



The Cost of Unsustainable Post-Conflict Recovery in Aceh

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Abstract

Post-conflict Aceh presents one of the clearest development paradoxes in Southeast Asian history. Despite receiving one of the largest concentrations of post-conflict resources in the region, including more than seven billion US dollars in international reconstruction support and hundreds of trillions of rupiah through Special Autonomy funds since 2008, the province's poverty rate stood at 12.33 percent in March 2025, nearly four percentage points above the national average (BPS, 2025a). This article asks why this happened. Using qualitative document analysis, it examines the foundational legal instruments, institutional reports, and statistical data that governed Aceh's reconstruction from 2005 onward. The analysis integrates three frameworks: Roland Paris's Institutionalization Before Liberalization (IBL) as the primary theoretical lens, Roger Mac Ginty's Hybrid Peace as the secondary lens, and the UN-Habitat Sustainable Reconstruction Framework (SRF) as the operational analytical tool. The findings show that Aceh's reconstruction failed not because resources were absent but because they arrived before the institutional conditions required to manage them productively were built. Governance systems, policy architecture, community participation mechanisms, and service delivery models were all structurally insufficient at the moment fiscal liberalisation occurred. This enabled hybridisation dynamics in which international frameworks and autonomy funds were absorbed into local patron-client networks rather than directed toward development. The article concludes that sustainable post-conflict development requires the prior establishment of enabling conditions, and that transferring resources without those foundations produces not development but new forms of structural vulnerability.

Keywords: Post-Conflict Reconstruction, Special Autonomy, Institutionalization Before Liberalization, Hybrid Peace, Sustainable Reconstruction Framework, Governance

Introduction

Almost any external measure of post-conflict opportunity, Aceh should have emerged as a development success story. The Memorandum of Understanding signed in Helsinki on 15 August 2005 ended nearly three decades of armed conflict between the Free Aceh Movement or in Bahasa refer as *Gerakan Aceh Merdeka*, or GAM and the Indonesian central government, a conflict that had claimed around fifteen thousand lives (Miller, 2008). Before that, the Indian Ocean tsunami of December 2004 had already drawn more than seven billion US dollars in international reconstruction support (BRR et al., 2006). Special Autonomy then formalised Aceh's entitlement to two percent of the national general allocation fund annually, and the creation of local political parties gave the province a degree of democratic self-determination unprecedented in Indonesian history. The EU Aceh Monitoring Mission, multiple UN agencies, and dozens of bilateral donors all operated simultaneously in the province during the reconstruction period. Few post-conflict

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societies in Southeast Asia have ever received such a convergence of resources, political goodwill, and international attention.

The data, however, tells a different story. According to (Badan Pusat Statistik Provinsi Aceh, 2025; Badan Pusat Statistik Republik Indonesia, 2025b), Aceh's poverty rate in March 2025 stood at 12.33 percent against a national average of 8.47 percent, a figure the BPS itself described as Indonesia's lowest in two decades. This means that even at Indonesia's best national performance on poverty reduction in twenty years, Aceh remained nearly four percentage points behind. In absolute terms, 704,690 Acehnese were still below the poverty line, with around 530,510 of them in rural areas concentrated in fishing communities, upland agricultural zones, and former conflict territories that reconstruction programmes most directly targeted. The rate of poverty reduction in Aceh has also been consistently slower than comparable Sumatran provinces without equivalent fiscal transfers, which means Dana Otsus did not accelerate Aceh's convergence toward the national average.

The existing literature has addressed pieces of this puzzle from different angles. (Aspinall, 2005) traced the fragmentation of post-GAM political networks and their transformation into competing electoral formations. (Renner & Chafe, 2007) documented the institutional limits of the Badan Rehabilitasi dan Rekonstruksi (BRR), which was designed as a delivery mechanism rather than an institution-builder. (The World Bank et al., 2008) identified early patterns of elite capture in the Special Autonomy framework. (Sue Kenny, 2010) critically assessed the participation failures embedded in post-tsunami resettlement decisions. These accounts explain specific dimensions of the failure, but they do not provide a unified structural diagnosis. They describe what went wrong at the level of specific decisions or institutions without explaining why the overall architecture of reconstruction consistently produced the same kinds of failure across different sectors and time periods.

This article identifies a knowledge gap that the existing literature leaves open. No study has examined the structural architecture of Aceh's reconstruction as a whole through the lens of institutional sequencing. The question of whether the foundational conditions for sustainable reconstruction were built before or after the major resource transfers occurred has not been systematically addressed. This matters because it changes the diagnosis: if the problem is structural rather than incidental, the implications for how similar cases should be handled are fundamentally different from those that follow from a diagnosis focused on individual governance failures or implementation weaknesses.

