

Australia Indonesia Partnership Aceh Program Framework 2008–13

I. Introduction

1. The Australia Indonesia Partnership Aceh Program Framework provides direction for Australia’s development assistance in Aceh for the next five years. The Aceh Program Framework sits under the *Australia Indonesia Partnership Country Strategy 2008–13*, which identifies Aceh as one of five priority provinces for comprehensive cross-sectoral Australian Government engagement.

2. Two major events have had significant bearing upon Aceh—the earthquake and tsunami of 26 December 2004, and the 30-year long conflict between the Indonesian Government and the Free Aceh Movement (*Gerakan Aceh Merdeka*—GAM). The Memorandum of Understanding signed on 15 August 2005 between the Government and GAM resulted in the surrender of weapons by GAM, the demobilisation of thousands of combatants and the redeployment from Aceh of government troops and police. In December 2006, a former GAM leader was elected Governor of Aceh in peaceful elections.

3. Significant progress has been made in Aceh. Post-tsunami reconstruction has progressed and the Government is working to transition from the reconstruction phase, to longer-term development and consolidation of peace. However, stability remains fragile and there is concern that increasing, low-level violence and limited government service delivery are combining with high rates of corruption and poverty to create conditions for new conflict. Furthermore, inequitable distribution of reconstruction resources¹ has become a source of concern and is exacerbating old and new social tensions. With the passing of autonomy laws, Aceh has obtained a degree of economic and political autonomy. The challenge now is to manage the broad range of powers and responsibilities that have been devolved to the region.

4. The Australian Government contributed more than \$250 million to Aceh’s reconstruction. The Australian people, who privately donated in excess of \$350 million, more than matched this. Australia’s program in Aceh has successfully reconstructed public infrastructure such as schools, village halls and health facilities; has helped to rebuild livelihoods; and has strengthened government service delivery. Australia’s reconstruction program will wind down from 2008.

5. Australia’s future program in Aceh will focus on promoting peace and development over the long term. This second phase will shift Australia’s program of assistance away from its reconstruction focus, toward targeted development initiatives that promote stability in both tsunami and non-tsunami affected areas. Assistance will build on the lessons and successes of the Aceh reconstruction program and support local-level improvements in government processes, basic services and community participation.

6. The Australia Indonesia Partnership Aceh Program Framework directly reflects the priorities of the Australia Indonesia Partnership Country Strategy 2008–13. The Aceh Program Framework identifies eight key principles to guide Australia’s future development assistance in the province. These guiding principles seek to ensure that all Australian assistance directly contributes to stability in Aceh and does not harm the complex process of building peace between the former parties to the conflict.

7. Consolidating peace in Aceh is consistent with Australia's broader security interests in the region. The Aceh peace process highlights an example of a negotiated settlement to a long-standing separatist conflict which advantages both former parties to the conflict. Consolidating peace will help deepen Indonesia's democratic traditions, while impacting positively on security and economic conditions more broadly. Peace in Aceh also offers a positive model for a number of other countries in the region that are struggling with separatist challenges. Moreover, stable conditions in Aceh have a positive impact on the security situation in the Strait of Malacca, one of the world's major maritime trading routes.

II. Economic and socio-political context

8. Aceh, a province of four million people, is rich in natural resources, with oil and gas revenue constituting 40 per cent of GDP. However Aceh's economy has lagged behind the rest of Indonesia for most of the past three decades.² Prior to the tsunami, Aceh was ranked as the third-poorest province in Indonesia.³ Low investment levels, low human capital base, infrastructure bottlenecks and a lack of diversification within the economy are all causes of this poor growth pattern.

9. Poor economic development fuelled and exacerbated the conflict. The conflict further weakened the economy by destroying infrastructure, displacing approximately one million people and taking the lives of 15,000. As well, for much of the 30-year conflict, Aceh's oil and gas revenues were not accrued by the Acehnese. The emerging conflict was driven by, and tapped into, widespread discontent within the population. It also prompted many better-educated and skilled Acehnese to flee the province.

10. The tsunami brought unprecedented levels of destruction to Aceh. It is estimated that 167,000 people died and more than 500,000 were made homeless. Roads, ports, schools, health facilities and water supplies were damaged or destroyed. Sources of livelihoods suffered a similar fate: fishing boats were lost, aquaculture ponds destroyed and 3,000 hectares of land lost permanently.⁴ Women and children constituted the majority of victims in Aceh.⁵ The destruction led to an enormous international response, bringing thousands of non-Acehnese into a previously restricted military zone. Billions of dollars were committed by non-government organisations (NGOs) and international donors to assist Aceh to recover from the devastation. While the reconstruction and rehabilitation has achieved much, considerable challenges remain.

