

Aceh Faces Rising Unemployment

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The looming termination of many labor-intensive programs in Aceh, combined with the remnants of its conflicts and rebellion, is putting the tsunami-devastated province under the twin threats of social deprivation and unemployment.

Four years after the 2004 tsunami that killed 168,000 people in the province, the Rehabilitation and Reconstruction Agency (BRR) is preparing its exit from Aceh, raising fears unemployment will soar next year in the province.

The agency was established to manage all recovery programs, including a series of labor-intensive projects, to rebuild Aceh.

The Multi Donor Fund (MDF), a key group of international donors, which includes the **World Bank** and the European Commission, declared Thursday the reconstruction of areas devastated by the tsunami was nearly complete, while the BRR will leave the province in April next year.

But Aceh Governor Irwandi Yusuf said the province had to deal with the current unemployment rate of 23 percent from its population of 4 million people.

That figure is expected to soar after the BRR leaves and as the global financial crisis starts taking its toll on the province next year, he added.

"There will be an increase in unemployment and economic slowdown due to the global economic crisis," he said Thursday at a press conference.

Irwandi added that besides dealing with the fallout of the tsunami, the province was also dealing with the remnants of past conflicts and finding employment for some 20,000 former combatants from the Free Aceh Movement (GAM).

"I've just found that more than 100,000 people live in misery because of the conflicts. There is also a feeling of envy among victims of the conflicts because of how they are neglected as compared to victims of the tsunami," he said.

Irwandi said the problems were compounded by the fact half of GAM's former combatants were either unemployed or underemployed.

"They have been jobless for three years. They're still committed to the peace agreement, but we need to work fast to find them jobs or at least give them an opportunity," he said.

To create new jobs, he went on, his administration would allocate Rp 9 trillion for 15,000 hectares of plantations -- including rubber, cocoa and palm oil -- and invest in education infrastructure, roads and other labor-intensive projects.

In its progress report, the MDF, a partner of the BRR, said it had paid out US\$334 million of \$692 million pledged since May 2005 to help tsunami-hit Aceh and Nias Island.

The MDF's funds, which make up less than 10 percent of the \$7.2 billion in aid pledged after the disaster, have been spent on building and repairing more than 13,000 homes, 2,500 kilometers of roads and 1,000 bridges, it said.

Donors have pledged to extend the MDF's operating period by two years to 2012 to ensure hundreds of millions of dollars in remaining funds are paid out, rejecting suggestions of a sudden withdrawal from Aceh.

"Our investment in institutions does not stop at the BRR and provincial governments, but also reaches as far as the grassroots level," said Joachim van Amsberg, MDF co-chairman and **World Bank** country director.

MDF manager Shamina insisted the group would ensure the sustainability of economic development in Aceh.

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