decentralization concept in Indonesia in the past and at the present; the peace-building efforts through dialogue in Aceh conflict from 2000 to 2005; the restoration of center-periphery relations between Aceh and Jakarta through signing a peace agreement in Helsinki.

4.1 National Context: From Centralized to Decentralized Government

Indonesian political system had been under the centralized government during Sukarno presidency with his 'Demokrasi Terpimpin' (Guided Democracy) in 1959-67 and Suharto's 'Orde Baru' (New Order) in 1967-98. The Indonesian centralistic government structure led to the authoritarian regimes with the purpose of binding the unity of nation state. During the Indonesian independence in 1945, the republican leaders had agreed to choose a unitary state as government system instead of a federal one which proposed by the Dutch. According to the leaders, federalism might be a strong obstacle to the creation of a powerful through single Indonesian state. Since the central government had strong power over the regions in the political sphere, the relationship between Jakarta and other provinces remained poor.

4.1.1 Unitary States versus Federalism in Indonesia

After the end of World War II and the Japanese left Indonesia in 1945, the leaders declared the independence and chose a unitary as its governance system. The unitary state was chosen as Indonesian system of governance in order to unify a large and unique heterogeneous population. It is worth noting that Indonesia comprises around 300 distinct native ethnicities and 742 different languages/dialects and it geographically consists of 17,508 islands, about 6,000 are inhabited islands.

The Dutch attempted to take Indonesia back as a colony[227] after World War II and until 1949 Indonesia was still at war against the Dutch. During the Dutch War (1946-49), the Dutch created a quasi-federal system as a counterweight to the unitary state established by the Indonesian leaders[228]. Under the agreement signed in December 1949, Indonesia and the Dutch established *Republik Indonesia Serikat*, RIS (the Republic of the United States of Indonesia) which had 16 partner-states and autonomous territories and Indonesia became fully independent state. According to Kingsbury (2006); David and Vedi. R. (2003), some Indonesian nationalists associated this federal structure as an instrument of Dutch imperialism whilst another principle of the imperialism was "divide and rule" and foreign manipulation. In general, the federalism could be seen as a part of the Dutch strategy to destroy the unity of Indonesia.

Ultimately, the Indonesian leaders re-declared that the Republic of Indonesia has been a unitary state since 1950 as its governance system and the federation began collapse. The unitary state was elevated to a high symbolic level, as it became the embodiment of the Indonesian nation[229]. The founding fathers saw that a unitary model with a strong government in the centre was imperative and it constituted in the preamble of Indonesian Constitution 1945. Ironically, both Sukarno and Suharto had constantly misinterpreted a unitary model to exercise their regimes with a centralized and authoritarian rule in binding the Indonesian unity. Both authoritarian regimes believed as the persistence of traditional features which was inherited from the polities of the pre-colonial Javanese empires whilst had been succeeded in maintaining political stability for decades[230].

4.1.2 Guided Democracy Phase, 1959-67

After the fall of the federal state, aside from the village level, there was no significant autonomy at the sub-national level. The central government argued that administrative

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[227] The Dutch which as a colonial power ruled Indonesia for almost 350 years
[228] Kingsbury, Damien. (2006). "Analysis: Aceh's Non-Federation with Indonesia," Federations: What's new in federalism worldwide, Vol 5, No 2, pp. 25-26, Forum of Federations, Canada, p. 25
[229] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom
[230] Crouch, Harold. (1979). "Patrimonialism and Military Rule in Indonesia," Princeton University Press, p. 572-573

capabilities were inadequate, the *Dewan Perwakilan Rakyat Daerah*, DPRD (local legislatures) were constituted as temporary councils and members were nominated based on the major particular political parties in each region (at the provincial and district levels)[231]. The administrative heads levels were directly appointed by the central government. Even when the first elections were conducted at the national level in 1955, members of the DPRD were allocated based on the votes obtained by region in the national elections, separate local ballots being held instead. Fiscal power was also mainly in the hands of the central government. Sub-national unites generated revenues from only small sources. Conversely, they received some remittances from taxes collected on behalf of the central government. For instance, province retained 5% of the tax on households, and districts 15%. In general, they were dependent on grants-in-aid from the central government[232].

Initially, Indonesia, under Sukarno administration, had introduced a decentralization policy during the parliamentary democracy period through passing Law no. 1/1957 on *Pemerintahan Daerah* (Local Governance). The local administration granted more freedom to exercise their own affairs including electing their own government officials and managing their own fiscal. However, local governance law was implemented in the midst of political uncertainty and instability thus followed by the collapse of the parliamentary democracy[233]. President Sukarno decided to join with the armed forces and to end the era of liberal democracy. Bertrand (2004) elaborated the factors behind Sukarno's decisions, "Political stalemate within the Constituent Assembly, fierce competition between political parties over matters of state ideology, military dissent from regional commanders, as well as regionalist attempts to seize power were among the most important ones."

Therefore, Sukarno declared the martial law in 1957 in order to preserve the territorial integrity and stability of the nation. In 1959, Sukarno reintroduced the Constitution of 1945 which gave the president full powers, responsible only to a very weak parliament. Consequently, the national legislature and the Constituent Assembly were suspended, many

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[231] Ibid, p. 189
[232] Ibid, p. 190
[233] Sulistiyanto, Priyambudi and Erb, Maribeth. (2005). "Entangled Politics in Post-Suharto Indonesia," in Maribeth Erb, Priyambudi Sulistiyanto and Carole Faucher (Ed.), *Regionalism in Post-Suharto Indonesia*, Routledge Curzon: London-NewYork, p. 4

political parties were banned, a new regime of *Demokrasi Terpimpin* (Guided Democracy) was declared, and the armed forces asserted a primary position. The government suspended Law no. 1, 1957 on Local Governance, and, instead, imposed more centralized control that had previously existed, as the regions were governed through military councils[234]. Sukarno used every way and means to assert Jakarta's dominance over the regions.

Meanwhile, in regard with poor relationship between center and regions, many local leaders, particularly outside Java islands, constantly argued to the Indonesian Constitution. Before it was amended in the period of 1999-2002, it was never clearly discussed in the Constitution of 1945, or in its elucidation especially in the Article 18 on Local Governance, how to exercise the proper decentralization concept in Indonesia and which regions were to be included in the territory of the Republic of Indonesia. The only mention of territories is in the elucidation of Article 18, where examples are given of customary modes of organizations such as the *Desa* in Java and Bali, the *Negeri* in the Minangkabau and the *Dusun* and *Marga* in Palembang regions. As a result, it is actually unclear just which regions are covered by the territory of the state of the Republic of Indonesia in constituting its territorial sovereignty. Since 1945, regions outside Java have been incorporated into Indonesia ignoring the aspirations of the majority of their populations. In fact, the local leaders assumed that the Constitution of 1945 was written to represent Javanese interests without sufficient consultation with the interests of the other regions. Therefore people in areas outside Java have the right to reject or demand changes to the 1945 Constitution[235].

4.1.3 New Order Phase, 1967-98

President Suharto officially took office in 12 March 1967, after the military operation led by him seized power in 1965 and proclaimed his regime as *Orde Baru* (New Order). Ironically, his New Order regime created even stronger authoritarian controls than the previous Sukarno's Guided Democracy. A strong authoritarian control was needed in order to exercise

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[234] Heiduk, Felix. (2009). "Two Sides of the Same Coin? Separatism and Democratization in Post-Suharto Indonesia," in Marco Bünte and Andreas Ufen, (Ed.), *Democratization in Post-Suharto Indonesia*. Routledge Contemporary Southeast Asia Series, p. 299
[235] Daud Yoesoef, Mohammad. (2003). "Aceh might still secede," in David Bourchier and Vedi R. Hadiz (Ed.), *Indonesian Politics and Society: A Reader*, RoutledgeCurzon, p. 263-265

the immediate tasks in the beginning of his regime including the stabilization of domestic politics and the restoration of Indonesian economy. Centralization, military control, elimination of political opposition and pressure to conform the principles of the 1945 Constitution and the state ideology of *Pancasila* were the priority agenda during the Suharto administration.

Regional institutions were reformed to homogenize administrative and political control, whilst top-down mechanisms were strengthened. Tighter controls along with financial and political incentives to keep regional elites content and opposition groups intimidated. Consequently, the sub-nationalist movements occurred in the three provinces with abundant natural resources such as Aceh, Irian Jaya[236] and East Timor. The three sub-nationalist movements in three provinces namely *Gerakan Aceh Merdeka*, GAM (Free-Aceh Movement) in Aceh, *Organisasi Papua Merdeka*, OPM (Free Papua Organization) in Irian Jaya and *Fretilin* in East Timor had been driven by a mix of ethnic nationalism, grievances over human rights abuses, in-migration[237], a perceived lack of cultural and political rights, and the economic exploitation of local resources by outside interests[238].

During its three decades, several active military officers were appointed by New Order regimes to strategic 'civilian' positions, and a parallel military and intelligence structure reporting to the central command shadowed every layer of civilian government in the provinces and districts[239]. In order to eliminate the resisting groups, the expansion of Suharto's authority was backed by the patronage networks. In full control of the government, he was able to reward loyal supporters and win over dissident and potentially dissident

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[236] The new name of Irian Jaya was introduced during President Abdurrahman Wahid. In 2003, President Megawati divided Papua into three provinces: Central Irian Jaya, Papua and West Papua. However, in 2004 the Indonesian court blocked the establishment of Central Irian Jaya and allowed the other two provinces to stand
[237] In-migration or trans-migration program was the government policy during the Suharto Era in order to move landless people from most thickly populated areas like in Java islands to less populous areas like in Aceh, Irian Jaya, East Timor and Kalimantan
[238] Wilson, Christopher. (2005). "Overcoming Violent Conflict: Peace Development Analysis in Indonesia," Volume. 5, United Nations Development Programme (UNDP)
[239] Bourchier, David and Hadiz, Vedi. R. (2003). "Federalism, Regionalism and the Unitary State," in David Bourchier and Vedi. R. Hadiz (Ed.), *Indonesian Politics and Society: A Reader*, RoutledgeCurzon, p. 255

officers with appointments to regional civilian posts that offered prospects of material gain[240].

The enactment of the Law no. 5/1974 on Local Governance can be seen as the foundations for a quarter of a century of central domination of the local administrative apparatus. It homogenized the bureaucratic structure and created two parallel institutional structures at three levels of provincial government. Two autonomous levels were established (*tingkat I and tingkat II*). At each level, local legislatures (DPRD I and DPRD II) were composed of elected and appointed members. These levels were established alongside the administrative structures of the provinces and *kabupaten* (districts), which were the implementing arms of the central government as well as the autonomous government. A lower administrative level, *kecamatan* (sub-district), had no autonomous status equivalent to the two upper levels[241]. In general, although it was presented as extending a degree of autonomy to the regions, its effect was to make provincial and regional government heads responsible to Jakarta. For instance, in practice *kanwil* (the regional offices of central ministries) obtained the greater proportion of funds for development projects and were the most important offices. On the contrary, *dinas* (the provincial and district department) had fewer resources and their roles were often indistinguishable from those of the *kanwil*.[242] At the bottom, central control was further institutionalized with Law no. 5/1979 on *Pemerintahan Desa* (Village Governance), which standardized village administrative structures throughout Indonesia on the Javanese model. Village heads would no longer be elected, but civil servants appointed by provincial governors, who were in turn appointed by the President[243]. Both laws initially disregarded the rights of the regions to exercise their own affairs.

In general, Bertrand has identified four issues to characterize the New Order's approaches in administering the provinces and districts. First, it wanted to avoid a potential re-enactment of the military-led regional rebellions of the 1950s, so it consolidated the central control of the

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[240] Crouch, Harold. (1979). "Patrimonialism and Military Rule in Indonesia," Princeton University Press, p. 577
[241] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom, p. 193
[242] Ibid, p. 195
[243] Bourchier, David and Hadiz, Vedi. R. (2003). "Federalism, Regionalism and the Unitary State," in David Bourchier and Vedi. R. Hadiz (Ed.), *Indonesian Politics and Society: A Reader*, RoutledgeCurzon, p. 255

military command structure. Second, it maintained tight administrative control through its implementation of a Law on Regional Governance. This law reaffirmed the principle of regional autonomy but in its implementation, strengthened central control. Third, the New Order increased its hold on fiscal resources and used them to gain loyalty among regional elites. Fourth, it used *Pancasila*, the Constitution of the 1945, and development to legitimize its emphasis on securing national unity through these military, political and economic levers[244].

Furthermore, economic grievances led to sub-nationalist movements in particular regions such as Aceh and Papua fully emerged under this regime. Despite the continuation of expansionist foreign policy strategies, implemented comprehensive and rapid industrialization and modernization policies in an authoritarian administration. These policies had successfully secured the Suharto regime to stay in power for decades, ironically there were no significant progresses for local economies of the outer provinces. The outer provinces were primarily regarded as providers of natural resources to support the needs of the manufacturing industries on Java. To increase the production of industrial goods on Java, the resources required were to be exploited in the resource-rich outer provinces. The modernization and industrialization processes applied by Jakarta often left little place for local involvement, profit sharing or for any kind of consideration of the needs of the local population. The profits made went entirely to the main island of Java, which increased the already existing gap in the standard of living and overall development between centre and periphery. Thus the existing political friction between periphery and centre was heightened through the economic exploitation of the periphery and its population[245].

The resource-rich provinces of Aceh especially in liquid gas and oil were severely affected. In Aceh the situation was slightly different as the province had been a part of Indonesia for decades. Friction between the local and the central government began to escalate due to the Jakarta-centered industrialization policies which only five per cent of the profits made from

[244] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom, p. 192

[245] Heiduk, Felix. (2009). "Two Sides of the Same Coin? Separatism and Democratization in Post-Suharto Indonesia," in Marco Bünte and Andreas Ufen, (Ed.), *Democratization in Post-Suharto Indonesia*. Routledge Contemporary Southeast Asia Series, p. 300

the exploitation of Aceh's natural resources were allocated to the province. The subordination of the local economy according to the business interests of the central government and its side effects (impoverishment, environmental damage, etc.) led to resistance within the Acehnese population[246].

4.1.4 Decentralization in Post-Authoritarianism

Democratization and decentralization have been one of the government's political agendas after the fall of Suharto in 1998 and President Habibie as his successor. The regime transformation from authoritarian to democratic brought a fragile situation and strong regional grievances; thus the tenets of decentralization have been incorporated into a national reform process (known as *reformasi*) that has aimed to restore national stability by moving toward democratic governance. The increase of sub-nationalist movements particularly in East Timor province sought for a referendum whilst in Aceh and Irian Jaya demanded a similar demand, Habibie administration enacted two pieces of legislation, Law no. 22/1999 on Regional Governance and Law no. 25/1999 on Fiscal Balance between Center and Regions. Both laws transferred administrative control and powers to the provincial and *kabupaten* (district) level governments and introduced new revenue-sharing arrangements throughout Indonesia. These laws marked Indonesia to enter a new era of democratization where decentralized system of government introduced. As cited in World Bank reports that "…Indonesia's decentralization was a 'Big Bang,' indeed. Much of the apparatus of government was transferred to the regions in the course of the year, the regional share in government spending jumped sharply, and a completely new intergovernmental fiscal system was put in place…….[247]".

In general, those two decentralization laws were also designed to address the regional and ethnic grievances and to divert the secessionist movements in particular regions. The Habibie government was concerned with the threat of Balkanization and the break-up of the Soviet

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[246] Ibid, p. 301
[247] World Bank. (2003). "Decentralizing Indonesia: A Regional Public Expenditure Review," Report No. 26191-IND, East Asia Poverty Reduction and Economic Management Unit

Union and Yugoslavia which only reinforced unitarist sentiment in Indonesia[248]. In addition, the concept of federal state – which was previously ignored by the two authoritarian regimes – has been reintroduced by Amien Rais, a prominent politician, as the best solution to avoid the Balkanization. However, his ideas had unpopular feedback from most of the Indonesian people[249].

It is worth noting that the Law no. 22/1999 on Regional Governance regulated three autonomous levels of administration: the province, *kabupaten* (district), and the town or village – with the district as the key units. Ironically, the law was still ambiguous in line with the implementation of decentralization concept. The provincial governor was in the weak position: any governor elected by the provincial legislatures still having to be approved by the central government. This hierarchy did not continue down the administrative ladder. The district head was autonomous of the provincial governor, who was to be responsible only for services which extend throughout the province, such as communications. In all other matters, only if the area concerned (district, town, or village) was not able to carry out specific responsibilities was it called on to surrender these to the provincial authorities. The *bupati* and mayor (or village head) were elected by the local legislatures, and their appointments did not need approval from the provincial governor. In fact, the governor no longer had authority over the *bupati* and the mayor (or village head)[250].

In addition, according to Article 6 of the Law no. 22/1999 on Regional Governance, the legislation allowed for the creation of new provinces, districts and sub-districts through the process of *pemekaran* (literally 'blossoming', but more appropriately 'proliferation' of areas). Through this proliferation process, during the period of 1999-2009, the number of regions increased into 205 regions comprising new 7 provinces, 164 new districts and 34 new cities. Therefore, the total autonomy regions in Indonesia are 524 regions which consist of 33

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[248] Bourchier, David and Hadiz, Vedi. R. (2003). "Federalism, Regionalism and the Unitary State," in David Bourchier and Vedi. R. Hadiz (Ed.), *Indonesian Politics and Society: A Reader*, RoutledgeCurzon, p. 257-258

[249] His party, *Partai Amanat Nasional*, PAN (National Mandate Party), did not significantly receive the popular votes during national election in 1999

[250] Kahin, Audrey. (1999). "Rebellion to Integration: West Sumatra and the Indonesian Polity, 1926-1998," Amsterdam University Press, p. 277

provinces, 398 districts and 93 cities[251]. In some cases, the proliferation of new regions has improved law and orders and strong inter-communal relations in the regions[252], whilst the cost of proliferation was far higher than the associated benefits[253].

After several years into decentralization, some problems had occurred due to unclear assignment of tasks and functions over levels of government. The lack of clarity was in part due to weaknesses in the two decentralization laws themselves. As a matter of fact, in 2004 the Government of Indonesia (GoI) amended both laws and enacted Law no. 32/2004 on Regional Governance and Law no. 33/2004 on Fiscal Balance between Center and the Regions instead. The amended Law on Regional Governance in particular, indicated a major breakthrough for the limitation of local legislatures' role. The election of provincial governors and district heads (*bupati and walikota*) were direct elected by the people[254]. It might have a positive effect to democratic environment such as the increase of accountability of the government officials to their constituents and the elimination of money politics and vote buying which usually to be found in local legislatures during the previous elections. In the case of Law on Fiscal Balance, the regional administration was entitled to receive 15.5 per cent of net public income from their oil, 30.5 per cent from natural gas and 80 per cent from forestry, mining and fishing[255]. These funds and the powers delegated by Jakarta were divided between the provinces and their constituent districts and municipalities in such a way as to stop the provinces becoming too powerful[256].

Furthermore, the Indonesian Constitution of 1945 has been constantly amended for four times during period of 1999-2002. The amended Article 18 of Constitution of 1945 on Regional Governance has clearly incorporated the concept of decentralization. For instance in the paragraph 5 of Article 18 that a regional governance shall exercise *otonomi seluas-*

[251] Tempo Interaktif, "*Gagal Membangun Daerah, Pemekaran Diusulkan Ditunda,*" 20 January 2010

[252] Wilson, Christopher. (2005). "Overcoming Violent Conflict: Peace Development Analysis in Indonesia," Volume. 5, United Nations Development Programme (UNDP)

[253] Decentralization Support Facility, (DSF) Report. (2007). "Costs and Benefits of New Region Creation in Indonesia," World Bank

[254] Article 56 (1) of the Law no. 32/2004 on Regional Governance

[255] Article 14 (a), (c), (d), (e), (f) of the Law no. 33/2004 on Fiscal Balance between Center and Regions

[256] International Crisis Group (ICG). (2001). "Aceh: Can Autonomy Stem the Conflict?", ICG Asia Report, No. 18

luasnya (the broadest possible autonomy) except for all matters of central governance which are determined by laws such as foreign policy, external defense, internal security, monetary and fiscal, justice and religious affairs. Regional governance shall also have the right to establish *Peraturan Daerah*, Perda (regional regulations) as well as other rules to exercise autonomy and to provide the duty of assistance[257]. As a matter of fact, the old version of Constitution of 1945 was annulled.

The East Timor case strongly contributed to the government's change of policy toward Aceh and Irian Jaya. Under pressure from massive demonstrations in the territory and in donor countries, Habibie government proposed a new special autonomy namely Special Autonomy Region of East Timor (SARET) which granted a massive devolution and power to the East Timor province[258]. However, in January 1999 Habibie announced a controversial decision on the offer of a referendum to East Timor, a huge protest from the nationalist leaders in Jakarta responding to this decision. The result of the referendum represented a resounding rejection of Indonesian rule – provoking a rampage of the militias that destroyed most of the territory's infrastructure. With a strong international pressure, the GoI had to be agreed on the international intervention in East Timor and ultimately in August 2001 East Timor was officially separated from Indonesia and became an independent state[259]. The national leaders were worried about the disintegration impact after the loss of East Timor to other regions particularly Aceh and Irian Jaya. In the case of Aceh, pro-independence supporters comprised students, youths and NGOs activists created an umbrella organization namely *Sentral Informasi Referendum Aceh,* SIRA (Aceh Referendum Information Center) demanded critically for having a referendum like East Timor had to determine the future of Aceh.

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[257] Article 18 (6) of the Constitution of 1945
[258] Bertrand, Jacques. (2004). "Nationalism and Ethnic Conflict in Indonesia," Cambridge University Press: United Kingdom, p. 204-205
[259] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, Policy Studies 10, the East-West Center Washington, p. 11

4.2 Aceh Context: The Dynamic of Decentralization in Contemporary Aceh Conflict

During the Suharto regime, Aceh province was under *Daerah Operasi Militer, DOM* (military operations area) to stabilize the Aceh from the GAM's rebellion. However, after Suharto's resignation in 1998, the national leaders were aware that the security approach which took place in Aceh had failed to end conflict and had left a severe psycho-traumatic of the Acehnese. In post-Suharto regimes, President Habibie (1998-99) and President Abdurrahman Wahid (1999-2001) initiated four approaches to resolve the Aceh conflict: a) the withdrawal of the troops from Aceh and marked the end of the military operation; b) the apologies to the Acehnese for human rights abuses; c) the combination of legal and political approaches through peace talks and the enactment of the Law no. 44/1999; and d) the establishment of the 'softer' operation through a Presidential Instruction with a little troop deployments to Aceh. Those four issues will be discussed in the following sub-chapters.

4.2.1 Special Region Status

Following the decree of *Majelis Permusyawaratan Rakyat*, MPR (the People's Consultative Assembly) in October 1999 to grant the two provinces, Aceh and Papua, with special autonomy status; in the case of Aceh, the Acehnese leaders immediately set and prepared to work for the bill on Aceh special autonomy. At the same time, the Aceh province was granted special status through the enactment of Law no. 44/1999 on *Penyelenggaraan Keistimewaan Propinsi Daerah Istimewa Aceh* (Special Status of the Province of Aceh Special Region). The law was based on the decree of Vice Prime Minister Hardi in 1959 that it granted Aceh autonomy to exercise its own affairs in the religion, customary laws and education under the Islamic *Sharia* principles. The law also stated the establishment of an independent council where the all members consisted of *ulama* or Islamic leaders to advise the provincial government on the policy making process including the matters of governance, development, social and economic life[260]. In the context of economic, Law no. 44/1999 did

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[260] Article 9 (1) and (2) of the Law no. 44/1999 on *Penyelenggaraan Keistimewaan Propinsi Daerah Istimewa Aceh* (Special Status of the Province of Aceh Special Region)

not regulate significant rights in the issues of economic and political matters beyond those which already stated in Laws on Regional Government. As it has been mentioned earlier that the special status given by Hardi in 1959 which ended the *Darul* Islam rebellion in the late 1950s, however, the decree had never entered into force[261].

In drafting the law no. 44/1999, Acehnese legislators and the Habibie government were seeking to make good on the government's long-standing promise. The hope was that this offer were able would begin to address contemporary grievances. However the law received only an unenthusiastic response in Aceh and was criticized as being largely irrelevant to addressing the province's escalating violence[262]. Many Acehnese felt that their recommendation had been marginalized by the central government during the drafting process. Meanwhile most of the Acehnese people preferred to listen to students and NGOs than the government officials and Islamic leaders. Capitalizing on the widespread lack of grassroots support for this legislation, GAM itself rejected the special status solution given by the central because it was not the true aspiration of the majority of Acehnese[263].

As mentioned earlier that despite the demands of invoking for the implementation of Islamic *Sharia* in Aceh, the contemporary conflict sought to address local grievances in accordance with the central government's exploitation of the Aceh's rich resources and human rights abuses led by the military for decades. Thus granting special status had limited elite backing and even less popular support. Meanwhile, faltering efforts to enforce the law no 44/1999 continued, however, through the establishment of a separate division of Islamic law in the provincial government (*Dinas Sharia*), with its own funding and staff, and *Majelis Permusyawaratan Aceh*, MPU (a consultative council of the Islamic clerics), although these initiatives had little impact to reduce conflict[264].

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[261] Syah, Kaoy and Hakiem, Lukman. (Ed) (2000). "Keistimewaan Aceh dalam Lintasan Sejarah: Proses Pembentukan UU. No. 44/1999," PB. Al Jam'iyatul Washliyah: Jakarta
[262] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, Policy Studies 10, the East-West Center Washington, p. 10
[263] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 299, p. 298
[264] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, Policy Studies 10, the East-West Center Washington, p. 10

With political events moving at remarkable speed, GAM and the student movement rapidly mobilized popular support, forcing the government to give concessions. Thus, in January 2000 the Wahid administration sought to solve the conflict through involving the newly international NGO, the Henry Dunant Centre (HDC), as a facilitator in a dialogue between the government and GAM. The initial objective of this dialogue was to stop all forms of violence in Aceh. The involvement of an international party represented a notable victory for GAM in establishing their claims to legitimacy. No matter how much they wanted to avoid the impression, the Indonesian Government was essentially recognizing GAM as having some legitimacy as least as dialogue partner by their agreement to negotiate with their leadership. At least this was the way that GAM promoted the dialogue process locally[265]. Also this dialogue was the first event used by GAM to internationalize the Aceh conflict and obtained the international community attention as an initial step to achieve their ultimate goal, self-determination.

On May 12, 2000, a "Joint Understanding on Humanitarian Pause for Aceh" was signed by GAM and the Indonesian Government in Davos, Switzerland. The Memorandum of Understanding (MoU) provided for a three-month cease-fire, from June 2 to September 2, 2000, to allow for further efforts towards building peace in Aceh. The MoU also took the form of a three-month 'Humanitarian Pause', was aimed at alleviating the humanitarian situation in Aceh, reducing tension and ending the violence that has claimed many lives[266]. Nevertheless, reactions in Jakarta military to the agreement have been unclear. On the one hand, military leaders expressed their support and pledged that *Tentara Nasional Indonesia,* TNI (Indonesian military) would implement the Joint Understanding consistently. On the other hand, such support might not represent the view of the entire TNI. Many officers were in fact opposed to the government's policy of negotiating with GAM and privately expressed their resentment of the "Humanitarian Pause" agreement. Ironically, senior military figures thought that making peace with secessionist rebels was a step backward for the country. Generally speaking, government initiatives to reach a negotiated political settlement did not

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[265] McGibbon, Rodd. (2006). "Local Leadership and the Aceh Conflict," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 332
[266] Barber, Richard. (Ed). (2000). "Aceh Untold Story: An Introduction to the Human Rights Crisis in Aceh," Asian Forum for Human Rights and Development, p. 117

receive enthusiastic support from the military and police leadership[267]. In the beginning of 2001, the formal talk process of the 'Humanitarian Pause' bore less and less relation to conditions in the fields. Reports of armed clashes, disappearances, summary executions, and other forms of violence increased[268].

The formal talk process continued and took place on January 2001 in Switzerland. It produced a further agreement that the HDC would facilitate talks on substantive issues to 'seek a formula for a lasting and comprehensive solution to the conflict in Aceh.' It covered four broad areas as follows: 1) human rights and humanitarian law; 2) socio-economic development; 3) security arrangements; and 4) democratic processes. Furthermore, in the case of 'democratic processes' areas, the talk listed several issues such as "democratic consultations," "free and fair elections for Aceh government," conditions under which GAM would transform their means of achieving their political objectives in a democratic way." For the first time, there was a hint of a real breakthrough. Some speculations appeared about what this agreement might mean including the possibility that GAM might transform itself into a political party in the context of a radically restructured political framework within Aceh. In this view, GAM might participate in local elections at least as an interim solution. This process was also viewed by at least some in the government as converging with the continuing debate over the draft Special Autonomy Law in the DPR. Local and central government officials said the law would be an important way to respond to Acehnese grievances and encourage compromise from GAM. Acehnese members of the DPR encouraged this view. Some welcomed the concept of GAM participation in local elections and suggested that Hasan di Tiro would be an appropriate candidate as first figure head *Wali Nanggroe* (Guardian of State) of Aceh under the new arrangements[269].

It is worth noting that the Henry Dunant Centre (HDC) proposal on the peace agreement initially viewed as the best formula to adopt decentralization principles and to stop violence. The political participation of GAM through fair and inclusive elections and fiscal

[267] Sukma, Rizal. (2004). "Security Operations in Aceh: Goals, Consequences and Lessons," Policy Studies 3, the East-West Center Washington, p. 19
[268] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," Policy Studies 1, the East-West Center Washington, p. 32
[269] Ibid, p. 19-20

decentralization were part of the most determine issues to achieve sustainable peace and to improve government legitimacy in Aceh. Ironically, both parties – the Government of Indonesia and GAM – felt that the ideas were too liberal to be implemented in Aceh, as some GAM elites were not holding the Indonesian citizenship and living abroad. Whilst GAM saw that self-determination was their ultimate goal. Therefore, the all initial agreement efforts failed to reduce the violence and armed clashes in Aceh. Both GAM and the military blamed each other of the agreement's failure.

Ultimately, in order to response to the deterioration of the security situation as exemplified by the increase in casualties during the Humanitarian Pause and the failed cease-fire arrangements, on 11 April 2001 the Wahid administration signed *Instruksi Presiden, Inpres* (a Presidential Instruction) no. 4/2001 on Comprehensive Measures to Resolve the Aceh Problem through launching the security operation namely the *Operasi Pemulihan Keamanan dan Penegakan Hukum,* OKPH (Operation for Restoring Security and Upholding the Law). The objectives of the OKPH operations were to move the stalled talks forward by pressuring GAM toward a compromise by eliminating or at least weakening its military option; and to restore security and the space for putting in place a package of special autonomy for Aceh[270]. The months following the presidential instruction saw an almost complete breakdown of security conditions in Aceh. According to the national human rights organization, KONTRAS, 539 people were killed in 193 clashes between April and August 2001 compared to 256 killed in 79 clashes between January and April (moreover local human rights activists now suggested that many villagers no longer reported deaths to the police or media)[271]. In addition, the security operation also claimed the death of several people within both conflicting groups. In July 2002, the Indonesian military killed 947 of GAM members whilst the death of 75 Indonesian soldiers had done by the GAM rebel[272].

It is worth noting also that in December 2000, President Abdurrahman Wahid visited Aceh to formally pronounce the implementation of Law no. 44/1999 with the Islamic Law

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[270] Schulze, Kirsten E. (2006). "Insurgency and Counter-Insurgency: Strategy and the Aceh Conflict, October 1976-May 2004," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 246-247
[271] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," p. 22
[272] Ibid, p. 24

enforcement. However, there was widespread public cynicism that this visit was less about enforcing *Sharia* than it was an attempt to divert attention away from military plans to launch a full-scale offensive against GAM in the wake of the collapse of the 'Humanitarian Pause' agreement. This local skepticism was reinforced by the fact that the provincial government had already issued five regional regulations several months previously about banning alcoholic drinks, preparing a *Sharia* framework, promoting Islamic education, organizing *adat* in accordance with Islamic law and allowing the Acehnese to manage their own religious, educational and cultural affairs[273].

Based on MPR, the People's Consultative Assembly's Decree in 1999 to establish the Law on Aceh Special Autonomy, a small Jakarta-based coalition of Acehnese political reformers had initiated to develop the bill. It was this group that presented the most inclusive the draft of special autonomy law to *Dewan Perwakilan Rakyat,* DPR (the House of Representative) on 17 January 2001 in a move to establish 'space for Acehnese society, including GAM, to solve the Aceh problem together'[274]. According to International Crisis Group Report that the bill had been drafted through intensive dialogue among the Acehnese including Acehnese legislators, civil servants, academicians and business people. Whilst this group was diverse but combined a sense that Aceh had been treated poorly with a desire that the province remained part of Indonesia. Some members of this group were also said to have business interests in Aceh which they hoped would benefit under autonomy system[275]. Subsequently, the DPR inaugurated a 50-member 'Special Committee for the Special Autonomy Draft of Aceh' to adopt and review the Acehnese bill. The Home Affairs Ministry as central government representative also produced a special autonomy draft with far fewer revision to Aceh's pre-existing institutional, power and revenue-sharing arrangements with Jakarta. However, the DPR decided in January 2001 to base its deliberations on the bill prepared by the Acehnese legislators and the Home Affairs Ministry then agreed to withdraw its draft. In short, the final draft contained elements of both drafts, it was largely based on the DPR draft

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[273] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 300
[274] Ibid, p. 301
[275] International Crisis Group (ICG). (2001). "Aceh: Can Autonomy Stem the Conflict?", ICG Asia Report, No. 18, p. 7

and indicated that the central government had made some considerable concessions for Aceh[276].

4.2.2 Special Autonomy Status

The escalation of GAM attacks in several areas in Aceh occurred dramatically. The targets of insurgency were specifically to the security forces, local government facilities and other civilians. International Crisis Group (ICG) report estimated that in June 2001 about 80 per cent of Aceh's villages areas were under GAM control or influence[277]. As Schulze traced on GAM's strategy, tactics and targets in Aceh conflict that "GAM aims at paralyzing the local government structure. This goal is achieved through the intimidation of civil servants at all levels and the recruitment of as many as possible into GAM's parallel civilian government"[278]. In addition, GAM did not strategically force to win the war but only intended to stop the military from winning. Schulze also observed the GAM's operation which focused on five distinct targets including Indonesian political structures, the state education system, the economy, the Javanese and the Indonesian security forces[279]. As it has been discussed in the previous chapter, GAM saw the Javanese as the colonialist, the continuation of the old-Dutch imperialist.

As the security situation in Aceh worsen, in July 2001 the national legislators in Jakarta finally passed the Law no. 18/2001 on *Otonomi Khusus Bagi Provinsi Daerah Istimewa Aceh Sebagai Provinsi Nanggroe Aceh Darussalam* (Special autonomy for Aceh region as Nanggroe Aceh Darussalam Province), to address the root causes of the Aceh conflict and to end the violent conflict permanently. The law was signed by newly appointed President Megawati Sukarnoputri (2001-04) on 9 August 2001 and came into effect in January 2002. Unlike the Law no. 22/1999 on Regional Governance that weakened the provincial administrations by devolving powers to lower level district administrations, the Law no.

