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Analysis

The policy-making dimension of post-conflict governance: the experience of Aceh, Indonesia

Ben Hillman

Rebuilding and strengthening the essential functions of government is a critical aspect of peace-building and recovery after conflict. There is now a wide literature on the challenges of post-conflict state-building based on the international community's experiences in such places as Kosovo, East Timor, Iraq and Afghanistan. Much of this literature is concerned with the challenges of strengthening administration and service provision—what might be loosely called the policy implementation functions of government. Much less attention has been given to the policy formulation capacities of post-conflict governments. This is surprising given the importance of conflict-sensitive policies for peace-building and for laying

the foundations for economic growth and employment. Many post-conflict governments lack capacity for policy development—a gap that is often filled by international technical assistance. In cases where the international community is providing support to a reasonably functioning government after a conflict, this study argues that more attention needs to be given to the government's policy-making capacity. Using the experience of post-conflict Aceh as a prism, the study argues that technical advice can be too easily wasted unless there is concomitant support for developing the institutional infrastructure needed to manage advice and to prepare options for political deliberation and choice.

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Introduction

Rebuilding and strengthening the essential functions of government is a critical aspect of peace-building and recovery after conflict. There is now a wide literature on the challenges of post-conflict state-building based on the international community's experiences in such places as Kosovo, East Timor, Iraq and Afghanistan.¹ Much of this literature is concerned with the challenges of strengthening administration and service provision—what might be loosely called the policy implementation function of government. Much less attention has been given to the policy-making function of post-conflict governments. This is surprising given the importance of conflict-sensitive policies for peace-building and for laying the foundations for economic growth and employment. Many post-conflict governments lack capacity for policy development—a gap that is often filled by international technical assistance. In cases where the international community is providing support to a reasonably functioning government after a conflict, this study argues that more attention needs to be given to the government's policy-making capacity. Using the experience of post-conflict Aceh as a prism, the study argues that technical advice can be too easily wasted unless there is concomitant support for developing the institutional infrastructure needed to manage advice and to prepare options for political deliberation and choice.

This article examines the mechanics of policy-making in Aceh since the 2005 peace agreement and the province's first post-conflict elections of 2006. The article also examines efforts by the international community to strengthen the policy-making functions of the Government of Aceh as part of broader international assistance provided to Aceh in the wake of the Indian Ocean tsunami and the resolution of the conflict.² The article gives special attention to lessons learned from an experimental United Nations Development Programme (UNDP) project that was designed to address policy-making gaps in Aceh's provincial government. Findings from this study highlight the importance of developing policy-making infrastructure in order for governments to be able to manage policy advice and absorb technical assistance.

The 2005 Helsinki Peace Agreement and the institutional context of policy-making in Aceh

In 2005 a peace agreement between the Free Aceh Movement (*Gerakan Aceh Merdeka*, GAM) and the Government of Indonesia ended three decades of intermittent conflict—a

conflict which claimed over 15,000 lives, displaced tens of thousands of households and caused more than US\$10 billion in economic damage. Under the terms of the Helsinki Peace Agreement, which was brokered by former Finnish President Marti Ahtisaari, GAM representatives agreed to relinquish their struggle for independence in return for greater autonomy for Aceh and the right to compete for political office. The peace agreement was followed by new legislation granting wider autonomous powers to the Government of Aceh and elections for new local government executives, including Provincial Governor. Aceh's landmark gubernatorial elections—the first time for the people of Aceh to directly elect their governor—were won by a former GAM combatant. The elections helped to establish the legitimacy of the new government and to integrate the former rebels in Indonesia's democratic political system.³

Despite the success of the peace agreement and the relatively smooth transition to power of Aceh's new post-conflict leadership, the new leadership inherited an administration that did not have the institutional capacity to respond adequately to the needs of post-conflict rehabilitation and post-tsunami reconstruction.⁴ Local government performance had deteriorated during three decades of intermittent conflict between GAM and Indonesia's security forces. As in other conflict zones around the world, instability and the threat of violence inhibited public service provision and placed a stranglehold on policy-making, as local decision-making processes were overshadowed by the security forces and the demands of battling an insurgency. Local government in Aceh atrophied as educated young people fled and many of those who remained in office were captive to the politics of conflict.⁵

The capacity of local government to perform essential functions of public administration continued to decline in the aftermath of the 2005 peace agreement. The supporting legislation for special autonomy—the Law on Governing Aceh (Law No. 11, 2006) —did not immediately make clear the division of powers between Aceh and the central government, which led to many years of confusion and delays. Second, while the peace agreement paved the way for the participation of the former rebels in the future governing of the province, many of the former rebels entering government, including the newly elected Governor of the Province and executives of many of Aceh's 21 districts and municipalities, had no prior experience of democratic politics, law, administration or public policy. Their lack of experience combined with lingering mistrust between the former rebels and the province's many public servants, who began their careers as employees of the Indonesian central government, added to the problems of local government at a time when the needs of post-tsunami reconstruction and post-conflict reintegration were already overwhelming public administration.