This article addresses that gap by integrating three analytical frameworks. Roland Paris's Institutionalization Before Liberalization (IBL) serves as the primary theoretical lens, asking whether the institutional prerequisites for managing Special Autonomy's liberalisation were in place when that liberalisation occurred. Mac Ginty's Hybrid Peace serves as the secondary lens, explaining through what mechanisms international reconstruction frameworks were appropriated by local political dynamics in ways that compounded the sequencing failure. The UN-Habitat Sustainable Reconstruction Framework (SRF) provides the operational vocabulary for specifying which enabling conditions were absent and through which channels the hybridisation dynamics operated.

The significance of this study extends beyond Aceh. The province is one of the best-resourced post-conflict reconstruction cases in Southeast Asian history, and understanding why its developmental outcomes fell so far short of what its resource endowment would have predicted carries implications for how international institutions, donor governments, and national governments approach post-conflict reconstruction more broadly. If Aceh's failure can be traced to a structural sequencing error rather than to context-specific factors, that finding has generalisable implications for reconstruction theory and practice.

Several key terms require definition as they are used in this article. Institutionalisation, following (Paris, 2004) refers to the prior establishment of governance systems, accountability mechanisms, regulatory frameworks, and administrative capacities capable of managing competitive pressures. Liberalisation refers to the transfer of fiscal authority, political autonomy, and competitive electoral space to subnational actors. Hybridisation, following (Mac Ginty, 2011) refers to the process through which international reconstruction frameworks are selectively appropriated, mimicked, or reframed by local political actors in ways that produce outcomes that

serve local elite interests rather than the developmental purposes the frameworks were designed to advance. Enabling conditions, following the (Wayman et al., 2023) refer to the four structural preconditions identified as necessary for sustainable reconstruction: governance systems, government policies, civil society and community participation, and service delivery models.

Theoretical & Conceptual Framework

This article draws on three frameworks in a layered analytical architecture. The primary framework is (Paris, 2004) Institutionalization Before Liberalization, developed in *At War's End: Building Peace After Civil Conflict*. The secondary framework is (Mac Ginty, 2011) Hybrid Peace, developed most fully in *International Peacebuilding and Local Resistance*. The operational analytical tool is the UN-Habitat Sustainable Reconstruction Framework, published by (Wayman et al., 2023).

These three frameworks were selected because they address different and complementary dimensions of the same structural problem (Table 1). IBL explains why the sequencing of reconstruction matters and what pathology its inversion reliably produces. Hybrid Peace explains through what mechanisms international frameworks are transformed by local political dynamics in ways that compound sequencing failures rather than correcting them. The SRF provides the institutional vocabulary to specify concretely what was absent in Aceh and through which channels the dynamics the other two frameworks identify were operating. No single framework provides the full analytical picture on its own.

The central research problem in this article is a development paradox: extraordinary resources produced poor developmental outcomes. Paris's IBL framework is the most appropriate primary lens because it was designed precisely to explain this kind of paradox in post-conflict contexts. Paris documented the same pattern across eleven cases from the 1990s and traced it to a structural cause, namely the inversion of the institutional sequence required for sustainable liberalisation. The Aceh case shares the structural features Paris identified: large fiscal transfers, competitive electoral space, and devolved political authority were all introduced before the governance systems required to manage them were in place.

Mac Ginty's Hybrid Peace framework adds an explanatory dimension that IBL alone does not supply. IBL predicts that sequencing failures will produce elite capture and resource misallocation, but it does not fully account for the mechanisms through which international frameworks are transformed rather than simply failing to take hold. In Aceh, the international reconstruction presence was substantial, and it would be insufficient to say it simply failed. Mac Ginty's framework explains that it was actively hybridised by local political dynamics, appropriated selectively in ways that served existing patron-client networks rather than building the institutional foundations that IBL identifies as necessary. The SRF is appropriate as an operational analytical tool because it translates Paris's abstract requirement for "institutions" into four concrete and assessable preconditions. This is methodologically important: document analysis requires empirically tractable criteria against which to assess the documents being analysed. The SRF provides those criteria in a form that is directly applicable to the documentary evidence available for the Aceh case.

Figure 1 shows how the three frameworks are operationalised in this analysis. Paris's IBL generates the core diagnostic question for each enabling condition: was this condition in place before the relevant liberalisation occurred? Mac Ginty's Hybrid Peace identifies the mechanism through which each enabling condition failure was compounded: which hybridisation dynamic (selective appropriation, institutional mimicry, or strategic framing) operated in each case? The SRF provides the four enabling conditions that serve as the analytical categories: governance systems, government policies, civil society participation, and service delivery models.