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[276] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?", p. 301
[277] International Crisis Group (ICG). (2001). "Aceh: Why Military Force Won't Bring Lasting Peace," ICG Asia Report, No. 17, p. 5
[278] Schulze, Kirsten. E. (2004). "The Free Aceh Movement (GAM): Anatomy of a Separatist Organization," Policy Studies 2, The East-West Center Washington, p. 34
[279] Ibid

18/2001 on Special Autonomy preserved the Aceh provincial government as the regional focus of authority.

In the case of revenue-sharing arrangements, the central government would allocate 70 per cent of Aceh's oil and natural gas mining revenue to the province for eight years in after-tax proceeds, after which time these profit-sharing arrangements were to be reduced to grant Aceh 50 per cent of its total oil and gas revenue[280]. According to Article 12 (1) of the Law no. 18/2001 stipulated that the Acehnese were entitled to directly elect their provincial governor and district heads for every five years through an honest and fair, democratic, free confidential election.

Furthermore, the Law on Special Autonomy for Aceh also envisaged non-political and governmental institutions, namely *Wali Nanggroe* (Guardian of State)[281] and *Tuha Nanggroe* (State Elders). Both institutions would be known as a symbol of the preservation of tradition and habitual culture; and as a symbol of unifier of society[282]. The decision to create these institutions stemmed from a protracted debate during the drafting process whether efforts should be made to accommodate GAM in the Special Autonomy Law[283]. It is worth emphasizing also that the Acehnese legislatures and intellectuals – who involved in the drafting process – proposed that Hasan di Tiro might be persuaded to become the first *Wali Nanggroe*. However, the central government representatives seemed deliberately designed to exclude GAM from political involvement in Aceh[284]. In addition, according to the legislation on Special Autonomy there were some qualifications of the provincial governor and district heads candidates to run for election which believed to limit GAM participation in the Aceh political process, such as 'the candidates should never been citizens of other countries'[285].

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[280] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 302
[281] Same phrase used by GAM to refer to Hasan di Tiro
[282] Chapter VII Article 10 (1), (2), (3) of the Law no. 18/2001 on Special Autonomy for Aceh
[283] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" p. 302
[284] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," Policy Studies 1, the East-West Center Washington, p. 25
[285] Article 12 (2.h) of the Law no. 18/2001 on Special Autonomy for Aceh

Meanwhile several of the exiled GAM leaders including Hasan di Tiro had become citizens of Sweden or other foreign countries[286].

It is important to note that the enactment of Law on Aceh Special Autonomy had been viewed as one of the most advance regulations on power-sharing arrangement between Jakarta and Aceh. Central government had granted to Aceh government substantial revenues from all natural resources in Aceh. Nevertheless, the law did not provide inclusive democratic processes to all Acehnese groups particularly GAM. Consequently, the implementation of decentralization became meaningless and ineffective. Aceh special autonomy was failed to achieve a major objective of decentralization: to increase government legitimacy through fair and inclusive elections.

Like the Law no. 44/1999, the Law no. 18/2001 also stipulated the implementation of Islamic *sharia* in Aceh province. However, many Acehnese Islamic leaders questioned the seriousness of the central government to apply the *sharia* in Aceh as some problems and controversy issues occurred since the law was introduced in 2001. As McGibbon noted that under Law no. 44/1999 a separate branch within the local government, known as *dinas sharia* (provincial and district division which had responsibility to enforce *sharia*), had been created to administer matter pertaining to Islamic *sharia*. The DPRD and the provincial government through *Dinas sharia*, moved to issues various *Qanun* and lower-order implementing regulations on Islamic courts. Until 2004, the provincial government had enacted 7 *Qanun* as follows: regulating the Islamic courts, the *zakat* (the religious tithe for Muslims), Islamic clothing, and the banning of alcohol, adultery and gambling[287].

Following the introduction of *Wajib Tutup Aurat* (the Islamic dress code) in early 2002, Acehnese women's organizations were worried that the *dinas sharia* emphasis on wearing the *jilbab* (Islamic headscarves) would lead to increased acts of violence against them. Whilst they feared that the implementation of Islamic law created a negative public image which

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[286] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," p. 26
[287] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, Policy Studies 10, the East-West Center Washington, p. 31-32

was based on oppression than on the attainment of social justice[288]. Conversely, *Mahkamah Sharia* (the Islamic court) for Aceh province was established in March 2003 through Presidential Instruction no. 11/2003. By mid-2004, however, the court had yet to hear a single case. The central government did not provide a clear guidance and/or blueprint about how the cases were to be investigated and prosecuted. Both the police and public prosecutor's office are central government agencies. In the absence of clear guidance on their role in enforcing Islamic law, the *Qanun* cannot be enforced[289]. On the other hand, the authority of the Islamic court was ambiguous as consequence of required *sharia* to be enforced in accordance with the national judicial system[290]. These provisions cast doubt over the extent to which the Islamic court would be allowed to develop separately from the national legal system and whether its decisions would be upheld by the Indonesian Supreme Court[291].

Generally speaking, the Islamic *sharia* initially was regarded as a political solution to resolve the Aceh conflict and to address the Acehnese *ulama* demands during the *Darul Islam* movements. The successful *sharia* enforcement could undermine the sympathy towards GAM and restore public trust of central government. However, the implementation of Islamic *sharia* had little impact on mitigating the conflict as GAM rebel group was a secular non-Islamic movement which centered their demands on seeking for accountability over human rights violence during military operations and fair revenue-sharing arrangements between Aceh and Jakarta.

Regardless several concessions to Aceh, the implementation of the Special Autonomy Law faced some obstacles and challenges. The poor performance of local government apparatus was particularly acute. As mentioned earlier, since late 1999 violent conflict between the Indonesian military and GAM rebel had significantly intensified, severely narrowing the scope for the government to perform. In order to support their movements financially, as

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[288] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 306
[289] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution? p. 33
[290] Article 25 of the Law no. 18/2001 on Special Autonomy for Aceh
[291] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" p. 307

McGibbon has observed, GAM had long been accused by the GoI of involvement in the marijuana trade whilst they countered the government's allegations by claiming that their forces were engaged in legitimate fund-raising. Since GAM was the legitimate government of Aceh, they argued, it had the right to collect *Pajak Nanggroe* (state taxes) from the people and private business[292]. The government projects in areas controlled by GAM were subject to a 30 per cent impost, although GAM claimed its state tax was only a small percentage. Despite those activities paralyzed government in the province, the local government apparatus became a key target of extortion. Intimidation of this kind was designed to send a warning to all civilian parties. Killings and disappearances by unknown assailants became common as both sides sought to create an atmosphere of terror and fear to advance their political and economic goals[293]. Not only GAM members, labyrinthine networks of illegal and semi-legal business relations were established but also among states officials and security forces personnel throughout Aceh[294]. In the case of local government's infrastructure, much of Aceh's infrastructure had been destroyed by the conflict and provincial authorities conceded that they lacked control over about 80 per cent of the province[295]. In general, these conditions had challenged the local governance performance to enforce the Law no. 18/2001.

Inefficiency, mismanaging of the government funds and the corrupt of local governance officials became a serious problem in Aceh during the conflict, in which GAM had benefited through obtaining the sympathy and support from the local population. As Sukma pointed out, a Central Bank survey in 2001 concluded that Aceh is the most corrupt province in Indonesia, whilst in the same year, a local watchdog revealed that 'irregularities' in the handling of development funds amounted to Rp.98.799 billion (estimated around US$ 9.87 million) – that was, 44 per cent of the total expenditure for the year[296]. Non-governmental watchdog organizations showed some examples of 'fictive projects' in which funds had been

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[292] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, Policy Studies 10, the East-West Center Washington, p. 29
[293] Ibid
[294] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 305
[295] Ibid
[296] Sukma, Rizal. (2004). "Security Operations in Aceh: Goals, Consequences and Lessons," Policy Studies 3, the East-West Center Washington, p. 31

allocated and spent for programs that had never been implemented. A leaked report from the Regional Audit Agency found major corruption in all local government agencies and departments, including evidence of markups and stolen funds[297]. Aceh's leadership crisis created serious challenge and obstacles to the implementation of Special Autonomy Law. The GOLKAR[298]-dominated provincial government was deeply unpopular and was widely seen as corrupt. Abdullah Puteh, the Aceh governor, became the most prominent symbol of this corrupt political culture through his expanding business interests and personal involvement in several controversial 'vanity' projects[299]. Ultimately, in late 2004 he was sentenced to 10 years in jail as the Anti-Corruption Court found him guilty of attempting to enrich for himself by putting money belonging to the provincial government into his personal account. In addition, as recommended by the Law no. 18/2001 on Special Autonomy for Aceh that the provincial government must allocate 30 per cent of its natural resources revenue to improve education was not enforced for almost two years after the introduction of the law, and the Acehnese school attendance rates continued to fall well below national attendance levels due to a combination of the escalating conflict and mismanaging the regional government funds[300].

The implementation of Special Autonomy required several ancillary regional regulations. According to article 1 (8) and article 30 of Special Autonomy Legislation, all regional regulations in Aceh were called *Qanun* as the implementing regulations for special autonomy. It covered the matters of Islamic courts, fiscal transfers, the mining industry, gas and oil, forestry, natural resource management, and education. In the drafting process, the regional legislatures did not consult adequately outside the government circles. It took more than a year to draft a particular *Qanun*. The slow process of drafting the *Qanun*, provoked strong public criticism from several elements of society. By the middle of 2004, the provincial legislatures had passed *Qanun* for only 6 of the 15 provisions that required implementing regulations. Draft *Qanun* had yet to be enacted for provisions covering foreign assistance, local symbols, the creation of Acehnese cultural institutions, the rights of voters,

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[297] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, p. 30
[298] The oldest national political party which ruled during the New Order regime
[299] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" p. 305
[300] Ibid, p. 307

the provincial police, the definition of powers and authorities devolved to the province, and the specific authorities accorded to the provincial legislature[301].

During drafting the *Qanun* on direct elections which took more than a year, the DPRD leadership repeatedly refused to schedule a public hearing to discuss the issues. On 9 March 2004 *Qanun* on conducting direct elections for Acehnese governor and district heads was finally enacted by the provincial legislatures. However, the enactment of this *Qanun* was lacking support from the Acehnese politicians as direct elections for governor and district heads would have directly threatened the position of party and government elites, subjecting these candidates to competition from grassroots leaders[302]. Conversely, the *Qanun* was introduced at a time when Acehnese civil society was at its weakest due to militarily repressed[303]. Most Acehnese were either unaware of their civil and political rights or were too afraid to exercise them. Nor were there any legal mechanism to encourage GAM to participate in the electoral process by transforming its militant struggle into a political campaign. It is worth noting that after the martial law implemented in 2003, the TNI – as the most powerful authority in the province – was well positioned to run candidates in local elections[304].

However, GAM and other Acehnese rejected the Law no. 18/2001 and saw the status of special autonomy as such 'unnecessary and unwanted present" from Jakarta whilst the independence Aceh state was their ultimate goals. As Miller observed that "many Acehnese were deeply skeptical that the law would produce any material benefits, judging from the government's broken promises about special autonomy. As the majority of Acehnese were not invited to participate in the development of the so-called "people's initiative approach" to special autonomy, public awareness about the content of the NAD law was also low."[305] It has been mentioned earlier, GAM and other groups' participation in Aceh political arena was critically important to increase government legitimacy and popular support from the people

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[301] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, p. 31
[302] Ibid
[303] Miller, Michelle Ann. (2006). "What's Special about Special Autonomy in Aceh?" p. 309
[304] Ibid
[305] Ibid, p. 304

of Aceh. If the central government had willingness to solve the Aceh problem, the revision of Law on Aceh Special Autonomy provisions had been needed. The involvement of several elements within the Acehnese including GAM would be beneficial for the future Aceh development as they knew what their needs.

4.2.3 Martial Law

The central government efforts through special autonomy status could not mitigate the armed and violent conflict in Aceh. Another political dialogue between two parties continued. On 9 December 2002, eventually, the GoI and GAM delegations with the support of the HDC, signed the Agreement on Cessation of Hostilities Agreement (CoHA) in Geneva. As Jemadu pointed out, the CoHA was considered to constitute substantial progress towards a more comprehensive solution to the conflict[306]. In the Indonesian Government delegation perspective that the CoHA strategically demanded GAM to disarm their combatants and to accept the special autonomy status offered by Jakarta. However, during the talk, GAM still maintained their ultimate goal to have self-determination and disregarded to conduct the unilateral disarmament. Notwithstanding its significance as a stepping stone towards a more comprehensive peace agreement, from a democratic point of view CoHA was still an unclear agreement which might lead to conflicting interpretations by both sides. For instance, it was ambiguous about how the agreement would implement the so-called "All Inclusive Dialogue". Whilst GAM understood the dialogue as a mechanism towards the revision of the law no. 18/2001 and the execution of a referendum, the GoI insisted that dialogue was never meant to lead to a referendum[307]. The interpretations on the objectives of dialogue were always wildly differing. Particularly the issue of local elections, the government's delegations referred to the elections in Aceh as the national general elections would take place in 2004; in contrast GAM interpreted the election clause as local elections on local issues such as referendum[308].

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[306] Jemadu, Aleksius. (2006). "Democratization, the Indonesian Armed Forces and the Resolving of the Aceh Conflict." in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press, p. 282
[307] Ibid, p. 283
[308] Djalal, Hasjim and Djalal, Dini Sari. (2006). "Seeking Lasting Peace in Aceh," Jakarta: Centre for Strategic and International Studies

Meanwhile, the armed conflict continued to escalate, however, the number of casualties dropped drastically. During the first two months after the signing of CoHA the average number of civilians killed per month had dropped to 12 compared to 87 before the talks. Only 9 members of GAM were killed compared to 102 per month and only 4 members of security forces compared to 45 per month before the CoHA agreement[309]. In contrast, GAM and pro-independence movements including SIRA echoed throughout Aceh region that the CoHA peace agreement opened the way to an independence referendum and would call for a UN investigation of human rights abuses. Thus, early 2003 the government arrested the prominent SIRA leader, Muhammad Nazar, accused as delivering pro-independence and anti-government propaganda[310]. The Aceh situation worsened, the government was worried that GAM was expanding its influence in rural areas. Although government apparatus were sent to the district centers to explain the details of the agreement, they rarely attracted audiences of more than a few hundred while thousands were listening to GAM leaders. Part of the government's problem was that the infrastructure of local government in rural areas was not working effectively. As a result, government functions were often administered by GAM and according to report estimated that GAM controlled at least 40 per cent of the province's villages and sub-districts[311].

Mutual distrust and suspicion increased and each side tried to consolidate its military power. Due to uncertain situations, the Indonesian military took the initiative to design a contingency plan by which it would urge the government to impose martial law in Aceh. The reluctance of GAM to disarm and to accept a special autonomy was a long-awaited justification for the military to launch the operation to eliminate the secessionist movement[312]. Therefore, the central government called GAM the 'last chance' to hold another political dialogue with two nonnegotiable demands: GAM accept autonomy as the ultimate goal of the peace process and they *menggudangkan* (warehouse) theirs weapons[313].

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[309] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," Policy Studies 1, the East-West Center Washington, p. 34

[310] Jemadu, Aleksius. (2006). "Democratization, the Indonesian Armed Forces and the Resolving of the Aceh Conflict." p. 283

[311] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," p. 36

[312] Jemadu, Aleksius. (2006). "Democratization, the Indonesian Armed Forces and the Resolving of the Aceh Conflict." p. 283

[313] Aspinall, Edward and Crouch, Harold. (2003). "The Aceh Peace Process: Why it failed," p. 44

Brokered by the HDC, the talk took place on 17 May 2003 in Tokyo. As it had been predicted, the talk was failed as GAM rejected the following government's offers: "(1) GAM fully accept the special autonomy status provided by the law no. 18/2001 on Special Autonomy for Aceh within the framework of the unitary state of the Republic of Indonesia and consequently agrees not to seek the independence of Aceh; and (2) in this regard, GAM is committed to dropping the armed struggle, to disbanding the Acehnese State Army, and to participating in the political process as stipulated in the CoHA."[314] As a consequence, on the next day, on 18 May 2003 President Megawati Sukarnoputri signed the Presidential Instruction no. 28/2003 on the Declaration of a State Emergency with the Status of Martial Law in the Aceh province.

Through this Presidential Decree, the government launched a largest military operation, known as *Operasi Terpadu* (Integrated Operation), through deploying some 45,000 security forces which comprised 30,000 military and 15,000 police[315]. It was the biggest offensive since the invasion of East Timor in 1975. President Megawati received strong support from the parliament, politicians and most non-Acehnese Indonesian. According to McGibbon that "…Megawati's tough stance on Aceh received strong public approval with only 6 per cent of people [national legislatures] opposing military operations….50 per cent of Indonesian favored a military solution compared to only 29 per cent who supported continuing dialogue…[316]". Meanwhile, this operation intended to restore some aspects such as: security and order, a humanitarian operation, a law enforcement operation, and an operation to restore the functions of the bureaucracy[317]. The consequence of the Martial Law was the transfer of authority from civilian governor, Abdullah Puteh, to the commander of Aceh's Kodam, Major General Endang Suwarya as the *Penguasa Darurat Militer Daerah*, PDMD (Regional Martial Law Administrator), made the military the highest government authority in Aceh.

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[314] Ibid

[315] Schulze, Kirsten E. (2006). "Insurgency and Counter-Insurgency: Strategy and the Aceh Conflict, October 1976-May 2004," in Anthony Reid (Ed), *Verandah of Violence: The Background of the Aceh Problem*, Singapore University Press

[316] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, p. 49

[317] Sukma, Rizal. (2004). "Security Operations in Aceh: Goals, Consequences and Lessons," Policy Studies 3, the East-West Center Washington, p. 21-22

The civilian governor only served as an assistant to the military administrator together with the district attorney and the regional police head[318].

After six months its implementation, the military claimed to have killed 1,106 GAM members, arrested 1,544, forced 504 others to surrender, and seized 488 weapons (approximately 30 per cent of GAM's estimated weaponry). Therefore, the military believed that after six months of intensive campaigning it had reduced GAM's strength by 55 per cent. They also claimed that only 273 out of 6,000 villages remained under GAM control and ironically, some 395 civilians were killed and 159 were wounded due to this operation[319]. As Aspinall discussed in his book "…by then end, however, the methods were not far different from the earlier repression. Targeted killings, torture, forced relocation of village populations, mobilization of civilian militias – all of this and more once again became part of state terror in Aceh[320].

Martial law represented the very antithesis of self-government that was the intended goal of special autonomy. The Aceh's civilian government seriously weakened whilst the military exercising near absolute powers, thus the law no. 18/2001 became 'only window dressing'. Revenues allocated under the law continued to be disbursed to the province and the DPRD continued to draft *Qanun* related to special autonomy mostly focused on aspects of the Islamic *Sharia* enforcement[321]. Furthermore, the entire civilian administration was subordinate to the military administrator. Postal service and telecommunications in the province came under the control of the military, which could also impose restrictions on the media and on printing facilities. The military had the power to ban or restrict the movement of goods and people into the province as well as controlling all air, sea, and road transport. Martial law also limited basic civil rights. The military administrator not only had the power to ban public demonstrations but could press people into forced labor. The authority could detain suspects virtually without restriction: they could be held for 20 days without trial, a

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[318] Ibid

[319] Ibid, p. 25

[320] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 143

[321] McGibbon, Rodd. (2004). "Secessionist Challenges in Aceh and Papua: Is Special Autonomy the Solution?, p. 50

term that could be extended by another 50 days if the authorities chose to keep them. It is worth noting that the above conditions underline just how far government policy had deviated from the objectives of special autonomy[322].

In addition, the military administrator announced that the TNI personnel would replace village heads where the conflict had paralyzed village administration. In the GAM strongholds areas along the north and east coast, civilian government barely functioned as village heads and sub-district officers had long been easy targets for combatants on either side. The military administrator issued new identity cards to all residents and established checkpoints throughout Aceh[323]. The military encouraged various youth groups and other civilian paramilitaries to mobilize demonstrations in support of martial law and Indonesia's unitary state. These actions were part of a larger effort to stigmatize opposition to martial law and limit public debate. In this oppressive condition, government propaganda stressed the virtues of showing loyalty to the *Negara Kesatuan Republik Indonesia*, NKRI (The Unitary States of The Republic of Indonesia) for the Acehnese[324].

All in all, poverty has been the real problem in Aceh. Approximately 40 percent of the province's 4.2 million people were living under the poverty line. This figure, a total of 1,680,000 people, showed a significant increase from only 425,600 people in 1996 and 886,809 in 1999. Living conditions had showed no improvement over the years. It was estimated that about half of Aceh's population still had earth or wooden floors and lacks access to safe drinking water and electricity. Despite its abundant natural resources, in 2002 Aceh was the poorest province in Sumatra and the second poorest in Indonesia[325]. Martial Law followed by the intensive armed conflict, corruption and lawlessness, sank Aceh deeper into poverty. Local government officials contend that more than half of the population lives below the poverty line in the year 2003. Indeed, before the tsunami struck, it is estimated that

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[322] Ibid
[323] Ibid, p. 51
[324] Ibid, p. 52
[325] Sukma, Rizal. (2004). "Security Operations in Aceh: Goals, Consequences and Lessons," Policy Studies 3, the East-West Center Washington, p.

1.2 million people already lived in unsuitable housing conditions, with poor sanitation and water facilities[326].

4.2.4 Tsunami Catastrophe

After one year of martial law enforcement, the shift of Aceh status took place in May 2004 from martial law to civil emergency. The condition of the provincial government worsened, particularly when Governor Abdullah Puteh, as already mentioned earlier, was suspended from duty on 20 July 2004 through Presidential Instruction no. 2/2004 and then sentenced to ten years imprisonment for corruption. His deputy, Azwar Abubakar became acting governor whilst the more complex systematic problems of poor governmental accountability and transparency in Aceh's government institutions remained largely unaddressed. Under a more efficient provincial government, the redistribution of Aceh's natural resource wealth may have gradually reduced support for GAM by generating employment opportunities and improving access to public services and facilities[327].

In October 2004, Susilo Bambang Yudhoyono, called as SBY, (2004 – present) won the first direct presidential election ever in Indonesian history. Along with his administration, SBY prioritized solving and ending violent conflict in some regions in Indonesia particularly in Aceh. It is worth noting that SBY during his previous work as Coordinating Ministry for Political and Security Affairs was the conceptor of Humanitarian Pause and CoHA agreements. Therefore, he and his administration especially his deputy, Jusuf Kalla (JK), personally committed to have Aceh negotiations as a means of ending conflict[328]. In order to prioritize the negotiations, JK, was appointed to be in charge in the process. Not long after his appointment, he initially reopened the initial talks with GAM to discuss future peace in Aceh[329].

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[326] Djalal, Hasjim and Djalal, Dini Sari. (2006). "Seeking Lasting Peace in Aceh," Jakarta: Centre for Strategic and International Studies
[327] Jemadu, Aleksius. (2006). "Democratization, the Indonesian Armed Forces and the Resolving of the Aceh Conflict." p. 309
[328] Aspinall, Edward. (2005). "The Helsinki Agreement: A More Promising Basis for Peace in Aceh," Policy Studies 20, the East-West Center Washington
[329] Ibid

Nevertheless, just as some initial talks were being taken, on 26 December 2004 the huge natural disaster struck Aceh. The earthquake of 9.0 magnitudes off the west coast of Aceh followed by tsunami caused massive destructions whilst it claimed approximately 200,000 people lives and half a million people left their homes. Local government structure in particular suffered. It is estimated that only half of the civil servants in the affected areas survived the catastrophe. Many soldiers died too, some two thousand of them along with their dependents. Those who survived the tsunami have had to cope with its destructive consequences. Thousands of hectares of land were destroyed. The western coastline was particularly devastated, with up to three-quarter of it lost or damaged. Livelihoods, from fishing to farming to simple market trade, were lost too. Government officials estimate the damage to be worth some USD 4.5 billion – or more that 95 per cent of Aceh's Gross Domestic Product (GDP). Families became homeless overnight. Some 270,000 homes were destroyed; at least 120,000 new houses need to be built. Other infrastructures were also badly damaged. More than 2,000 schools were lost, leaving some 150,000 students, stranded without schooling. More than 1,000 healthcare workers were killed while 690 hospitals were debilitated. Thousands of kilometers of roads disappeared, as did more than 2,000 bridges. Other infrastructure has been badly damaged. The airport suffered damage. It took a week to get the first phone lines working[330].

The tsunami's devastation shifted the political landscape in Aceh, by opening the province up to thousands of international aid workers. GAM immediately declared a unilateral ceasefire in the interests of smooth delivery of humanitarian assistance. The Indonesian military believed that GAM would not use any ceasefire to strengthen its forces as they did in the past. Subsequently, President SBY urged all parties to work together to end the conflict so that all efforts could be devoted to reconstruction[331]. As Aspinall pointed out that "in this perspective, the tsunami is best viewed as a pretext by which the two sides could return to the

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[330] Djalal, Hasjim and Djalal, Dini Sari. (2006). "Seeking Lasting Peace in Aceh," Jakarta: Centre for Strategic and International Studies, p. 81-82
[331] International Crisis Group (ICG). (2005). "Aceh: A New Chance for Peace," Asia Briefing No. 40, p. 3-4

negotiating table and offer greater concessions than in the past without losing face. It was not itself the chief cause of the return to talks"[332].

Meanwhile, GAM had also suffered from tsunami waves. Many of its leaders and field commanders were killed when the tsunami destroyed the prisons along the coasts. With communication lines destroyed, their logistics were further impaired. But most vital was the tsunami's impact on the average Acehnese villager. These men and women who make up GAM's support base simply lost interest in the conflict, over night[333]. On the other hand, martial law also had a heavy impact on GAM. GAM's supply lines and communications had been seriously disrupted. It was more difficult to move about and the movement's strength in urban areas had all but disappeared[334]. Furthermore, many of the GAM combatants fled to the hills, making it difficult for them to collect food and weapons supplies. Their *Pajak Nanggroe* activities were also hampered by their new isolation, so their financial situation worsened. The Indonesian military estimated that by the end of martial law, some 2,000 suspected rebels had been killed, some 2,000 were captured, more than 1,300 surrendered and when tsunami struck GAM members only remained 1,200 to 1,500 combatants[335].

4.3 The Helsinki Peace Agreement (MoU): The Restoration of Power-Sharing Arrangements

As mentioned above, this study elaborates the following three important factors that imposed the return of the Indonesian Government and GAM to use political approach through negotiation table to end the Aceh conflict permanently: 1) the newly elected President Susilo Bambang Yudhoyono and his Vice President, Jusuf Kalla, who were personally committed to end violent conflict through using negotiation mechanism; 2) the tsunami factors which led the GoI and GAM to have mutual objectives in rebuilding and reconstructing Aceh after the massive destructions; and 3) the weak of GAM after martial law and tsunami devastation

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[332] Aspinall, Edward. (2005). "The Helsinki Agreement: A More Promising Basis for Peace in Aceh," Policy Studies 20, the East-West Center Washington, p. 21
[333] Djalal, Hasjim and Djalal, Dini Sari. (2006). "Seeking Lasting Peace in Aceh," Jakarta: Centre for Strategic and International Studies, p. 84
[334] International Crisis Group (ICG). (2005). "Aceh: A New Chance for Peace," Asia Briefing No. 40, p. 5
[335] Djalal, Hasjim and Djalal, Dini Sari. (2006). "Seeking Lasting Peace in Aceh," p. 84

which significantly decreased their numbers, weaponry, infrastructures, etc. Bearing in mind that the negotiation process had been ignored after the collapsed of CoHA agreement in 2003 whilst the Indonesian Government exercised martial law to combat the GAM rebels.

As a matter of fact, in January 2004 under the auspices of former Finish President Martti Ahtisaari with his Crisis Management Initiative (CMI), both the Indonesian Government and GAM deployed their negotiators to have a new negotiation in Helsinki, Finland. The intensive talks with five rounds dialogue – 27-29 January, 21-23 February, 12-16 April, 26-31 May, and 12-17 July 2005 – ultimately ended with the signing of Peace Agreement (MoU) on 15 August 2005. "…The parties commit themselves to creating conditions within which the government of the Acehnese people can be manifested through a fair and democratic process within the unitary state and constitution of the Republic of Indonesia. The parties are deeply convinced that only the peaceful settlement of the conflict will enable the rebuilding of Aceh after the tsunami disaster on 26 December 2004 to progress and succeed…"[336] The Memorandum of Understanding (MoU) covered the following six aspects: governing of Aceh, human rights, amnesty and reintegration into society, security arrangements, establishment of the Aceh Monitoring Mission (AMM), and dispute settlement. In the section of Aceh governance, it elaborated the Law on the Governing of Aceh (LoGA), political participation, economy and rule of law[337]. The Law on the Governing of Aceh would be enacted soon after the peace agreement signed and as legal entity to operate the whole sections of the agreement to come into effect. As indicated in the Article 1.1(1) of MoU 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."

At the heart of the agreement was a framework for decentralized government that Indonesian negotiators tended to refer to as "*otonomi seluas-luasnya*" (broadest possible autonomy – a phrase that had been used in connection with Aceh since 1950s), and GAM leaders described as "self-government." In fact, most of the autonomy package embodied in the MoU almost

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[336] The Preamble of Memorandum of Understanding (MoU) between the Government of Indonesia (GoI) and *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement), 15 August 2005
[337] Memorandum of Understanding (MoU) between the Government of Indonesia (GoI) and *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement), 15 August 2005

did not differ much from the Law no. 18/2001 on Special Autonomy. Many of the provisions recognizing Acehnese symbols resembled those in the earlier law, and the allocation of natural resources revenues was little changed[338]. The arrangement of natural resources revenues stipulated in the Article 1.3.4 of the MoU that "Aceh is entitled to retain seventy (70) per cent 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," whilst a similar arrangement in Article 4.4 of Law no. 18/2001 on Special Autonomy in Aceh dramatically reduced the share after the eight years.

Meanwhile, it is important to note that the CMI-facilitated initiative had been in one crucial respect fundamentally different from that organized by the HDC. In the previous Humanitarian Pause and CoHA negotiations, the HDC designed an open-ended process under which it was hoped the parties would identify common interests by concentrating first on ceasing hostilities. The CMI process reversed the approach used by the HDC[339]. President Ahtisaari told both parties that there would be no settlement that was not complete and final, and first stated the mantra that dominated the talks, that '*Nothing is agreed until everything is agreed*'. This precluded any chance of a ceasefire while the talks were underway, or as a precondition of the talk progressing[340]. Initially, it looked as if the talks were facing difficulty, with the Indonesian Government side (as under the HDC-led process) insisting that any agreement would have to be based on the existing NAD law, and little prospect of GAM agreeing to that[341].

Although the Helsinki agreement could be seen as a more promising basis for lasting peace in Aceh conflict, some nationalists, political-oppositions and military –known as hard-liners side, however strongly against the agreement. In fact, the signing of this agreement reflected the dominance of the soft-liners, led by SBY and JK, on the Aceh peace process within the

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[338] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 236
[339] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," Berghof Foundation for Peace Support, p. 15
[340] Kingsbury, Damien. (2006). "Peace in Aceh: A Personal Account of the Helsinki Peace Process," Equinox Publishing Indonesia, p. 26
[341] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," p. 15

Indonesian Government. As Aspinall pointed out that differing interpretations by the two sides on key items of the agreement (e.g. the timing and pace of GAM disarmament, the degree of and time table for the Indonesian troops reductions, the nature of human rights investigations, the precise character of local parties, etc) and of problems in implementation (armed clashes in the field, demonstrations or violent attacks by militias, criminal activity by armed bands claiming GAM affiliation, etc) would provide opportunities for hard-liners to reassert themselves. The future viability and implementation of the peace accord, therefore, would largely be dependent on the internal balance of forces within the Indonesian Government[342]. Sudibjo also observed the different interpretations between two sides concerning the violation of peace agreement clauses to the existing legislations and laws. The soft-liners who supported the peace agreement told that in order to achieve lasting peace in Aceh, greater concessions through breaking the existing regulations was imperative to be given. Conversely, the hard-liners who strongly opposed MoU said that the government gave too much compromises to GAM whilst all Helsinki MoU provisions led to the violation of legislations and even Indonesian Constitution of 1945[343]. In sum, the Helsinki MoU was not only legal agreement but also more political document which contained many concessions between the two conflicting groups and it might violate some existing national and local legislations.

Overall, the Helsinki Peace Agreement might be fragile and insecure, at least in the short period after the signing. Whilst the following issues might be identified as spoilers of peace and could sabotage the agreement, namely: 1) the hard-liners to the Helsinki Peace Agreement such as nationalists, political-oppositions and military could seize the provisions of the agreement into the new Law on Governing of Aceh; 2) different interpretation by the two groups on the agreement because the provisions were apparently ambiguous and vaguely worded; 3) lack of supports from GAM in the fields to spread the agreement campaign; and 4) the issues of corruption and poor government capacity which might divert the Acehnese from benefiting from the positive impact of peace[344]. Aspinall has also pointed out the issues

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[342] Ibid, p. 10
[343] Sudibjo, M. (2005). "*Analisis CSIS, Demokrasi Lokal: Pilkada Langsung*," Vol. 34, No. 3, September 2005
[344] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," p. 18

which might potentially spoil the Helsinki peace process. The problems would be severe in the implementation process. Most of the key provisions would need to be incorporated into legislation and passed by the national legislature before they could take effect. It could be expected there would be attempts to water down some of the most far-ranging elements of the agreement during this process. Some elements of the military and its militia proxies might wish to spoil the agreement, whilst there was a possibility that some GAM elements would reject their leaders' compromise on the independence issue[345].

The peace agreement reflected a strong willingness from the Indonesian Government and GAM sides to make concessions in seeking lasting peace. The two compromises specifically on Aceh governance aspects had been considered as the most crucial issues. The first related to the question of Aceh's final status within the Republic of Indonesia. The provisions contained in the MoU provide for a federal-like arrangement – 'self-government' in the GAM term – in the relationship between Aceh and the rest of the country. This form of relationship clearly served as a compromise between GAM's demand for independence on the one hand and the existing special autonomy offer by the GoI on the other. The second compromise related to the question of GAM transformation and political participation. It served as a compromise between the GoI's earlier demand for GAM's disbandment and the assertion by GAM leadership abroad that it represented a government-in-exile for Aceh[346].