Like post-conflict governments in other parts of the world, the incoming provincial administration faced a number of difficult challenges. The administration would need to maintain law and order while former combatants demobilised, restore public services, promote economic development, co-ordinate the reintegration of former combatants into society and negotiate the implementation of special autonomy arrangements with the central government. These tasks demanded not only administrative and organisational capabilities, but also capacity to formulate targeted policies for the short and long term. As scholars have elsewhere noted, post-conflict situations require sophisticated and targeted policy responses to minimise the likelihood of conflict recurrence.⁶ Like other post-conflict administrations, Aceh's new government needed to be able to set priorities and policy objectives, and formulate strategies to meet those objectives. Most important among policy priorities, Aceh's new leaders would need to devise an economic development strategy that would transform the exploitative conflict economy into a productive economy, creating jobs and ensuring the employment of young men, especially those previously engaged in the fighting. The following sections examine the policy responses of the Aceh administration to the challenges of post-conflict governance and the international community's efforts to help them.

While there is no universally accepted blueprint for how a government's policy-making infrastructure should be organised, it is generally accepted that effective policy-making consists of the following four ingredients: (1) an ability to set priorities and develop effective strategies; (2) an ability to manage policy advice; (3) mechanisms for co-ordination among policy-making institutions; and (4) opportunities for public debate and input into the policy process.⁷ These four dimensions of policy-making will serve as the framework for analysis. While each post-conflict situation is unique, it is hoped that researchers will find this framework of analysis useful for examining policy-making capacities in other post-conflict governments.

Setting priorities and developing strategies

Setting priorities and developing strategies is an important capability for all governments, but one that is critically important in the aftermath of conflict. Typically, there are two immediate challenges for post-conflict governments. The first is to minimise the risk of resumption of conflict. The second is to resuscitate the economy and create jobs. Conflicts cause great damage to economies. Physical infrastructure is often damaged or not maintained and capital and skilled labour flee to safer havens. Studies suggest that conflicts

reduce GDP by an average of 15 per cent.⁸ According to a 2009 World Bank study, the Aceh conflict caused damage to 4,000 schools and destroyed 33,000 homes, 7,700 kilometres of roads and 2,200 bridges across the province. The estimated cost of the conflict in terms of overall economic loss to the region was calculated at US\$10.7 billion.⁹

When former combatant Irwandi Yusuf began his first term as Governor of Aceh he understood the need to find ways to sustain the peace and to ensure economic recovery. His administration's priorities were articulated in the Government of Aceh's Mid-Term Development Plan (2007–2011):

- (1) Strengthening of governance, political processes and the law
- (2) Economic empowerment, employment opportunities and poverty reduction
- (3) Development and maintenance of investments in infrastructure
- (4) Development of education that is of high quality and accessible
- (5) Increase in quality of health care services
- (6) Development of religion, society and culture
- (7) Disaster risk reduction and management.

The Mid-term Development Plan—itself a remnant of Indonesia's centrally planned authoritarian era, demonstrated the administration's capacity to set policy goals. Weaknesses emerged, however, when it came to producing policy details and strategies for achieving the broadly defined policy targets. The Government had no experience of producing policy documents and there were no mechanisms within the executive to support policy deliberation and formulation. The provincial administration was not in the habit of producing policy documents neither before the conflict nor now. According to the Governor's advisors, policy papers produced by donors were typically left unread.¹⁰

During the first two years of post-conflict administration donors were largely concerned with establishing the legitimacy of government by supporting new elections, but once legislative elections were successfully held in 2009, attention began to shift to the province's long-term development challenges.¹¹ Unlike many other post-conflict governments, Aceh's administration was not short of revenue. As part of the peace deal Aceh had won control over significant resources, including the lion's share of revenues from locally produced oil and gas as well as a special autonomy fund provided by the central government and totalling an estimated US\$7.9 billion between 2006 and 2027.¹² Observers became concerned about how the provincial administration would invest funds in the peace and development of the province.

The administration established a committee to decide how to allocate oil and gas funds. The Governor had promised during his election campaign that he would spend generously on education and health and it was to these sectors that much of the new funding would be allocated. While experience has shown that 'inclusive social expenditures such as expansion in primary health care and education are typically important for growth in post-conflict settings',¹³ the absence of policy-making infrastructure is likely to lessen the potential impact of the spending. The Irwandi administration's new education and health programmes were not designed as part of an overall social development strategy, but merely consisted of expanding free services to citizens. There was a marked absence of strategising about how such investments would link to broader development objectives.¹⁴

The Governor's much heralded scholarship programme provided an instructive example of the policy vacuum. In 2009 the Government of Aceh unveiled a new scholarship programme, providing up to USD \$100 million in scholarships for Acehnese to study in other parts of Indonesia and abroad. Tremendously popular with the province's middle classes and educated youth, in its first year the programme sent Acehnese students to study in 30 different countries, many at the PhD and Masters level. According to interviews with education officials, the programme was identified by the government as a strategy for cultivating the human resources needed to develop Aceh. However, it is unclear how Aceh will employ so many Masters and PhD graduates. Because private industry was largely destroyed during the conflict, the only employment option for graduates in Aceh is the already bloated civil service. Indeed, Governor's advisors and education department officials expressed a wish that scholarship recipients would return to work for government, but it is unclear what incentives they have to do so when better employment opportunities exist elsewhere.¹⁵ Further, because there was no possibility for lateral entry, graduates would have to start at the bottom and wait years for seniority-based promotion, making such employment unattractive to a talented graduate.¹⁶ It is more likely that many of the scholarship recipients would seek employment in Jakarta or other parts of Indonesia or abroad, continuing the brain drain begun during the conflict era.

