

## Assessing the constraints of Aceh Reconstruction

*...Who gets blame for the slow pace of Aceh reconstruction?*

### 1. Introduction

Greenomics Indonesia is a non-governmental organization that has its primary mission the supporting of joint efforts to achieve good natural resources governance using economic and financial instruments as a basis for advocacy. As a non-governmental organization that was founded, and which continues to play a major role, in Aceh, Greenomics Indonesia believes that it is essential to more assess in greater detail the types of constraint facing the reconstruction effort in Aceh, particularly the legal and policy constraints, and those arising from the way in which reconstruction is being effected on the ground.

The objective of this report is to quantitatively assess the constraints facing reconstruction in Aceh based on the performance of all the parties involved in the reconstruction process. Thus, the reconstruction process in Aceh, which to date has been considered to be excessively slow, will be assessed proportionally based on the constraints faced by the Aceh and Nias Rehabilitation and Reconstruction Board (BRR), the central government, international organizations, and the Aceh administration. Based on this assessment, Greenomics Indonesia will present a number of policy recommendations designed to allow more dynamic responses both at the policy level and in the field.

### 2. Methodology

This analysis on the constraints affecting the reconstruction process in Aceh is focused on three main types of constraint, namely: a) constraints that serve to delay the construction of new homes; b) constraints that serve to delay the construction of infrastructure and public facilities, including the construction of schools, community health centers, places of worship, and other public buildings; and c) constraints affecting the distribution of social assistance in the form of start-up/working capital for farmers, fishermen and traders.

The relevant figures and information considered as part of this assessment included the following: a) results of direct observations along the west-south, north and east coasts of Aceh for the purpose of identifying constraints on the ground, and b) relevant figures and

information obtained through communications and discussions for the purpose of identifying the constraints at work in the Aceh and Nias Rehabilitation and Reconstruction Board (BRR), the government of Aceh, the relevant components of the central government, and international organizations, including multilateral and bilateral organizations, the UN, and foreign non-governmental organizations.

The three types of constraint referred to above were identified for each institution, and were then grouped into two levels of constraint, namely, a) constraints operating at the legal and policy levels, and b) constraints operating at the implementation level. A score was given for each constraint in each institution based on a scale of 0-4, with 0 representing a not so important constraint, and 4 representing a very significant constraint. The constraints in each institution were then collated and compared to the importance of the role played by each of the institutions directly or indirectly involved in the reconstruction process in Aceh.

