

# Conflict in Indonesia

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Office of Conflict Management and Mitigation  
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USAID/Indonesia Democracy and Governance Team

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Prepared by:

Gary Hansen, DCHA/CMM  
Sharon Morris, DCHA/CMM  
Leslie Johnston, PPC  
Michael L. Bäk, USAID/Indonesia  
Gerry van Klinken, MSI  
Suraya Afiff, MSI

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## INTRODUCTION

This report summarizes the findings of a conflict assessment conducted in Indonesia between February and March 2002. The purpose of the assessment was to map out the central causes of conflict in Indonesia, examine the fit between existing USAID programs and causes of conflict, make recommendations about modifications to the current portfolio, and suggest new areas of intervention.

The assessment is part of a broader USAID effort to better understand the causes of conflict and to explore the role that development assistance can play in minimizing the risk of widespread violence. It uses an analytic framework being developed by the Office of Conflict Management and Mitigation (CMM) that is intended to help Missions identify, prioritize, and address the most important causes of conflict that exist in their own countries. While every conflict is unique, there are global patterns to widespread violence and these patterns hold in places as varied as the Balkans, Rwanda, and Indonesia. This report is an attempt to trace these patterns in the Indonesian context and represents one of the first major tests of the Agency's new approach.

While analysis is important, the ultimate goal is to move beyond analysis to a discussion about points of leverage or places where development assistance can break into the chain of events that leads to violence. In areas from democracy and governance to natural resource management, USAID/Indonesia already has programs in place that either explicitly or implicitly address many of the most important causes of conflict. Given the number of programs that already exist, developing a more focused conflict program is *not* about crafting a whole new set of initiatives. However, some new areas of intervention should be seriously considered, other areas need to be sustained and expanded, and all sectors need to develop a much more explicit recognition of how their programs interact with underlying conflict dynamics in high-risk areas.

The assessment began with a workshop in San Diego, California, that brought together experts on Indonesian politics, economics, and history (Appendix B). The participants reviewed a draft study of conflict in Indonesia and discussed factors contributing to recent violence. The following report draws on that discussion and on interviews the team conducted with Indonesian NGOs, academics, local and national government officials, civil society organizations, media, and others. Based on discussions with Mission and Embassy staff, the team focused on four regions: Papua, North Sulawesi, Riau, and East Java. All were considered to be regions where the potential for conflict was relatively high, but where widespread violence had not yet erupted. Three of the four regions – Papua, North Sulawesi, and East Java – are also USAID focus areas.<sup>1</sup>

One of the central findings of the report is that USAID/Indonesia and its partner organizations have already been extremely creative in searching for ways to bring development and humanitarian assistance to bear on many of the most important causes and consequences of conflict in Indonesia. Through assistance to internally displaced persons, programs that address illegal logging and other forms of environmental degradation, efforts to strengthen civilian control over the military, support for civil society groups working on peacebuilding issues, and other efforts the Mission has made an important contribution to conflict management and mitigation in Indonesia. However, several modifications and additions to the existing portfolio could help the

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<sup>1</sup> USAID/Indonesia's other focus areas include Aceh, West Java, and East Kalimantan.

Mission fill a number of important gaps and be more strategic in terms of focusing scarce conflict resources. Before turning to more detailed discussion of the causes of conflict, several overarching themes and recommendations emerged from the assessment are presented here.

First, it is important to recognize that many of the factors fueling violence in Indonesia are so deep and so intractable, that it is unrealistic to expect USAID or any donor to be able to exert significant leverage. For example, the ripple effects flowing from the 1997-1998 financial crisis – population flows from urban to rural areas, a scramble for wealth in the regions, an increase in levels of corruption – all fed into the violence that has swept over Indonesia in the recent past. Understanding how the financial crisis triggered violence is important, and doing as much as possible to help Indonesians guard against another crisis is critical, but realistically the most the Mission can do is work at the margins of these very difficult issues.

Second, given the size and complexity of Indonesia, understanding the dynamics that drive violence and developing effective program responses is a long-term proposition that requires close collaboration with Indonesians working on these issues. *It is therefore critical to develop the capacity of Indonesian social scientists working in universities, think tanks, research institutes, and non-governmental organizations to conduct research on conflict and to link rigorous analysis to policy formulation.* It is also important to focus on those groups that have the capacity to sustain research over the long-term and that have credibility with a wide range of actors in Indonesia, including local and national government officials, political parties, and the military. Unless Indonesians take the lead in understanding the forces that are fueling conflict, and unless they themselves attempt to build a consensus about possible solutions, the risk of renewed violence will remain high. Related to this last point, strengthening the capacity of centers in the outer islands to conduct region-specific research is important.

Third, one of the most important components of a research agenda would be to *develop an effective early warning system or watch list for Indonesia's many regions*, a task generally best suited to universities or think tanks who can handle the heavy data collection and analysis requirements that these models often entail. These types of predictive models are far from perfect, and they do not provide the type of fine-grained analysis that is necessary for developing specific program interventions, but they do provide a useful first cut at assessing level of risk. Not only can this type of watch list help focus scarce conflict resources on potential crisis areas, but it could also be a useful tool for determining whether levels of risk decline following program interventions.

Fourth, given that the risk of conflict in Indonesia remains high, the Mission should *consider creating a position specifically dedicated to conflict or making the current ad hoc conflict team more formal with an individual specifically charged for coordination of activities in different sectors* so that there are people in the Mission who can focus full time on tracking research and designing and evaluating programs. Working in collaboration with Indonesian scholars and practitioners, this individual or team could conduct more detailed, region-specific analysis that is necessary for designing USAID interventions. It could also work closely with other sectors in the Mission to understand how their programs intersect with underlying conflict dynamics. No single USAID sector is more relevant to conflict management and mitigation than any other, and understanding the inter-relationships between sectors and the contribution of each is critical to the Agency's success in this area. Because of this, the expert or team should

have expertise not only in conflict, but also in those areas that are most closely linked to conflict in Indonesia, particularly economics, natural resource management, and local governance.

Fifth, there is a tendency among all donors, and USAID is no exception, to focus on working with like-minded groups, particularly civil society groups, when developing conflict management and mitigation activities. While this is an extraordinarily important component of any conflict strategy, these groups have been asked to carry far too heavy a burden in resolving a problem that they ultimately did not cause. *Equal if not greater attention needs to be given to those individuals and organizations who are not committed in principle to the peaceful resolution of disputes or who may have an incentive to either mobilize or participate in violence.* This includes groups such as ethnic associations, local government officials, youth leaders, political elites, individuals who may have an economic stake in violence, and members of the security sector and business community. Unless ways are found to engage or contain those groups with incentives to foment violence, it will be extremely difficult to significantly reduce the risk of conflict.

The remainder of this report turns to a more detailed analysis of the causes of conflict in Indonesia. It is divided into three broad sections. The first briefly lays out the conceptual framework that is being used, discusses the most important categories of causes, and shows how some of these causes interact. The second uses the framework to examine some of the key factors that are shaping current and potential conflict in Indonesia. The third proposes recommendations based on the preceding analysis.

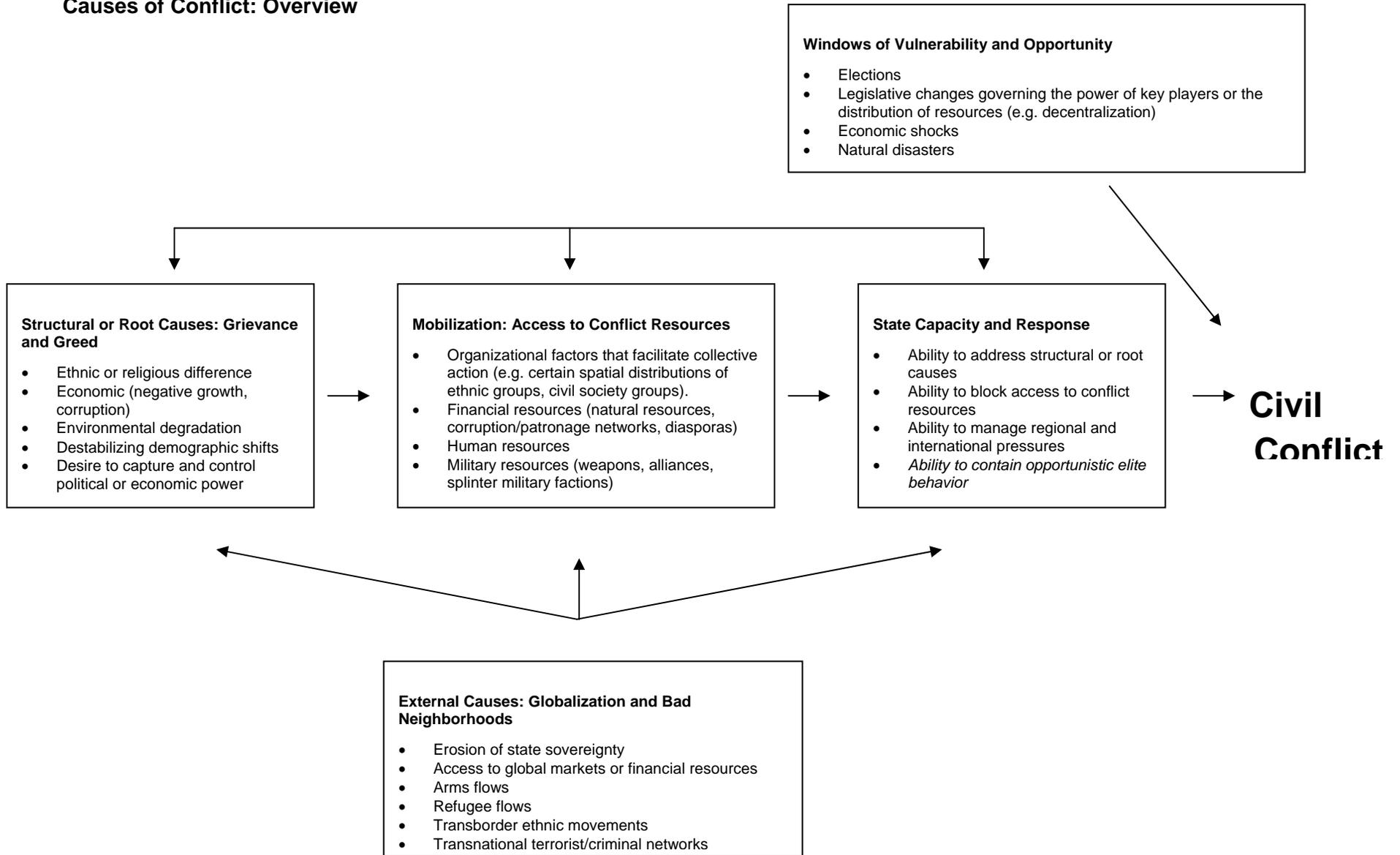
## OVERVIEW AND CURRENT CONTEXT

While the dramatic upsurge in conflict that followed the dissolution of the New Order has receded, the potential for simmering conflicts to drag on and for new conflict to ignite remains high. To understand conflict in Indonesia, it is not enough to point to the country's transition away from authoritarian rule in the context of a financial crisis. These are clearly destabilizing factors, however conflict does not emerge every where these two conditions hold. In order to understand current violence, it is important to take into account past patterns of ethnic and religious interaction, demographic trends, economic practices particularly as these relate to the exploitation of natural resources, the role of the security sector, and other key institutional legacies of the New Order.

In very broad terms, there are two types of conflict in Indonesia: communal conflict, where the central dynamic is competition between regional elites over access to political and economic power; and secessionist or nationalist conflict, where the population of a particular territory rejects state authority and control. In the first category are West and Central Kalimantan, Central Sulawesi, and North and South Maluku. Aceh and Papua fall in the second category. But even across this communal/secessionist divide, there are remarkable similarities in terms of underlying causes.

While there are as many causes of conflict as there are types of conflict, there is an emerging consensus in new research on internal conflict that certain broad *categories* of causes need to be in place for conflict to emerge. The schematic on the following page lays out four overlapping categories or layers of causation. These are: 1) root causes; 2) causes that facilitate the mobilization and expansion of violence; and 3) causes found at the level of institutional capacity and response. Finally, if all of these categories are in

## Causes of Conflict: Overview



place there will be 4) windows of vulnerability, moments when particular events – elections, major policy shifts, riots, or economic shocks – can trigger the outbreak of full-scale violence.<sup>2</sup>

Root causes form the raw material of conflict, they shape *motives* or *incentives* for participation in violence. These causes operate at a very deep level, are highly resistant to change, and, although widespread in the developing world, are usually latent. In Indonesia, the root causes behind both communal and secessionist conflict begin with ethnic, religious, or cultural differences. These tend to be stronger in secessionist regions and weaker in areas where communal violence has broken out, but in neither case are these differences primordial or insurmountable. Rather, these differences have been exacerbated and deepened through demographic shifts, political competition and exclusion, the overexploitation of natural resources, and patterns of economic development that have disproportionately favored groups with close ties to Jakarta.

These causes feed into the grievance portion of the conflict equation. Without a widespread sense of anger it is difficult to move large numbers of people to violence. But obviously, violence does not emerge every where people are angry. Another very powerful incentive for violence in Indonesia is ‘greed’ for lack of a better term. Recent research clearly shows that conflict is not an unmitigated disaster for everyone in a society. Some groups and individuals, loosely termed ‘conflict entrepreneurs’, stand to gain a great deal of power and wealth from instability and violence. In fact, many of the activities these groups engage in – narco-trafficking, the capture of valuable natural commodities, looting and banditry on a smaller scale, or the provision of security in an insecure environment – require instability in order to be profitable. In order to move toward enduring solutions for the problem of mass violence, it is important to understand that for conflict entrepreneurs, violence represents not a problem but a solution, a political and financial step up rather than a step down. These are a particularly pernicious and difficult set of incentives to address, and they require a very different set of solutions than conflict driven by grievance.

These incentives have played a powerful role in Indonesia’s recent violence, and still have the potential to be seriously destabilizing. These greed-based incentives include competition over the spoils of office, as patronage networks disrupted by the collapse of New Order begin to realign. The financial and political crisis set off a scramble among national and regional elites to control political power and the financial benefits flowing from decentralization and the increasing profitability of certain businesses in the regions. While data are less clear on this front, levels of corruption also appear to have increased in an uncertain economic climate. Finally, the military and a network of extremist ethnic and religious militias have used violence to protect entrenched interests and to benefit politically and economically.

These two sets of incentives – greed and grievance – have interacted in complex ways as elites have tapped into deep-seated frustrations in order to pursue their own economic and political agendas. However, and this is very important to stress, incentives

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<sup>2</sup> . Regional and international pressures are also part of the puzzle, however the team was unable to fully consider these factors, nor, given the size and complexity of Indonesia and the importance of internal dynamics, do they appear to play a decisive role in internal political conflict. Where they appear relevant, they have been mentioned in the body of the report, but they are not treated as a separate category.

for violence are not enough. While root causes can generate an enormous amount of suffering or ambition, they cannot tell the full story about conflict. As long as those who are motivated by either grievance or greed do not organize and mobilize along pertinent lines of division, incentives for conflict found at this level are likely to remain localized or dormant. To move to violence, groups and individuals must be able to organize and acquire the resources they need to sustain violence, and the institutional constraints governing this type of behavior must be weak.

The second major category therefore looks at whether or not groups with an incentive for violence have the *means* at their disposal to organize and execute violence on a wide scale. Do they have the organizational capacity necessary to sustain violence? Do they have access to money and weapons, and on what scale? Do they have international backers? Are there pools of recruits they can draw on? The relative ease with which elites have been able to mobilize violence is closely tied to the organizational, financial, and human resources that are widely available throughout Indonesia. In many of the areas where conflict has broken out, patronage networks, traditional authority relationships, and personal connections are often the only route to economic opportunity, and elites have turned to these networks, which are often ethnically or religiously based, in order to mobilize large numbers of young, unemployed men. Violence has then tended to spread beyond the control of any one group or individual as 'conflict entrepreneurs' enter the scene. These have been criminal gangs from Jakarta or other urban centers, religious militias, and corrupt members of the security forces, many of whom are pursuing lucrative economic activities that flow from violence, including protection rackets and arms smuggling.

But, as with incentives for violence, even if a nation has the resources and structures in place that would facilitate the type of collective action necessary to sustain violent conflict, the number of places where these conditions are met far outstrip the number of places where conflict actually occurs. The third major causal layer looks at whether or not the *opportunity* exists in a given society for conflict to find expression. Political, social, and economic institutions are essentially the filter through which all other causes must pass. Government institutions can either work to address grievances and be responsive to the needs of their citizens, or they can fuel discontent through repression, poor governance, corruption, and inefficiency. Institutions can block access to conflict resources by crafting policies that limit the flow of arms or find economic alternatives for potential recruits, they can fail to do so, or they can actively contribute to conflict by providing these resources to different factions. Perhaps most important, institutions can either constrain the behavior of opportunistic elites who see violence as an effective strategy for gaining power and wealth, or they can create the conditions that foster their emergence, appeal, and room for maneuver.

In Indonesia, this is at the heart of recent violence. Violence has escalated in certain regions because state and social institutions are either ill-equipped to deal with new pressures and tensions, or are actively feeding into causes at other levels. The military and police either don't respond to low level violence, respond in a biased way, or respond with disproportionate force. Political parties do not constrain or discipline the activity of their members in the regions. Often there is no effective or balanced local media in the regions to counteract the rumor mills that inevitably start to churn during violence. Finally, a more inclusive and tolerant civil society that crosses lines of division is still extremely weak, and cannot effectively counter-balance more exclusive forms of ethnic and religious association that are contributing to conflict.

Institutional capacity and response are a critical category. While other risk factors may be in place, whether or not violence emerges is largely a function of how well leaders and institutions deal with these risk factors. Ethnicity needn't become polarized, but it will be if ethnic criteria are used as a basis for political or economic competition.

Environmental degradation or competition over land doesn't need to lead to poverty or destabilizing population transfers, but it probably will unless institutions can provide economic alternatives that do not rely on the exploitation of scarce resources or can address the immediate negative consequences of environmental scarcity. Similarly, existing state structures can either be flexible enough to incorporate emerging elites, or through inflexibility or inattention can create the conditions where these elites are tempted to turn to violence.

Finally, if all of these causes are in place, there will be windows of vulnerability – certain events, such as elections or natural disasters – where all of the forces that can lead to conflict crystallize and become concentrated in a relatively brief period of time. It is at these moments when simmering or latent conflict tends to erupt and take on explicit form. Because of the prevalence of underlying causes in certain regions it is important that the Mission stay focused on potential windows of vulnerability. Elections are the most obvious example, but any type of policy change that threatens to alter established patterns of political or economic control could tempt elites to mobilize violence if it looks like they may lose power. Decentralization is one such possibility since it promises to devolve significant political and economic authority to lower levels and also opens up room for competition over access to that power. Similarly, legislative changes that govern the power of key players, such as anti-corruption programs that threaten to strip incumbent elites of their main source of income, can be highly destabilizing. The team did not undertake an exhaustive review of possible windows of vulnerability, however in Indonesia some of the more obvious events to watch are elections, the selection of leaders through non-competitive means in areas that are ethnically or religiously split, and the progress of fiscal and political decentralization in high risk regions, for example, special autonomy in Papua.

Conflict becomes more likely when causes operate at all of the levels discussed above. Clearly, the simple existence of poverty isn't enough, nor are ethnic divisions, nor is environmental degradation. These divisions are likely to remain dormant unless they are activated by political elites, and this is only likely to happen when institutional constraints on their behavior are weak. Similarly, without a serious base of grievance to tap into, and without human, material, and military resources to draw on, ambitious elites won't be able to mobilize and sustain a mass following.

Before turning to a more detailed examination of the Indonesian context, it is important to stress that there is a great deal of feedback between these categories and a certain amount of blurring across the boundaries. An economic shock or crisis, for example, may fuel a sense of grievance in urban areas, lead to a scramble for economic wealth in rural areas, create pools of young, unemployed men who are easily mobilized, and erode the capacity and effectiveness of state institutions. Similarly, corrupt or ineffective state development policies may feed poverty, increase tensions between religious communities, contribute to environmental degradation, and create a new cohort of elites who siphon off many of the benefits through corruption and fight over political power in their attempts to do so.

## Ethnic and Religious Difference

In Indonesia, recent violence has unfolded largely along ethnic and religious lines. In West and Central Kalimantan, Central Sulawesi, and the Maluku, thousands have been killed and tens of thousands displaced in the name of defending ethnic or religious identity. The media have been quick to pick up on this dimension of violence. However conflict in Indonesia is far more complex than a simple story of ethnic or religious rage unleashed by Suharto's fall, and the rhetoric offered by combatants is often a cover for much more worldly ambitions.

This is not to suggest that ethnic and religious divisions do not matter. They do. Under the forced tolerance of Pancasila, legitimate ethnic and religious differences were allowed to fester. And, as discussed below, differences between communities have been deepened through demographic shifts, political and economic competition, pressure on natural resources, and the destruction of traditional mechanisms for resolving disputes.

However, in some regions these differences have been politicized and militarized and in other places they have not. One reason for the variation, clearly, is the depth of difference and grievance. Indonesia's two longest standing disputes in Aceh and Papua are driven not only by a strong sense of separate history, culture, and identity, but also by far higher levels of government repression and abuse.

Intra-elite competition at the center is also part of the explanation. The mobilization of identity for political gain is certainly nothing new in Indonesia. For example, in the last years of the New Order Suharto tilted toward a more conservative brand of Islam in order to counter the growing power of moderate, anti-authoritarian Muslims.<sup>3</sup> In doing so, he turned to the classic authoritarian tactic of playing different factions against each other and helped to create the fault lines that would later rip Indonesia apart. In particular, he and other hard liners mobilized anti-democratic paramilitary groups. Many were secular, however several militant Islamic groups now active in Indonesia trace their roots to this period. All of these groups have been deeply implicated in waves of anti-Chinese and anti-Christian violence, 'anti-vice' campaigns, and communal conflict.

The escalation of violence following Suharto's resignation can also be explained by elite competition at the national level, particularly between ex-President Wahid and the military. The ability of extremist militias to move freely in Indonesia – with the Laskar Jihad's open involvement in Maluku being the prime example – points to military acquiescence at best and collusion at worst. More recently, some suggest that Laskar Jihad's presence in Papua and its forays into Aceh were initiated by the Indonesian military (TNI); in Aceh to re-cast the conflict as inspired by religious extremism or terrorism and in Papua to foment unrest in order to justify a continued presence.

While there is evidence to support this view, and it certainly holds great currency among many Indonesians, it is important not to overstate the ability of 'outsiders' to stir up trouble in the absence of local causes. Most recent violence in Indonesia finds its roots squarely in local competition and tension. These tensions can be exploited by outside parties and violence often escalates as a result. However, a number of recent analyses

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<sup>3</sup> . Hefner, Robert. *Civil Islam: Muslims and Democratization in Indonesia*. (Princeton and Oxford: Princeton University Press, 2000); International Crisis Group, "Indonesia: Violence and Radical Muslims," ICG Indonesia Briefing, 10 October 2001.

raise serious questions about the ability of outside actors to *create* these conflicts, particularly those in Kalimantan, Sulawesi, and the Maluku. More often than not, references by officials to 'unknown third parties' (OTK, *orang tidak kenal*) is a way to sidestep local problems and responsibilities, not an accurate depiction of events.

In Central Kalimantan, for example, the central causes of anti-Madurese violence can be traced to competition among Dayak elites. Dayak militancy emphasizing indigenous rights has been a feature of the region since 1919, when the first ethnic Dayak association was set up by a small urban elite. Various reincarnations of this association have struggled for a Dayak province and (since 1993) for a Dayak governor. In 2001 the association mobilized poor Dayak loggers and miners into a movement to expel Madurese settlers. This ethnic cleansing campaign has been effective in uniting ethnic Dayaks sentiment, which is in fact rather fractious, behind an increasingly prominent Dayak elite who want to rewrite the rules of the political game, at least locally.

Similarly, the violence in Central Sulawesi between coastal Muslims and the Christian interior is better explained by increasing political and economic competition than by religious tension. By the mid-1990s transmigration and voluntary economic migration to the region had shifted the demographic balance away from Christians toward Muslims, threatening the Christian community's traditional political predominance. Muslims had also benefited more from New Order economic policies than indigenous Christians, so that economic disadvantage now threatened to overlap with political exclusion. Simmering tensions over access to land provided the raw material for violence that emerged around the selection of local government officials. Since opportunities for economic advancement depended upon ties to the local bureaucracy, it became clear political power was the route to economic power.

Several detailed accounts of the violence show that the figures most centrally involved in casting relatively low level, random clashes between young people in religious terms were thwarted political aspirants, one Christian, one Muslim, both of whom had just lost their bids for mayor and deputy mayor, respectively.<sup>4</sup> These elites then turned to patronage and religious networks in order to mobilize large numbers of young men who had few economic options apart from these networks. In Central Sulawesi, for example, Christians mobilized not just along religious lines, but along a particular branch of local Protestantism, the Central Sulawesi Protestant Church (Gereja Kristen Sulawesi Tengah, or GKST). In the third and most deadly phase of the conflict, truckloads of armed Pamona Protestants from the GKST stronghold of Tentena were brought in to reinforce threatened GKST Protestants in Poso. It is only at this late stage that 'conflict entrepreneurs' or outsiders from other islands – members of militant Christian and Muslim organizations – joined in the fighting.

What these examples suggest is that *intra*-elite competition at either the local or national level can lead to extremist rhetoric and ethnic or religious outbidding as easily as *inter*-elite competition. Recent violence also highlights the central role that ethnic and religious associations have played in the mobilization and expansion of violence. In places where state institutions are weak, these associations provide important services to their constituents. Given the role that these groups have played in past violence, finding a

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<sup>4</sup> Aragon, Lorraine V. "Communal Violence in Poso, Central Sulawesi: Where People Eat Fish and Fish Eat People," *Indonesia* 72 (October 2001); Rhode, David. "Indonesia Unraveling?" *Foreign Affairs*, Vol. 80 No. 4 (July/August 2001) 110-124.

way to track their activities and engage them in peacebuilding efforts is absolutely vital, particularly in high-risk areas such as Riau, Papua, and North Sulawesi.