It is also difficult to establish links between Aceh's scholarship programme and industries identified as showing the most potential for growth. Acehnese legislators and government officials typically identify agriculture and tourism as the sectors with the most potential for creating jobs.¹⁷ Indeed, more than half of Aceh's work force is already employed in agriculture. But agriculture and tourism industries typically do not require employees with high-level academic qualifications. They require technical skills typically provided by

vocational education programmes. While government officials acknowledge that vocational training will be important for Aceh's future economic growth, five years into the post-conflict recovery there had been little strategic thinking about what kind of vocational education training programmes are needed and how they should be delivered. During the reconstruction phase several vocational high schools were built in Aceh with support from the German Government, but education authorities admit the schools have not since been managed effectively.¹⁸ There has been no new investment in the 'software' of vocational training—what happens inside the classroom. The provincial administration needs to find ways to optimise the use of facilities built by donors during post-tsunami reconstruction in order to strengthen the quality of vocational training and boost employment. So far, the government has no clear strategy linking its education programmes to economic policy. It does not have a policy linking education with employment.

The provincial government's reintegration programmes also took place in a policy vacuum. In 2006 the Governor established the Aceh Reintegration Agency (*Badan Reintegrasi Aceh*, BRA), which initially brought together representatives from central and local government as well as local NGOs to address the challenges of social, economic and political reintegration for Aceh's estimated 3000 former GAM combatants as well as those who fought with pro-Jakarta militia groups. While BRA managed to provide former combatants with much needed cash handouts, the agency failed to produce a comprehensive reintegration strategy with a focus on jobs and agricultural development for conflict-affected communities.¹⁹ Internal disputes, including struggles over the distribution of compensation, also undermined the body's effectiveness and legitimacy. An important weakness of BRA was arguably the lack of an overall reintegration policy or blueprint with which to guide its activities.²⁰

By far the largest share of Aceh's newfound resources was channelled into the Governor's Aceh Universal Health Insurance scheme, known by its Indonesian acronym, JKA (*Jaminan Kesehatan Aceh*). Modelled on a similar scheme introduced in Bali, JKA was initially intended to provide free health care to the approximately 1.2 million Acehnese (out of a total population of 4.5 million) who were identified as being just above the poverty line—i.e. those not considered poor enough to be covered by the national public health insurance scheme (*Jaminan Kesehatan Masyarakat*), but who became vulnerable when faced with large medical bills. Improving social security was an important part of the Governor's election campaign and an important peace-building initiative for a long-suffering population.

When JKA was launched in 2010, the executive decree and supporting regulations quickly revealed gaps in strategic thought about the effects the new policy would have on

existing health services and on future government budgets. JKA essentially enabled eligible Acehese to receive free medical treatment in public hospitals. JKA did not cover treatment in local health clinics (*puskesmas*)—the first port of call in the Indonesian health system. The immediate effect of the policy was that Acehese citizens avoided the *puskesmas* and took any complaint no matter how great or small directly to public hospitals. In the second half of 2010 the demand for hospital beds soared by 200 per cent, overwhelming local hospitals and leaving hospital administrators wondering how and when they would be paid for the extra services they were providing. At the same time, the viability of the *puskesmas* system—critical for emergencies, minor ailments, maternal health, inoculations and other essential medical services—was undermined.

Even though a research team led by a health specialist from Syiah Kuala University was commissioned by the government to study the scheme, findings were not developed into a discussion paper for wider public debate. There was no public debate about the costs and benefits of the scheme. The budget allocation for universal health care in 2010 was Rp 241 billion (around USD \$24 million) and is expected to increase to Rp 350 million (around USD \$35 million) in 2011. The source of the funding is the finite Special Autonomy Fund (*dana otonomi khusus*). Currently USD \$400 million per annum, the Special Autonomy Fund will increase each year until 2023 and then begin to decrease before being phased out entirely in 2028. This means that there are no long-term means of financing the scheme. While the scheme appeared to be popular with voters, such large items of public expenditure deserve to be subjected to greater scrutiny and wider debate prior to their legal formalisation. Not surprisingly, less than three months after the JKA legislation was passed, the Health Department announced a review of the programme's guidelines. Improving access to public health was the right idea, but the lack of policy deliberation threatened to derail the government's largest and most expensive post-conflict policy initiative.

Arguably the biggest policy-making gap in post-conflict Aceh has been economic policy. While the immediate post-conflict and post-disaster recovery efforts had stimulated economic activity, economic data consistently showed that the real economy was shrinking and the poverty index was increasing.²¹ Despite the threat economic stagnation posed to peace, four years into the Governor's term the Irwandi administration still did not have a comprehensive economic strategy. The UNDP and USAID both hired advisors to develop economic policy documents. One policy document—the Aceh Green Investment Strategy—was eventually adopted by the government, but it remained a catch-all policy statement designed to attract investment in the emerging market for carbon credits.²² The

problems associated with Aceh Green reflect broader problems with the policy-making process at the provincial level in Aceh. First, Aceh Green was a sweeping policy statement which identified conservation, job creation and sustainable economic development as its overall goals. However, it was not supported by detailed policies and strategies designed to achieve these broader objectives. The provincial government simply did not have the mechanisms or expertise for doing so. And donors were not working at the next level down. To cover for the lack of policy detail, donors and the Aceh Green policy unit within the administration began referring to it as a development 'paradigm' rather than a policy document.