11. The tsunami helped to create the circumstances that led to the August 2005 signing of the *Memorandum of Understanding on Demobilization, Demilitarization and Reintegration*. While the Memorandum contributed to a dramatic improvement in the security situation, people remain cautiously optimistic about its long-term success. Building lasting peace in Aceh will take time. The conflict significantly undermined the relationship between government and the people of Aceh, with mistrust high on both sides. For many years, Aceh experienced corruption, limited public service delivery and weak law and order structures. These challenges have been inherited by the new provincial and local governments in Aceh.

12. Unmet expectations and inequities in the distribution of benefits are deepening social tensions in Aceh. Reconstruction projects have focused on the tsunami-affected areas, but the entire province has suffered from both the disaster and the conflict. The huge influx of donor funds has increased inflation, reduced demand for traditional produce, created logistical bottlenecks and opened up new opportunities for corruption. The people of Aceh hold high expectations for attaining tangible benefits from peace. They expect to

find jobs, have better access to health and education services and be able to improve their living standards. Peace is considered a fragile, academic concept if it cannot deliver these basic dividends. Meanwhile, donors continue to withdraw and the investment necessary to spur economic growth has yet to materialise.

13. Violence is much reduced in Aceh, thanks to the peace agreement, however low-level violence continues to increase.⁶ The demobilisation of the Indonesian Armed Forces (*Tentara Nasional Indonesia*—TNI) and GAM combatants was achieved with minimal controversy, although the slow pace of reintegration continues to pose a threat to stability. Many ex-combatants remain unemployed, and reports indicate they are becoming a source of organised criminal activity in Aceh.⁷ Furthermore, studies of women's experiences show that, as with other conflict-affected areas, gender-based violence is a significant problem.⁸ Women, especially those without male guardianship due to the tsunami or conflict, are among the most vulnerable groups in Aceh.

14. Potential exists in Aceh for political instability to escalate as newly elected political leaders balance the competing demands of constituents. Since December 2006, a number of new district heads have been popularly elected, with GAM-backed candidates winning many of these positions along with the provincial leadership. Expectations that corruption will be fought are high within the population, but pressures and a sense of entitlement are also strong.

15. Government struggles to deliver core services to the majority of its people, and in this sense, exhibits many characteristics typically associated with fragile, post-conflict environments. The rapid decentralisation of the fiscal and political authority that has occurred in Indonesia since 2001 has increased the mandate and challenges of sub-national governments across the country.⁹ The tsunami severely damaged public infrastructure and took the lives of 5266 civil servants.¹⁰ These additional burdens were placed on a civil service that had already been weakened by the conflict.¹¹ As a result of this long-term erosion of resources and skills, capacity for public financial management across Aceh is weak.¹²

16. The Law on Special Autonomy Status (No. 18/2001) and the Aceh Governance Law (No. 11/2006, known as LOGA) gives additional responsibility for governance and resources to provincial and sub-provincial levels in Aceh. The laws aim to address factors that have been recognised as having contributed to conflict, including the distribution and management of resources and the role of security and defence agencies. They protect and promote Acehese cultural and religious identity. The laws also grant Aceh control of 70 per cent of natural resources in its territory; the right to raise taxes; and substantial further discretionary funding under the Special Autonomy Fund.

17. In addition to decentralisation, provincial and local governments in Aceh are working to address practical issues related to special autonomy. Some elements of the Memorandum are yet to be implemented, and a significant number of *qanun* (bylaws) must be developed by 2012,¹³ many of which are critical for the province to function properly. An implementation strategy has not yet been developed to guide this work. Aceh will receive an estimated government budget of A\$1.6 billion in 2008 (a 600 per cent increase since 1999¹⁴) with continuing increases expected to take the budget to A\$1.9 billion by 2011.¹⁵ These additional resources may create the fiscal space to fund programs that will reduce poverty and further foster and sustain conciliation between all stakeholders in the peace process. However, given government capacity constraints there is a risk that these funds will not be managed well, which could undermine rather than consolidate peace.

18. Future donor funding to Aceh will be insignificant in comparison with the provincial budget. Donors should therefore focus on helping the provincial and local governments spend its own money more effectively on initiatives that reduce poverty and promote stability. Donor efforts should be aligned to support government as it delivers on its identified priorities which include: combating corruption; improving education; managing resources and the environment; developing the economy and livelihoods; promoting legislative reform; and achieving more effective, efficient public spending (especially on infrastructure).¹⁶ Targeted technical assistance, research and innovative pilot programs that demonstrate successes that can be replicated by government will require enhanced engagement and strong partnerships with government.