For example, discussions with members of the non-Papuan community revealed that tightly knit 'family associations' provide access to loans, fund weddings, funerals, and other social activities, and provide the personal connections needed to open a business or enter the civil service. Critically, several of the largest non-Papuan ethnic associations have been meeting to discuss Special Autonomy and the implications that it will have for their communities. While many non-Papuans expressed the hope that Special Autonomy would unfold peacefully, they also raised serious concerns about the possibility that it might jeopardize their business and political interests. These groups are becoming more aggressive in defense of their rights in Papua, and a number of reports (and interviews) indicate they are arming and aligning themselves with the security forces<sup>5</sup>.

Across Indonesia more generally, many people have turned to more traditional forms of association – ethnic, religious, family – to provide a measure of security in an uncertain political and economic climate.<sup>6</sup> Unfortunately, this has tended to reinforce an exclusive ethnic and religious discourse. Increasingly demands for economic and political change have been defined in these terms and in recent years the government has acquiesced to petitions to create new provinces and kabupatens organized along ethnic and religious lines, including Banten (largely Sundanese separated from West Java in October 2000), Gorontalo (Gorontalan Muslim separated from North Sulawesi in December 2000), and Bangka-Belitung (separated from South Sumatra in November 2000).

The most troubling feature about these developments is that once identity is activated through extremist rhetoric or violence, it takes on a resonance and reality that it may not have had before. Local elites from Flores to Gorontalo, from Minahasa to Banten, and from Papua to Riau are building an exclusive discourse of ethnicity that is unprecedented in Indonesia.<sup>7</sup> The failure of either the government or important social groups to condemn the explicitly religious and ethnic coloration of recent demands and recent violence makes backing away from these divisions increasingly difficult.

## Demographic Trends

The salience of ethnic and religious divisions in Indonesia, and the associated risk of conflict, cannot be understood separate from several critical demographic shifts; some quite recent, some building for several decades. These include: 1) the migration of distinct groups into regions settled by groups with a strong sense of identity, or differential growth rates that threaten to shift the balance between groups; 2) refugee and IDP flows within and between regions; 3) the presence of a disproportionately large

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<sup>5</sup> Van den Broek, Theo. "Recent Developments in Papua: Irian Jaya Post-Suharto Perspectives for Reconciliation," SERI Socio-Political Notes No. 1, Jayapura, July 1999

<sup>6</sup> The return to more immediate and local forms of legitimacy is well documented in cases of state erosion or collapse. Membership in a tightly knit group provides important benefits – access to economic resources, protection in an insecure environment, a social support network – and this is where many people turn when the state is no longer able or willing to provide these benefits. See for example, Zartman, William. *Collapsed states : the disintegration and restoration of legitimate authority*, Boulder: L. Rienner Publishers, 1995.

<sup>7</sup> Van Klinken, Gerry. "Indonesia's New Ethnic Elites," in Henk Schulte Nordholt and Irwan Abdullah (eds.), proceedings of a Dutch-Indonesian research conference held in Yogyakarta, August 2001.

youth cohort; and 4) an expanding agrarian population where access to land is contested or disproportionately concentrated in the hands of privileged groups.<sup>8</sup>

### Transmigration and Voluntary Economic Migration

According to 2000 statistics, 59 percent of Indonesia's 200 million people live on Java and Bali, with much lower concentrations on outer islands. For example, only 2 percent of the population lives in Maluku and Papua although the islands account for one-fourth of the country's total area. As a response to population pressure, Presidential Decree No. 2 of 1973 designated 10 outer island provinces as new transmigration sites.

Over the thirty years of its existence, the transmigration program has resettled as many as 7 million people. The chart on the following page lists the number of families resettled by region. While absolute numbers provide information about the level of strain placed on a region's absorptive capacity, a more useful measure (for which the team was unable to find data) would capture the extent to which new migrants threaten to decisively shift political and economic power away from local communities, and whether that shift overlaps with other forms of difference such as ethnicity or religion.

One of the most destabilizing demographic shifts is when migration or differential growth rates threaten to tip the numerical balance between groups. This has clearly been a factor in recent conflict in Indonesia. In several regions, influxes of Muslim migrants combined with higher overall growth rates have shifted the demographic balance away from largely Christian indigenous populations.<sup>9</sup> For example, while the absolute number of transmigrants relocating to Central Sulawesi was lower than South Sumatra, the proportion relative to the local population was far higher and the shift occurred along religious and ethnic lines. Combined with Jakarta's tilt toward Islam at the end of the New Order, this threatened to erode the traditional political predominance of indigenous Christian communities in Central Sulawesi, as well as Maluku, parts of North Maluku, and Kalimantan. In many of these regions, not only has the political balance shifted, but influxes of migrants have disrupted long-standing patterns of land-tenure and economic activity, as will be discussed in more detail below.

The arrival of immigrants from other islands, both Muslim and non-Muslim, has also disrupted traditional social mechanisms for regulating interactions between communities. This shift away from local dispute resolution was compounded by the introduction of a number of government policies including the 1974 Regional Government Law and the 1979 Village Government Law. These two policies removed power from customary councils of elders and placed it instead in the hands of the national civil service bureaucracy, increasing the level of political control exercised by outsiders.<sup>10</sup> As a result, indigenous non-Javanese methods of social organization which served to mitigate conflicting demands among groups and/or individuals were effectively eliminated.

Finally, the arrival of economic migrants, usually to port cities or other industrial centers, has often brought with it an array of social ills – prostitution, gambling, HIV/AIDS – that

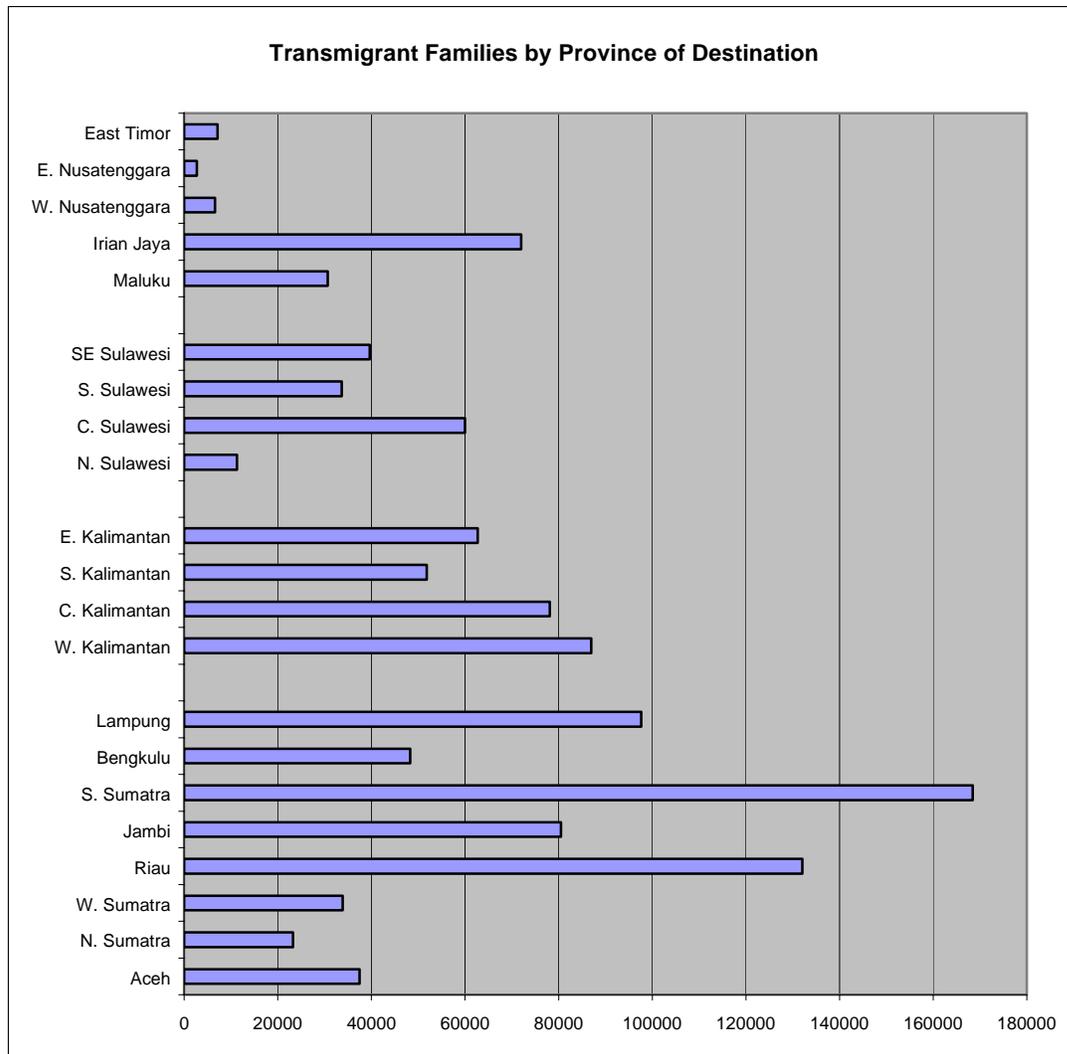
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<sup>8</sup> . This trend will be discussed in more detail in the economics section and in the environment portions of the Riau and Papua case studies

<sup>9</sup> Van Klinken, Gerry, "What caused the Ambon violence?" *Inside Indonesia*, No. 60 (October-December 1999).

<sup>10</sup> Aragon 2001: 11

are seen as a serious threat to local communities and as a corrupting influence on young people. In discussions with members of the PDP in Papua, this was raised many times as a matter of grave concern.



Source: Riwanto Tirtosudarmo, "Demography and Security: Transmigration Policy in Indonesia," in Myron Weiner and Sharon Stanton Russell eds. *Demography and National Security*. (New York and Oxford: Berghahn Books, 2001)

Transmigration in and of itself is not a bad policy, and the Jakarta government clearly needed to deal with the problem of overpopulation on Bali and Java. Nor is it either feasible or desirable to put strict limitations on voluntary economic migration. However, the destabilizing impact of both of these demographic shifts need to be better understood and safeguards put into place where possible. Without implementing programs to encourage pluralism and reduce ethnically or religiously based political and economic competition, migration in Indonesia has tended to reinforce a sense of "otherism" that has fueled political, social, and economic grievances.

## Internally Displaced Populations

Currently, more than 1.3 million Indonesians are internally displaced. Military operations in Aceh and the potential for renewed violence in places such as Maluku threaten to displace tens of thousands more. Internally displaced persons (IDPs) come from many socio-economic strata – the urban middle class, laborers, civil servants, farmers, fisher folk – but they all live in precarious conditions in makeshift camps or with friends and relatives serving as host families. While some assistance is available in the area of basic needs, most IDPs are forced to turn to their own coping strategies to survive. Many of these, such as crime, prostitution, and child labor, are dangerous and socially destructive. Others, such as illegal logging or farming on marginal lands, are environmentally harmful and place IDPs in direct economic competition with host communities.<sup>11</sup>

The prolonged presence of IDPs places pressure on host communities, enhances social cleavages, and encourages notions of ethnic or religious exceptionalism (“we are not like *them*”). There are many examples of host community-IDP conflict. In Pontianak, West Kalimantan, an IDP camp was destroyed by an angry mob following an incident of petty theft. Some 344 IDP families (roughly 8,000 people) were left without homes and without legal recourse.<sup>12</sup> Reports from Pulau Buton (Southeast Sulawesi) suggest strained relations between IDPs from the Malukus and local residents due to jealousy over material assistance given to IDPs and increasing levels of scapegoating for social ills.<sup>13</sup> In Surabaya, the city administration has attempted to evict Madurese IDPs from public land, although threats of retaliatory violence have so far prevented the government from acting upon its decision.

Calls for a holistic approach to internal displacement come largely from Indonesian civil society, which is not currently equipped to help or advocate effectively on behalf of IDPs. The Indonesian government has demonstrated a serious lack of political will to address the problem in a comprehensive and sustainable manner. For example, despite having signed the Guiding Principles on Internal Displacement, the Indonesian government refused UN Special Representative on Internal Displacement Francis Deng’s request to visit IDP concentrations outside of Jakarta and Pontianak. Similarly, an independent National Commission for Internally Displaced Persons and Community Recovery (Komnas Pengungsi) proposed by then Coordinating Minister for Political, Social, and Security Affairs, General Agum Gumelar in June 2001 has yet to materialize. Finally, the Minister for Social Welfare, Jusuf Kalla, recently declared that the number of IDPs had dropped from (the actual number of) 1.3 million to 500,000 – an attempt to define the problem away through linguistic fiat.<sup>14</sup>

The government’s efforts are also limited to narrow basic needs and have been plagued by poor performance due to the lack of participation by IDPs and host populations,

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<sup>11</sup> Herby Smith, Matthew Nimms, and Harlan Hale. “A Comprehensive Program to Address Internally Displaced Persons and Conflict in Indonesia,” Food for Peace and OFDA, USAID/Indonesia, 17 May 2001.

<sup>12</sup> “Lokasi Pengungsi Sambas Dibakar Massa,” *Kompas*, 25 June 2001, p. 10; “Violence Hits Poso, Pontianak,” *The Jakarta Post*, 25 June 2001.

<sup>13</sup> Palmer, Brair. “Moluccan Refugees in Buton: A cursory Description,” 01 October 2000, p. 3-5.

<sup>14</sup> Deng, Francis. Report of the Representative of the Secretary-General on internally displaced persons submitted in accordance with Commission resolution 2001/54, Profiles in Displacement: Indonesia, E/CN.4/2002/95/add.2, 15 February 2002.

massive corruption in the government procurement process, limited consideration of ethnic and religious issues, and poor planning with regards to rebuilding livelihoods. In West Kalimantan, for example, housing built as an incentive for IDPs to leave camps in Pontianak had no road access and was located far from income generating activities. In Central Sulawesi, local residents had to lobby the provincial government to be allowed to follow their own community plan, use local products and labor, and rebuild houses of worship and public facilities. The government had preferred to use their own contractors (thus facilitating opportunities for corruption) and only relented following intense pressure by local groups.<sup>15</sup> Finally, the government in North Sulawesi relocated Christian IDPs to housing in predominantly Muslim areas, with no electricity or running water, and far from economic opportunities and roads. This not only demonstrates a lack of concern for basic practical issues, but also a failure to recognize that ethnic enclaves can reinforce marginalization of vulnerable populations.

As displacement lags for years, the notion of 'return' or 'reintegration' becomes increasingly problematic. Displaced populations do not survive in a suspended state until the time has come that they may safely 'return home.' During displacement new dynamics and social patterns develop that may clash with previous modes of social organization. Length of displacement and degree of trauma weaken professional skills, exhaust private assets, and contribute to the formation of altered lifestyles. Terms such as 'return', 'reconstruction', and 'reintegration' fail to capture the full sense of the transition from conflict since they retain a sense of returning to the past and do not capture forward movement and the transformation of societies into new entities with altered capacities for violence and peace.<sup>16</sup>

Any strategy to resolve displacement must therefore focus on issues beyond immediate relief to issues such as reconciling communities and rebuilding social capital destroyed by years of violence. All returns *must* be voluntarily and must include community-based social recovery schemes. Whether this requires formal or informal truth-telling, justice through the judicial system, or traditional mechanisms for dispute resolution is for local decision makers. The key to success is support for an *appropriate* locally-based system of grievance redress and conciliation. This is a delicate process that involves balancing competing claims of blame and victimization with society's need to renew trust and social cohesion.

Return is also largely unproductive if communities or returnees are unwilling or unable to engage in pluralistic civic life. This entails support for initiatives that engage both IDPs and other stakeholders in addressing common concerns, including housing, employment, participation in local civic life, and the ability to practice one's faith. Engaging displaced communities and host communities in conflict transformation skill-building can provide those who return with the necessary skills to strengthen capacities for peace in their communities and similarly transform and enhance relationships between 'host communities' and those who remain in their place of exile to secure full participation in local civic life.

A comprehensive strategy must also keep in mind the fact that certain dynamics emerge during displacement that feed conflict. For example, although the vast majority of IDPs

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<sup>15</sup> "Poso Residents Push for 'Community Rebuilding'," *Jakarta Post*, 10 April 2002.

<sup>16</sup> Holzman, Steven. "Rethinking 'Relief' and 'Development' in Transitions from Conflict," The Brookings Institution Project on Internal Displacement Occasional Paper, January 1999, p. 18.

are innocent victims, hidden among them are those who actively perpetrated crimes. Many others – particularly young people who have been uprooted, subjected to serious trauma, and have few opportunities for constructive economic or social activity – are vulnerable to being exploited by local elites who see violence as a tool for promoting their own political or economic agenda. Groups such as the Laskar Jihad and Christian militias have also turned to IDPs for recruits. Similarly, many in the military, police, and civilian bureaucracy profit from IDPs, whether through the construction of shelter sites, skimming off donated commodities, or ‘access fees’ applied to fleeing victims.<sup>17</sup>

In sum, as the discourse shifts from humanitarian relief to post-conflict recovery (return, resettlement, integration, reconstruction, rehabilitation), it is imperative to address key issues associated with the re-establishment of society and civic life. To mitigate future complex humanitarian emergencies, any strategy must seriously address issues of trauma recovery, reconciliation *as a community process*, and provide sufficient attention toward resolving material and other legal disputes that result from displacement. Expectations that the displaced will easily adjust to peace fail to grasp the magnitude of the changes that occur through displacement.

### Young People

No explanation for conflict is complete without an examination of the incentives that young people – particularly young, unemployed men – face to participate in violence. A high proportion of young people in a society is an important risk factor in terms of a country’s vulnerability to conflict. A number of studies have found a significant correlation between large youth cohorts (an unusually high proportion 15 to 29 year olds relative to the total population) and political violence. Young people in urban areas are especially at risk, in part because they lack the social and economic safety nets that exist in rural areas.<sup>18</sup> For a variety of reasons this demographic group is easy to mobilize and in Indonesia young people have formed the backbone of the militant ethnic, religious, and criminal groups that have participated in violence.

Indonesia’s overall population growth rate has declined steadily in recent years, although it remains unclear whether or not the economic crisis has shifted this trend back upward. Despite the overall decline, however, there is still a large pool of young people in the critical 15-29 age bracket. This percentage is higher in urban areas than in rural areas.<sup>19</sup>

By itself, a large youth cohort need not be destabilizing. One critical determinant is whether or not leaders constructively harness the creativity and energy of young people in responding to the challenges facing them. The propensity of Indonesian political and economic elites to turn to young people in times of crisis to intimidate and destabilize opposition is highly problematic in this regard. As discussed earlier, the Suharto regime pumped billions of rupiah into the formation of civilian militia groups at the end of the New Order, ostensibly to ensure security. These included the Pemuda Pancasila and the Indonesian Armed Forces Retired Servicemen’s Sons and Daughters Communication

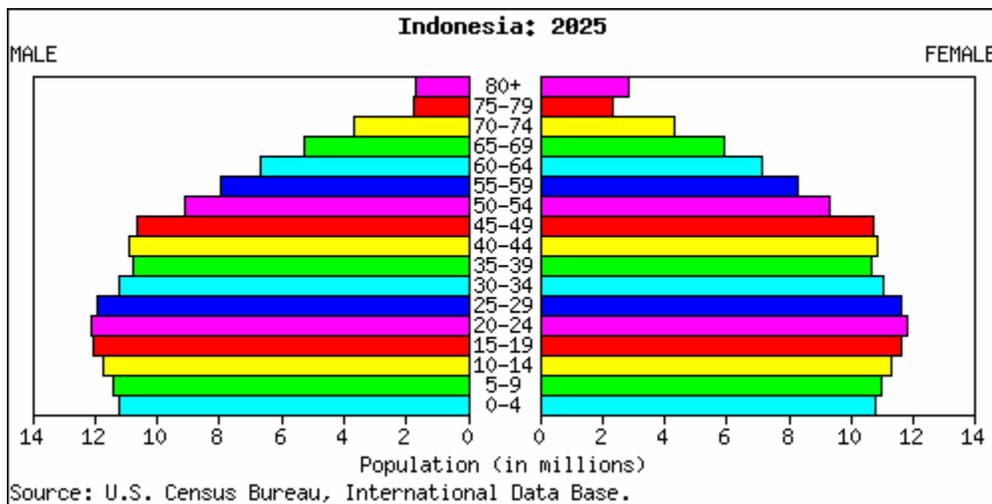
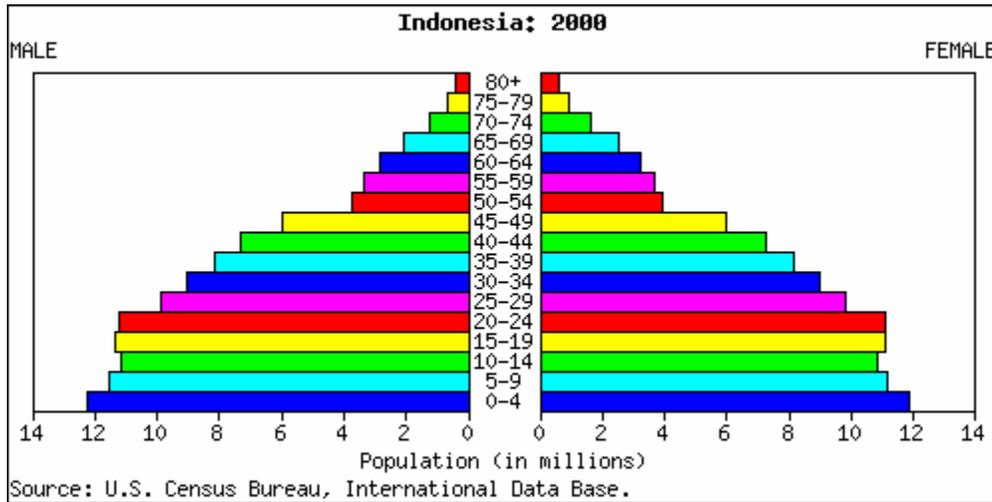
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<sup>17</sup> “Aid Funds for Madurese Refugees Embezzled,” *Jakarta Post*, 3/1/02; “Security Forces Clash With Each Other,” *International Herald Tribune*, 2/28/01; “Eyewitnesses Recount Massacre of 118 People in Indonesia,” *Associated Press*, 2/27/01.

<sup>18</sup> Jack Goldstone, “Demography, Environment, and Security,” in Diehl and Gleditsch eds. *Environmental Conflict*, Boulder: Westview Press, 2001

<sup>19</sup> . U.S. Bureau of the Census: International Database and Indonesia: Demographic and Health Survey, 1997.

Forum (Forum Komunikasi Putra-Putri Purnawirawan ABRI Indonesia: FKPPi), both known for their tendency to attack pro-democracy groups.



Virtually every political party and movement also has a militant youth wing. The NU has its own security force, Banser, which was involved in clashes with Muhammadiyah during Abdurrahman Wahid's impeachment. Amien Rais' PAN and Vice-President Hamzah Haz's PPP both have links to paramilitary groups, and Golkar in the past enjoyed strong links with the security forces that in all probability persist. The practice of using young people to collect money and provide 'protection' is widespread and it is common practice for political elites to rent demonstrators, generally costing about \$2 a day.

The police also rely on organizations such as Front Pembela Islam to act as enforcers when stores or individuals fail to pay protection fees. This has become increasingly common during the Muslim Holy Month of Ramadhan when bars and nightspots that fail to pay bribes to police to remain open during Ramadhan experience damaging

raids. These practices have led to a highly militarized youth culture in many parts of Indonesia, and it is a practice that rarely seems to be questioned or checked.<sup>20</sup>

However, perhaps the most important factor determining whether a large pool of young people is destabilizing is whether the economy is growing at a rate that can absorb new entrants. In developing countries, one-third to one-half of this age cohort are usually unemployed and in many places the rate is far higher. In the absence of opportunities in the formal economy, young people are often attracted to the shadow economy, crime, and militant movements.<sup>21</sup> In Indonesia, educated youth in particular are finding it difficult to find work. The Center for Labor and Development Studies recently released statistics projecting that unemployment among educated people will reach 2.56 million by 2004 and the number of drop out students will rise on average by 1.7 million per year.<sup>22</sup>

While more research is needed on the reasons that young people in Indonesia are participating in violence, studies on young people in other conflict zones highlight the fact that one of the strongest motivations appears to be either short-term economic gain or the expectation that conflict will lead to longer-term economic opportunity. Both these incentives appear to have played a key role in recent conflict in Indonesia. There are numerous examples from Sulawesi, Maluku, and Kalimantan of young people being given money, food, alcohol, and other goods in exchange for 'protection' once violence has broken out, or these goods are simply looted.

However, the stronger motivation seems to stem from the promise that conflict will open up (or protect) longer-term economic options. For example, urban Maluku society is very young, with roughly 60 percent of the population under twenty-five. In the years leading up to the conflict, a shifting demographic balance between Christians and Muslims was threatening to cut off employment for young Christians in the public sector.<sup>23</sup> A closer look shows that violence unfolded not just along religious lines but along patronage lines. At the head of the violence were political and economic elites competing over local administrative positions, who controlled access to jobs and land through personal connections. Their victory or defeat would therefore shaped the economic future of the young men who relied on these connections for employment.

Discussions with young people in Papua reveal a similar dynamic. The young men in the group had completed secondary school and two had briefly attended university, but none had been able to find jobs. One young man had tried to find work with the police and civil service but had been unsuccessful, something he attributed to corruption and a lack of connections since he had done well on practice exams. The level of frustration felt by these young, well-educated urban men was extremely high and while one (the most highly educated) was explicitly political in expressing his frustration, most just wanted jobs. In speaking with the Ondoafi and kepala desa of two small communities outside Jayapura, the issue of youth employment again emerged as an issue of concern, so much so that they were collecting data on youth unemployment and planning to submit a proposal to the government in Jayapura for a program to address the problem.