4.3.1 Aceh Self-Governance

As mentioned previously, during the Humanitarian Pause and CoHA agreement GAM did not accept the government's offer on special autonomy status for Aceh and preferred to maintain the concept of independence instead. In contrast, in the beginning of Helsinki talks, GAM proposed the term of 'self-governance' to avoid using previous term 'special autonomy' which was introduced by the Indonesian Government through the Law no. 18/2001 and GAM consequently dropped their armed struggle for independence. As one of GAM negotiators said "…we cannot accept the use of the term special autonomy if this just

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[345] Ibid
[346] Sukma, Rizal. (2005). "Resolving the Aceh Conflict: The Helsinki Peace Agreement," HD, Background Paper 4a, Centre for Strategic and International Studies (CSIS), p. 12

means the status quo…,"[347] "…we are the opinion that we will limit ourselves in using the term special autonomy. We have selected the term self-government…."[348] GAM negotiators also pointed out that self-government term was another word for genuine autonomy but without the same abhorrent connotations[349]. In short, this study observed that during the previous peace negotiations (Humanitarian Pause and CoHA) GAM never dropped their demand for independence from Indonesia. In contrast, in the Helsinki peace talks GAM acted much softer to the Indonesian government, they brought a self-government proposal to tackle the Aceh problems. It is worth noting that the self-government and/or genuine autonomy proposal can be seen as a new strategy of GAM to achieve a significant 'power-sharing government' and to end prolonged conflict in Aceh. Meanwhile, it was viewed as a remarkable breakthrough for both parties, Government of Indonesia and GAM, in pursuing the successful peace agreement.

The government delegations strongly against the self-government term proposal. Whilst the delegations received heavy criticism from Jakarta opponents in the military, parliament and some Indonesian nationalists[350], they were worried that GAM would use the self-government term as stepping stone to achieve its ultimate goal: Aceh independent country. At the end, the government negotiators accepted the term of self-government in principle and continued a further talk.

Consequently, the final draft of MoU deliberately avoided the word "autonomy" to underscore that the arrangements to be legislated would be different and more far-reaching than the Law no. 18/2001 on Special Autonomy. It was in part on the promise of genuine self-rule for Aceh that GAM negotiators were able to persuade their colleagues to accept the agreement[351]. Furthermore, unlike the Special Autonomy Law, the peace agreement also

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[347] Awaluddin, Hamid. (2009). "Peace in Aceh: Notes on the Peace Process Between the Republic of Indonesia and the Aceh Freedom Movement (GAM) in Helsinki," Jakarta: Centre for Strategic and International Studies, p. 126

[348] Ibid, p. 123

[349] Nur Djuli, Muhammad and Abdul Rahman, Nurdin. (2008). "The Helsinki Negotiations: A Perspective from Free Aceh Movement Negotiators," Conciliation Resources, http://www.c-r.org/our-work/accord/aceh/helsinki-negotiations.php

[350] Ibid

[351] International Crisis Group (ICG). (2006). "Aceh: Now for the Hard Part," Asia Briefing No. 48, p. 2

disregarded the term of province and governor for Aceh region and its head of administration. As indicated in preamble of the MoU that "The parties [the Indonesian Government and GAM] commit themselves to creating conditions within which government of the Acehnese people can be manifested through a fair and democratic process within the unitary state and constitution of the Republic of Indonesia." In some respects, the autonomy was offered stronger than previous Law on Special Autonomy; for instance, the agreement attempted to restrict the national legislature's authority over Aceh,[352] drawing in the section of Governing of Aceh, 1.1(2) (d) that "Administrative measures undertaken by the Government of Indonesia with regard to Aceh will be implemented in consultation with and with the consent of the head of the Aceh administration."

Unlike other provinces throughout Indonesia, Aceh administration also enjoyed a maximum autonomy through this agreement to govern its own people, for instance as indicated in the Article 1.1(2) of the Helsinki Peace Agreement that " The new law on the Governing of Aceh will be based on the following principles: (a) Aceh will exercise authority within all sectors of public affairs, which will be administered in conjunction with its civil and judicial administration, except in the fields of foreign affairs, external defense, national security, monetary and fiscal matters, justice and freedom of religion, the policies of which belong to the Government of the Republic of Indonesia in conformity with the Constitution…".

4.3.2 GAM Political Participation

In the matter of GAM participation in Aceh politics, there were two crucial issues had been discussed during the talks namely the establishment of Aceh-based political parties and the independent candidates were allowed to run for the head of executives. As an exchange for abandoning the independence demand, GAM negotiators would require recognition of the rights to establish local political parties like Sinn Fein in Northern Ireland and the *Partie Quebecois* in Canada. It was widely believed that GAM would wish to transform itself into a party and run for political office in Aceh as part of a peace deal; without such an option,

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[352] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 236

agreeing to peace would have been tantamount to consigning itself to political oblivion. The timing of local elections was thus also a concern: legislative elections were held in April 2004 and direct elections of Aceh executives were scheduled for October 2005. In the normal electoral cycle, repeat elections would not be held for another five years. GAM wanted them to be held soon after an agreement was reached, to allow for the population to vote under the new arrangement of 'self-governance'.[353]

Nevertheless, the Indonesian delegations refused this proposal with three following conditions: First, the establishment of local political parties would violate the Law no. 31/2002 on Political Parties as the conditions for political parties using the national standards is a percentage, for instance the political parties must have an office and a management structure in at least 50 per cent of the provinces or regencies at provincial level which is the mortar or unity for the totality of the Indonesia large nation[354]. The Law on Political Parties also requires all political parties to be based in Jakarta and have national representation. Second, it was a basic unwillingness to allow political organization along ethnic, regional or other 'primordial' lines anywhere in the country. Many Jakarta politicians publicly expressed concern that allowing local parties in Aceh would set in train a "domino effect' that would spread to other provinces[355]. Third, the history of GAM's struggle was one of opposition to the government which many felt was gnawing away at the concept of the unitary state of Indonesia. Therefore, local political parties in Aceh would become a very effective vehicle for GAM to open a new page of opposition to Unitary State of Indonesia[356]. Broadly speaking, the hard-liner nationalists worried that if GAM would win in the local election, the worst-case scenario, the elected GAM-dominated government would declare Aceh's independence.

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[353] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," Berghof Foundation for Peace Support, p. 16
[354] Awaluddin, Hamid. (2009). "Peace in Aceh: Notes on the Peace Process Between the Republic of Indonesia and the Aceh Freedom Movement (GAM) in Helsinki," Jakarta: Centre for Strategic and International Studies, p. 205
[355] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," p. 17
[356] Awaluddin, Hamid. (2009). "Peace in Aceh: Notes on the Peace Process Between the Republic of Indonesia and the Aceh Freedom Movement (GAM) in Helsinki," p. 205

At the same time, the GoI offered to GAM to facilitate the establishment of local political parties in Aceh through working with Jakarta political parties to create a national structure for GAM to exist as a national political party. However, the offer was comprehensively rejected by GAM at the time as both undemocratic and unworkable. One of the GAM negotiators said that "The answer to the problem of political parties for Acheh is not for Indonesian government to offer GAM a supposed sweetheart deal that excludes the possibility of other political parties,"… "These peace talks are not about an arrangement that ensures GAM is given power in Aceh, but it about introducing genuine democracy to Aceh"[357]. In short, the GAM negotiator noted that beyond subverting democracy, the Indonesian Government proposal would not be sustainable and could not ensure political representation for Aceh[358]. According to International Crisis Group (ICG), there were two interpretations of GAM intentions to demand the local political parties in Aceh. Firstly, GAM was not interested simply in a party for itself but believed the only way to loosen Jakarta's stranglehold on politics and allow genuine local aspirations to be expressed was through the creation of such parties. Secondly, GAM believed that if the Acehnese people could freely express their aspirations, they would support separation from Indonesia. Whilst GAM might have set aside independence as a goal in the short term, it might be hoping to use local parties as a vehicle for an eventual referendum. But that aim, even if true, may not be based on a realistic assessment of its own support[359]. In short, the government might be running only a small risk by allowing local parties. In some ways the risk to GAM is higher: if it does poorly in a free and transparent ballot, as some think it will, its credibility and legitimacy will be substantially weakened[360].

Ultimately, the Indonesian negotiators agreed with the GAM proposal on local political parties and along with wording for this clause 'local parties with national criteria'. As envisaged in the section of political participation 1.2(1) of the Helsinki Peace Agreement that "…the Indonesian Government agrees to and will facilitate the establishment of Aceh-based political parties that meet national criteria. Understanding the aspirations of Acehnese people

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[357] Kingsbury, Damien. (2006). "Peace in Aceh: A Personal Account of the Helsinki Peace Process," Equinox Publishing Indonesia, p. 146
[358] Ibid
[359] International Crisis Group (ICG). (2005). "Aceh: A New Chance for Peace," Asia Briefing No. 40, p. 10
[360] Ibid, p. 11

for local political parties, the Indonesian Government will create, within one year or at the latest 18 months from the signing of this MoU, the political and legal conditions for the establishment of local political parties in Aceh in consultation with Parliament…"

Furthermore, the peace agreement in Helsinki differed greatly from the Special Autonomy Law particularly in the arrangement of elections for executive heads with independent candidates, "Upon the signature of this MoU, the people of Aceh will have the right to nominate candidates for the positions of all elected officials to contest the elections in Aceh in April 2006 and thereafter."[361] This clause implied that independent candidates would be allowed to run for executive office – the positions of governor, *bupati* (district heads), and mayors and their deputies. Elsewhere in the country, candidates for executive office had to be nominated by political parties or coalitions parties[362].

Consequently, this provision would allow newly amnestied GAM members, among others, to run. While it was within the authority of the Aceh legislature to pass such a regulation under the terms of Special Autonomy Law, the Ministry of Home Affairs in Jakarta objected to this and several other provisions. It argued that the clause on independent candidates violated the amended Law no. 32/2004 on Regional Autonomy Law requiring all candidates for local office to be nominated by national parties[363]. Furthermore, the Indonesian intelligence was suspicious, GAM would political participation, first through independent candidates then a local party, to control "strategic areas" and pursue its independence agenda[364]. In addition, one parliamentarian in Jakarta said the problem with GAM running on an independent ticket was that it would in effect turn the elections into a referendum on independence. Whether or not GAM candidates articulated that aim, that is how villagers would see it, he said, and in a free and fair election, a GAM slate could win several districts, perhaps even the governorship[365].

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[361] Section of Political Participation 1.2(2) of Memorandum of Understanding (MoU) between the Indonesian Government and *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement), 15 August 2005
[362] Aspinall, Edward. (2009). "Islam and Nation: Separatist Rebellion in Aceh, Indonesia," Stanford University Press, p. 237
[363] International Crisis Group (ICG). (2005). "Aceh: A New Chance for Peace," Asia Briefing No. 40, p. 3-9
[364] International Crisis Group (ICG). (2006). "Aceh: Now for the Hard Part," Asia Briefing No. 48, p. 4
[365] Ibid

4.3.3 Law on the Governing of Aceh (LoGA)

The incorporation of the provisions of the Helsinki peace agreement into the new Law on Governing of Aceh had been the toughest task of the government, since many politicians in Jakarta were unhappy with the agreement. Some parliamentarians said that they had been excluded during the process, they also felt that SBY and JK '*fait accompli*' them in making a crucial decision. Meanwhile, the new LoGA was developed to replace the Law no. 18/2001 on Special autonomy to confirm the Aceh self-government under the Unitary State of the Republic of Indonesia.

On 11-12 October 2005, in response to the Helsinki Peace Agreement, a thousand of Acehnese comprised Aceh Governor, Aceh parliaments, district heads, GAM, religious leaders, students, etc, gathered in the University of Syiah Kuala to finalize the *Rancangan Undang-Undang Pemerintahan Aceh*, RUUPA (Bill of Governing of Aceh) and then to submit to the central government for formal deliberation in the national parliament[366]. It had some flaws and inconsistencies, however it was a consensus among Acehnese that everyone from local politicians to GAM could live with[367]. It is worth noting that GAM did not support the Islamic *Sharia* to be regulated in the new Law since it was not discussed in the Helsinki Peace Agreement.

Although the Aceh's draft had been agreed by most Acehnese, however there were some groups of local officials in Aceh opposed the draft since their demand to proliferate Aceh into three provinces was rejected by the Acehnese drafters. They demanded to carve two new provinces out of Aceh: *Aceh Leuser Antara* (ALA) which comprised five districts: Aceh Tengah, Bener Meriah, Aceh Tenggara, Gayo Lues and Aceh Singkil; whilst *Aceh Barat Selatan*, ABAS (Southwest Aceh) consisted of six districts: Aceh Barat, Nagan Raya, Aceh Selatan, Aceh Barat Daya, Aceh Jaya and Simeulue[368]. However, neither government officials nor national parliaments supported the ideas as dividing Aceh was not the

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[366] Baldan, Ferry Mursyidan. (2007). "*Pondasi Menuju Perdamaian Abadi*," Suradi, SS (Ed.), Suara Bebas: Jakarta, p. 24-26

[367] International Crisis Group (ICG). (2006). "Aceh: Now for the Hard Part," Asia Briefing No. 48, p. 2

[368] Ibid, p. 44

government policy. The two following issues could be seen as the major reasons of dividing Aceh campaign into two provinces: First, it related to the conflict issues. Local activists claimed that ALA and ABAS supporters had received money from the national intelligence sources. In Bener Meriah district, the leader of the ALA campaign was also a leader of the anti-GAM militias formed during the military emergency, further fuelling suspicions of Jakarta involvement. The similarities were striking to the efforts to divide Papua in 2002-2003, when the Megawati government's interests in weakening the independence movement coincided with those of the local elite in personal enrichment. Second, it improved a better service delivery. Local officials leading the campaign for ALA and ABAS argued their case in terms of improving government services, much as was done in Papua, but they added the argument that since Indonesian independence, provincial government jobs had always gone to Acehnese from the north and east coasts, while those from the central, west, and southwest had faced systematic discrimination, and this was the opportunity to change matters[369].

On the other hand, the Ministry of Home Affairs as the central government representative, however, watered down an Aceh draft through excising the phrase 'self-government' wherever it appeared in and granting the Aceh government even less authority that it had under special autonomy. The reaction was swift in coming, not just from GAM but from a broad spectrum of the Acehnese public[370]. The government's draft eliminated some crucial provisions from the Aceh's draft such as the issues of the establishment of local political parties and independent candidates[371]. The government's draft also refined the issue related to central government allocations for Aceh. The Aceh draft stated that in addition to revenue from taxes and natural resources, the government had to make a special allocation of 5 per cent of the *Dana Alokasi Umum*, DAU (General Allocation Fund) due the provinces and districts under Indonesia's regional autonomy laws. Many Acehnese drafters saw the additional funds as compensation for years of hardship and destruction caused by the conflict. They also came up with alternative suggestion that was 3 per cent for 30 years as the

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[369] International Crisis Group (ICG). (2006). "Aceh: Now for the Hard Part," Asia Briefing No. 48, p. 6
[370] Ibid
[371] Baldan, Ferry Mursyidan. (2007). "*Pondasi Menuju Perdamaian Abadi*," p. 29

length of that conflict. Nevertheless, the central government was worried to grant Aceh with an extra fund as other provinces would demand equal treatment[372].

Furthermore, in Aceh's draft, the Aceh autonomous government supervised its own civil service; whilst in the government draft, the ministry of home affairs coordinated supervision. The Aceh draft left it to the province to control exploration and management of its own gas and oil resources. In the government version, the provincial and district governments exerted control "in accordance with their authority". The Aceh draft called for Acehnese enterprises to be given priority in processing the territory's fuel resources but this clause had been excised from the government draft. The Aceh draft gave the local government authority to institute its own trade and investment policies, as long as it informed the central government and coordinated with it. The government draft said that trade and investment in Aceh had to observe "norms, standards, procedures and criteria operative at a national level"[373]. In general, GAM and Aceh parliaments found that around 30 out of 150 clauses of Aceh's draft had been removed in the government's draft[374].

In July 2006 the central government finally passed the Law on the Governing of Aceh (LoGA) which was primarily intended to incorporate the major provisions of the Helsinki Peace Agreement and replace the Law on Special Autonomy. However, the final version of the LoGA still remained controversy within the Acehnese as it substantially deviated from some provisions of the Helsinki Peace Agreement. For instance, as mentioned in the agreement, the Aceh legislatures and the Aceh Governor will have a strong bargaining power toward the national legislatures and central government in decision making process in accordance with Aceh. It stated in the two clauses of the agreement that "Decisions with regard to Aceh by the legislature of the Republic of Indonesia will be taken in consultation with and with the consent of the legislature of Aceh,"[375] and "Administrative measures undertaken by the Government of Indonesia with regard to Aceh will be implemented in

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[372] International Crisis Group (ICG). (2006). "Aceh: Now for the Hard Part," Asia Briefing No. 48, p. 4
[373] Ibid, p. 3
[374] Baldan, Ferry Mursyidan. (2007). "*Pondasi Menuju Perdamaian Abadi*," p. 29
[375] Article 1.1.2 c) of Memorandum of Understanding (MoU) between the GoI and GAM

consultation with and with the consent of the head of the Aceh administration."[376] However, the LoGA watered down them with "Draft laws prepared by the DPR (national legislatures) that direct involve the governance of Aceh shall be developed with the consultation and advisement from the DPRA"[377] and "Administrative policies that directly involve the governance of Aceh to be enacted by the Government shall be developed with the consultation and advisement from the DPRA (Aceh legislatures)."[378] In short, the LoGA has replaced the strong word of "with the consent of" with 'only' the moderate one "with the advisement of". Furthermore, the legislation also indicated that the central government will have a robust intervention in the establishing of the *Qanun, Peraturan Daerah* (local regulation). As stated in LoGA that "Government supervision *Qanun* shall be conducted in accordance with prevailing laws and regulations,"[379] whilst "the Government may invalidate a *Qanun* that contravenes: a) public interests; b) another *Qanun*; and c) superseding laws and regulations, unless otherwise provided for under this law."[380] At the end GAM, other pro-independence groups and Acehnese accepted the LoGA with some critical notes that in principle the LoGA provisions had far deviated from as mandated by the Helsinki agreement.

It is worth noting that in order to maintain a lasting peace in Aceh, the central government as a main actor should have a strong commitment and respectfulness to the sprit of the peace agreement. The weaknesses and the failure of LoGA provisions to translate the Helsinki Agreement and to implement the tenet of decentralization could potentially lead to be a source of conflict between Aceh and Jakarta as central government. The refinement of LoGA and the proper ancillary regulations and/or *Peraturan Pemerintah*, PP (Government Regulations) as mandated by LoGA for certain issues (in timing, etc) would determine to achieve sustainable peace and development in Aceh.

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[376] Article 1.1.2 d) of Memorandum of Understanding (MoU) between the GoI and GAM
[377] Article 8 (1) of Law on the Governing of Aceh (LoGA)
[378] Article 8 (2) of Law on the Governing of Aceh (LoGA)
[379] Article 235 (1) of Law on the Governing of Aceh (LoGA)
[380] Article 235 (2) of Law on the Governing of Aceh (LoGA)

4.3.4 Disarmament, Demobilization and Reintegration

Unlike Humanitarian Pause and CoHA agreement, the Helsinki Peace Agreement adopted the trio classic concepts of disarmament, demobilization and reintegration (DDR) as an integrated framework in lasting peace. The Helsinki Peace Agreement provisions also regulated a monitoring mechanism much stronger that those stipulated in the two previous agreements specifically in the institutional arrangement.

Concerning disarmament and demobilization, both parties, Indonesian military and GAM, agreed to end hostility and build a mutual trust and confidence. According to article 4.5 and 4.7 of the agreement[381], "GoI will withdraw all elements of non-organic military and non-organic police forces from Aceh," and both forces would reduce the number of their troops stationed in Aceh to 14,700 for military and 9,100 for police. Initially, GAM delegations in the Helsinki talk complained that the number of military troops was still too high and that the Indonesian delegations had insisted on the figure at the last minute. They argued that it was about double the number of soldiers found in most military commands throughout the country.[382] However, the GoI and GAM also agreed that after the agreement came into force organic police forces would be remain in charge for law and order in Aceh, whilst organic military forces would remain for external defense only. "Organic police forces will be responsible for upholding internal law and order in Aceh."[383] Meanwhile, "Military forces will be responsible for upholding external defense of Aceh. In normal peacetime circumstances, only organic military forces will be present in Aceh."[384] In the GAM side, they would decommission all arms, ammunition and explosives and commit to hand over 840 arms[385]. They also would demobilize all of their 3,000 military troops[386]. International Crisis Group reported that with regard to the number of GAM arms almost exactly tallied of

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[381] Memorandum of Understanding (MoU) between the Government of Indonesia (GoI) and *Gerakan Aceh Merdeka*, GAM (the Free Aceh Movement), 15 August 2005

[382] Aspinall, Edward. (2005). "Aceh/Indonesia: Conflict Analysis and Options for Systemic Conflict Transformation," Berghof Foundation for Peace Support, p. 44

[383] Article 4.10 of Memorandum of Understanding (MoU) between the GoI and GAM

[384] Article 4.11 of Memorandum of Understanding (MoU) between the GoI and GAM

[385] Article 4.2 of Memorandum of Understanding (MoU) between the GoI and GAM

[386] Article 4.3 of Memorandum of Understanding (MoU) between the GoI and GAM

Indonesian military intelligence, although some other observers believed it was low[387]. According to the agreement, those activities would be simultaneously executed in four stages from 15 September 2005 to 31 December 2005.

The Helsinki Peace Agreement also provided a comprehensive mechanism of reintegration process of former combatants into the ordinary civilians particularly in the issue of political participation, economic incentives and livelihood assistance. "GoI and the authorities of Aceh will take measures to assist persons who have participated in GAM activities to facilitate their reintegration into the civil society. These measures include economic facilitation to former combatants, pardoned political prisoners and affected civilians."[388] Broadly speaking, former combatants need an immediate assistance package and/or cash payments as a safety net upon initial resettlement into the Acehnese civilian society. Thus the GoI would allocate financial assistance for former GAM members and conflict-affected civilians. "A Reintegration Fund under the administration of the authorities of Aceh will be established."[389] Meanwhile, "GoI will allocate funds for the rehabilitation of public and private properly destroyed or damaged as a consequence of the conflict…"[390] Ultimately, GoI agreed to provide "…suitable farming land as well as funds to the authorities of Aceh for the purpose of facilitating the reintegration to society…"[391]

As already mentioned earlier that the GoI would facilitate the establishment of local political party in Aceh that meets national criteria, therefore the restoring of former combatants' political, economic and social rights including the releasing of GAM prisoners and/or the granting of amnesty to all persons who have participated in GAM activities would be facilitated by the GoI,[392] and former GAM members would also receive the rights to participate freely in the political process both in Aceh and national context.[393]

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[387] International Crisis Group (ICG). (2005). "Aceh: A New Chance for Peace," Asia Briefing No. 40, p. 6
[388] Article 3.2.3 of Memorandum of Understanding (MoU) between the GoI and GAM
[389] Ibid
[390] Article 3.2.4 of Memorandum of Understanding (MoU) between the GoI and GAM
[391] Article 3.2.5 of Memorandum of Understanding (MoU) between the GoI and GAM
[392] Article 3.1.1 of Memorandum of Understanding (MoU) between the GoI and GAM
[393] Article 3.2.1 of Memorandum of Understanding (MoU) between the GoI and GAM

The peace agreement also mandated the establishment of the Aceh Monitoring Mission (AMM) which consisted of the European Union and ASEAN contributing countries to ensure that the agreement provisions were well-implemented.[394] Whilst the AMM was expected to carry out the following main tasks including the monitoring of the trio DDR process, the monitoring of legislation change process or the establishment of LoGA, etc.[395] It is worth noting as well that the head of the AMM would have the authority to resolve disputes between two parties concerning the implementation of the peace agreement and eventually would make a ruling which will be binding on the parties.[396] Compared to the CoHA agreement where the monitoring mechanism attempted to be implemented by a relatively small international NGO, the HDC, and tried to act as third party. Whilst some people believed that the HDC had weak political position to ensure the agreement was well-implemented.

VI. Conclusion

This chapter primarily discussed about the relationship between decentralization and conflict in contemporary Aceh. The root causes of conflict in Aceh were originally about the regional grievances over perceived inequalities in resource distribution and political authority. GAM rebel group had led the sub-nationalist movement and demanded for independence. Since 1999, Indonesia has dramatically transformed its political structure from predatory and authoritarian central government to moderate and democratic system. The whole Indonesian regions including Aceh enjoyed the implementation of decentralization. In the case of Aceh conflict, the central government attempted to address the GAM demands through several negotiation and decentralization efforts.

The concept of decentralization had been officially implemented in Aceh since 2001 through the enactment of Law on Special Autonomy in which Aceh government was granted to exercise all government matters in politics, economy, etc. However, the law did not work successfully and stop the violence. The study has observed several factors to articulate the

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[394] Article 5.1 of Memorandum of Understanding (MoU) between the GoI and GAM
[395] Article 5.2 of Memorandum of Understanding (MoU) between the GoI and GAM
[396] Article 6.1 (a) of Memorandum of Understanding (MoU) between the GoI and GAM

failure of the implementation of law. Firstly, GAM and other elements were not fully involved in the deliberation process of the law, thus GAM was excluded from political involvement in Aceh political arena. The political participation was the major factor to increase government legitimacy whilst during the conflict the government was very weak and lack of support from the people. Secondly, the implementation of decentralization was during the most intense conflict in which the Aceh government's infrastructures and officials were highly damaged and absent. Ultimately, the Aceh government regime was very corrupt and the patronage issue was extraordinary as Aceh government received substantial additional funds from central government for decentralization efforts. Therefore, the two previous peace agreement efforts – which took place after the implementation of decentralization – did not conclude with the significant result to end hostilities.

The study has also drawn that the Helsinki agreement was a comprehensive and integrated peace agreement ever in the Aceh peace process. Firstly, unlike the two previous agreements which 'merely' focused on the establishment of cessation of violence, the Helsinki Peace Agreement successfully addressed a comprehensive political solution to the conflict such as the creation of local political parties and independent candidates for Aceh executive elections. Secondly, the agreement also stipulated several issues which related to lasting peace in Aceh i.e. legal issues, governance, Aceh's status, economic incentives, political participation, human rights, and reconciliation. Thirdly, the negotiators from both parties for the first time adopted the post-conflict security governance, trio classic Disarmament, Demobilization and Reintegration (DDR) as an integrated framework for the peace process; and important component for any resolution of conflict such as the one in Aceh which was not elaborated enough in the two previous agreements. Lastly, the agreement provisions also covered the mechanism for implementation of peace process, including institutional arrangements (the establishment of monitoring institutions like AMM) and a mechanism for dispute settlement. In short, the Helsinki Peace Agreement and followed by the passing of Law on the Governing of Aceh (LoGA) were highly expected to provide the basis for sustainable peace and development in Aceh particularly the aspect of socio-political and administrative-economic governance.

CHAPTER FIVE

DECENTRALIZATION IN POST-CONFLICT SOCIETY: SUSTAINABLE PEACE AND DEVELOPMENT IN ACEH

Granting substantial devolution in economic and political power to Aceh administration through Helsinki Peace Agreement provisions is strategically believed as an attempt to address the root causes of conflict and to improve service delivery and people welfare in Aceh. The impact and costs of conflict and tsunami had severely destroyed all sectors caused a poor public service delivery, the absence of functioning government, loss of lives, infrastructure damages, economic impact, etc. This chapter will generally analyze the Aceh conditions particularly in the aspect of political and socio-economic before and after the agreement signed. It will also draw the impact of Law on the Governing of Aceh (LoGA) provisions as the basis concept for sustainable peace and development in Aceh and the processes of the institutional reform in Aceh decentralized governance. Finally, this chapter will divide into two main analytical frameworks as follows administrative-economic governance and socio-political governance.

Aceh as post-conflict region needs to restore its government legitimacy, thus political issues should be more priority than economics in post-conflict sequences[397]. Therefore, the successful socio-political governance becomes crucial in Aceh post-conflict to pursue government legitimacy. Socio-political governance analysis will mainly draw the dynamic local political competition and inclusive-participatory elections involving former combatants and other local vulnerable groups as the consequence of decentralized self-governance in Aceh. Meanwhile, Aceh administrative-economic governance analysis will primarily focus on several factors such as fiscal revenue, economic growth, employment, poverty and government functions. It will also examine the impact of Aceh post-conflict governance particularly the allocation of the substantial amount of new government revenues to improve service delivery and to alleviate poverty.

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[397] Forrest, B. Joshua. (2007). "Sub-nationalism and Post-Conflict Governance: Lessons from Africa," in Derick W. Brinkerhoff (Ed), *Governance in Post-Conflict Societies: Rebuilding Fragile States*, p. 235

The overall development agenda has been expected to meet the root-causes of conflict including poverty, unemployment, uneven economic distribution, limited access to public service and lack of infrastructure and finally proper development enables to maintain lasting peace.

5.1 Aceh Background: Administration, Population and Economics

Aceh[398] is located on the north-western tip of Sumatra with its total area of 58,375.83 km². It is surrounded by the sea: the Indian Ocean on the west and southwest, and the Malacca Strait on the north and northeast. It borders only with the province of North Sumatra on the southeast, therefore Aceh relatively much depends to the province especially in trade and other economic activities[399]. When the tsunami struck Aceh in 2004, the western coast of the province was the hardest hit, especially those districts further to the north, such as the city of Banda Aceh where very near to the epicenter. In the context of Aceh conflict, the east coast areas such as the districts of Pidie, Bireuen, North Aceh, East Aceh, Aceh Tamiang and the cities of Lhokseumawe and Langsa had been previously known as GAM stronghold areas and relatively safe from the tsunami. Meanwhile unlike other GAM stronghold areas, the district of Aceh Besar was located in the west coast. Historically, Pidie was well known as a 'region of war', having experienced various 'wars' since the 1800s, and suffered economically. Like Pidie, Bireuen was also one of GAM's strongholds where some of its *kecamatan* were even called *daerah hitam* (black areas)[400]

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[398] Aceh has changed its name for three times: *Daerah Istimewa Aceh* (Aceh Special Region) in 1959-2001, *Nanggroe Aceh Darussalam* in 2001-2009, and Aceh in 2009-present. It is worth noting that Nanggroe Aceh Darussalam was formally introduced by the GoI in the Law no. 18/2001 on Special Autonomy of Aceh however GAM strongly opposed the name. In the Helsinki MoU provisions, GAM preferred to use 'only' the term of Aceh corresponded to the province and Head of Aceh Administration referred to the Governor of Aceh. Recently, Governor Irwandi Yusuf changed the province's name into Aceh based on the MoU and LoGA

[399] *Aceh Dalam Angka* 2009 (Aceh in Figures 2009), a collaborative work between Indonesia Central Bureau of Statistics and Regional Development Planning Agency of Aceh

[400] Ananta, Aris and Onn, Lee Poh. (2007). "Aceh: A New Dawn," Institute of Southeast Asian Studies: Singapore, p. 16

5.1.1 Administration

TABLE 6
THE CAPITAL OF REGENCIES AND CITIES,
NUMBERS OF SUB-DISTRICTS AND VILLAGES
IN ACEH, 2009

No	Regencies/Cities	Capital	Number of *Kecamatan* (Sub-districts)	Number of *Gampong/ Desa* (Village)
1	Aceh Besar Regency	Jantho	23	604
2	Aceh Barat (West Aceh) Regency	Meulaboh	12	321
3	Aceh Barat Daya (Southwest Aceh) Regency	Blangpidie	9	133
4	Aceh Jaya Regency	Calang	6	172
5	Aceh Selatan (South Aceh) Regency	Tapaktuan	16	248
6	Aceh Singkil Regency	Singkil	10	116
7	Aceh Tamiang Regency	Karang Baru	12	214
8	Aceh Tengah (Central Aceh) Regency	Takengon	14	270
9	Aceh Tenggara (Southeast Aceh) Regency	Kutacane	16	386
10	Aceh Timur (East Aceh) Regency	Idi Rayeuk	24	512
11	Aceh Utara (North Aceh) Regency	Lhoksukon	27	854
12	Bener Meriah Regency	Simpang Tiga Redelong	7	232
13	Bireuen Regency	Bireuen	17	609
14	Gayo Lues Regency	Blangkejeren	11	136
15	Nagan Raya Regency	Suka Makmue	8	222
16	Pidie Regency	Sigli	23	727
17	Pidie Jaya Regency	Meureudu	8	222
18	Simeulue Regency	Sinabang	8	137
19	Banda Aceh City	Banda Aceh	9	110
20	Langsa City	Langsa	5	51
21	Lhokseumawe City	Lhokseumawe	4	74
22	Sabang City	Sabang	2	36
23	Subulussalam City	Subulussalam	5	74
		T O T A L	276	6460

Source: Compiled from *Aceh Dalam Angka* (Aceh in Figures), 2009, *Badan Pusat Statistik,* BPS Aceh (Aceh Central Bureau of Statistics)

The province of Aceh administratively consisted of only 10 regencies/cities whilst Banda Aceh is the capital city of the province. As Law no. 22/1999 on Regional Governance provisions intended to improve the local service by moving government closer to the people and to enhance local control over politics and development. The law also recommended for the creation of new districts and sub-districts in Aceh through *pemekaran* (proliferation) process.

Nevertheless, in the context of Aceh conflict, GAM and pro-independence movements were suspicious that the central government tried to overcome their demands for independence through applying the political strategy to 'divide and rule' among the Acehnese. Therefore, in 2000 the districts/cities in Aceh started to be in turn split into 20 more regencies/cities, the new districts namely Aceh Barat Daya, Gayo Lues, Aceh Tamiang, Langsa city, Nagan Raya, Aceh Jaya and Lhokseumawe city. In 2001, Bener Meriah had been created as new regency. Finally, since 2007 Aceh has 23 districts comprising 18 regencies and 5 cities.

5.1.2 Population

Due to the issues of intimidation, security and Internally Displaced Persons (IDPs) during the Aceh conflict, the previous censuses of population of Acehnese were not accurately calculated. Tsunami catastrophe in 2004 also took significant numbers of Acehnese population. According to Central Bureau of Statistics of Aceh, the most recent 2010 census listed that the population of Acehnese is 4,486,570 people, of which 2,243,578 are male whilst 2,242,992 are female. Meanwhile, the gap distribution in terms of population density in Aceh is very huge. The capital city of Banda Aceh is the most densely populated area in Aceh, with 3,654 persons per km² and the least densely populated area is the regency of Gayo Lues, with only 14 persons per km².

Geographically, Aceh has four regions to identify the distribution of population, namely east coast, west coast, south coast and central. The largest distribution of Acehnese population is in the east coast areas, where North Aceh regency with 529,746 people (11.81 per cent), Bireuen with 389,024 people (8.67 per cent) and Pidie with 378,278 people (8.43 per cent).

The regency of South Aceh is the largest concentration in the west coast areas with 202,003 people and the regency of Southeast Aceh is the largest population in the central areas with 178,852 people. Unlike the east coast areas, South Aceh and Southeast Aceh and other regencies are found less than 8 per cent. Interestingly, the three largest concentration of population distribution in the east cost areas were known as the GAM strongholds and the most intensified conflict in Aceh prior to the signing of Helsinki Agreement.

