

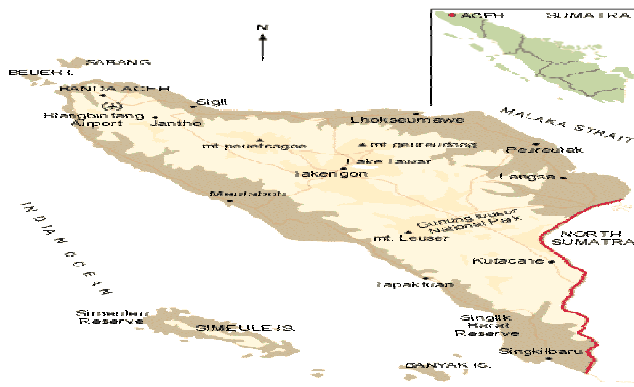


ASSESSMENT REPORT

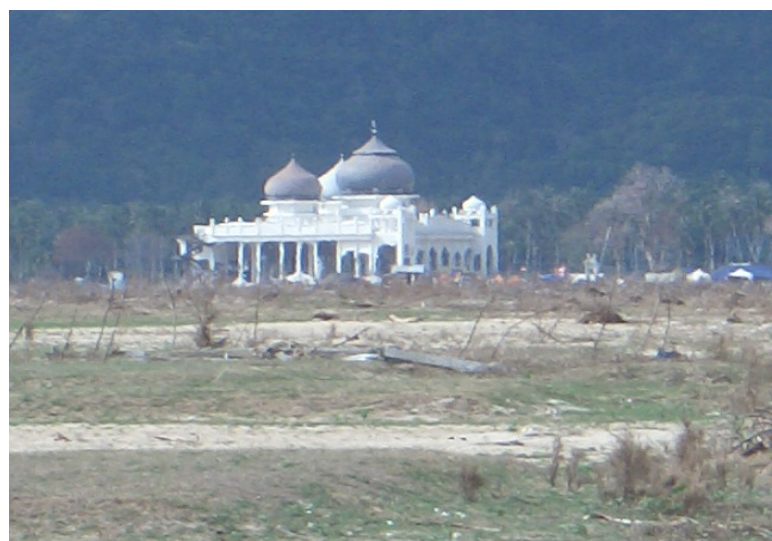
commissioned by ICA

CO-OPERATIVE RECONSTRUCTION PROGRAMMEME ACEH (AND NORTH SUMATRA), INDONESIA

by Robby Tulus



ACEH



ASSESSMENT REPORT

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CO-OP RECONSTRUCTION PROGRAMMEME

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A. INTRODUCTION

This report constitutes a list of eight Programme Recommendations or Ideas for Co-operative Reconstruction in Nanggroe Aceh Darussalam (NAD) – or “Aceh” in short. Among the eight, there is one standalone programme for Nias, an Island in North Sumatra that was also hit by the tsunami, albeit to a lesser degree.

The list of eight programme ideas is presented in the form of a “**MENU**”, from which ICA Members and Stakeholders (e.g. CCA, CCD, SCC, ICMIF, ILO, etc.) could make their choice based on their respective/preferential programming criteria.

All programme ideas came as a result of several intensive deliberations with Co-operative members under DEKOPINWIL in Aceh, and are based on their felt and real needs. These ideas can be substantiated and designed with the active involvement of co-operative leaders/members in Aceh to make it mutually re-enforcing. The DEKOPINWIL and LAPENKOP in Aceh will be our main active partners, and other relevant NGOs and local Government sectors will also be actively engaged for good coordination. In such a way duplication of efforts could be minimized and local participation maximized.

The section on Programme Recommendations (pages 20 to 34) will be preceded by an analysis of the situation from which a host of issues are derived. The complexity that is Aceh is indeed astounding: almost everyone believes that the challenge – and not the curse – following the disaster in the morning of December 26, 2004, is in itself an opportunity for genuine renewal of life of the proud and courageous people of Aceh. That very same spirit is so prevalent among the co-operative people in Aceh as well.

B. ACKNOWLEDGEMENT

I am grateful for the effectual teamwork extended by Mr. Ibnue Soedjono, Chairman of LSP2-Indonesia, and Ms. Henny Buffheim, Consultant, who traveled with me together to Aceh and North Sumatra, and provided their invaluable insights on the co-operative reconstruction programme opportunities. I appreciate the opportunity provided by CCA for joining the Team of Ms. Lydia Phillips to Nias and Aceh in February 2005, at which point I did my voluntary assignments prior to being appointed Special Envoy by the ICA.

I am equally thankful to the Honorable Minister of Co-operatives and his staff, DEKOPIN Board and its staff, Mr. H.M. Hanafiah and his Team from the Regional DEKOPIN and LAPENKOP, as well as government officials and co-operative members in Aceh whom we all met and had good discussions with.

Last but not least, this Assessment would not have been as comprehensive if I was not assigned as Special Envoy of the ICA to work closely with their members in Indonesia. To Iain Macdonald and Gabriella Sozanski I extend my heartfelt gratitude for their continued trust and cooperation.

C. BACKGROUND

The appalling figure of over 200,000 people killed and missing in the Province of Nanggroe Aceh Darussalam (NAD) fails to capture the full extent of the post-tsunami tragedy. The suffering of hundreds of thousands more people in the Province is simply so enormous as not to affect anyone's sense of humanity. The psychological trauma and grief as people lost their loved ones, lost their shelter, lost their basic community infrastructure, and lost their very means of livelihoods, are just so dreadful to imagine.

The Indonesian government and the World Bank estimate the total bill for the destruction of property at more than Rp. 13.4 trillion (US \$1.4bn). This was computed through a rapid damage assessment that included reconstruction costs of houses, temporary shelter, debris removal, tertiary infrastructure repair and furniture. If businesses are included, the total bill could rise to more than USD 4 Billion. About 700,000 people are homeless, and farmers, fishermen and others with small businesses have lost their livelihoods and cannot rebuild homes as their income suddenly disappeared.

About 30% of those killed worked in agriculture, and a further 10% were members of the fishing communities. In some areas the tsunami reached more than three miles inland, destroying crops and killing livestock as well as sweeping through houses and poisoning thousands of wells.

It may take years for the land to become fertile again, if it has not already suffered permanent loss because of missing top soil. In some cases, subsidence means the land has disappeared altogether. Housing and shelter are the priority and in many areas account for the largest portion of the damage - about US \$ 3.1bn. It is critical that survivors need properly planned and good quality construction and sanitation.

One of the main problems is the single parent families without any assets or jobs. While they are prepared to be employed in cleaning and reconstruction to provide income, the jobs are not likely to last as long as the damage.