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<sup>20</sup> Laksamana.Net, 10.13.01

<sup>21</sup> International Labor Office, "Youth and Work: Global Trends," 2001.

<sup>22</sup> Hari, Kurniawan. "Joblessness to hit 45 million in Year 2004," *Jakarta Post*, 16 February 2002.

<sup>23</sup> van Klinken, April 2001: 11

In all of the team's regional visits and in discussions in Jakarta, there do not seem to be many local or international organizations that are explicitly focused on this particular cohort of at-risk youth. Again, in Papua, the team spoke with NGO leaders, church leaders, and community leaders about the types of activities available for young people, and while all acknowledged that the lack of economic opportunity was a serious problem, very few were explicitly focused on young people, particularly young men.

## **Economic Issues**

Negative economic growth is highly correlated with the emergence of conflict, and recent research has shown that a society in which the economy is growing by 5 percent is roughly 40 percent less likely to see conflict than one that is declining by 5 percent.<sup>24</sup> While there is a strong connection between economic decline and conflict, the causal mechanism is less clear. The two broad hypotheses are that negative growth feeds into societal grievance, and that slow or negative growth contributes to the erosion of state institutions. While both of these hypotheses are more or less borne out in the Indonesian case, it is clear that the impact of the financial crisis on conflict is far more complex.

Long regarded as one of the Asian 'tiger' economies, Indonesia's fall from grace in 1997-1998 was rapid and devastating and it has yet to fully recover. The economy imploded under the weight of a plummeting currency (which fell from 2,500 to 16,000 rupiah to the dollar), massive private sector short-term foreign debt totaling roughly \$80 billion, and an escalating political crisis.<sup>25</sup> While the groundwork for a sustainable economic recovery is slowly being put into place, Indonesia still faces a number of serious challenges. These include massive government debt that is reaching levels of almost 90 percent of gross national product (the result of a private sector debt crisis having become a public sector burden), an inability to lure back foreign investors who fled during the crisis, strained relations with the IMF and the World Bank, a lack of consensus among key economic policy makers, and rampant corruption and nepotism.

The following section looks at how two major consequences of the financial crisis – an increase in the profitability of certain sectors located in outlying regions and rising levels of corruption – have fed directly into many recent conflicts and have the potential to continue fueling conflict, particularly in resource rich provinces such as Riau and Papua. It also looks briefly at the question of financing for extremist groups or groups that promote the use of violence.

While the Asian financial crisis dealt a devastating blow to Indonesia's urban centers, many surrounding areas felt few of the effects. In fact many regions did extremely well out of the crisis in economic terms. Following the collapse of much of Java's industrial sector, people in urban areas began to return to villages in order to work in agriculture and the informal sector. A survey by the Central Bureau of Statistics found that agricultural employment increased by 5.6 million between February 1997 and February 1998. In addition, the low value of the rupiah, one of the worst performing currencies in 1999 and 2000, helped stimulate a boom in exports which reached \$60 billion in 2001.

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<sup>24</sup> Collier, Paul and Anke Hoeffler. 1998. "On Economic Causes of Civil War." *Oxford Economic Papers* 50 (4): 563-73.

<sup>25</sup> MacDonald and Lemco, April 2001: 176

The influx of economic migrants to the regions, driven by windfall profits that could be expected from exports such as cocoa and palm oil, led to a scramble for land in many regions. This was compounded by the fact that access to these lucrative opportunities was often linked to personal connections in the government and/or military bureaucracies. This only intensified competition between economic migrants who moved to the regions in order to cash in on the export boom and local communities.

Given the dramatic contraction of the formal economy, many people also began to turn to economic activities in the informal sector. This trend has consequences for conflict, particularly in Indonesia, where the informal labor market, apart from family-based agricultural activities, relies heavily on patron-client networks. As noted earlier, these networks – under certain circumstances – can deepen ethnic and religious divides by favoring those with similar confessional, communal, and family ties. This tendency can reinforce the perceived necessity of relying on ‘one’s own kind’ in difficult times but can also result in the marginalization of groups who lack access to these ties.

Corruption also appeared to increase in the wake of the financial crisis, although hard data are difficult to find. While there were high levels of corruption under Suharto, most Indonesians shared a sense of forward momentum. Real GDP growth rates in the 1980s and early 1990s were around 6 percent, annual per capita income increased dramatically from \$70 in 1965 to \$1,142 in 1996, and the number of people living below the poverty level steadily decreased.<sup>26</sup>

After 1997, however, people began to search for ways to supplement shrinking incomes and corruption began to take an increasingly large slice out of a shrinking pie. According to Transparency International, Indonesia ranks with Azerbaijan, Uganda, Nigeria, and Bangladesh as one of the world’s most corrupt nations.<sup>27</sup> Critics point to a host of missed opportunities to eliminate corruption and strengthen the rule of law under Wahid, and to escalating corruption on the part of civilian and military bureaucracies, many of whom were underpaid even before their real incomes plummeted. The decline in real income following currency depreciation has fueled a host of predatory economic practices, some of which are linked to the outbreak of violence, others which sustain conflict once it is underway.

For example, in many regions, competition over control of local bureaucracies – and the lucrative contracts and revenues that this control implies – has become increasingly zero sum. As discussed in the preceding section on ethnicity, it is not just the elite who stand to benefit from capturing political control, but a whole network of dependents who rely on these elites to grant them preferential economic treatment once in office. Where political power and connections are the only route to wealth, where the gains from economic growth are largely siphoned off through corruption, and in a context of economic decline, the loss of political power carries heavy economic costs. Under these conditions, political competition can become deadly, and in fact, elite competition over the control of local bureaucracies has been linked to the outbreak of conflict in Maluku and North Maluku, Central Kalimantan, and Central Sulawesi.

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<sup>26</sup> MacDonald and Lemco, April 2001: 179

<sup>27</sup> Transparency International 2001 Corruption Perceptions Index

Corruption in the security sector has also played a key role in recent conflict. As will be discussed in greater detail below, the official defense and security budget covers only about 25% of the military's minimal operating costs. Since the 1950s, TNI has had a tradition of gaining additional income through a wide range of economic activities. Since the economic crisis, many of the military's traditional sources of income have dried up, with the result that certain sections of the security forces have become more entrenched in organized crime and other off-budget economic activities.<sup>28</sup>

Many of the activities that the security sector has turned to require threats of violence in the context of a weak rule of law in order to be profitable, providing a classic example of how 'conflict entrepreneurs' operate. These economic activities range from extorting protection money from local businesses in conflict zones, to collecting 'transit' fees from IDPs fleeing violence, to arms smuggling and trafficking in humans. In a number of areas, the police and the military have fought each other, both directly and through proxy forces, over control of this lucrative illegal trade.

There are a number of examples of groups developing mutually beneficial partnerships in this area. For example, some reports indicate that the Islamic Defenders Front (FPI), which has one of the worst records for violence in Indonesia, is backed by elements in the security sector (largely the national police), and is used to extort protection fees from bars and clubs. The group is reported to demand a standard fee of 50 million rupiah from each club.<sup>29</sup>

Finally, one component of recent violence that has led to a great deal of conjecture and rumor but little systematic research concerns the question of financing for militant groups. While recent conflict has tended to start in a relatively low-level way, the organizational, material, and logistical capacity of combatants has tended to improve dramatically in each successive round of fighting. In Poso, for example, mob violence in the first round was replaced in the second by fairly high levels of coordination, with different factions communicating by walkie-talkies and using sophisticated weapons. In Ambon, the conflict began largely with home mace weapons and transformed to one where automatic weapons, grenades, and rocket launches were common. This takes money, and there is a widely held belief that military and political elites have armed and supported different factions. There is also speculation that many of the militant religious groups from both sides have received financing from external sources.

### **Competition over Natural Resources**

See Appendix C on Environmental Issues in Papua and Appendix E on Riau

### **Institutional Capacity and Response**

Political and social institutions – the military, local and national government, political parties, the media, civil society groups – are the filter through which all other causes of conflict ultimately pass. These institutions can address grievances and be responsive to the needs of citizens, or they can fuel discontent through repression, poor governance, biased information, inflammatory rhetoric, and corruption. They can block access to conflict resources by encouraging groups and activities that cross lines of division or that

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<sup>28</sup> Tapol 2000, 12

<sup>29</sup> Straits Times 10.18.01

find economic and social alternatives for potential recruits, they can fail to do so, or they can actively contribute to the problem by providing resources to different factions. Finally, institutions can constrain the behavior of elites who see violence as an effective strategy for gaining or maintaining their hold on power, or they can create the conditions that foster their emergence, appeal, and room for maneuver.

Institutions are at the heart of current conflict in Indonesia. Institutional legacies of the New Order not only fed a deep sense of grievance on the part of marginalized and exploited communities, they also created powerful actors with a vested interest in protecting their political and economic position, even if it means stirring up violence in order to do so. Many of the most critical elements of state policy and practice that have been feeding current conflict have already been discussed. Religious and ethnic tensions were exacerbated through New Order development policies that privileged some groups at the expense of others. Government policies undermined local authority and eroded traditional mechanisms for dealing with tensions. The government's continued inability or lack of willingness to deal effectively with corruption and opportunistic elite behavior has fueled a scramble for power and resources in the regions. Finally, the government has appeared unwilling to engage in an open and realistic discussion about the underlying causes of conflict, and has instead limited its intervention to fairly superficial attempts at mediation.

Several other key areas of institutional capacity and response have not yet been discussed in detail. The first is the role that the security sector has played in recent conflict. In many instances, the military and police have been active participants in conflict or have stood aside as others have perpetrated acts of mass violence. Second, local governments are being asked to pick up many of the functions previously assigned to national institutions. While the process of decentralization promises to correct many problems associated with high levels of centralization, there is still uncertainty about local rights and responsibilities, and there is the potential for regional elites to simply replicate many of the problems that existed under Suharto. Finally, there are few civil society groups that can bridge the deep divides that are driving conflict. In fact, in many instances, civil society groups broadly defined to include ethnic, religious, and criminal militias have helped to mobilize violence and inflame tensions.

### Security Sector

Since the end of the New Order, four broad trends in the security sector (defined here as the military, police, and paramilitary groups) have fueled conflict. These are:

1. The erosion of military's privileged economic and political position, and the dissatisfaction this is causing among some elements;
2. Rivalry between the military and the police;
3. A selective attitude to violence and a lack of willingness or preparedness to intervene;
4. Legal and illegal economic activity by the security sector.

The favored position held by the armed forces began to unravel at the end of the New Order. The military's involvement in the abduction and harassment of democracy activists, their disastrous role in East Timor, and continuing human rights abuses in Aceh and Papua, deeply tarnished the TNI's image. Massive corruption and a lack of professionalism have equally hurt the National Police (Polri).

The first two post-Suharto governments, but particularly that of Abdurrahman Wahid, took measures to limit the political and economic influence of the military. The police were separated from the armed forces in order to reduce the military's role in internal security. Officers holding civilian posts were required to resign from the military and the representation of the military in legislative bodies (DPR/MPR) was greatly reduced. Wahid also removed some of the worst human rights offenders from the government. Most notably, in February 2000, he removed General Wiranto from his position as Coordinating Minister for Politics and Security following the publication of a report by KPP Ham (Commission of Inquiry into Human Rights Violations) that listed Wiranto's name emerged in connection with human rights abuses in East Timor.<sup>30</sup> With these changes, the culture of fear surrounding the military has gradually declined. However, the military still represents a seriously destabilizing force, and there is no question but that the TNI has played a significant role in recent communal violence and continues to be a major source of violence in both Aceh and Papua.

Military analysts have divided TNI officers into three broad groups: practical reformers who see the importance of accepting certain reforms within broad limits; hard-liners, who still want to play a key role in political affairs and defend existing economic interests; and a third group, loosely termed constitutionalists, who are unhappy with the present situation but are not actively attempting to block reforms. A major unifying factor across these three groups is a nationalistic attitude that sees the military as the only institution that still has the ability to safeguard national unity.

There is evidence that hard-liners in the military attempted to stir up trouble in the regions to justify an enhanced role for the military in domestic affairs and to discredit the civilian government. One suggestive piece of evidence is that in April 2000, shortly after Wiranto's dismissal, the Laskar Jihad sent men and weapons to Maluku in direct contravention of Wahid's orders, something that would not have been possible without the complicity of elements in the armed forces. It is important, however, not to overdraw the scope of deliberate destabilization by hard-line factions. There are several other dynamics in play that are also significant if less Machiavellian.

The first is rivalry between the military and the police. In 1999 President Habibie separated the police from the military. Formerly the fourth branch of the armed forces, the police now report to the Office of the President, pending probable movement to the Department of Home Affairs. The national police are responsible for crime prevention

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<sup>30</sup> This section draws primarily on McCulloch, Lesley. "Trifungsi: The Role of the Indonesian Military in Business." Paper presented at the International Conference on Soldiers in Business: Military as an Economic Actor, Jakarta, October 17-19, 2000; International Crisis Group, "Indonesia-U.S. Military Ties," ICG Indonesia Briefing, 17 July 2001; Haseman, John B. "Update on Indonesia's Armed Forces and Security," USINDO Forum, June 18, 2001, Washington DC; Tapol, "It's the military, stupid!" Paper presented at the *International workshop on Violence in Indonesia: Its historical roots and its contemporary manifestations*, University of Leiden, 13-15 December 2000; NDI and DAI quarterly reports, and strategy papers and documents prepared by Marcus Meitzner, USAID/Indonesia.

and the maintenance of internal security, the latter mission formerly belonging to the military.

The fact that the police are woefully unprepared to cope with either crime or violent conflict is invoked by the army as proof of the danger of giving the police primary responsibility for internal security. There are indications that the army has withheld intelligence from the police in order to demonstrate their lack of capacity, thus allowing the army to justify, at least temporarily, a continued role in internal security.<sup>31</sup> In Aceh, for example, the police under the direction of the Governor are in theory responsible for security, but it is clear that the military maintains *de facto* power. A similar dynamic exists in Maluku under the State of Civil Emergency.

Rivalry over mission is compounded by ethnic and religious splits. The military tends to be dominated by Javanese Muslims, the police force tends to recruit more heavily from local areas. In Maluku, the police force was almost exclusively drawn from local Christian communities. However troops sent in to reinforce the police were heavily Muslim, with one battalion drawn from Makassarese Muslims from Ujung Pandang, who were among the first targets of the violence. Shortly after the outbreak of violence, members of the police were reported to be fighting on the side of local Christians, with Muslim soldiers seen supporting the Muslim factions.

A second trend fueling violence is a simple lack of preparedness to intervene. Often, poorly paid and trained security forces have been unwilling to put their lives on the line in order to quell ethno-religious unrest. Some analysts have also suggested that armed forces are reluctant to intervene in violence that they attribute to the bickering of civilian politicians. Also, the security sector has demonstrated a highly selective attitude toward violence. For example, clashes between Dayaks and Madurese in Central Kalimantan triggered no additional troop deployments and the meager police force largely stood aside. At roughly the same time, a small pro-independence demonstration in Papua triggered the immediate deployment of a battalion and in resource-rich Riau the military was brought in to stop violence between the Batak and Flores. The disparity in response suggests that when significant economic interests are involved or when the territorial integrity of the nation is at stake, decisive action is far more likely.

Third and perhaps most important is the economic dimension. The military and police have a long history of supplementing inadequate budgets through both legal and illegal economic activity. Estimates suggest the military receives only 20-30 percent of its operating budget from the government with the remainder coming from its business dealings. Under Suharto, the military was granted access to critical economic sectors including oil – the primary export earner – rice, natural gas, fisheries, finance, real estate, manufacturing, construction, hotels and tourism. Soldiers often earn extra income by providing security for these and other businesses. For example, soldiers are on the payroll of Freeport in Papua, Exxon Mobil Oil in Aceh, and Newmont in North Sulawesi.

Since the economic crisis of 1997, however, many of these legal off-budget sources of income dried up. This has increased military incentives to move into or maintain a presence in resource rich provinces such as Papua and East Kalimantan. It has also pushed both the military and police toward more illegal activity, particularly at the local level. Rank and file earn extra income through activities such as providing 'protection' to

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<sup>31</sup> Ford Foundation, 2001.

shopping malls, transport companies, restaurants, brothels, and illegal casinos. Police extort money from motorists via illegal checkpoints and factory owners often pay billions of rupiah per month to local military commands and police departments. This corruption not only undermines public confidence in the ability of the military and the police to maintain law and order, but many of these economic activities are directly tied to instability.

For example, the violence in Maluku has turned out to be very lucrative for members of the military. As noted in a recent report by the International Crisis Group, "A variety of protection rackets, tolls and other 'business' ventures run by the military have sprung up in the two provinces. For instance, stevedores at Ambon port say four million rupiah (\$US500) is paid to the military for every container they unload. Meanwhile, most of the large industries in the Maluku provinces (predominantly fisheries and timber) continue to run despite the chaos. Many of these businesses have officers as silent partners and also pay protection fees. There have also been claims of soldiers demanding money from citizens before moving in to protect them during attacks."<sup>32</sup> Competition over control of these profitable sources of income has brought the rivalry between the military and police into the open. One of the most heavily publicized incidents occurred in Central Kalimantan when police and army units opened fire on each other following a dispute about who would take bribes from Muslim Madurese fleeing conflict.

The obstacles to reform are daunting. There is currently no legislation that clearly defines the responsibilities of the military and police, leaving room for the competitive dynamics described above. The military is also deeply committed to retaining the territorial command structure, or at least the political and economic privileges that this system confers. For decades, the military has based its political and economic predominance on a system of administrative structures that parallel the civilian bureaucracy. In late 2001, the TNI proposed a number of revisions to this system, but these fall far short of what is truly needed to reduce the military's disproportionate influence over Indonesian society. One of the most serious obstacles to reform is a lack of civilian expertise in military matters, and competition on the part of civilian political elites, who have forged alliances with the TNI in order to outplay their rivals. In each successive round of political competition, the TNI has been able to extract concessions from political elites and criticism of the military's human rights record, corruption, and disproportionate economic and political influence has dropped accordingly.

### Decentralization and Local Government

In response to demands for greater autonomy, in 1999 parliament approved legislation that shifted significant political and economic power from the center to the regions. Under Laws No 22 and 25, authority passed directly to district (kabupaten) and municipal levels, along with a share of the net income from natural resources in each region. Districts were slated to receive 80 percent of income from most mining and logging operations, 30 percent of earnings from natural gas, and 15 percent from oil. In addition, they were given 20 percent of local income-tax receipts and at least 25 percent of a special fund of centrally collected revenue. Aceh and Papua, which were not included in the initial round of decentralization, both received special autonomy

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<sup>32</sup> ICG Report 12.19.00: 20

packages. Through Law No 44, Aceh was also given the right to organize its own religious, cultural and educational affairs within the national guidelines set by Jakarta.<sup>33</sup>

The decentralization of political and fiscal authority promises to redress a number of significant economic, political, and cultural tensions. Effective local governance has a tremendous bearing on overall political legitimacy. The weight of local governance is heightened by its relative importance to daily life as compared to national institutions and policies. Local institutions promise to increase both efficiency through a better matching of public services to local preferences, and productive efficiency by increasing local accountability, reducing levels of bureaucracy, and tapping more directly into local knowledge. Therefore, if the central state and local communities interact well throughout the process of decentralization, this can significantly lower the threshold for violent conflict.<sup>34</sup>

However, decentralization also carries a number of significant risks, and concerns have grown that the anticipation of greater political and economic power in the regions has been fueling conflict. Effective decentralization depends on good communication and cooperation between elites at the national, regional, and local levels, something that has been in short supply in Indonesia. The mechanisms for inter-district (kabupaten) cooperation and coordination appear to be particularly weak, and a number of disputes have already emerged over issues such as taxes, boundaries, access to markets, access to water and other resources, and sharing of infrastructure.

In North Maluku, the fighting was directly linked to a proposed plan to redraw district boundaries. The redistricting would essentially have transferred revenues deriving from a recently discovered gold mine from an indigenous community of Christians to a Muslim transmigrant community. Tensions are already emerging in Papua over where boundary lines should be drawn, with the competing proposals linked to where resource wealth is located.

As local positions promise to become increasingly powerful and lucrative, competition between regional elites over control of these positions has also increased. Particularly in a context of economic decline and in a setting where levels of corruption are high and patron-client relationships remain strong, competition over political power and its associated economic benefits tends to be seen in zero-sum terms. In many recent conflicts, regional elites who are either fearful of losing traditional monopolies on power or are seeking to gain power have been at the center of attempts to stir up tensions between ethnic and religious groups.

The potential for decentralized corruption is also a risk, as is a lack of accountability. Last November, Indonesia's House of Representatives urged the government to closely audit regional decentralization funds after reports surfaced recently that as much as 40% of the funds (roughly \$5.71 billion) may have been used for fraudulent purposes.

### Civil Society

The inability of state institutions to channel and contain violent behavior is mirrored by Indonesia's social institutions. As already discussed, a number of government policies

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<sup>33</sup> Hidayat 2001; MacDonald and Lemco, 2001; ICG Asia Report No 18, 27 June 2001

<sup>34</sup> WB PREM Notes June 2001, No. 55

such as the 1974 Regional Government Law and the 1979 Village Government Law undermined local leadership and undercut traditional mechanisms for mediating differences at the community level.

Civil society more generally emerged from the New Order ill-equipped to deal with many of the country's challenges. It is important to remember that civil society is a reflection of society rather than something entirely distinct, and while many groups can represent a positive force for change, many others line up along a society's fault lines. In fact, a critical characteristic of civil society in deeply divided societies is the prevalence of associations that reinforce ethnic or other divisions (often referred to as uncivil society) rather than transcend them. This is clearly the case in Indonesia. Under Suharto, mass organizations became highly politicized as the government sought to co-opt different groups and harness the support of intellectuals and religious organizations. Labor was tightly controlled through a single, authorized union and rural associations, such as farmers and fishers groups, had their agendas set by the government.<sup>35</sup>

A number of civil society groups have gained new life in the post-Suharto period, but many still lack focus or are dedicated to pursuing the interests of fairly narrow constituencies. Student groups, for example, were at the forefront of anti-Suharto *reformasi* movement in late 1997 and early 1998. However, they did not sustain their momentum, and they have largely disappeared from the constellation of active and visible civil society organizations in Indonesia. The ban on labor unions has been lifted, but these organizations are focusing primarily on the rights of their members, and have not turned their attention to Indonesia's larger problems. As became very clear following discussions with several union leaders in Surabaya, those who push aggressively for their members rights still operate under a cloud of fear, and others still remain firmly in the pocket of anti-labor interests.

Civil society has been thrust to the forefront of attempts to deal with violence in Indonesia. However, they remain limited by technical and organizational weaknesses. Many CSOs that have emerged since 1998 are largely personality-based rather than based on a solid institutional framework and mission. It is also not uncommon for leaders of CSOs to participate in the activities and administration of several CSOs simultaneously. The result is that committed and intelligent civil society activists spread their talents too thin. Civil society groups have also found it difficult to network and cooperate with each other, and their well-founded frustration with many state institutions has led many to avoid engagement with the public sector, a strategy that limits their effectiveness. Finally, those not aligned with political or religious institutions rely heavily on donor support and they have not yet been able to build a solid base of local funding.

These structural weaknesses inhibit their ability to effectively engage political and religious elites or organize communities around critical issues linked to violent conflict. In particular, it limits their ability to counter elements of 'uncivil society'. Extremist groups, such as the Laskar Jihad, have stepped in to supply basic social services such as education and health care that the government is either unwilling or unable to provide. As a result, these organizations have gained stature and prestige among many ordinary Indonesians. More moderate and inclusive civil society organizations have not engaged with these communities spoken out against them, either for fear of legitimizing their activities or outright fear from physical threats.

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<sup>35</sup> Ford Foundation Report, 2001: 10

## USAID ACTIVITIES

USAID/Indonesia and its partner organizations have been extremely creative in searching for ways to bring development and humanitarian assistance to bear on many of the most important causes of conflict in Indonesia. As part of the 2000 Country Strategy, the Mission developed a Special Objective (SpO9) dedicated to conflict transformation and management that is pursued through a variety of programs, such as assistance to displaced populations and strengthening the capacity of civil society to engage in conflict resolution.

All SO teams recognize the importance of considering conflict in their work, and many have programs that implicitly or explicitly address important sources of instability. For example, through its PERFORM program, the Office of Decentralized Local Government (DLG), promotes programs that resolve community-level conflict over resource allocation by supporting participatory planning processes. Through the IRIS project, the ECG office is working with a network of universities to provide economic policy advice to local governments and stakeholders in the fiscal decentralization. The Natural Resources Management program recognizes the potential for conflicts surrounding control of natural resources, and has incorporated conflict prevention as an essential element in its programs.

For work explicitly geared to conflict, the Mission tends to lean on the Office of Transition Initiatives (OTI) and the Office of Civic Participation and Transition (CPT) for the 'development' side of conflict programming and Food for Peace and OFDA for the 'relief' (or humanitarian assistance) side of conflict.

Through hundreds of small grants and training workshops, OTI has programs that support objective and non-inflammatory media coverage; promote dialogue and positive interaction among dissenting parties and communities; support rehabilitation and reconstruction projects based on local community needs; support public information campaigns addressing key issues such as decentralization and reconciliation; and provide conflict management skills training for local groups. In addition, OTI has supported a critical program to strengthen civilian oversight of the military. OTI support is primarily in 'hot spots' including Aceh, Maluku (including North Maluku), West Timor, Central and North Sulawesi, Papua, and Madura Island. OTI's ability to rapidly fund short-term high-impact projects has been critical in allowing the Mission to address urgent needs and take advantage of significant windows of opportunity that cannot be met through other US Government mechanisms.