TABLE 7
PERCENTAGE OF POPULATION
BY INDIGENOUS AND NON-INDIGENOUS ETHNIC GROUPS
IN ACEH, 2000

No	Ethnic Groups	Per centage
1	Acehnese	50.32
2	Javanese	15.87
3	Gayo	11.46
4	Alas	3.89
5	Singkil	2.55
6	Simeulue	2.47
7	Batak	2.26
8	Minangkabau	1.09
9	Others	10.09
	T O T A L	100

Source: Population of Aceh: Results of the 2000 Population Census,
Indonesia's Central Bureau of Statistics[401]

Like other regions in Indonesia Aceh comprise many ethnic groups with 13 indigenous groups: Aceh, Gayo, Alas, Singkil (four largest ethnic group), Aneuk Jamee, Tamiang, Kluet, Devayan, Sigulai, Pakpak, Haloban, Lekon and Nias. Each ethnic group speaks their own languages that are further differentiated by various regional dialects. The level of written and spoken fluency with *Bahasa* Indonesia (the national language) varies among the different ethnic groups. The Acehnese mostly resided on the west coast, the disaster prone area, while the Gayo and Alas were in the central and/or mountainous areas. The Javanese is the largest non-indigenous and the second largest ethnic groups in Aceh who do not live on the west

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[401] As cited in Suryadinata, Leo; Arifin, Evi Nurvidya and Ananta, Aris. (2003). "Indonesia's Population: Ethnicity and Religion in A Changing Political Landscape," Institute of Southeast Asia Studies: Singapore

coast. In other words, the Acehnese were more likely to have suffered from the tsunami than the other ethnic groups in the province[402]. The 2000 census indicated the percentage of eight (8) dominant indigenous and non-indigenous ethnic groups in Aceh, with 50.32 per cent of the total population of Aceh, the Acehnese group populated about half of the population in Aceh.

The following is the description of distribution of Acehnese population based on ethnic groups (the four largest ethnic groups). In some regencies/cities the population is almost exclusively Acehnese. The largest concentration is in the regency of Bireuen (96.88 per cent). Bireuen was GAM stronghold where incidents had occurred frequently, though the number of Acehnese only constituted a very tiny 1.20 per cent of the total Acehnese in Aceh. The second largest concentration was in the regency of Aceh Besar, a disaster prone area in the west coast. In addition, the former regency of North Aceh (it is now divided into the regency of North Aceh and the city of Lhokseumawe) was the only other district on the east coast with a very large percentage (89.61 per cent) of Acehnese[403]. On the other hand, as discussed above, the Javanese is the second largest ethnic group in Aceh where since several years ago has been migrated to Aceh as military personnel, civil servants, petroleum industry employees and the majority were through the central government 'transmigrasi' (transmigration) programme, in an attempt at one to relieve Java's population pressure and to help "Indonesianise" the peripheral parts of the Archipelago[404]. A large number (80.47 per cent) of the Javanese did not reside in the disaster areas. Two districts with the largest percentages of the Javanese were the former regency of East Aceh (32.86 per cent) and the former regency of Central Aceh (21.62 per cent). The third largest ethnic group is the Gayo, comprising both the Gayo Lut and Gayo Lues, forming 11.47 per cent of the population in the province. Gayo is an indigenous Aceh ethnic group, with about two thirds of the Gayo Lut residing in the regency of east Aceh and almost all of the Gayo Lues living in Central Aceh. The fourth largest ethnic group is Alas, also an indigenous Aceh ethnic group. Alas

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[402] Ananta, Aris and Onn, Lee Poh. (2007). "Aceh: A New Dawn," Institute of Southeast Asian Studies: Singapore, p. 16
[403] Ibid, p. 24
[404] Reid, Anthony. (2006). "Introduction: Verandah of Violence: The Background of the Aceh Problem, Singapore University Press, p. 5

constituted 3.90 per cent of the population of Aceh, and mostly lived in southeast Aceh[405]. It is worth noting, during the conflict the Indonesian military backed the paramilitary or militia groups such as *Pembela Tanah Air*, PETA (Homeland Defenders) in districts located in the central and south coast of Aceh.

5.1.3 Islamic Norms

Acehnese are deeply committed to Islamic norms but are also embedded in a set of kinship structures and relation (*adat* or local customs) of older derivation. Until 1946 there were two elites responsible for upholding the two normative systems. The *ulama* were expert in Islamic law and administered it when appropriate. *Adat* governed the system of landholding and inheritance, however, and in such matters the village head (*keuchik*) and the hereditary chief of the district (*ulèëbalang*) held authority. The sultan's court in its seventeenth century heyday patronized the *ulama* as a means to increase its leverage against the *ulèëbalang*, though as its grip subsequently weakened it was often the victim of clerical criticism. Dutch abolition of the sultanate left *ulèëbalang* and ulama in more direct confrontation as rival authorities in defining Acehneseness. As discussed in the chapter three, the *ulèëbalang* were swept from power in the social revolution of 1945-46 led by PUSA which consisted of the reformist *ulama*. Although their descendents remained influential in Jakarta, they were no longer in a position to defend *adat* on the ground when it was criticized by reforming *ulama*. Nevertheless, the confidence of Acehnese in the appropriateness of their own institutions has allowed much of the system in rural areas to remain[406]. The population of Aceh in 2000 was almost exclusively Muslim (97.30 per cent), with about 2.30 per cent Christians[407].

The Islamic identity among the Acehnese is very strong in their day to day life. Islam is historically and culturally embedded among the Acehnese, whilst the first rebels in 1954 led by Daud Beureu'eh (a republican and reformist *ulama*) with the demand of Aceh to be an Islamic State (see chapter three). In contrast, the contemporary Aceh conflict led by GAM

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[405] Ananta, Aris and Onn, Lee Poh. (2007). "Aceh: A New Dawn," p. 25
[406] Reid, Anthony. (2006). "Introduction: Verandah of Violence: The Background of the Aceh Problem, Singapore University Press, p. 9
[407] Suryadinata, Leo; Arifin, Evi Nurvidya and Ananta, Aris. (2003). "Indonesia's Population: Ethnicity and Religion in A Changing Political Landscape," p. 159-160

did not bring the issues of forming of Islamic State in their struggle movements. However, the central government provided the Acehnese the legal right to apply Islamic *Sharia* (law) outside matters related to family and inheritance through the enactment of Law no. 44/1999 on the Special Status of the Aceh Province, *Peraturan Pemerintah*, PP (Government Regulation) no. 5/2000 on the Implementation of Islamic Law, and Law no. 18/2001 on Special Autonomy for Aceh which allowed for the establishment of *Mahkamah Sharia* (Islamic Court) in Aceh with jurisdiction extending to matters of criminal justice. It is worth noting that Aceh was the 'only' province in Indonesia which granted the provision of allowing for the implementation of Islamic Law with the purpose of addressing the GAM's demand for secession (see chapter four). Generally speaking, GAM and other Acehnese groups perceived that the implementation of Islamic *Sharia* by central government as an attempt to create the Acehnese appear to be radical Islamic fundamentalists and the Acehnese do not need the law whilst they had practiced the Islamic principle for almost all matters of their life for such a long.

5.2 Aceh Institutional Reform: Socio-Political Local Governance

The implementation of political decentralization in Aceh after the signing of peace agreement and the passing of Law on the Governing of Aceh (LoGA) has inclusively involved all Acehnese groups including former combatants and other local and national groups. Ideally, with these reform agendas, it may lead to legitimize the state and authority. LoGA provided the two crucial aspects on political decentralized governance in Aceh. First, the right for independent candidates to run for elections of local executives scheduled in 2006, "Candidate tickets for Governor/Vice Governor, regent/deputy regent, and mayor/deputy mayor … shall be nominated by … individual persons."[408] It is worth noting that Aceh was the first region in Indonesia that candidates without party affiliation were allowed, thus enabling former combatants to stand as independents. Second, Aceh was allowed to create its own local political parties to contest provincial and district legislative election in 2009, "Residents of Aceh may establish local political parties,"[409] with the following specific objective, i.e. to

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[408] Article 67 (1) of the LoGA
[409] Article 75 (1) of the LoGA

increase the political participation of the Acehnese in the implementation of regional governance; and to advance the ideals of the local political party as part of the society, the people and the state, in accordance with the uniqueness and special nature of Aceh[410]. As a consequence, in order to prepare during the transitional period of the transformation from guerilla to political movement, GAM created two new organizations namely *Majelis Nasional*, MN (National Council) in October 2005 as its supreme political authority, and the *Komite Peralihan Aceh*, KPA (Aceh Transition Committee) in December 2005 to oversee the demobilization and reintegration of its combatants[411]. Finally, like two previous legislations on Aceh, the LoGA provisions also indicated the implementation of Islamic *Sharia* Law in Aceh, though GAM was reluctant to implement it.

5.2.1 Local Political Participation

TABLE 8
RESULTS OF THE 2006 GUBERNATORIAL ELECTION

No	Candidates	Parties	%
1	Irwandi Yusuf-M. Nazar	Independent/GAM	38.2
2	Humam Hamid-H. Abdullah	PPP	16.6
3	Malik Raden-S.F. Zakaria	Golkar, PDIP, PKPI	13.9
4	A. Abubakar-M. N. Djamil	PAN, PKS	10.6
5	Ghazali A.A.-S. Alfata	Independent	7.8
6	Iskandar Hoesin-M.S. Manaf	PBB	5.5
7	Tamlicha Ali-Tgk H. Nuriqmar	PBR, PPNUI, PKB	3.9
8	M. Djali Yusuf-RA Syauqas R	Independent	3.2
			100

Source: *Komisi Independen Pemilu Aceh*, KIP (Aceh Independent Election Commission), 2006

Due to the delay of enactment of LoGA by central government, the Aceh direct executive elections was held in 11 December 2006 which initially recommended by the Helsinki Peace Agreement in April 2006. This election took place for the positions of governor and heads of

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[410] Article 78 (2) of the LoGA
[411] International Crisis Group (ICG). (2006). "Aceh's Local Elections: The Role of the Free Aceh Movement (GAM)," Asia Briefing No. 57, p. 1-2

districts including 21 regency/city administrations[412]. Surprisingly, the former combatant and pro-independence activist from SIRA, Irwandi Yusuf and M. Nazar, were elected as Aceh's Governor and Deputy Governor. They gained 38.2 per cent of the vote, far ahead of their nearest competitor who won only 16.6 per cent (see table 8).

TABLE 9
RESULTS OF THE 2006 EXECUTIVE ELECTIONS
(PER DISTRICT)

No.	Regencies/City	Parties	%
1	Lhokseumawe	Independent/GAM	39
2	Sabang	Independent/GAM	36
3	Pidie	Independent/GAM	56
4	Aceh Utara	Independent/GAM	67
5	Aceh Jaya	Independent/GAM	63
6	Aceh Timur	Independent/GAM	36
7	Aceh Barat	Independent/GAM	24.6/76 (2)
8	Bireuen	Independent/GAM	62
9	Aceh Selatan	Independent/GAM	19/54 (2)
10	Simeulue	Golkar	37
11	Nagan Raya	Golkar	31
12	Bener Meriah	Golkar	34
13	Gayo Lues	Golkar	58
14	Aceh Singkil	Golkar	37
15	Langsa City	Golkar	41
16	Banda Aceh City	PPP, PBR, PD	33
17	Aceh Besar	PAN, PBR	26
18	Aceh Tengah	PPP, PAN, PBR	39
19	Aceh Tamiang	PAN, PKS	20/50.5 (2)
20	Aceh Barat Daya	PAN	22/57 (2)
21	Aceh Tenggara	PDIP, PKB	29

Source: *Komisi Independen Pemilu Aceh*, KIP (Aceh Independent Election Commission), 2006-2008

Besides, former combatant or GAM-affiliated candidates had successfully won in nine districts (see table 9). Generally speaking, there was little violent conflict related elections, the results were largely accepted in regional, national and international levels. It is worth noting also that the political participation of people to local election polls was higher than previous elections, particularly in rural areas and districts where most affected by the

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[412] Following the delayed elections in some district administrations, the elections took place in two times: December 2006

conflict. In short, it was one of the most remarkable outcomes of the agreement in 2005 and driven as the important achievement for sustainable peace in Aceh.

The victory of GAM-affiliated candidates in the direct executive elections was not GAM's ultimate goals. It is worth noting that before the day of poll, GAM faced internal conflict and was divided into two groups: the old GAM decided to make coalition with national parties (Humam Hamid and Hasbi Abdullah), whilst the young group – which had a strong links to a new GAM organization created after the agreement, namely *Komisi Peralihan Aceh*, KPA (Aceh Transition Committee) – preferred to support Irwandi and Nazar. At last, GAM did not officially represent anyone but let them freely run through independent candidate channel. Therefore, according to International Crisis Group, GAM saw the elections as a test of political strength and an indication of how much work it have to do to win the much more important the 2009 legislative elections[413]. They strategically believed that "if they can control the parliament, they can set the political agenda for Aceh's future."[414]

On the other hand, during the 2006 and 2008 executive elections, four groups of elites were identified as the major actors that primarily involved in the elections. They were just formed in the Aceh post-conflict self-governing transition which neglected also the old existing groups such as the *ulama* and the aristocracy *ulèëbalang*. The following are the candidates which represented the four groups of elites: *Technocrat candidates* were usually incumbents, legislators, bureaucrats, military officers, or party leaders, and represented national parties rather than running as independents; *GAM-affiliated candidates* ran in 15 districts and were generally drawn from the ranks of 'civil GAM'; *Civil society candidates* prominent amongst which were those associated with SIRA, some of whom ran as independents (often with GAM running mates) or on party tickets; and finally, *Contractors,* like other regions in Indonesia, often ran as vice-*bupati* candidates, presumably providing the financial backing for the more well known figure who ran as *bupati*[415]. Generally speaking, candidates with a

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[413] International Crisis Group (ICG). (2006). "Aceh's Local Elections: The Role of the Free Aceh Movement (GAM)," p. 1
[414] Ibid
[415] Clark, Samuel and Palmer, Blair. (2008). "Peaceful *Pilkada*, Dubious Democracy: Aceh's Post-Conflict Elections and Their Implications," Indonesian Social Development Paper No. 11, the World Bank: Jakarta, p. 23

technocrat or contractor background tended to rely upon more opportunistic patronage networks (as opposed to GAM's more ideological networks), and high profile (and expensive) media campaigns to reach voters[416]. In addition, with bulk financial supports of candidates with the background of technocrat and contractor could attract the voters through money politics and other negative campaigns and a day before the polls. In contrast, according to International Crisis Group, GAM-affiliated independent candidates had little funding but relied upon their existing grassroots support, particularly amongst poorer and rural voters, with the message being spread by KPA's large network of supporters[417].

In some areas of post-conflict governance, decentralization provides an opportunity for former armed guerilla to win a share of power through legitimate political competition. Similar to Aceh, the victory of GAM in the direct executive elections portrays in the following analysis. The analysis based on the fieldwork in 2007 and other sources. Intimidation and fear of return to conflict if GAM did not win was the major factors which contributed to the GAM victory particularly in the GAM stronghold areas. The well-organized KPA played a significant role to mobilize its structure in grassroots level in influencing the voters to vote for GAM-affiliated candidates. Furthermore, the Acehnese people demanded reform and felt a deep dissatisfaction with the old-corrupt parties and their candidates. As a matter of fact, they expected much to GAM for a better Aceh in the future with sustainable peace and development. Finally, as ICG noted that GAM candidates appealed to Acehnese identity, culture and history. This was symbolized by their decision to use traditional dress in the photographs on ballot papers, setting them apart from all other candidates[418].

The transformation of GAM from 'hard power' military approaches to 'soft power' democratic governance as a result of new political phenomenon engendered by the Helsinki Peace Agreement in 2005. Following the victory of GAM in the 2006 and 2008 executive elections in nine districts, GAM created local political party namely *Partai Aceh*, PA (Aceh

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[416] Ibid
[417] Clark, Samuel and Palmer, Blair. (2008), p. 23
[418] International Crisis Group (ICG). (2007). "Indonesia: How GAM Won in Aceh," Asia Briefing No. 61, p. 5

Party)[419] to be used as political vehicle to run in the 2009 legislative elections. Considering that Law on the Governing of Aceh provision allowed the Acehnese to create their own political parties, apart from Aceh Party there were another five local political parties had been established to contest in the 2009 legislative elections. Initially there were ten local political parties that registered with the Aceh provincial office of the Ministry of Law and Human Rights; however only six parties passed a verification process. First, Aceh Party (GAM-affiliated party and strongly backed up by KPA structure to mobilize voters); Second, *Suara Independen Rakyat Aceh*, *Partai* SIRA (Independent Voice of the Acehnese People, SIRA Party), representing youths, well educated, former pro-independence activists and more urban base that Aceh Party. It is worth noting that during the 2006 executive elections GAM and SIRA had a good collaborative work and their affiliated candidates became Governor and Deputy Governor. Therefore, with a separate party, some GAM members saw that SIRA broke the coalition up.

Third, *Partai Rakyat Aceh*, PRA (Aceh People's Party), a party of young, left-of-centre intellectuals and activists, strong in some urban areas, especially those outside the Acehnese heartland, such as Tamiang and south east Aceh. Its members have been outspoken in their criticism of how Islamic law has been applied in Aceh[420]. Fourth was *Partai Bersatu Aceh*, PBA (United Aceh Party). Fifth was *Partai Aceh Aman Seujahtera*, PAAS (Safe and Prosperous Aceh Party). Sixth, *Partai Daulat Aceh*, PDA (Aceh Sovereignty Party), created as a political vehicle for non-GAM religious scholars (*ulama*) from Acehnese Islamic schools (*dayah*), it is seen as largely representing the religious establishment co-opted by the military during the conflict. As the only local party representing the *ulama*, however, it could attract the more religiously inclined[421]. Along with six (6) local political parties, thirty-eight (38) national political parties competed in the 2009 legislative elections. It is worth emphasizing

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[419] Aceh Party (PA) was formerly known as *Partai* GAM (GAM Party). On 27 July 2007 *Partai* GAM was declared and then created a controversy between Aceh and Jakarta where the party used the old GAM name and flags as the party symbol, in what Jakarta saw as a violation of the Helsinki Peace Agreement and LoGA. Meanwhile the party declarators refused that they violated the agreement. Finally, on 29 April 2008, *Partai* GAM officially changed its name to *Partai Aceh*, PA (Aceh Party)

[420] International Crisis Group (ICG). (2008). "Indonesia: Pre-Election Anxieties in Aceh," Asia Briefing No. 81, p. 2

[421] Ibid

that the elections for representatives to the national, provincial and district parliaments were another crucial test of Aceh's democratic decentralized-governance transition.

In the 2009 elections, national parties were not ambitious to gain large voters in Aceh except in the ALA and ABAS, the areas that want to break away to create a new province. Legislative candidate from national parties said that local parties were all associated with the coast areas, by implication, ethnic Acehnese and GAM supporters. If Aceh Party campaigned hard in the highland areas, the former militia of anti-separatist movement such as PETA and FORKAB, where most of them are ethnic Javanese, would counter it[422]. Additionally, Aceh Party's candidates, offices and posters had been targets of political intimidation. Meanwhile, in GAM strongholds, Aceh Party was most often identified as the culprit. KPA members had often prevented other parties from campaigning, removed their flags or threatened their candidates[423]. As ICG reported that Aceh Party leaders acknowledged that "there was some truth to the charges, saying it is difficult to change guerrillas overnight into well-behaved political campaigners, although they insist the problem is not as widespread as sometimes suggested."[424]

Unlike the previous 2006 executive elections, the tensions related political campaigns of 2009 elections were relatively high. According to Aceh Peace Monitoring Update, 73 elections-related violent incidents were reported between August 2008 and the end of April 2009. These included 32 cases of arson and grenade attacks targeting political parties. Only one caused casualties – a grenade explosion in Lhokseumawe on March 11th that injured five, including three KPA members. From February to polling day in April 2009, six murder attempts of KPA members or Aceh Party cadres and candidates resulted in five deaths. While the motives for these murders remain uncertain, it is likely that politics played a role in at least some of these assassinations[425].

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[422] International Crisis Group (ICG). (2008). "Indonesia: Pre-Election Anxieties in Aceh," p. 4
[423] Ibid, p. 5
[424] Ibid
[425] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University

Broadly speaking, in the Election Day on 9 April 2009, the situation was peaceful and almost no further violence and tension occurred in the post-elections. A large number of parties and candidates contested the results and there were allegations of fraud during vote counts but protests decreased after the *Mahkamah Konstitusi* (Constitutional Court) dismissed most cases. It was not surprising that the elections result showed a clear victory of Aceh Party at provincial and districts levels. The GAM-affiliated party gained the absolute majority in Aceh's provincial legislature (DPRA), with 33 seats out of 69. It won district tallies by a landslide in six former GAM strongholds (between 52 and 75 per cent of seats in Pidie, Aceh Utara, Aceh Timur, Bireuen, Pidie Jaya and Lhokseumawe) and Aceh Jaya, and gained between 20 and 36 per cent of seats in nine other districts. In the seven remaining districts, encompassing the central highlands, Singkil, Subulussalam and Simeulue, no clear winner emerged and seats were split across a large number of parties, mostly national ones (see table 10)[426].

TABLE 10
THE RESULT OF THE 2009 DISTRICT LEGISLATURE ELECTIONS

Composition of the Legislatures	Districts	Names of the districts
PA (Aceh Party) absolute majority > 50% seats	7	Pidie (PA: 75% seats); Aceh Utara, Aceh Timur and Bireuen (71%); Aceh Jaya (70%); Pidie Jaya (64%); Lhokseumawe (52%)
PA controls a quarter to over a third of seats (28 – 36%)	4	Aceh Barat Daya, Aceh Selatan, Sabang, Aceh Besar
Vote fragmented across a large number of parties, but PA remains the biggest or second biggest faction	5	Aceh Tamiang, Langsa, Aceh Barat, Nagan Raya, Banda Aceh
Vote fragmented across a large number of parties, PA a weak minority and will have to seek a coalition	5	Bener Meriah, Aceh Tengah, Simeulue, Gayo Lues, Aceh Tenggara
Vote fragmented across a large number of parties, no PA seats	2	Aceh Singkil, Subussalam

Source: Aceh Peace Monitoring Update, March-June 2009

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[426] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University

According to the study on the Aceh 2009 elections, the significant victory of Aceh Party in this election due to the following reasons: its ability to mobilize former combatant networks gave it superior organizational abilities; it ran a simple, but effective campaign presenting itself as the most 'authentic' local party; and it managed to convince a conflict-weary public that a vote for the Aceh Party meant a vote for peace. There is also evidence that some voters feared a return to conflict if the Aceh Party did not win its chance to govern. But most Aceh Party supporters seemed to think that the Aceh Party earned its chance to govern[427].

TABLE 11
ACEH PROVINCIAL LEGISLATURE
2009-2014

No	Parties	Seats	%
1.	Aceh Party (GAM)/Local	33	48
2.	Democrat Party/National	10	14.5
3.	Golkar Party/National	8	11.5
4.	PAN Party/National	5	7
5.	PKS Party/National	4	6
6.	PPP Party/National	4	6
7.	PKPI Party/National	1	1.5
8.	PKB Party/National	1	1.5
9.	Patriot Party/National	1	1.5
10.	PBB Party/National	1	1.5
11.	PDA Party/Local	1	1.5
		69	100

Source: *Komisi Independen Pemilu*, KIP Aceh
(Aceh Independent Election Commission), 2009

Conversely, *Partai Demokrat* (Democrat Party) founded by President Susilo Bambang Yudhoyono won significantly in the Aceh legislative elections with 6 out of 13 seats allocated for Aceh in the national legislatures. Meanwhile it took second behind Aceh Party in the Aceh provincial legislatures with 10 out of 69 seats (see table 11). As Aceh Peace Monitoring Update pointed out that Aceh Party, as GAM-affiliated party, and Democrat Party's combined victory was largely interpreted as a vote for peace. Providing the former separatist movement with the political rewards of its abandon of the armed struggle was seen by many Acehnese as the best way to ensure continued stability in the province. Supporting

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[427] Ismail, Mawardi et al. (2009). "Local Political Parties in Indonesia: The Aceh Test Case," the Crawford School of Economics and Government, the Australian National University, p. 4

Yudhoyono's presidency was a complementary aspect of the same rationale. Aceh Party understood this and used it as a campaign strategy. The party openly promoted the idea that supporting the signatories of the Helsinki Peace Agreement by voting Aceh Party in the local elections[428] and Democrat Party at national level was the only way to strengthen peace[429]. The coalition of two parties culminated during the Presidential Election on 8 July 2009, President Susilo Bambang Yudhoyono won more than 93 per cent of the vote in Aceh (the largest percentage of any provinces in Indonesia). The informal political alliance with leaders from GAM-affiliated party and the ruling party in Aceh, Aceh Party, primarily contributed to Susilo Bambang Yudhoyono's victory.

Ironically, other five local political parties did poorly at both the provincial and district levels. *Partai Daulat Aceh*, PDA (Aceh Sovereignty Party) is the only local party besides Aceh Party that won representation in the provincial legislature, with a single seat. None of the five other local political parties reached the five per cent the parliamentary threshold or five per cent of seats in the Aceh legislature (or five per cent of seats in half the district legislatures), which would not allow them to contest future elections. Most of these parties blamed their dismal performance on intimidation[430]. Although there is some ground to these claims, they suffered above all from Aceh Party's success at presenting itself as the only local party with enough strength to compete with national parties and to work together with Jakarta to complete the peace agenda in future political negotiations. Furthermore, Aceh Party were able to attract voters because they were seen as untainted by Jakarta politics and projected confidence in their campaign[431]. In short, the 2009 legislative elections results were largely accepted by political actors and the population in local, national and international.

In the context of post-conflict peace-building, elections was believed as the major instrument to help resolving the prolonged conflicts and to consolidate transitions to democracy and

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[428] According to respondents during fieldwork in 2010, Aceh Party campaigned that they were the 'only' local party mandated by the Helsinki Peace Agreement, whilst other local parties were not
[429] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University
[430] According to respondents, KPA or Aceh Party's cadres intimidated (such as threats and attempted murder) the voters even before entering the polling station, Aceh fieldwork in 2010
[431] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 5

good governance. Fair elections lead to be as a crucial issue to the peace agreement and an increase legitimacy of authority in the perspective of their own people and international community. In the Aceh context, the victory of GAM-affiliated candidates and party in both elections has reflected a proper step on the transformation of the former guerilla into democratic political governance to a better Aceh. Meanwhile, insignificant negative activities (populism, patronage, localism, ethnic chauvinism, etc) during the campaigns period undermined the legitimacy of the results; although the election's result largely accepted by contestants. In general, after euphoria of their glory, GAM-affiliated administrators and legislators should have to demonstrate their capacity to govern the Aceh administration properly in order to achieve sustainable peace and development and the people's welfare.

Finally, Aceh post-conflict has experienced a very high degree of political reintegration. Participation levels in local and national elections since the Helsinki Peace Agreement have been consistently higher in Aceh than the national averages. Voter turnout for the April 2009 legislative elections in Aceh was 75 per cent, slightly down from 80 per cent in the 2006 gubernatorial elections. Turnout in both years was well above the average for gubernatorial elections in Indonesia at 65 per cent, or the estimated 60.8 per cent who voted in the 2009 legislative elections[432]. All in all, this trend is a remarkable achievement in post-conflict situation.

5.2.2 Civil Society

The role of civil society in post-conflict peace-building has been extremely needed. In this transitional period, civil society contributes a major role in legitimizing the authority and shaping political structure. Empowering civil society in post-conflict governance not only can help to prevent a return to conflict but also can assist in services delivery and promoting democratic governance. Lund identified the tasks of civil society in post-conflict situation, i.e. assisting the government in providing social and other services; mobilizing social demands to put public pressure on government to be more responsive to public needs; monitoring the state and playing watchdog with regards to human rights and corruption;

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[432] MSR. (2009), p. 113

convening issue-specific dialogues between disrupting leaders or groups; and working at the grassroots level in order to foster inter-group reconciliation through sectoral projects and mediated conflict resolution[433].

In the context of Aceh post-conflict peace-building, civil society has also played a prominent role in some issues such as demanding accountability from the KPA and the Indonesian military, getting citizens to demand more from elected officials, and refusing intimidation from any party[434]. Some Acehnese take it as an insult that recommendations for preserving the peace are made to officials in Jakarta or the international community, whilst the Acehnese are determined to prevent a return to conflict. However, such recommendations still would be useful for international donors, who are rapidly scaling back their work in Aceh, to revisit their priorities. The peace remains a work in progress, and continued work in the governance, legal reform, anticorruption, human rights and community development sectors can help strengthen it[435].

Furthermore, during the conflict situation, civil society leaders and organizations played important roles in addressing the needs of conflict-affected groups and relaying their interests to government and concerned groups outside of Aceh. Nevertheless, in post-conflict reintegration and peace-building, civil society only implement other agencies' programs (international agency, etc), rather than as full partners in the peace process[436]. According to fieldwork finding in 2007, a local civil society organization in Pidie regency had implemented the program of international NGO to increase livelihood of conflict victims and former combatants in fisheries sector. Thus, civil society's role in helping shape the broader reintegration program and strategy has been limited[437].

Aceh is also home to a lively community of anti-corruption NGOs and networks. In conjunction with government anti-corruption bodies and Aceh's vibrant post-conflict media,

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[433] Lund, Michael. (2006). "The Changing Policy Context for Civil Society-Building," Occasional Paper Series, Woodrow Wilson International Center for Scholars

[434] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," Asia Briefing No. 90, p. 14

[435] Ibid

[436] Ibid

[437] MSR. (2009), p. 143

these groups have helped expose many cases of misallocation and theft of government and project resources, contracting irregularities, and abuse of power by local government and project officials. However, in general, government and donors have failed to utilise their knowledge and networks to help ensure that their funds are spent effectively[438]. Broadly speaking, *Gerakan Anti Korupsi*, GeRAK (Anti-Corruption Movement) is the most active civil society group which frequently involved in exposing the corruption cases and reported it to government anti-corruption bodies[439]. In addition, the Aceh coalition of civil society organizations including student movements and other NGOs (such as GeRAK, Aceh Judicial Monitoring Institute (AJMI), Participatory People's Movement (GeMPAR), etc) have actively played as watchdog to oversight the new Aceh administrators to be more responsive to public needs and to improve their capacity in service delivery, policy making and budget expenditure process[440].

Finally, as already discussed in the previous chapter, *tokoh dan lembaga adat* (customary leaders and institutions) play an important role in Acehnese society. During the conflict, when much of government in the province effectively ceased to function, communities were dependent on their own resources, institutions and leaders to address needs and solve problems. Village-level institutions such as *Mukim* (charged with matters of land ownership and inheritance and inter-community relations), *Keuchik* (Village Head) and *Tuhapeut* (Village Council) were often the only effective government in rural areas[441]. They served as informal manager of peaceful settlements which capable of playing a role as mediator in settling conflicts[442]. Again, there has been little formal utilization of these institutions and individuals in support of peace. In post-conflict era, the role of customary institutions has been strengthened and recognized with legislation as government partner, local wisdom-based institution, particularly in rural areas to achieve sustainable peace.

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[438] Ibid
[439] Aceh fieldwork findings in 2010
[440] Ibid
[441] MSR. (2009), p. 143
[442] Sukma, Rizal. (2007). "Managing Peace in Aceh: The Challenge of Post-Conflict Peace-building," paper presented in the first International Conference of Aceh and Indian Ocean Studies, Asia Research Institute, National University of Singapore, p, 8

5.2.3 Islamic *Sharia* Law

Unlike the Helsinki Peace Agreement, the LoGA elaborated the implementation of *Syariat Islam* (Islamic *Sharia* Law) for Muslim in Aceh. Initially, it has been legally applied in Aceh since 1999 with the Law no. 44/1999 on Special Status of Aceh Province as central government efforts with political solution to address the Acehnese grievances and to end hostilities. As discussed earlier that GAM and some Acehnese did not support the Islamic Law, whilst human rights violations, economic exploitation and poor democratic governance in Aceh were still existed. Through this, Aceh is the only province in Indonesia to legally apply the Islamic Law. According to ICG, there are three major arguments used by Acehnese and non-Acehnese to justify granting Aceh the right to apply Islamic law, include: Islam is central to Acehnese identity and culture; there is a historical precedent for *Sharia* in Aceh; and application of *Sharia* has been a political demand of Acehnese since colonial times, and refusal to grant it would guarantee continued rebellion[443]. In addition, they defined *Sharia* as "guidance on Islamic teachings in all aspects of life" and gave the local government authority to set policies on religious life, custom, education and the *ulama's* role, either through provincial regulations or decisions of the governor[444].

It is important to note that LoGA, as new legislation, has replaced other legislations related to Aceh decentralization such as Law No. 44/1999 on Special Status of Aceh Province, Government Regulation No. 5/2000 on the Implementation of Islamic Law and Law No. 18/2001 on Special Autonomy. The LoGA stipulated 16 articles related to Islamic Law. Every Muslim in Aceh must adhere to and practice Islamic Law and every person lives in Aceh must also respect the law[445]. According to LoGA, Islamic law consists of *aqidah* (faith), *sharia* (law) and *akhlak* (morals); whilst it should include: *ibadah* (devotion), *ahwal alsyakhshiyah* (family law), *muamalah* (civil law), *jinayah* (criminal law), *qadha'* (courts), *tarbiyah* (education), *dakwah* (lecture), *syiar* (religious teachings), and defense of Islam[446]. Meanwhile, the LoGA stipulated the establishment of *Mahkamah Sharia* (*Sharia* courts),

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[443] International Crisis Group (ICG). (2006). "Islamic Law and Criminal Justice in Aceh," Asia Report No. 117, p. 2
[444] Ibid, p. 4-5
[445] Article 126 (1) (2) of the LoGA
[446] Article 125 (1) (2) of the LoGA

which constitutes a court of law for all Muslim resided in Aceh[447]. It is worth noting that the administration of Islamic Law in Aceh is a part of the national judicial system under the jurisdiction of the religious judiciary that is executed by the *Sharia* courts, which is free from any external influence[448]. Finally, as already discussed in the previous chapter, the law also mandated to the creation of *Majelis Permusyawaratan Ulama*, MPU (Clerics' Deliberation Council) which its members consist of clerics and Muslim intellectuals who have a deep understanding of the Islamic religion. The council should be independent and as a partner institution to the Aceh Government, regency/city governments and the provincial/districts legislatures[449].