Table 1: Theoretical & Conceptual Operationalization

Analytical Layer	Framework	Application in This Studies
Primary	Paris IBL	Explains why sequencing matters; generates diagnostic question for each enabling condition
Secondary	Ginty Hybrid Peace	Explains through what mechanism each sequencing failure was compounded
Operational	UN-Habitat Sustainable Reconstruction Framework	Specifies the four enabling conditions and the criteria against which the documentary evidence is assessed

The diagnostic logic the framework produces is as follows. For each of the four SRF enabling conditions, the analysis asks: was this condition structurally in place when the relevant fiscal or political liberalisation occurred? If not, IBL predicts elite capture and resource misallocation. The analysis then traces which hybridisation dynamic Mac Ginty identifies operated to compound that structural failure. The documentary evidence is then examined to determine whether the predicted pattern is confirmed.

Paris's IBL argument, to elaborate briefly on its core logic, rests on eleven post-Cold War peacebuilding cases from Cambodia to Mozambique to El Salvador. What Paris found was that rapid democratisation and marketisation of war-torn societies consistently produced instability because they exposed those societies to competitive pressures before those societies had the institutional foundations to manage them. When the sequence is inverted, resources are captured by elite networks, political competition deepens social divisions before institutions can channel it constructively, and development outcomes fall far below what invested resources should have produced. Applied to Aceh, the framework asks a precise empirical question: when Dana Otsus and Special Autonomy transferred resources and authority to the provincial level, were the institutions required to manage them already in place?

Mac Ginty's framework adds that international actors do not implement their frameworks on blank canvases. They encounter local political, social, and cultural landscapes that respond through selective adoption, institutional mimicry, and strategic framing, producing outcomes that serve local elite interests. In Aceh's case, this explains why technically sound international frameworks consistently generated disappointing outcomes not because they were rejected, but because they were selectively appropriated by post-GAM political networks with strong structural incentives to do so.

The SRF's four enabling conditions correspond precisely to what Paris identifies as institutional prerequisites for sustainable liberalisation. Governance systems correspond to his requirement for functioning accountability and regulatory institutions. Government policies correspond to the legal and administrative frameworks that translate resource access into productive investment. Civil society participation corresponds to his requirement for social embeddedness of institutions that makes elite capture structurally difficult. Service delivery models correspond to the operational infrastructure through which resources reach communities in ways that build rather than substitute for local capacity.

Methods

Research Design

This article uses a qualitative research design with document analysis as its primary technique. A qualitative design is considered the best option because the central question concerns the structural logic of a reconstruction process, specifically whether the enabling conditions for sustainable outcomes were in place when major resource transfers occurred. This is a question about the character and sequence of institutional arrangements, not about the distribution of measurable outcomes across a population. Document analysis, as (Bowen, 2009) defines it, is the systematic procedure of reviewing and evaluating documents as sources of data in order to elicit

meaning, gain understanding, and develop empirical knowledge. It is the most appropriate data collection technique for this study because the institutional arrangements in question are most directly recorded in the legal instruments, policy documents, and evaluation reports that governed the reconstruction process itself.

Data Sources

The document collected covers five categories, each chosen because it directly addresses a different dimension of the institutional sequencing question. The first category consists of the foundational legal and political instruments of Aceh's post-conflict settlement: the Helsinki MoU signed by (Government of Indonesia and Free Aceh Movement, 2005), Law No. 18/2001 on Special Autonomy for Aceh, the Law on the Governing of Aceh which regulated by (Indonesia, 2006), and (Qanun Provinsi Nanggroe Aceh Darussalam Nomor 10 Tahun 2016 Tentang PERUBAHAN KEDUA ATAS QANUN ACEH NOMOR 2 TAHUN 2008 TENTANG TATA CARA PENGALOKASIAN TAMBAHAN DANA BAGI HASIL MINYAK DAN GAS BUMI DAN PENGGUNAAN DANA OTONOMI KHUSUS, 2016). These documents are examined for evidence of whether enabling conditions were mandated, resourced, or sequenced alongside the resource transfers they authorised.

The second category consists of reconstruction monitoring and evaluation reports, including the BRR's Final Report (BRR et al., 2006), Multi-Donor Fund for Aceh and Nias progress assessments, and evaluations commissioned by UNDP and bilateral donors (The World Bank et al., 2008). The third category encompasses European Union documents relating to the Aceh Monitoring Mission, including the establishing joint action, mandate document, and final assessment, alongside comparative documentation from (EULEX, 2023) and EUFOR Althea in Bosnia-Herzegovina (EUFOR, 2023), which provide a basis for assessing the scope and duration of international institutional engagement in Aceh relative to comparable contexts.

The fourth category consists of BPS statistical publications at national and provincial levels covering poverty rates, Human Development Index scores, and economic structure indicators across the post-conflict period. The fifth category covers accountability documentation including KPK case records relating to Dana Otsus-connected prosecutions, reports from the Masyarakat Transparansi Aceh on corruption patterns in 2023 and 2024, official statements from the Kejaksaan Tinggi Aceh, and the BPK's audit findings on Dana Otsus management.