The paid "cleaning job", similar to the Food for Work idea, is a great proposition, although it may set off a dilemma for people if and when in the future they will be asked to contribute to the reconstruction efforts by way of "sweat equity", a term known too well to housing co-operatives worldwide.

The fisher-folks are in a tenuous situation before the disaster because over-fishing was reducing their income and many were in debt to moneylenders. Coral reef destruction, the loss of fish stocks, and destruction of boats and nets will make it impossible for many to return to fishing.

The biggest damage and losses in financial terms are in the trade and industry sector: 80,000 small businesses have been destroyed which provided income to 140,000 people.

On top of that, most tsunami victims have no legal proof for land. The waves swallowed up all land certificates. Government records and computers were also washed away. The government co-operative office and the adjoining DEKOPIN office in Banda Aceh were inundated with black muddy waters of 2.3 meters high, destroying most of their files.

The biggest story of the disaster, however, is not the damage to the regional economy – which is enormous and substantial -- but the suffering of hundreds of thousands of individuals who have lost everything: members of their families, their homes, and any hope of making a living.

In some places the whole structure of society has changed. In Alu Naga village it was reported that all the children had died. Drawn to flapping fish on the beach as the sea receded, many were killed as the wave followed. It was a lost generation for the foreseeable future.

The reconstruction of the Tsunami-affected areas will take place in a difficult environment as well. First, the disaster struck a province of Indonesia already affected by ongoing political conflicts. To help foster a sustainable peace, the recovery programme can contribute through explicit efforts to improve governance and avoid the sowing of seeds which helped to generate the conflict in the first place.

A conflict-sensitive approach will need to pay particular attention to equitable targeting of geographical areas and beneficiaries, the transparency in decision making and financial flows.

A credible and effective strategy is required for co-op reconstruction that will also help in rebuilding of communities, for which the full participation of the people affected by the tsunami, and also local communities in Aceh, is indeed very critical.

D. CO-OPERATIVES AFFECTED

BANDA ACEH suffered the greatest number of fatalities in absolute terms. The coastal district known as Ulee Lheue, for example, was heavily hit by the surging waves leaving only 600 survivors out of the original 6000 residents.

The impact on co-operatives in Banda Aceh alone is reflected by the interim data as follows:

Sub-Districts	Coops		Members	
	Pre Tsunami	Post Tsunami	Pre Tsunami	Post Tsunami
9 Sub-Districts	708	145	45,889	31,392

In addition to Banda Aceh, 11 other Districts and 123 sub-districts have been affected by the tsunami, involving 553 active co-operatives with casualties still being counted at the time this report is written.

The speed by which Banda Aceh could generate the exact number of casualties among co-operatives speaks for the centrality of Banda Aceh as the capital city of NAD (Nangroe Aceh Darussalam) Province and where the DEKOPINWIL and Government Co-op Office (KANDIS Koperasi) are located.

Data for other Districts and Sub-Districts have yet to be collected, which calls for Co-operative Development Agencies and stakeholders of ICA to come in to help co-operative leaders in NAD to gather this important statistical information.

Lessons from other countries such as Sri Lanka that experienced significant aid inflows after the tsunami highlight the importance of ensuring accurate data is collected and inventory identified, and measures that reinforce good management and accounting systems are set in place.

From the co-operative perspective, the young dynamic staff at the local DEKOPIN and LAPENKOP shows firm determination and good promise to start reconstruction using reliable baseline data and information. They have collected an interim data showing the number of sub-districts affected where co-operatives subsist.

DISTRICT	Sub-Districts Affected (Total/Affected)	Population	Co-operatives (Active)		Total COOPS
			AGRI NON- AGRI		
Banda Aceh (Municipal)	09/09 = 100%	223,829	15	26	41
Sabang (City)	02/-- = --%	24,498	06	15	21
Greater Aceh	22/22 = 100%	259,957	25	68	93
Pidie	30/28 = 93%	517,697	39	29	68
North Aceh	22/22 = 100%	523,717	43	38	81
East Aceh	20/-- = --%	331,636	42	54	96
South Aceh	16/10 = 62.5%	197,719	14	38	57
Bireun	10/10 = 100%	361,528	02	02	04
West Aceh	11/09 = 82%	195,000	15	04	19
Simeleu (Island)	08/-- = ---%	59,093	04	09	13
Aceh Jaya	06/06 = 100%	98,796	09	08	17
Nagan Raya	05/05 = 100%	52,800	02	09	11
Lhokseumawe (Municipal)	03/03 = 100%	167,362	22	15	37
13 Districts	123 Affected	2,907,870	238	315	553

Casualties among women are astounding, so it tipped the gender balance from more women population during the pre-tsunami period to fewer women in the current post-tsunami environment, making lives of women much more vulnerable. Because Aceh is a conflict area the number of female-headed households was already high, at one in five. Since the disaster that number has increased significantly. Abuses are bound to increase.

Fatalities hold true for children as well. It is estimated that 37% of the casualties were under the age of 18. Among the 12,160 who died based on a January 20 data, 13% were infants. As many as 7,722 children lost both parents and 32,735 lost one parent.

We are only beginning to grasp the magnitude of the disaster in terms of social, economic and security impact across the region. It is clear, however, that it will take some time before the full impact of this terrible crisis is known.

In February 2005, two months after the ravaging tsunami and just as the emergency phase is coming gradually to an end, the Indonesian Government, by way of the Central Planning and Development Agency (BAPPENAS),

developed a comprehensive Blueprint and Master Plan for post-tsunami rehabilitation and reconstruction in NAD.

At the initial stages the blueprint was almost uniformly rejected by NGOs and the local people in Aceh, because the reconstruction plan entails relocation of people based on the zoning concept introduced by BAPPENAS. Indonesian NGOs and local forums alike came up with alternative concepts, which made it difficult for BAPPENAS to instill the Blueprint to the local survivors.

E. ROLE OF CO-OPERATIVES IN POST-TSUNAMI NAD

Pure empathy alone will not solve the problem of the suffering people in Aceh. Emergency and relief efforts have ended, although food and medicines are still much in demand by the poor who lost their meager incomes. The discontinuity of life among these survivors must be addressed holistically, first of all with a bottom-up approach that will involve the communities themselves, respecting their value system, rediscovering and inventing lost livelihoods, and eventually reintegrating their lives within viable communities in Aceh. No doubt, co-operatives have a major role to play in such a massive rehabilitation and reconstruction programme.

The co-operative reconstruction plan must be well integrated into this holistic approach while still subjecting itself to the government blueprint once it is completed and accepted by the local people in Aceh. Such integration must take into account the work already undertaken by 159 NGOs, local and international, which are currently still working actively in Aceh.