In the implementation process, the first *Sharia* laws in Aceh after the enactment of Law No. 44/1999, were drawn up with little public participation that were boycotted by many Acehnese. In 2001, the Aceh provincial government created *Dinas Syariat Islam* (Sharia office) and followed by passing of *Qanun* (Provincial Regulation) no. 10/2002 on *Sharia* Law Justice. The regulation embodied a narrowly conservative interpretation of *Sharia* such as criminalizing un-Islamic dress for women, gambling, the sale and consumption of liquor, and illicit relations between men and women (including being caught in close proximity), and specifies punishments such as public caning. It also mandated the establishment of a *Sharia* enforcement agency, known as *Wilayatul Hisbah* (WH)[450]. However, its members are highly unpopular; even those who support broader application of *Sharia* in Aceh acknowledge that the WH are poorly recruited and trained[451]. Furthermore, according to heads of Sharia office, "we are in the difficult situation to improve WH capacity as a lack of infrastructure and financial resources, there is no clear guidelines and standard operating procedure from the provincial government to implement the Islamic Law."[452] In addition, many Acehnese, especially GAM, see the WH as a legacy of Jakarta's attempts at diverting the public's attention from independence claims. The *Sharia* enforcement agency or WH's image has also been tarnished by a number of sex scandals involving its staff and the perception that it

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[447] Article 128 (2) of the LoGA
[448] Article 128 (1) of the LoGA
[449] Article 138 (1) (2) (3) of the LoGA
[450] MSR. (2009), p. 143
[451] International Crisis Group (ICG). (2006). "Islamic Law and Criminal Justice in Aceh," Asia Report No. 117, p. 7
[452] Interview with head of *Sharia* office in Bener Meriah and Pidie Regencies, Aceh fieldwork in 2007

targets only the poor, while misbehaving elites manage to avoid punishment[453]. WH agents have regularly been the victims of beatings by irritated community members. On June 2008, a Molotov cocktail was thrown at a WH vehicle in Banda Aceh. These factors led to the reconsideration of the WH's role[454]. Meanwhile, the provincial government is trying to improve standards of recruitment but in requiring university-level training in Islamic law, it may actually be skewing the selection towards those with a more conservative interpretation. And like the *Sharia* office itself, the natural inclination of the *Sharia* enforcement agency WH is to look for ways to expand its authority[455].

The effectiveness of the public shaming aspect of Islamic Law enforcement was a question, although it is probably too early for any definitive conclusions. Religious officials say gambling has dropped substantially since caning was introduced but all gamblers caught were playing for very low stakes, and there have already been some recidivists, caned for a second time. The sense is high in Aceh that women and the poor are the primary target of Islamic Law enforcement, even as support for expanding *Shari'a* seems to remain strong, particularly in rural areas. A senior GAM official said *Shari'a* poses a real dilemma for the leadership: It has no interest in the issue but it is of critical importance for its base. The leaders have to factor this in, particularly for GAM's popularity[456].

According to Wilmot, the 2007 poll in Aceh showed that only 7.2 per cent saw the Islamic Law as an important issue and only 23.3 per cent were happy with its implementation, whilst 87.3 per cent felt that it could solve the problems of the people of Aceh[457]. This trend indicated the large depletion of public's support to the implementation of Islamic Law in Aceh. Following the victory of GAM in the 2006 election, GAM-affiliated candidates became the executive in provincial and district governments, such as Governor Irwandi Yusuf, who promised to block the more extreme provisions being proposed, for instance the punishment of cutting off hands for thieves. However, the outgoing legislators who passed

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[453] Aceh Conflict Monitoring Update, May-June 2008, World Bank, p. 5
[454] Ibid
[455] International Crisis Group (ICG). (2006). "Islamic Law and Criminal Justice in Aceh," Asia Report No. 117, p. 7
[456] Ibid, p. 14
[457] Wilmot, Fadlullah. (2008). "Shari'ah in Aceh: Panacea or Blight," in Aguswandi and Judith Large (Ed), *Reconfiguring Politics: the Indonesia – Aceh Peace Process*, Conciliation Resources: London, p. 79

these laws (mainly from national political parties) were still in power. This has meant that the new GAM leadership does not have the votes in parliament to reverse the existing *Qanun* on Islamic Law even if they were willing to invest political capital in an enterprise which might lead them to be condemned by the *ulama* as irreligious[458].

At the end, this phenomenon created the tensions between executive and provincial parliaments. Before the new Aceh Party dominated parliament was sworn in at the end of September 2009, outgoing legislators focused more of their attention than usual on a long list of administrative issues that highlight poor performance in the executive branch. Tensions between provincial parliament and the executive reached their peak in September 2009 when the provincial legislature rushed into law a new and controversial the *Qanun Jinayat* (*Sharia-based criminal code*)[459]. It proposes to impose harsh penalties for homosexuality and pre-marital and extra-marital sexual relations, including caning and stoning to death. The incoming parliament, led by Partai Aceh, together with the Governor, and possibly even the central government, rejected the bill outright due to possible violations of national criminal law and the constitution. Many human rights groups throughout the country are also opposed to it claiming that it violates international conventions that Indonesia is a signatory. There has also been speculation that this initiative by the outgoing parliament was more political than religious in nature and "meant as a political strategy to trap the newly elected parliament, dominated by their political foes, Aceh Party and Democrat Party, into a sharp polemic and potentially damaging political dilemma."[460]

5.2.4 Police, Violence and Criminality

Since the signing of the Helsinki Peace Agreement in August 2005, the violent conflict records has decreased dramatically, and remain stable below those experienced during the most intense conflict period. Violent incidents between GAM and the Indonesian military dropped to almost nothing. Meanwhile, the pattern of violent conflict in Aceh has apparently

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[458] Ibid, p. 78
[459] Aceh Peace Monitoring Update, July-August 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 1
[460] MSR. (2009), p. 143

changed from vertical to horizontal conflict. Tadjoeddin and Murshed (2007) have divided violent conflict which occurred in most part of Indonesia into two forms, namely 'episodic or acutely violence' and 'routine violence'[461]. In Aceh post-conflict era, the pattern of violent incident is more on the routine of group violence rather than acute or episodic. In which local political conflict and vigilante groups are primarily contributed to the violent conflict. According to the study conducted by University of Syiah Kuala (the most prominent university in Aceh), the record of violent conflict showed its peak during the campaigns of the legislative elections in March-April 2009 (see figure 2). Conversely, violent incidents decreased sharply after the election and have remained low.

FIGURE 2
CONFLICT RELATED DEATH AND VIOLENCE INCIDENTS BY MONTH
2006-2009
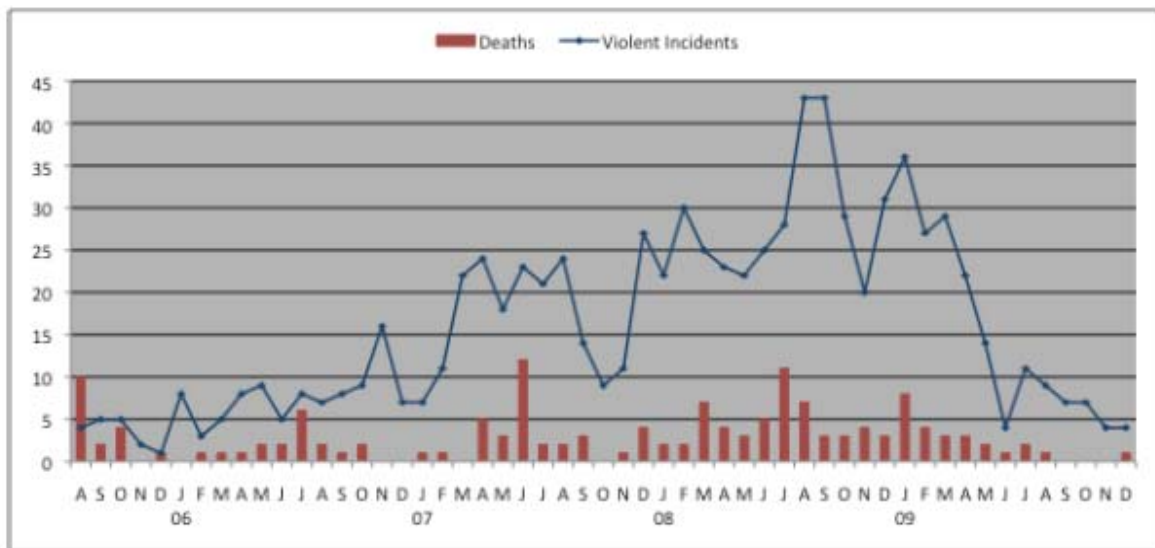
Source: Aceh Peace Monitoring Update, University of Syiah Kuala, Aceh, 2009

On the other hand, according to local press reports, the case of crime in Aceh post-conflict has increased significantly. Many view it as a positive development that violence that may once have been presumed to be political is now more commonly viewed as simply crime.

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[461] See Tadjoeddin, Z and Murshed, M. (2007). "Socioeconomic Determinants of Everyday Violence in Indonesia: An Empirical Investigation of Javanese Districts, 1994-2003," Journal of Peace Research 44 (6): 689-709

Most of the Acehnese felt that crime has increased in Aceh, although this perception could be the result of increased media reporting. The first half of 2009 there was a fall in the number of violent incidents. Crime rates are below those of neighboring North Sumatra province and a perceived rise in criminality in 2008 that was undermining public trust in the peace process, may have lessened with the successful elections and reduction in violent incidents. While this is encouraging, tensions over ongoing aid, mistrust between groups and dwindling reconstruction funds means that recent positive trends are not assured in the long term and ongoing attention is required[462].

In term of crime related to former combatants, according to Indonesian military, Aceh police and media reports, many of the armed crime incidents were linked to former combatants. The military and police make no distinction between the armed criminal gangs of former combatants that operate completely outside the KPA command structure, and the tacitly sanctioned extortion activities that go straight to the heart of the KPA organization. In East Aceh, for example, one source close to GAM said that 90 per cent of the criminal activity was being carried out by former combatants, out of feelings of disappointment that they had not received their share of post-conflict dividend. From the military's perspective, the continued use of weapons by former combatants, regardless of their current affiliation, serves as a warning that at some stage in the future, GAM could re-emerge as an armed force, this time with all the political and economic power they have amassed behind them. Indeed, one explanation given by a military officer for the prominence of the military over the police in Aceh these days is that the military is the appropriate organization to counter another military force; the police have no capacity to do so[463]. It is commonly accepted that post-conflict societies are societies in which rebellion had proved to be feasible and vulnerable to higher rates of crime (reduced economic opportunity, undermined the rule of law, etc). As the economic theory of crime said, "Criminals would have a high rate of recidivism." (Becker, 1968 as cited in Collier, 2006). Furthermore, during conflict one, or often several, rebel

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[462] MSR. (2009), p. 105
[463] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," Asia Briefing No. 90, p. 8-9

organizations are assembled, and stocks of armaments are amassed[464]. In addition, table 17 shows the comparative crime rate from the Aceh police 19 months before and after the signatory of Helsinki Peace Agreement. It indicates the sharp increase of crime rate in Aceh post-conflict primarily the case of robbery and theft (from 45 to 665 cases) in which the high involvement of former combatants.

TABLE 12
COMPARATIVE CRIME INCIDENCE
19 MONTHS BEFORE AND AFTER THE HELSINKI AGREEMENT

FORM	19 Month Before MoU	19 Months After MoU
Robbery and Theft (*CURAT,CURAS& CURANMOR*)	45	665
Torture	17	147
Murder	104	19
Extortion	31	76
Kidnapping	134	25
	331	932

Source: POLDA Aceh (Aceh Police)[465]

Security concerns of potential investors and illegal extortion are the most binding constraint to investment and growth in Aceh post-conflict. This should be the focus of local authorities in their efforts to attract investment to Aceh. The remnants of conflict in Aceh continue to hamper growth. Conflicts can have a fundamental impact on the political, social and economic institutions that underlie growth. These impacts affect the ways in which economies function in the post-conflict period. In addition to their direct destructive effects, they undermine the security of individuals and communities in ways that change behavior, preferences and institutional functioning. Security concerns and negative perceptions outside Aceh seem to act as a powerful deterrent to investment in the province. Illegal extortion and security issues are perceived as significant constraints by businesses: 9.3 per cent of them report security and the ease of settling conflicts as a constraint in Aceh, as opposed to 4 per cent in other provinces. The districts where most violent incidents have occurred since the MoU tend to be those where firms' performance has been worse. Almost one in four

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[464] Collier, P, Hoeffler, A and Måns Söderbom. (2006). "Post-Conflict Risks," Centre for the Study of African Economies, Department of Economics, Oxford University, p. 6

[465] Data was taken directly from the Information Bureau of Aceh Police, Aceh fieldwork 2007

businesses reports paying for extra security. Perceptions of increased risk can also translate into a lack of credit to the private sector. All this increases the uncertainty of doing business in Aceh. Businesses are trying to overcome this uncertainty by teaming up with local businesses or networks that can offer protection and a sense of security, although this may not always be possible[466].

Ironically, the police in Aceh have often lacked effectiveness with the increase of crime and security rate in Aceh. As mandated by the Helsinki Peace Agreement that Aceh would have 9,100 'organic' police, but this proved to be far too few. Before the 2006 executive elections, with GAM's agreement, more police were added and the total was approximately 13,000[467]. Meanwhile as mandated by Head of Indonesian Police decree in 2005, the Aceh police personnel should consist of 15,285 police[468].   However, many even in fairly senior ranks are poorly educated and even more poorly trained in policing skill[469]. In general, there are some arguments in regards with ineffective of Aceh police to handle crime and violence namely lack of skill, training, professionalism, financial supports and infrastructure, fear with intimidation, insufficient numbers of Aceh police, collusion during the recruitment and selection process, other economic collusions (such as bribery and illegal charges issues) and family ties[470].

As a matter of fact, the police reform agenda is critically needed in Aceh post-conflict. Currently, the administration structure of *Kepolisian Daerah Aceh*, POLDA Aceh (Aceh Police) has been centralized in Jakarta and as a part of Indonesian national police, named as *Kepolisian Negara Republic Indonesia*, POLRI (Indonesian National Police). Meanwhile, as a consequence of Aceh decentralization, LoGA allowed for the Aceh Police to conduct a recruitment process of *bintara* (non-commissioned officers) and officers of the Indonesian

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[466] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," The World Bank: Washington DC/Jakarta
[467] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," Asia Briefing No. 90, p. 9
[468] Meliala, Adrianus (Ed). (2006). "The Polda NAD Blue-Print," UNDP-Partnership for Governance Reform, p. 27
[469] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," Asia Briefing No. 90, p. 9
[470] Meliala, Adrianus (Ed). (2006). "The Polda NAD Blue-Print," UNDP-Partnership for Governance Reform, p. 30-36

National Police in Aceh with attention given to applicable legal provisions, Islamic Law, local culture and customs, and the policies of the Governor of Aceh[471]. In addition, the appointment of the Aceh Chief of Police from the national level has also to be approved by the Aceh Governor[472].

In short, improved and strengthened law enforcement of Aceh police is key point to sustainable peace and development in Aceh. As ICG reported, "the police need to be seen as professional law-enforcers rather than corrupt and passive bystanders to serious crime. They also need the professional skills to take back control of internal security in Aceh from the TNI. More than ever the international community needs to support police reform, but it needs to move beyond training in human rights and community relations and focus as well on solving crimes, particularly those committed by and against former combatants."[473]

5.3 Decentralized Governance in Aceh Post-Conflict: Administrative-Economic Governance

5.3.1 Aceh Economic Governance

Aceh has experienced negative growth rates for almost three decades. Like other provinces in Indonesia, the financial crisis in 1997-98 also struck Aceh drastically. In 2004, Aceh condition was still lagging economically behind Indonesia whilst other provinces had recovered. The prolonged conflict and the depletion of oil and gas revenues had been believed as the major causes of the low growth rates. Decentralization concept and the Helsinki Peace Agreement provisions have granted massive fiscal devolution to the Aceh administration and brought positive impact to the Aceh economic development.

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[471] Article 207 (1) of the LoGA
[472] Article 205 (1) of the LoGA
[473] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," p. 14

5.3.1.1 Fiscal Revenue

The enactment of Law no. 11/2006 on Law on the Governing of Aceh (LoGA) has brought Aceh into a new era of self-decentralized governance to rebuild Aceh after tsunami and prolonged conflict. In the context of fiscal decentralization, the legislation mandates that the regional revenues should be derived from four following sources: a) *Pendapatan Asli Daerah*, PAD (Regionally-Generated Income); b) *Dana Perimbangan* (Equalization Funds or Central Government Shared Fund); c) *Dana Otonomi Khusus* (Special Autonomy Funds); and d) Other legal revenues[474].

The Special Autonomy Funds, in particular, would imply as the revenues windfall with large amount of additional funds from central government to provincial Aceh government. Though it came along with some following preconditions, "The Special Autonomy Fund … shall be available for a period of 20 (twenty) years, the amount of which from the first to the fifteenth years shall be equal to 2% (two per cent) of the National *Dana Alokasi Umum*, DAU (General Allocation Fund) ceiling, and from the sixteenth through the twentieth years shall be equal to 1% (one per cent) of the National General Allocation Fund ceiling."[475] Thus the fund most likely will terminate in 2027. As mentioned earlier, some Acehnese saw that the allocation of fund given as concession of a massive loss and damage due to the prolonged conflict. Through this fund, there is potential chance for Acehnese to build back better from conflict. Furthermore, Aceh has also received a huge influx of assistance from the central government and the international community of US$ 7.5 billion over a period of five years (2005-09) after the devastating tsunami in December 2004, together with Rp 1.5 trillion (US$ 149.6 million) (2005-07) to strengthen the peace process and assist conflict-affected communities[476].

It is worth noting that with this wealth, Aceh has opportunity to improve their service delivery, enhance economic development, people's welfare and legitimate state – those

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[474] Article 179 (2) of the Law no. 11/2006 on the Governing of Aceh (LoGA)
[475] Article 183 (2) of the LoGA
[476] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," The World Bank: Washington DC/Jakarta, p. 22

factors are also able to achieve lasting peace and development. The law also stipulated that Aceh will receive an additional share, known as equalization fund, of revenue-sharing from oil mining (15 per cent) and gas mining (30 per cent)[477]. As a matter of fact, in 2008, Aceh received additional revenue of Rp 3.59 trillion (US$ 359 million) from the allocation of Special Autonomy Fund and Rp 1.3 trillion (US$ 13 million) from additional oil and gas mining revenue-sharing[478]. The total from the Special Autonomy Fund to 2027 is expected to be valued at Rp. 78.6 trillion (US$ 7.9 billion)[479]. According to LoGA, the Special Autonomy Fund is aimed to finance for development, especially construction and maintenance of infrastructure, community economic empowerment, poverty alleviation and education, social programs and health[480]. However, it cannot finance government general administration[481].

As discussed in the previous chapter, LoGA replaced the Law no. 18/2001 on Special Autonomy Status of Aceh which came into effect from 2002 to 2007. During this period, 90 per cent of DAU funding is circulated to regencies and cities with only ten per cent going to the provincial government[482]. LoGA has changed the arrangement considerably; Special Autonomy Fund is transferred from the central government to the provincial government and is earmarked for development programs that are decided jointly between provincial and regency/city governments. With *Qanun* (Regional Regulation) no. 2/2008 regulated the distribution arrangements from the provincial to regency/city governments. The management of Special Autonomy Fund is centralized at the provincial level. The provincial government is responsible for administration, allocation, implementation, and monitoring of programs funded from Special Autonomy Fund.

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[477] Article 181 (1)b.5.6 of the LoGA
[478] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," The World Bank: Washington DC/Jakarta, p. 14-15
[479] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," MSR: Banda Aceh/Jakarta, p. 150
[480] Article 183 (a) of the LoGA
[481] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," The World Bank: Washington DC/Jakarta, p. 40
[482] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," MSR: Banda Aceh/Jakarta, p. 150

In short, the provincial government has discretionary authority over 40 per cent of Special Autonomy Fund, while the remaining 60 per cent is allocated by weighted fiscal needs formula at the discretion of the 23 regency/city administrations[483]. The sharing arrangements for additional revenue-sharing from oil and gas (between the provincial and regency/city governments and among regency/city governments) differ from those of Special Autonomy Fund. Revenue-sharing from oil and gas is also transferred from the central government to the provincial government. A minimum of 30 per cent of this fund is set aside for education prior to any further allocations to other sectors. The remaining 70 per cent will be allocated to finance joint development programs managed by provincial and regency/city governments: 40 per cent will be used for provincial programs, and 60 per cent will be used to finance regency/city government programs. The allocation among regency/city governments is determined based on oil producing and non-producing formula allocation[484].

Nevertheless, Aceh Poverty assessment (APA) discussed the issue of uneven transfer of revenues from Aceh provincial government to other regency/city governments. There is no significant relationship between the poverty level in particular district and revenue transfers, and some of the poorest districts receive some of the lowest per capita revenues. Inequality in resource allocation is partly the result of uneven allocation of revenues from oil and gas to producing and non-producing regions. The DAU allocation, which could be used to reduce inequalities arising from revenue sharing, does not address the imbalances in revenues across districts. Significant disparities in per capita revenue among local governments in Aceh is reflected in per capita allocation of resources in key sectors, such as education, health and infrastructure and the corresponding provision of public services[485]. In short, the Government of Aceh could use the distribution of the Special Autonomy Fund to close some of the existing imbalances among local governments and reward efficient spending by local governments[486].

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[483] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 14-15
[484] Ibid
[485] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," The World Bank: Washington DC/Jakarta, p. 40
[486] Ibid

On the other hand, oil and gas production in Aceh has declined steadily since 2001, a trend that is expected to continue as reserves are depleted. *Dana Alokasi Khusus*, DAK (Special Allocation Fund) allocations in Aceh have also increased significantly. DAK allocations to district governments have increased five times since 2003. In 2007, DAK funds were earmarked for three main sectors: education of 28 per cent, health of 20 per cent and infrastructure of 30 per cent. The Aceh provincial government also received DAK funds in 2008, to support road and irrigation projects. Provincial and district *Pendapatan Asli Daerah*, PAD (Regionally-Generated Income) has increased as well. Driven by an increase in provincial taxes (vehicle and fuel taxes), provincial PAD has increased more than four times since 2005, contributing about six per cent of the provincial government's budget in 2008. Regency and city governments' PAD more than doubled during the same period, largely from taxes and retributions. Much of this increased tax revenue comes from increased economic activity generated by the influx of tsunami aid money into the local economy. Additional PAD revenue is derived from interest on deposits and giro services generated from unspent budget balances[487]. Recently, Aceh has the third highest per capita revenues in Indonesia, after Papua and East Kalimantan, double the national average. Aceh's regular 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. Much of this increase stems from the devolution of responsibilities and budgets as set out in Indonesia's 1999, 2004 and 2006 decentralization laws which particularly benefit resource-rich provinces. Since decentralization, the DAU has become Aceh's main source of revenue, as is the case with other provinces[488].

In the context of Aceh post-conflict, the Special Autonomy Funds provides a better chance to address long-term grievances in line with previous conflict and to build back better. The Special Autonomy Funds are also for all of Aceh, including areas that were less affected by conflict. Nevertheless, if funds can be used in ways that address important post-conflict needs, and which do so in a conflict sensitive ways, there is a potential that they can play a significant role in ensuring peace endures. Conversely, if funds are misused, they may lead to new tensions and disenchantment. Despite almost Rp 10 trillion (US$ 1 billion) of assistance

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[487] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 150
[488] Ibid

for conflict recovery in Aceh, time, long term funding and sound economic management will be needed to rebuild Aceh's economy[489]. It is worth noting that there was discrepancy between LoGA and Helsinki Peace Agreement. The peace agreement mandated that all Aceh revenues should remain in Aceh,[490] whilst LoGA stipulated different mechanism where all resources are collected by central government and subsequently redistributed to Aceh[491]. In regard with transparency principle, it has mentioned in two documents that the independent auditor is being considered to be used to monitor the arrangements. "GoI commits to the transparency of the collection and allocation of revenues between the Central Government and Aceh by agreeing to outside auditors to verify this activity and to communicate the resuts to the head of the Aceh administration."[492] "In implementing transparency …, the Aceh Government may use an independent auditor appointed by the Supreme Audit Board (BPK) to conduct an audit in accordance with prevailing laws and regulations."[493]

5.3.1.1 Economic Structure and Growth

The province of Aceh is one of the most resource-rich provinces in Indonesia. Historically, the oil and gas sector had little positive impact on the economic well-being of ordinary Acehnese. Before the Helsinki Peace Agreement, the majority of proceeds from natural resources revenue-sharing were retained by the central government[494]. The case of Lhokseumawe city is a new city which proliferated from the regency of North Aceh. Lhokseumawe was considered an unsafe place because of the many political conflicts. The transnational oil and gas industry contributed most (86 per cent) of the city's gross regional domestic product in 2003. It was the richest district with per capita product of about USD 4,877, five times higher the average per capita product of all districts in the province. However, despite the fact that Lhokseumawe was the richest, 16.39 per cent of the

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[489] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 73
[490] Article 1.3.4 of the MoU Helsinki
[491] Article 181 of the LoGA
[492] Article 1.3.8 of the MoU Helsinki
[493] Article 194 (2) of the LoGA
[494] World Bank. (2006). "Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction," p. 7

population were living below the poverty line, compared to Banda Aceh with only 9.71 per cent, the lowest rate of poverty[495].

Aceh's economics structure covers oil and gas as sub-sector of mining and quarrying sector. The share of mining and quarrying sector to Aceh's Gross Regional Domestic Product (GRDP) illustrated a fluctuative trend. In the year of 2003, it was the highest share of 30.03 per cent. Then it significantly decreased to 24.28 per cent in 2004. In 2005 its share was 23.12 per cent, then in 2006 increased to 28.30 per cent. However in 2007 the share had declined to 22.48 per cent. By the year of 2008 the share declined again to 18.88 per cent. The Aceh GRDP of manufacturing sector highly relied on oil and gas manufacturing, which was Liquefied Natural Gas (LNG) industry[496]. The share of manufacturing sector had dramatically decreased from 19.93 per cent in 2003 to 11.14 per cent in 2008. In contrast, the sector of trade, hotel and restaurant's share rose to 11.08 in 2003 to 13.95 in 2008 and became the third largest sector to Aceh's GRDP which replaced the manufacturing sector. It is worth noting that the increase of share of trade, hotel and restaurant sector to Aceh's GRDP due to the impact of reconstruction and rehabilitation of tsunami process which demanded large people, from national and international community outside Aceh, to work with accommodations and meals needed. In addition, tsunami reconstruction and rehabilitation projects led to much increase share of construction sector from 3.85 per cent in 2003 to 8.52 per cent in 2008.

The depleting contribution of oil and gas sub-sector to Aceh's GRDP had much affected to the increase of economic sector of non oil and gas share such as agriculture, livestock, forestry, fishery, etc. It slightly increased from 55.56 per cent in 2003 to 62.67 in 2005 and then it much rose to 69.93 per cent in 2007. By the year of 2008 it had considerably increased to 73.70 per cent. In general, the contribution of agricultural sector to Aceh's GRDP is still the highest share. During period of 2003-08, the highest level was 26.69 per cent in 2005 and

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[495] Ananta, Aris and Onn, Lee Poh. (2007). "Aceh: A New Dawn," Institute of Southeast Asian Studies: Singapore, p. 18

[496] Gross Regional Domestic Product (GRDP) of Aceh, 2005-2008, *Badan Pusat Statistik*, BPS Aceh (Central Bureau of Statistics of Aceh), p. 11

then it slightly decreased to 26.19 per cent in 2008. It is worth emphasizing that paddy was the largest contribution to agricultural sector due to the Acehnese staple food[497].

During the conflict situation the agricultural sector and the rural areas were the most affected one. The provincial capital and the west coast suffered least from the conflict, although even businesses in cities that were less exposed to the fighting suffered from extortion. Remote areas with a focus on agriculture, particularly in the interior, were more affected by the conflict, resulting in many farmers being unable to tend to their fields[498]. Killings and physical and psychological injuries prevented many farmers from tending their fields and much of the agricultural work was neglected while the workers left the areas to avoid conflict and harvests were often neglected or stolen[499]. Skilled workers and well educated people were better able to leave the province and look for opportunities outside Aceh, which may have had a greater impact on higher-value activities that need more skilled workers. Sectors that were more location specific, such as plantations, can be more easily targeted by armed groups, while extortion or vandalism were more difficult to exert on businesses that can easily relocate, such as traders or transport firms. Higher growth rates could drastically reduce poverty, especially if this growth is inclusive of the majority of the Acehnese. Indonesia has experienced pro-poor growth since 1970 but Aceh has been somehow left behind because its economy was growing slowly during the conflict years and because an important share of this growth was in the oil and gas sector[500].

Conversely, the post-conflict situation enabled many Acehnese to return to their daily activities and resume work particularly in the people in rural areas where the agricultural sectors located. According to Aceh Poverty Assessment report, after the end of conflict, many farmers argued that lack of access to credit was the main obstacle to increasing their production. Although familiar with the banking system, few are able to access bank loans. They consider interest rates as too high, lack security and face arduous procedures in

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[497] Ibid
[498] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 13
[499] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 31
[500] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 13

securing bank loans. There are a large number of donor-financed micro-finance programs, but amounts involved are small and without sufficient support, and the programs have fallen short of expectations, with funds often used to meet consumption needs rather than investment[501].

TABLE 13
ECONOMICS STRUCTURE OF ACEH
2003-2008 (Per cent)

No	INDUSTRIAL ORIGIN	2003	2004	2005	2006	2007*	2008*
1	Agriculture, livestock, forestry and fishery	20.95	24.76	26.69	24.16	25.51	26.19
2	Mining and quarrying	30.03	24.28	23.12	28.30	22.48	18.88
3	Manufacturing industry	19.93	19.46	18.01	12.30	11.16	11.14
4	Electricity, gas and water (utilities)	0.21	0.24	0.20	0.19	0.24	0.27
5	Construction	3.85	4.16	3.22	6.06	7.62	8.52
6	Trade, hotels and restaurants	11.08	11.22	12.44	11.69	12.98	13.95
7	Transport and communication	3.83	4.30	5.15	6.39	8.08	8.89
8	Financial	1.01	1.15	1.47	1.96	1.90	2.03
9	Services	9.12	10.43	9.69	8.95	10.02	10.14
10	GRDP Aceh	100.00	100.00	100.00	100.00	100.00	100.00
11	GRDP Aceh without oil and gas	55.56	59.87	62.24	62.67	69.93	73.70

Source: Compiled from *Produk Domestik Regional Bruto* Aceh, PDRB (Aceh Gross Regional Domestic Product, GRDP) in 2003-2006 and 2005-2008, Aceh Central Bureau of Statistics
* Preliminary figures
** Very preliminary figures

Aceh's economic growth heavily depends on oil and gas sector[502], thus whilst the production of oil and gas decreased, the Aceh economic growth became negative and low. The decline in gas production has had a negative impact on industries that were reliant on the availability of cheap gas and located close to the gas fields, such as fertilizer, paper or chemicals. However, since the gas industry and linked industries around Lhokseumawe have few

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[501] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 31
[502] It consists of the activity of oil and gas mining and the activity of oil and gas industry

linkages with the rest of the economy, the impact is likely to be felt primarily at the macro level[503]. Furthermore, after tsunami catastrophe devastated Aceh in December 2004, in 2005 Aceh economic growth was totally collapsed. The Aceh GRDP's growth had contracted to negative 10.12 per cent in 2005, whilst six out of nine economic sectors had sharply contracted. The agricultural sector decreased significantly from 6.04 per cent in 2004 to minus 3.89 per cent in 2005. The sector of mining and quarrying depleted about minus 22.62 per cent, manufacturing industry sector about minus 22.30 per cent, electricity, gas and water sector about minus 1.95 per cent, construction sector decreased to minus 16.14 per cent and financial sector declined to minus 9.53 per cent.

In 2006 the Aceh's economy had been slightly recovered. Even though the negative growth of the sub-sector of oil and gas industry still continued, the positive growth had occurred in other sectors. As a result, the Aceh's economic growth had been increased to the level of 1.56 per cent. The following table indicated that the highest Aceh's economic growth in 2006 was in the construction sector of about 48.41 per cent. It is not surprising that Aceh's post-tsunami economy had been primarily influenced by the bulk influx of reconstruction and rehabilitation funds, thus all relevant sectors including construction, trade, hotel, restaurant, transport and communication. Following the closure of some reconstruction and rehabilitation projects, however, the Aceh's GRDP economic growth has begun to decline and preliminary figures for 2008 in table 9 showed a sharp decrease in the sectors were in line with the reconstruction and rehabilitation effort.

In regard with Aceh economic growth excluding oil and gas, it constantly increased. In 2006, the non-oil and gas sub-sector of Aceh's GRDP economic growth positively reached at 7.70 per cent. The following two crucial events had been contributed to this trend: the bulk influx of tsunami reconstruction and rehabilitation assistance funds and the secure and conducive atmosphere following the signing of the Helsinki Peace Agreement in 2005. Ironically, preliminary figure for 2008 indicated the sharp decline of the Aceh's GRDP economic growth and was only able to grow about 1.88 per cent. The major reason was the low growth

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[503] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 12

of agricultural sector which only reached 0.81 per cent, much less compared to the previous year of 3.62 per cent. In addition, construction sector had contracted to minus 0.85 per cent due to end of the tsunami reconstruction and rehabilitation projects.

TABLE 14
ECONOMIC GROWTH RATE OF GRDP
IN ACEH, 2003-2008 (Per cent)

No	INDUSTRIAL ORIGIN	2003	2004	2005	2006	2007*	2008*
1	Agriculture, forestry and fishery	3.27	6.04	-3.89	1.52	3.62	0.81
2	Mining and quarrying	9.86	-24.06	-22.62	-2.58	-21.10	-27.31
3	Manufacturing industry	1.68	-17.80	-22.30	-13.18	-10.10	-7.73
4	Electricity, gas and water (utilities)	16.98	19.53	-1.95	12.06	23.70	12.73
5	Construction	0.95	0.92	-16.14	48.41	13.93	-0.85
6	Trade, hotels and restaurants	2.46	-2.68	6.64	7.41	1.70	4.59
7	Transport and communication	3.87	3.67	14.39	10.99	10.95	1.38
8	Financial	30.99	19.45	-9.53	11.77	6.02	5.16
9	Services	6.31	20.14	9.65	4.41	14.30	1.21
10	GRDP Aceh	5.52	-9.63	-10.12	1.56	-2.36	-5.27
11	GRDP Aceh without oil and gas	3.70	1.76	1.22	7.70	7.23	1.88

Source: Compiled from *Produk Domestik Regional Bruto* Aceh, PDRB (Aceh Gross Regional Domestic Product, GRDP) in 2003-2006 and 2005-2008, Aceh Central Bureau of Statistics
* Preliminary figures
** Very preliminary figures

It is worth noting that to achieve sustainable and inclusive growth especially in the non-oil and gas sub-sector is imperative because it significantly reduces poverty and creates more jobs in Aceh. As World Bank reported, the production of oil and natural gas contributed more than 41.0 per cent of Aceh's GRDP in 2004 and employed less than 10 per cent of the workforce. Agriculture, in contrast, accounted for 24 per cent of the province's GDP but employed more than half of the workforce[504]. In short, without a recovery of the agricultural and manufacturing sectors, Aceh will face a structural downturn as the reconstruction and

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[504] World Bank. (2006). "Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction," p. 7

rehabilitation effort officially winds down in 2009[505]. The inclusive nature of growth becomes particularly relevant in Aceh post-conflict. Considering that there are a substantial number of former combatants active in the agriculture sector, there is an additional rationale to focus on removing barriers to growth in agriculture and equipping the poor, through skills and access to assets, to benefit from growth. Inclusive and widespread growth that benefits the majority of the population, paying particular attention to the opportunities and grievances of potential 'peace-spoilers', should be key strategy to maintain sustainable peace and development in Aceh[506].