Data Collection

Document collection proceeded in three stages. The first stage involved compiling all legal instruments, reconstruction reports, and statistical publications relevant to the period from 2005 to 2025, with priority given to documents that directly governed or recorded the four enabling conditions the SRF identifies. The second stage involved cross-referencing government documents against independent evaluation reports, particularly the BRR assessments, Multi-Donor Fund progress reports, and BPK audit findings, to identify points of convergence or tension between sources describing the same conditions. The third stage involved screening the compiled corpus for relevance to the institutional sequencing question specifically, so that documentation relating only to programs outside this article's analytical scope was excluded from the final corpus used in analysis.

Data Analysis

The analytical procedure follows (Bowen, 2009) three-stage approach. The initial stage involves skimming documents for general orientation and relevance assessment. The second stage involves deeper reading for thematic comprehension, with each document read against the analytical criteria the three frameworks generate. The third stage involves interpretive analysis, in which the patterns identified across the document corpus are synthesised and read against the theoretical predictions of IBL, Hybrid Peace, and the SRF. For each of the four enabling conditions, the analysis proceeds by asking three questions regarding what do the foundational legal instruments say about whether this condition was established before liberalisation? What do monitoring and evaluation reports show about how this condition functioned in practice? What do the accountability and statistical data show about the developmental consequences of its absence or inadequacy?

Accuracy & Trustworthiness

The credibility of this analysis is established through source triangulation. For each enabling condition, findings are triangulated across at minimum three independent source categories: legal instruments, monitoring and evaluation reports, and accountability or statistical data. Where claims rest on a single source, this is noted explicitly. Transferability is addressed by specifying the structural conditions under which the findings of this study would be expected to apply to other cases, namely post-conflict contexts in which large fiscal transfers and political liberalisation precede the establishment of governance systems capable of managing them. Dependability is maintained through the consistent application of the same analytical criteria, derived from the three frameworks, across all four enabling conditions. Confirmability is achieved by grounding all interpretive claims in specific documentary evidence, with citations that allow readers to locate and verify the source material.

Findings

The document analysis across the five source categories produced findings relating to each of the four enabling conditions the SRF identifies as prerequisite to sustainable reconstruction. Table 2 summarises the main finding for each condition before the detailed presentation that follows.

Table 2: Summary of Enabling Condition Findings

Enabling Conditions	Status at Time of Liberalization	Key Documentary Evidence
Governance System	Absent: accountability institutions lacked capacity and independence	(Peraturan Pemerintah Pengganti Undang-Undang (Perpu) Nomor 2 Tahun 2005 Tentang Badan Rehabilitasi Dan Rekonstruksi Wilayah Dan Kehidupan Masyarakat Provinsi Nanggroe Aceh Darussalam Dan Kepulauan Nias Provinsi Sumatera Utara, 2005); (BRR et al., 2006); KPK case records (2018); (MaTA as reported by AntaraNews, 2018)
Government Policies	Absent: no developmental conditionality in Dana Otsus framework	LoGA (2006); (QANUN NOMOR 2 TAHUN 2013 TENTANG RENCANA TATA RUANG WILAYAH KABUPATEN ACEH SINGKIL TAHUN 2012-2032, 2014; Qanun Provinsi Nanggroe Aceh Darussalam Nomor 10 Tahun 2016 Tentang PERUBAHAN KEDUA ATAS QANUN ACEH NOMOR 2 TAHUN 2008 TENTANG TATA CARA PENGALOKASIAN TAMBAHAN DANA BAGI HASIL MINYAK DAN GAS BUMI DAN PENGGUNAAN DANA OTONOMI KHUSUS, 2016); BPK AUDIT REPORT (BPK, 2022)
Civil Society	Absent: BRR accountability ran upward, not toward communities	BRR Final Report (2006); International Crisis Group (2007)
Service Delivery Models	Absent: donor programming-built projects, not local institutional capacity	World Bank MDF Report (2014); BRR Final Report (2006)

Peace Settlement & its Gap

The Helsinki MoU signed on 15 August 2005 is a genuine diplomatic achievement. The agreement concluded in five rounds of negotiations under CMI facilitation, ending the winding conflict that several earlier ceasefire attempts had failed to resolve. A close reading of its provisions, however, reveals a structural asymmetry. The provisions specified in operational detail were precisely those constituting the liberalisation dimension of the transition which are: political devolution, fiscal entitlement, and the creation of competitive electoral space through local political parties (Government of Indonesia and Free Aceh Movement, 2005). The institutionalisation dimension, meaning the prior establishment of accountable governance, developmental policy architecture, and community participation mechanisms, was framed as aspiration rather than precondition. The MoU created the conditions for liberalisation without mandating the institutional conditions that would have been required to manage it.