19. The transfer of reconstructed assets and incomplete activities from the Aceh and Nias Rehabilitation and Reconstruction Agency to the Provincial Government will place further pressure on provincial administrators. The Agency, also known as the *Badan Rekonstruksi dan Rehabilitasi* (BRR) was established to coordinate post-tsunami reconstruction and manage the Indonesian Government's US\$1.5 billion contribution to the reconstruction effort. The BRR will close in April 2009 with completed assets, incomplete projects and uncommitted reconstruction funding to be transferred to the provincial government and other agencies. It is estimated that the value of uncommitted funding alone will be in excess of US\$300 million. The BRR is developing a strategy for the transition, but the capacity of government in Aceh to take on this role is in question.

20. Women in Aceh face many of the inequities and challenges found more broadly in Indonesia, but decentralisation and special autonomy pose further challenges as these processes threaten to facilitate the revival of conservative religious interpretations of gender roles and discriminatory local customary laws.¹⁷ The tsunami recovery effort was accompanied by a noticeable increase in the level of women's formal participation in community decision making and program management and implementation.¹⁸ There are, however, influential actors and institutions working in opposition to these positive changes, and it remains to be seen whether they will remain active beyond current donor-driven programs. Gender-biased implementation of the Syari'ah law, for example, may signify a reaction against these small improvements in gender equality.¹⁹

21. It remains unlikely that Aceh will revert to violent conflict. The Government continues to give its strong support for sustaining the peace agreement, and likewise, the Acehnese people want to live in peace. Implementing the Memorandum and the autonomy laws will remain a challenge. The Agency for Reintegration and Peace in Aceh (*Badan Reintegrasi-Damai Aceh* - BRA), established in 2006 to support and coordinate post-conflict recovery and peace building work, is working towards a single, coherent strategy to guide provincial, national government and international donor peace building efforts. Further work is required to take this strategy forward, however, including ensuring that there is an effective body to mediate disputes between the province and central government around the peace process. Furthermore, to date women have been largely excluded from this process, and remain an important but under-used constituency in supporting the accords.²⁰ As long as only half of Aceh's population determines the future of the whole, the legitimacy and effectiveness of efforts to sustain peace will be undermined. Government and donors need to focus on reversing this trend.

22. Assistance is urgently needed to enhance the legitimacy of the Aceh Government and strengthen its capacity to deliver services, but it is important to be realistic about what aid can achieve. By itself, aid cannot eliminate violent conflict; however it can play an important role in supporting local efforts that promote peace and stability.²¹

III. Australia's assistance to Aceh to date

23. Australia's response to the tsunami has been pragmatic, responsive and focused on meeting priority needs.²² The program has focused on identifying key gaps and needs for immediate assistance using local networks and experience. This approach has been valued highly by partner government agencies at the national and sub-national levels. It has also led to broad sectoral coverage, including health, education, governance, infrastructure, livelihoods, support for shelter reconstruction and technical advisers.

24. Australia will learn from, and continue to build on, its ongoing work in Aceh. Australia will continue to build upon its successful projects in good governance and community cohesion in Aceh, in particular the approaches adopted by the Local Governance and Infrastructure for Communities in Aceh program (LOGICA), and the Community and Education for Peace in Aceh program (CEPA). LOGICA has had substantial success in producing improved government service delivery, so much so that the Governor of Aceh recently requested that local governments and donors replicate its reforms. The LOGICA approach builds the capacity and confidence of communities to identify their own needs and advocate them to government. In parallel, the program strengthens the capacity of local governments to respond through efficient, appropriate planning and service delivery. CEPA has adopted a similar approach, and is now achieving education outcomes, a significant peace dividend for communities.²³