### **3. The assessment results**

#### **Constraints on legal and policy**

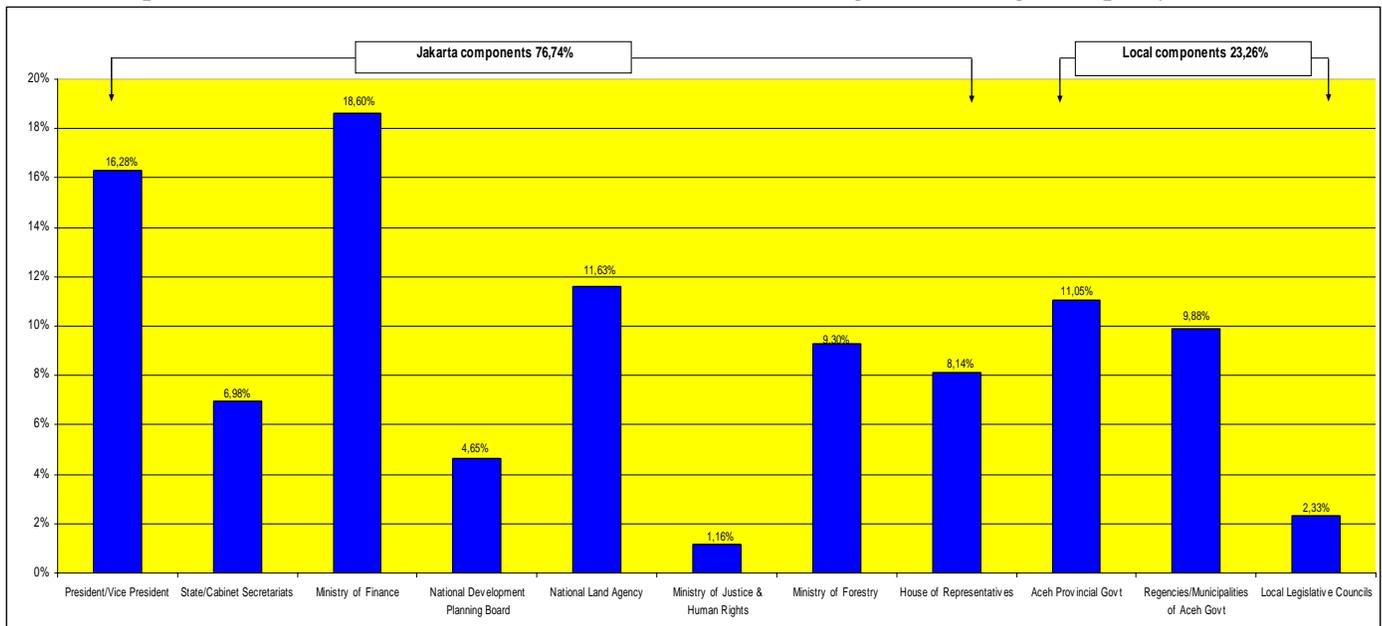
Legal and policy barriers are the most significant constraints serving to slow down the reconstruction process in Aceh. At the present time, the components at the center (central government and Republic of Indonesia House of Representatives) are responsible for 76.74 percent of the delay, while local government in Aceh (provincial, regency and municipality administrations and local legislative councils) also provide a significant contribution to the overall tardiness at 23.26 percent. These governmental components are primarily involved in land problems and the finalization of provincial and regency/municipality spatial plans (see **Graph 1**).

The delays emanating from the governmental sector clearly reveal that the BRR is far from being a “superbody”, and that the head of the board – who holds a position equivalent to that of Minister – is far from being a “superman” as far as reconstruction is concerned. Thus, the high hopes placed by the public and the government in the Aceh and Nias Rehabilitation and Reconstruction Board now appear to have been excessive. This is because the Board is no more than a “normal institution” that must follow the normal rules, and the regulations and policies issued by the various components involved at the central level.

As an example, in the case of the procurement of goods and services for the construction of homes, and the services of housing construction planning consultants, both of which should have been of the utmost priority, Presidential Decree Number 80 of 2003 on guidelines for the government procurements of goods and services was employed for six months (May-October 2005) even though it was clearly ineffective for handling reconstruction in the wake of a national disaster.

The problems that arose from the use of this Decree were responded to by Presidential Regulation Number 70 of 2005 on the third amendment to Presidential Decree Number 80 of 2003, dated 15 November 2005, which remained in effect until 30 June 2006. After the period of effect of the new Presidential Regulation came to an end, it was only extended on 8 September 2006 through Presidential Regulation Number 79 of 2006 on the fifth amendment to Presidential Decree Number 80 of 2003, which was only to remain in effect until 31 December 2006. Thus, from July to August 2006, no new contracts were signed for the construction of houses, which based on tenders or direct appointments.

**Graph 1: Constraints on reconstruction at the central and local government legal and policy levels**



The President/Vice President were responsible for 16.28 percent of the delays in the reconstruction of Aceh, particularly as regards land problems, the procurement of goods and services, special tax breaks for Aceh, flexibility as regards the disbursement of funds, and support for other policies and regulations. The delays that arose on the side of the President/Vice President came in second place after those caused by the Ministry of Finance, which was the principal component of the center that gave rise to delays in the reconstruction of Aceh, with it being responsible for 18.60 percent of these. The inflexibility of disbursement procedures and the lack of special rules drawn to take account of the need for rapid responses to the emergency were the main reasons for the reconstruction delays emanating from the Ministry of Finance.