The Law on the Governing of Aceh, enacted on 1 August 2006, was intended to give legal substance to the MoU's commitments. The legislative record, however, shows significant constraints on the quality of what was produced. MoU Point 1.1 required Aceh to have a new law characterising self-government within six months, a deadline the process missed. The draft changed six times within DPR Commission II, and academic commentary described the process as involving "sharp compromises to accommodate Jakarta's preferences" on sensitive issues including Islamic law, the Wali Nanggroe institution, and human rights courts (Fasya, 2006, cited in Unimal News, 2025). The result was a law that carried the marks of rushed legislative compromise, including provisions whose implementation requirements outpaced the administrative capacity available to meet them, a gap that continues to inform ongoing revision discussions in the DPR (Kemenko Polhukam RI, 2025).

The EU Aceh Monitoring Mission, established under EU Joint Action 2005/643/CFSP in September 2005, was the primary international contribution to anchoring the peace settlement. Its mandate covered weapon decommissioning monitoring, military redeployment verification, and human rights observation, with 226 monitors drawn from EU member states and five ASEAN contributing nations (Council Joint Action 2005/643/CFSP of 9 September 2005 on the European Union Monitoring Mission in Aceh, 2005). The mission formally closed on 15 December 2006, fifteen months after its establishment. Document review of comparable EU civilian missions shows a significant disparity for example EULEX Kosovo, established in 2008, has operated for over seventeen years because the institution-building work it supports requires that timeframe (EULEX, 2023), while EUFOR Althea in Bosnia has been running since 2004 and entered its third decade in 2024 (EUFOR, 2023). The AMM's mandate, as its governing joint action documents show, was oriented toward verification and confidence-building rather than institution-building. It monitored the implementation of the settlement rather than building the governance capacity that sustainable development would require.

Governance System

At the moment Dana Otsus began flowing in significant volumes from 2008, the accountability institutions required to manage those resources were not in place. The BRR had been structured as a delivery mechanism under Perpu No. 2/2005, with a fixed four-year mandate creating pressure toward visible output metrics and accountability that ran upward toward Jakarta and international donors rather than downward toward Acehnese communities (Peraturan Pemerintah Pengganti Undang-Undang (Perpu) Nomor 2 Tahun 2005 Tentang Badan Rehabilitasi Dan Rekonstruksi Wilayah Dan Kehidupan Masyarakat Provinsi Nanggroe Aceh Darussalam Dan Kepulauan Nias Provinsi Sumatera Utara, 2005). Its own final report acknowledged the challenge of transitioning institutional knowledge to successor institutions (The World Bank et al., 2008), and the (International Crisis Group, 2007) had flagged this risk before dissolution occurred.

The provincial government that inherited reconstruction responsibility after the BRR's dissolution was simultaneously new to managing resources at this scale, internally fragmented along post-GAM political lines, and operating within a national oversight framework that provided limited technical assistance and limited accountability for developmental outcomes. The corruption data reflects the consequences. According to the Masyarakat Transparansi Aceh,

a civil society watchdog drawing on official data from the Kejaksaan, Kepolisian, BPK, and court records, Aceh recorded 31 corruption cases involving 64 suspects throughout 2024, with total estimated state losses of Rp56.8 billion, compared to 32 cases and Rp171 billion in losses in 2023 (Fajri, 2024). Dana desa dominated the caseload at 16 of the 31 cases. The Kejaksaan Tinggi Aceh's own official reporting shows that over the period December 2023 to December 2024, Kejati handled 63 corruption cases across all stages, saving Rp24.19 billion in state losses, with the three highest-profile cases alone producing combined state losses of over Rp100 billion (Habibi, 2024; Saifullah, 2025). Transparency International's Corruption Perceptions Index placed Indonesia at a score of 34 out of 100 in 2025, down three points from 2024, ranking 109th out of 182 countries globally (Transparency International, 2025).

The most prominent individual case within this systemic pattern is the 2018 arrest of former Governor Irwandi Yusuf. In a KPK tangkap tangan operation on 3 July 2018, Irwandi was detained alongside Bupati Bener Meriah Ahmadi and two private parties, Hendri Yuzal and T Syaiful Bahri, in connection with a commitment fee arrangement of Rp 500 million that facilitated the diversion of infrastructure project funds financed through Dana Otsus (Seknas FITRA, 2018; KPK, 2018). Irwandi himself was ultimately found to have received Rp 1.5 billion in gratification, violating Law No. 31/1999 as amended by Law No. 20/2001, with the Supreme Court eventually increasing his sentence to fifteen years (Siddiq, 2018; Voice of America, 2018).