While the importance of developing Aceh's economy and generating employment for the purpose of peace-building and post-conflict reintegration was often highlighted in government literature and speeches, the administration was unable to develop or articulate a vision for how jobs would be created. Acehnese government officials and public intellectuals generally agree that Aceh had tremendous untapped economic potential. The province was rich in resources, strategically located, and its citizens had relatively high levels of literacy and formal education. The challenge, most public officials realised, was to reshape an economy characterised by resource exploitation, extortion and rent seeking into an economy driven by productive industries such as agriculture and tourism. Many legislators and government officials interviewed spoke of the need to stimulate the private sector and attract foreign investment (during the conflict era most large-scale private capital fled). Indeed, the purpose of many of Governor Irwandi's overseas trips since his taking office was to attract foreign investment to Aceh. But, despite a large international donor presence and access to a wide range of local, national and international expertise, the administration failed to produce a strategy for stimulating the private sector and attracting investment. Indeed, during the first five years following the 2005 peace agreement there was virtually no new investment in Aceh. Only five new business licenses were granted between 2005 and 2010.²³

The administration's approach to economic policy also revealed a limited capacity to manage conflicting policy goals. One of the Governor's first decrees, for example, was to raise the minimum wage in Aceh to nearly double that in many other parts of Indonesia. Such a wage increase was initially popular with the electorate (most people with salaried employment are anyhow employed by the state), but the reality is that few new businesses will choose to base their operations in Aceh if they can find equally skilled workers for much lower wages in other parts of Indonesia.

Overall, Aceh's first post-conflict administration demonstrated an ability to identify policy targets but not an ability to formulate concrete strategies designed to meet those targets. The major challenge for the government was not the lack of expertise—donors and the central government were willing to provide it, but a lack of mechanisms for creating and deliberating on policy choices. Without such mechanisms, development objectives could not be easily translated into government policies and programmes.

Managing policy advice

Due to the large-scale international assistance in the wake of the Indian Ocean tsunami and peace agreement, advice on post-disaster and post-conflict policies was readily available to the Government of Aceh. While a number of government officials expressed the view that the main impediment to their policy work was a lack of data, it appeared that the greater challenge lay in the government's insufficient capacity to co-ordinate the data, analyses and recommendations. In fact, donors and NGOs produced an unprecedented amount of socio-economic data and analyses in the wake of the conflict, all of which was made available to the government. Available data included detailed and up-to-date reports on macro issues such as the economy, poverty, employment and post-conflict integration as well as scores of reports produced by international donors and local and international NGOs on the specific needs of former conflict areas. The main problem facing the Government of Aceh was that the executive lacked mechanisms for absorbing the vast amount of information and translating it into effective policies. This is true of many post-conflict situations and yet technical assistance programmes often overlook this fundamental problem.

The experience of donors such as UNDP, AusAID, GTZ and USAID in working with the administration since 2007 also confirmed that the Government of Aceh had limited capacity for managing and co-ordinating policy advice. The major donors in Aceh—the European Union, which was also in charge of the Aceh (peace) Monitoring Mission (AMM), USAID, GTZ, AusAID and UNDP all provided technical assistance to the governor's office. International advisors produced several policy documents across a range of policy sectors, but it is surprising how little of the donor-sponsored intellectual work was subsequently translated into government programmes.²⁴

In post-conflict settings such as Aceh, a critical challenge for policy-making is the fact that post-conflict politics (score settling, division of spoils, jockeying for position) often takes precedence, and certainly consumes a disproportionate amount of senior

government officials' time and energy. Indeed, while donors were busy trying to convince the Government of Aceh to take a particular approach or introduce a particular reform, the Governor and the Government's senior officials were clearly preoccupied with establishing the new pecking order as former combatants jockeyed for access to the state's resources. Indeed there was a sense of entitlement among former combatants after what many saw as their years of sacrifice to GAM's cause. The Governor's supporters, especially those who fought alongside Irwandi during the conflict years and those who supported his election to the Governorship, expected to be able to exert influence over the decisions of the new administration even though most of these people were not part of the government or bureaucracy. The Governor responded to this by recruiting many non-government advisors, including businessmen and academics, to assist him in his work rather than work with local bureaucrats. Heads of government departments were often excluded from decision-making processes in their sectors. This tendency compounded already poor relations between the Governor's office and provincial government departments and made policy co-ordination difficult if not impossible.

The international community made great efforts to contribute to policy debates regarding Aceh's post-conflict rehabilitation and to provide technical advice where needed. International advisors were, for the most part, welcomed into the Irwandi administration because the former rebels thought that this gave them leverage in dealing with the central government and because the international agencies were generally trusted as honest brokers. Donors such as USAID, AusAID, GTZ and UNDP provided international advisors to the new Governor from the beginning of his term in 2007. Many donors had already established working relations with Irwandi from his time as the Aceh Transitional Committee's (*Komisi Peralihan Aceh*, KPA—the successor organisation to the Free Aceh Movement) liaison with the European Union-backed Aceh Monitoring Mission (AMM). From 2007 UNDP supported seven teams of policy advisors in a pioneering project that is discussed in more detail below. However, it is now clear that while a large quantity of internationally sponsored policy advice was provided to the Governor's office, very little of the internationally sponsored policy work had an impact on government programming, unless donors were also paying for those government programmes, in which case donors simply implemented their own programmes through government. This, in fact, did become a problem, as government officials responsible for such programmes were sometimes more accountable to donors than they were to the Government of Aceh. This type of donor behaviour is typical in a situation where donors are keen to get results in a

limited space of time but find local capacity too limited. There was a constant trade off between delivering results and capacity-building, with few donors willing to invest the time needed to undertake meaningful institution-building. This is an ongoing dilemma for donors engaged in state-building programmes because experience suggests that post-conflict reconstruction typically requires more than a decade of investment.²⁵