Glimpses as to the great relief efforts undertaken by the UN organizations and NGOs could be described by the following examples.

In terms of **Food** relief, CARE International began the distribution of 350 MT of mixed commodities on 24 January 2005. A World Food Programme vessel carried a total of 3,000 MT of food to Simeuleu and proceeded towards Meulaboh to service other locations along the west coast.

In terms of **Health**, the Government of Indonesia (GOI) has requested donors to focus their attention on rehabilitation of health facilities following the successful distribution of immediate medical needs. Revitalization of the Banda Aceh Municipality Health Office is underway. The Government has adopted an immunization policy which covers the vaccination of high risk groups for cholera, typhoid, and Tetanus. The GOI reported continued prevalence of acute respiratory infection and skin diseases, a reflection of poor sanitary conditions. The measles campaign, aiming to reach 150,000 children, had reached 52,000 children by 20 January 2005. The Government is currently seeking support from NGOs to fill the gaps in the measles campaign in western Aceh.

IOM offered technical assistance in the overall design and planning process for the rebuilding and rehabilitation of primary health care facilities in the Tsunami affected region. WHO reported that three cases of falciparum malaria have been confirmed in Krueng Raya, Greater Aceh. Since Shigella dysentery cases were identified at the Secata Internally Displaced Persons (IDP) camp, Oxfam started soap distribution and has increased the number of latrines. The Ministry of Health (MOH) and Mentor Initiative alerted all local partners to start environmental control measures.

In terms of **Logistics**, a UN assessment of the stretch of road between Medan to Meulaboh is underway. The assessment will be followed by a review of Meulaboh airstrip facility and fuel supply option. IOM has begun daily convoys of relief supplies from Jakarta to Banda Aceh. The total number of IOM trucks operating between Jakarta–Medan-Banda Aceh and Medan-Meulaboh currently stands at 291. Since the first deployment of trucks on 30 December 2004, IOM has moved and distributed some 4,579 Metric Tons (MT) of relief items from Medan in north Sumatra to Nanggroe Aceh Darussalam Province.

In terms of **Shelter**, The UN is working closely with the GOI to ensure that gaps are covered as soon as possible. Mapping of agencies' relief distribution plans is underway. Senior officials in Banda Aceh publicly announced that around 260,000 of the IDP caseloads are providing shelters for extended families. The first phase of a plan to house 100,000 in temporary relocation sites is currently underway. UNHCR, IOM and a number of NGOs have been giving support to government authorities to construct temporary accommodation, as well as to ensure that basic needs are met. UN agencies have been working continuously to map out more accurately IDP settlements on the west coast and in the city of Banda Aceh. Whilst still not conclusive at this stage, preliminary signs displays of a population in Aceh that is more fluid, with more people moving out of the camps into homes of families in various communities.

Co-operatives augur well in the gray areas hovering between the recovery and reconstruction processes.

The recovery of health, trauma, basic food, temporary shelters of survivors must be immediately followed by the rehabilitation and reconstruction of skills and talents as their most basic assets.

Co-operatives should and could play a critical role in training and reviving income-generation schemes for these people as a way of reintegrating them into the communities.

In a distorted market influenced by profiteers, co-operatives must first and foremost help in organizing basic food distribution systems in Aceh where affordable food and basic needs can be accessed by the poor survivors. This was strongly voiced by the leadership of DEKOPINWIL who are working tirelessly with co-op member organizations to set up temporary distribution mechanisms.

Zoning is a well-intentioned idea of the government as the most advanced science and technology at our disposal right now could not predict future earthquakes and tsunamis, except for locating potential sites that are perilous and risky. This idea of zoning is being sensitized to the surviving communities at this point.

Based on their own aspiration and determination, will they be given free choice to either rebuild their houses in their previous land, or to relocate to safer areas, all of which will be facilitated by the government. Well-rounded co-operative development will be dependent on the final relocation of these people into established communities, but reconstruction could already begin by training skills and intensifying good distribution systems, or promoting school and campus co-operatives in Banda Aceh and beyond.

Most importantly, co-operative reconstruction must begin with the collection of accurate, objective, detailed, consolidated, transparent and accountable **DATA**. There is a resounding need among all NGOs, Co-operative organizations and sponsoring agencies working in Aceh to collect these important data based on sectors, livelihoods, gender, physical destruction, etc.

Once reliable data are collected, co-operatives could play its role either as entry points or as institutional support structures that ensures greater sustainability. We have seen the exemplary work of organizations such as Rotary International which helped children and fishing communities with hardware components such as housing and boats in Aceh, from which point co-operatives could be called upon to support the organizational component towards their future sustainability. IOM has also worked with vulnerable women who lost their loved ones, and the introduction of savings and loan co-operatives in Meulaboh has been a great entry point championed by the Centre of Women Co-operatives of East Java.

F. CULTURAL DIMENSION OF ACEH

Aceh was also a major centre of Islamic learning, politics, and culture, blending together Acehnese-Malay, Indian, Arab, and Turkish influences into what would later become a cosmopolitan expression of Islamic normativity and culture.

Numerous waves of Islamic thought and ideas passed through its land and people who were exposed to different schools of Sufi (mystical) thought and ideas. But the people of Aceh remained unique in many respects and were proud of their own sense of identity.

Acehnese devotion to Islam makes them strong and courageous to face the unending ordeals. When outsiders said that the disaster was bound to shake people's faith in God, they obviously never visited Aceh: It would be almost

unthinkable for an Acehnese to question God's mercy or wrath, whatever the degree of their personal loss.

Expert trauma counselors and psychologists from Jakarta have quickly learned that attempts to foist forms of therapy that are not culturally acceptable to Acehnese have been extremely unsuccessful – when some well meaning counselors tried to introduce play therapy for children, involving singing and dancing, and drawing activities. The children politely told them that they would rather pray and listen to reading the al-Quran. As has often been the case, it is when outsiders listen to the Acehnese carefully, rather than imposing their own belief systems, that they have been most effective. The introduction of “Edutainment” – an educational process in which local entertainment is included was a cultural approach well received by the young.

During meetings with Co-operative leaders in Aceh, it was obvious that we also need to heed the timing carefully because we usually crossed the “Lohor” period at 2 pm – at which point all will go to the Mosque or praying room to do their Sholats (Muslim prayer).

One must also be quick to admit that during the early post-tsunami period, with so many foreign volunteers entering Aceh, the level of tolerance is amazingly high. But when we are prepared to reconstruct co-operatives in the long term, we must build on the strengths of the Acehnese, which include their sense of pride and desire of self-determination.

Co-operative leaders and members who are recovering from the wounds of the disaster have their well-defined set of priorities. Most would aspire the following: The need for cash, initially to meet their basic necessities, to improve or rebuild their houses, and to set up the minimum local infrastructure in order to start new or revive previous livelihood activities.