Implicitly, CPT programs address important underlying causes such as transparency, accountability, responsive government and political parties, rule of law, and the role of Islam in civil society. This last program works with religious leaders and organizations to promote principles of religious tolerance, human rights, and the rights of women. It also provides an important forum for intra-elite dialogue. CPT supports a range of conflict-related activities largely through grants to local CSOs and technical assistance in the form of workshops and seminars. CPT's resources are concentrated in the Mission's focus areas. Through the Civil Society Support and Strengthening Program (CSSP), the DG team supports locally-based conflict resolution programs but also crucial conflict resolution training for key CSOs and CSO leaders. Recognizing that traditional or *adat* rights and institutions (whether related to land tenure/usage, social organization, or

decision making) may feed into conflict, CPT recently completed a study of adat institutions in Papua.

On the 'relief' side, OFDA and Food for Peace respond to complex emergencies with humanitarian and emergency health assistance to displaced families and affected communities, thus improving the welfare and strengthening food security for affected populations. Food for Peace programs are targeted to address the needs of the urban poor as well as densely populated areas of Java in order to improve living conditions, ease social tensions, and mitigate the risk of political instability. Food for Peace has been supporting the Central Java Inter-Faith Emergency Project, delivering important food commodities through community-based inter-faith committees. Though challenged by institutional agency mechanisms that separate humanitarian relief from longer-term development, OFDA and Food for Peace are developing strategies in consultation with CPT to link and measure the impact of their humanitarian aid as part of longer term peacebuilding initiatives.

The table on the following page maps out key causes discussed in preceding sections and illustrates with a number of examples (not exhaustive) of where USAID programs match up against those causes. This exercise shows that many sectors have programs in place that address critical parts of the problem, whether competition over access to land, refugee flows, or ethnic tensions. However, several modifications and additions to the existing portfolio could help the Mission fill a number of important gaps and also be more strategic in terms of allocating its scarce conflict resources, and the following section turns to these.

## **RECOMMENDATIONS:**

The first broad set of recommendations center on developing information systems that will help the Mission be more strategic about choosing where to focus scarce conflict resources. The second set centers on modifications and additions to existing programs.

### **Information Systems**

Given the size and complexity of Indonesia, understanding the dynamics that drive violence and designing effective program responses is a long-term proposition that requires close collaboration with Indonesians working on these issues. It will also require developing, together with Indonesian counterparts, the ability to track and monitor the potential for conflict. These recommendations include:

- *Develop the capacity of Indonesian social scientists working in universities, think tanks, research institutes, and non-governmental organizations to conduct research on conflict and to link rigorous analysis to policy formulation.*

Unless Indonesians take the lead in understanding the forces that are fueling conflict, and unless they themselves attempt to build a consensus for possible solutions, there is very little that USAID, or any donor, can do to reduce the risk of renewed violence. While it is important to build capacity at the national level, given the level of tension between Jakarta and many of the regions, it is important to build regional centers of excellence as well.

Root Causes: Grievance and Greed	Actors, Organizations, and Resources	Social and Political Institutions
<p>Ethnic and religious tension</p> <ul style="list-style-type: none"> <li>• <i>Media training to reduce inflammatory reporting, support for mediation in 'hot spots', support to civil society groups promoting conflict transformation</i></li> </ul> <p>Large scale transmigration and spontaneous economic migration</p> <p>Large IDP populations</p> <ul style="list-style-type: none"> <li>• <i>FFP/OFDA humanitarian assistance</i></li> </ul> <p>Large, unemployed youth cohort concentrated in urban centers</p> <p>Economic stagnation and decline</p> <ul style="list-style-type: none"> <li>• <i>economic policy advice to local and national governments</i></li> </ul> <p>Shadow economies: trafficking in weapons and humans, economic activity in conflict zones, illegal environmental activities such as logging</p> <ul style="list-style-type: none"> <li>• <i>activities to combat illegal logging</i></li> </ul> <p>Environmental exploitation and degradation</p> <p>Competition over access to land</p> <p>Elite fragmentation and competition at national and local levels</p> <ul style="list-style-type: none"> <li>• <i>Islam and Civil Society Project</i></li> </ul>	<p>Extremist religious movements (e.g. Laskar Jihad)</p> <p>Ethnically and religiously based patronage networks</p> <p>Traditional ethnic/religious family associations</p> <p>Large pools of young, unemployed/landless men</p> <p>Recruits in IDP camps</p>	<p>Lack of transparent and accountable government at the local level</p> <ul style="list-style-type: none"> <li>• <i>DLG Perform Project promoting participatory decision making at local level</i></li> <li>• <i>ECG support for policy advice on fiscal decentralization</i></li> </ul> <p>Decentralization shifting balance of power in the regions</p> <ul style="list-style-type: none"> <li>• <i>OTI support for programs to strengthen Special Autonomy in Papua</i></li> </ul> <p>Political parties not effective channels for representation</p> <ul style="list-style-type: none"> <li>• <i>Political party strengthening</i></li> </ul> <p>NGO sector weak</p> <ul style="list-style-type: none"> <li>• <i>CPT civil society strengthening programs</i></li> </ul> <p>Weak, corrupt police force, lacks training in non-violent responses to unrest</p> <p>Predatory military</p> <ul style="list-style-type: none"> <li>• <i>OTI programs to strengthen civilian oversight, support to civil society tracking military businesses</i></li> </ul> <p>Highly militarized youth culture fueled by political elites using young people in destructive ways</p> <p>Destruction of traditional mechanisms of dispute resolution and lack of mechanisms at local level for dealing with new sources of tension and strain</p> <ul style="list-style-type: none"> <li>• <i>Report on adat institutions in Papua</i></li> </ul>

- *Support the development of an early warning system or watch list for Indonesia's many regions, as a central component of this research agenda.*

There are a number of indicators for what is often referred to as 'structural' risk, many of which have been discussed in the preceding sections. These include certain ethnic and religious configurations, destabilizing demographic shifts, economic stagnation and decline, economic disparities among groups, and the presence of certain types of exploitative environmental practices. There are a number of others including a past history of violence and high infant mortality rates. (This last is not causally related to violence, but is a good proxy measure for a whole host of other factors, including weak state capacity). The point here is that not every region in Indonesia is equally at risk along these dimensions. A good, basic early warning system can track these indicators and provide a first cut at level of risk. More sophisticated models also incorporate features such as levels of elite competition and fragmentation and the prevalence of extremist rhetoric. More sophisticated models also have the potential to serve as a useful tool for determining whether levels of risk decline following program interventions.

These types of models are far from perfect and they cannot provide the Mission with in-depth, detailed analysis that is vital to developing program interventions. But they are a useful tool for focusing scarce resources and flagging emerging areas of risk based on underlying conditions. The Mission already has a very basic model at its disposal in the form of maps provided by the CIA, and the Mission may want to consider consulting these as a stop-gap measure. As mentioned earlier, developing this type of rigorous, data-based model is a task that is generally best suited to universities or well-established think tanks that can handle the heavy data collection and analysis requirements that these models often entail. It would also make sense to encourage a pairing between the Indonesian organization selected and other universities or centers that have done this type of work in the past. Several candidates include the University of Maryland, Yale University, Uppsala University in Sweden, the Stockholm International Peace Research Institute (SIPRI) and the Peace Research Institute in Oslo (PRIO).

- *Consider creating a position specifically dedicated to conflict or making the current ad hoc conflict team more formal with an individual specifically charged for coordination of activities in different sectors.*

We realize that the last thing the Mission needs is another team, so this recommendation is made with a certain amount of hesitation. However, the risk of new conflict, or the re-ignition of simmering conflict, remains very real. Having a person, or team, that can track research and programs full time, travel with Indonesian social scientists to conduct more in-depth research, and work with other sectors in the Mission to understand how their programs interact with underlying causes of conflict is critical. This last task is particularly important, and because of its importance, either the individual filling the position or the team should have expertise not only in conflict, but also in those areas that are most closely linked to conflict in Indonesia, particularly economics, natural resource management, and local governance. Skill building and staff training on conflict issues is also an important component of this recommendation. It is important for all mission staff working in a high-risk environment to share a basic, common understanding of key conflict dynamics, so that they can think about how to identify and incorporate these concerns in current and future activities.

- *Develop a geographic map of existing programs*

Currently the Mission has no comprehensive way to track the geographic location of different programs or to determine whether the right mix is in place. Because the criteria that each partner uses for selecting sites are different, in some high risk areas there may be programs that encourage dialogue but none that emphasize job creation or transparent and equitable land distribution. Since conflict is multi-faceted, USAID interventions in high-risk areas should be as well. The Mission may want to explore the possibility of collaborating with the Humanitarian Information Unit in the State Department, which is developing a GIS system for exactly this purpose.

## **Program Recommendations**

The following recommendations focus how current programs might shift in order to fill certain gaps in programming.

- *Encourage all sectors operating in high risk regions to support organizations and projects, where feasible, that are multi-ethnic or multi-religious, particularly in urban areas where populations tend to be more mixed.*

Obviously, there are some places where this recommendation is neither feasible nor desirable, either because the project is located in an area where populations are not mixed, or levels of tension are too high to bring groups together, such as in Maluku.<sup>36</sup> However, where it is possible to bring groups together, especially around concrete projects that promise to improve everyone's position, these types of activities are an important way to illustrate shared interests and concerns, and can act as a partial bulwark against groups that are promoting more intolerant and exclusive rhetoric.

- *In addition to like-minded civil society partners, the Mission should focus attention on those individuals and organizations who are not committed in principle to the peaceful resolution of disputes or who may have an incentive to either mobilize or participate in violence*

In areas that are at high-risk for conflict, where there is often a lack of will for reform on the part of the government and many groups seem set on the path toward violence, there is an understandable tendency among donors to focus on working with like-minded civil society groups when developing conflict management and mitigation activities. While this is an extraordinarily important component of any conflict strategy, these groups have been asked to carry far too heavy a burden in resolving a problem that they ultimately did not cause. In other cases, it is less a question of these groups being over-burdened than it is a lack of capacity – an inability to network, a lack of willingness to engage all relevant stakeholders, competition over resources – that is keeping these groups from being as effective as they might be.

It is absolutely vital, therefore, that the Mission attempt to identify and engage or contain those actors and organizations who are part of the problem. This includes groups such as the type of ethnic association discussed in an earlier section, local government officials, youth leaders, political elites, certain sectors of the business community, and members of the security sector. Unless ways are found to engage or contain those groups with incentives to foment violence, it will be extremely difficult to significantly reduce the risk of conflict in Indonesia. The Mission

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<sup>36</sup> There are risks associated with doing this, no matter how difficult. In Ambon, INGOs decided that to expedite service delivery and move forward quickly with program interventions they would create parallel organizational structures and services made up of segregated staff – Muslim and Christian. The result today is a bifurcated NGO sector which largely serves only its respective religious brethren and perpetuates the deep divisions caused by violence.

might consider re-directing resources toward supporting opportunities that encourage greater ‘mixing’ of these various elements of society via networking, community meetings, and more training in Technology of Participation (ToP) or similar endeavors.

- *Bring ethnic and religious associations into all activities designed to encourage peace in high-risk regions.*

This recommendation is *not* referring to the type of advocacy or issue-based civil society groups the Mission has tended to work with, such as ELSHAM or FOKER. It is not even referring to religious groups dedicated to the peaceful resolution of conflict, such as Father Theo van den Broek’s Office for Peace and Justice. Rather, it is referring to the traditional ‘family’ or ‘cultural’ associations, such as the Toradja Family Association in Papua or leaders of Congres Minahasa Raya in North Sulawesi, that provide important economic and political benefits to their members. These include the connections needed for employment in the civil service, business loans, and expenses for funerals and weddings. These groups are off most donor radar screens, yet they have played an extremely important role in mobilizing violence in places from Sulawesi to Kalimantan and have the potential to play a destabilizing role in other areas such as Riau and Papua.

- *Strengthen the capacity of business development associations, chambers of commerce, and micro-finance and micro-credit associations to deliver services to all groups in high-risk areas.*

It is important to attempt to redress the economic imbalance that often exists between indigenous communities and migrant communities through economic growth programs, and this should remain a central goal. However, there are several important reasons for attempting to draw all communities in to these activities. First, and perhaps most important, the more options people have for small loans or other financial and business services, the less beholden they will be to ethnic associations and patronage networks. Second, bringing small business owners, poor farmers, or street vendors together from different communities can help illustrate the fact that they share very similar goals and concerns in their daily lives.

- *Youth training and employment programs are among the most important and potentially effective interventions the Mission can make in the area of conflict management and mitigation.*

USAID and other donor evaluations consistently show that disadvantaged youth are best served by providing relevant skills training and helping them to secure stable employment. Recent studies have indicated that collaborating with the private sector to train and then employ young people is a particularly successful approach, and has the potential to reach far larger numbers of young people than broader government programs that do not directly target youth employment.<sup>37</sup> Not only do youth employment programs target one of the most important incentives underlying participation in violence, these types of programs also have an important public diplomacy component that could benefit the Mission.

- *The Mission should consider supporting partnerships between businesses, local governments, and civil society groups on youth employment issues.*

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<sup>37</sup> Engaging Business in Youth Employment

Bringing local government in to the discussion is particularly important in regions where there is heavy dependence on the public sector for employment. Underscoring the importance of finding an appropriate balance between groups is one avenue to explore. However, given the strength of patronage networks in Indonesia, attempts to find a more equitable balance in civil service positions should be paired with attempts to diversify employment opportunities for young people, particularly for those groups who are heavily reliant on civil service employment and have few other economic options in the private sector.

- *Rather than trying to do youth programs everywhere, the Mission should focus its efforts in two key areas: high-risk regions and areas where there is heavy recruitment into militant movements.*

Because disaffected youth in cities are particularly vulnerable to the appeals of extremists, and because of the concentration of employment opportunities in urban areas, this is a particularly good place to focus on job training and youth employment.

In these two areas, it would also be important to fold youth participation into ongoing activities in other sectors where feasible, whether this is in environment, economic growth, health and population, or democracy and governance. Not only do these types of programs promise to reach an at risk group, they can benefit from the energy and creativity of young people and can provide young people with a meaningful avenue for participation.

- *In all of these efforts, again, the Mission should be sensitive to working with young people in a way that bridges divides.*

This revisits the recommendation raised earlier about the importance of strengthening the capacity of groups that build bridges between communities on issues of daily concern. To illustrate with an example from Papua, as important as it is to find jobs for more Papuan youth, if young people in the non-Papuan community feel that opportunities are being closed off to them, the programs could backfire.

- *It is also important for the Mission maintain a focus on young men in programs that are explicitly intended to be conflict mitigation or management programs.*

There is a laudable tendency in the donor community to focus on the most vulnerable categories of young people, such as young women and girls, street children, and HIV/AIDS orphans, but in terms of conflict, the most at risk youth are young, often relatively well educated, unemployed men.

- *The Mission should seek opportunities to engage the business sector in its conflict prevention activities.*

The business community has an incredibly strong interest in maintaining stability. They also have far more leverage over local institutions, including the police, than most other social groups. If these types of associations can be brought into discussions about the long-term and short-term costs of conflict and the potential contribution they can make to reducing tensions, for example through youth employment programs, USAID/Indonesia would be tapping into a powerful and under-utilized sector.

- *It is strongly recommended that the Mission pick up and expand on the work that OTI has done in the security sector.*

The security sector still remains a seriously destabilizing force in Indonesia, particularly if its economic interests come under threat. USAID/OTI's civil-military program has focused on establishing strong civilian control over the armed forces through defense-related legislation, assisting civilian groups engage in a discussion with the military about the reform of the territorial command structure, and building civilian expertise on doctrinal issues. Through their small-grants program and targeted work with government institutions, they have managed to make some significant achievements in what is an exceptionally difficult, but important, area.

The Mission may want to consider expanding the scope of current security sector work in two ways. First, business activity by the TNI – both legal and illegal – remains a subject of widespread speculation but there are few hard facts and little good research on the topic. Several organizations are beginning to track these issues, and the Mission may want to consider expanding support to these groups and hooking them up with civilian experts mentioned above in order to begin crafting realistic policy options around the question of economic reform. For example, the World Bank has calculated that if Indonesia halved its fuel subsidies and shifted the funds to the defense portfolio, the ratio between defense spending and GDP would come into line with other Southeast Asian countries. Exploring other ways to reduce the military's reliance on often-times destabilizing economic activity is important, but it is difficult in the absence of good data.

Another addition to the security sector portfolio, that is likely to have a significant add-on impact, would be to support civil society groups and media organizations pressing for police reform. There is already a large project run by the US-INP Assistance Program that engages directly with the police and focuses on leadership, training, planning, case management, community policing, and police discipline. In discussions with the director of the project, one stumbling block to efforts in this area is a lack of demand from society for greater accountability.

- *In order to use scarce resources as strategically and effectively as possible, the Mission should consider focusing on only one or two high-risk regions and on a handful of national level programs. In the high-risk regions, it is critical that the Mission bring a multi-sectoral perspective to bear in addressing the causes of conflict. To the extent possible, this decision should be made in coordination with other donors working in this area.*

To illustrate with an example, programs at the national level might include continuing with an expanded security sector program along the lines of the current OTI civ-mil program, and developing youth employment programs in regions that are either at high-risk or are supplying large numbers of recruits to militant movements. The regional component would begin with a detailed analysis of the causes of conflict, and would then bring programs to bear along the whole chain, from incentives for violence, to mobilization, to institutional capacity and response.

This type of approach, working along a chain of causes from start to finish, while conceptually more complicated and potentially more difficult in terms of management, has a number of distinct advantages over focusing on one particular category of cause, for example, root causes or institutional causes.

It has the advantage of being more strategic in terms of the problems our programs choose to tackle. The number of potential grievances, or possible sources of financing and recruits, or

weak institutions, or potential counter-elites in any given society are enormous. Even if the Mission were to triple the size of its programs in high-risk areas, its ability to address all of the causes found in one category would still be extremely limited. By focusing in on one or two of the most important causal chains – incentive to mobilization to institutional response – scarce resources will go further and will have greater leverage. It also enables different sectors to work together on a common problem and allows each to bring their strength and expertise to bear wherever it makes most sense.

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## APPENDIX A: NORTH SULAWESI

The North Sulawesi Conflict Assessment Team<sup>38</sup> traveled to Manado, North Sulawesi, from 17 to 22 February 2002 and met with a wide range of Civil Society Organizations (CSOs), government and political party officials, small business owners, religious leaders, internally displaced persons (IDPs), police, and academics. The Conflict Assessment Team built upon information previously reported by other USAID/Indonesia offices. Given the complexity of ethnic and religious issues in the province together with the recent bifurcation of the province with the creation of Propinsi Gorontalo to the south (previously one of North Sulawesi's four Kabupaten, or Regencies), the team concentrated on the center of provincial politics – the capital city, Manado. With the collapse of Soeharto's New Order regime, institutions of governance remain hostage to patron-client relationships. To be sure, with decentralization, diaspora elites who previously profited handsomely from machinations in Jakarta, now find they must shift their energies to the provincial and kabupaten level to access the wealth of the state. In North Sulawesi previously benign issues of ethnicity and religion have been used to publicly frame grievances related to distribution of power, resources, and influence. At the same time the Minahasan community writ large attempts to come to terms with its own identity following largely negative Dutch and New Order legacies.

Time and opportunity did not allow for members of the team to travel to the border area between North Sulawesi and Gorontalo as well as to look at other intra-province border disputes in greater detail. In retrospect, a majority of the team's sources came from the Christian Minahasan community. For a richer analysis of the religious and ethnic politics of this part of Sulawesi USAID will need to undertake similar endeavors to Gorontalo, other predominately Moslem areas of North Sulawesi, such as Bolaang Mangondow and Kotamobagu, and the predominately Christian area in Sangir Talud. In this way, a greater understanding of minority Moslem perceptions of ethnicity, religion, and identity can be attained.

### OVERVIEW OF NORTH SULAWESI

The Province of North Sulawesi (until January 2001 also comprising the territory of the new province of Gorontalo) sits at the extreme northern tip of the island of Sulawesi, itself comprised of five provinces. The geography and ethnic make up of the province is comprised of three Kabupaten, largely drawn along primordial lines: Kepulauan Sangihe dan Taud (northern chain of Islands), Minahasa (central), and Bolaang Mongondow (Bolmong, southern portion sharing border with Gorontalo). Additionally, there are two Kotamadya: Manado and Bitung. According to 1999 data, the population of North Sulawesi stood at some 2.1 million people<sup>39</sup> from some nine different linguistic groups indigenous to North Sulawesi. Twenty-four percent of the population lives in urban areas (kota) while 76% live in *perdesaan* or *daerah terpencil*. More than half the province's labor force works in agriculture (56.5%), with 30.3% in banking and trade, and some 12.3% in industries. (Again, these figures include statistics for then Kabupaten Gorontalo.)

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<sup>38</sup> The team was comprised of Gary Hansen (USAID/W/DG), Suraya Affif (Consultant to the Conflict Team), Michael L. Bäk (USAID/DG/Indonesia), Firman Aji (USAID/ECG/Indonesia), and Priyanto Santoso (USAID/REM/Indonesia).

<sup>39</sup> The most current data on provincial statistics of North Sulawesi include data for (then) Kabupaten Gorontalo (which became an independent province in 2001). Therefore, the 2.1 million figure (2,116,094) is derived from subtracting the figure for Gorontalo (672,006) from the provincial total of 2,788,100. See: *Otonomi: Potensi Masa Depan Republik Indonesia*, Tim Peneliti Centre for Political Studies Soegeng Sarjadi Syndicated, Jakarta, 2001.

According to 1999 figures<sup>40</sup>, North Sulawesi (including then Kabupaten Gorontalo) was 51.5% Protestant (1,435,871), 44.7% Islam (1,226,280), 3.5% Catholic (97,583), and 0.03% Hindu and Buddhist (8,366). If government statistics are reliable, it appears that when Gorontalo was part of North Sulawesi the religious balance between Protestant and Islam tilted more toward equilibrium than to a *definitive* majority-minority dynamic. However, the political situation was such that Moslems routinely felt marginalized by the dominant Protestant population which controlled much of the civil service bureaucracy, the police, and small and medium-sized businesses –but behaved as if it were a significant, clear majority. So, whereas the data suggested a quantitative religious equilibrium, qualitative social equilibrium lagged severely behind.

Estimating religious make-up of the new North Sulawesi is made even more difficult given the lack of updated statistics following the break-up of the province and the tendency of both Moslem and Christian contacts to exaggerate numbers convenient to their interests. Following the creation of Gorontalo as a new province in 2001, many North Sulawesi Christians tend to underestimate the number of Moslems remaining in what now North Sulawesi. In today's North Sulawesi, Christians are more of a quantitative majority than a year ago and political dynamics continue to reflect that. Regardless of the quantitative data given above, when key community leaders are asked to comment on the religious affiliations of the North Sulawesi population (excluding Gorontalo), estimates ranged from 60-40 (60% Christian, 40% Moslem) to 70-30 or even 80-20. In our estimation, a more accurate range would be 65-75% Protestant Christian and 25-35% Moslem, with the urban areas more towards equilibrium.

North Sulawesi fared well during the Asian Economic Crisis and did not feel the same negative effects as other parts of Indonesia, in part due to the earnings it received from agricultural products. In fact, today the province enjoys a 5% annual growth rate; higher than any other province in Indonesia and higher than the national average. In the 1999 elections, Partai Golongan Karya (Golkar) took the top spot (netting 4 of the 7 North Sulawesi seats in the DPR-RI), while PDI-P came in second (taking 2 seats) and PPP took third (1 seat).

Historically, North Sulawesi is considered to be one of the most peaceful and harmonious provinces in Indonesia. Yet, this image is severely challenged in an environment of heightened and distorted religious (and increasingly ethnic) paradigms.

## **KEY POLITICAL AND SOCIAL THEMES**

### **External Events**

A significant number of Christian (particularly Minahasan) NGOs and religious leaders from a variety of Protestant denominations voiced a heightened sense of concern and insecurity about what they perceive as a growing movement of Indonesian Islamisation. They see themselves, centered on the northeast tip of Sulawesi island, surrounded and encroached upon by other nearby violent conflicts: Abu Sayyef in the Southern Philippines, North Maluku, Ambon, Central Sulawesi, and Central Kalimantan. Issues surrounding 9.11 and the talk of Moslem terrorist networks in Indonesia are high. Even the Kapolda (Police Chief) was very quick to point out that North Sulawesi is surrounded by regional conflicts. To complicate matters, it is perceived as a 'Christian center' in a sea of 'Moslem instability.' As discussed below, the ethnic issue becomes intertwined with religious issues and results in a growing sense of a victimization and isolation framed by ethnic exceptionalism. The mix can become volatile.

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<sup>40</sup> The team was unable to obtain official statistics for new provinces such as Gorontalo and thus required extrapolation from existing data.

To be sure, many fear the intrusions of Laskar Jihad fighters into their province, citing as evidence the recent capture of 17 Jihad militants attempting to enter the province via the port in Bitung. They were immediately confronted by the local community and the police and sent back to Central Sulawesi.<sup>41</sup> More recently, one of the growing number of Christian militias, *Brigade Manguni* (an outgrowth of the Minahasan adat movement but dominated by Minahasan preman) sent 350 of its members to the northern part of the province, Sangihe dan Taud, ostensibly to block intrusions into North Sulawesi by militant Abu Sayyef fighters.<sup>42</sup> USAID staff have been 'warned' by some Minahasans of Al Qaeda links with local Moslem-dominated NGOs in North Sulawesi – though little by way of proof has been offered. The 9.11 anti-terrorism theme has become a useful tool used by Christian Minahasan leaders to justify anti-Moslem sentiments and more exceptional definitions of North Sulawesi identity.