However, it needs to be underlined that if the delays emanating from the Offices of the President and Vice President are added to those emanating to the organ “closest” to these Offices, namely, the State Secretariat/Cabinet Secretariat (6.98 percent), then the total contribution to delays in the reconstruction of Aceh rises to 23.26 percent. This cumulative figure represents the highest contribution to delays in the reconstruction of Aceh at the legal and policy level at the center. Thus, given this scenario, the Ministry of Finance may be regarded as the “runner-up”.

The National Land Agency (BPN) has also played a major role in delaying the reconstruction of Aceh, and occupies third place at the center, being responsible for 11.63 percent of the delays. The BPN was far too tardy in responding to the land title problems that emerged during the rehabilitation and reconstruction phase in Aceh.

After the BPN in the order of shame comes the Ministry of Finance, occupying fourth place. The Ministry of Forestry was found to be responsible for 9.30 percent of the delays, mostly in connection with ensuring sustainable supplies of legal timber. Then came the Republic of Indonesia House of Representatives, which was found to be responsible for 8.14 percent of the delays, mostly in connection with a lack of spending flexibility so as to respond dynamically to the problems that arose on the ground during the reconstruction phase. Then came the National Development Planning Board (BAPPENAS) and the Ministry of Justice and Human Rights, which were responsible for 4.65 percent and 1.16 percent of the delays respectively. Most of these delays concerned lack of support for reconstruction policies and administrative problems concerning grant donations.

The above description shows that the central government's intention that BRR should act as the locomotive of reconstruction has not been fulfilled due to a lack of legal and policy support. In fact, this lack of support has primarily been the fault of the central government, despite the fact that it was essential for supporting the effectiveness of the BRR in the performance of its work. Thus, it should come as no surprise to see that the performance of the BRR has been subjected to sharp criticism from various sides.

### **Constraints on implementation**

Once again, the delays in reconstruction at the implementation level are closely connected with a lack of policy and legal support from the central government. In fact, more than 76 percent of the delays are due to this lack of support. Thus, it is not surprising that many people have commented on the lack of seriousness in Jakarta about the reconstruction work in Aceh.

At the implementation level, the BRR finds itself (49.56 percent) in first place as regards responsibility for delays in the reconstruction work in Aceh, In second place comes the international institutions, whether multilateral, bilateral, the UN or foreign NGOs, which were found to be responsible for 27.43 percent of the delays. These international institutions have shown themselves to be excessively bureaucratic and centralistic, with the result that they have contributed quite significantly to the slow pace of reconstruction. Thus, it should come as no surprise that many of the promises they made in the past are still no more than promises. In addition, their high overheads has also increased the cost of rebuilding in Aceh (**See Graph 2**).