IV. Strategic framework

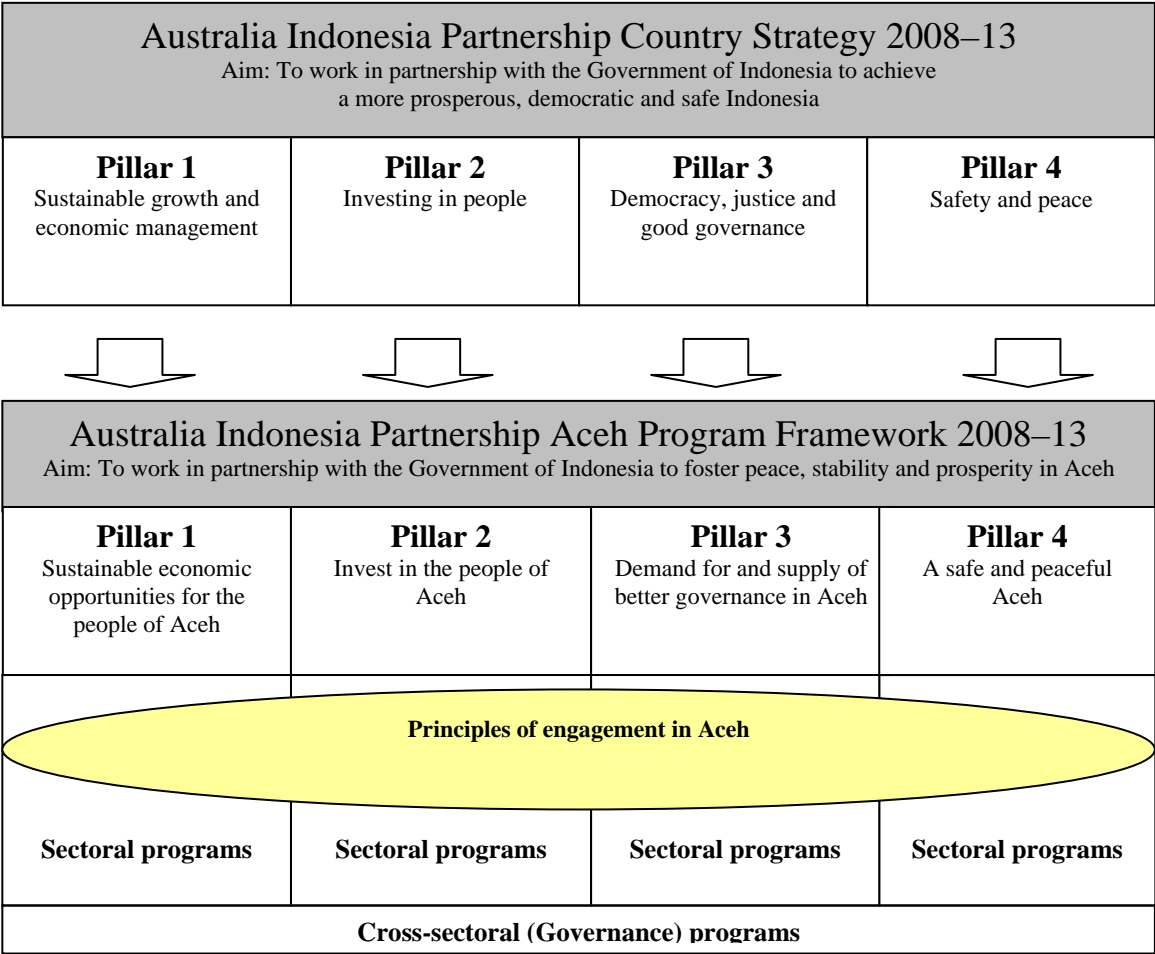
25. The *Australia Indonesia Partnership Country Strategy 2008–13* provides the overarching framework for Australia's assistance to Aceh. However, the fragile, post-conflict nature of the province requires an approach that is sensitive to context and immediately promotes stability. The goal of the Aceh Program is:

To work in partnership with the Government of Indonesia to foster peace, stability and prosperity in Aceh.

26. The Aceh Program Framework is flexible and focuses on the priorities identified by the Aceh Government. Program initiatives will be designed to help the government improve livelihoods and deliver basic services, while recognising the different reconstruction and development needs across the province. In consultation with the National Planning Board (Bappenas), Australia's key partners in the Aceh Government will include Aceh's provincial leaders, the Regional Planning Board (Bappeda), the BRA, the BRR (until it closes in April 2009) and other relevant provincial and local government agencies. Australia will work with the Aceh Government and other donors to encourage a common and sustainable approach to engagement in Aceh. The Aceh Program incorporates four pillars that address the needs of the province and link directly with the Country Strategy (Figure 1):

- Pillar 1—Sustainable economic opportunities for the people of Aceh**
- Pillar 2—Invest in the people of Aceh**
- Pillar 3—Demand for and supply of better governance in Aceh**
- Pillar 4—A safe and peaceful Aceh.**

Figure 1—Linkages between the Australia Indonesia Partnership Country Strategy 2008-13 and the Australia Indonesia Partnership Aceh Program Framework 2008-13



Pillar 1 – Sustainable economic opportunities for the people of Aceh

27. Unemployment remains a serious constraint to stability in Aceh. The people expect to benefit from peace, and their participation in the economic opportunities that have arisen as a result of the cessation of conflict is a priority. However, despite the huge reconstruction effort, unemployment rose from six per cent in 2000 to twelve per cent in 2006²⁴ and is particularly high amongst ex-combatants, many of whom have resorted to organised criminal behaviour to secure personal income. If these community issues are not addressed, there will be a significant risk that stability will falter.

28. It is difficult for donors to address structural economic constraints; however they can contribute by helping governments create economic opportunities and promote the right conditions for economic growth. In Aceh’s case, this may include streamlining processes for issuing business permits, improving technical outreach services related to aquaculture and farming, and helping governments create an environment conducive to investment.