### Religion and Religious Leadership

Many Christian *leaders* in North Sulawesi are uneasy about perceived injustice and discrimination toward the nation's Christian minorities throughout the archipelago. History and past experience lend confirmation to the suspicious perceptions held by a growing number of Christians in North Sulawesi toward Moslem Indonesians generally. Meanwhile, current global trends tend to reinforce Moslem feelings of victimization at the national level. The extent to which these affect the conflict dynamic from the perspective of Moslems in the North Sulawesi in particular remains unclear. The Conflict Assessment Team believes that such perceptions – factual or not – are necessary considerations as people often act on perceptions when a situation becomes sufficiently charged. Indeed, according to some behavioral economists, data suggests that people will engage in activities that are personally detrimental or costly to bring their notions of fairness into greater equilibrium.<sup>43</sup>

Among key decision-makers, a pervasive feeling persists that the Christian community is the target of government discrimination. These leaders cite the renewed demands for adopting the Jakarta Charter (an amendment to the Constitution which would require all Moslems to adhere to and be subject to Islamic Law, or Syariah Islam) and the alleged adoption – whether formally or informally – of Islamic Law in 18 kabupaten throughout Indonesia.<sup>44</sup> They cite anecdotally current laws that require churches to acquire the permission of neighbors before construction on facilities can begin, a condition they claim does not apply for the building of mosques.<sup>45</sup> They further believe that the Department of Religious Affairs provides a grossly disproportionate share of its funds to Moslem communities even when their province is predominately Christian. They take as examples grant schemes for Moslem organizations and overseas funds from OIC nations (Organization of the Islamic Conference) funneled through the government.

### Ethnicity and Identity

An issue of paramount importance in Indonesia today is the question of national identity and what it means to be Indonesian. This is not lost on the leaders of North Sulawesi. However,

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<sup>41</sup> As reported by Kapolda and local NGOs.

<sup>42</sup> *Manado Post*, 20 February 2002, "350 Brigade Manguni Hadang Abu Sayyaf: Gelar Pengamanan Massal Anti Teroris di Perbatasan Satal."

<sup>43</sup> Timmer, Ashely. Comments at Expert Roundtable on Conflict in Indonesia, held 04-05 February 2002 at the University of California, San Diego, School of International Relations and Pacific Studies.

<sup>44</sup> The team has not been able to independently confirm this figure, though it can say with particular certainty that moves toward Syariah Law have gained momentum in a number of areas in the country. The fact remains, however, that this is what people believe to be true.

<sup>45</sup> Similar though more stringent regulations exist for the building of Chinese Temples. See Home Ministry Instruction No. 455.2-360/1968.

decades of cultural hegemony by Javanese politicians and military personalities together with ineffective Pancasila-driven mechanisms for addressing cultural identity within the framework of the Unitary State of Indonesia have left many Minahasan leaders frustrated. Indeed, some from the Minahasan diaspora community in Jakarta – mostly business and political elites who established themselves at the center of Soeharto’s New Order – have attempted to exploit these grievances.

As a result confessional groups claim to represent communities and act unilaterally on their behalf. Often these groups further reduce to adat or ethnic roots. Some even set up, or become associated with, social welfare organizations or similar civil society organizations for their own constituencies in a move to gain increased legitimacy among the grassroots. In 2000 Minahasan political elites – drawing their numbers largely from the business and political community of New Order Minahasan elites in Jakarta – held *Kongres Minahasa Raya I* (and a year later, *Kongres Minahasa Raya II*), an entity purported to represent the wider Minahasan community, both in North Sulawesi and the diaspora. This exclusive club of ethno-elites served little purpose other than encouraging Minahasan exceptionalism. (This is a growing trend across the archipelago. In fact, similar ethnically-based people’s congresses have been held in Riau (2000), Papua (2000), and Central Kalimantan (1998, 2001).) A largely preman-based paramilitary organization was established in connection with the *Kongres* under the name *Bridage Manguni*, the founder being a wealthy Jakarta-based Minahasan businessman with roots in the Adat community. These two organizations can be described as ‘fear-based.’ Their leaders admit that they were established in reaction to religious violence elsewhere and in defense of Minahasan identity which they feel has been seriously threatened. They emphasize that they direct their actions toward uncivil elements of society that seek to take control over North Sulawesi.

In fact, progressive CSOs in North Sulawesi have reported the increased consolidation of specifically *Minahasan-based* organizations, which do not reflect the pluralism which, in their view, Manado represents. They find this worrisome, reflecting a trend of inward-looking ethno centrists. Some CSOs have taken steps to move away from this ethnocentrism and publicly demonstrate the diverse nature of their organization – often to the rebuke of ethnic elites. And they continue to encounter increased harassment by ethnic elites who treat them as suspect due the very diverse nature of their organization.

#### Civil Society and Government Institutions

USAID experience in North Sulawesi suggests, and results from a USAID/DG CSO development study<sup>46</sup> (in progress) confirm, that the organizational capacity of CSOs in the province remains low and few CSOs tend to demonstrate a desire or ability to reach across parochial – and increasingly ethnic – lines. Though assumptions of a *natural* sense of animosity and distrust for “the other” should be eschewed, convincing evidence suggests that elites may broaden religious and ethnic interstices. This requires broader and more diverse CSO partnerships, which includes building stronger bonds among NGOs, the business community, and local governments.

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<sup>46</sup> This USAID/CPT project is being conducted by Shally Prasad and the final report should be issued in the third quarter of 2002. For more details, contact sprasad@usaid.gov.

The use of the Indonesian security forces during the New Order as the final arbiter of violent disputes,<sup>47</sup> effectively negated the development, evolution and consolidation of civil society organizations and government institutions involved in solving disputes within communities.<sup>48</sup> With the military forces brutally battered in the eye of world public opinion for atrocities in East Timor, Aceh and West Papua, the security apparatus' capacity to react to violent outbreaks of violence has been severely limited and their willingness to intervene when the territorial integrity of the nation is not in contest has diminished considerably. The consequence of such a legacy is one in which few, if any, institutions (civil society, government or otherwise) exist for arresting negative perceptions or effectively addressing competing interests and grievances.

Indonesia's deeply entrenched system of elite politics and accompanying patron-client relationships, embedded corruption at all levels of society, and culture of premanism, have produced disincentives to follow what weak legal or other institutional channels may exist to address and resolve grievances. To be sure, few CSOs in North Sulawesi can measure up against the organizational capacity – and rhetoric – of those elements in society, often managed by elites, which perpetuate negative perceptions of 'the other.' Indeed, with increased freedom of expression, the media has failed to demonstrate an ability to curb conflict entrepreneurship in the press.

As popular confidence in the apparatus of the state further deteriorates, we can expect groups to express grievances through extra-institutional means given the lack of effective government and CSO capacity (i.e. street justice). As few institutional means exist for arresting negative perceptions, the state demonstrating lack of capacity in using police and security forces to address localized conflicts, and elites entrenching their positions through legitimizing activities in their communities, negative perceptions held by elites begin to appear confirmed. Once serious conflict emerges, violence can easily escalate given weak or non-existent structures for mitigating it. In fact, the New Order's reliance on the armed forces as the final arbiter of inter- and intra-communal disputes has left communities devoid of even a modicum of impartial or legitimate institutions for resolving conflict. Thus, with the military's decreasing role as conflict managers, the potential of violence escalation has increased over the past few years.

### Environmental and Natural Resources

In general, there are very few convincing indicators that could lead us to conclude environmental factors might be used as motive or incentive for violent conflict in North Sulawesi.

Generally, North Sulawesi has few "strategic" natural resources that attract the interest of large national and international companies. A recent study has shown that the contribution of North Sulawesi natural resource revenue to Gross Regional Domestic Product (GRDP) is very low, or below 5 percent. Because the contribution from natural resources to GRDP is so small, the province's earnings from the natural resources wealth will not significantly change after the implementation of the autonomy laws.<sup>49</sup> In addition, natural resources in GRDP is low due to the fact that the province is not rich in oil and gas.

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<sup>47</sup> This is not to claim that the role of the military in this regards was appropriate but it served the needs of the New Order government which required only superficial control over violent expressions of conflict with little in terms of addressing underlying grievances and greed.

<sup>48</sup> From "Internal Conflict in Indonesia: Causes, Symptoms and Sustainable Resolution," by Chris Wilson (Foreign Affairs, Defence and Trade Group), Department of the Parliamentary Library, Information and Research Services, Research Paper 1 2001-02, 07 August 2001.

<sup>49</sup> Brown, Timothy H. 1999. *Economic Crisis, Fiscal, Decentralization, and Autonomy: Prospects for Natural Resources Management*. Paper presented at an International Conference on "The Economic Issues Facing the New Government,"

Lack of extensive forest coverage, for example, made contributions from timber industry to the national and regional economy insignificant. In a sense this has prevented massive manipulation of illegal economies by the military, which is often accompanied by citizen disempowerment and sense of helplessness. Furthermore, large-scale mining exploitation has not fully developed even though North Sulawesi has several strategic minerals deposit, including gold and copper. In the case of gold, small-scale miners often occupy state granted mining company concession areas before the company settles in. These small miners are also people from North Sulawesi, most ethnic Minahasan. In the past, conflict has emerged between small-scale miners and large-scale companies due to the army's involvement at providing security for the industries (which included, at times, evicting squatters). This practice often resulted in serious human rights violations. A human rights report has highlighted such activities surrounding a number of mining companies in Indonesia, mostly foreign. Aurora Gold, an Australia-based mining company, partly withdrew in part due to some 1500 small miners who squatted in their concession area in the Talawaan region of North Sulawesi – even though the central government has already granted this company a mining concession.

But “poor” on natural resources endowment does not mean that North Sulawesi is considered a poor region. More than half of the population engages in agricultural activities. Agriculture lands and plantation crops are predominantly owned and cultivated by small-scale farmers of North Sulawesi. However, there is very little plantation development as compared to other provinces of Indonesia. Nationwide it is rare to find a situation like North Sulawesi where *no* oil palm plantation estate have been established. This plantation crop is a major cause of land conflicts in the outer islands of Indonesia. Coconuts, clove, and nutmegs are still the backbone of the local economy. These crops are predominantly a small-scale/household production important for domestic market. All agriculture sectors performed well after the economic crisis and North Sulawesi's farmers are benefiting as the price of these crops increased.

Perhaps due to the fact that few large national or international corporations have been involved in the agriculture sector, land disputes are not a primary concern.

Pelagic fishery is probably the only strategic resource that attracts a number of national and international fishing fleets to fish in the North Sulawesi's seas. Illegal practices by foreign fishing boats are quite common and for many reasons are difficult to stop. Local fishermen complained but there is little they can do since many of these illegal fishing boats use weapons to protect their illegal activities. There is very little incentive for the enforcement authority to stop these illegal practices. Among the fishermen themselves there is little room for ethnic competition (or development of severe religious or ethnic cleavages) as most all fisherfolk in North Sulawesi are ethnic Gorontalo or Bugis Moslems.

### Chronic Alcohol Abuse

In all the Team's discussions with resource persons in North Sulawesi, among CSOs and within the government and police, all report that drinking and drunken behavior was one of the most distressing problems which the province faces. The Chief of Police reports that the local alcoholic beverage of choice, *Cap Tikus*, can bring more profit to sellers than selling cloves! With the highest crime rate in Indonesia, he finds that disorderly conduct and excessive drinking

play an important role in North Sulawesi. He has gone so far as to meet directly with Priests and Pastors to plead with them to preach on Sundays that drunken conduct is wrong.

### Victimization

The result of perceptions held by Christian *elites* in the province is an increasingly inward-looking worldview in which “they” (radical Moslems) are out to get “us” (Christians) – increasingly militant verbiage aimed at “the other.” It should be clearly noted that at the grassroots level these conspirational overtones and strained inter-religious inter-ethnic relations are largely *non-issues* – a conclusion based on past USAID experience in North Sulawesi as well as a recent USAID/DG/Indonesia NGO development study (in progress). It is at the elite level – be they religious leaders, politicians, police, government officials, or the like – that perceived victimization fuels fabricated grievances, further legitimized *and* believed by provincial and diaspora elites. Given financial and/or political dominance, how elites act upon their perceptions has consequences for the entire province. As the rhetoric becomes ever constant and increasingly vocal, negative perceptions are confirmed, and once a serious outbreak emerges it may become more difficult to curb escalation.

Outsiders are increasingly viewed with suspicion. Throughout the end of the Dutch Era and into the New Order, North Sulawesi (and Manado in particular) was a magnet for Indonesians from all walks of life. Indeed, as some observers will point out, no *one* ethnic group can claim the city of Manado as “theirs.” As one observer notes, “Genetically speaking it is virtually impossible to assign each and every Indonesian into a specific ethnic group...[and] formal confession to a religion does not tell much about the observance of religious values either.”<sup>50</sup> Regardless of the province’s historic pluralism, extremist Minahasan elites now regard outsiders as a threat to their survival. It is not clear to what extent those feelings are shared by more mainstream leaders. Minahasan Christian NGO leaders expressed in a closed-door meeting with one of the Conflict Team members that “radical Moslem elements can infiltrate North Sulawesi disguised as a Javanese Christians.” Whereas distrust of “the other” continues to build in the province, some Minahasan elites suggest the expulsion of Moslems and the transmigration of Indonesia’s “vulnerable Christian community” to their province, a storybook Christian safe-haven.

### **STRUCTURAL AND ROOT CAUSES**

With some of the general themes briefly outlined above, we can now discuss in greater detail some of the structural and root causes of potential conflict in North Sulawesi.

#### Changing Administrative Regions

Political elites in Jakarta orchestrated the break away of the predominately Moslem area of Gorontalo in January 2001. Outwardly, elites justify the move to grant Gorontalo a greater political voice following decades of underrepresentation in North Sulawesi. Given moves at fiscal and political decentralization nationwide, the motives for a separate province most likely lie in a grab of resources which a provincial bureaucracy can provide to aggressive elites. Whereas some argue that Moslem Gorontalo now have a political *entity* and political *identity* of their own, ethnic Gorontalo resident who are very much a part of (the new) North Sulawesi now have a more fragile franchise. Some fear that Gorontalo represents an entry point for extremist Islam.

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<sup>50</sup> Simandjuntak, Djijsman S. “Reinventing the Indonesian Nationhood,” in The Indonesian Nationhood and Challenges of Globalization, Centre for Strategic and International Studies (Jakarta), 2001, p. 4.

Some claim there are already machinations coming from the southern Kabupaten of Bolaang Mongandow to become its own province. Others claim that southern portion of Kabupaten Minahasa has designs on becoming a) ( southern portion of Minahasa Regency wants to become its own Regency w/in Sulut, and not a new province) Kabupaten in its own right. Meanwhile, the northern string of islands making up Kabupaten Kepulauan Sangir Talaud may be pushing for provincial status as well due to decades of ethnic discrimination. Short-sighted elite actions to create new provinces or kabupatens will have immediate short-term financial gains for those who manage to dominate the new bureaucracy and the associated rents; however, long-term development and financial sustainability will remain illusive as needed resources are diverted to fulfill personal or group desires. Already conflict exists between Kabupaten Bolaang Mongandow and southern Kabupaten Minahasa over boundaries – at the heart of the dispute is a lake and its potential to attract tourist revenue. The added element of drawing new boundaries along ethnic lines only serves to re-enforce the in-group/out-group dichotomy which is on the rise nationwide.

### Ethnic Discrimination

In the recent past, the politics of North Sulawesi have been dominated by the Minahasan ethnic group – the elites of which oftentimes equate Minahasa with North Sulawesi. The two are not synonymous given the ethnic diversity of the province. The island people of the Sangir Talaud region have historically been discriminated as backward and behind the times. Gorontaloans suffer from similar discrimination resulting in less representation in the government civil service and participation in the economic life of the province. To be sure, grievances have accumulated among the Talaud people (part of the Sangir Talaud Kabupaten) which now have begun to push for an independent Kabupaten, citing years of Sangir domination in the Kabupaten local government. Any escalation of tensions will diminish social capital and take needed resources away from improving the areas development posture.

However, beyond the geographic boundaries, should ethnic-based discrimination intensify or be used in grievance-production, the negative impact could be felt in other areas. Ethnic divisions of labor have, at times, been the source of discriminatory practice. With the increased virulence and capacity of ethnic- and religious-based militias, small inter-ethnic disputes could spark full-blown sectarian rivalries and violence, provided that the conflict falls along religious lines. Thus violent conflict between two or more Christian ethnic or sub-ethnic groups is much lower than between a Christian and a Moslem group.

### Ethnicity and Business

Predominately ethnic Gorontalo *kakilima*<sup>51</sup> (push-cart sellers) in Manado have become a point of contention among Minahasan elites. The Minahasan-dominated city government has begun to pursue the systematic expulsion of push-cart sellers from various parts of the city as well as re-route public transportation. (According to a reliable NGO partner in Manado, there are some 70,000 *kakilima* or push-cart sellers in the province, of which some 80% are ethnic Gorontalo.) The reasons range from traffic congestion to urban cleanliness to Minahasan-dominated public transportation sector complaints to business competition (complaints have arisen from both Chinese and Minahasan shopkeepers that the *kakilima* are purchasing their products directly from sellers in Surabaya or elsewhere, thus avoiding the distribution network which they control.) The truth most certainly lies somewhere in the middle.

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<sup>51</sup> The best estimate suggests that some 80% of push-cart sellers are ethnic Gorontalo; extremist Minahasan elements will argue that 100% of push-cart sellers are ethnic Gorontaloans, or “outsiders.”

Re-routing the public transportation grid will negatively impact pockets of economic opportunities for established *kakilima*. Beyond the fact that market demand for lower cost products from these sellers exists, the opaque and non-participatory manner in which the local government – most likely together with local businessmen – took on this issue has been less than ideal. The largely Gorontalo *kakilima* community has not ever enjoyed an effective representation. For example, in Manado's largest market, Pasar 45, where some 1,200 *kakilima* operate on a daily basis, the sellers are organized into three groups. One is within an organizational advocacy structure which was established around 1998 and has a chain stretching up to the national level. It is called UPKLI. Another Golkar-based organization, HPK, was organized much earlier and is generally seen as a vote-getter rather than an advocacy tool. The third 'group' is under an individual, Ms. Noku, who claims to represent all those not in the above two groups. She is not a CSO, but has lobbied the mayor and the government not to change the routing of public transportation.

Another organization, a diverse yet predominately Moslem NGO has taken active interest and has begun to advocate on behalf of these people. Unfortunately, their intentions have been perceived by some Christian community leaders as a threat to stability in North Sulawesi. Why, they argue, should "those Gorontalo" create problems here by demanding their rights when they have their own province? These sentiments reflect growing regional and ethnic chauvinism – the growing assertion of regional cultures and the rights of regional governments – which emphasizes the "adat" or indigenous over the so-called "pendatang" or outsider.<sup>52</sup> As Van Klinken has noted, "Even where there has been little or no violence, local elites, from Flores to Gorontalo, from Minahasa and Banten to Riau, are building an exclusive discourse of ethnicity such as has not been heard so publicly in Indonesia before."<sup>53</sup>

Some further pronounce that Moslem radicals have infiltrated the Gorontalo community in North Sulawesi who are ready to wreck havoc on the province. Some have equated the struggle for the rights of *kakilima* as a radical Moslem plan to infiltrate from the outside in. They worry that "those Moslems" will cause another Ambon in Manado and North Sulawesi. Indeed, one of the Assessment Team members was told frankly that should problems arise, the well-equipped *Brigade Manguni* will not hesitate to use force to defend Minahasans from terrorist (read: Moslem) threats to their security.

### Demographic Stress

As noted by a number of contacts, leaders could exploit or mismanage the fragile dynamic of demographic shifts, both historic, present, and future. During the zenith of Soeharto's transmigration program, thousands of Balinese, Bugis, and Javanese (among other) transmigrants were brought to parts of North Sulawesi, generally in the predominately Moslem areas (Bolaang Mongondow) where land was more widely available. Today, land tenure and ownership remain contested as many local residents believe that the land on which the ethnic Balinese transmigrants live was unjustly taken from them. Similar to other locations in the archipelago, many ethnically-based land tenure controversies become increasingly muddled as locals attempt to revive *or indeed create* so-called Adat (or traditional) mechanisms for dealing with such issues. A similar case continues in Northern Minahasa where people were pressed to sell their land at unfair prices to businessmen wanting to build a resort – which was never built.

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<sup>52</sup> See "Tougher to Manage Indonesia's Ethnic Fault-Lines" by Marianne Kearney, The Straits Times (Singapore), 03 April 2002 or "

<sup>53</sup> Van Klinken, Gerry. "Indonesia's New Ethnic Elites" in Henke Schulte Nordholt and Irwan Abdullah (eds.), proceedings on a Dutch-Indonesia research conference held in Yogyakarta, August 2001, not yet published.

Though no indication of such can yet be reported, some contacts suggested that given the relatively poor resource base of neighboring Gorontalo, the province could witness an increase of spontaneous economic migrants to North Sulawesi seeking work. To date, there has been no large scale migration from North Sulawesi to Gorontalo, or vice versa. Indeed, following the break away of Gorontalo in January 2001, not only did no violence occur, but no sizable numbers of people decided to migrate to where they were in the ethnic or religious majority (i.e. Gorontalo to Gorontalo; Christians to North Sulawesi). This in part can be attributed to the fact that the break-way was orchestrated *by* elites and *for* elites – a process that was not driven by the grassroots but rather by elite designs on the resources of the state. Indeed, there were no participatory mechanisms for public input and the resulting reaction – or lack of violent reaction – by the masses may be a proxy indicator of the people's outward thinking.

### Internally Displaced

The forced displacement of the IDP population in North Sulawesi was not due to conflicts in the province, rather they sought refuge in North Sulawesi from violence in North Maluku (with smaller numbers from Maluku and Central Sulawesi). Nearly all the 47,780 internally displaced persons (IDPs) are Christian. Many live with host families in North Sulawesi, others have moved into home of their own, but some 10,000 or more still reside in crowded camps scattered across Manado and Bitung, the largest cities of the province. Though the IDPs largely share the same religion (Protestantism) with the host community in North Sulawesi, they came from distinct cultural backgrounds, value systems, and experiences. Many IDPs experienced trauma in North Maluku which they have been coping with the past two years or more that they have been in North Sulawesi. The general issues surrounding IDPs in Indonesia are addressed at greater length elsewhere in this paper. We will briefly address how this vulnerable population fits into the potential conflict dynamic in North Sulawesi.

In North Sulawesi, the IDPs cramped conditions, increasing social marginalization, competition for labor opportunities, and stigmatism have created conditions which are miserable at best. The most vulnerable among the IDP population are those who live in camps. The government has routinely failed to meet its obligations under the Guiding Principles on Internal Displacement<sup>54</sup> -- which the Republic of Indonesia unambiguously supported in a resolution by the UN Commission on Human Rights in April 2001. The Minister for Social Welfare Jusuf Kalla, to the chagrin of IDPs, aid workers and rights activists across the country, has made it clear that the IDP problems throughout the country will be solved by December 2002, an unrealistic goal. In fact, material aid to IDPs in North Sulawesi has already ended in a move to urge people to leave the camps and return home – in a manner which may contravene acceptable standards as outlined in the Guiding Principles.

Though the Christian communities of North Sulawesi have in the past shown support for the IDPs, there remain tensions between the host community and the IDPs. The community and government have not prepared for IDPs who will not return to their villages of previous residence. The IDPs therefore risk suffering from benign neglect. No longer an 'emergency situation', North Malukan IDPs in North Sulawesi – the only IDP camps for North Malukans outside North Maluku – fall into a very unhealthy gap, between emergency relief assistance and typical locally targeted economic and social development activities. Jealousies have emerged on the part of local poor over the support given to the displaced; insensitivities toward IDP children who attempt to go to school; and general disregard for the vulnerabilities of displaced people (see section on IDPs for further illustrations). Inebriated youth, particularly young men,

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<sup>54</sup> See main text for more details.

have heavily contributed to inter-kampung fighting and increasing harassment of IDP populations. IDPs are particularly good targets as the community increasingly feels that the IDPs have received extensive charity and thus have excess resources.

Few NGOs have the capacity to work on needs related to the IDPs in the province – both on the IDP and local community sides. We know of only two local NGOs which do limited work with the IDPs, Yayasan Bina Mandiri (YBM) and Yaysan Peka. YBM was established by an employee of the World Bank and his Indonesian staff. It hired 3 young women to help with job placement and also to establish a library in the largest IDP camp. It never received a critical mass of funding and the founder expressed that it may very well fold soon. Peka works on children's issue (under fives) exclusively. In the past two years local churches have shown ambivalent support for the IDPs in providing food and clothing. However, the honeymoon period between the IDPs and the local community is quickly drawing to a close – attitudes are beginning to change based upon wholesale misunderstanding and misappreciation for what it means to be an IDP. Unless these attitudes gradually shift, latent problems between IDPs and the host-community could move beyond fighting words and into fighting actions. Indeed, this has already taken place. In one location International Rescue Committee (IRC) has reported in mid-2001 that a local church which housed dozens of IDP families, provided cooking equipment and shelter, evicted all the IDPs from their compound. Not only that, but the church's youth, armed with crude weapons, forced the IDPs to leave with little notice and forbade them from taking their belongings with them saying that everything they had belonged to the church because it was the church that gave it to them. The IDPs have since been absorbed elsewhere or coerced into returning to North Maluku – a clear violation of international standards.<sup>55</sup>

As much as fifty percent of Junior High and High School students from the IDP camps do not attend school. This is due to the schools teachers' and principles' refusal to allow them to attend because they do not have the proper documentation. IDP appeals end there. Most all of these people fled with little notice; the Ministry of Education was burned down and all documents destroyed. IDPs are not aware of their rights; no linkages have been made with organizations that can advocate on their behalf. Indeed, this demonstrates yet another failure by the GOI to meet adequate standards and the inability of CSOs to provide support and advocacy to the IDPs in their community. Principle 20 states that every human being has the right to recognition everywhere as a person before the law. It further states that 'to give effect to this right for internally displaced persons, the authorities concerned shall issue to them all documents necessary for the enjoyment and exercise of their legal rights ... In particular, the authorities shall facilitate the issuance of new documents or the replacement of documents lost in the course of displacement, without imposing unreasonable conditions, such as requiring the return to one's area of habitual residence in order to obtain these or other required documents' (which is essentially what the government imposes by telling students they must obtain their documents from the Ministry of Education from their villages of habitual residence).