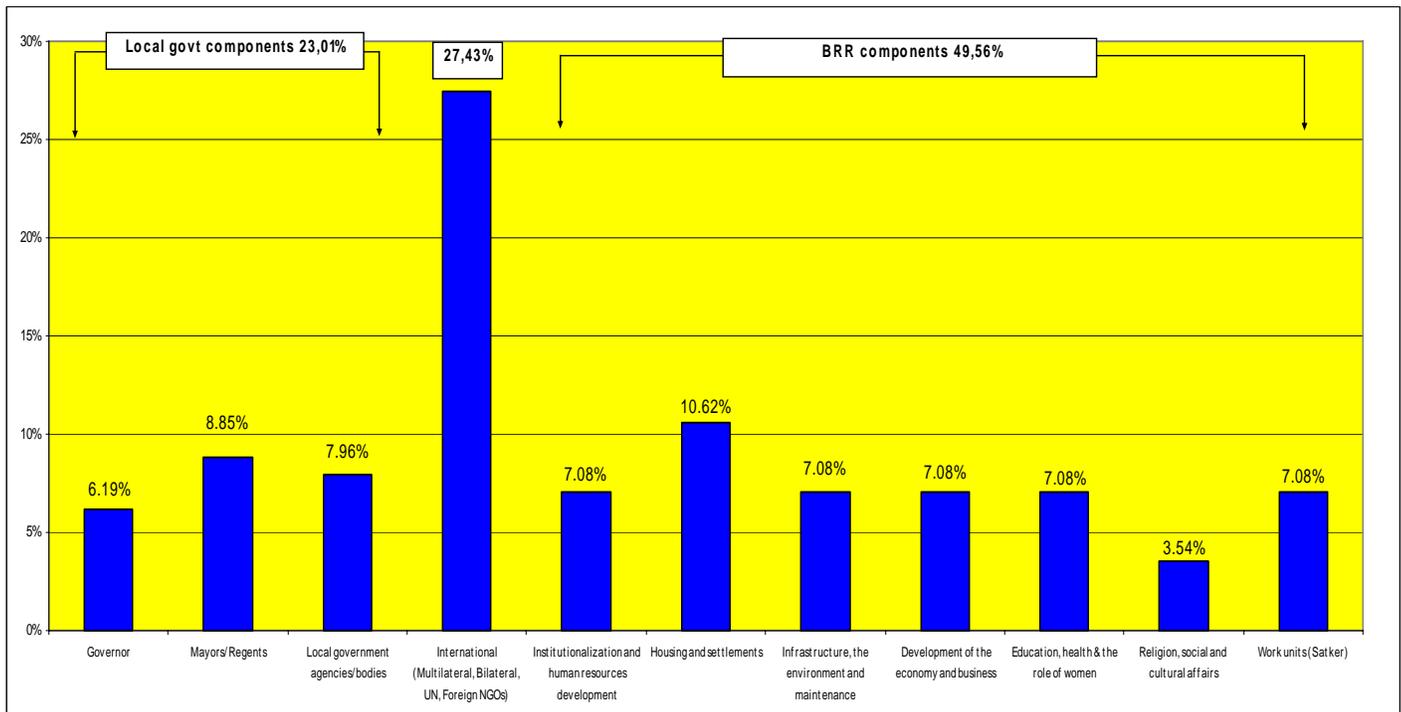
Local government in Aceh has also played a role in holding up the implementation of the reconstruction work. While the cumulative level of delays caused by local government is in last place, this in no wise means that it was insignificant. In fact, local government in

Aceh was responsible for 23.01 percent of the delays. These were mostly caused by a lack of support for implementation from the governor, mayors/regents and the relevant local government agencies and bodies. Delays were also caused by a lack of effective coordination and communication between the components of local government in Aceh and the BRR. An example of this was the lack of coordination in mapping out the victims entitled to receive houses and social assistance.

It should be noted here that while 49.56 percent of the constraints on reconstruction in Aceh at the implementation level emanated from the BRR, the constraints emanating from outside the BRR (local government and international institutions) accounted for 50.44 percent of the total constraints. Thus, there is only a slight difference between the percentage of constraints coming from the BRR and that coming from the local government and international institutions.

This shows clearly that the BRR, which was set up at the beginning of the emergency response by way of a Government Regulation in Lieu of Law, and thus may be said to have been created in a hurry, still faces critical constraints at the implementation level. Accordingly, we may explicitly conclude that the support of the Central Government for the BRR is still inadequate to allow it to overcome the crisis that it was established to face, and to support the approximately 500,000 families affected by the Aceh tsunami.