Mechanisms for co-ordination among policy-making institutions and public participation in policy-making

Effective co-ordination among policy-making institutions is an essential aspect of policy-making. Effective co-ordination is necessary to ensure that policies are subjected to scrutiny from various viewpoints, that the thrust of the policy is understood and that possible contradictions or problems can be identified as early as possible. Poor co-ordination is a reason why policies often fail when it comes to implementation. Co-ordination between policy-making institutions was a major challenge for the Irwandi administration. While the problem existed during the conflict era, co-ordination became far more disjointed in the post-conflict period. Not only was there a shortage of formal mechanisms for discussing policy options between the Governor's office, the line agencies and the legislature, but the entry of the former rebels into the political arena caused tensions. In particular, there was a palpable lack of trust between the newly elected Governor and his heads of departments. As noted earlier, the Governor attempted to assert his authority by re-recruiting all department heads and then by sacking several 'non-performers' within their first year, but this only fuelled further suspicion and mistrust between the bureaucrats and the chief executive, in particular because former GAM supporters were seen to be favoured over more competent officials from the conflict-era government.

The challenges of post-conflict politics underline the importance of effective policy co-ordination mechanisms. In Aceh while various communication mechanisms between the Governor's office and government departments existed, including a monthly heads of department meeting and occasional meetings between the Governor's office and district and municipality governments, these forums were not typically used for policy debate. When the Governor met with his department heads each month, for example, it was for the purpose of ascertaining whether government programmes and expenditure were on track. There were no opportunities at these meetings for department heads to raise new ideas or to present views on particular programmes.

Co-ordination between the Government of Aceh and district and municipality governments was even more complicated. Prior to the peace agreement, Indonesia had embarked upon radical decentralisation reforms, bypassing the provinces to give greater administrative authority to the districts and municipalities. While the Government of Aceh had won special autonomy as part of the peace agreement, the districts and municipalities were unwilling to give up the autonomy that they already enjoyed, including the direct line of communication they had with the central government. The districts and municipalities continued to report directly to the central government and the central government continued to fund the sub-provincial levels directly. This had the effect of undermining provincial authority and, arguably, the premise of the peace agreement.

Co-ordination between the provincial executive and the central government was critical in the first years after the conflict and following Irwandi Yusuf's election as Governor in December 2006. This is because the Helsinki MoU and the Law on Governing Aceh only outlined the broad brushstrokes of Aceh's special autonomy powers, leaving much of the detail to subsequent regulations. A number of unresolved and sensitive issues relating to compensation of conflict victims, the creation of a truth and reconciliation commission, land use and the control of international trade required close co-ordination and extensive negotiation between Aceh and various line ministries in Jakarta. Even though the Ministry of Home Affairs and the President's Office had agreed to terms, some central government line ministries responded to a perceived loss of administrative powers by dragging their feet. It was here that international assistance was of most value, especially the work of several ad hoc advisors, including well connected Jakarta-based Acehnese politicians and government officials. The role of these advisors, many of whom were funded by a UNDP project, is discussed in more detail in the next section.

Co-ordination was also a problem between Governor and Vice Governor who had become bitter political rivals. Their offices operated independently of each other, and frequently made contradictory announcements on the same policy issue. According to provincial government officials, there has never been a meeting chaired jointly by the Governor and Vice Governor. Each chaired his own sessions at a time of his choosing. Horizontal decision-making structures at the provincial level were also highly fragmented. Provincial government departments were in the habit of submitting budget proposals for their programmes without co-ordinating with other agencies, even where there was overlap in portfolios. Most government agencies competed with one another for larger shares of the budget without the guidance of a strategic development plan.

A similar co-ordination problem could be found in the relationship between the executive and the legislature. While political rivalries appeared to be the reason for poor communication between these two branches of government another problem, noted earlier, was that members of the provincial legislature generally did not consider policy-making to be among their primary responsibilities. Poor communication between the executive and the legislature led to some absurd outcomes. One example was the Governor's scholarship programme. As noted earlier, in 2010 hundreds of Acehese students received scholarships to study in other parts of Indonesia and abroad. In the 2011 budget, however, funding was only allocated to new scholarships, and not to students engaged since 2010 on two- or three-year programmes, which includes most Masters and PhD level students. In 2011, many students abroad and in other parts of Indonesia were unaware whether they would be able to continue their studies. Apparently, the executive had failed to request funding in the budget it submitted to the legislature and legislators were similarly unaware of the details of the programme. In a post-conflict setting, co-ordination between the different branches of government needs urgent attention and yet it is not an issue typically addressed by state-building programmes. In Aceh, donors tended to work either with the executive or the legislature, but not on co-ordination between the two.