As the government moves to persuade IDPs to leave North Sulawesi and international organizations, for better or for worse, to concentrate on facilitating returns, the notion of return becomes increasingly cloudy. Many IDPs in particular parts of North Maluku have sold off their businesses, homes, and land to Moslem entrepreneurs who have come to the camps to make these purchases. Many believe they have not received fair prices. Reasons for selling properties

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<sup>55</sup> Forced or coerced repatriation or relocation violates internationally-accepted standards as outlined in the Guiding Principles. Principle 14.1 notes that 'every internally displaced person has the right to liberty of movement and freedom to choose his or her residence' and Principle 15 states that IDPs have the 'right to be protected against forcible return to or resettlement in any place where their life, safety, liberty and/or health would be at risk.'

in North Maluku vary from person to person, but it is clear people still have reasonable fears of going 'home', a concept which to many becomes increasingly vague day by day. Indeed, as the Representative of the Secretary-General on Internally Displaced Persons concluded following his visit to Indonesia in late 2001, "it is [...] vitally important that the objective of ending displacement in the shortest possible time be pursued with due regard to the aspirations of the people, that appropriate conditions for their return or resettlement be created, that their integration into existing communities be genuinely empowering, and that in implementing the [government's plan to solve the IDP problem], the overriding values of human dignity are respected and supported."<sup>56</sup>

### Environmental and Natural Resources

As many Muslim communities live along the coast of North Sulawesi's main island, some Christian figures—state officials, religious figures, and NGO activists — have complained about donor assistance going solely to those Moslem communities. This kind of maneuvering is an irresponsible strategy. Their complaints are often based solely on suspicion and hearsay. When we looked more closely at the condition of these coastal communities, they consist of an ethnic and religious mix of the province's poorest people who have very little access to political power. To date we are unaware of any reports of conflict between these villages.

### Donor Assistance

Finally, USAID programs are not exempt from being seen as partisan in a context where neutral space can often be challenging. Thus, some interviewed claimed that USAID was only working with Moslem communities, and therefore by implication supporting a Moslem agenda – or indeed, supporting "those Moslem extremists".

## **MOBILIZATION AND EXPANSION: ACCESS TO CONFLICT RESOURCES**

### Organizational and Human Resources Factors

The strong church-based institutions in North Sulawesi society are capable of collective action capacity. Protestant and Catholic-based militias have already formed ostensibly to defend the province against outsiders. In reality, these militias often provide the muscle behind political endeavors by elites. In other cases they are dominated by preman thugs. These militias can easily be mobilized should the leaders *perceive* the need. Indeed, one of the largest militias, *Brigade Manguni*, reported that the groups maintains a base of some 11,000 people (armed, by some accounts), a number that could not be independently confirmed. Commitments to defend Christians against outside provocateurs or internal trouble-makers is high. Evidence suggests that besides the failed incursion by Laskar Jihad, similar Moslem-based militias simply do not exist in the province.

### Financial Resources

The sources of financial support for these groups remains unclear, however, the relatively strong local economy and potential support from Diaspora communities in Jakarta, the US and Holland may provide ample support to extremist Christian elements.

### Poor CSO Linkages and Communication

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<sup>56</sup> Commission on Human Rights. "Specific Groups and Individuals: Mass Exoduses and Displaced Persons," Report of the Representative of the Secretary-General on internally displaced persons submitted in accordance with Commission resolution 2001/54, E/CN.4/2002/95/Add.2, p. 27.

As noted in the body of the text, the CSO community in North Sulawesi lacks general unity or linkages amongst the various civil society actors. Following the fall of the New Order, new organizations have begun to proliferate, but are often personality-driven. The capacity of CSOs to be able to react quickly and effectively in producing alternative messages under escalating circumstances is severely limited. Should elite perceptions begin to dominate society in North Sulawesi, little hope exists that civil society is well-equipped to combat those messages.

Indeed, the role of the mass media in reporting on conflict can become crucial should cleavages become sufficiently pronounced. The major newspapers, Manado Post, Komentar, and POSKO, have largely leaned heavily towards elite Christian interpretations of local events. In fact, in private discussions with one of the team members, several local journalists admitted that their editors often emphasize the need to get a “good story” over balanced or factual reporting. Some media outlets, however, such as Radio Al Khaerat tend to be more moderate and neutral in their reporting endeavors.

Conflict entrepreneurs, or even well-meaning but misguided community leaders, could very well exacerbate this deficiency in capacity with the result that violence could mount more rapidly.

#### Access to Weapons

Access to weapons could be easy for any group, as the borders of North Sulawesi are porous particularly from the sea and the police have little capacity to block weapon in-flows. Indonesia, moreover, is traditionally a sharp weapons culture.

#### **INSTITUTIONAL CAPACITY AND RESPONSE**

There is an absence of strong bridging institutions in North Sulawesi between Christian and Moslem elites. The communities they represent become threatened when leaders’ perceptions provoke them to dangerous social manipulations at a minimum, or outright violence in the extreme. . The grassroots communities, which do in fact enjoy ethnic and religious tolerance, only serve to lose if the elites decide to mobilize.

Occupational categories appear to be bifurcated, with Christians dominating the bureaucracy and smallholder agriculture, and Moslems assuming major roles in the informal sector, as traders, and in the fishing sector. Public schools dominate the K1-12 education system, rather than being segmented by religious schools, and intermarriage among families is not uncommon. Apart from day-to-day interactions, there are few evident civil society associations which span both communities.

The Soeharto regime created a system called Badan Kerja Sama Antar Umat ber Agama, or BKSAUA, which is apparently active in North Sualwesi, in part due to the leadership of the recent governor. The Provincial BKSAUA consists of interfaith leaders with duplicated structures down to the kecamatan level. The BKSAUA was created ostensibly to facilitate dialogue between religious groups and take pro-active action in addressing potential conflicts and incidents before they become larger communal actions. Although we do not have sufficient information to judge the effectiveness of this body, we can draw some general conclusions. North Sulawesi society has traditionally – and to some observers, blindly – turned toward religious leaders, whether Moslem, Catholic or Protestant to solve disputes – sometime within the framework of the BKSAUA. This leads to a fundamentally top-heavy conflict mitigation process that generally fails to address inherent social, political and/or economic inequities. In fact, it is the typical New Order approach to conflict resolution – which has proven fatal in many other areas of the country, Central Kalimantan only the latest casualty. Such misguided ‘peace

keeping' efforts, as Sidney Jones has noted, have "almost been forced on the population by governments, which involves bringing together the leading Muslim and the leading Christian or the leading Dayak and the leading Madurese [for example] in a ceremony and everybody thinks this is significant when in fact none of the underlying causes have been addressed. It actually makes things worse because people believe that something has been done."<sup>57</sup> Given decentralization and subsequent designs by political elites within the community, this top-down approach may continue to marginalize civil society in a way not conducive for citizen empowerment. Should these trends continue unchanged we will witness sustained negative implications.

A notable effort to begin building cross community linkages is evident in the initiative emanating from the former Governor's office to have Christian and Moslem religious leaders organize and cooperate in conflict prevention. (More, however, is needed to be learned by the team on this matter.) Thus, Christian groups guarded local mosques during Lebaran, and Moslem groups guarded churches during the Christmas season. A significant point of intersection has been the development of a provincial structure for interfaith dialogue and cooperation.

The rapid response capability of the police to prevent or contain a conflict is extremely limited. According to the police Chief, the 6000-strong police force has yet personnel divided with the new Gorontalo province. No doubt a higher percentage of these numbers serve in staff/administrative roles. Police in the field lack telephone and transportation equipment.

#### **WINDOWS OF OPPORTUNITY/VULNERABILITY**

The issues addressed above are potential sources of conflict that take on added importance when seen in the light of the insecurities expressed by Minahasan leaders – particularly those sentiments which reflect upon a growing sense of isolation. Any perceived short or near term change in the status quo inimical to their interests will thereby take on exaggerated significance as a threat to their political and economic strength. Moreover, political and economic strength are often cast within the rubric of security. This context becomes more combustible in view of the fact that Moslems in North Sulawesi frequently feel like second class citizens, given Minahasan dominance of the provincial political and governmental apparatus. Moslem sentiments might be partially addressed through the central government's decentralization program (i.e. as Kabupaten Bolaang Mongondow, with a larger proportion of Moslem inhabitants, will be the presumed recipient of more authority and resources) however this remains to be proven.

The text of this document has outlined important themes related to the political and social life of the province. Whereas elite politics of the center do not necessarily reflect (and in this case study, the team emphasizes, generally do not reflect) provincial grassroots politics, the assessment team concludes that the degree to which elite perceptions drive the conflict discourse is sufficiently high to warrant specific consideration. The province's lack of sufficient civil society capacity to counter elite messages of intolerance and ethnic/religious exceptionalism may serve to easily accommodate conflict entrepreneurs, making it increasingly difficult for the community to quell violence once it has erupted.

The province's greatest challenge is addressing competing interests and effectively addressing grievances. However, a strong and responsible civil society is required to help differentiate

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<sup>57</sup> Sidney Jones, Director, Human Rights Watch/Asia Division. "Causes of Conflict in Indonesia," excerpts from Asia Society panel discussion, 24 October 2000.

between legitimate grievances and those manufactured by elites. A strong civil society can help address negative perceptions, debunk myths and conspiracy theories, and serve as a check on irresponsible elite machinations within their communities.

A real source of potential widespread violence is in traditional inter-kampung (or inter village) fighting – which is a historical fact in the province and across the archipelago. Disagreements between residents of competing villages often occur in North Sulawesi and fighting between them is not uncommon. The police report that on 22 different occasions they had to shoot people (with two deaths) to end such isolated uprisings.

If on a particular occasion there *happens* to be a fight between a Moslem village and a Christian village (something that to date is not uncommon), *and* the police or religious leaders fail to arrive at the scene immediately, *and* a militia arrives instead, the chance of violence spreading has increased. Given the conflict of identity and the pervasive sense of conspiracy and growing sense of isolation, the militias cannot always be assumed to react rationally or constructively. Their immediate intervention, under the assumption that Christians were somehow *under attack* could trigger initial conflict which could easily escalate if not effectively checked by community and government institutions.

Intrusion into North Sulawesi by armed members of Laskar Jihad or similar Moslem para-military organizations would most likely meet with a severe response from the North Sulawesi Christian community. Should community mediation and police intervention fail to expel belligerent outsiders, in a worse-case scenario the Christian militias would not hesitate to act using violence, with conflict possibly spiraling out of local control. Recently, the Christian militia group, Militia Christi, has begun to publicly recruit partisans by setting up a recruitment center at a local church as well as a telephone hotline.<sup>58</sup> Similarly, the continued presence of internally displaced persons from North Maluku – and imminent closure of camps in North Sulawesi at the end of the year – will continue to place strain not only on the local economies of the province but also on society's ability to cope with them. Should relations become sufficiently strained, given the conditions as outlined previously, small disputes or misunderstandings have the potential to develop into a wider conflict.

Events external to North Sulawesi have the likely potential to have an impact on local politics and community relations. Should the Megawati government continue to placate radical Moslem political parties and organizations with the result of a continued sense of universal legitimization, Christians in North Sulawesi are likely to respond in public displays of disaffection (not unlike mass demonstrations of support for the United States following the World Trade Center tragedy and the resulting anti-American rhetoric of the conservative Moslem movement). Such public displays, crystallizing around a concrete national issue may serve as a legitimizing mechanism for negative perceptions of Moslems. Such a dynamic might certainly lend credibility to the calls by elements in North Sulawesi society which increasingly demonstrate a keen sense of isolation, victimization, and religious and ethnic exceptionalism.

Should violence erupt in North Sulawesi, the losers will undoubtedly be the minority Moslem population. However, various factors remain difficult, if not impossible, to discern. Should violence erupt along ethno-religious lines there remains a very real threat of outsiders lending armed assistance to North Sulawesi Moslems. To be sure, society's ability to mitigate those social and political grievances at the heart of potential conflict will continue to come under the

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<sup>58</sup> "Militia Christi Mulai Terima Anggota," *Manada Post*, 26 April 2002.

strain of entrenched elite politics and an emerging class of elite religious and community leaders who rely on irresponsible media outlets to gain legitimacy and notoriety.

Increasingly the politics of identity, complete with religious nuances, have developed into a key issue in the province. As elites attempt to struggle for a new definition of what it means to be Minahasan, or indeed, what it means to be part of Indonesia, the social fabric of the province will remain under great pressure. This does not translate, however, to an inability to mitigate potential conflict. It is important that key actors and moderate civil society leaders fully understand the dynamics of the province, including uncomfortable issues of identity – political, religious, and ethnic. The people of North Sulawesi have seen first hand the results of unmitigated violent conflict and how it displaces not only families but dreams. Some argue that the demonstration effect is sufficiently high to deter conflict entrepreneurs from within the province, to reign in the rhetoric of elites, and prevent the general population from becoming embroiled in communal violence. However, given the structural weaknesses of North Sulawesi it is clear that one should not rely solely upon the demonstration effect. Such a reliance will have damaging consequences.

## **RECOMMENDATIONS**

### RESEARCH

USAID/Indonesia should assess conflict vulnerabilities specifically in Gorontalo province and Kabupaten Bolaang Mongondow<sup>59</sup> as well as among minority Moslem populations in North Sulawesi.

### USAID INITIATIVES

SHOULD conduct a workshop with all USAID counterparts in North Sulawesi in order to improve effort in dealing with low-level conflict at the village level. Develop strategy in order to enhance cooperation between villagers across different ethnic and religious background.

USAID should consider wider research engagement in North Sulawesi to look at indicators of peace that can be supported programmatically, and not limit concentration to indicators of conflict that can be mitigated programmatically.

### PROGRAMMATIC CONSIDERATIONS

USAID/CPT SHOULD provide conflict prevention or mitigation training to key CSOs, particularly to partners working in conflict resolution as well as non-partners. It is imperative to identify the key staff persons holding positions which will benefit from the training. USAID could consider participation of key government/police officials, as allowable by US law.

USAID SHOULD consider expanding its programming in Gorontalo;

USAID should be aware of the ethnic and religious mix of the organizations with which it works in North Sulawesi and be clear as to the aims and allegiances of such organizations;

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<sup>59</sup> On paper, this district has a number of high risk factors that might contribute to conflict in the future. Compare to the other districts in North Sulawesi, Bolaang Mongondow has the highest percentage of Muslim population (this figure might be equal or less than the city of Manado), it has the highest forest coverage in which the state-forest cover about 79 percent of the total area (Hill, 1989: 369)<sup>59</sup>, it has potential in mineral deposits such as copper (Hill, 1989: 375), and it reported that land disputes emerged between local Bolaang Mongondow people and transmigrants from Java and Bali. Furthermore, there are ongoing disputes between Bolaang Mongondow and Minahasa, as well as between Bolaang Mongondow and the new emerging province of Gorontalo over administrative borders.

USAID should ensure that the organizations which it works with in North Sulawesi adhere to the broad principles of Pancasila which can serve as a unifying force;

USAID SHOULD review its existing program in North Sulawesi, to assure that they are not exacerbating cleavages between majority Christians and minority Moslem populations, and explore those opportunities where existing programs can actually reinforce bridges between the communities.

Youth programs SHOULD be started to give youth a sense of involvement in their communities

DEPARTMENT OF JUSTICE

SHOULD Extend police training to the North Sulawesi region with close coordination with USAID conflict prevention programs.

## APPENDIX B: PAPUA

While low-level violence has been endemic to Papua since its incorporation into Indonesia, widespread violence on the scale of Maluku or Aceh has not occurred. This, however, has the potential to change. With the introduction of special autonomy, Papua is facing a period of extraordinary change. Many of the proposed changes promise to redress fundamental injustices suffered by the Papuan community, but they also threaten to upset a political and economic balance that has been in place for decades.

This type of change is always dangerous, but it is all the more so in Papua given the number of risk factors for violence. The central question is whether these will come together in an explosive mix or whether they will remain separate and latent. There is no way to predict with certainty. However, the potential for violence depends in large part on whether new institutions being put into place – political, economic, and social – can balance and mediate a series of extremely complex incentives and issues between native Papuans, members of the migrant community, and powerful vested interests among civilian and military elites.

### BACKGROUND AND CURRENT CONTEXT

Papuan resistance to Indonesian rule emerged soon after the transfer of administrative authority from the Dutch in 1962. Despite the existence of an armed separatist group, the Free Papua Organization (OPM), there has never been a serious military challenge to Indonesia's control of the province. There has, however, always been a strong sense of separate ethnic and cultural identity, and this has kept alive the idea of a separate Papuan nation.<sup>60</sup>

Jakarta's heavy handed rule has been equally important in fostering separatist ambitions. Discrimination against native Papuans is pervasive. There is a long history of human rights abuse, the province's rich natural resources have been systematically exploited for Jakarta's gain, development policies have marginalized native Papuans at the expense of a large migrant community, and Papuans have been excluded from political power.

Suharto's resignation and the collapse of the New Order led to a more open articulation of grievances and to a reassertion of Papuan identity. In late May and early June 2000, thousands of Papuans attended the Second Papuan Congress, which led to the creation of the Presidium Darwan Papua (PDP), the new voice of Papuan independence. It also resulted in a series of demands, presented to the government in Jakarta. These included calls for a re-examination of the 1969 Act of Free Choice and Papua's incorporation into Indonesia and action to address the systematic violation of Papuan civil and socio-economic rights.<sup>61</sup>

President Wahid initially made a number of significant symbolic and political concessions to Papuans, including the right of free expression and association and the right to fly the Morning Star flag in public spaces. Most important, a special autonomy package was negotiated in late

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<sup>60</sup> This case draws on a number of excellent overviews. These include a July-September 2001 special edition of *Inside Indonesia* devoted to Papua; ICG Asia Report No. 23, *Ending Repression in Irian Jaya*, 20 September 2001; Human Rights Watch reports and briefings on Papua; a series of publications by Father Theo van den Broek's Center for Justice & Peace; and reports prepared by USAID/Indonesia staff and partners, including a recent report on adat institutions in Papua.

<sup>61</sup> John Rumbiak, *Inside Indonesia*, July-September 2001.

2001 and early 2002. If implemented well, this agreement has the potential to address many underlying sources of tension and strain.

However, coupled with these concessions has been continued insistence on the territorial integrity of Indonesia and harsh measures against Papuan political activists. Beginning in June 2000, thousands of new troops were sent to the province and moved aggressively against independence demonstrations, in many cases killing or seriously injuring participants. Key Papuan leaders were subject to increased surveillance and harassment, and in November 2001, Theys Eluay, chairman of the PDP and a respected adat leader, was murdered. While responsibility has not yet been assigned, it is widely believed that Indonesian Special Forces were behind the murder.

The following sections look more closely at underlying causes of conflict in Papua. All of the ingredients for widespread violence are in place: ethnic and religious divisions reinforced by political and economic exploitation; a large population of alienated and angry young people; associations built along exclusive ethnic and religious lines; and a fluid political and economic climate where new and old elites will be jockeying for position and could easily turn to violence if it serves their interests.

As mentioned above, the key question is whether these factors will come together in a destabilizing way. They may not and there are some very positive developments that USAID is already taking steps to encourage. However, there are also some very worrying signs, one of which is the failure of local to seriously and openly confront the potential for violence and take measures to address it.

## **ROOT CAUSES: INCENTIVES FOR VIOLENCE**

Root causes shape *incentives* for participation in violence. In Papua, three principle motivations have the potential to fuel conflict: 1) a deep sense of grievance on the part of native Papuans about their treatment under Indonesian rule; 2) a growing sense of concern among members of the migrant community that special autonomy and an exclusive conception of Papuan nationalism could seriously jeopardize their interests; and 3) competition among both military and civilian elites over capture and control of lucrative economic activities, particularly those deriving from Papua's rich natural resources.<sup>62</sup>

### **Papuan Grievances**

The ill-treatment suffered by Papuans at Jakarta's hands has been extensively covered, and only a few key issues will be touched on here. At the heart of the matter is the degree of ethnic and cultural difference between native and non-native inhabitants of Papua, a of difference that has been used to justify the systematic political, economic, and cultural marginalization and abuse of native Papuans in the name of national development. While ethnic groups in other parts of Indonesia were allowed to maintain elements of their culture, the Indonesian government actively sought to undermine Papuan traditions, for example by imposing certain standards of dress and housing and by weakening adat structures.<sup>63</sup>

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<sup>62</sup> Given the complexity and importance of natural resource issues in Papua, these will be touched on here but covered in far greater depth in Appendix C.

<sup>63</sup> Adat Report 7

The marginalization of Papuan identity and culture has been compounded by a massive influx of migrants – both through transmigration and spontaneous economic migration – that has tipped the demographic balance decisively away from native Papuans over the past several decades to the point where the migrant community is now roughly one third to one half the total population. The arrival of economic migrants, particularly to urban areas and industrial centers, has brought with it a host of social ills – prostitution, gambling, HIV/AIDS – that pose a serious threat to local communities.

For example, the HIV/AIDS rate in Papua is thought to be increasing more rapidly than in any other province due to the large population of sex workers who follow economic migrants. The PDP had been tracking the number of ships arriving with workers to the BP facilities, who they claimed were protected by the military and brought pornography and prostitution with them. They also pointed to the fact that one of the original provisions in the special autonomy law would have placed a moratorium on migration to the province, a provision that was removed in the final version. The corrupting influence of these factors on Papuan youth is seen as a matter of particularly grave concern to leaders in the Papuan community.

Ethnic and social tensions have been reinforced by economic divides. Migrant settlers dominate the formal economy and there is only one, recently elected, Papuan in the provincial chamber of commerce. If Papuans do hold jobs in the private sector, it is almost always as an employee of migrant-owned companies. Most economic activity is also concentrated in the exploitation and extraction of valuable natural resources such as timber, palm oil, natural gas, and minerals. Papuans have seen few benefits from these activities, and instead have been pushed from their land and exposed to the effects of severe environmental degradation.

A recurrent theme in many of our discussions was that these trends have left young people in Papua alienated, uprooted, separated from their traditions, and with little hope for a viable future. Levels of unemployment and underemployment are extremely high for this cohort, particularly for young men since this group is rarely targeted by economic programs (predominantly micro-credit) in the region. Discussions with Kontras suggested that local leaders had not anticipated how quickly this youth cohort would enter the system. As a result there are virtually no programs in place – social, economic, or political – that are reaching this group.

A discussion with young Papuans in Jayapura clearly illustrated the level of frustration felt by this group. All of the young men had completed secondary school and two had attended university, however none had been able to find jobs. One young man had repeatedly tried to find positions with the police and civil service but had been unsuccessful, something he attributed to corruption and a lack of connections since he had done well on practice exams. While one of these young men (the most highly educated) was explicitly political in expressing his frustration, most simply wanted decent jobs. Similarly, in speaking with the Ondoafi and kepala desa of two small communities outside Jayapura, the issue of youth education and employment again emerged as a central concern. They had been able to send a large number of the communities children to school in Jayapura, however these young people had not been able to find work once they had finished school. Some remained in Jayapura, others returned to the village and picked up odd jobs. The community leaders were concerned enough about the problem that they had begun collecting data on youth unemployment in order to submit a proposal to the government in Jayapura for a program to address the problem. There seems to be a fairly widespread expectation among both leaders and young people, that special autonomy will generate jobs, an expectation that could be quite destabilizing if unmet.

In the Papuan case, grievances overlap and reinforce each other and there are very few that cut across communities. Obviously, there are migrants who are poor and politically excluded, and there are native Papuans who have done well politically and economically. But these examples of cross-cutting lines of division do not appear to be widespread and more important, do not appear to be widely recognized across communities.

The fact that there are many grievances felt by the Papuan community, that these are chronic rather than of recent origin, and that they overlap and reinforce each other means that the mix elites can tap into – if they choose to do so – is more volatile than if there were only one or two grievances or if these were of fairly recent origin. Even if there are cultural or other factors that militate against grievances from becoming explosive in the same way that Dayak grievances did in West and Central Kalimantan, for example, perceptions of risk on the part of the migrant community are also critical, and the next section turns to concerns in the migrant community.

### **Non-Papuan Concerns**

The concerns of non-native Papuans center on whether special autonomy and resurgent Papuan nationalism could damage their interests and at the extreme threaten their personal security.

While it is beyond dispute that many migrants have fared well in Papua, often at the expense of native Papuans, many who came to province did so because they had no viable economic options in their home areas and many are still struggling to get by. For those who have done well, there is considerable concern that special autonomy, and with it a loss of access to political power, will erode economic gains they have made. In private conversations, the former head of the Toradja Family Association indicated that damage to economic interests was a serious concern for his community.

One trend that was quite striking in the province is that very few in the migrant community feel that they can speak publicly on the broader community's concerns. There is a certain 'political correctness' in discussions about special autonomy and inter-ethnic relations. Everyone says all the right things about cooperation and the protection of economic and political rights, yet when people were pushed on the topic of guarantees for migrant economic and political rights the discussions quickly became uncomfortable. On the migrant side, there seemed to be a great deal of uncertainty about explicit guarantees under existing law. Members of the business community seemed to believe that under national and international law, they would receive certain protections, but were unsure about how to access these. When pushed on this topic, most of the Papuans suggested that if members of the migrant community didn't like the way things were going, they should leave.

At the extreme, there are those in the migrant community who are concerned that they may become targets of ethnic violence. Certainly, other parts of Indonesia do not offer much comfort. In Central Kalimantan and Central Sulawesi, poor transmigrants were among the first targets of violence by indigenous groups. There is also precedent for this type of violence in Papua in the October 2000 riots in Wamena that occurred after police cut down a Morning Star flag. Following this incident and demonstrations in Jayapura in December 2000, reports that non-Papuan settlers were beginning to arm with the active encouragement of the police chief became widespread.