Government Policies

The UUPA provided substantial fiscal entitlements without the developmental conditionality, monitoring architecture, or administrative capacity that would have directed those entitlements toward sustainable development. Dana Otsus allocation became responsive to the political priorities of provincial elites rather than to the developmental requirements of the communities the autonomy was designed to benefit. The management mechanism itself changed at least three times through provincial qanun: Qanun No. 2/2008 set initial allocation rules, Qanun No. 2/2013 shifted toward direct transfers to kabupaten and kota, and Qanun No. 10/2016 pulled administrative authority back to the provincial level while capping kabupaten and kota proposals at forty percent of the total (ICW, 2019). ICW (2019) notes that these repeated changes signal that the management mechanism was never clearly or firmly established.

BPK audit reports and World Bank assessments have repeatedly documented the consequence: a disproportionate share of Dana Otsus absorbed by government operational expenditure and politically driven construction, with investment in agricultural productivity, fisheries value chains, small enterprise development, and human capital formation consistently below Aceh's structural economic requirements (BPK, 2022; The World Bank et al., 2008). Delivered to the DPRA on June 22, 2026, the BPK's performance audit on the management of Aceh's Special Autonomy Fund (Dana Otsus) highlighted several unfinished or non-operational projects. These include a regional referral hospital, Jetty Krueng, the Krueng Nalan irrigation canal, the Kampung Atlet facility in West Aceh, and various bridges, mosques, and government buildings across multiple regencies and cities (Alfandi, 2025). The audit also revealed a systemic shift away from core developmental priorities: funding for vertical central government agencies increased, while support for a priority low-income housing program declined.

This pattern of mismanagement extends beyond infrastructure. For instance, despite the BRA scholarship program receiving Rp349 billion in Dana Otsus funding, court records indicate Rp22.3 billion in state losses after funds were reportedly diverted to political actors instead of underprivileged students (Newsataloen, 2025). Additionally, BPK identified significant irregularities, such as abandoned housing projects and fictitious business grants, tied to Rp650 billion in BRA reintegration funds allocated between 2005 and 2012. Collectively, these cases demonstrate a consistent pattern rather than isolated failures. Dana Otsus resources have been systematically redirected toward politically convenient initiatives, neglecting the developmental goals the autonomy was originally designed to achieve.

Civil Society Participation

The BRR's accountability architecture ran upward toward Jakarta and international donors rather than downward toward Acehnese communities (BRR et al., 2006) This meant that even where civil society organisations existed and were engaged, they had limited formal leverage over

reconstruction decisions. Three decades of conflict had also produced civil society organisations whose survival practices emphasised strategic ambiguity and operational caution rather than the assertive public accountability function that genuine enabling conditions require (International Crisis Group, 2007).

The coastal resettlement decisions are the most extensively documented case of participation failing to translate into community agency. Post-tsunami relocation policy was driven by international technical standards for coastal hazard mitigation requiring communities to be relocated from shoreline areas to inland sites. In practice, the timeline pressures of the BRR's delivery mandate and the technical complexity of hazard assessment produced relocation decisions made with nominal community consultation rather than genuine community agency, placing fishing communities in inland sites disconnected from the sea-based livelihoods, social networks, and cultural identities that made those communities economically functional (Sue Kenny, 2010). Formal participation structures were established because donor requirements demanded them, but the substance of resource allocation decisions continued to follow channels untouched by those formal processes.

Service Delivery Models

The international reconstruction operation in Aceh was overwhelmingly characterised by a substitutive model of service delivery. Programming cycles were tied to donor funding windows that created pressure toward outputs deliverable within twelve to thirty-six months. Reporting requirements oriented toward home-country accountability structures measured beneficiaries reached and assets delivered rather than local institutional capacity built. The Multi-Donor Fund for Aceh and Nias, managed by the World Bank, channelled approximately 650 million US dollars through shared coordination mechanisms that produced real improvements in donor coherence (MDF-JRF Secretariat The World Bank Office, 2014). Even the MDF, however, operated within a project delivery logic that measured success against disbursement targets and specific outputs rather than against institutional capacity-building criteria.

The consequences of the substitutive model became visible after international engagement reduced. Health facilities constructed during the BRR era had inadequate operational budgets in the years following international withdrawal. Agricultural extension services supported by international programmes were not institutionalised into provincial government systems. Community economic development programmes created forms of community organisation that were genuine during the programme period but proved difficult to sustain without the external facilitation they had been built around (BRR et al., 2006; International Crisis Group, 2007).