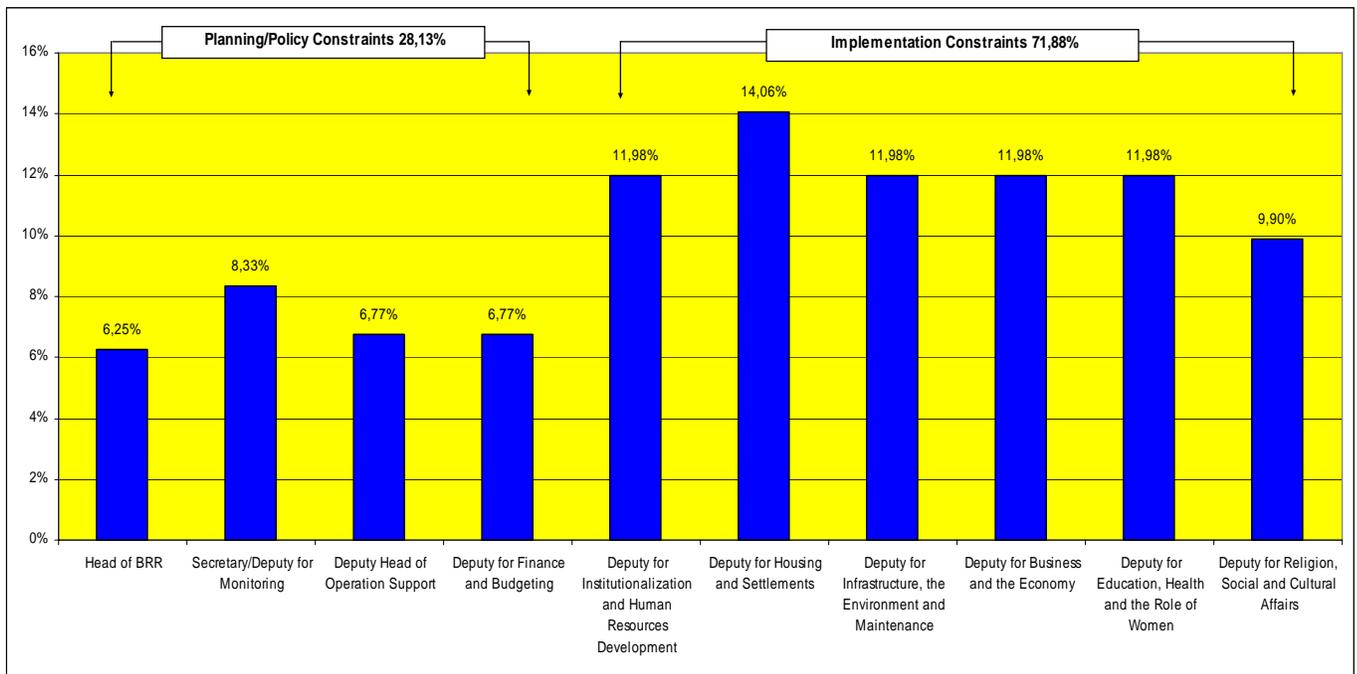
**Graph 2: Constraints on reconstruction at the implementation level**



### Constraints on implementation originating from the BRR

The constraints on the reconstruction of Aceh are also connected with internal problems within the BRR itself. Of the 49.56 percent contribution to the delays in implementation arising from the BRR, 71.88 percent represent delays that were connected with the six deputies involved in implementation – institutionalization and human resources development; housing and settlements; infrastructure, the environment and maintenance; the economy and business, education, health & the role of women; and religion, social and cultural affairs. Meanwhile, the planning and policy constraints originating from within the BRR (28.13 percent) were primarily connected with oversight, programming, finance and planning. Overall, these constraints may be categorized as internal problems connected with the BRR’s internal management capabilities (see Graph 3).

**Graph 3: Constraints on reconstruction arising from within the internal BRR**



With regard to the 71.88 percent contribution to constraints arising from within the six deputies of the BRR, the Board will have to reorganize so that the burden of implementing the reconstruction work is not concentrated on the six ineffective deputies. For example, the Deputy for Housing and Settlements is the biggest contributor to the constraints on reconstruction from within the BRR, accounting for 14.06 percent of the delays. Meanwhile, the Deputy for Institutionalization and Human Resources Development, the Deputy for Infrastructure, the Environment and Maintenance, the Deputy for Business and the Economy, and the Deputy for Education, Health and the Role of Women; and the Deputy each made an 11.98 percent contribution to the delays. This means that these four Deputies jointly were responsible for 47.92 percent of the delays in the implementation of reconstruction. Meanwhile, the Deputy for Religion, Social and Cultural Affairs contributed 9.90 percent to the delays.