Concerns in the migrant community appear to have subsided somewhat since the fall and winter of 2000, however several discussions pointed to continuing high levels of uncertainty, concern, and preparations to defend against possible threats. This lack of certainty, and the relative lack of transparent and accountable institutions for dealing with economic and political disagreements that might arise in the future, is the most destabilizing feature of the current relationship.

### **Greed: Military and Civilian Elites**

Competition over access to the enormous resource wealth in Papua is easily the most destabilizing incentive for violence, especially if actors who are attempting to capture or retain this wealth tap into either the grievances of the Papuan community or the fears of the migrant community.

There is no way to get a reliable estimate on the amount of money the TNI earns from its businesses in Papua. However, as discussed in more detail in Appendix C, these activities generate a massive amount of income and also provide the raw material (timber, etc.) for processing industries in other areas such as East Java. Many of these activities center on the exploitation of natural resources, many others center on providing 'security' for other national and international businesses operating in the province. The size of the income streams alone indicate that the military has strong incentives to remain in Papua and discourage any developments that threaten to undermine their economic position. But the last set of economic activities in particular, the provision of security is classic to 'conflict entrepreneurs' in that it *requires* instability in order to be profitable.

These last incentives gives the military a strong reason to discourage a peaceful resolution in Papua, even if it promises to protect many of their legitimate business interests. The existence of a continued 'separatist' threat, or the emergence of a new threat in the form of intra-Papuan or Papuan non-Papuan communal violence, gives them an explicit military reason to maintain a large presence in the province and it underpins a number of lucrative economic activities.

In addition to military elites, local civilian elites could also face incentives to pursue potentially destabilizing policies in an attempt to capture or control wealth. Under special autonomy, the provincial government will retain 70% of the revenue deriving from oil and gas and 80% from mineral and forestry activities.<sup>64</sup> Given the lack of checks and balances on political power, who ever is able capture a leadership position will be well-positioned to siphon off large amounts of income through corruption, for example by granting lucrative contracts to foreign or national companies.

The potential for violence driven by competition over access to economic opportunity in a shifting political and economic climate is not just between migrant and native communities or between the military and native Papuans. Another very likely possibility is also competition between Papuans, who are either played against each other by outside actors in order to gain favorable economic deals, or who simply compete with each other over access to economic (and political) opportunity. In this last scenario of political competition in order to access economic opportunity, violence could either be directed at other Papuan groups and unfold

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<sup>64</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Article 34.

along past lines of disagreement or, more likely, Papuans could turn to ethnic outbidding and an escalating campaign of blame against outsiders in attempt to gain a leadership position within the Papuan community.

Understanding the specific contours of how conflict could emerge under these conditions requires knowing a great deal more about both legal and illegal economic activity in Papua, who controls that activity, and what alliances are developing between economic and political actors. To suggest that the military will always back the migrant community ignores the fact that one of their overriding goals in Papua is to maintain their economic base. If they can do so by striking deals with Papuan elite, then weaker elements in migrant community could be viewed as expendable.

## **EXPANSION AND MOBILIZATION**

The preceding section laid out three broad incentives for violence in Papua. Should any group decide that violence was the best or only route to advance its interests, there are certainly organizational and human resources that could be used to mobilize violence.

### **Papuan Resources**

There are hundreds of distinct tribal and linguistic groups in the Papuan, with a broad line of division between highland and lowland Papuans. There is also a small but significant community of Muslims concentrated in the south. High levels of ethnic fragmentation are generally *negatively* correlated with widespread violence, in part because barriers to organizing collective action among many distinct groups are far higher than within a single group. The absence of a widespread military campaign to date also tends to indicate that Papuan organizational structures and resources for violence are relatively weak, or at least too weak to wage a systematic and widespread campaign against the TNI or central government. This does *not* mean, however, that organizational structures and resources for lower level communal violence are lacking.

In this regard, it is important to examine the phenomenon of satgas or 'people's security groups' in Papua. The origins of these groups are still relatively unclear, however they first appeared around national elections in June 1999. These groups subsequently took on the role of defending and supporting the activities of the Movement for Independence, for example by providing protection for Theys Eluay and the Team of 100, and by organizing security for major events.<sup>65</sup>

Over the past several years these organizations have proliferated and the original goal of preventing disorder and providing security appears to have been lost under increasing acts of intimidation. There are dissenting views on who controls these groups and the motivation driving acts of violence. According to one view, the PDP and other nationalist groups are squarely behind the violence and use satgas to extort money from business people, intimidate migrant communities, and extract concessions from Jakarta.<sup>66</sup> Those who are more sympathetic to the PDP and Papuan aspirations point to the possible involvement of the security forces or suggest that these groups are simply collections of jobless, poorly educated Papuans who have run out

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<sup>65</sup> Theo van den Broek, "Recent Developments in Papua," 24-26 February 2000, 13-14

<sup>66</sup> Stanley, *Inside Indonesia*, 07.2001

of control.<sup>67</sup> However even those who initially viewed these groups with respect acknowledge that they have gone too far and have overstepped the bounds of socially acceptable behavior.<sup>68</sup>

It is difficult to know without more research the extent to which these organizations can appeal to more traditional networks in order to mobilize large followings, similar to the way in which Dayaks mobilized violence in Kalimantan. If they can, the potential for wider violence increases. However, even if they cannot and they are simply collections of jobless Papuans or are fronts for the security sector, there are enormous reserves of unemployed young people that these groups can turn to for recruits, and the ability of even quite small groups to stir up broader communal violence in such a volatile atmosphere is high.

### **Non-Papuan Resources**

Most attention has focused on the ability and willingness of migrants to mobilize violence, either with or without the backing of the security forces. As mentioned before, reports and interviews suggest that elements within the migrant community have been arming and are adopting a more aggressive stance in defense of their rights. The Office for Peace and Justice has recorded several instances (most notably following July demonstrations in Sorong) where migrants clearly sided with the security forces, set up defense committees, and publicly claimed equal rights to land, the first time that an 'outside' group had made such an explicit claim.<sup>69</sup>

In other parts of Indonesia, patronage networks based on ethnicity and religion have played a key role in mobilizing violence. In Papua 'family associations' based on ethnicity appear well-positioned to play this role. These groups organize social activities, pay for weddings and funerals, help community members in need, and provide the capital and connections needed to build an economic future in the province. These networks, while concentrated in coastal cities, extend across Papua. Bugis have a strong presence (and association) in Wamena for example, and the former head of the Toradja family indicated that they had members across the province.

As in other instances of communal violence, the level of dependence on these networks is extremely high, particularly in the absence of other institutions (political parties, business associations, or labor unions, for example) that can provide financial and other services to members across ethnic lines. This dependence makes mobilization much easier, again, particularly for young people who have few future prospects absent these connections.

Questions have been raised about whether migrants living in Papua would stay and defend their interests in the event that these were threatened or whether they would simply leave. Some undoubtedly would leave, particularly those fairly recently arrived who came only to make money and then return home. However it is extremely likely that many others, particularly those who were born and raised in Papua or who have no possibility of earning a living elsewhere, would stay. This is particularly true if they felt they had the strong backing of elements in the security sector.

### **Military Resources**

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<sup>67</sup> Interview with Munir, Commission for Missing Persons

<sup>68</sup> Theo van den Broek, "Recent Developments in Papua," 24-26 February 2000, 13-14

<sup>69</sup> Theo van den Broek, 01

The military has more resources at its disposal for organizing violence than any other group in Papua. The fact that the current military commander has been implicated in orchestrating violence in East Timor is particularly problematic in this regard. As already discussed, if the military feels that its economic position, political position, or the territorial integrity of Indonesia are under threat, it has a range of groups and resources at its disposal that it can use to stir up violence.

One set of actors who have not yet been discussed are extremist religious groups that have played such a prominent role in other conflicts in Indonesia, for example in Poso and Ambon. There have been reports of the Laskar Jihad attempting to establish ties with Muslim Papuans in the south, an effort that appeared largely unsuccessful. If these groups are able to gain a foothold in Papua, they are likely to have far greater success with either the IDP community that fled violence in Maluku or other Muslim migrant communities in Papua. In both Fakfak and Sorong, there have been reports that militias have been training with IDP groups.<sup>70</sup>

As with the military, these groups could provide not only the men but the organizational and financial skills necessary to mobilize violence. The politicization of religious difference in Papua was raised as a matter of deep concern by both the Muslim and Christian communities in Papua, and a joint memo prepared by religious leaders in both the Muslim and Christian communities was sent to the government expressing concern about this possibility. In March 2000, a Red-and White Task Force clashed with a Papuan task force in Fakfak, in the clearest instance of both communal conflict and religious violence to date.<sup>71</sup>

This is an important form of cooperation that should be strengthened and could serve as a potential block against the politicization of religion (not ethnicity, at least not as it is currently constructed). However, as in Ambon, to be able to operate effectively in Papua the Laskar Jihad would need the backing of the TNI. This may be less likely now given current relations between the Indonesian and U.S. militaries. However, this is still a possibility if relations were to deteriorate. The point is that the military has strong incentives, and ample resources, at its disposal to stir up trouble, if it reaches the point where it sees widespread violence as a tool to further its interests. It is unlikely to see this as a useful strategy unless its interests are seriously challenged in the region, and to date, it looks like it will be able to cut the side deals it needs to avoid this possibility.

## **INSTITUTIONAL CAPACITY AND RESPONSE**

At the heart of the issue is the fact that Papua is currently moving through a very destabilizing period of change. Even though special autonomy does not respond to the desire for independence, it does promise to address many of the most fundamental grievances felt by native Papuans. As such, it represents an important opportunity, however it also raises some very real risks. The greatest risk is simply that special autonomy opens up room for the emergence of new actors, threatens to undercut the power of others (both Papuan and not), and promises to redistribute long-standing patterns of economic and political power, patterns that key actors are likely to oppose.

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<sup>70</sup> International Catholic Migration.

<sup>71</sup> Theo van den Broek "The Problems in Papua," Office for Justice & Peace, 27 June 2000

If these concerns are recognized and handled well, if the process unfolds in a relatively transparent and accountable manner, and if steps are taken to limit the damage of potential spoilers, then the risks of conflict are lowered. If however these risks are not recognized and addressed, then the potential for conflict to emerge on a broader scale than previously seen is high.

## **Special Autonomy**

The new law on special autonomy makes a number of significant concessions. It devolves substantial political and economic power to the region. It grants the right to display Papuan symbols such as the Morning Star flag, as long as these are 'cultural' expressions and not expressions of sovereignty. It proposes to initiate a process intended to re-examine Papua's incorporation into Indonesia. It requires that more Papuans be recruited into the civilian bureaucracy and it establishes a new representative body, the Papuan People's Assembly (MRP), that has the mandate and authority to protect Papuan culture and customs.

There is support for special autonomy among a narrow Papuan elite and among many non-native Papuans, some who see it as an effective way of redressing past injustices others who view it as an effective counter to independence. However, outside this fairly small group, there is deep skepticism among ordinary Papuans that it is anything more than another attempt by Jakarta to maintain control. A number of people mentioned that special autonomy not only threatened to split Papuan elites (who see it as an economic opportunity) away from the grassroots, but that it held the potential to fuel significant competition among Papuan elites. The PDP in particular has rejected special autonomy as falling far short of Papuan aspirations. In discussions with members of the PDP, they indicated that while they would not actively oppose special autonomy it was irrelevant to the central question of independence.

There seem to be a broad range of interpretations about what independence and special autonomy mean. Some, such as the PDP, subscribe to a maximalist definition that implies separation from Indonesia. Many others seem to define independence in terms of removing Jakarta's heavy hand, freeing themselves from oppression and intimidation, and being left alone to set priorities and determine future development.<sup>72</sup> While attention has tended to center on how opposition from the military or the migrant community could derail special autonomy, these differences in position suggest that it is also important to consider whether elements of the Papuan community might have an incentive to see special autonomy fail if it threatens to undercut support for a maximalist vision of independence.

Beyond skepticism, the weakness of local institutions is a major impediment to the success of special autonomy. The new law promises to redirect massive income streams to local governments. The weakness, inefficiency, and lack of technical expertise in local bureaucratic structures could potentially undermine the effectiveness of development policies. The threat of corruption is also extremely high, and there are few institutions that have the ability to track and monitor these types of abuses. At a roundtable with NGOs, several pointed to the fact that the executive branch is making hundreds of deals with foreign companies and that there are few institutions in place that can track or check this type of behavior. Political parties are fragmented and weak relative to the executive.

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<sup>72</sup> Theo van den Broek 3, 10.

Most civil society groups have focused on abuses committed by the central government, and while shifting attention to abuses committed by local leaders is not impossible, it appears to be a difficult transition for many Papuans to make given the tone of the team's conversations. Despite these difficulties, there are some hopeful signs. During the team's visit, the local media reported on the fact that the provincial government's budget departed significantly from the guidelines set out in the special autonomy plan. Women's groups we spoke with was working with possible candidates to the MRP to focus on women's issues. NGOs in the Forum has worked with the PDI-P to review the budget proposed by the executive.

### **Papuan Institutions and Ethno-Nationalism**

In addition to the inherent weakness of local institutions, a number of emerging players in Papua are not as inclusive and democratic as one would hope. Unfortunately, very real abuses suffered by Papuans at the hands of Jakarta have been used by some to justify an ethno-nationalist stance that appeals to primordialism and exclusion over more inclusive conceptions of identity. In many discussions we had with Papuan leaders, the discussion was squarely on the need to rectify past abuses and the tone was often very dismissive about concerns the migrant community might have, for example, or the potential for conflict between Papuans and non-Papuans. Generally implicit, but sometimes explicitly stated, the idea was that if any members of the migrant community didn't like how special autonomy was unfolding, they should leave.

There is a strong reluctance to discuss the possibility that Papuan nationalism may have a dark side. There appeared to be a great deal of frustration with these questions, a quick dismissal of the potential for violence, and an attempt to turn the discussion back to abuses suffered by Papuans at the hands of Jakarta. This is understandable, particularly given the scale and length of abuse and the relatively limited incidents of violence directed against migrant communities. However, the exclusionist tone heard in many discussions is troubling, and there did not appear to be many in the Papuan community who were willing to take these issues up in a serious way.

Nor do many Papuan organizations appear to have a clear vision for Papua's future, something that John Rumbiak has argued is dangerous condition. For example, the PDP stated that a full and open discussion about independence was a pre-condition for revealing their platform for political and economic development. As the main organization representing Papuan aspirations for independence, their refusal to articulate a political and economic vision for the future only adds to the uncertainty surrounding Papua's transition. Similarly, a two hour discussion with a large number of civil society groups yielded no concrete proposals for addressing the many, many grievances that were raised, despite repeated questions about future plans. The one exception was the representative of an organization representing women's rights, who had plans to lobby the newly formed representative bodies on issues of concern.

The re-emergence and growing strength of adat institutions can also be seen as a double-edged sword. The importance of authentic organizations to articulate and defend Papuan interests cannot be understated. Traditional adat leaders have begun to organize community and social affairs, resolve disputes through customary practices, and reach out to local governments for improvements in their status.<sup>73</sup> But it is also the case that these institutions carry with them some destabilizing consequences.

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<sup>73</sup> (Adat Report 29)

First, they are not purely democratic institutions. They can be very secretive – for example in the selection of leadership – and they also exclude large parts of the community. Women and youth for example have virtually no say in decision making and adat proceedings. With so few checks on traditional authority, it can sometimes be used in ways that do not benefit the community. For example, the appendix on environment in Papua points to numerous examples of local chiefs selling communal lands at a fraction of their real value without consulting the community. Sadly, this can often be for their own gain, rather than for the benefit of the community. As noted in the adat report and in many of the team’s interviews, there is concern that adat and traditional practices will be used to justify and excuse corrupt practices by Papuan leaders.

Of more concern from the perspective of conflict is that adat institutions, like the family associations discussed earlier, represent one specific community and are virtually always ethnically homogeneous. While this makes them ideally suited to represent their own community, it needs to be weighed against the fact that it can reinforce divisions across communities, both Papuan and migrant. These groups by definition prioritize ethnic identity over other forms of association, and in some instances it can lead to competition and even violence.

Again, there are already many instances of clashes between adat institutions over control of valuable natural resources as detailed in the following appendix. These may be inevitable, but they become all the more dangerous when there are outside actors ready to manipulate these differences, and few institutions that can bridge divides.

Finally, by definition, traditional Papuan structures cannot represent the interests of the non-Papuans who now make up roughly half of the islands population. As with adat institutions in other parts of Indonesia, these institutions are simply not equipped to deal with new and complex sets of issues and tensions that have emerged since Papua’s incorporation into the Indonesian state.

The following discussion is not meant to be a blanket critique of traditional Papuan institutions. The re-assertion of Papuan identity is an important and welcome development and supporting the development of local institutions with real legitimacy is critical. However to the extent that these institutions espouse a brand of ethno-nationalism that is exclusive rather than inclusive, the potential for violence increases.

Indeed, the increase in nationalist sentiment, incidents of violence, and the lack of room in adat and many new institutions for non-native Papuan issues does little to address the growing concerns of non-native Papuans. Many non-native Papuans expressed concern in private about whether their economic interests would be protected, expressed frustration over the preferential treatment they thought would now go to Papuans for jobs, and concerns that corruption and nepotism would increase, but there are very few places for members of the migrant community to raise concerns outside their own communities. Given the past history of abuses committed by outsiders, these concerns are often not treated as legitimate or are viewed as hypocritical.

This leads to a dangerous situation where – in the absence of institutionalized channels for protecting their interests – many may turn to extra-systemic means, whether through informal alliances with security forces or independent mobilization through family associations.

There are a growing number of civil society organizations, including church-based groups that are far more pluralist than traditional ethnic associations, and as such they have the potential to serve as an important bridge across lines of division. There is however still a long way to go

before these groups gain widespread legitimacy in either the Papuan or migrant community. While their leadership often tends to be multi-ethnic, their focus is often squarely on the concerns of native Papuans, for example in the area of human rights, environmental protection, or adat rights.

While these are issues that cross communities, the simple fact that Papuans have borne the brunt of the abuse means that these groups are by default representing “Papuan” concerns. How legitimate these organizations are to either Papuans – by virtue of their lack of connection to more traditional Papuan institutions – or to migrant communities is not clear. Some do manage to bridge divides in the provision of services, and these need to be strengthened to the extent possible. LBH, for example, has roughly equal numbers of Papuans and non-Papuans seeking legal advice.

## **PROGRAM IMPLICATIONS**

Many of the programs USAID currently has in Papua focus on strengthening the ability of political and social institutions to monitor the progress of special autonomy and more effectively and transparently manage its implementation. These cover a range of activities from support to civil society, to media training on budget issues, to support for university research on decentralization. These are an important set of programs, but the majority of the programs in Papua are geared toward strengthening the ability of institutions to redress Papuan grievances by ensuring that special autonomy unfolds in a participatory way and that the money from special autonomy goes toward meeting the most pressing needs of native Papuans.

These programs are less able to handle other incentives for violence, whether these are concerns over economic position or security in the migrant community or greed-based incentives on the part of military and civilian elites. Nor do many existing programs explicitly target the resources that are necessary for violence, whether these are organizational or human. The following recommendations are therefore meant to supplement and balance, not replace, the extremely important set of programs currently in place.

- *Work with the university and local NGOs to develop a system for identifying areas of Papua that are most vulnerable to conflict*

Papua is an enormous province, USAID resources that can be brought to bear are necessarily limited, and some areas are more vulnerable to violent conflict than others. A history of past violence, ethnic mixing, and competition between elites over valuable economic opportunities or political power would be three key variables to track, however there are likely to be others. Polling to gauge *perceptions* of conflict risk and to track attitudes to other ethnic groups, state institutions, and the acceptability of using violent means to resolve problems is one possibility to consider, however the design should be left to local organizations.

This could then be used to help partners be more strategic in terms of where they focus their efforts. As mentioned above, USAID already supports a number of innovative programs. But because the criteria that each partner uses for selecting sites are different, in some high risk areas there may be programs that encourage dialogue but none that emphasize job creation or the transparent and equitable management of natural resources. Since conflict is multi-faceted, USAID interventions in high-risk areas should be as well. A geographic map of existing programs would be an important first step, and the Mission may want to explore the possibility of collaborating with the Humanitarian Information Unit in the State Department, which is

developing a GIS system to track donor programs and map those against areas at risk for natural or man made disasters.

- *Encourage implementing partners to hire multi-ethnic staff, track data relevant to conflict, and fold conflict indicators into projects in high-risk areas.*

Multi-ethnic staff may be a critical determinant of whether program participants receive equal access to services and all partners should be encouraged to hire multi-ethnic staff, particularly in urban areas where populations tend to be more mixed. Obviously, there are some places where this recommendation is neither feasible nor desirable, for example, if a project is located in an area where populations are not mixed or there are simply no qualified applicants from each ethnic group. However, programs that bring different groups together around concrete activities are a direct and powerful way to illustrate shared interests and to counter groups that promote more intolerant and exclusive rhetoric.

Currently, very few of our partners track conflict relevant data, for example, the ethnic mix or age of program participants. This is critical data since who is or is not benefiting from a program could have serious implications for how the program is perceived, how donors are perceived, and relations between groups. Also, since the goals of many regular development programs shift when they are geared to conflict management, indicators should shift as well. In particular it is critical that success be measured differently if we expect our partners to move their programs into high risk areas or to target high risk populations. It is unrealistic to expect our micro-credit programs, for example, to devote part of their portfolio to young men unless lower rates of repayment will not be viewed as a failure. Success should therefore be defined in terms of whether the program has had an impact on underlying causes of conflict or has contributed to institutions and practices that mitigate tensions. For example success might be measured in terms of an increase in the number of young men who participate in programs, or a reduction in inter-ethnic disputes over land, or as an increase in services delivered to recent migrants to urban areas.

- *Encourage inter-elite dialogue and make an effort to draw in members of the business community*

Periods of change are dangerous moments when ethnic mobilization can raise tension and small clashes can easily escalate to wider violence. Good inter and intra-elite communication and cooperation is critical, however it is during periods of change that this is most likely to be in short supply. The Mission should therefore encourage forums that encourage good elite communication, particularly those that draw together economic elites from across ethnic lines. One possible model to examine is an elite forum established in East Kalimantan. After seeing the toll violence took in West and Central Kalimantan, elites belonging to the various ethnic associations in East Kalimantan established a forum designed to reduce tension. The Forum Komunikasi Persaudaraan Masyarakat Kalimantan Timur (FKPMKT) has met regularly and the chair rotates every three months among the four leading groups - Bugis, Banjar, Java and Dayak. One factor that distinguishes this forum from others is that key members of the business community are involved. These groups often have the most to lose (at least financially) from instability. They often also have more leverage over political and security sector elites than civil society groups. Father Theo van den Broek has initiated a forum that draws together religious elites, this should be examined to see whether it could be expanded to meet the goals outlined above.

- *Strengthen organizations that cross lines of division and adopt a pluralistic approach at both the level of organizational leadership and at the constituent level*

Given the depth of division and enmity between groups, every avenue needs to be explored for strengthening organizations that cross these lines of division. Church groups and a number of civil society groups are already trying to do this, and this is important work but it is vital that these efforts be expanded to areas where the groups are not already committed to the peaceful resolution of disputes in Papua. For example, efforts could focus on student associations (some appear to be trying to draw in Papuan and non-Papuan members at the university level), microfinance associations, agricultural associations, and so on.

One promising area to explore is in political party strengthening. Despite all of the problems faced by political parties in Indonesia, in Papua, they appear to be relatively ethnically mixed, and are one of the few major organizations outside of civil society that displays this characteristic. Of the 45 members of DPRD, 20 are Papuan and 3 are Papuan women. They also appear to have a fairly sophisticated outreach to young people. PDI-P has four levels of organization from the province down to the village level, and each level is given responsibility for recruiting young people through activities such as sporting events and environmental activities. Finding a way to bring discussions about tolerance and pluralism into these activities would make an extremely important contribution to bridging ethnic divides in Papua.

In selecting organizations to work with, all of our partners should be encouraged to look not only at the organization's leadership, but also at the constituency they serve. To the extent possible, they should encourage the participation of members from more traditional ethnic associations (both Papuan and non-Papuan), and where feasible, members of the financial and business community in Papua, in the work that they do.

- *Support the development of a youth training and employment programs in Papua with a particular focus on urban areas and areas where satgas have a strong presence*

USAID and other donor evaluations consistently show that disadvantaged youth are best served by providing relevant skills training and helping them to secure stable employment. Recent studies have indicated that collaborating with the private sector to train and then employ young people is a particularly successful approach, and has the potential to reach far larger numbers of young people than broader government programs that do not directly target youth employment.

- *Combat ethno-nationalist sentiment through civic education and in the media*

How issues such as history, culture, and ethnicity are taught in schools, portrayed by the media, and talked about by political elites is critical in shaping how people view identity and consequently, how they view disagreement between groups. Given the troubling resurgence of exclusive conceptions of identity in Papua, finding ways to encourage a more inclusive and pluralistic discussion is critical. For example, civic education programs that encourage ethnic and political tolerance can make an important contribution in this regard, particularly when these are targeted to young people.

In other war-torn countries, USAID has funded a number of very innovative programs that teach values such as tolerance and participation by helping students from different groups identify

pressing community problems, develop possible solutions, and then take these solutions to local government officials. Other programs bring parents directly into the process of educating their children. These programs, while still quite limited in scope, have shown impressive results by stressing 'learning by doing', rather than using more passive methods. ELSHAM already has a civic education program in place that reaches out to both Papuans and migrants. The Mission may want to explore strengthening and expanding this program and finding a way to link it to primary and secondary education and to local media.