In addition, the role of private investment as engines of growth in Aceh is also needed in several sectors (such as agriculture, non-oil and gas manufacturing and services) if these are to replace tsunami reconstruction. Business leaders in Aceh are generally optimistic about prospects in Aceh post-conflict atmosphere. According to Multi-Stakeholders Review (MSR), 57 per cent of business leaders interviewed felt that the economic situation was improving, whilst 21 per cent who felt it was deteriorating[507]. Nonetheless, serious challenges remain including poor infrastructure; access to finance; inadequate legal protection for investors; patronage and corruption; and Aceh's high-cost economy[508]. *Upah Minimal Regional* Aceh, UMR (Aceh's minimum regional wage) increased significantly from Rp 550,000 pre-tsunami to Rp 1 million (US$ 100), and now one of the highest in Indonesia. This trend happened because high inflation levels since the tsunami catastrophe and strong demand for laborers for reconstruction and rehabilitation efforts[509].

Conversely, as cited in MSR, the cost of the conflict in 2008 figures was estimated to be Rp. 107.4 trillion (US$ 10.7 billion). This is almost twice the financial cost of the tsunami, which in 2008 figures was Rp. 60.9 trillion (US$ 6.1 billion)[510]. The higher economic impacts of the

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[505] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 29
[506] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment."
[507] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 90
[508] Ibid
[509] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 33
[510] MSR. (2009), p. 36

conflict is due to the fact that it lasted over a 30-year period, while the tsunami was an almost instantaneous event, albeit with long-term repercussions. Loss from the conflict (Rp. 95.6 trillion or US$ 9.6 billion) was eight times greater than damage (Rp. 11.8 trillion or US$ 1.2 billion). This is because losses from ceased economic or other activity continue to accumulate from the moment damage is incurred until such time that the damage is repaired. Often, damaged infrastructure or other assets were not repaired and thus losses accumulated over many years of the 30-year conflict period. From 1999 to 2004 total loss alone amounted to 7.4 per cent of provincial Gross Domestic Product (GDP). The provincial economy bore the financial brunt of the conflict with damages and loss valued Rp. 65.5 trillion (US$ 6.5 billion) incurred[511].

TABLE 15
TOTAL COST OF CONFLICT IN ACEH
BY SECTOR

No	Sectors	Damage (Billion Rp.)	Loss (Billion Rp.)	Cost of Conflict (Billion Rp.)
1	Productive Sector	3.323	65.612	68.934
2	Governance and Administration	237	25.450	25.687
3	Social Sector	1.497	1.699	3.178
4	Housing and Infrastructure	6.762	2.872	9.634
	T O T A L	11.80	95.633	107.434

Source: MSR, 2009

In Aceh, over half of all rural infrastructures in nine categories were damaged directly or indirectly to some degree as a result of the conflict: transport, bridges, water and sanitation, electricity, irrigation, village facilities, economic facilities, housing and productive land. The productive sector accounts for 64 per cent of costs. The next most affected sectors were governance and administration (24 per cent of total damage and losses), housing and infrastructure (nine per cent), and the social sector (three per cent)[512].

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[511] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 36
[512] MSR. (2009), p. 90

5.3.1.3 Employment

As cited in World Bank report, the inclusive growth implies into three main areas focusing on labor intensive, i.e. agriculture or small retail; an assessment of the business environment and the opportunities for capture that it presents; and an understanding of how people were economically affected by the conflict at the individual level[513]. Agriculture and trade have been shedding labor, while other sectors are not able to create jobs at the same pace. Particularly worrying is the fact that a large share of employment created (transportation, construction) is closely linked to the reconstruction and rehabilitation efforts and also employs a large share of former combatants. The project closure of reconstruction efforts may therefore be accompanied by a decline in employment in the province[514]. As discussed earlier, the private investment including services and manufacturing (non oil and gas) sectors should become the main engines of job creation, but as in the rest of Indonesia, this is not happening. There could be several reasons for low job creation in the non-farm sector, but high real wage increases in the services sectors could partly explain this. High wages are likely to affect Aceh even more, as price and wage increases have been higher than in the rest of the country in the aftermath of the tsunami. Although reforms in labor markets that could address some of the constraints for job creation are mostly beyond the jurisdiction of the provincial government, regional minimum wages are set at the provincial level. This provides the provincial government with the necessary leverage to avoid wage increases becoming a constraint on job creation[515].

According to the Aceh government, the Aceh unemployment rate in 2005 was 2.39 per cent (331.949 people) of the population of above 15 years old which amounted to 2.677.900 people. It is worth noting that the highest unemployment rate listed primarily in the areas where the most intense conflict and known as the GAM strongholds areas during the conflict situation. The highest unemployment rate was found in Pidie Regency, where there was a total of 50.754 unemployment (15.28 per cent), and then Aceh Utara Regency with 49.116

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[513] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 10
[514] Ibid
[515] Ibid, p. 14

unemployment (14.79 per cent) and finally Bireuen Regency with 7.697 unemployment (11.35 per cent). However, if the unemployment rate is compared with the population of above 15 years old, then the highest unemployment rate was found in Simeulue Regency with 17.57 per cent and then Bireun Regency with 18.96 per cent, Pidie Regency with 15.78 per cent and Aceh Utara Regency with 15.44 per cent[516].

TABEL 16
UNEMPLOYMENT
BY REGENCIES/CITIES
IN ACEH, 2005

No.	Regencies/Cities	Population above 15 years old	Number of Unemployed
1	Pidie Regency	321.526	50.754
2	Aceh Utara Regency	318.181	49.116
3	Bireuen Regency	236.209	37.697
4	Lhokseumawe City	104.028	10.062
5	Simeulue Regency	51.095	8.978
6	Aceh Singkil Regency	87.607	8.526
7	Aceh Selatan Regency	126.715	11.74
8	Aceh Tenggara Regency	106.707	11.792
9	Aceh Timur Regency	191.809	19.972
10	Aceh Tengah Regency	106.393	7.55
11	Aceh Barat Regency	105.509	13.504
12	Aceh Besar Regency	199.052	28.911
13	Aceh Barat Daya Regency	77.592	8.614
14	Gayo Lues Regency	45.624	2.043
15	Aceh Tamiang Regency	156.771	13.79
16	Nagan Raya Regency	84.653	12.183
17	Aceh Jaya Regency	41.049	8.492
18	Banda Aceh City	135.136	13
19	Sabang City	20.309	1.568
20	Lhokseumawe City	104.028	10.062
21	Bener Meriah Regency	71.421	4.794
	T O T A L	2.677.90	331.949

Source: ATLAS, Economic Development Nanggroe Aceh Darussalam Province, 2008,
        The Government of Nanggroe Aceh Darussalam

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[516] ATLAS. (2008). "Economic Development Nanggroe Aceh Darussalam Province," 12 May 2008, The Government of Nanggroe Aceh Darussalam, p. 87

5.3.1.4 Poverty

Poverty is a multi-dimensional issue pertaining to various issues including low average quality of life, education, health, infant nutrition, and water supply. The economic crisis, prolonged conflict, earthquake and tsunami have made the number of poor households in Aceh significantly increase. The poverty in Aceh also relates to living in rural areas where farming is the main source of livelihoods. The other relevant factors are the low educational level of the household's head, and the households headed by women[517]. The following table of poverty rate in Aceh shows that prior to tsunami devastation in 2004 an estimated 1.2 million Acehnese (28.4 per cent of total population) were living below the poverty line or approximately US$14, per capita per month. It was substantially higher than in the rest of Indonesia, at 16.7 per cent and making Aceh one of the poorest provinces. In the 2005 post-tsunami catastrophe, the Aceh poverty rates increased significantly to 32.6 per cent. Whilst, it decreased much below pre-tsunami levels to 26.5 per cent by 2006 due to the reconstruction and rehabilitation projects and the end hostilities in 2005.

TABLE 17
ACEH POVERTY RATE
(Per cent)

Categories	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)
Aceh	28.4	32.6	26.5	26.6	23.5	21.8
Urban	17.6	20.4	14.7	18.7	16.7	15.4
Rural	32.6	36.2	30.1	29.9	26.3	24.4
Indonesia	16.7	16.0	17.8	16.6	15.4	14.1

Source: Aceh Central Bureau of Statistics (1999-2008)

Poverty in Aceh is primarily a rural phenomenon, with 30 per cent of rural households in Aceh are living below the poverty line, compared to 14.7 per cent in urban areas by the year of 2006 (see table 12). Considering that rural areas historically known as GAM stronghold areas and the most fighting, addressing rural poverty is of primary concern for the peace

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[517] ATLAS. (2008). "Economic Development Nanggroe Aceh Darussalam Province," 12 May 2008, The Government of Nanggroe Aceh Darussalam, p. 11

process in Aceh. Reducing poverty and improving prosperity will require sustained economic growth. As mentioned earlier, Aceh poverty rate has declined significantly in the post-tsunami phase. However, it has been mainly driven by tsunami reconstruction funds and reintegration post-conflict funds which only have limited term. Meanwhile, it followed by the increase of government resources, if used properly, can have a positive impact on future growth, poverty reduction and job creation. In addition as cited in MSR, "Private sector investment is necessary. If Aceh's economy does not grow, or if growth does not translate into improved fortunes for former combatants and other vulnerable groups, it is likely that resentment will again rise."[518]

As Aceh Poverty Assessment (APA) discovered, the impact of the conflict on poverty seemed to decrease by 2006. In 2004, households in conflict areas were 29 per cent more likely to be poor. This relative difference increased to 43 per cent in 2005 but had disappeared in 2006 possibly suggesting that benefits from the end of hostilities were beginning to emerge in those areas as well. Average per capita consumption data also support the finding that conflict-affected areas had started to recover by 2006[519]. In addition, Poverty has declined more rapidly in conflict-affected than non-affected areas. Compared to a province-wide decline in people living in poverty of 2.04 per cent between August 2005 and December 2007, the nine highest conflict-intensity districts experienced a decline of 2.26 per cent. Encouragingly, the decline in these areas has been driven by the resumption of agricultural production and trade—a spontaneous dividend of the peace[520]. In general, agricultural revitalization remains vital for poverty alleviation efforts, it is worth noting that almost 30 per cent of Aceh's rural population lives below the poverty line and agriculture still offer employment to over 50 per cent of the workforce. Thus, a key priority for the Government of Aceh in alleviating poverty should be to focus on growth and sustainable economic development in rural areas[521].

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[518] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 87-88
[519] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 16
[520] MSR. (2009), p. 88
[521] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 26

5.3.2 Administrative Governance and Service Delivery

MSR study identified the total of damages and losses related conflict in the governance and administration sector, which about Rp 25.7 trillion (US$ 2.6 billion) or 24 per cent of the total cost of the conflict. Eight-eight per cent (Rp 22.5 trillion or US$ 2.3 billion) went to the cost of maintaining security. Lost revenues cost the government Rp. 2.9 trillion (US$ 292.7 billion) in the form of uncollected taxes because of poor security conditions and loss of market levies due to market closures. On the other hand, the vast majority of village halls and offices were damaged such as such as meeting halls and offices which valued at Rp. 237.1 billion (US$ 23.7 million), accounts for just one per cent of total damage and loss in the governance sector[522].

Central Bureau of Statistics in 2008 identified some improvements in service delivery; however Aceh's progress was lagging the national average. The Human Development Index (HDI) improved from 68.7 in 2004 to 69.4 in 2006 but remained below the national average of 70.1. Life expectancy improved from 68.0 years in 2005 to 68.3 years in 2006, but once again this was still lower than the national average of 68.5 years. Access to education was less of an issue in Aceh; the province has a higher school enrollment rate than the national average. However, Aceh is still lagging in the quality of education. Data from the Ministry of National Education (MoNE) indicated that Aceh's completion rate is lower than the average national rate, especially for secondary schools, and Aceh's drop-out rate is higher for primary and junior secondary schools than the national average[523]. The tsunami reconstruction and rehabilitation projects might have contributed to these improvements, whilst large additional regional revenues for key sectors to the Aceh provincial government and regency/city governments could not be neglected.

World Bank study in 2008 found that since decentralization, Aceh government expenditure slightly rose as a substantial increase in regional revenues. Although total spending has

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[522] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 39

[523] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 25

increased, the absorptive capacity of the province and regency/city governments remained weak. An increase in provincial and regency/city governments' spending in 2007 was financed by unspent balances (carryovers) from 2006 budgets[524]. In 2007, provincial spending on capital and social assistance increased substantially while spending on salaries and goods and services (including operational and maintenance, and travel expenses) was relatively stable. The enormous increase in other expenses was driven primarily by an increase in social assistance to tsunami and conflict-affected communities. Capital spending is expected to increase in 2008 as a contribution of Special Autonomy Funds was mandated as an allocation for capital spending[525]. It is worth noting that in 2006 Aceh government expenditure patterns were not geared to poverty alleviation and peoples' welfare as spending on government administration/personnel had crowded out capital investment in public services[526].

In 2009, the Government of Aceh launched a new program to support economic development program in village through village block grant program namely *Bantuan Keuangan Peumakmue Gampong*, BKPG. All 6,411 villages in 276 sub-districts in Aceh were allocated Rp 150 million per year (contingent on district government performance in the allocation of *Alokasi Dana Gampong*, ADG (Village Allocation Fund) grants). Rp. 100 million of this amount came from provincial budgets and Rp. 50 million from district budgets. The BKPG represents a major increase in funding for village communities[527]. Furthermore, in 2010 the the Aceh provincial government introduced a new free health program namely *Jaminan Kesehatan Aceh*, JKA (Aceh Health Insurance). The program was primarily designed for 3.8 million poor Acehnese who cannot get access properly to health facilities in Aceh. In the context of central and local government relations, the Aceh provincial government programs have been acknowledged by Indonesian President as good programs in accordance with the

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[524] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 22
[525] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," p. 23
[526] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 41
[527] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 118

national programs[528]. In short, given the generally high levels of trust in local leaders and decision-making and perceptions that local decision making benefits those most in need, the program has the potential to further increase cohesion and satisfaction at the community level. However, if not properly managed, this new 'windfall' also has the potential to lead to increased local conflict[529].

Furthermore, mainstreaming of post-conflict peace-building strategies and conflict sensitivity into Aceh's broader government development agenda is also imperative. Many post-conflict needs can be most effectively met by improving service delivery, rebuilding and creating new infrastructure, and boosting growth. Provincial and district development planning and technical line agencies are primarily responsible for this. However, until now, many have paid little attention to post-conflict dynamics due to lack of technical capacity[530]. Provincial and district parliaments are responsible for approving budgets, and as such, will need to be cognizant of the impact of government development programs on perpetuating or alleviating the causes of conflict in the region. Most members of parliament throughout Aceh are relatively inexperienced are likely to be beholden to their backer and party leadership, setting the stage for populist or clientelistic strategies that can divert attention and resources from broader peace-building goals and strategies[531]. In term of financial assistance distribution to tsunami and conflict victims, many international agencies signed undertakings that they would not interfere in the conflict. By substantial funds could not be used in conflict-affected areas that were not hit by the tsunami. As a result, there has been a significant discrepancy between the aid reaching tsunami-affected areas and that too many heavily conflict-affected regions, creating an artificial dichotomy between post-tsunami and post-conflict Aceh. This separation of tsunami and reintegration assistance also meant conflict sensitivity was not built into government, donor and NGO post-tsunami recovery and development programs[532].

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[528] Serambi Indonesia Newspaper, "*Presiden: Arah Pembangunan Aceh Sudah Tepat*," Tuesday, 30 November 2010
[529] MSR. (2009), p. 118
[530] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 152
[531] Ibid
[532] Ibid, p. 150

In general, access to health, education facilities and poor infrastructure are three key dimensions of local grievances as the root causes of conflict. Through education, improving literacy rates and creating skilled worker could be achieved which it significantly contributed to economic growth. Most former combatants are poor education and technical capacity. Law no. 11/2006 on the Governing of Aceh (LoGA) acknowledges the importance of education by institutionalizing a relatively high allocation of public resources to education. Poor healthcare access is another key dimension of grievances related to conflict. Various attempts of the Government of Aceh – for instance *Jaminan Kesehatan Aceh*, JKA (Aceh Health Insurance) – to provide universal and free primary healthcare are urgently needed. Considering that poverty is rural phenomenon and one of the causes of conflict, thus improving infrastructure, particularly rural infrastructure, as well as public services to increase productivity in agriculture and fisheries, are key for poverty alleviation and lasting peace.

5.3.2.1 Education Sector

During the conflict educational infrastructure was deliberately targeted. Insurgents perceived them as extensions of the Indonesian state, and the government troops damaged schools for several reasons such as to cast blame on GAM, terrorize communities, and to make it more difficult for families to live in remote villages. There was a total of 1.157 school buildings damaged or burnt during the conflict time. It was also followed by the damage and loss of teaching-learning tools and equipment[533]. In addition, education suffered particularly, with about 900 schools destroyed during the worst period of conflict from 1999 onwards[534]. In general, a damage and loss assessment estimates that 49 per cent of high schools, 47 per cent of middle schools, 54 per cent of primary schools and traditional *madrasah* (Islamic schools), and 74 per cent of kindergartens were damaged during the conflict. Schools would often be temporarily shut down when violence was particularly bad. Universities also came under attack. A large number of Acehnese left the province in this period. After the government

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[533] ATLAS. (2008). "Economic Development Nanggroe Aceh Darussalam Province," 12 May 2008, The Government of Nanggroe Aceh Darussalam

[534] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 35

declared martial law in Aceh in May 2003, more than 100,000 Acehnese fled the territory, among them many students and businessmen[535]. In addition to the physical destruction of educational and health facilities, many teachers and health workers fled conflict-affected rural areas for the relative safety of towns and cities. Many have yet to return, and incentives are still needed to encourage them to go back to more remote rural areas[536].

In the Aceh post-conflict peace-building, there are signs that the improved security situation and the opportunities created by the reconstruction effort resulted in some businessmen and skilled labor returning to Aceh. The reconstruction effort has in turn contributed to improving human capital in the province. Reconstruction projects have improved educational facilities and improved the capacity of government officials. As of December 2008 40,000 teachers had been trained during the reconstruction effort. Many reconstruction actors have employed local staff, which has probably generated significant knowledge transfers[537].

Furthermore, the Government of Aceh has an opportunity to improve the allocative and technical efficiency of education spending through the implementation of decentralization; Law on the Governing of Aceh (LoGA) requires a minimum 30 per cent of additional revenue be allocated to education, "a minimum of 30% (thirty per cent) of the income … shall be allocated to fund education in Aceh."[538] There are large numbers of teachers in the province, but teacher absenteeism and shortages in rural and remote areas may be compromising the quality of teaching. A different set of incentives for both schools and teachers may allow Aceh to benefit more from the relatively large per capita education expenditure[539]. The size of the workforce in the education sector and its uneven distribution across the province is a key source of inefficiency in education spending in Aceh. Teacher salaries, which account for 93 per cent of all routine spending on education, increase the

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[535] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 36
[536] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 43
[537] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 36
[538] Article 182 (3) of LoGA
[539] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 44

financial burden on total education expenditures, leaving fewer resources available for improving the education system[540].

Meanwhile, the high enrolment levels in Aceh are partly the result of relatively high education spending. Regional government spending on education was 31.8 per cent of total expenditure in 2004, whilst average regional government spending on education in Indonesia was 28.8 per cent. This higher share of government spending on education translates into a relatively high development spending as a share of education spending, 32.9 per cent in Aceh vs. 16.6 per cent in Indonesia[541]. In addition, improving the quality of education and increasing higher education enrolment levels, given almost universal primary education enrolment levels in Aceh should be high on the Government of Aceh's priority list. Aceh has been allocating a larger share of its budget to education since 2002, but outcomes have changed little. While access to primary education is less of an issue in Aceh, here too the quality of education requires attention[542].

It is worth noting that in the context of post-conflict actors, World Bank data indicated that former combatants are on average less educated than civilians. When comparing former combatants with civilians, it appears that former combatants are more likely to have stopped their education at the primary or junior high school levels. However, more of them are literate which may indicate that they are more likely to have received a basic education[543].

5.3.2.2 Health Sector

According to data from MSR study on damage and loss related conflict, in the social sector was primarily to the health infrastructure (57 per cent of the value of damages and losses in this sector), in particular damage to local medical clinics valued at Rp. 102.5 billion (US$ 10.2 million) and losses of Rp. 1.7 trillion (US$ 169.9 million) in human capital due to

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[540] Ibid, p. 47
[541] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 46
[542] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," The World Bank: Washington DC/Jakarta, p. 28
[543] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 36

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malnutrition in children caused by the conflict. The loss due to extra medical costs incurred from sickness and injuries due to the conflict could not be determined and hence is not included in our calculations[544].

Like education sector, Aceh's health workforce is relatively large, but uneven distribution of doctors and midwives, partly a result of the conflict and low living standards in many rural areas, has created unnecessary gaps. Further information about the nature of the current health workforce, including both public and private providers, and about the incentives necessary to keep doctors and other health providers in remote areas, is necessary to achieve a sustainable solution to the uneven distribution of the workforce[545]. In 2006, there were a total of 20.041 health workers in Aceh, but only 10% are medical workers (doctors, general practitioners, and medical specialists), having to serve more than 4 million Acehnese through basic and recommended health facilities, especially *Pusat Kesehatan Masyarakat*, Puskesmas (Public Clinics) and Hospitals. The ratio of medical specialist is 1:34.050, general practitioner 1:6.330, Puskesmas Midwife 1:3.093, Nurse 1:1.408 and Village Midwife 1:1.6 villages. Based on the Health Profile 2005, the ratio of health workers of 100.000 people is still below the target, except the ratio for midwife. Meanwhile, the ratio of general practitioner, dentist, nurse, nutritionists, and sanitation experts is still below the target. The availability and distribution of medical specialists is a big issue in Aceh. Most of the medical specialists are concentrated in urban hospitals[546].

Average per capita spending on health among regency/city governments has increased. The average per capita spending on health increased both in real terms and as a per centage of total spending, from Rp 84,766 (6.3 per cent) in 2004 to Rp 275,184 (8.1 per cent) in 2007. Sabang city achieved the highest level with per capita health spending of about Rp 1.6 million, while Pidie was lowest with only Rp 114,758 (Figure 2.10). However, since higher allocations to health seem to have failed to translate into better health outcomes, regency/city

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[544] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 41

[545] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 50

[546] ATLAS. (2008). "Economic Development Nanggroe Aceh Darussalam Province," 12 May 2008, The Government of Nanggroe Aceh Darussalam, p. 10

governments with higher per capita allocations will need to look into improving spending efficiency. In 2007, Sabang city suffered a 1.6 per cent infant mortality rate compared with 0.76 per cent in Pidie, while births assisted by a professional health worker were lower in Sabang (79 per cent) than Pidie (94 per cent)[547].

On the other hand, the morbidity rate in Aceh pre-tsunami, at 27 per cent of the population, was higher than in North Sumatra (19 per cent), but comparable to the rest of Indonesia.21 The long conflict, during which access to health services was reduced, is likely to have been a contributing factor to the high morbidity levels in Aceh. Analysis at the *kecamatan* (sub-district) level supports this. Children and adults living in conflict-affected areas are significantly more likely to experience illness than those areas less affected by the conflict. After the tsunami, reported morbidity increased by 17 per centage points in Aceh, reflecting the physical and psycho-social trauma of the tsunami and subsequent displacement. Reported morbidity decreased in 2006 but continues to be relatively high. Increased morbidity was met with higher utilization of health services. Utilization rates of people who reported to be sick, as well as non-sick (i.e. those seeking preventative care), increased by 4 and 21 percentage points, respectively, in 2005. The impact of the tsunami on health outcomes was strong but may have been short lived, since there was already a significant decline in morbidity by 2006[548].

Finally, utilization of healthcare services in Aceh is relatively high but a large share of the sickness does not seek formal healthcare. Pre-tsunami total utilization of health services was 20 per cent, relatively high compared with about 10 per cent in North Sumatra. In Aceh, there is a relatively large utilization of services by people with no symptoms, signaling a demand for preventive care. High per capita public spending on health contributed to the high utilization rates in Aceh. The share of public spending on health in Aceh, at less than 6 per cent, is lower than in other regions in Indonesia, at 7 per cent on average, but per capita spending remains above average (Rp 78,000 in Aceh vs. Rp 51,000 in Indonesia in 2004). As

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[547] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," The World Bank: Washington DC/Jakarta, p. 26
[548] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 47

a result of the high per capita spending, Aceh's health workforce is relatively large compared with other provinces, at around 11 midwives per 10,000 people, compared with an average of 5 midwives per 10,000 for Indonesia and two doctors per 10,000 people, the same as the national average. The share of development health spending of sub-national governments has decreased in both absolute and relative terms, with salaries of personnel accounting for 54 per cent of total health expenditure, or 83 per cent of all routine expenditure, in 2004[549].

5.3.2.3 Infrastructure Sector

In the infrastructure sector, it also suffered greatly during the conflict situation. A damage and loss assessment related conflict showed that over 50 per cent of nine types of infrastructures were damaged during the conflict, namely: transport, bridges, water and sanitation, electricity, irrigation, village facilities, economic facilities, housing, and productive land[550]. World Bank study found that in 2006, only 12 per cent of this damage had been repaired. Ninety-six thousand hectares of rice field (31 per cent of the total in Aceh) was unproductive; 278,000 hectares of other cropland (49 per cent) could not be used because of the conflict and over 200,000 heads of livestock (cattle and buffalo) were lost during the conflict. In the enterprise sector, 1,483 rice mills and other small processing plants were damaged (47 per cent of the total), around 6,707 shops, stores and food stalls and almost 1,409 village markets (among a total of 2,368) were damaged or destroyed. Nearly 1,179 km of district roads (43 per cent of the total), 2,641km of village access roads (60 per cent), and 1,442 km of hamlet access roads (61 per cent) were damaged. Some 2,195 concrete bridges and 4,468 other bridges (wooden, suspension, steel girder) were also damaged. Infrastructure damaged by the conflict tended to be built back relatively low, particularly when compared with the speed at which tsunami-damaged infrastructure is being built back[551].

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[549] World Bank. (2008). "Aceh Poverty Assessment: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh," p. 48

[550] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh."

[551] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 33

According to a damage and loss assessment related conflict also, damage and loss to the transportation infrastructure in particular accounts for Rp. 2.1 trillion (US$ 207.3 million). Damage was most extensive to roads, comprised of district roads, village access roads, hamlet access roads, neighborhood roads, and bridges. In its worth noting that although damaged roads and bridges – particularly district and village access roads – cause major losses by impacting on productivity and access to markets thereby hindering economic recovery in rural areas, loss stemming from this damage is extremely difficult to calculate. Similarly, although damage to irrigation and drainage canals hampers economic recovery in rural areas it was also difficult to calculate[552].

On the other hand, during period of 2004-07, average Aceh provincial government and regency/city government per capita spending on infrastructure increased threefold. The average share of spending on infrastructure from total expenditure also increased from 11.1 per cent in 2004 to 16.4 per cent in 2007. Aceh Jaya regency allocated the highest per capita spending to infrastructure between 2006 and 2007, mainly to rebuild road networks and other basic infrastructure that had been devastated by the tsunami. In 2007, Aceh Jaya regency's per capita allocation reached Rp 2,678,425, more than 20 times that of the lowest ranking district in the province, Aceh Timur regency (Rp 120,195). Aceh Utara regency ranked second, although it had the highest share of infrastructure spending (39 per cent of budget). Aceh Selatan, Pidie and Aceh Timur regencies allocated low per capita spending on infrastructure in 2006-07. Several district/city governments allocated lower per capita spending for infrastructure in 2007 than in 2006, namely Sabang city, Simeulue regency, Bireuen regency, and Aceh Timur regency[553].

Tsunami reconstruction and rehabilitation efforts have equipped Aceh with better infrastructure. About US$ 1.5 billion worth of infrastructure projects (in the areas of transport, irrigation and energy) have been allocated. This was primarily in tsunami-affected areas, with few investments in the interior and other non-tsunami affected areas: only nine

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[552] MSR. (2009). "Multi-stakeholder Review of Post-Conflict Programming in Aceh: Identifying the Foundation Sustainable Peace and Development in Aceh," p. 40

[553] World Bank. (2008). "Aceh Public Expenditure Analysis Update: Managing Resources for Better Outcomes in A Special Autonomy Region," The World Bank: Washington DC/Jakarta, p. 27

per cent of the value of the conflict related damages and losses have been allocated in the form of post-conflict support[554]. In post conflict areas, there are still great assistance needs in housing, agriculture and transport. In areas where infrastructure has been repaired after the tsunami, it is not clear whether local governments will have the resources and the capacity to maintain these new assets. The government remains the main investor in infrastructure. Although some industries have resorted to building their own infrastructure (oil and gas, fertilizer industry and a few plantations), the vast majority of the private sector still relies on infrastructure provision by the public sector[555].

In addition, Aceh has been the site of an extraordinary building boom as a result of the reconstruction and rehabilitation efforts that followed the December 2004 tsunami[556]. Meanwhile, since the signing of the Helsinki MoU, most key former GAM commanders have moved into business. Specifically, most have become contractors working in the construction industry. Their chief activities involve building infrastructure (especially roads, bridges, and irrigation channels) or providing materials (sand, stones, and timber) for such work. As a matter of fact, they have entered one of the most politicized and corrupt sectors (see chapter six)[557].

5.4 Post-Conflict Security Governance

5.4.1 The Implementation of Disarmament, Demobilization and Reintegration (DDR)

Under the supervision of Aceh Monitoring Mission (AMM), the successful decommissioning of GAM weapons and the parallel withdrawal of military and police demonstrated the good pace in Aceh post-conflict peace-building. In December 2005 was the fourth and final phase of the weapon decommissioning and troop relocation process without incidents.

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[554] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 33
[555] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 33
[556] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," Indonesia, Volume 87, April 2009
[557] Ibid, p. 2

As stipulated in the Helsinki Peace Agreement and GAM committed to hand over 840 arms. GAM actually surrendered 1,018 arms; however the AMM, which had the authority to determine whether they satisfy the criteria, rejected more than 178 and the Government of Indonesia disputed another 71[558]. Through the decommissioning process, GAM's leaders had the opportunity to demonstrate that they could persuade guerilla commanders on the ground to honor the terms of the Helsinki Peace Agreement, as many of them initially refused it[559].

The withdrawal of troops has also gone according to plan. By the end of the third round in November 2005, the Indonesian military had taken out approximately 18,000 "non-organic" troops (troops from other commands temporarily stationed in Aceh); while the police had pulled back 3,700 men and women from Aceh. Initially, GAM suspected the Indonesian military would withdraw less than the agreed number of troops and so sent representatives to witness the departures. After the AMM began monitoring these, it discontinued the practice[560]. Ultimately, on 19 December 2005, the total number of Indonesian military and police relocated from Aceh to 25,890 and 5,850 personnel respectively[561].

On the other hand, in the beginning of peace period, GAM disarmed itself and began the process of shifting from armed guerilla into a peaceful political movement. In December 2005, *Tentara Negara Aceh*, TNA (Armed Forces of the State of Aceh) – the armed wing of the movement) dissolved, and GAM created a new organization namely *Komite Peralihan Aceh*, KPA (Aceh Transition Committee) to accommodate former GAM fighters[562]. The organization was without the weapons but with an essentially unchanged structure. Its structure exactly replicated the TNA's, with commanders at the district level becoming KPA heads in the same area. Some in the Indonesian military and elsewhere remained suspicious of the KPA's motives, believing it would try to exploit the peace to secretly prepare for a

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[558] Aceh Conflict Monitoring Update, December 2005, World Bank
[559] International Crisis Group (ICG). (2005). "Aceh: So Far, So Good," Asia Briefing No. 44, p. 2
[560] Ibid, p. 3
[561] Aceh Conflict Monitoring Update, December 2005, World Bank
[562] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," Indonesia, Volume 87, April 2009, p.8

military comeback. But GAM argued that its former fighters needed help making the transition to civilian life, and securing their economic well-being was paramount.[563]

As mandated by the Helsinki Peace Agreement, the Government of Indonesia would allocate suitable farming land and immediate financial assistance to the authorities of Aceh for the purpose of facilitating the reintegration to society of the former combatants and the compensation for political prisoners and affected civilians[564]. In addition, the Government of Indonesia through the Aceh administration should use the land and financial support for all former combatants through receiving an allocation of suitable farming land, employment or, in the case of incapacity to work, adequate social security[565]. The whole assistance would be allocated also to all civilians who have suffered a demonstrable loss due to the conflict[566].

Therefore, in order to implement those obligations, the Governor of Aceh, on 15 February 2006 with his Gubernatorial Decree no. 330/106/2006 created a body known as *Badan Reintegrasi Aceh*, BRA (the Aceh Reintegration Agency). The body is fully responsible with the implementation of reintegration process such as the distribution of reintegration funds for former combatants and conflict victims and its broader mandate of sustaining the peace process on behalf of the Government of Aceh. BRA takes an active role in monitoring the implementation of the MoU and developing and implementing return and reintegration programs, including assisting the Government of Aceh in administering the reintegration fund created by the Government of Indonesia to assist with the reintegration of former combatants, former political prisoners and affected civilians. Meanwhile, the role of the BRA was to unite the parts of the Acehnese community divided by the conflict through religion, education, social, politics and culture; and to end the conflict cycle through economic development[567].

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[563] International Crisis Group (ICG). (2009). "Indonesia: Deep Distrust in Aceh as Elections Approach," Asia Briefing No. 90, p. 3
[564] Article 3.2.5 of the MoU Helsinki
[565] Article 3.2.5 a) of the MoU Helsinki
[566] Article 3.2.5 c) of the MoU Helsinki
[567] Aceh Reintegration Agency. (2009). "Following up on The Helsinki Peace Framework: A Comprehensive Action Plan, March 2009, Edition 2, *Badan Reintegrasi Aceh*, BRA

According to Aceh Reintegration Agency (BRA), the Government of Indonesia disbursed the financial assistance for reintegration into society program through the following activities, namely: housing, livelihood or economic development, *diyat*-patterned assistance[568], health assistance, orphan scholarships, and assistance for social and cultural activities. For the fiscal year of 2007, the central government allocated Rp. 700 billion (USD 74.5 million) for reintegration programs in Aceh, roughly half of which was tied to the housing program. The first installment of Rp. 250 billion (USD 26.6 million) was passed by the Indonesian parliament in June 2007, but was not received by BRA until September of that year. The provision of the remaining Rp. 450 billion (USD 47.9 million) was not dispersed before the end of the fiscal year. The central government disbursed additional reintegration funds in 2008, although the receipt of funds was again delayed until October 2008[569].