A second priority is to ensure that there are representative institutions in place – in the case of co-operatives it will be DEKOPINWIL – that can submit proposals to the government and sponsoring agencies and which can provide their immediate communities with most relevant information. The third priority would be to reconstitute an inclusive community-level planning process that could represent the entire village or sub-district population, including new vulnerable groups that arrived later due to their destruction by the tsunami, and which can arbitrate local disputes and confusion.

As strongly advocated by the Co-operative leaders: *“We as Acehnese will rebuild our co-operative system by our own efforts; While outside assistance is essential, it is clear that assistance will only be meaningful if outsiders play a facilitating role, listening carefully when the Acehnese tell them what they need, rather than imposing co-operative concepts on us as survivors rendered temporarily helpless due to the Act of God”.*



G. NIAS ISLAND, NORTH SUMATRA

International media attention has focused on flattened cities like Banda Aceh and Meulaboh on the northern Sumatra Island.

These reports have seen an outpouring of global compassion, and immediate assistance actually reached them. But on the west coast of Indonesia there are still people stranded despite efforts to reach them.

The effect has been equally catastrophic on communities in remote areas like Sirombu and Mandrehe on Nias Island, a pocket wherein Christianity is being practiced side by side with Islam in this North Sumatra Province. Here the tsunami killed 226 people and displaced more than 4000.

It swept away five schools, five churches, two mosques, two health centers, 111 bridges, and more than 400 homes were destroyed. The UN Food and Agricultural Organization (FAO) estimated that 800 fishing boats were destroyed on Nias Island. Most of these boats belonged to poor fishing and farming communities. In an interview in Sirombu during a field visit with LSP2-I and CCA, one fisherman said his life might as well have ended, as he has lost everything.

The scale and amount of destruction in Sirombu and Mandrehe in Nias Island is of course much less compared to Aceh. However, from a humanitarian

perspective, the suffering of people in Nias must be taken into consideration as well. These people lost family lives, shelter, livelihoods, income, and employment. People's life is disconnected from their previous stability, poor as they may be. Their mental and psychological agony is as severe as those in Aceh, even though there is a difference in their respective cultural backgrounds.

That said, the more confined and small area of destruction in Nias makes it easier to collect and analyze the co-operative data available, yet offers a significant promise for the rebuilding of agricultural co-operatives all over the Island.

Credit Unions have been one of the most successful co-op entities in Aceh, although they use the same model like credit unions in Malaysia, having only one registered Credit Union and expanding the system by way of branches all over the Island.

H. CURRENT SITUATION ANALYSIS AND ISSUES

1. Three months after the tsunami the emergency phase has officially ended, with the rehabilitation and recovery efforts now underway. The NAD government has declared that the Regional Civilian Emergency Authority of NAD will be transferred back to the Central Authority in Jakarta. Out of 380 NGOs working in Aceh, 159 remain in operation with 1556 foreigners still working in Aceh. The date set by the Central Government for official withdrawal of all foreign workers is 26 March, 2005, the same date the Blueprint of BAPPENAS is supposed to be enacted. However, confusion persists as to when exactly the deadline would be enforced, because some foreign workers from Australia have been given an extension to continue their scientology therapy in Aceh which indeed require a considerable amount of time to complete. UNHCR, with 100 international and local staff working in Aceh, have already begun scaling back their relief efforts. It is predicted that a sudden departure of international agencies will be a blow to survivors.

There are presently 159 humanitarian aid groups, big and small, working in the province. Most of the thousands of troops from more than dozen countries that entered Aceh after the disaster have now been withdrawn.

A recent announcement by the Coordinating Minister of People's Welfare mentioned that *"The government of Indonesia will extend the transition period to reconstruction past March 26, 2005, for a period of 30-60 days initially. This time may be extended if necessary"*. Only last week the Minister said that foreign aid groups not involved in reconstruction projects would be prevented from working in Aceh after March 26.

Such extension, if materialized, would help to consolidate the activities of the different groups and improve their coordination. The government needs more time to determine which organizations remain vital for ongoing operations and which are no longer necessary. This will not have a significant impact on Co-operatives because LSP2-Indonesia has, through the local government Co-operative Office, ensured long term co-operative reconstruction programming. As if to prove the point, when ICA envoy met with the local co-operative leaders, an earthquake measuring 6.1 on the Richter scale struck the city of Banda Aceh, with an epicenter about 90 kilometers off the province's western coast. Participants left the meeting room, but there was no damage and the meeting continued.

For Co-operative Reconstruction, placement of volunteers for long term technical assistance is not urgently required inasmuch as there are well-trained staff of LAPENKOP, and the students' network of LSP2-Indonesia, who can do the major data gathering which will be followed by programme implementation. Short term assignments by foreign partners, however, will be necessary to field special expertise, especially in monitoring, evaluation and auditing.

2. The Central Government decision to build refugee shelters and barracks further inland to avoid future tsunamis is being resisted by the refugees themselves. Fisher people, who were moved to barracks inland, preferred temporary shelters near coastal areas because they need to start early to catch their fish.

The barracks are located quite far and if they have to walk it will take those fisher-people hours to reach the seashores. The government has decided to provide buses for these fisher folks, but fisher people also resisted such efforts because they could not bring their large fishing tools on the bus. This has implications for plans to organize fishing co-operatives, because the issue of relocation must be carefully addressed before any organizational efforts were to be undertaken.

3. Virtually none of the poor in Aceh and Nias who are the most at risk are insured. Yet the experience of the recent tsunami points to the need of catastrophe insurance as the most effective way of enabling people to recover: to replace and repair homes, boats, taxis, tools and goods for sale. Micro insurance has been demonstrated to work for poorer people, especially learning from the lessons at SEWA (India), ALMAO (Sri Lanka) and CARD (Philippines). To add value, the Takaful (Islamic insurance) model must be introduced.

Another reference would be the successful operations of providing micro-credit to the poor that include insurance in their loans. The discussions in Aceh centered on the need to develop a LOAN GUARANTEE Institution owned by members of the co-operative federation in NAD (DEKOPINWIL).