29. Across the world, one key constraint to economic growth is the exclusion of women from paid employment. This is also true in Aceh, where it is estimated that only 50 per cent of working-age women participate in the labour force,²⁵ largely due to societal norms that dictate that a woman’s role in society is centred on the family and reproduction.²⁶ Options for women who choose to participate in the workforce are also limited, and there is little prospect of obtaining employment on ‘decent’ terms.²⁷ Creative thinking is required to overcome these strong societal and economic barriers to women’s participation in decent

work—such as establishing child-care facilities, innovative credit schemes, non-stereotypical vocational skills and business training. Men also need to be included, to help them to accept change and incrementally redefine their position within the workforce with respect to women.

30. To ensure sustainable growth, the Aceh Program must also account for environmental challenges. Of particular concern from a climate change and sustainability perspective are the present high rates of deforestation in Aceh. Australia will closely monitor options for assistance.

Pillar 2—Invest in the people of Aceh

31. Government capacity to deliver effective services in health and education remains limited. Although there has been significant investment in infrastructure in these sectors following the tsunami, infrastructure in non-tsunami-affected areas has suffered from more than 30 years of neglect and under-investment because of the conflict. Furthermore, because of the conflict little attention has been paid to the quality of health and education and to training professionals in these sectors. For example, expenditure on health in Aceh as a share of government expenditure is one of the lowest in Indonesia, at less than six per cent.²⁸

32. Following Australia's successful post-tsunami education program, Australia will continue to support the sector with a focus on strengthening community engagement in education and related decision-making processes; increasing student participation; improving the quality of education; and helping the government education system offer better services. Australia will also focus on improving education for girls, who are often excluded from, or overlooked by, the formal education system because of prevailing traditional views regarding the role of women in society.²⁹ Australia will also help implement the Provincial Education Strategic Plan developed under the post-tsunami education program and encourage the coordination of donor efforts in the areas of basic, secondary and vocational education across the province

33. Australia's support in the health sector will focus on improving service delivery at the grassroots level and on improving access to health services and community education. Health-sector support will help communities build the skills needed to improve participation in government decision making and service delivery, and develop effective channels for communities to lobby for better health services. Australian support will also help build the skills of government health officials, sharpening the focus on service quality and accessibility. Examples of this type of assistance might include improving staff attendance at health clinics and establishing transparent systems for distributing pharmaceutical drugs at the village level.

Pillar 3—Demand for and supply of better governance in Aceh

34. Strengthening governance in Aceh will require support for activities that work on both the supply and demand sides of governance reform. Australia will support activities that strengthen the core machinery of government functions. Streamlining government service delivery through initiatives such as the single service window model for service delivery at the sub-district level, supporting improved financial and accountability practices of district governments and improving the transparency of government operations at the village level are indicative of the assistance to government characterised by this pillar.

35. To foster popular support for these reforms, Australian activities will be aligned with incentives associated with the democratic process. Australia will work with citizens to build awareness of their role in democratic society and their skills and confidence to lobby for changes in government administrative practices. Democratic, peaceful and inclusive decision-making processes will be promoted, including democratic elections of village leaders and village development committees. This will help to create more active and better-informed citizenry, and governments who understand their respective roles in a modern democracy. Targeted electoral assistance will also be provided for women to support their leadership aspirations and promote an increase in the number of women elected to positions of authority. This approach has already been trialled by Australia in the province and resulted in the election of the first two female village heads in Acehese history.

36. Improving public expenditure and combating corruption will be vital for the local and provincial governments of Aceh in the coming years. Australia will help sub-national institutions build more effective procurement systems and public financial management for improved accountability, thus strengthening government legitimacy and improving service delivery.

Pillar 4—A safe and peaceful Aceh

37. Building sustainable peace requires a long term commitment and recognition of the process by which peace will be reached over time. Australia will help to create space where citizens can peacefully channel their concerns upwards through government and civil society, while simultaneously working with government to build their skills to address these concerns. This approach seeks to bring fragmented communities back together and to open channels of communication that have been stifled due to conflict and fear. Australia will work with citizens to find paths for effectively articulating and communicating their demands, for example for better education, health or clean water.

38. The process of being heard by government, and seeing government respond to issues and concerns, reduces the frustration of citizens, builds the legitimacy of government and reduces the opportunities for spoilers to create instability. It also creates an environment in which citizens can address tensions between-groups in peaceful ways.

39. Critical to this is recognising the important role women play as peacemakers. International experience shows that women are the primary players in building and maintaining peace at the community level. Australia's approach will draw on women's experiences and support their efforts in peace building and development. Australia will also help provide women with the skills they need to make their voices heard and the opportunity to take action for peace and development, as well as give support to forums that promote women as decision makers.

