

Aceh to Face Poverty

Kompas, p. 12

December 19, 2008

Local government is now preparing to face various issues following the completion of BRR Aceh and Nias. BRR Aceh-Nias will officially cease its operation in April 2009. The situation was revealed in a press conference on Multi Donor Fund for Aceh and Nias (MDF) report. The event was also attended by Aceh Governor, Irwandy Yusuf and BRR Chair Kuntoro Mangkusubroto. Following the completion, BRR tasks will be transferred to Bappenas and Provincial Government of Nanggroe Aceh Darussalam (NAD).

NAD Governor, Irwandy, said that poverty rate in Aceh by end of 2008 is 23 percent. The rate is lower compared to previous years. As a matter of fact, poverty rate went up from 30.4 percent in 2001 to 64.7 in 2005 before the tsunami. "Due to global crisis, investors previously willing to invest in Aceh changed their mind. In addition, about 70 percent of Acehnese are farmers. However, almost one million hectares of land is unusable," he said. Incomplete infrastructure development also affects economic growth and public livelihood.

Unemployment following completion of BRR is not a concern for Irwandy, however. "Even if there is concern, it's not that much. Most of BRR staff are not from Aceh," he said. Local government has prepared Rp9 trillion from its budget to accelerate economic growth. Some of the fund will be used for infrastructure construction, education, and agriculture and fishery development. Direct assistance will also be provided based on business proposal. In addition, local government will also use 15,000 hectares of unproductive land for CPOs and cocoas.

MDF Manager, Shamima Khan, said that following four years of work, it is important for donors to know that the transition of BRR is running well. BRR completion also affects MDF operation in various level as 28 percent of its fund is allocated to BRR for program implementation. Local government should also have the capacity to maintain sustainability of existing projects. MDF will extend its assignment to 2012 as many projects are incomplete. Multi Donor Fund received commitment of USD692 million from 15 donors, in which USD472 million has been disbursed.

The USD515 million is allocated to 18 projects, including sustainable environment management, community rehabilitation, government institution capacity building, public economic development, and infrastructure and transportation construction. Last year, Steering Committee provided additional commitment of USD99 million for five additional proposals, and USD14 million for additional fund. Multi Donor Fund also has allocated some of its fund for post-disaster rehabilitation in Nias.

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Document Title: Aceh to Face Poverty

Document Source: Kompas (Indonesia)