PROGRAMME RECOMMENDATIONS AND IDEAS

A MENU OF POTENTIAL PROJECTS IN ACEH

OVERVIEW

The following programme recommendations and ideas emerged from a participatory process with co-operative leaders, as well as district co-operative offices, in Nias and Aceh. The underlying motivation for success is the fact that local and national leaders, supported by the ICA envoy, are determined to carry out the following programme ideas not just for the sake of co-operative rehabilitation and reconstruction, but also to make such CO-OP RECOVERY PROGRAMME in Aceh and Nias a development model and precursor for the success of all other provinces in Indonesia. As stated by Mr. H.M. Hanafiah: ***“Co-operative Recovery in Aceh must strive towards excellence, in order that we as tsunami victims become the new guiding light for co-op reconstruction of Indonesia”.***

During the rehabilitation phase, the economic and business development strategy should focus on the restoration of key services and rebuilding the economic infrastructure as well as the dignity and confidence of the Acehnese. As a result of the disaster, the implementation capacities at the provincial and district co-operative organizations have been seriously affected. Without making the support services functional, it will not be possible to effectively channel loan services to members in the affected areas and related co-op sectors. Functional support systems will also be needed to undertake effective assessment and inventories that will provide the basis for the reconstruction strategy.

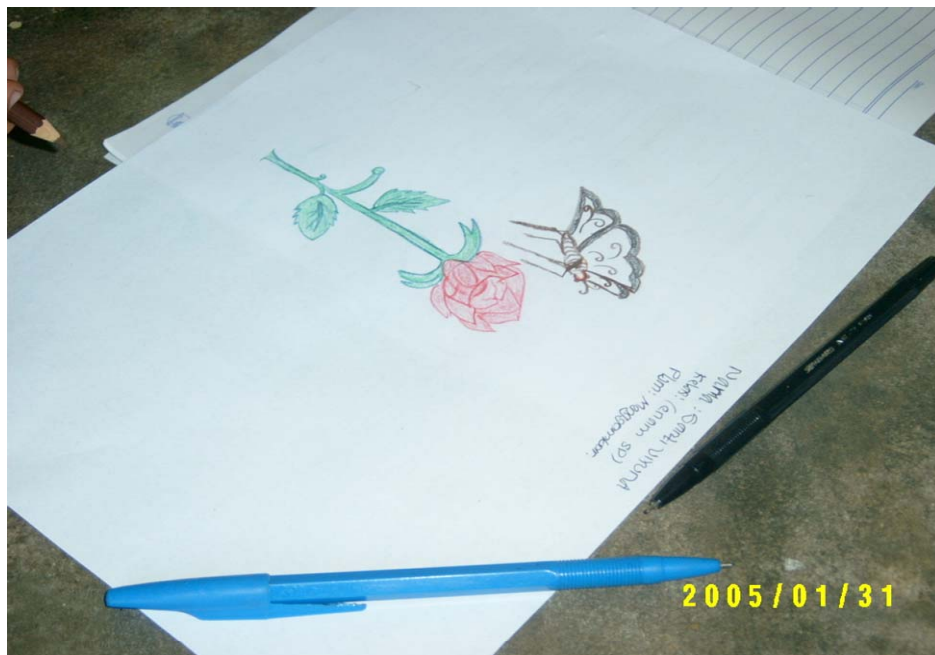
Another prerequisite for good reconstruction programme is the certainty over ownership of land and productive assets. Reports from Aceh indicate that local entrepreneurs are keen to clarify their rights over land and other legal issues, such as business permits, as an immediate priority. Co-operatives must advocate the resumption of legal rights of their members so the government will not impose charges on members seeking to reclaim their legal rights.

Co-operatives must also help their members with short-term employment opportunities to supply income and support the clean up of the reconstruction process. This work can be implemented through donor-supported programmes and food-for-work schemes that will generate household income and stimulate the delivery of essential services such as the provision of basic commodities and education/training activities.

It opens a good opportunity for co-operatives to run a membership drive in communities, so services could be provided to members and prevent jealousies if treatment were to be given to only a select group of tsunami victims in exclusion of the poor in communities which are not affected. Hence programmes should be open to all members of the community and not only to those affected by the disaster.

It goes without saying that debtors and creditors are going to be heavily affected by the tsunami. Relief policy for members who are unable to repay debts should be considered and linked to the establishment of an insurance system using the Takaful (Islamic insurance) model introduced by ICMIF.

In short, there is significant scope for co-operative reconstruction in Aceh among ICA stakeholders. In order that the interest also remain strong, resources and know-how from the financial, consumer, agricultural and fisheries co-op sectors should therefore immediately be sought and identified, and formalized while the opportunity is still wide open.



GUIDING PRINCIPLES

Taking in view the post-disaster environment, socio-cultural and political sensitivities as well as socio-economic conditions as elaborated above, PROGRAMMEMING should be based on the following **NINE important pre-requisites or Guiding Principles**:

- (1) The people of Aceh must be contributors rather than bystanders to the co-operative reconstruction programme. Participation in all stages of reconstruction, starting from needs assessment, planning, implementation and monitoring must be made a priority for people of Aceh;
- (2) Programming is premised on a long term — not a short term — intervention using the co-operative identity (definition, values and principles) as the building block, with the poor and vulnerable survivors in Aceh (as well as Nias) as key target groups;
- (3) Each and every programme element must be made to evolve into a BEST PRACTICE, that could be emulated and replicated in other districts in Aceh and Nias, but also in other provinces in Indonesia where possible; Best practice itself should evolve out of successful or unsuccessful development processes, but always become a well-documented learning process;
- (4) Lessons must be learned from other local and foreign donors and sponsors working in Aceh, and coordination must be maximized based on the BAPPENAS Blueprint once accepted and confirmed;
- (5) Co-operation among co-operatives (**sixth Co-op Principle**) must be optimized in project implementation both a local, regional, national as well as international levels – thus avoiding turf and territorial or institutional protectiveness;
- (6) Good governance, transparency, and accountability must be the main guidepost for rehabilitation and reconstruction processes;
- (7) Women and Children being the most vulnerable victims of the disaster, they must be given special attention during the planning, development, and well as implementation phases of the programme;

- (8) The tsunami disaster itself being to a certain extent accelerated or driven by people-made environmental destruction, hence programming must take environmentally-friendly practices into all phases of development (e.g. mangrove seed production co-ops, fiber glass to replace wooden boats, etc)
- (9) Programming must also contribute to peace in Aceh, and income parity with North Sumatra's IPC level of Nias. The programme in both Aceh and Nias are considered PILOT MODELS not just for their respective Provinces but hopefully also for Indonesia as a whole!



RECOMMENDATIONS:

OVERALL PROGRAMME GOAL:

*"TO MAKE CO-OPERATIVE
RECONSTRUCTION IN ACEH AND NIAS A
MODEL FOR GENUINE AND SUSTAINABLE
CO-OPERATIVE DEVELOPMENT IN
INDONESIA"*

PROGRAMME RECOMMENDATION I

Purpose: TO DEVELOP A RELIABLE POST-DISASTER MANAGEMENT INFORMATION SYSTEM

Description: The first stage of the rehabilitation and reconstruction programme should begin with the collection of accurate, objective, detailed, consolidated, transparent and accountable DATA. The DEKOPINWIL of NAD will be organizing their first General Assembly in early April 2005 to develop the framework for data collection and the setting up of a management information system (MIS).