V. Principles for implementing the Aceh Program

40. The Aceh Program Framework identifies important principles for engagement that will act as a guide to ensure that all assistance to Aceh directly contributes to stability. The principles are aligned with international best practice for engagement in fragile environments.³⁰

Principle 1—Rebuild the relationship of trust between citizens and government

41. The 30-year conflict fractured the relationship between citizens and government, so citizens do not generally turn to their government for even the most basic services. In this environment, there is little incentive for governments to deliver better services. This situation creates ongoing instability and can be readily exploited by some to mobilise disaffected citizens to gain political power. The most useful contribution the international community can make in this context is to re-establish trust between citizens and government.³¹

42. Legitimate citizens' organisations need to be fostered and developed to represent the needs of marginalised groups, and deliver these expectations to the relevant government counterparts. Presently in Aceh, citizens have limited capacity to identify, formulate and communicate their needs; their ability to demand better governance is therefore hampered. Marginalised groups, including women, the poor and the disabled, have limited skills and few opportunities to contribute to discussions that foster a community-wide compromise in support of the common good. Support to these groups helps them participate in the political and economic life of the community.

43. At the same time government itself needs support so it can respond to community requests for better services. The most effective way of improving public services is to create efficiency gains within existing systems, as close as possible to the point of contact between government and citizens. This is important, as civil servants closest to the point of service delivery are more likely to be responsive to citizens' demands. Efficiency gains at this level will impact immediately on service delivery, and reduce citizen frustration.

Principle 2—Focus on achieving immediate visible results

44. Aceh is currently dealing with low-level violence, which is undermining stability in the province, and it appears that tensions could peak just before the parliamentary elections scheduled for early 2009.³² Government and donors must deliver visible results by this time. The Acehnese will more likely refrain from participating in destabilising activities if they experience immediate benefits from improved government services.

45. Australia will focus on achieving rapid results by building on its existing programs. Australia will also provide other donors with access to the knowledge and expertise derived from these programs and access to government and community networks to support new initiatives.

Principle 3—Avoid socially and politically controversial reforms

46. While violence has receded in Aceh, the root causes of the 30-year conflict are still being addressed. Parties to the conflict are implementing the Memorandum of Understanding and Aceh's autonomy laws. International involvement in issues that are part of solidifying political compromises associated with the peace process presents significant risks and can be counterproductive.

47. Australia will seek to support reforms that are most likely to progress quickly. Working on non-controversial issues is more likely to lead to quick and tangible results. While a compromise between the parties slowly emerges, donors should focus on progressing non-controversial issues and helping deliver peace dividends in the form of improved services and economic opportunities.

Principle 4—Ensure that reforms are affordable and not overly ambitious

48. Australia should support small, affordable improvements to services and build on gains so that they grow and can be replicated in other areas of government. These reform projects should be affordable and sustainable. Small improvements in services brought about by public demand will trigger demand for further improvements. Formal recognition of service improvements will provide incentives for civil servants to expand proven reforms to new areas.

49. Importantly, affordability should not be considered in terms of resources alone—there are also social, logistical and other barriers to engagement, particularly for women. Creative methods must be developed to ensure inclusive, high-quality buy-in to reforms.

Principle 5—Even if not perfect, use existing systems

50. In fragile, post-conflict environments, systems have adapted to low capacity and resource availability and therefore have some qualities that should be maintained. Respect for existing systems will create buy in and ownership from the civil servants who are expected to improve public services. Small incremental changes will allow civil servants to understand the process of change and gradually lead them to drive their own reforms.

51. Government systems are in a state of flux and service delivery is commonly blocked to the extent that reforms implemented in the upper levels of the public service cannot percolate down to where they are most needed. Engagement should therefore start at the point of delivery to citizens and work through government systems to the greatest extent feasible.

52. There are inherent risks in approaches that use partner government systems, particularly those that provide on-budget funding. For this reason, while joint planning and budgeting should be central to engagement from the outset, the extent to which funds are put through government systems will depend on the readiness of these systems to manage Australian funds accountably. The large financial resources available to the sub-national government mean it is unlikely that Australia's contributions to jointly planned activities will be budgetary, but rather, will likely be technical in nature.

Principle 6—Build government legitimacy

53. In Aceh, donor and NGO programs should work to build the legitimacy of government systems. Building trust between citizens and government can only succeed if government is seen as being responsible for improving services. Ensuring that Australian assistance is driven by government will help secure this legitimacy.

54. Governments at the local level are likely to have ownership of programs when activity budgets are shared between Australia and the relevant partner government agency. All implementation systems should have joint planning processes with a shared budget and joint performance assessment mechanisms to ensure that lessons learned are fed back into government systems.