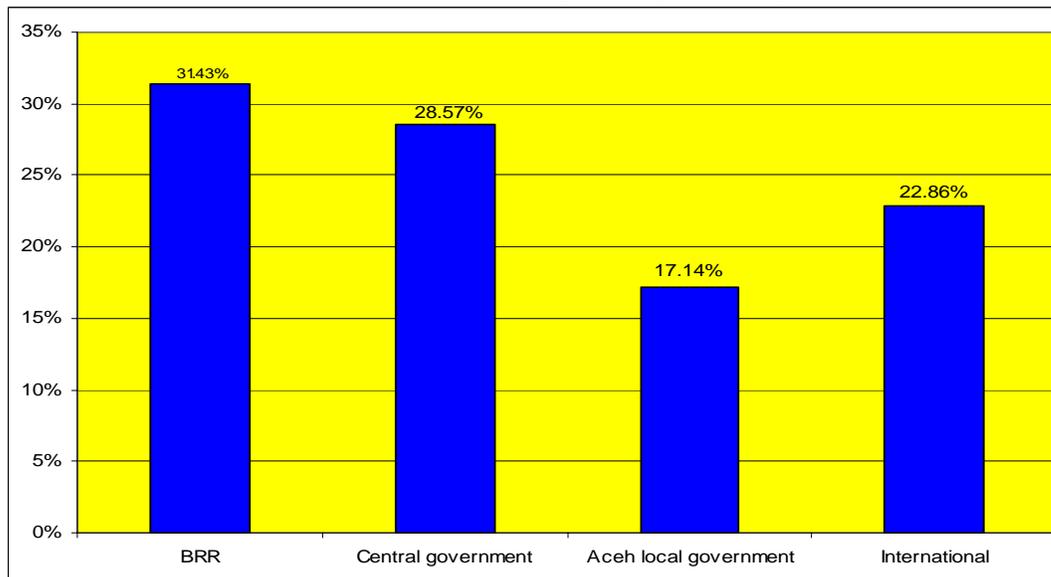
The above description shows that the BRR suffers from an excessive concentration of the reconstruction workload, which problem arises from within the Board itself. The BRR must respond to this in a comprehensive fashion so that internal factors no longer serve as constraints that slow down the reconstruction work. These internal problems must be tackled within as short a time as possible bearing in mind that the public in Aceh believe that the officers of the Board are professionals, are paid well and come from Jakarta. They should therefore be capable of properly doing their jobs.

In the light of the above description, the BRR should not hesitate to overhaul its management system, including its personnel, with the principal objective of ensuring effectiveness, credibility and trust. The envisaged new system of management should be capable of responding in a timely fashion to the increasingly complex problems in the field. In addition, the BRR needs to have regard to the process of transferring knowledge, technology and management skills to local government in Aceh during the next stage of the transition period. Obviously, this process would be seriously undermined should questions arise during the transition period about the actual capacity and effectiveness of the BRR itself.

### **Total constraints on reconstruction**

If we calculate the level of delays at the legal and policy levels, and also at the implementation level (total constraints on reconstruction), then the level of constraints emanating from the BRR take first place at 31.43 percent. Meanwhile, components of the Central Government come in second place at 28.57 percent, made up of the contributions of eight “Jakarta components”. Finally, in third and fourth place are the international institutions and Aceh local government, which contributed 22.86 percent and 17.14 percent respectively (See Graph 4)

**Graph 4: Total reconstruction constraints at the policy/legal and implementation levels**



This means that the total percentage of constraints on reconstruction in Aceh at the legal, policy and implementation levels that arise from the BRR amount to 31.43 percent, while those that arise external to the BRR amount to 68.57 percent. This clearly shows that the BRR is not fully in charge of the reconstruction work in Aceh. In fact, 68.57 percent of whether the work is successful or not is determined by bodies external to the BRR, namely, the central government, international institutions and Aceh local government.

However, it should be remembered that the public at large will point most of their blame at the BRR as this is the body that bears most responsibility for the success of the reconstruction work. If the work is successful, then there is no doubt that the BRR will receive endless praise and kudos, including for the President and Vice President. Thus, whether it likes it or not, the Board must do all in its authority to overcome the total constraints on reconstruction by publishing regular performance reports. In this way, the public will be informed who is actually responsible for slowing down the reconstruction work in Aceh, even if the delays emanate from the Office of the President/Vice President. This is part of what we mean by democratizing reconstruction – something that has never happened before in Indonesia.