A budget for the Assembly will be generated locally, and funding for data collection and the development of an MIS will be sought externally. This most urgent programme must be completed in one year.

Outcome/results:

1. Reliable Data Base to measure physical loss and set about recovery programme;
2. A Management Information System (MIS), able to provide much needed information to communities in a distorted marketplace;
3. A website established at the DEKOPINWIL
4. Trained personnel on data analysis, MIS;
5. First level experience on building absorptive capacity of DEKOPINWIL.

Process/Input:

1. Terms of reference for baseline survey and data collection developed jointly by DEKOPINWIL, DEKOPIN, LSP2-I, and LAPENKOP;
2. LAPENKOP (Bandung and Aceh) and PSP Bogor (LSP2-I) to develop baseline survey towards development of co-operative data base in NAD Province (6 months);
3. Training of local personnel while activity is being undertaken (on the job training);
4. Set up sufficient hardware at DEKOPINWIL office: computers, printers, and copying machine;

5. Procure landline for DEKOPINWIL Office, set up LAN connections, email connectivity;
6. Train DEKOPINWIL staff on MIS – Technical Assistance required;
7. Establish a WEBSITE at DEKOPINWIL with backward links to LAPENKOP in West Java.

Responsible Organizations: Consortium (DEKOPIN, LSP2-Indonesia, LAPENKOP, DEKOPINWIL).

PROGRAMME RECOMMENDATION II:

Purpose: TO SET UP PUBLIC DISTRIBUTION SYSTEM IN BANDA ACEH

Description: Co-operatives are empowering agents for the growth and development of people's economy. The post-tsunami environment creates a distortion in the marketplace because of the abundance of food, medicines, basic goods that are distributed enmasse and complimentary by foreign relief agencies, but did not necessarily land in the hands of the most needy survivors. Some ended in stores and being resold for higher prices than what it normally available. The tsunami swept away 536 co-operatives in 9 sub-districts and 89 villages in Banda Aceh alone. Much needed is the restoration of 33 co-operatives that are still viable to help with the distribution of food and other basic commodities through small kiosks. Problems encountered by 653 co-ops that can no longer operate after the tsunami are: a. Total destruction of their office buildings; b. Loss of office furniture; c. Demise of board members and staff; d. Co-op stores and supply of goods are all swept away by the tidal waves; e. Capital of the co-ops is currently non-existent.

There is a need to revive the 33 co-operatives and 51 SMEs.

Outcomes/Results:

1. Small Kiosks-cum-offices rebuilt on strategic sites to help with food distribution to the poor surviving members and the economically weak public at large;
2. Managers of 33 co-ops and 51 SMEs trained on business management and basic accounting;
3. Data of 145 co-operatives and 350 SMEs recovered (concurrent with Programme Recommendation I);
4. Relocation of SMEs materialized.

Process/Input:

1. To construct 20 tents and 15 kiosks in the sub-district of Kuta Alam involving the rehabilitation of 17 co-ops;
2. To construct 12 tents and 4 kiosks in the sub-district of Syiah Kuala involving the rehabilitation of 2 co-ops;

3. To construct 8 tents and 16 kiosks in the sub-district of Baiturahman involving the rehabilitation of 6 co-ops;
4. To construct 4 tents and 5 kiosks in the sub-district of Meuraxa involving the rehabilitation of 1 co-op;
5. To construct 12 tents and 1 kiosk in the sub-district of Ulee Karang;
6. To construct 4 tents and 5 kiosks in the sub-district of Jaya Baru involving the rehabilitation 1 co-op;
7. To construct 8 tents in the sub-district of Banda Raya involving the rehabilitation of 4 co-ops;
8. To construct 8 tents and 5 kiosks in the sub-district of Kutaraja;
9. To construct 6 tents in the sub-district of Lueng Bata involving the rehabilitation of 2 co-ops.

Responsible Organization: CO-OP OFFICE OF BANDA ACEH, DEKOPINWIL, DEKOPINDA.

PROGRAMME RECOMMENDATION III:

Purpose: To establish credible and productive Pilot/Model Co-operatives each in those areas affected by the tsunami (Banda Aceh, Pidie, Meulaboh, and Simeulueh) within the regional rehabilitation framework:

Description: The zoning system being introduced by the Indonesian government has met with resistance by the local people. In order for the local people to sustain their livelihoods near coastal areas where they wish to subsist, co-operative members must be empowered with tools to minimize the threat of future disasters, as well as maximize their own resources by establishing livelihood products that are sustainable. In doing so, the best approach would be to organize ONE MODEL of single sector Co-operatives in each of the tsunami-affected sites.

Outcome/Results:

1. Four model Agricultural Co-operative established for the supply of mangrove seeds for the rehabilitation of mangrove forestry in coastal areas (Banda Aceh, Meulaboh, Simeulueh, and Pidie);
2. Four People's salt-making Co-operatives organized to fill the shortage of cheap salt for local communities (same coastal areas as above);
3. Three Ocean and In-land Fishery Co-operatives reconstructed (Banda Aceh, Simeuleu, and Pulau Nasi);
4. Four model Financial Co-operatives (Credit Co-operatives) organized to fill the need for savings and loans in Aceh;
5. Four carpentry Co-operatives established for the supply of cheap building materials for reconstruction of shelters and workshops (same coastal areas as above);
6. Five model Co-operatives established among MSM (Micro-Small-Medium) entrepreneurs in order to revive or consolidate their livelihoods following the tsunami;

Process/Input:

1. Conduct survey in coastal areas throughout the NAD Province affected by the tsunami, to be done concurrent with the collection of Data;

2. Seek technical assistance from the Technical Faculty of Syiah Kuala University in Banda Aceh;
3. Emulate successful Credit Co-operative Model in Bogor-Banten;
4. Conduct skills and entrepreneurial training programme tailored to the sectors and individual skills of members;
5. Seek policy support from the DINAS Koperasi in NAD for specialized zoning to enable these co-operative members to undertake their jobs;
6. Do a test run of all models to analyze their ease of replicating in other districts;

Responsible organization: LSP2-Indonesia, DEKOPINWIL.

PROGRAMME RECOMMENDATION IV:

Purpose: TO DEVELOP A LOAN GUARANTEE SYSTEM

Description: A liquidity crisis has occurred caused by unrecoverable loans of members killed by the tsunami. Survivors who lost their homes and family member(s) are unable to pay back loans or generate enough loans for reviving their income generating activities.