Principle 7—Promote gender equality

55. International development experience demonstrates that gender equality is one of the most effective ways to eradicate poverty, enhance economic growth and democratic governance, and achieve sustainable development. Promoting equality for women in Aceh is therefore not just a matter of fairness and justice; it is a matter of development effectiveness.³³

56. The response to the tsunami created opportunities for women to participate in village-level decision-making and program-management activities. Research indicates that in Acehese villages where gender-mainstreaming principles have been formally adopted, the changes have been enthusiastically embraced by women and generally supported by men.³⁴ Even where women are not part of formal decision making, they are often involved at the neighbourhood and household levels.³⁵ Australian efforts in Aceh will help women take a more active role in the political economic and social life of the community. This includes encouraging local governments to facilitate such participation, consistent with the Indonesian Government's obligations as a signatory to the United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)³⁶.

Principle 8—Harmonise efforts with other donors

57. It is critical that donors coordinate and harmonise programs around government systems. This will reduce duplication and encourage the sharing of ideas among donors and between donors and government. To this end, Australia is currently leading donor efforts to establish a Donor and Government Forum for Peace and Development in Aceh (outlined in section VI).

VI. Implementing the Australia Indonesia Partnership Aceh Program Framework 2008–13

58. Building on the strengths of Australia's previous assistance to Aceh, there will be an increased focus on development effectiveness, on promoting strong partnerships with the national and sub-national governments, and on aligning initiatives and projects with government systems.

59. The Aceh Program Framework is consistent with the *Australia Indonesia Partnership Country Strategy 2008–13* and a range of other AusAID guidelines and policies related to fragile states, governance, anti-corruption, better governance and gender. The eight principles for engagement in Aceh are aligned with leading international literature related to best-practice engagement in fragile environments, in particular with the Development Assistance Committee's *Principles for Good International Engagement in Fragile States and Situations*.

Partnership

60. The Aceh Program will be implemented in partnership with the central government and provincial and local governments in the province. Partnership is important in Aceh as future activities seek to leverage off the substantial provincial budget and support the government's objectives of reducing poverty and promoting stability. Piloting innovative approaches to improved service delivery for replication by government will be central to this approach, as will targeted technical assistance and diagnostic research. Mechanisms for

strategic oversight of Australia's engagement in Aceh will also include partners from the central, provincial and local governments.

Ensuring development effectiveness

61. It is unlikely that governments will replicate activities without strong, results-based evidence of program success. As such, effective monitoring of performance is critical. Australia will encourage and support the establishment of a performance framework to be owned and administered by Aceh's provincial government. This framework will measure the performance of Australian activities against government development objectives, and will take into account the efforts of government and donors.

Future activities in Aceh

62. **AusAID is promoting the transition from reconstruction to longer-term development by leading efforts to establish a Donor and Government Forum for Peace and Development in Aceh.** The objective will be to establish a harmonised donor approach to support Aceh's longer-term development, and will develop a shared Government of Indonesia and donor strategy to restore livelihoods, stimulate local economies, and help local government effectively spend autonomy funds to promote development and consolidate peace. It is envisaged that different donors may take the lead on different sectoral areas or issues. The Forum will also act as a vehicle to promote dialogue and coordination amongst donors and the Government of Indonesia on development issues.

63. AusAID will build on successes to date in the Aceh governance sector, by developing a **new governance program** to dovetail with the Agency's LOGICA program (due for completion in January 2009). The new governance program will focus on helping local governments in Aceh to improve their services to constituents; helping citizens to demand better governance; and introducing practical transparency and accountability measures. This program is expected to cost approximately A\$30 million over five years with the possibility of taking on additional funding over time.

64. AusAID will **continue to be engaged in the education sector** through the A\$10 million Community Education Program in Aceh that is revitalising education and rebuilding schools in conflict-affected areas. The program strengthens community functioning and decision-making processes, increases student participation in and the quality of school education, and helps the government education system offer better services. In addition, new funding worth A\$8.5 million over three years will build upon the success of the post-tsunami education program to deliver better education in Aceh.

65. Other programs may be developed in response to priority needs and as additional funding sources are identified.

ENDNOTES & REFERENCES

¹ More than US4 billion went to tsunami-affected areas.

² Aceh has experienced low or negative growth for most of this period. World Bank 2008, *Aceh Poverty Assessment 2008: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh*, Jakarta.

³ World Bank 2006, *Aceh Public Expenditure Analysis*, Jakarta p.29; see also World Bank 2007, *Spending for Development: Making the most of Indonesia's new opportunities—Indonesia Public Expenditure Review*, Jakarta.

⁴ World Bank & International Donor Community 2005, *Rebuilding a Better Aceh and Nias: Preliminary Stocktaking of the Reconstruction Effort Six-Months after the Earthquake and Tsunami* p. xiii.

⁵ According to an Oxfam analysis conducted in March 2005, women constituted up to 80 per cent of victims in some villages, *Oxfam Briefing Note: The Tsunami's Impact on Women*, p. 4.

⁶ As per the World Bank definition of violent incidents which includes murders, shootings, kidnappings and terrorist attacks. *Aceh Conflict Monitoring Update, 1 January to 29 February 2008*, p.1. Can be downloaded from www.conflictanddevelopment.org

⁷ International Crisis Group 2007, *Aceh: Post-Conflict Complications. Asia Report N°139 – 4 October*, p.5.