However, what the BRR has been doing to date has been highly counterproductive, namely, providing excessive exposure for its successes, particularly through the media. In reality, the conditions on the ground do not provide adequate justification for these sort of public relations stunts. Accordingly, the impression arises that there is a campaign underway to unjustifiably boost the image of the BRR – something that is causing a lot of unease and resentment among the people of Aceh, particularly those who suffered in the tsunami and politicians who are concerned about the pace of reconstruction.

#### **4. Policy recommendations**

##### **Central Government**

- The Central Government should quickly evaluate the effectiveness of the BRR so as to draw up an appropriate framework for intervention that would improve the credibility and effectiveness of the Board in its reconstruction work in Aceh;
- Full legal and policy support needs to be provided so as to ensure greater effectiveness in the reconstruction work;
- The constraints hindering the reconstruction work in Aceh need to be overcome. Most of these constraints are derived impacts from lack of legal and policy support at the center.
- A new framework and new working mechanisms are required to accelerate the reconstruction work in Aceh.
- Legal and policy support needs to be quickly given for the transition efforts, which begin with pre-transition period and led on to the transition period, from the BRR to the government of Aceh. These transition efforts will primarily

respond to the implementation of Law Number 11 of 2006 on the government of Aceh. Then, starting in 2008, the local government in Aceh will take charge of the reconstruction process in Aceh, while the BRR will serve as a technical coordinator, or support body, for the reconstruction work.

### **Aceh and Nias Rehabilitation and Reconstruction Board (BRR)**

- The constraints on implementation originating from within the BRR itself need to be immediately overcome through the drawing up of a schedule and the implementation of time-bound targets in a clear and transparent manner;
- The BRR's internal management system needs to be immediately overhauled so as to improve its effectiveness and overcome the obstacles to implementation that originate from within the Board itself.
- New and improved mechanisms for working with the central government, Aceh local government, and international institutions need to be put in place.
- A clear schedule needs to be drawn up for the pre-transition and transition periods from the BRR to the Aceh government as part of the reconstruction process, particularly as regards the wide-ranging authorities afforded to the government of Aceh under the Government of Aceh Law. It is proposed that the pre-transition period should last for three months, and the transition period itself for one year. Thus, starting in 2008, the government of Aceh would be able to take charge of the reconstruction process, while the BRR would serve as a technical coordinator, or reconstruction support body.
- The remuneration system needs to be immediately reviewed given that this has given rise to unease in society, particularly among the victims of the tsunami, officials of the central government and local government in Aceh, and the public at large. This unease is further added to by the fact that many fail to see any correlation between the higher salaries paid to the Board's officers and their performances. In addition, the higher salaries appear to have had little effect on preventing corruption, collusion and nepotism within the BRR.

### **Aceh Local Government**

- The legal, policy and implementation constraints emanating from local government in Aceh need to be immediately overcome.
- New and more effective mechanisms for working with the central government, the BRR, and international institutions need to be quickly developed and put in place.

- New, more productive working mechanisms need to be developed so that local government work units can play a more effective role in accelerating the pace of reconstruction in Aceh.
- There needs to be a positive response to the pre-transition and transition periods, facilitated by the central government and the BRR. Thus, from the start of 2008, the Aceh local government should be able to take charge of the reconstruction work, facilitated by the implementation of the Government of Aceh Law.

### **International Institutions (Multilateral, Bilateral, UN and Foreign NGOs)**

- The obstacles to implementation need to be minimized by streamlining the currently excessively bureaucratic and centralized management chains. This will mean the development of autonomous management systems so that decision-making can be carried out in the Aceh office rather than always in headquarters.
- Head office 'remote control' management systems need to be immediately abandoned as these are incapable of responding to the rapidly changing needs in the field. The head offices of international institutions should not become involved in micro management, which only serves to slow down the reconstruction process.
- The currently inflexible rules and regulations of international institutions need to be adjusted so as to take account of local conditions and the level of need in the following as part of the effort to accelerate reconstruction.