A pre-requisite for the establishment or revival of co-operatives in tsunami-hit areas is the availability of credit for their working capital; however, their poor condition does not permit them to be credit-worthy and hence most loans from commercial institutions are directed to big traders or the economically well-off institutions. On the other hand, we should discourage any attempt to provide grants for the establishment of these co-operatives even though many International NGOs are keen to provide grants for fisher-folks and vulnerable survivors on an individual basis. It is therefore imperative that a LOAN GUARANTEE INSTITUTION be establish as a key Programme Idea to help build the initial capital for the above supply, marketing and production co-operatives.

Outcome/Result:

A Loan Guarantee System organized, with mixed/combined funding from both local and foreign agencies;

Process/Input:

1. To secure funding from members of KADIN (Indonesian Chamber of Commerce) and other commercial banks/corporations ;
2. To secure matching funds from overseas co-operatives;
3. To set up the Loan Guarantee System based on a Trust Fund concept;
4. To secure a special legal basis from the Central and/or Provincial Government.

Responsible Organization: DEKOPIN, DEKOPINWIL

Potential sponsors from among ICA Stakeholders:

PROGRAMME RECOMMENDATION V:

Purpose: TO CREATE EMPLOYMENT THROUGH CO-OPERATIVE RECONSTRUCTION

Description: ILO representatives visited with the DEKOPINWIL Chairman Mr. Hanafiah. The gap between job seekers and job opportunities is quite apparent in Aceh. Jobs being sought by 7,950 unemployed, 65% among them by young people below 28 years, were yet unavailable. Only 363 people could be employed up until 15 March 2005. Jobs have been scarce even before the tsunami because of the political conflicts in Aceh. Soon after the tsunami, ILO opened a Center for Emergency Services to register potential labor in Banda Aceh aimed at anticipating the need for employment as reconstruction is about to begin, and the government blueprint ready for implementation. To accelerate employment creation, ILO will help with the training of small to medium entrepreneurs. Co-operatives are perfect institutions to train and absorb young entrepreneurs. 50% of trainees must be among women, especially widows.

Outcome/Results:

1. Young people among co-op members and would-be members recruited for training on distributive systems to work in kiosks;
2. Trained personnel/members placed at various kiosks and tents to distribute food and medicines based on decent practices and non-exploitative costs of commodities;
3. Placement sought at DEKOPINWIL and DEKOPINDA for current trainees being trained by ILO, especially those engaged in computer and carpentry training;
4. Co-operatives seen as reliable employment generating institutions in Aceh;
5. Co-operative image climbs as a result of good management and governance.

Process/Input:

1. DEKOPINWIL and LAPENKOP involved in recruitment of and providing training for young people and especially displaced women with support of ILO;
2. ILO will provide Training of Trainers (TOT) for DEKOPINWIL and LAPENKOP Training Staff;
3. ILO will support training of co-operative managers from various DEKOPINDAs and co-operatives in Kecamatan (sub-district) level;
4. ILO will provide special training for shopkeepers;
5. Consolidated and analyzed Co-operative Data will be shared with ILO, and overlapping circumvented;
6. Organize special workshops on Disaster Preparedness and Disaster Response Management.

Responsible Organizations: Consortium (LAPENKOP, DEKOPIN, LSP2-Indonesia, DEKOPINWIL).

PROGRAMME RECOMMENDATION VI

Purpose: TO DEVELOP SCHOOL AND UNIVERSITY CO-OPERATIVES

Description: A meeting with the former Minister of Human Rights who is a well-know Acehnese, took place in Banda Aceh and in Jakarta. Mr. Saad has contributed "adat" land to young victims of the tsunami, with the purpose of building a dormitory for these young orphans, including the construction of multipurpose facilities such as a Mosque, a Library, a School, a school cafe, and a multi-purpose hall.

In order for the young people to earn a living to pay their tuition and boarding facilities, a co-operative will be set up to manage a business unit that will be established in the main market area of Banda Aceh (a relocated site for the central market). The co-operative will employ these young students and will operate a gasoline pump and a super market, and funding for these income generating businesses is now being sought.

Currently a host of donors from Italy, the US and other countries, have committed to pay for the physical construction of the dormitory and its other facilities. A special programme for the setting up of the "YOUTH" co-operative that will handle one or two supermarkets is being sought, including the establishment of this supermarket as a business unit of the co-operative.

The Chairman of LSP2 Indonesia is keen to promote a School and University co-operative based on the idea presented. Discussions have also evolved with a lecturer from the Syiah Kuala University to set up a Students' Dorm to relocate students from tents being built inside the campus. It was felt that a combination of both the school and university co-ops are viable and augurs well for the future of Aceh.

Expected results/outcome:

1. Dormitory and complementary facilities built by FORKA (Forum for Concern of Aceh), chaired by Mr. Hasballah Saad;
2. Feasibility Study for school and university co-operatives conducted by LSP2 Indonesia;
3. Additional resources secured to set up Supermarket and dormitory for students of Syiah Kuala and IAIN Universities;
4. Income generated by both the orphans and the students.

Process/Input:

1. To conduct a feasibility study concerning the potential of school and university co-ops by engaging students of Syiah Kuala of Aceh, and Campus Co-ops in Asia as well as school co-ops in Malaysia;
2. To coordinate and integrate programme elements being undertaken by FORKA and LSP2 Indonesia, showcasing a holistic approach in tackling the problems of Youth and Undergraduates;
3. To seek well-placed co-op donors willing to commit funding for infrastructure;
4. To seek technical support from University Co-ops in Japan and Singapore, and create linkages with existing university co-ops in other parts of Indonesia (Gajah Mada, Jember, Brawijaya etc.);
5. To distribute literature on University Co-ops published by LSP2-Indonesia;
6. To conduct workshops in Aceh on School and University Co-operatives;
7. To conduct business management training, and develop capacity for advocacy and for promoting sustainable development programmes.

PROGRAMME RECOMMENDATION VII:

Purpose: TO REBUILD COMMUNITY-BASED CO-OPERATIVES IN NIAS AFFECTED BY THE TSUNAMI

Description: During the attack of the tsunami, the city of Sirombu and the District of Mandrehe was inundated by walls of water. Both locations, long an isolated region with low economic yield but high people's productivity, were literally ruined both socially and economically after the tsunami. The minimum sectoral wage of North Sumatra province stood at Rp. 555,000 (US \$ 61) per month, whereas Nias Island was only Rp. 431.398.25 (US \$ 44), both using accurate sampling in 2004. After the tsunami, minimum wages of people in Sirombu and Mandrehe must have plummeted even further.