In a post-conflict setting public participation in policy debates and policy-making is also critical for peace-building. Aceh had a long history of civil society activism and many civil society groups had links to GAM, which gave them privileged access to the Governor. The influence of such groups partly explains the government's generous investment in scholarships for educated youth in Aceh. A number of civil society groups were directly involved in drafting legislation. Sometimes, however, the Governor's preference for discussing ideas with civil society groups reflected his lack of trust in and occasional disdain for the civil service he inherited from the conflict era. Outside of a few prominent civil society groups, however, opportunities for public participation in policy-making were limited. This was not because the government was not open to such input, but because there were no formal mechanisms for absorbing such input. Aceh's robust media was often openly critical of the government, although local journalists and commentators were initially careful of directly criticising the newly empowered former rebels. While displaying an admirable willingness to criticise government programmes—a reflection of Indonesia's greater openness since democratisation—the Acehese media did not provide a consistent forum for discussing policy options for Aceh's future.²⁶

International efforts to strengthen policy-making capacity in Aceh

International donors recognised that the provincial government would need urgent technical assistance in tackling the myriad challenges of co-ordinating post-conflict recovery. A number of donor-funded programmes were set up to provide support to Government at various levels. While several donors including the World Bank, USAID and GTZ provided policy support, the most ambitious governance programme at the provincial level was UNDP's Aceh Government Transformation Programme (AGTP). AGTP was one of the first projects of its kind to directly address the government's policy-making capacity. Few post-conflict institution-building programmes have taken on this challenge. Indeed, very few studies on state-building even mention the policy-making dimension of post-conflict governance.²⁷

AGTP was designed by UNDP in the first year of the administration (2007) to support the new provincial administration in Aceh. The capacity development programme had three main objectives: (1) Enhanced capacity of the Provincial Executive to create the institutional and policy framework for successful transition and recovery; (2) Enhanced operational capacity of key provincial government agencies to effectively fulfill their transition and recovery responsibilities; and (3) Enhanced capacity of the Personnel Management, Education and Training Agency (BKPP) to retain, manage and transfer to provincial and district government agencies the knowledge and skills required for successful transition and sustainable recovery.

The discussion here will focus on the programme's first objective—developing the policy-making capacity of the provincial executive. The bulk of AGTP policy support was provided through the creation of seven advisory teams (*tim asistensi*) each of which had six members. Funded with post-tsunami reconstruction funds and designed to support post-crisis transition,²⁸ it was an important experiment in policy support for a post-conflict government. In accordance with policy priorities identified by the Governor, the advisory teams were assigned to work in the following sectors: human resources, economy, anti-corruption, transition, law, communication and information systems. The teams were designed to serve the Governor from mid-2008 until November 2009—a period coinciding with the transfer to provincial government of responsibility for post-tsunami recovery (the provincial government had been directly responsible for post-conflict reintegration from the beginning of the new Governor's term). The advisory teams' primary responsibility

was to help the Governor to formulate policies and strategies for achieving policy goals. Importantly, the teams were also tasked with building a bridge between the Governor's office and the civil service. Much of the civil service was in place during the conflict era when the Governor was part of the armed struggle for independence. Trust between the newly elected Governor and the civil service, which was typically seen by the former rebels as an extension of the central government, was low.

There was strong criticism of the project from other donors working with the Aceh Government during the design phase and opposition to it being funded by the Multi Donor Trust Fund for Aceh and Nias, which was managed by the World Bank. Critics argued that the teams would serve as a disruption to the normal processes of government and, as a parallel structure, undermine efforts to build capacity in the provincial government's permanent institutions. Nevertheless, the project's supporters argued that capacity was too low to respond to the challenges of post-tsunami and post-conflict reconstruction and that such intervention was justified.²⁹

In many ways, AGTP's advisory teams were an institutional innovation in policy support for a post-crisis government. According to UNDP project reports and interviews with project stakeholders, the teams made a number of important contributions to government business during the first years of the new post-conflict administration. Prominent outputs include the introduction of a computerised system of financial monitoring and tracking which provides critical management information to the Governor and heads of line agencies to regularly monitor expenditure, procurement and progress on major projects in the province and assistance with recovery asset verification at the provincial level. While the teams carried out a number of important tasks, including, for example, preparations for a fresh recruitment round of all heads of provincial government agencies, it remains unclear how much of the teams' work served to strengthen the policy-making process. The teams largely focused on the development of policy instruments such as drafts of new laws and regulations. According to the AGTP 2010 Annual Report, *tim asistensi* contributed to the following legal products:

- (1) Government Regulation No. 83/2010 on the Delegation of Central Authority to Sabang Authority Boards
- (2) Presidential Regulation No. 10/2010 on the Enactment of Co-operation between GoA and Foreign Organisations and Agencies
- (3) Qanun on Health
- (4) Qanun on Aceh Investment Enterprises

- (5) Qanun on direct Grant to GoA and Districts/Municipalities
- (6) Governor's Decree on Job Analysis
- (7) Verified Emission Reduction Purchase Agreement
- (8) MoU between GoI, GoA and the States of California, Illinois and Wisconsin on Environmental Co-operation

The teams' contribution to these various legal products had the effect of speeding up government business prioritised by the Governor, but by focussing on legal products, the teams arguably missed an opportunity to invest in policy development. To be fair, the goal of AGTP was to achieve 'enhanced capacity of the Provincial Executive to create the institutional and policy framework for successful transition and recovery' rather than to strengthen policy-making capacity per se. But the AGTP project team could have usefully distinguished between policies and policy instruments. The AGTP 2010 Annual Report, for example, refers to the following 'draft policies' supported by the project:

- Government Regulation on Oil and Gas resources in Aceh
- Government Regulation on the National Authority in Aceh
- Presidential Decree on Integrating the National Land Agency (BPN) into Provincial Government Offices in Aceh

These are, of course, policy instruments rather than policies per se. In fact, the work of the AGTP advisory teams reinforced the government's habit of using laws and regulations as primary policy tools—a trend common throughout decentralised Indonesia, but one that reflects a lack of policy deliberation prior to law-making. Other outputs from the seven teams documented in the 2010 Annual Report also point to potential overlap between the work of the teams and the work of the civil service:

- (1) A performance evaluation for Echelon II officials
- (2) A spatial plan data set based on national standards
- (3) A hazard analysis to complement the spatial plan data
- (4) An online information system for the Transportation, Communication, Information and Telecommunications Agency
- (5) A management information system for the Transportation, Communication, Information and Telecommunications Agency
- (6) Asset transfer guidelines for the Aceh Financial and Asset Management Agency
- (7) Grant funding guidelines for SMEs

- (8) A scholarship programme for civil servants
- (9) An anti-corruption curriculum for secondary education
- (10) A database on existing forest concessions
- (11) Quality assurance services for the execution of the civil servant scholarship programme
- (12) Follow-up recommendations regarding the workload analysis for Aceh provincial government departments

By working on such tasks the teams risked becoming what some of their earlier critics had warned against—a parallel structure of government. While the teams' contributions doubtless speeded up the provincial government's performance in certain critical areas, the teams engaged in a range of tasks that frequently overlapped with the responsibilities of the civil service. According to one senior national government critic overseeing developments in Aceh, this had the effect of undermining the civil service and retarding efforts to develop civil service capacities.³⁰

The teams' focus on legal products rather than earlier stages of policy formulation was also a result of project design. The teams were required to produce specific 'outputs' before they could claim their expenses and fees from UNDP. This created an incentive to propose activities that the Governor wanted done in a hurry, instead of investing time in earlier stages of policy deliberation. The structure of payments and lines of reporting also placed the teams' activities outside of government. Each team would propose their own set of activities—for example, attending a conference or holding a workshop that would then be approved by the UNDP project team, assisted by an advisory team management group based in Syiah Kuala University that processed payments. In order to strengthen accountability, the teams were required to submit activity reports and supporting documentation before receiving funds for their work. While this ensured that UNDP was provided with copious activity reports and documents, the lines of accountability flowed to UNDP and not to the Governor or relevant government departments. According to interviews with the Governor's advisors, some teams rarely communicated with the Governor.

Other team members communicated well with the Governor, but not with the civil service. This problem was caused by the composition of many of the teams. The Governor used some of the 42 positions on the advisory teams to give jobs to many of his supporters from the conflict era. This is not to deny that there were genuine experts on the teams, but there were also several appointments of people of questionable qualifications. Supporters of the process argued that it was a useful way for the Governor to reward his supporters and to

integrate former 'hostiles' into democratic politics. But not all of these members were able to foster good relations between the Governor's office and the civil service. Some civil servants complained that many of the advisory team members behaved as if they were superior to civil service officials. In hindsight, the advisory teams might have been more effective at building bridges between the first post-conflict chief executive and the civil service had they included members from the civil service. The inclusion of senior civil servants in the advisory teams might have also helped to restore public confidence in collective action.

While the advisory teams assisted the administration to perform some essential tasks, most of the policy work accomplished by the teams did not translate into government policy or programmes. The most obvious failure, despite its urgency, was the failure of the economics advisory team to produce a viable economic development strategy.³¹ UNDP and a local university produced their own drafts of economic development strategies, but they were not developed by government or incorporated into government planning processes. While the teams were only intended as a stop-gap measure during the 'transition' period, their temporariness meant that no mechanisms were established for absorbing policy advice. The teams helped to generate ideas, but they did not serve as an effective mechanism for policy deliberation and choice. Future policy support programmes would be advised to give more attention to the institutional infrastructure for translating advice into policy. One way to approach this might be to establish a policy advisory unit within the office of the chief executive, and to provide training for policy advisors on how to prepare options, analyses and recommendations. The policy unit could be set up to work with government departments to commission policy research and produce policy papers as needed. Ideally, the policy unit would produce policy papers for public debate prior to the drafting of legislation. Such a process would greatly strengthen the executive's policy-making capacity and the quality of decisions.

Concluding comments

Aceh's first post-conflict government inherited a weak institutional infrastructure for policy development. Until a decade ago local governments across Indonesia were more accustomed to implementing policy directives from above than developing their own policies. Local government activity followed, and to some extent continues to follow, strict central guidelines. Both public administration and economic governance were highly centralised. Decentralisation in 1999 and the special autonomy status accorded to Aceh in

2001 greatly increased local authority and discretion, but in Aceh, this period coincided with a period of violent conflict between GAM and the central government, which limited scope for policy action. The history of conflict, the uncertainties of decision-making structures and the inexperience of many entrants to the political arena in Aceh have arguably created some of the most difficult conditions for policy-making in Indonesia. The complexity of post-conflict politics, especially the murky role sometimes played by former combatant networks compounded the challenges.