At the end of the road those leads to a number that present Aceh's poverty rate in March 2025 stood at 12.33 percent against a national average of 8.47 percent, with the BPS noting this national figure represents Indonesia's lowest in two decades (Badan Pusat Statistik Provinsi Aceh, 2025; Badan Pusat Statistik Republik Indonesia, 2025b). In absolute terms, 704,690 remained below the poverty line, with rural poverty accounting for approximately 530,510 of the totals. Sumatera Barat reduced its poverty rate from around 8.5 percent to 5.8 percent during a comparable period, and Sumatera Utara from around 9.0 to 8.0 percent, neither having received Dana Otsus at Aceh's scale (Badan Pusat Statistik Republik Indonesia, 2025a). The relative gap between Aceh and the national average has widened during the Dana Otsus period rather than closed. One further datum merit note as a finding, though its interpretation is deferred to the discussion. Aceh's Human Development Index reached 75.36 in 2024, marginally above the national figure of 75.02, and climbed to 76.23 in 2025, with Banda Aceh's figure considerably higher still (Badan Pusat Statistik Aceh, 2025). The coexistence of an above-average HDI with a poverty rate nearly four percentage points above the national average is a finding that the discussion section addresses as an analytical complication.

Discussion

Paris's IBL framework predicts precisely the pattern the document analysis reveals. When liberalisation precedes institutionalisation, resources are captured by elite networks, political competition deepens divisions before institutions can channel it constructively, and development outcomes disappoint relative to the resources invested. Every element of this prediction is

confirmed by the Aceh evidence. Governance system failure is confirmed by the persistence of Dana Otsus-connected corruption documented across multiple years and multiple institutional actors, including the KPK's prosecution of Governor Irwandi Yusuf and the MaTA monitoring reports showing Aceh's consistent ranking among Indonesia's most corruption-affected provinces. Policy failure is confirmed by BPK audit findings of systematically misallocated Dana Otsus funds, the three revisions of the management qanun without ever establishing a stable developmental framework, and the pattern of politically driven construction documented across multiple audit periods. Community participation failure is confirmed by the coastal resettlement record. Service delivery model failure is confirmed by the post-withdrawal deterioration of facilities and programmes across multiple sectors.

What IBL explains as a sequencing failure, Mac Ginty's Hybrid Peace framework explains at the level of mechanism. The hybridisation dynamics Mac Ginty identifies as characteristic of international liberal peace frameworks encountering resilient local political landscapes are visible in each enabling condition failure. When the AMM departed in December 2006, post-GAM political networks were simultaneously acquiring formal authority through the 2006 gubernatorial elections and operating without the sustained international civilian engagement that might have altered the incentive structures within which they exercised that authority. The result is what Mac Ginty calls selective appropriation: the fiscal architecture of Special Autonomy was adopted where it served existing networks and circumvented where it threatened them. Formal participation structures established to satisfy donor reporting requirements without altering substantive decision-making represent what Mac Ginty calls institutional mimicry. The deployment of community empowerment vocabulary by actors whose actual distribution practices followed patron-client logics represents strategic framing.

The comparison with longer-running EU civilian missions is particularly instructive for interpreting the AMM's role. EULEX Kosovo's seventeen-year engagement and EUFOR Althea's twenty-year presence in Bosnia reflect EU assessments that institution-building requires sustained engagement. The AMM's fifteen-month mandate reflected a different conception: verification and confidence-building rather than institution-building. This is not a criticism in hindsight that ignores the political constraints of the period; it is an observation about the functional gap that the AMM's design left between what sustainable reconstruction required and what international engagement actually provided.

The HDI finding requires direct engagement. Aceh's above-average IPM, particularly Banda Aceh's high IPM, coexists with an income poverty rate nearly four percentage points above the national average. This pattern is consistent with the IBL framework's prediction: absorptive reconstruction, the physical delivery of schools, clinics, and infrastructure, can proceed even in the absence of institutional prerequisites for sustainable development and will produce genuine short-term improvements in composite welfare indicators. Transformative reconstruction, the building of economic institutions and productive livelihoods, requires the prior institutionalisation that Aceh's reconstruction did not achieve. The IPM improvement reflects the absorptive success of reconstruction; the persistent income poverty gap reflects the transformative failure. Notably, the concentration of high IPM in Banda Aceh and the persistence of rural poverty where most reconstruction was targeted suggests a spatial inequality dynamic that deserves attention in its own right, though it falls outside the scope of this article's main argument.

This interpretation finds support in the earlier literature on reconstruction effectiveness. Renner and Chafe (2007) documented the BRR's delivery orientation. The World Bank (2008) identified elite capture patterns. Kenny (2010) demonstrated the community agency failure in resettlement. What this article adds is the structural explanation that connects these individual failure modes: each reflects the operation of the same underlying sequencing error, and each was compounded by the same hybridisation dynamics. The article's contribution to the existing literature is therefore not new empirical discovery but structural synthesis.

The Humanitarian-Development-Peace Nexus, which the SRF places at the core of sustainable reconstruction, requires that humanitarian needs, development imperatives, and peacebuilding requirements are addressed simultaneously rather than sequentially. Aceh's reconstruction never achieved this integration. Humanitarian response extended into the

development phase without adequate transition planning. Development investment proceeded without governance institutions strong enough to direct it toward developmental rather than political purposes. Peacebuilding produced political stability without addressing the structural economic conditions that had contributed to the original conflict. Each of these failures reflects the same root cause: the enabling conditions required for an integrated response were not established before liberalisation occurred.