The economic destruction has left people in these two areas without any source of income, hence creating further mental and psychological burdens. It is therefore imperative that such anguish must be tackled by self-help activities spurred by the spirit of solidarity, both nationally and internationally. The most affected are fishing communities, although the destruction of the central marketplace in Sirombu will affect all communities beyond just fisher-folks. Co-operatives have traditionally worked in Nias with mixed results. The post-tsunami environment creates an opportunity to revive the co-operative structures in Sirombu and Mandrehe as a lead towards building a strong co-operative movement in the Island of Nias in the not too distant future.

Expected results/Outcome:

1. Survey conducted to obtain reliable and consolidated data of affected co-operatives in Sirombu and Mandrehe;
2. Model co-operatives in Sirombu and Mandrehe rehabilitated or re-established among fishing and farming communities; It will take the form of a multi-purpose co-operative;
3. Supply and marketing services established, with distribution network established in Sirombu for all 8 outlying Islands and Mandrehe;
4. Potential co-operative managers, as well as co-operative members, trained;

Process/Input:

1. Promotion and extension of fishing and farming communities will be done with full participation of these respective community members;

2. Procure funding for the rehabilitation efforts in Nias Island, and obtain investment capital to kick-start the co-op business;
3. Provide guidance throughout the promotional process, estimated to last about 3 years;
4. Establish micro-finance facility for co-op members, and link up with credit unions where possible and feasible;
5. Set up a consultative forum to steer the implementation process, composed of the government of North Sumatra (in Medan), the Co-op Movement, NGOs, and Universities.

Responsible Organization: LSP2 Indonesia and DEKOPINDA/KADIS in Nias Island.

PROGRAMME RECOMMENDATION VIII

Purpose: TO DEVELOP A CO-OPERATIVE INSURANCE SYSTEM FOR TSUNAMI VICTIMS

Description: There is an absence of insurance system for the tsunami victims. Since model co-operatives will be set up, insurance is a way to fulfill the need to alleviate financial strain and reduce vulnerability of co-op members who are victims of the tsunami. Insurance products provide not only a peace of mind but also allow families to plan for the future.

Of interest will be the Takaful (Islamic insurance) model as introduced by ICMIF, which encourages Islamic values such as brotherhood, unity, solidarity and mutual cooperation.

The meetings in Aceh led to various leaders advocating the need for Insurance (including a Loan Guarantee system as already mentioned earlier) to safeguard future losses. The risk-sharing arrangements in Takaful are acceptable because it is considered an "important social institution in the Islamic community to counter poverty and deprivation" (Omar Fisher, 1999).

It is also understood, however, that insurance is a risky business. It is vital that finances and management of the insurance business are separated from the other activities of the co-ops if one will be set up. Actuarial support and technical assistance must be sought from well-known co-operative insurance organizations such as NTUC Income, CIS, or other successful ICIMF members, and leaders/promoters must also learn from the experiences of SEWA in India or CARD in the Philippines.

OUTCOME/RESULTS:

1. Comparative studies conducted in Sri Lanka (ALMAO) and India (SEWA);
2. Partnership with large insurance co-operative (ICMIF member) established;
3. Special legal permit for Insurance operations in Aceh obtained;
4. Separation of insurance activities from other financial ones attained.

Process/Input:

1. Identify products to be offered, such as health and education insurance;
2. Develop the basic Loan Protection and Life Savings insurance, in order to gain financial stability in the future;
3. Special training on insurance provided;
4. Actuarial study conducted by reputable insurance co-operative.

Responsible Organization: Co-op Consortium.

RISK MITIGATING STRATEGY

As a precautionary measure in the post-disaster management of the above programmes & projects, the following mitigation strategy could be considered:

- (1) **Absorptive Capacity:** DEKOPINWIL, LAPENKOP and the PROVINCIAL CO-OP OFFICE (DISKOP) in Aceh have lost a number of their staff during the tsunami, and are currently eager to proceed with data collection to identify the number of deaths and missing among primary co-ops in Aceh. Hence absorptive capacity needs to be gradually developed based on project development that follows the best practice approach;
- (2) **Leadership:** Mr. H.M. Hanafiah is known to be a capable and resilient leader able to overcome the devastation of his own family and that of his co-operative constituencies, and he has good support from both Mr. Kamaruddin (head of DISKOP) and Mr. Ichsan (head of the local LAPENKOP); They should all be given empowerment to do their job well, and to develop second liners that will be able to redevelop leaders in the various district and sub-district co-operatives;
- (3) **Fund Availability:** It will be crucial to have consistent funding from the solidarity funds mobilized by ICA stakeholders; However, given the long term nature of this programme, bilateral funds should also be sought early in the process to ensure long term sustainability of the various programmes;
- (4) **Mobility and Cost:** Aceh is quite distantly located from Jakarta, hence monitoring should be entrusted to locals with the help of some reliable co-op monitors from Medan, North Sumatra; It should be noted that living costs in Aceh has risen considerably because of price hikes during the emergency period, and price of accommodation and transportation are not bound to decrease in the short term; Cost of living of expatriates are even higher, hence a good monitoring system should be set in place.
- (5) **Government Policy:** Government of Indonesia rely to a great extent information coming from the UN coordinator, multilateral & bilateral agencies, NGOs, and their own line Ministries in the field; however, should information flow be haphazard, policies will suffer.

It is therefore important from the co-op perspective to keep the participatory policy-making work effectively.

The blueprint must take into account all information coming from various co-op sectors (local and foreign) as well as from kindred organizations working with the local co-operative network and ICA (envoy) and its global network.

Other danger zones, which could not be mentioned one by one, could also be detected. For example, each organization tend to work on its own and with their own agenda and interests, hence duplication and uneven spread of information become inevitable; this will have ramifications on government policy-making processes, especially if communication is lopsided. Only few Acehnese know how to speak English, while they have massive information during the rehab period, so the message is not fully captured by the foreign media. Hence coordination and information sharing must be maximized.

CLOSING REMARKS

It is difficult to draw a clean line between the relief, recover, rehabilitation and reconstruction phases. A reconstruction strategy will need to be realistic about what can be accomplished in the short and longer term. The strategy needs to take into account the weakened administrative capabilities brought on by the disaster, while also taking advantage of the post-disaster window of opportunity to strengthen capacity for disaster risk management.

It is important to once again underline the fact that in the reconstruction phase we need to reconstitute an inclusive community-level planning process that could represent the entire village or sub-district population, including new vulnerable groups that arrived later due to their destruction by the tsunami, and which can arbitrate local disputes and confusion.

As is often the case co-operatives strive well in time of anguish or when faced with challenges, and this particular disaster in Aceh is indeed an extraordinary window of opportunity for co-ops worldwide to show their compassion and work together to aid the suffering co-operators in this special "Corridor of Mecca".

ROBBY TULUS
Special Envoy
International Co-operative Alliance

March 2005