Donors recognised the lack of capacity for policy-making in post-conflict Aceh, but responded largely by providing policy advice instead of addressing institutional limitations for preparing policy options for deliberation and choice. This study finds that donors missed the opportunity to have a lasting impact on the Aceh Provincial Government's policy-making processes and institutions by giving too much attention to the production of policy advice and not enough attention to the administrative procedures and institutional infrastructure needed for effective policy management. Without adequate policy-making infrastructure, carefully prepared policy advice is often wasted. The trade-off between 'getting things done' and building effective capacity is a common dilemma for donors, especially in conflict-prone societies. Certainly, 'getting things done' must be the focus in the initial post-conflict period and policy-making capacity might be a second-order concern in the aftermath of some violent conflicts, but donors need to shift attention to building local capacity as stability returns. Policy-making capacity also deserves earlier prioritisation when a functioning government is in place, such as in Aceh. The consolidation of peace can only be secure if post-conflict governments are capable of translating their development objectives into effective social and economic policies. This is an important but often neglected element of post-conflict state-building.

Endnotes

1. See, for example, the various chapters in Paris and Sisk, *Dilemmas of Statebuilding*; and Brinkerhoff, *Governance in Post-Conflict Societies*.
2. The tsunami that struck Aceh on 26 December 2004 caused the death of 130,000 people and displaced hundreds of thousands more. While the impact was catastrophic, the tsunami is believed to have been a major catalyst for the successful conclusion of peace talks between the Government of Indonesia and the Free Aceh Movement. For more on the tsunami and the ceasefire see Drexler, *Aceh, Indonesia*.
3. Hillman, 'Ethnic Politics and Local Political Parties'; Burke, 'Peacebuilding and Rebuilding at Ground Level'.
4. Hillman, 'Aceh's Rebels'. The Province of Aceh was devastated by the Indian Ocean tsunami of 26 December 2004. The tsunami claimed over 130,000 lives and displaced 400,000 people out of a population of 4.5 million. Aware that the provincial government did not have the capacity to respond to the post-tsunami reconstruction, the Government of Indonesia established a central government agency for this purpose—the Agency for the Rehabilitation and Reconstruction of Aceh and Nias.
5. Miller, *Rebellion and Reform in Indonesia*; Aspinall, *Islam and Nation*; Drexler, *Aceh, Indonesia*.
6. Collier, 'Post-Conflict Recovery'.

7. Moran et al., *Oxford Handbook of Public Policy*.
8. Collier, 'Post-Conflict Recovery'.
9. World Bank, 'Aceh Growth Diagnostic'.
10. Interview with Economic Development Advisor to the Governor of Aceh, 10 August 2010, and various interviews with government officials and advisors, 2010–2011.
11. Hillman, 'Bullets to Ballots'.
12. World Bank, 'Aceh Growth Diagnostic'.
13. Collier, 'Post-Conflict Recovery'.
14. Interview with Economic Development Advisor to the Governor of Aceh, 10 August 2010.
15. Interview with former Reintegration Advisor to Governor Irwandi Yusuf, Banda Aceh, 15 December 2010.
16. Interview with Professor Jasman Ma'ruf, former Advisor on Human Resources Management to the Governor of Aceh, Banda Aceh, 10 December 2010.
17. Interviews with various legislators and government officials, Banda Aceh, 2010–2011.
18. Interview with Parissara Liewkeat, former Aceh Programme Advisor, International Labour Organisation, Indonesia, 13 December 2010.
19. Agriculture is the largest economic sector and biggest employer in Aceh, absorbing more than 50 per cent of the workforce. See World Bank, 'Aceh Growth Diagnostic'.
20. For further discussion on BRA's reintegration programmes and donor involvement, see Burke, 'Peacebuilding and Rebuilding at Ground Level'.
21. World Bank, 'Aceh Growth Diagnostic'.
22. Interview with former member of the Aceh Green Investment Strategy Committee, Banda Aceh, 16 August 2010.
23. UNDP, *Provincial Human Development Report*, 60.
24. Interview with former Political Advisor to the Governor, Banda Aceh, 8 December 2010.
25. Collier, 'Post-Conflict Recovery'; Fukuyama, *State-Building*.
26. Interview with Saifuddin Bantasyam, Lecturer in Political Communication, Syiah Kuala University, Banda Aceh, 4 March 2011.
27. For example, Paris and Sisk, *Dilemmas of Statebuilding*; and Brinkerhoff, *Governance in Post-Conflict Societies*.
28. 'Crisis' here refers to the twin crises of the Indian Ocean Tsunami and civil conflict. Largely due to funding arrangements, donor programmes were typically designed as either post-tsunami or post-conflict reconstruction programmes. By 2010, the distinction between the two, especially when it came to broader governance or development programmes, had greatly diminished in reality even if it continued to inform project design frameworks. AGTP, for example, was designed to strengthen the provincial government's capacity to continue recovery work following the May 2009 departure of the central government agency established for this purpose. It was clear from the start, however, that the project would have significant implications for post-conflict governance in Aceh.
29. Interview with David Jackson, former UNDP governance advisor for Aceh, 8 April 2011.
30. Interview with Soni Sumarsono, former Director, Office of Regional Autonomy, Ministry of Home Affairs, Jakarta, 9 December 2010.
31. Interview with Economic Development Advisor to the Governor of Aceh, 10 August 2010.

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