Furthermore, for 2009 operations, BRA requested Rp. 550 billion (US$ 55 million) from the central government and Rp. 250 billion (US$ 25 million) from the provincial government. Central and provincial parliaments approved only Rp. 200 billion (US$ 20 million) and Rp. 100 trillion (US$ 10 million), respectively, rendering it unlikely that BRA will be able to fulfill its mandate during 2009[570]. For 2010 BRA has requested Rp. 645 billion (US$ 64.5 million) from the provincial government alone for housing construction (7,212 units), victims of conflict (23,425 individuals), the conflict disabled (2,000 individuals) and for *diyat* (30,128 individuals). Due in part to a lack of operational funds, BRA has not been successful in communicating its mandate to the people of Aceh. BRA is largely dependent on the central government for its funding and on international agencies for developing its institutional capacity[571]. All in all, during period of 2005-2010, approximately more than Rp. 1.5 trillion (US$ 150 million) financial support which provided by the central government has been disbursed for Aceh post-conflict reintegration program[572]. And about Rp. 235 billion (US$

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[568] As cited in BRA Comprehensive Action Plan (2009), the Islamic penal laws governing compensation and retribution in crimes involving bodily harm are known as *diyat* and *qusis*. The *Koran* notes that the family of the individual killed or injured should seek compensation rather than demanding retribution or retaliation (*qisas*). Some BRA financial assistance follows the *diyat* pattern.
[569] Aceh Reintegration Agency. (2009). "Following up on The Helsinki Peace Framework: A Comprehensive Action Plan, p. 28
[570] MSR. (2009), p. 144
[571] Ibid, p. 145
[572] Serambi Indonesia Newspaper, Wednesday, 21 April 2010, "*Reintegrasi Memang Perlu Dana.*"

23.5 million) committed by the Government of Aceh has been disbursed during this period[573].

5.4.2 The Challenges of Reintegration Process

During the first phase of the peace process, the disbursement of *dana reintegrasi* (reintegration funds) to former combatants or *Tentara Negara Aceh*, TNA (Armed Forces of the State of Aceh) was controversial. The Helsinki Peace Agreement indicated 3000 GAM military troops to be demobilized, but the actual number was much higher. These circumstances produced an extended controversy about whether payments should be made directly to 3000 troops or to the KPA, whose representatives would then divide the money up as they saw fit. In the end, a messy compromise was reached by which money was distributed via local KPA leaders who had great discretion in the disbursement of the funds, dividing the amounts up among the larger number of beneficiaries for whom they felt responsible. At least in the view of some ordinary former combatants, portions of this money were also privately consumed by KPA commanders and other GAM elites, or used to support their business activities. These patterns of distribution meant that the sums respective individual former combatants received varied greatly, a situation that partly accounted for the popular view among former combatants that reintegration had failed and that they had somehow been cheated (though they typically blamed the government, not their own leaders)[574].

Conversely, although it was not stipulated in the Helsinki Peace Agreement, the BRA had also distributed the reintegration fund to the organizations of anti-GAM movement. During the post-conflict period the organizations are widely known as PETA (Homeland Defenders). The financial assistance would target 6,500 people, with a gradual and it has gradually disbursed since 2005 and finally distributed in 2009[575].

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[573] MSR, (2009), p. 53
[574] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 13
[575] BRA (Aceh Reintegration Agency) database, Aceh fieldwork in 2010

In the context of housing assistance, BRA prioritized to provide permanent housing for conflict victims whose houses were totally destroyed, burned, or heavily damaged due to the conflict. Throughout 2005-2009, 22.206 houses for conflict victims has been built and another 7.502 houses need to be provided in the year to come[576]. However, most of those houses are of poor quality and now need to be rehabilitated or re-constructed. Hence, the demand for housing reconstruction in conflict affected areas remains high[577]. In short, priority is given to those Internally Displaced Persons (IDPs) whose houses were completely destroyed or burned as a result of conflict, who continue to live in barracks or temporary shelter, have no means of income, are responsible for dependents (e.g. widows), are disabled, clearly live in poverty, and are willing to move back to their original villages and respective plots of land. People who already rebuilt their houses privately or owned various houses that were destroyed as a result of the conflict are also entitled to receive housing assistance, but are considered as second priority. BRA set a unit price of Rp. 35 million (USD 3,700) and requires the beneficiary to construct the house or hire labor[578].

According to MSR reports, nearly 600,000 people are estimated to have been displaced by the conflict. As of September 2008, up to 150,000 people or 25 per cent of these still considered themselves to be displaced within Aceh alone. Over 100,000, or 70 per cent of those still displaced in late 2008, are staying in the four heavily conflict-affected districts of Aceh Utara, Pidie, Aceh Timur and Bireuen. Large populations are also present in Aceh Besar and Aceh Tamiang as well Over 450,000 people who fled their homes due to conflict had returned or resettled as of September 2008 and are no longer considered to be displaced. Those who have resettled have made a decision to live in a new location permanently with no intention to return to their place of origin[579]. There were several reasons had been identified by the MSR reports concerning the people who fled their homes, such as having their houses burnt, being caught in a bombing or shot at, being tortured or detained or having property damaged or seized and being robbed, extorted or physically beaten, not enough food and water or being unable to access medical services. The primary reasons returnees gave for

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[576] BRA (Aceh Reintegration Agency) database, Aceh fieldwork in 2010
[577] Aceh Reintegration Agency. (2009). "Following up on The Helsinki Peace Framework: A Comprehensive Action Plan, p. 26
[578] Ibid
[579] MSR. (2009), p. 28

returning were to rejoin family and community but perceptions of safety were also important[580].

BRA has also assisted in the repair or construction of 499 units of infrastructure including 292 places of worship, 43 sanitation facilities, 43 km of roads and 17 bridges. Donors and NGOs have repaired or constructed 1,964 units of infrastructure, including 462 sanitation facilities, 162 health centre, 16 schools, seven irrigation channels, and the clearing of 1,286 hectares of agricultural land. The clearance and rehabilitation of an additional 399 hectares of land, repair of 24 km of road, and the repair or construction of six irrigation systems is currently underway. Compared to the amount of infrastructure damage in Aceh, the volume of infrastructure projects to date has been limited. Further support for the repair and reconstruction of village and sub-district level infrastructure is needed. In general, projects that have actively engaged with communities in the processes of needs identification and construction have been more successful[581].

BRA's problems have been compounded by frequent changes in its leadership (early phase only), personnel and programs, and the lack of a prioritized and focused overarching strategy and work plan that takes in to account realistically available resources and has the backing of the central government. In late 2006, BRA elected to channel funds through the established Kecamatan Development Program (KDP)[582] network. Rp. 217 billion (US$ 21.7 million) was disbursed to 1,724 villages in 67 sub-districts (one-third of all sub-districts in Aceh) during late 2006 and 2007. However, after just one round, the program was terminated due to a mismatch between the KDP approach, government procedural requirements and BRA's requirement to directly compensate individual conflict victims, rather than communities, even though many individuals were chosen by communities to receive assistance. Standard *Dinsos* procedures require that names, addresses and signatures be collected from individual conflict victim recipients of the assistance. KDP, which decentralizes targeting and choice of fund use to communities, did not fit with this requirement. Some within BRA also felt that the KDP program spread the funds too thinly and was also benefiting non-victims. The

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[580] MSR. (2009), p. 29
[581] MSR. (2009), p. 64
[582] A national development program

withdrawal of the program was met with anger by some communities who had been told they would receive support from the program the following year. Since the termination of the BRA-KDP program, economic empowerment assistance to conflict victims has continued in the form of direct cash grants to individuals with unclear impacts[583].

Finally, to date BRA's role has been to facilitate government reintegration funds to former combatants and conflict victims. Often due to its limited authority, it has had limited input in to the Government of Indonesia's overall approach for implementing the peace process and it has not been able to engage meaningfully with relevant agencies in the Aceh provincial government on conflict recovery issues. At this time, regular government agencies tend not to take responsibility in addressing post-conflict needs and accommodating conflict sensitivity into their programs, but rather just claim that such work is BRA's job. BRA has also not been involved in fields such as community empowerment (aside from with BRA-KDP) and political participation[584].

A third issue has been a lack of capacity within BRA, stemming from its limited temporary status, and also a lack of stable operational funds. This has created a vicious cycle, wherein donors have been reluctant to channel support through BRA, which in turn limits potential capacity-building within the agency. Most BRA staff had little or no experience with Indonesian government bureaucracy or procedures prior to joining the organization and there has been little on-the-job training. The appointment of a former head of *Dinsos* to secretary is aimed at strengthening this. The complex procedures put in place for beneficiary verification and delivery of aid consume staff energy and time, limiting their opportunities to develop insights or skills or more holistic approaches to reintegration. The focus on verification and aid distribution has eclipsed consideration of more effective delivery mechanisms or the development of systems for follow-up support. The BRA Monitoring Council, for the first two years of its existence, served more as a 'complaints division' than as a monitoring and evaluation body. A further problem with BRA's structure has also undermined its ability to achieve its objectives. Until recently, district-level BRA staff were appointed by, and

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[583] MSR. (2009), p. 148
[584] MSR. (2009), p. 149

answerable to, the District Head (*Bupati*) in each respective district, without any direct structural links to the provincial BRA. In many cases, these district-level appointments were tainted by patronage—as were some local verification procedures. The provincial BRA had no authority to intervene in such cases. Recent changes to BRA's structure should help address this problem (MSR, 149).

5.4 Conclusion

This chapter has drawn the Aceh condition in socio-political and administrative-economic governance before and after the Helsinki Peace Agreement. The implementation of the Law on the Governing of Aceh has significantly increased the Aceh government revenues to build back Aceh better from the conflict and tsunami damages.

During the conflict period, the agriculture sector and rural areas were the most affected one. Health, education and infrastructure sector in rural areas had significant damages, health and education workers such as teachers, nurses and doctors moved out from conflict-affected rural areas to more secure places like in city. Many government infrastructures like bridges, roads, government buildings, etc were significantly destroyed by the conflict. Conversely, the study found that after the signing of peace agreement, many government officials returned to their villages. At the same time, the infrastructures damages have been rebuilt through the reconstruction funds mechanism. In addition, the poverty and unemployment rate has relatively decreased after the implementation of LoGA and tsunami reconstruction efforts.

Based on the findings, the study has observed the reliant of Aceh economic growth on oil and gas productions. In which after the Aceh post-conflict, ironically the production of both sources has decreased significantly and the Aceh economic growth becomes negative and low. Additionally, the closure of tsunami reconstruction projects was also affected to the Aceh economic growth. Therefore, the improvement of non-oil and gas sector like agriculture has been imperatively needed and should be in the Aceh government's priority agenda because it reduces poverty and creates more jobs.

The implementation of LoGA has also brought a significant result to the Aceh political sphere. In which GAM has gained their share of power in Aceh government and became the administrators through the executive and legislative elections. Although there were insignificant violence have been occurred during the election campaign, the election result was widely accepted by the people of locally, nationally and internationally and as real reflections of Aceh voters' preferences. The successful of political participation process in Aceh has been marked as the best achievement in the post-conflict phase to maintain lasting peace and to increase government legitimacy. The Acehnese people are hoping that the new Aceh administrator could govern well and bring for better Aceh. The credibility and legitimacy of new Aceh government will be risks if they failed to exercise the government's functions.

Finally, promoting democratic governance in Aceh post-conflict may facilitate the transformation of horizontal inequalities into conflict, by allowing protest and demonstration. Østby (2008) as cited in Murshed and Tadjoeddin (2009) has observed the concept of *horizontal inequality* based on her empirical study in 36 developing countries during 1986-2004 that inclusiveness implies an electoral system which has greater characteristics of proportional representation, and in which vulnerable groups such as former combatants are allowed to participate in elections. In short, inclusiveness, together with high horizontal inequality and democracy can exacerbate conflict at low levels of economic development. It is worth noting that economic development and reduced horizontal inequalities combined with democratic development and inclusiveness are needed for lasting peace in Aceh[585].

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[585] Murshed, M and Tadjoeddin, Z. (2009), "Revisiting the Greed and Grievance Explanations for Violent Internal Conflict," Journal of International Development 21 (1), p. 101

CHAPTER SIX

MAINTAINING PEACE:
THE CHALLENGES OF DECENTRALIZATION
IN POST-CONFLICT SITUATION

6.1 The Challenges of Post-Conflict Governance

In 2011, Aceh post-conflict peace-building has been taken place for almost 6 years and successfully entered the second phase of sequencing post-conflict governance (4-7 years after the end of hostilities). As discussed in the theoretical chapter, this phase may focus on reorganizing and building post-conflict governance institutions such as an increased need for remembrance, building legitimacy and overcoming structure to war, etc. Broadly speaking, though there were insignificant violence occurred at this stage primarily in the local political competition, the situation in Aceh has been relatively stable and peaceful. Meanwhile, the return of the GAM founder and most prominent figure, Hasan di Tiro, in 2008 followed by his death in June 2010 in Aceh and regaining the Indonesian citizenship the day before he died, has also demonstrated the GAM commitments for lasting peace in Aceh after 30 years of conflict.

Aceh has experienced in applying the best model for conflict resolution and post-conflict peace-building in which the tenet of decentralized self-governance was adopted in the Helsinki Peace Agreement. However, Aceh post-conflict governance is still at risks, whilst the challenge to exacerbate conflict is also high. Generally speaking, the risks and challenges of post-conflict governance might be reduced if Aceh succeeded in maintaining peace for more than 10 years. According to MSR reports, "the additional new resources available for development in Aceh create a unique opportunity to address key post-conflict needs. However, poor planning or mismanagement of government resources, corruption, patronage and inequitable distribution of the benefits of the post-MoU windfall could lead to increased tension and divisions within society—and perhaps more significantly, between certain

sectors of Acehnese society and the state."[586] This chapter will trace the challenge of post-conflict governance in Aceh including the weak capacity of institutional and human capital governance, patronage, corruption, local despotism, division of Aceh, etc.

6.1.1 Capacity to Govern

It has been discussed in chapter five, Aceh government have received large additional resources windfall that resulted from the implementation of decentralization, tsunami and post-conflict reconstruction and rehabilitation for Aceh development. However, many Acehnese felt that there was no significant improvement in service delivery and peoples' welfare due to poor capacity of local government apparatus to manage revenues and translate it into concrete development programs. The study found the crucial areas in which local government needs to further improve is particularly related to poor capacity, such as development planning and budgeting, regulation, etc.

Meanwhile, Indonesia has implemented the concept of decentralization in whole regions. This is a challenge in which decentralization has brought more responsibilities to the local government officials. They are not only responsible for the implementation of central government policies but also for designing and implementing locally appropriate policies. This requires the ability to allocate funds equitably across districts; to identify short-, medium- and long-term development priorities and translate these into strategic plans; to understand and alleviate poverty; as well as to identify and rectify sectoral and geographical gaps. These technical skills do not currently exist and are unlikely to manifest simply through responsibilities being devolved[587].

Since December 2006, the transformation process of GAM-affiliated executive heads and legislators, from combatants to administrators has not been easy. The euphoria that swept Aceh after GAM candidates trounced their opponents in the December 2006 local elections is

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[586] MSR. (2009), p. 149-152
[587] Barron, Patrick and Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," p. 16

gone, replaced by a sense of gloom that the new elite is not that different from the old[588]. Some of the district governments led by GAM nominees have received harsh criticism for their lack of capacity, rampant corruption and inability to resist pressures by KPA for rewards, favors and preferential treatment[589]. Meanwhile, jobs and contracts are going to the victors: loyalty to GAM has replaced good connections to Jakarta or local army commanders as the key to political and business opportunities. In some areas, KPA/GAM served as a virtual shadow government, playing much the same role as the Indonesian military did in the past *vis-à-vis* civilian officials, although without the clout of an authoritarian state behind them. Journalists have found that many KPA leaders have an allergy to criticism and a sense of themselves as above the law that do not bode well for democratic governance[590].

Civil society, student movements and other Acehnese groups have criticized the poor performance of GAM-affiliated Governor Irwandi Yusuf to govern Aceh in which he went abroad too often and has no idea of how to make or implement policy. The provincial budget always remained surpluses since his inception in the governorship; in 2007 the disbursement reached 63 per cent of total provincial budget. In his second term in 2008, the disbursement slightly decreased to 56 per cent of total provincial budget. The third term, the disbursement again deflated into 52 per cent.[591] World Bank has observed the reason arguments regarding the delay of disbursement of provincial budget, "Recent delays in passing the budget on time have raised concerns about the ability of local governments to implement overall development programs. Responsibilities are not clearly defined between provincial and district/city governments, which often results in confusion as to which level of government should build certain types of infrastructure and which one should pay for their maintenance. As sub national levels of government are responsible for the provision of most infrastructures, this has probably contributed to let the quality of certain roads deteriorate as well as prevented the province to equip itself with a better power infrastructure".[592]

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[588] International Crisis Group (ICG). (2007). "Aceh: Post-Conflict Complications," Asia Report No. 139, p. 1
[589] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 6
[590] International Crisis Group (ICG). (2007), p. 1
[591] Serambi Indonesia Newspaper, "*Kinerja Pemerintah Aceh dinilai Semakin Terpuruk*, 16 October 2009
[592] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 40

In addition, MSR report also pointed out massive structural constraints affect budget processes in Aceh, namely: a lack of discipline by Governor, *Bupati* and Mayors and provincial and district parliaments; lack of human resources (quality and quantity) in planning and budgeting within *Badan Perencanaan Pembangunan Daerah*, BAPPEDA (Regional Development Planning Agency) and technical agencies; lengthy consultation processes between the executive and legislative branches; and strong power of parliaments over deliberation and approval. Prior to the budgets being approved by the Ministry of Finance, provincial and local governments can only spend on routine items such as salary payments and administration, and are not allowed to implement projects and programs. A significant portion of provincial and local government spending in Aceh in 2007-08 utilized unspent balances (carryovers) from previous years. Once budgets are approved and funds finally arrive, time is limited. As projects such as construction of schools, health facilities and roads require thorough procurement processes, time constraints are often detrimental to the quality of projects being undertaken[593].

Furthermore, some GAM-affiliated *Bupati* (head of district) and Mayors in several districts passed a controversial policy during their assignment and received criticism in the community. For instance, in West Aceh Regency, *Bupati* Ramli Mansyur, has enacted a mayoral decree of extraordinary conservative Islamic Law to prohibit women from wearing tight trousers, in which this regulation strikes most Acehnese as absurd and awful[594]. Meanwhile, *Bupati* Husin Yusuf in Aceh Selatan Regency; does not allow local civil servants to maintain their beard in order to keep clean and tidy in their appearances. Again this created a controversy; the violation of human rights is one of reasons said watchdog activist[595]. In Bireuen and Pidie Regency where GAM-affiliated *Bupati* Nurdin AR and Mirza Ismail assigned, they have difficulties to govern and to exercise their overall development programs due to deficit of their district budget.

In short, poor service delivery capacity also impacts government effectiveness. For example, by 2006 Aceh had the highest per capita education expenditures in Indonesia (Rp. 457,000

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[593] MSR. (2009), p. 149-152
[594] Kompas Newspaper, "*Busana Ketat "Haram" di Aceh Barat,*" 27 May 2010
[595] Kompas Newspaper, "*Aceh Selatan Larang PNS Berjenggot,*" 13 May 2010

vs. the national average of Rp. 196,000). However, this 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, but these higher allocations so far have failed to produce better health outcomes. In comparison with other provinces in Indonesia in terms of overall democratic governance performance, Aceh was recently ranked 19 out of 33 provinces across the nation. Aceh was assessed to be relatively good in terms of public participation in government, but was seen to be lacking in government policy making and bureaucratic transparency in program implementation[596].

TABLE 18
EDUCATIONAL BACKGROUND OF
THE ACEH PROVINCIAL LEGISLATORS
2009-2014

No.	Parties	High School or *Dayah*	Universities	Total
1	GAM-affiliated Aceh Party	26	7	33
2	Other parties	0	36	36
	Total	26	43	69

Source: *Komisi Independen Pemilu Aceh*, KIP (Aceh Independent Election
    Commission), 2010

The victory of GAM-affiliated party, Aceh Party, bodes well for continued peace, but leads to a number of challenges. Many members of Aceh Party legislators are former combatants or GAM civilian representatives with limited experience of legislative procedures and/or legal drafting issues[597]. As discussed earlier, Aceh Party won 46.91 per cent in the provincial legislature and gained absolute majority of 33 out of 69 seats. Most of the Aceh Party legislators have poor educational background, which were graduation of high school or traditional *madrasah* or *dayah* (Islamic School) (see table 18). Ironically, some Aceh Party

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[596] MSR. (2009), p. 149-152
[597] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 6

legislators in provincial and district legislature have been accused of faking diplomas (mostly high school and traditional *dayah* graduation) to run for the 2009 legislature elections[598].

Aceh provincial legislators have been inaugurated in 30 September 2009 for five-year term. However, the three functions of legislature – such as legislating, budgeting and monitoring – are not easy to be enforced by new legislators as they have limited knowledge of legal drafting and poor education. Meanwhile, the people of Aceh have a high expectation that they could bring Aceh for lasting peace and better development as the legislators were appointed from fair and inclusive democratic elections. In fact, after the first year term, the Acehnese saw that new legislators are not even better than the old one. Until now, the position of third vice chairman of provincial legislature has been empty as the legislators could not find consensus and due to the existence of robust vested interests among them. As a majority, Aceh Party representative particularly objected to use national law no. 27/2009 to determine the position of vice chairman, they preferred a LoGA instead. Conversely, the new legislators have difficulties to implement the legislating function in which only one *Qanun* (Regional Regulation) out of 21 bills has been passed during one year term. Ultimately, the legislative function of budgeting seemed not even better implemented. The central government through Finance Ministry has alerted the Aceh provincial government to submit the 2010 *Rancangan Anggaran Pendapatan Belanja Aceh*, RAPBA (the draft of 2010 Aceh Budget) in timely manner as it has been long delay and Aceh is the only province in Indonesia which has not yet submitted the draft. Lengthy deliberation in the provincial legislatures has been a major factor of this delay[599]. In short, limited knowledge and local-fiefdom syndrome have been believed as the major problems of the legislators' poor performance. In short, long-standing interpretations over the definition of Aceh's "self-government" have impaired relations between the provincial legislature and Jakarta during past years. Such tensions probably increase now that the provincial legislature is under Aceh Party's control[600].

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[598] Interview with Chairman of KIP, Aceh Independent Election Commission, Aceh fieldwork 2010
[599] Serambi Indonesia Newspaper, "Soal RAPBA, Pusat Ultimatum Aceh," Wednesday, 3 March 2010
[600] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 6

6.1.2 Corruption

Many challenges in post-conflict government were also beyond technical factors; for instance rampant corruption, cronyism and patronage arrangement. Aceh's local government institutions have been experienced by huge corruption scandals such as during the past conflict and even in the decentralization era (see chapter four). Aceh had a reputation as one of the most corrupt provinces in Indonesia. In the context of Aceh post-conflict decentralized governance, corruption has been extremely worsened. According to Transparency International Indonesia (TI-Indonesia) survey on Corruption in Aceh in 2010, 75 per cent of total 2.140 respondents claimed that the executive branch of Aceh provincial government has failed to combat corruption. This survey also demonstrated the increase of corruption rate after tsunami catastrophe (51 per cent of total respondents). Importantly, 46 per cent respondents admitted that the Helsinki Peace Agreement did not change the corruption rate in Aceh, whilst 39 per cent respondents claimed the corruption has been worsened after the signing of the agreement[601]. In addition, in November 2010 TI-Indonesia had also released a Corruption Perception Index (CPI) Indonesia. In which Banda Aceh was ranked as the 33rd corrupt city among a total of 50 cities in Indonesia with CPI rate of 4.61[602].

Meanwhile, some civil societies widely say that Governor Irwandi Yusuf's performance – as the central actor in the executive branch of Aceh provincial government – has slipped as the new administrators have become accustomed to the perquisites of office. The perception of corruption in Aceh is still high particularly in the provincial level as they have authority to spend money. Furthermore, Governor and his Deputy have become unreachable by ordinary Acehnese because they spend too much time in Jakarta, or with new luxury vehicles.[603] Recently, Governor Irwandi has also faced a serious scandal of bribery case of Rp.10 billion

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[601] Detik News Online, "*Survei TII: Pemerintah Aceh Gagal Berantas Korupsi*," Tuesday, 22 June 2010, and see also Media Indonesia Online, "*Pasca Tsunami, Korupsi di Aceh Makin Menggila*, Tuesday, 22 June 2010
[602] Corruption Perception Index (CPI) Indonesia, Transparency International Indonesia, 9 November 2010 http://www.ti.or.id/media/documents/2010/11/12/p/r/press_release_-_ipk_indonesia_2010_final.pdf
[603]   Cornelly, Aaron. (2010). "Aceh: From Insurgency to Administration," 5 August 2010 http://www.lowyinterpreter.org/post/2010/08/05/Aceh-From-insurgency-to-administration.aspx

(US$ 1.2 million) on the contract extension of PSC Blok A in Aceh Timur to PT. Medco E&P Malaka Company[604].

As discussed earlier, Aceh has received large additional revenue from several sources as the impact of decentralization through Special Autonomy Fund, post-conflict reintegration and post-tsunami reconstruction. Ironically, this windfall was not utilized and distributed well to the people of Aceh for overall development outcome but only to the elite of Aceh executive government. It also creates a room being misused and corrupted due to bulk resources. For instance, as World Bank has observed during the approval of the 2008 *Anggaran Pendapatan Belanja Aceh*, APBA (Aceh Provincial Budget) in June from Rp.8.5 trillion (US$ 940 million) budget, Rp.3.5 trillion (US$ 390 million) was allocated for Special Autonomy Funds. This is a time of increased activity for both province and district-level line agencies (*Dinas*) and contractor companies as the "*season of the tenders*" begins. This is also a time of opportunities for personal enrichment, backroom deals, and increased pressure on officials as bidders exploit patronage networks to secure profitable APBA-funded contracts[605]. As World Bank observed in its study on Aceh, "There might be other forms of corruption related to the public tender process in the province, where anecdotal evidence suggests that businesses systematically have to pay bribes when they bid for government contracts. Often companies that win a bid for a government project in Aceh have to pay a "fee", the "*jatah pimpro*", to government officials. The amount of this fee usually represents 5-10 percent of the project value. Another potential problem in tender processes is "*intat linto*", where bidders pretend to compete but collude in their preparation of proposals. Business leaders confirmed that these practices were widespread in Aceh and that the local business community knows about it."[606] In short, there have been significant pressures from some in KPA on GAM-affiliated executives to secure contracts and other benefits. If as expected Aceh Party makes serious inroads into local legislatures, pressure will only increase for a proportion of state resources to be captured by business interests linked with former GAM[607].

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[604] Serambi Indonesia Newspaper, "*Terkait Isu Suap dari Medco Hasbi Abdullah Siap Diperiksa Secara Pembuktian Terbalik*," Tuesday, 7 September 2010
[605] Aceh Conflict Monitoring Update, July-August 2008, World Bank, p. 5-6
[606] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 42-43
[607] Aceh Conflict Monitoring Update, July-August 2008, World Bank, p. 5-6

Consequently, some GAM-affiliated *Bupati* and Mayor have faced a corruption scandal during their tenure. In Aceh Utara Regency, GAM-affiliated *Bupati*, Ilyas Pase along with his crony, have been accused for the embezzlement of Rp.220 billion (US$ 22 million) from Aceh Utara's district budget. The Head of Aceh Utara's Chamber of Commerce, the coordinator of the district government's assistance team and the *Sekda* (regional secretary) were arrested[608]. Recently, the trial has been in motion and apparently *Bupati* and his Deputy's involvement becomes disclosed due to the sufficient evident to establish their active participation in the embezzlement scheme[609]. It is worth noting that the scale of the amount embezzled is substantial, as it is equal to nearly 20 percent of the total revenue of Aceh Utara's government for 2006 and over 15 percent of the district's total expenditure in 2007. Aceh Utara has the largest revenues by far in the province, yet had the second highest poverty headcount in 2006[610]. Conversely, in Bireuen Regency, GAM-affiliated *Bupati* together with his deputy and *Sekda* are being interrogated by the police because *Bendahara Umum Daerah*, BUD (Treasurer of the District) did not submit *Pajak Penghasilan*, PPh (Income Tax) and *Pajak Pertambahan Nilai*, PPN, (Value Added Tax) of Rp.15 billion (US$ 1.5 million) to the Aceh provincial government in 2008[611]. The two cases illustrated the example of a major post-conflict governance challenge in Aceh, a province that is rich from the economic arrangements pertaining to its special autonomy status and post-conflict dividends, but whose spending capacity is impaired by weak government capacity and greedy corruption.

In the context of post-conflict reintegration fund, the central government discovered the suspicious activities during the implementation of reintegration programs. Based on an audit of BRA's programs which carried out by *Badan Pemeriksa Keuangan Provinsi*, BPKP (the provincial branch of the Financial Control Agency), noted that a range of mismanagement of reintegration funds, including corruption allegations. Thus Governor Irwandi Yusuf and

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[608] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 6-7

[609] Serambi Indonesia Newspaper, "*PA [Partai Aceh] takkan Bela Elite Aceh Utara: KPA [Komisi Peralihan Aceh] Bantah Isu Tim Evaluasi*," 12 Februari 2010

[610] Aceh Peace Monitoring Update, March-June 2009, Center for Peace and Conflict Resolution Studies, Syiah Kuala University, p. 6-7

[611] Serambi Indonesia Newspaper, "*Bendahara tak Setor Pajak Rp 15 Miliar: Bupati dan Wabup Bireuen Diperiksa*," Friday, 12 February 2010

Head of BRA, M. Nur Djuli, reacted firmly by ordering the police to investigate the cases. However, it is likely that the audit's findings will result in further difficulties for BRA to secure funds from Jakarta[612].

Corruption and other illegal economic activities such as illegal extortion create extra costs and uncertainty for doing businesses in Aceh, constraining investment and growth. Former combatants and other criminal groups sometimes resort to violence in order to make a living, which creates insecurity and uncertainty in the province. They often use their coercive power to extort rents from businesses. Businesses in Aceh reported that they have to pay former combatants when they operate in the province, even in the capital Banda Aceh. In rural areas, former combatants levy money through control of access to the field, which they have retained after the peace agreement. Business people who want to run their businesses have to make regular payments to GAM to be allowed to operate. Very often it is not clear to which organization or person such payments should be made. As a result, it sometimes happens that, even though payments have been made, companies are still being attacked because they did not pay the right people. Such a situation makes it even harder for businesses to operate in Aceh since it adds uncertainty as well as informality and insecurity[613].

All in all, Aspinall pointed out that the corruption cases could manage sustainable peace in post-conflict governance. He said that corruption may have positive effects on peace, at least in the short term due to it may help in securing some degree of political, economic and social stability[614]. It is sometimes noted that peace deals are often based on an implicit understanding that former combatants integrated into post-conflict governments "will be permitted to exploit fully the economic opportunities provided by government positions."[615] In short, corruption may be a means to buy out potential peace spoilers. In the context of Aceh post-conflict, corruption can be highly functional for maintaining peace, at least in the short term. The windfall of additional financial resources from decentralization, post-conflict

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[612] Aceh Conflict Monitoring Update, March-April 2008, World Bank, p. 6
[613] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 46
[614] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 4
[615] Christine S. Cheng and Dominik Zaum. (2008). "Introduction-Key Themes in Peace-building and Corruption," as cited in Aspinal, Edward. (2009). Combatants to Contractors: The Political Economy of Peace in Aceh, Indonesia, Volume 87, April 2009, p. 4

reintegration program and post-tsunami reconstruction has only partly succeeded. Their failings have created dissatisfaction among former combatants and the people affected conflict. Former GAM members and supporters have instead mostly been reintegrated into Aceh's political economy by way of predatory and nepotism patterns of economic behavior that seek to extract rents from the state through the construction sector in particular[616].

6.1.3 Patronage

Decentralization may shift the patronage and corruption activities from central to regional level or to autonomous unit. Like other provinces in Indonesia, during the conflict and even post-agreement condition Aceh has maintained a system of patronage. The systems of patronage – with benefits flowing up and down the structure – are the oil that keeps the local bureaucracy in motion. This buys loyalty from those who receive a slice of the pie. But it also leads to widespread perceptions of the state being illegitimate from ordinary Acehnese who see few benefits. Until the state in Aceh is viewed as being an agent of progress, the risk of rebellion reemerging will remain[617].

Aceh post-conflict governance has been marked by a dramatic transformation of former combatants into businesspeople in which played as a central aspect of consolidating lasting peace. In short, the trend of political patronage has been currently changed from central government network in the past to GAM network. Meanwhile, becoming contractors particularly working in the construction industry have been chosen by former combatants as the easiest business activity and the fastest way to make substantial money in the contemporary Aceh. Throughout Indonesia, construction contracts are often awarded on the basis of political patronage, and large proportions of contract costs are lost to corruption[618].

The entry of GAM former combatants into the construction sector is intrinsically revealing the sector's dynamics. This is because former combatants are very obviously winning

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[616] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 4
[617] Barron, Patrick and Clark, Samuel. (2006). "Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh," p. 21
[618] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 2

contracts as their political patronage and potential for violence, not because of their experience, skills, or capacities in construction sector. The success of inexperienced former combatant contractors lays starkly bare the underlying political dynamics of the construction sector. It also provides a salutary lesson about the extraordinary resilience of the neo-patrimonial and corrupt networks that suffuse political and business life in provincial Indonesia. In the case of Aceh, these networks have shown themselves to be more than capable of absorbing even a former armed rebel movement. Rather than transforming the construction sector, the new former combatant contractors are being transformed by it[619]. In addition, for many former combatants, with few practical business or technical skills, contracting work is an obvious post-conflict career choice. Indeed, most GAM contractors' actual involvement in the process is not far different from their role in the business practices such as *pajak nanggroe* (literally state taxes or illegal extortion which used to fund GAM during the conflict). Many contracts are awarded to ex-GAM regional commanders in accordance with their status and territorial responsibilities within the KPA hierarchy. In some cases, these 'contractors' simply 'borrow' a company's name, then charge it a fee for winning the contract. Others win bids independently then sell the job to an established contractor. Some choose simply to provide 'security' to construction projects underway in their district or sub-district. In each case, contracting offers rapid access to large amounts of cash, as well as the opportunity to give out low-skill jobs to former combatants under their charge. Few are willing to challenge former combatant contractors for shoddy work or delays. This was regrettably evident with much of the post-tsunami housing built by KPA-affiliated contracting firms[620].

Furthermore, since 2006, many GAM-affiliated provincial and district executives have been staffed with KPA officers who have kept ties within GAM networks. GAM's networks play a large part in attributing public contracts, by attributing contracts directly to other GAM members regardless of the quality of the proposal, and the intimidation of other businesses in the tender process or government officers in procurement committees. Corruption in the tender process can affect the effectiveness of public spending, by distorting the ways in

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[619] Ibid, p. 3
[620] MSR. (2009), p. 85

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which state resources are allocated and by producing less for a given expenditure. Firstly, this may affect investment through insufficient infrastructure. Second, it may lead to weaknesses in the regulatory environment, such as oversight of the tendering of contracts, driving up costs and preventing firms from entering the market[621].