Conclusion

Through this article we try to reveal why Aceh's post-conflict reconstruction produced persistent underdevelopment despite receiving extraordinary resources. The document analysis, interpreted through Paris's IBL framework, Mac Ginty's Hybrid Peace, and the SRF's enabling conditions, yields a coherent structural diagnosis: the reconstruction inverted Paris's essential sequence, transferring the resources and authority of Special Autonomy to a provincial governance architecture whose accountability systems, policy frameworks, community participation mechanisms, and service delivery models were insufficient to manage them.

The main findings are as follows. Governance systems were structurally absent at the moment of liberalisation, as confirmed by the BRR's delivery-oriented design, the provincial government's institutional fragmentation, and the sustained corruption documentation across multiple years. Government policies lacked developmental conditionality, as confirmed by the repeated revisions of the Dana Otsus management framework and the BPK's audit findings. Civil society and community participation mechanisms were bypassed in favour of upward-facing accountability, as confirmed most clearly by the coastal resettlement record. Service delivery models were substitutive rather than institution-building, as confirmed by the post-withdrawal deterioration of facilities and programmes across multiple sectors. The BPS data showing Aceh's poverty rate at 12.33 percent against a national average of 8.47 percent in March 2025, with the relative gap widening rather than closing during the Dana Otsus period, is the accumulated developmental consequence of these structural failures.

These findings carry implications for how post-conflict reconstruction is conceptualised and designed. The most direct implication is that resource transfers without enabling conditions do not produce development; they produce new structural vulnerabilities that persist long after the reconstruction period ends. A less direct but equally important implication concerns the duration and design of international engagement. The AMM's fifteen-month mandate was insufficient for the institution-building that sustainable reconstruction required, as the comparison with longer-running EU civilian missions in Kosovo and Bosnia makes clear. International actors designing post-conflict engagement need to account for the time required to build enabling conditions, not merely the time required to verify political settlements.

This study has several limitations that should be acknowledged. It relies on publicly available documents and does not draw on primary data from field research or participant accounts. The findings reflect what the documentary record shows about structural conditions rather than how those conditions were experienced by communities and officials who lived through the reconstruction period. The article also does not fully analyse the spatial inequality dynamic suggested by the HDI findings, specifically the contrast between Banda Aceh's relatively high IPM and the persistent rural poverty where most reconstruction was targeted. This is a genuine analytical gap that future research should address.

For future research, two directions are worth pursuing. The first is the HDI anomaly: what explains the coexistence of above-average human development indicators with persistently elevated income poverty in a province that received one of the largest post-conflict resource transfers in Southeast Asian history, and what does the urban-rural concentration of IPM gains tell us about the spatial distribution of reconstruction benefits? The second is the comparative dimension: do other post-conflict cases in Southeast Asia that received large fiscal transfers before enabling conditions were established show the same structural pattern that IBL predicts, and if so, what contextual factors mediate the severity of the development gap that results?

Note

1. The Ethical The Helsinki MoU of 15 August 2005 was signed between the Government of the Republic of Indonesia and the Free Aceh Movement following CMI-facilitated negotiations under former Finnish President Martti Ahtisaari. Point 1.1 required a new law characterising self-government within six months.
2. The BRR was established under Perpu No. 2/2005 signed 16 April 2005, with a mandate to April 2009. Its Final Report documents reconstruction of approximately 140,000 housing units, 3,700 educational facilities, and 1,200 health facilities.
3. The AMM was established under EU Council Joint Action 2005/643/CFSP of 9 September 2005 and formally closed on 15 December 2006.
4. EULEX Kosovo was established under EU Council Joint Action 2008/124/CFSP of 4 February 2008 and operates continuously to the present. EUFOR Althea has operated since October 2004 under UNSC Resolution 1575.
5. The KPK case against Irwandi Yusuf (No. 91/Pid.Sus-TPK/2018/PN.Jkt.Pst) alleged receipt of Rp 1.5 billion in gratification linked to Dana Otsus allocation. First-instance conviction 2019; Supreme Court increased the sentence to fifteen years on appeal.
6. BPS poverty data cited is from the Berita Resmi Statistik of 25 July 2025 for the March 2025 reference period.

Ethics approval

This research relies entirely on publicly available legal instruments, policy documents, and statistical data. No human or animal subjects were involved, and formal institutional ethics approval was therefore not required.

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Underlying data

All data supporting the findings of this study are available within the article and its reference list. The datasets analysed are derived from publicly accessible databases, government publications, and institutional reports.

Declaration of artificial intelligence use

AI-based language models were used to assist with language refinement during the drafting process. All AI-assisted content was critically reviewed by the author. All interpretive decisions and analytical conclusions are solely the author's own.

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