⁸ A psychosocial needs assessment conducted by the International Organization for Migration found that along the Southwest Coast, 79 per cent of women interviewed experienced combat, 56 per cent had to flee, 52 per cent were forced to witness a physical punishment and 36 per cent had a family member killed. See IOM 2007, *A Psychosocial Needs Assessment of Communities in 14 Conflict-Affected Districts in Aceh*, Indonesia, p. 30.

⁹ The transition to this operating state has been difficult and issues such as lack of clarity regarding responsibilities of different levels of government, insufficient capacity within local governments and low levels of civic participations still inhibit broader success; however it should eventually promote better administration. See the Decentralisation Support Facility's website: www.dsfindonesia.org.au

¹⁰ World Bank 2006, *Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction*, Jakarta, p. 90.

¹¹ *Ibid.*

¹² A World Bank Public Financial Management Survey measured the capacity of local government in managing finances, regulatory frameworks and accountability in nine districts in Aceh. *Ibid.*, p. 91.

¹³ Under the autonomy laws, the Government of Aceh, together with the Local Parliament (DPRA), has a mandate to issue 59 qanun by 2012. As of December 2007, only five qanun had been issued. One qanun may be completed within 6 to 12 months, depending upon political processes in parliament and levels of issue sensitivity (completion within 6 months is rare).

¹⁴ World Bank 2006. 'Aceh Public Expenditure Analysis', pp. 14–16.

¹⁵ *Ibid.*

¹⁶ While *Syari'ah* law was already being implemented in Aceh before the LOGA, it is now seen as extending its reach in ways that are highly disadvantageous to women: e.g., rape victims being presumed guilty of illicit sex until they can prove otherwise, or rape by a spouse not being considered a crime. See International Crisis Group (ICG), *Islamic Law and Criminal Justice in Aceh*, Asia Report No 117, 31 July 2006, pp. 12–13.

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¹⁸ Although the number of villages to fully embrace gender-mainstreaming principles remains low. The Aceh Community Assistance Research Project 2007, *The Acehese Gampong Three Years On: Assessing Local Capacity and Reconstruction Assistance in Post-tsunami Aceh*, Indonesia, pp. ix–x.

¹⁹ ICG 2006, *Islamic Law and Criminal Justice in Aceh*, Asia Report No 117, 31 July, p. 14.

²⁰ According to a study conducted by Crisis Management Initiative in conjunction with United Nations Development Fund for Women (UNIFEM), only two women were involved in LOGA drafting and only six of fifteen issues put forward by women's groups for inclusion in the LOGA were taken on board. See Crisis Management Initiative, *The Aceh Peace Process: Involvement of Women*, August 2006.

²¹ AusAID 2002, *Peace Conflict and Development Policy*, p. 16.

²² This is based upon the findings of an independent review of the Australia-Indonesia Partnership for Reconstruction and Development conducted in 2008.

²³ For example, the CEPA program is reporting reductions in both student and teacher absenteeism.

²⁴ Agriculture traditionally employed 50 per cent of the workforce and new jobs in the service sector have not been able to compensate. World Bank 2007, *Aceh's Economic Development*.

²⁵ Vianen, I., *Working Paper: Women, Gender and Work in Nanggroe Aceh Darussalam Province*, International Labour Organisation (ILO), July 2006, p. 4.

²⁶ *Ibid.*, p. 5.

²⁷ According to the ILO, 80 per cent of all unpaid work conducted in Aceh is undertaken by women. *Ibid.*, p. 8.

²⁸ World Bank 2008, *Aceh Poverty Assessment 2008*, p. 42.

²⁹ Thirty five per cent of women in Aceh have received no formal education according to the Bureau for Women's Empowerment NAD Province's 2005 publication, *Preventing Violence Against Women*.

³⁰ OECD 2007, *Principles for Good International Engagement in Fragile States and Situations*.

³¹ The AusAID Aceh Program Monitoring and Support Group Report of October 2007 suggests that involving international donors in a process of national political compromise building may not be advisable. This is revisited in point 4.3.

³² Parliaments at national, provincial and district levels will be elected across Indonesia in 2009.

³³ Studies have shown that income from women's economic activities is more often used to support household and education expenses. Aceh Community Assistance Research Project, *The Acehese Gampong Three Years On: Assessing Local Capacity and Reconstruction Assistance in Post Tsunami Aceh*, pp. xi–xii.

³⁴, *Ibid*, p. ix.

³⁵ *Ibid*, pp. ix–xi.

³⁶ The Convention on the Elimination of All Forms of Discrimination Against Women was promulgated into Indonesian law via Law Number 7/1984.