It is worth noting as well that the way in which the construction sector operates also illustrates some of the shortcomings of this patronage system and the inefficiencies it can create. Construction in Aceh has been divided between large and small contracts. Many local contractors, with limited expertise and capital, have started operations in the wake of the tsunami expecting to benefit from the reconstruction effort, but due to their size are limited to small projects. The vast majority of small projects go to local contractors linked to GAM. As for large contracts, these are mostly won by larger firms that are non-Acehnese. The consequence of this segmentation is a lack of competition. Local firms are not forced to improve their productivity since they are guaranteed a pool of small contracts. Patronage systems in turn can increase barriers to entry for businesses that are not operated by people with the right political connections. As a result, potential investment and all the associated technology transfers often fail to occur in the region[622].

The following example of Aceh Barat Daya Regency will illustrate the political patronage within GAM and KPA network. There were reports that the non-GAM *bupati* allocated Rp.12 billion (US$1.1 million) in contracts to companies linked to the KPA. Presumably partly as a result, he won the support of the main local KPA commander in a public dispute about land allocations that threatened to remove him from office. After the December 2006 executive election, access to contracting and other lucrative economic opportunities greatly expanded for GAM members in areas where GAM-affiliated candidates won. In such areas, the new governments have unstated policies of directing large numbers of small-scale projects especially those that can be awarded by *penunjukan langsung* (direct appointment) to former combatant leaders. In one east coast *kabupaten*, a close advisor of the *bupati* explained that there were about 240 construction packets that were open to tender in a year.

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[621] World Bank. (2009). "Aceh Growth Diagnostic: Identifying the Binding Constraints to Growth in a Post Conflict and Post Disaster Environment," p. 43-44
[622] Ibid

An informal policy dictated that about 25 percent of these packets should be directed to KPA bidders. This was not a written policy, nor was it directly communicated from the *bupati* to *kepala dinas* (Head of Local Government Agencies) or *Pejabat Pembuat Komitmen,* PPK (Commitment Making Officer), but instead was explained through intermediaries. In this way, it was hoped that each *sagoe* (sub-district level, in GAM's term) would get one project, though in fact some failed to produce correct bid documents and thus could not be awarded any[623].

Ultimately, as mentioned above, the economic behavior of GAM former combatants in the Aceh post-conflict governance might be characterized in such terms as 'predation' and 'greed' and seek to understand them by focusing on the motivations, actions, and culpability of the individuals and groups concerned. Former combatant leaders lacked the capital and skills to prosper in private business, but they did possess two resources namely political influence and a capacity for intimidation and violence, that were established factors of economic success in Aceh. It is little wonder that they used these resources to the full, given their situation: grasping for economic success after the hardships of the conflict years, trying hard to satisfy the heightened expectations and demands of their supporters, and confronting a system that all of them knew was deeply corrupt. Many who did so were well-versed in raising funds by extortion and through manipulating linkages in the shadow economy during the conflict years. In short, the economic behavior of former combatants in the Aceh post-conflict was simply an extension of a pattern established in the war years[624]. In the context of Aceh post-conflict reintegration, corruption and clientelistic distribution of economic benefits in which former combatants are being integrated most successfully into Indonesia's governing structures[625]. However, there is a negative implication that such attempts to buy short-term peace by tacitly condoning corruption and patronage may end up backfiring, by re-stoking the grievances that triggered conflict, and because groups or factions excluded from the buy-in may eventually express their disillusionment violently[626].

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[623] Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 24
[624] Ibid, p. 30
[625] Ibid, p. 32
[626] Christine S. Cheng and Dominik Zaum. (2008). "Introduction-Key Themes in Peace-building and Corruption," p. 304 as cited in Aspinall, Edward. (2009). "Combatants to Contractors: The Political Economy of Peace in Aceh," p. 33

6.1.4 Division of Aceh

As discussed in the chapter four, local politicians and elites in the central highlands and south-western districts, subsequently known as *Aceh Leuser Antara* (ALA) and *Aceh Barat Selatan* (ABAS) demanded to carve two new provinces out of Aceh. This demand has been severely became the crucial issue during deliberation of Law on the Governing of Aceh (LoGA). Initially, they insisted the proliferation of new province arrangements to be put in the LoGA's provisions.

Meanwhile, there are pros and cons arguments appeared in accordance with the establishment of the two new provinces. Some proponents say the following arguments: a) the ethnically heterogeneous population of the central highlands and the west coast suffers from discrimination by the provincial government in terms of allocations of funds, access to public services and development programs; b) Governor Irwandi Yusuf focuses his attention on the former GAM strongholds of the east coast, where GAM has seized political control; c) The split would allow ALA and ABAS direct control of a higher share of the budget allocation from central government, resulting in improvement of public services, infrastructure and social welfare[627]; d) The creation of new provinces would generate new employment opportunities in ALA and ABAS. (This vision does 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); e) many local leaders point to the fact that the Aceh conflict only began to seriously affect the highland districts during its final and most brutal 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; and f) they 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[628].

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[627] Aceh Conflict Monitoring Update, Jun-Feb 2008, World Bank, p. 9
[628] MSR. (2009), p. 124-126

In addition, the legal framework basis is also presented in the proponents' point of view, such as: a) The LoGA geographic definition of Aceh borders as limited by the Malacca Strait, the Indian Ocean and the border with Sumatra Utara[629]; and b) Establishment, dissolution and amalgamation of regions in Aceh shall be conducted in accordance with prevailing laws and regulations[630]. Serambi Indonesia (01/24/2008) quoted TAF Haikal, spokesman of the South-Western Coast Caucus, one of the leading pro-ABAS organizations concerning the argument of creating the province: "The idea of the split is born from the people's sentiment of injustice. If the benefits of development were shared in a fair way, there would be no reason for splitting."[631]

Conversely, the cons perspective has some arguments to argue the creation of two new provinces, including: a) Poverty and low levels of development are not limited to the central highlands and the west coast, but a concern in all districts across Aceh; b) If improving public welfare is the objective, a split is not the solution. District governments should rather focus on ensuring a more efficient and transparent management of the existing budget allocations; and c) 1.1.4. of the MoU, which acknowledges the borders of Aceh as of July 1st, 1956[632]. As Governor Irwandi Yusuf argued in Serambi Indonesia (01/24/2008): "I will oppose (the split) with all my strength to preserve the integrity and peace of Aceh. Only itchy and ill-minded elites support the split. Aceh is Aceh, period."[633]

It is worth noting that the division of Aceh proposal could significantly challenge the Aceh post-conflict governance and development. *Firstly*, the exacerbation of disagreements over the interpretation and implementation of the Helsinki Peace Agreement and the LoGA. The peace agreement and LoGA has different interpretations on definition of Aceh borders. *Secondly*, the risk of reviving ethnic tensions in the highlands. The debate has led to a volatile atmosphere which risks reviving ethnic tensions and conflict-era loyalty divides, especially between KPA and former militia (such as PETA) in the central highlands. This risk is much lower along the west coast, where ethnic divisions have never resulted in levels

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[629] Article 3 of the LoGA
[630] Article 5 of the LoGA
[631] As cited in Aceh Conflict Monitoring Update, Jun-Feb 2008, World Bank
[632] Aceh Conflict Monitoring Update, Jun-Feb 2008, World Bank
[633] As cited in Aceh Conflict Monitoring Update, Jun-Feb 2008, World Bank

of violence comparable to the highlands[634]. Meanwhile, unlike ABAS, ALA movement is better organized and enjoys stronger support within its constituent districts. The idea of ALA has deeper roots than ABAS, dating back at least to 2000 people. ABAS activities and support, on the other hand, appears largely confined to the main towns in its constituent districts, with most rural citizens ignorant of the movement. At the community level, there are mixed feelings about these movements. Some community members perceive the plans for the creation of new provinces as projects for the enrichment of the political elite, rather than a sincere effort to improve the quality of life for poor people in regions of Aceh[635].

Mobilization in favor of the formation of ALA and ABAS provinces continued. In March, 430 village heads from Aceh's central highlands demonstrated in Jakarta. In April, 300 village heads from Bener Meriah threatened to boycott the 2009 elections and to close down local representations of national parties[636]. Governor Irwandi, Aceh Party, SIRA Party and many other Acehnese are adamantly opposed to the division as a violation of the letter and spirit of the Helsinki agreement. The governor has stated repeatedly that he will not endorse the division. Irwandi's strategy to fight the formation of the provinces includes providing evidence to the national Anti-Corruption Commission on the misdeeds of the ALA/ABAS campaign's leaders, some of whom are currently serving or former local officials. In April 2008, he also appointed a key pro-ALA leader, Iwan Gayo, to a newly created position as head of *Komite Percepatan Pembangunan Daerah Tertinggal*, KP2DT (Committee of Speedy Development for Neglected Areas), in an effort to undercut the campaign[637]. The agency will need to demonstrate clear vision and strategy if it is to efficiently address the social and economic grievances of Aceh's disadvantaged areas and to defuse continued tensions in the ethnically heterogeneous areas of the central highlands and the west coast[638].

In conclusion, some powerful Jakarta politicians and national political parties have in the past voiced their support of the two new provinces. President Yudhoyono, meanwhile, has set a temporary national moratorium on proliferation program to all regions in Indonesia, and has

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[634] Aceh Conflict Monitoring Update, Jun-Feb 2008, World Bank, p. 4
[635] MSR. (2009), p. 124-126
[636] Aceh Conflict Monitoring Update, March-April 2008, World Bank, p. 4
[637] International Crisis Group (ICG). (2008). "Indonesia: Pre-Election Anxieties in Aceh," p. 7
[638] Aceh Conflict Monitoring Update, March-April 2008, World Bank, p. 4

expressed his opposition to the idea of splitting Aceh. In general, the foot soldiers for ALA tend to be PETA and other anti-GAM activists from the conflict era, whereas for ABAS, the predominant group active on the ground is FORKAB. PETA is a name used to represent eleven conflict-era pro-Indonesian anti-GAM groups, while FORKAB was only established after the conflict, to represent the interests of former TNA combatants who had been 'won over' to the Indonesian side. As the Indonesian Government and security forces denied the existence of what GAM called "militias" in Aceh, or of any involvement in their genesis and activities, these PETA groups were not mentioned in the Helsinki Accords. They have therefore not been required to demobilize or disarm and remain potential spoilers of the peace process[639].

6.1.5 Unfinished Agenda of the Implementation of LoGA

As discussed earlier, not long after the Law on the Governing of Aceh (LoGA) was passed in 2006. The LoGA already created a controversy and disillusionment among the people of Aceh in which they initially had a high expectation on the framework for effective the implementation of autonomous self-government in Aceh in accordance with the Helsinki Peace Agreement. The central government must respect the spirit of the peace agreement if it wants to show its commitment to maintain peace in implementing the LoGA and particularly its own authorities in Aceh. As discussed also in the previous chapter, in regards with the lack of clarity and the ambiguity of many regulations of LoGA, and the constraints of Aceh to exercise its special autonomy, thus the LoGA may potentially become a spoiler of peace and exacerbated conflicts between Aceh and Jakarta, rather than an effective instrument of stabilizing their relationship and maintaining lasting peace. In short, under the control of Aceh Party in the Aceh provincial legislature, the demand of amending the LoGA is inevitable and become stronger.

Meanwhile, the LoGA stipulates that the way in which consultations with Aceh are to be conducted and the provincial parliament's and Governor's considerations are to be obtained will be determined by a Presidential Regulation. The prolonged process of discussions

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[639] MSR. (2009), p. 124-126

between Aceh and the central government on the draft of this Presidential Regulation suggests that neither side will easily give up its position. Aceh insisted that any consultative mechanism determined by the Presidential Regulation must lead as close as possible to 'consensus as a rule,' while the central government maintains its claim for the final decision-making authority of the national parliament and President. It is not easy to foresee a workable compromise on this difficult issue. On the other hand, it is critical that some of the central government regulations mandated by the LoGA, which must pass through the above mentioned consultation process, be issued as soon as possible. For instance, this applies in particular to the Government Regulation on the Joint Management of Oil and Gas Resources by the Government of Aceh and the Central Government. Given the parties' highly conflicting interests in this field, an orderly consultation is of utmost importance. The establishment of a participatory, transparent and fair consensus-finding mechanism will also be critical for resolving potential conflicts around the abovementioned draft Government Regulation on Central Government Authorities of National Character in Aceh. Similarly, it will help to come to terms with such critical issues as the presidential regulations on the cooperation of Aceh with foreign institutions and participation in events abroad, and on the transfer of responsibilities of the National Land Agency to the province and the districts[640].

Therefore, some tensions remain over LoGA's content and implementation between Aceh and Jakarta. Ongoing wrangling over the wording of clauses relating to the division of rights and responsibilities between the central, provincial and local governments has delayed implementation of aspects of the LoGA[641]. For instance, an early draft from Jakarta in mid-2007 set out the process as follows: for international agreements and parliamentary bills, drafts would be submitted to the Aceh provincial legislature, which would have 30 days to respond and submit suggestions for improvement. If the suggestions could not be accommodated, the head of the relevant agency involved in drafting would sit down with the speaker of the provincial parliament to reach an agreement. A similar procedure would be followed for administrative measures, such as government regulations, presidential decrees,

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[640] May, Bernhard. (2008). "The Law on the Governing of Aceh: the Way Forward or a Source of Conflicts?" in Aguswandi and Judith Large (Ed), *Reconfiguring Politics: the Indonesia – Aceh Peace Process*, Conciliation Resources: London
[641] MSR. (2009)

presidential instructions, ministerial regulations and other policies, but with the drafts submitted to the Aceh governor. In neither case was provision made for how disagreements would be resolved. The governor sent back a counter-proposal in late 2007, after soliciting suggestions from the provincial parliament and various experts. On 5 December, Jakarta invited a group from Aceh consisting of the governor, the parliamentary speaker and four others to discuss the Acehnese draft. After eight hours, the Jakarta team agreed to virtually all points that the Acehnese wanted, including the formation of a joint commission to resolve disputed issues and the possibility of voting in the absence of consensus. Both sides signed an agreement to this effect. Once the new draft reached the state secretariat – the body which acts as the gatekeeper for the president on administrative and legal matters – however, it got stuck, apparently because of objections raised by a senior official there. A counter-draft was prepared by the ministry of home affairs that reportedly was a significant step backwards from the December agreement. As of late August 2008 no further discussions had taken place between the Jakarta and Aceh teams. Disagreements over this regulation could hold up all the other regulations that still need to be enacted for LoGA to be fully functional[642]. These disagreements have also fuelled suspicion of Jakarta's commitment to the spirit and conditions of the Helsinki Peace Agreement. In addition, lack of progress and public debate on other pledges, particularly the establishment of a Truth and Reconciliation Commission (TRC) and Human Rights Court, also limit confidence in the commitment of government to implementing the peace agreement[643].

The Governor of Aceh Irwandi Yusuf during the interview also expressed his dissatisfaction on the implementation of LoGA to maintain lasting peace in Aceh. "…We cannot say we are satisfied [with the implementation of peace agreement and LoGA] because there are so many items not yet even touched. Aceh now has its autonomy law, the Law on the Governing of Aceh (LoGA). But in order to implement this law we need six or seven regulations or bylaws from the central government, and so far only one has been produced. We particularly need the Presidential Regulation on Consultation and Consensus, which is about the central government consults the Aceh government when producing other bylaws. Without this

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[642] International Crisis Group (ICG). (2008). "Indonesia: Pre-Election Anxieties in Aceh," Asia Briefing No. 81, p. 9-10
[643] MSR. (2009)

regulation, we don't know how to proceed… Beyond that, we need the human rights court, even though the LoGA says it is only for human rights violations taking place after the promulgation of the law. We also haven't seen the truth and reconciliation mechanism yet, nor the joint claims settlement commission required by the Memorandum of Understanding (MoU). We need these in the immediate future – or at least straight after the 2009 election if it is too difficult to get done now."[644]

Recently, *Kementerian Dalam Negeri*, Kemdagri (the Indonesian Ministry of Interior Affairs) as central government representative promised that the Bill of Government Regulations and President Regulations as the ancillary regulation of LoGA would be enacted all by the end of 2010. It cannot be delayed again; otherwise the implementation of LoGA would be stagnant[645]. He also said with the clear ancillary regulations, common perception between central and local government and the proper role of local government, thus the efficacy of the LoGA enforcement could be achieved. As mandated by LoGA, there are five regulations should be enacted soon after the enactment. Meanwhile, two ancillary regulations have come into effect, namely: Government Regulation (PP) no. 20/2009 on Local Political Parties and PP no. 55/2009 on Regional Secretary in Provincial and District Government in Aceh. The other three regulation bills such as the Joint Management of Oil and Gas Resources, Devolving Authority to *Dewan Kawasan Sabang*, DKS (Sabang [Free Trade] Area Board), and National Authority in Aceh would be enacted by the end 2010[646]. Additionally, on 20 December 2010, the regulation bill on *Pelimpahan Kewenangan kepada Dewan Kawasan Sabang* (Devolution of Authority to Sabang [Free Trade] Area Board) has been signed by the President of Indonesia. In which during its deliberation process created a critical tension between Aceh and Jakarta. It is worth emphasizing that the bill was ever annulled by the Indonesian Ministry of Finance from its deliberation, thus resulting a massive protest and anger from the people of Aceh.

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[644] Interview with Irwandi Yusuf, A Governor of Aceh, in Aguswandi and Judith Large (Ed), *Reconfiguring Politics: the Indonesia – Aceh Peace Process*
[645] Serambi Indonesia Newspaper, "*Kemdagri Janji Semua RPP UUPA Tuntas Tahun ini*", 29 March 2010
[646] Ibid

6.2 Conclusion

This chapter examines the challenges of decentralization in Aceh post-conflict which potentially lead to spoil the peace agreement. The major challenges of the study's findings addressing: poor capacity to govern, rampant corruption, patronage and local oligarchy, the demand to divide Aceh into three provinces, and unfinished agenda of the Law on the Governing of Aceh (LoGA). In short, decentralization principle is not easy to implement. It needs a firm human capital and institutional capacity in local government as significant devolution of power has been given by central government.

It is worth noting that the involvement of GAM former combatants in the business, primarily in the contractor sectors, acts as the driving force to rampant corruption and patronage. The victory of GAM in the executive and legislative elections, it consequently took most Aceh areas under their control. With their GAM-affiliated executive, GAM contractors and networks have the opportunity to win the contract of government projects and to derive 'quick and easy money', although they have a lack of ability and knowledge in the contracting issues. Furthermore, GAM-affiliated executive and legislative are very poor capacity to govern because of lack of educational background and knowledge in legal drafting mechanism. Consequently, most Acehnese people have been disappointed with their poor performances and it also created massive protest from civil societies and other elements. Meanwhile, the central government has experienced the difficulties to encounter the Aceh government's poor capacity. In which Aceh government could not properly interpret and implement the central government agenda in Aceh. Nevertheless, the relationship between central and Aceh government generally remains stable.

CHAPTER SEVEN
CONCLUSION AND RECOMMENDATION

VII.1 Conclusion

The Aceh post-conflict demonstrates the implementation of genuine decentralization as the best instrument of lasting peace and preventing the re-emerging of conflict after the peace agreement is dealt. The Helsinki Peace Agreement has primarily adopted the principle of democratic self-governance in which granting a large devolution to the Aceh government in politics, economy and administrative spheres.

The study has investigated the implication of decentralization in Aceh post-conflict. The Government of Aceh received a huge additional fiscal revenues windfall as the consequences of the implementation of special autonomy, post-conflict reintegration and post-tsunami reconstruction projects. With this wealth, the Aceh government has initially the opportunity to improve its service delivery and overall development programs as well as to build back better from the conflict damages. Though the poverty and unemployment rate has decreased, Aceh post-conflict economic development primarily lies on the construction sector related to the post-tsunami reconstruction and post-conflict reintegration assistances, rather than agriculture and manufacturing sectors. It is worth emphasizing that the decline of oil and gas reserves and the end of tsunami reconstruction program may lead to an unemployment boom and a sharp decline of long-term economic growth.

Another interesting finding of the study is also about the issues of former combatants' transformation in the political arena in Aceh. Aceh decentralization provided a redistribution of power to the local level and an inclusive participatory term in the political sphere that means for GAM former combatants to achieve their share of power with legitimate political competition and without using the armed or military approaches. GAM former combatants have successfully reintegrated in the Aceh political arena and became the administrators in the provincial and in most district governments. However, the transformation of GAM has

been not easy task due to poor educational background and lack of capacity and knowledge in the bureaucracy and legal drafting issue.

The socio-condition of Aceh post-conflict has been relatively stable. The armed conflict between GAM and the Indonesian military is almost zero. The tensions had 'only' emerged during the political campaign of the 2009 legislative election. However, the crime rate after the peace agreement is far higher than before the agreement due to reduced economic opportunity, weak of security institutions, poor law enforcement, the existence of illegal weapons in the society, the dissatisfaction of former GAM to their elites on peace dividends, etc. In 2011, the reintegration process of GAM into civilian has been almost fully implemented. After received the reintegration fund from the central government, they went back to their society and work as before the conflict mostly farmer. Ironically, some GAM elites started working as contractors to get 'quick money' in which they have very limited knowledge and ability in the contractor world.

The study has also examined the challenges of decentralization in Aceh post-conflict which have potentially exacerbated the conflict. The issues of capacity to govern, corruption, patronage and local tyranny, dividing Aceh into three provinces and unfinished agenda on the implementation of Law on the Governing of Aceh (LoGA) have been observed as major problems in the contemporary Aceh post-conflict self-governance. As a matter of fact, most of the Acehnese were dissatisfied with the new Aceh government regime due to their poor performances to exercise the functions of government such as service delivery, people's welfare, rule of law, etc. It is worth noting that the issues of corruption and patronage might work well in the short term post-conflict because it may help in securing the degree of political, economic and social stability. GAM former combatants need to secure their socio-economic life during the reintegration process. With their limited educational background and poor experiences, former combatants utilize their networks in the local bureaucracy to achieve their personal and/or group interests such as doing businesses, etc. In addition, the poor capacity of Aceh government has caused the poor implementation of central government development agendas in Aceh. The Aceh government has difficulties to interpret

and to implement those development programs which addressed by the central government. However, the relationship between central and Aceh government generally remains steady.

In general, Aceh post-conflict governance has been taking place for almost six years. Theoretically, it needs another four years to reduce risks and challenges of re-emerging the conflict. The commitment of central government to finalize unfinished agenda of MoU and LoGA which could ultimately strengthen peace is imperative. Meanwhile, the behavior of new Aceh regime of government – currently dominated by GAM – to apply the principle of decentralization in its policy making process has determined lasting peace and development. The people of Aceh have a high expectation to the new Aceh regime of government for a better Aceh development, peoples' welfare, lasting peace, and a better performance than the old regime. Broadly speaking, the satisfaction of Acehnese to the GAM regime of Aceh government would be reflected if GAM-affiliated candidates could win the forthcoming executive elections in October 2011.

VII.2 Research Implications

Finally, a limitation of this study is the period of time of Aceh post-conflict after the agreement was signed. The Aceh peace agreement has just taken place for almost six years in which the study has primarily investigated. Theoretically, in order to minimize the risks and challenges in post-conflict governance, it needs more than ten years after the end of hostilities to investigate the whole process. Furthermore, this final chapter also primarily discusses the implications of the study findings for further research and the relevant government policies. The implication for further research includes a study on the Aceh Executive Election and GAM socio-economic needs assessment. Whilst the following recommendations for policies of Aceh Government are: 1) to strengthen institutional governance capacity; 2) to create a conflict sensitive development planning; and 3) to reform security sector agencies.

The Implication for Future Research

In order to reduce risks and challenges of decentralization in Aceh post-conflict governance, therefore the following study and a needs assessment would be highly recommended.

a. A Study on the Aceh Executive Elections

Election has been widely known as a backbone and the central issue of democracy. Meanwhile, the outcome of elections should primarily improve the government performance in service delivery and legitimacy. Currently, the people of Aceh were dissatisfied with the performances (e.g. rampant corruption, patronage, etc) and development policies (e.g. poor capacity to govern, bad planning and budgeting, etc) of new regime of Aceh executive government which elected in 2006 elections. Therefore, the forthcoming executive elections which will be held in October 2011 might be used as momentum to elect the best candidates of Aceh executive leaders (governor and deputy, *bupati* (head of districts) and mayors) to achieve a better Aceh in development and sustainable peace. The purpose of the research on Aceh Executive Elections would primarily identify how to improve the quality of legitimate Aceh government officials (the outcome of election) through fair elections. A research should be focused on the following factors: voter behaviors and educations; the elimination of money politics and patronage issues through the establishment of an independent elections monitoring agency; dissemination of the track records of candidates (their educational background, knowledge on government aspects, etc); and the pledges of candidates' commitment to implement good governance principle, to improve development and to implement pro-poor and conflict sensitive policy if they elected in the elections. It is worth noting that good government official leads to create proper development policies and enables to strengthen peace-building efforts and to prevent exacerbating the conflict.

b. GAM Socio-Economic Needs Assessment

Based on the main findings of this study, many former combatants mainly involved in the tsunami reconstruction projects for their survival in economic matters. However, since the

closure of these projects, some jobs have not been created properly by the Aceh government (particularly in the manufacture, agriculture sectors, etc). Generally speaking, GAM former combatants are mostly uneducated and lacking ability to work. Therefore, the development of a needs assessment study on contemporary former combatants' reintegration process particularly in the aspect of socio-economic (e.g. to provide job creation, to monitor illegal distribution of small arms from the conflict era, etc) is imperatively needed. It is worth emphasizing that the majority of crime armed actors which involved in Aceh are former combatant groups and mostly unemployment. Recently, the Aceh police found the training camp of armed group (alleged terrorist movement) whilst some people said that the group was suspected as part of GAM factions which disagreed with the Helsinki peace agreement. It is important to note that the implementation of reintegration process of former combatants is not easy and so challenging in many post-conflict areas. It cannot be done with only one or four years after the end hostilities, it needs a long term program with full efforts from the Aceh government to maintain sustainable peace and development in Aceh.

Recommendation for Policies of Aceh Government

a. Strengthening Institutional Governance Capacity

As discussed in the previous chapter, the implementation of decentralization in Aceh has increased large additional fiscal revenue for improving service delivery and development. The poor capacity to govern, lack of transparency and predatory activities – such as corruption, illegal extortion, etc – of local government officials have diverted the ultimate objective of decentralization and the post-conflict peace-building in the long term. Good governance principle – which includes participation, rule of law, transparency and equality – and strengthening the institutional capacity of local government – in conjunction with government agencies, donors and civil societies – has been essential to be done in order to maintain the large additional funds of special autonomy fund. It is worth noting that the government capacity serves as the cornerstone for building peace and implementing overall development programs.

Aceh institutional capacity building governance is expected to meet the five characteristics of strong and effective local institutional government that reflect its unique roles in democratic governance and service delivery. Each of these characteristics has significant implications for the role of local government in peace-building and development. The following characteristics of local institutional government are: legitimate leadership (like in Aceh, the government leaders have been democratically elected by the people); ability to touch the daily lives of citizens through improved delivery of services; close partnership with communities and community organizations (the people's and civil societies' involvement in the delivery of basic services has provided local institutional governments with a greater sensitivity to the unique needs of the individuals, families and communities within its jurisdiction); participatory (participatory governance provides the opportunity for all citizens, including marginalized groups and former combatants, to become partners in government) and transparent governance (opening up local government to popular participation in improving partnerships with civil society and the private sector fosters greater transparency and accountability in local government priority setting, budgeting and service delivery); and strengthening public participation for peace-building (public participation and community based mechanisms such as dialogues, consultations and public information campaigns may be effectively undertaken by local institutional government in conjunction with peace advocates from donors, government agencies, or civil societies)[647].

In short, many international donors have involved in the Aceh post-conflict reintegration program. However, only few of them participated in the Aceh post-conflict institutional governance capacity building agenda. With the support of donor, government and civil societies, the institutional capacity building programs including training (e.g. government functions, legal drafting, etc), policy advocacy, workshop, Focus Group Discussions (FGDs), etc, might be the best strategy to increase the capacity of local government institutions and apparatus.

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[647] Bush, Kenneth. (2004). "Building Capacity for Peace and Unity: The Role of Local Government in Peace-building," Federation of Canadian Municipalities (FCM), p. 3-7

b. Conflict Sensitive Development Planning

Development planning is one of the most important phases in the policy making process. The Law on Governing of Aceh (LoGA) has also stipulated the comprehensive development planning for Aceh provincial and district government in accordance with the following aspects: Islamic values, socio-cultural issues, sustainability and environmental concepts, justice and equality and necessity[648]. As post-conflict areas, ideally Aceh government should integrate and mainstream the aspect of so-called 'conflict sensitive development planning' into existing development planning process to prevent reemerging of conflict.

According to UNDP, conflict sensitive development planning basically means the ability of local government to understand the context of conflict and development; to understand the interaction between its intervention and the context; and to act upon the understanding of this interaction, in order to avoid negative impacts and maximize positive impacts. This strategic orientation for peace and development needs to be shared by Local Government and the community and reflect good governance principles. Such a joint strategic orientation is missing in most districts and municipalities. The advantage to enhance the capacity of local planners would be to strengthen the ability to collect and analyze conflict and development relevant data, to design appropriate solutions (interventions), to conduct effective public hearings, (to program these interventions efficiently and effectively[649].

Badan Perencanaan Pembangunan Daerah Aceh, BAPPEDA (Aceh Regional Development Planning Agency), as the agency which responsible with development agenda in Aceh is expected to integrate and mainstream 'conflict sensitive development planning' into overall development programs and to pay much attention on heavily conflict affected areas and vulnerable groups. The equal distribution of development agenda to all Aceh regions (from the north coast to the central highlands and the west coast) would be considered as example of conflict sensitive planning, in which to address the demand of the central highlands and

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[648] Article 141 (1) of the LoGA
[649] United Nations Development Programme (UNDP), "Conflict Prevention through Improved Development Planning at the Local Level: A Conceptual Outline of How to Operationalize Conflict Sensitive Planning," UNDP Indonesia

the west coast for separation provinces from Aceh. In fact, there is a need to create an *ad hoc* special body consisting of BAPPEDA, BRA, and other relevant government agencies and civil societies would aim to maintain and monitor the issues of conflict sensitivity in the development agenda. In short, the need to revise LoGA becomes crucial to create a stronger, more conflict sensitivity and more transparent system of governance.

c. Security Sector Reform

As mentioned earlier, the high rate of crime and corruption allegation in Aceh post-conflict governance has become anxious. The need of strengthening the security governance apparatus is imperative. The concept of security sector reform (known as SSR) has been applied in many countries since many years ago, primarily in the areas of post-conflict and transitional situation. SSR has been adopted in the areas where the government institutions are poor and law enforcement is also weak. The objective of SSR is mainly to provide a guaranteed feeling of safety for public within the context of a democratic principle, in which the security apparatus (police, judicial, anti-corruption agencies, military, etc) become professional law enforcers and that this is used as a prerequisite to that their functions can be carried out effectively[650].

In the context of police institutions, in order to strengthen the rule of law and to implement its functions effectively, the reform of cultural aspects within the police is highly needed. The reform should include the human resource management, operational management and monitoring. In regard with a large territory and population of Aceh, the number of Aceh police should be increased much and should meet the Aceh population ratio. As post-conflict areas, the concept of community policing would be decent to be implemented in Aceh. Former combatants and other vulnerable groups are able to participate in securing their environments, preventing crime and acting as the agent of conflict early warning system. The improvement of police education is the most important part of police reform. Through trainings and formal education, Aceh police would become professional and skilled

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[650] Fatonie, Iskhak, et al. (2005). "Security Sector Reform in Indonesia: A Collective Evaluation on Armed Forces and Police Forces of Indonesia," FES and The Ridep Institute, p. 12

personnel (in line with post-conflict issues: human rights, armed distribution, crime, etc). Finally, the reform on infrastructure and salary of the Aceh police is primarily aimed to prevent the negative activities (such bribery, illegal extortion, etc) in the police institution.

The police, anti-corruption agency (or KPK, Corruption Eradication Commission) and judicial institution should improve their performance and ability to combat corruption in Aceh. The quick response on corruption allegation reports and the investigation could uphold their credibility and integrity in the grassroots level. The political stability, peace security, and clean government from corruption and other illegal economy activities could finally attract the investors for business development and maintain lasting peace and development in Aceh.

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Medias

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Kompas, national newspaper
Media Indonesia, national newspaper
Serambi Indonesia, local Aceh newspaper
Tempo, national newspaper

Curriculum Vitae

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WORK EXPERIENCE

Dates	2011 – present
Occupation or Position Held	Internship/Temporary Consultant
Name and Address of Employer	Middle East and Arab Programme, United Nations Industrial Development Organization (UNIDO), Vienna, Austria <http://www.unido.org>
Type of Business or Sector	International Organization/UN Agency

Dates	2006 – 2008
Occupation or Position Held	Programme Officer
Name and Address of Employer	Knowledge Management Section (KMS), Crisis Prevention and Recovery Unit (CPRU) - United Nations and Development Programme (UNDP), Jakarta <http://www.undp.or.id>
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Occupation or Position Held	Programme Officer for Education
Name and Address of Employer	Education Unit (ED) - United Nations Educational, Scientific and Cultural Organization (UNESCO), Jakarta <http://www.unesco.or.id>
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Dates	2003 – 2005
Occupation or Position Held	Research Coordinator
Name and Address of Employer	Research Institute for Democracy and Peace (Ridep Institute), Jakarta <http://www.ridep.or.id>
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EDUCATION

Dates	2008 – 2011
Title of Qualification Awarded	**Dr. phil.**
Principal Subjects/Occupational Skills Covered	Working title is "Decentralization and Local Governance in Post-Conflict Societies: Sustainable Peace and Development, The Case of Aceh, Indonesia"
Name and Type of Organization Providing Education and Training	Institute of Political Science, University of Vienna, Vienna, Austria <http://www.univie.ac.at>
Dates	2002 – 2003
Title of Qualification Awarded	**MA (Master of Arts in Development Studies specialization in Public Policy and Management)**
Principal Subjects/Occupational Skills Covered Name and Type of Organization Providing Education and Training	Thesis Writing on "The Politics of Privatization in Indonesia: Case Studies on Privatization of PT. Indosat and PT. PLN" Institute of Social Studies (ISS), The Hague, The Netherlands <http://www.iss.nl>
Dates	2001 - 2002
Title of Qualification Awarded	**Non-Degree Program**
Principal Subjects/Occupational Skills Covered	Majoring in: International Relation and Foreign Policy Analysis (certificate); Introduction to Public International Law (certificate); and Judicial Protection in the European Union (letter of attendance)
Name and Type of Organization Providing Education and Training	University of Leiden, Leiden, The Netherlands <http://www.leidenuniv.nl>
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Title of Qualification Awarded	**S.Sos (Bachelor of Arts in Administration Studies majoring in Public Administration)**
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- Peace Development Report in Aceh, Jakarta: UNDP Working Paper/2007
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- The Indonesian Financial Crisis during period 1997-1998, Jakarta: International NGOs Forum on Indonesian Development (INFID) in cooperation with Bread for All (BFA)/2004

LANGUAGES

Bahasa Indonesia (Mother Tongue), English (Fluent),
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