## Appendix C: Environment, Natural Resources and Conflict – An Examination of Papua

**Overview – Environment, Natural Resources and Conflict:** While there are different views as to the underlying and proximate causes of given conflicts, it is clear that environmental stability<sup>74</sup> and the sustainable management of natural resources are intertwined with national stability. Studies have shown that the likelihood of civil conflict is higher in countries with environmental degradation (deforestation, high land degradation, low freshwater availability per capita) than in countries with no or limited environmental degradation.<sup>75</sup> The CIA State Failure Task Force study concluded that countries with underlying vulnerabilities and limited government capacity to respond to environmental degradation are associated with increased risk of state failure.<sup>76</sup>

Environmental instability and/or natural resource wealth contributes to the conflict dynamic through either greed- or grievance-based incentives. Grievance-based incentives can occur due to natural resource depletion, ecosystem degradation, increased demand for resources and inequitable resource distribution. Examination of past conflicts, reveal the relationship between grievance incentives arising from environmental instability and conflict is primarily indirect. The consequences of natural resource depletion and/or ecosystem degradation translate to a number of intervening variables that are considered more proximate causes of conflict, such as deepening poverty, declining agricultural productivity, large and destabilizing population movements all of which can be compounded by aggravating tensions along ethnic, racial or religious lines.

Greed-based incentives although primarily associated with natural resource wealth, can also arise through scarcities associated with natural resource depletion. Regardless of origin, these incentives can generate socio-economic grievances and/or sustain, prolong and transform conflict. For example, greed-based 'resource capture' can occur when the degradation of the natural resource base coincides with population growth encouraging powerful groups within a society to shift resource distribution in their favor.

Recent studies have found a correlation between valuable natural resources and conflict, although less is known about the causal mechanism underlying this relationship. Primary commodity exports are especially vulnerable to looting by governments and/or non-government actors because their production relies heavily on natural or man-made assets which are long-lasting and immobile, unlike manufacturing where the activity can be moved to another site. In many developing countries, primary commodity dependence is associated with poor governance and increased exposure to economic shocks, either of which could increase the risk of conflict.

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<sup>74</sup> Environment encompasses ecosystems and natural resources, of which land is an integral component. Environmental instability is defined as ecosystem degradation, resource depletion and/or increased vulnerability to natural disasters.

<sup>75</sup> Land degradation has been shown to have a slightly greater impact on civil conflict. Data on land degradation was from UNEP human-induced soil degradation which refers to four types of soil degradation: water, wind, chemical and physical degradation. High land degradation is based on the severity and extent of all four types of degradation in a country. W. Hauge and T. Ellingsen, Causal Pathways to Conflict in *Environmental Conflict*, (eds. P.F. Diehl and N.P. Gleditsch) 2001.

<sup>76</sup> State Failure Task Force Report: Phase II Findings, in *Woodrow Wilson Environmental Change and Security Project*, 5:49-72, 1999.

Physical and commercial characteristics of extracted natural resources (oil, natural gas, timber) potentially generate violence by their strategic or economic value, spatial location, and/or the nature of their extraction. For example, logging quickly transforms a landscape while mining transforms the landscape while polluting water and soil. In some cases, the international market demand of the commodity results in conflicts surrounding the resource being overlooked. In other cases, the micropolitics of their production and protection increase conflict potential for control over the means to exploit the resources, such as control over the labor force or increased military presence to protect the extraction site.

As one examines the contribution of environmental instability and natural resource wealth to conflict through either the grievance or greed pathway, it is important to recognize that these incentives, in and of themselves, are usually not sufficient to produce civil conflict. A number of interconnecting variables such as rapid population growth, economic and social marginalization, policy failures, corruption, ineffective laws and weak institutions promote practices that simultaneously contribute to environmental instability and greed associated with natural resources wealth. However, to understand the full potential of conflict in any situation requires the consideration of other elements including: the ability of groups to translate their grievances into violent collective action and their ability to secure resources (human, financial, weapons) in pursuit of group objectives. These conflict inducing elements can be offset by capable states which have the ability to address the root causes of conflict, including formal or informal institutions to manage pressures that might generate conflict, the ability to mediate among potential parties to conflict, control or demobilize conflict entrepreneurs and provide legitimate channels for addressing grievances.

The relative importance of each type of incentive contributing to conflict is case specific and will vary through time. Grievance- and greed incentives and their subsequent dynamics are not mutually exclusive and can operate either singularly or in combination. Moreover, they can also reduce a state's ability to respond to the needs of its citizens by draining away scarce state resources, thus reducing confidence in, and legitimacy of, the government.

A poll conducted by the Far Eastern Economic Review asked Asian business leaders what Asia's next war would be over: territorial disputes, natural resources, or ethnic lines.<sup>77</sup> Indonesian's overwhelmingly picked natural resources (45.8%) over territorial disputes (29.2%) and ethnic lines (25%). Throughout the years, Indonesia has been embroiled in a number of violent conflicts. Environment and natural resource issues, intertwined with other factors, contributed to some of the conflicts. For example, the analyses of the recent violent conflicts in West Kalimantan reveal multiple causes originating with Suharto's territorial politics surrounding property, resources and ethnicity, in addition to the region's long history of violence and the cultural politics of violent identity affecting both groups. Competition over territorial control of the gold mine in Malifut (Maluku) was one source of conflict between the Christian inhabitants of Kao and Muslim transmigrants to Malifut. The economic benefits of the mine accruing to the recent Muslims migrants was a great source of tension to the Kao Christians who have inhabited the island for thousands of years. Whereas in Aceh, the province's resource wealth has contributed to both the incidence and duration of conflict. The natural gas facility contributed to local grievances and thus support to the separatist movement (GAM) due to the displacement of hundreds of families, increased wave of transmigrants, environmental pollution - creating health problems and increased police and military presence. Prior to 1998, the natural gas facility may have played a modest role in the duration of the conflict by the unusually high levels of military protection. In early 2001, GAM began to attack the ExxonMobil facility as part of a new effort to extort taxes, the government responded by increasing the military presence to protect the facility, resulting in

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<sup>77</sup> October 1996

increased casualties. It is unclear what the impact of Special Autonomy will have on the role of natural resources within the separatist movement since the provincial government retains a higher percentage of oil and gas revenues. However, it is clear that Aceh's natural wealth is still being captured by a number of actors including local political elites and the military. Environment and natural resources issues have played a more direct role in low intensity conflicts among communities and extractive industries. A recent ICG report highlighted the implications of illegal logging and mining to conflict.<sup>78</sup> The report concluded that there is little direct evidence that links these activities with conflict. However, the past may not be a reliable indicator of future conflicts. Under Indonesia's current economic conditions, legal framework and political context with Special Autonomy (Aceh, Papua) and Regional Autonomy (for the remainder of the provinces), environment and natural resource issues have the potential to increasingly become major points of contention for control over natural resources between communities, government (local, district, province and central), military and elites.

**Application of these factors to potential conflict in Papua:** Papua is the largest and one of the richest natural resource endowed province in Indonesia. It has an estimated 2.4 million people, over 250 tribal groups and at least 1/3 of the population are immigrants through either sponsored or voluntary migration. Wealth is geographically unevenly distributed with the Northeast - lowland very wealthy and south coast very poor and marginalized. There is also economic disparity between rural and urban areas. For example in Sorong - urban area have access to 4.7 million R per year whereas in rural areas the amount is 1.1 million R. Prior to Special Autonomy, the revenue derived from its vast natural resources went directly to Jakarta, the military and elites. Consequently, the province is the poorest and most underdeveloped in Indonesia. Fewer than 25% of the indigenous population is educated beyond primary school and infant mortality is high at 79 per 1000 births.

Papua is the one of the last remaining areas for natural resource exploitation. Based on 1997 data, it is estimated that 80% of its natural habitat is remaining. Its forests account for approximately 34.6 million hectares (24%) of Indonesia's total forested area with 27.6 million hectares of forest designated as production forest. Under Special Autonomy, the provincial government will retain 70% of oil/gas production revenue and 80% from other mineral and forestry activities. After 25 years, the percentage of revenue retained for Papua decreases to 50% for oil/gas production.<sup>79</sup> Papua is a microcosm of environmental and natural resource issues that could contribute to conflict. Major environmental issues facing Papua include:

- Since reformasi, there is a greater incentive for both local communities and elites to exploit natural resources. This is occurring in the context of weak institutional and regulatory frameworks that were never allowed to develop under Suharto are now

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<sup>78</sup> Indonesia: Natural Resources and Law Enforcement

<sup>79</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Article 34.

incapable of controlling the natural resource exploitation and subsequent environmental degradation.

- The absence of laws and regulations to govern natural resource management/extraction under Special Autonomy. Article 38 requires that utilizing natural resources to be stipulated by Perdasus, whereas Article 64 requires environmental issues to be stipulated by Perdasi. The development of the Perdasus and Perdasi needs to be undertaken in a manner that does not lead to contradictions in sustainable environmental management and use.
- Escalating land conversions to oil palm plantations
- Lack of formal framework to recognize indigenous land and natural resource use rights and inability of transmigrants to obtain land titles to plantation holdings as promised by the central government.
- Lack of access to judiciary process or other conflict resolution mechanisms to resolve natural resource disputes
- Potential for increased intensity of natural disasters (i.e. drought, floods)
- Economic dependency on natural resource extractive industries for at least 20 years
- Increased competition for land and natural resources between Papuans and transmigrants
- Processing of raw materials are dependent on "principles of sound, efficient and competitive economy" which has the potential to continue the exploitation by Jakarta businesses to facilities on other provinces (i.e. pulp and paper mills).<sup>80</sup>

However, as discussed above, it is unlikely for these issues to plunge Papua into large-scale conflict without other factors in play. Therefore, the likelihood of environment and natural resource issues contributing to conflict will be determined in part by how well greed and grievances associated with these issues are addressed and to what extent they contribute to other root causes of conflict. The following factors, overlaying Papua's environmental and natural resource issues, have the potential to create or exacerbate conflict include:

- Economic and social marginalization of Papua's indigenous population has deepened as Jakarta's transmigration policy changed the demographic face of Papua over the past three decades. Compared to Papuans, migrants are more highly educated and consequently have dominated employment in the major sectors. Economic and social

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<sup>80</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Article 39.

marginalization have been accompanied by political marginalization as local leaders and adat were undermined by government policies.

- Special Autonomy, Jakarta's offer to counter the demand for independence, states that "a special policy is needed within the unity of the Indonesian Republic".<sup>81</sup> Although many believe this is a good beginning to start resolving Papua's issues, it is being viewed with skepticism by a number of Papuans whose trust in central government has eroded over the years since Papua came under Indonesian rule. This lack of trust has raised questions as to the motives of the central government in delivering Special Autonomy. Many educated Papuans view Special Autonomy as response to the economic problems of Papua, not the political solution they are seeking.
- Special Autonomy requires the development of a wide range of Perdasus and Perdasi. Problems are associated with the lack of implementing laws, in addition to the lack of clarity to the level of government which power is to be devolved. Districts and municipalities appear to lose authorities and responsibilities gained through Laws 22 and 25 to the Province, thus essentially transferring power from Jakarta to Jayapura. Furthermore, the process of translating the principles of Special Autonomy into laws requires that the original intent remain the same. These problems further serve to undermine legitimate political authority and increase instability.
- Contrary to the intent of the Special Autonomy draft legislation to have the police under regional authority, in the final version the police are an integral part of the national police force.<sup>82</sup> There is continued police and military suppression and human rights violations of Papuans, including intimate involvement with security issues surrounding natural resource extraction. The military has strong motives to incite conflict in Papua and discourage a peaceful resolution to the separatist action. Their protection services for industry and business provide them with financial resources unavailable elsewhere. Until the military budget is funded from on-budget sources, the military will continue their predatory behavior. Additionally, since the economic crisis, many military-linked businesses are in financial difficulties which provides additional motivation for the military to maintain its presence in Papua, with its vast natural resources.
- Tensions arising from economic disparity between urban and rural areas. Tensions are further exacerbated by development plans designed to provide income to urban areas at the expense of rural community livelihoods. For example, in Sorong, the urban area is pressing for oil palm plantation development in rural areas. Although the intent is to have the communities manage the plantations, the communities are opposed due to the negative impacts on water quality from the plantations which would impact drinking

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<sup>81</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Article h.

<sup>82</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Articles 48 and 49.

water, bathing and fishing.

- Increase push for putradaerah and recognition of adat rights and institutions. Special Autonomy requires that the Governor and Deputy Governor be native Papuans and Article 20 establishes a Papua's People's Assembly with certain authorities to protect the rights of Papua natives, although its final powers are unclear. A conference was held in February 2002, to develop an association with all adat institutions and to discuss basic human rights issues including tenural rights to natural resource use. The aim is to build the capacity of the indigenous people without developing the corresponding capacity and legal recognition within the formal government. This has the potential of raising expectations and fuel ongoing grievances.
- Corruption is both a significant conflict risk factor and a significant impediment to institutional development and sustainable development. Unfortunately, corruption appears to have infiltrated down to all levels of government and is endemic in the natural resource sector.
- There are pockets of areas within Papua that could be destabilizing. Some of these areas were centers for transmigration and have a high proportion of migrants (i.e. Merauke). Other areas, such as Sorong, have an increasing number of internally displaced peoples (IDPs) because of the conflict in Maluku. The increased presence of IDPs has a potential spillover effect of heightening potential religious conflicts, which have not been present in Papua. Still other areas are strongholds for the separatist movement, OPM. There are reports of increased numbers of Laskar Jihad entering Papua, particularly in Sorong, FakFak and Jayapura.
- The loss of East Timor has impacted the territorial strategy of the military thus requiring restructuring of the territorial fence especially around Papua and Maluku. The impacts of this restructuring on Papua are unclear.

**Defining conflict:** The term 'conflict' is broad and multi-faceted. Therefore, to operationalize conflict prevention, it is necessary to differentiate between the different forms of conflict.<sup>83</sup> In Papua, conflicts are multi-layered (within or between communities, between communities and government or companies) and have the potential to feed into one another. There are three prominent types of conflict that have been identified where environment and natural resources have played or may play a role in the future:

*Separatist action* is defined as organized armed conflicts directed against the national government and perpetrated by regional ethnic and/or religious groups aimed at gaining autonomy, independence or some other special status for the region vis a vis the state. Such conflicts are localized and may take the form of guerrilla warfare or escalate into full-scale war.

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<sup>83</sup> Definitions derived from USAID Georgia Conflict Vulnerability Assessment.

*Communal conflict* is defined as violence between/among ethnic, religious, racial or other communal groups. Communal conflicts will vary in scale, duration, intensity and lethality. Distinguished by actors involved, degree of organization and mobilization. These types of conflicts can begin as small incidents between individuals that spill up into communal confrontations as has occurred in other Indonesian provinces.

*Low-intensity conflict* is defined as localized violence or disputes occurring between different groups that do not reach the intensity of civil unrest or communal conflict. However, given the lack of state capacity to address the underlying grievances, these types of conflicts might have the potential to galvanize into more intense conflicts. Therefore, it is important to understand the characteristics of these types of conflicts to determine which ones have the potential to spill-up into greater violence.

**Current conflicts:** The separatist movement, known as OPM (Organisasi Papua Merdeka), arose in the mid-1960s out of protests against Indonesian rule and advocates the establishment of a separate state. Grievances associated with environmental degradation and natural resource exploitation by the Freeport mining operation helped increase support for the movement.

From the beginning of their operations, Freeport encountered perpetual opposition from local tribes - who opposed the alienation of their traditional lands and the mining of a sacred mountain. However, this opposition was not linked to armed separatism until 1977, more than a decade after OPM began and four years after Freeport began shipping copper ore.

Until 1977, OPM operated in scattered areas close to the border with PNG, where they were better protected from Indonesian military assaults. Pro-separatist arguments maintain that Papuan resource wealth is being wrongly appropriated by the central government. In 1977, OPM members moved to the mine site, recruited Papuan employees of Freeport and engaged in two-month campaign of sabotage against the company. Indonesian security forces retaliated with aerial bombings, anti-personnel weapons and by burning of local villages, with scores of local people reportedly killed.

Violent and non-violent protests against Freeport have broken out since then over land rights, compensation issues, human rights violations and environmental concerns. With the discovery of a vast new copper-gold deposit, and expansion of Freeport's operations, the protests grew more frequent after 1989.

The mine site occupies more than 10,000 ha and extracts more than 165,000 tons of ore from the mountain, of which 98% is subsequently dumped into the Ajkwa river for disposal. The sediment load in the Ajkwa river is 5 times normal concentration, and mineral wastes have contaminated thousands of hectares of forest downstream. Environmental groups claim that the tailings from the mine, which contain dissolved arsenic, lead, and mercury have killed fish, poisoned sago forests and made the water dangerous to drink. In 1995,

OPIC cancelled the entire \$100 million political-risk insurance policy for Freeport's operations based on environmental concerns at the mine.

On April 29, 1996, representatives of approximately 3,000 members of the Amungme tribe from Papua filed two lawsuits in federal and state courts against Freeport McMoRan. The \$6 billion suit charged that during the company's 25 years of mining copper and gold at the Grasberg and Erstberg mines, the company carved up and poisoned ancestral lands integral to the tribes survival and committed human rights abuses. Ultimately, both law suits were not successful.

Recent analyses have shown that environmental degradation resulting from resource extraction has contributed to the origins and intensity of the conflict, although not its duration. Unlike other conflicts, to-date there is no evidence that OPM has engaged in resource looting or extortion to fund its activities. However, there are unsubstantiated reports that gold from Papua and PNG is being used to support OPM activities.

In addition to violence surrounding Freeport operations, various OPM factions have been involved in sporadic activities which have an environmental component. In 1999, an OPM faction abducted immigrants near Merauke who had been given land under the central government's resettlement program. In January 2001, 14 timber workers were kidnapped with OPM originally demanding \$1 million in compensation for logging operations in the area, a halt to logging and removal of the security forces in the area. However, their demands changed to a request to meet with President Wahid. It is speculated in this instance, that OPM was collaborating with the military to undermine the police in the area. In October 2001, OPM factions attacked a village, Ilaga, which is only 80 km from the Grasberg mine. Although close to the mine, the actual intent of the attack is unclear.

Finally, apart from the separatist movement, there are a number of low-intensity conflicts that have an environment and natural resource component. The majority of examples cited were between communities and logging companies. It appears that most of these conflicts are over compensation and are resolved through either paying compensation to the communities or shutting down operations. In March 2000, the Association of Indonesian Forest Concessionaires reported that 50 timber companies, controlling about 10 million ha of logging concessions in Papua, Kalimantan and Sulawesi had stopped all operations because of growing trouble with local communities. Conflict with the companies is expressed through destroying or confiscating equipment and vehicles, occupying base camps and preventing plantation workers from working, blocking logging roads. The company usually hires military (or police) to retaliate and cycle of violence ensues. However, without other factors in play, it is unlikely that these types of conflicts will spill-up into larger communal conflicts.

***Pathways for environment/natural resource to contribute to conflicts:*** Consensus opinion is that the combination of Papua's natural resource wealth and Special Autonomy will result in increased competition and collusion to control and access resource wealth with

subsequent environmental instability from the extractive industries. As discussed above, whether the increased competition and environmental instability will transform into conflict is very much dependent on how Special Autonomy is implemented and the ability of the Indonesian government to rein in the military by initially including military expenses within the formal budget processes.

*Oil/gas extraction:* The natural gas project undertaken by BP in partnership with Pertamina has the potential for creating conflict. BP is making every effort to involve the surrounding communities in the development of the project to reduce tensions. However, with the financial stakes so great, there are other actors that would benefit if conflict erupted. The first obvious actor is the military, whose presence is prominent in Papua. Given the past history of military involvement with natural resource extraction (Freeport Mine), BP has recognized the volatility that military presence will bring to the site. The military has accrued substantial monetary gain from the Freeport mine, which could be a model for its actions around the BP site. Consequently, BP is looking at other options for security, including developing community security patrols. However, this may prove difficult as the military has regained a substantial amount of power under the Megawati government. During a spring 2002 meeting of the Petroleum Industry, Megawati reaffirmed the Indonesian government's intent to ensure that these sites are secure and protected. Given the wealth associated with the BP site, the military will expect some form of payment. It has been reported that the Army provincial commander visited the site and reminded BP officials that the army is required to defend 'national interests'. It is widely speculated that if payment is not forthcoming, then it is probably a matter of time before there is strife to justify placing troops in the region. It is reported that a document written for BP highlights the real possibility of this type of action occurring and the need to screen any troops for past human rights abuses. Also, the provincial police chief in Jayapura has stated that the site will need police to not only "guard the site" but also to deal with everyday crime. This statement raises the possibility of both the police and the military competing for access to the site and the promise of monetary benefits derived from protection activities.

Another actor that would benefit from conflict in the area is the Djayanti Group. The Djayanti Group is actively involved in a number of natural resource extraction enterprises in Papua - from fishing to logging and oil palm plantations in Bintuni Bay. It is speculated that if BP was forced to leave the site, Djayanti would be positioned to take over operations with the local government obtaining shares in the project. It has been reported that the Djayanti Group pays a 20-man police detachment to enforce land grabs from local residents in the Bintuni Bay area.<sup>84</sup> Although not substantiated, it is widely thought that a recent incident of upstream water contamination was a result of Djayanti activities that were blamed on BP.

Small violent episodes have already occurred in the area. It is reported that last year's military repression in Wasior was linked to the BP project in which ten people were killed, others disappeared and homes were burned down. Supposedly, the killing of five Brimob

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<sup>84</sup> Far Eastern Economic Review December 27, 2001

officers which set off the military operations was timed to coincide with the visit of the British Ambassador to the region. Latent conflicts have surfaced between 2 villages where the infrastructure is being developed in one village, but the other village claims that the gas is from their village. Unless all communities feel that they are being fairly compensated the potential for low-intensity conflict is increased. Depending upon the composition of the various communities and the ability to control the influx of migrants, this could spill-up into more violent communal conflicts (with the help of outside actors). Unfortunately, given the situation of ethnic/religious conflict in surrounding areas (Maluku) and the fact that Bintuni Bay is comprised by majority Christians who are afraid of an increase in the Muslim population, the ethnic/religious card could be easily manipulated. The site is removed from OPM's main areas of operation, so given the current lack of organization without clear leadership or political structure, it is unlikely in the near future for it to be a site for their operations.

*Mineral mining:* As we have seen with Freeport, mining operations can play a significant role in the conflict dynamic. In a survey conducted by the World Bank, Indonesian mining operations of all sizes have produced conflicts of various scales among different ethnic groups, including cultural conflicts and upsetting traditional power structures; land conflicts; demands by local government/communities for greater share in benefits and management of mines; and general social problems of large-scale mines including prostitution, alcoholism, and drug abuse. Additionally, all mining activities (large and small scale) produce long-term ecosystem degradation that will impact the natural resource base with devastating social and economic consequences.

During interviews, other than Freeport, there were no examples mentioned of conflicts surrounding mining activities. It was reported that there are 14 multinational mining companies operating in Papua. In many cases similar to logging activities, these sites have the potential to produce both greed- and grievance incentives for conflict. For example, there are unsubstantiated reports that local parliament members gave rights to Conoco to do exploration within the Wamena area without consultation with the village chief. Due to lack of time, no further details could be found. However, this highlights the increased competition over these resources and the race to capture as much wealth for one's own gain. This problem is further complicated by the fact that the national laws and regulations surrounding mining are at best confusing and at worst contradictory. For example, it is unclear which law prevails under circumstances where Laws 22 and 25 contradict the 1962 Mining Law.

*Land rights/access:* Land issues are one of the most important concerns for the majority of Papuans. However, any discussion of land is intimately tied to adat. The concept of adat is derived from the land and the presence of peoples using the land. Thus adat is to ensure that a communities' control over natural resources and land is acknowledged internally and externally. In theory, this means that only the local inhabitants have the authority to use the land and natural resources as they see fit. However, with the incorporation of Papua into Indonesia, the central government proceeded to undermine adat/leaders and replace them

with government functionaries. This change in traditional practice and imposition of outside control made it extremely difficult for local people to establish use rights to land, while Jakarta provided licenses to private companies for logging and oil palm plantations, with minimal compensation for the land. Although adat and its institutions are being resurrected throughout Papua, it is still unclear how effectively it will be able to operate under Special Autonomy since the final bill stipulates that traditional rights are subordinated to national law and regulations.<sup>85</sup> For example, the Forest Law No. 5 states that the adat rights of indigenous peoples to land and resources should be respected, except when these conflict with national law or the public interest. Once resource rights are contracted away, the only legal redress is through the Indonesian court system, not through adat.

Throughout Indonesia there have been a number of efforts to work with communities to establish land ownership boundaries which define rights and access to land. In many cases community mapping is seen as the ultimate solution for ending conflict. However, community mapping is inherently conflictual. A recent study has shown that although participatory community mapping is theoretically one approach for establishing fundamental support for demarcating boundaries, building capacity and empowering local groups that in practice it is much more complicated.<sup>86</sup> The study revealed that the foundation for political support is often fluid and fragile with few safeguards to ensure fair negotiations for weaker groups. The mapping brought out latent conflicts that were either exacerbated or alleviated through negotiations. Although each dispute has its own characteristic depending on the resources in the area. Disparities in economic or political status affected how conflicts over boundaries were expressed and resolved. The larger the disparity, the less likelihood of conflict resolution. When the stakes are high, more latent, long-term conflicts related to inter-village differences were drawn into the fore and further fuelled the intensity of the immediate conflict. Factions also emerged as a result of mapping in cases where the decision by the village leader was not accepted or wanting to make claims for themselves.

Defining land ownership has the unintended consequence of promoting territorialization.<sup>87</sup> Territorialization controls natural resource access by determining how people may use resources found within geographic boundaries. This implies moving towards territorial interpretations of individual land rights and away from a previous inter-generational tenural practice of families sharing rights in natural resources, such as long-living trees. The concept of territoriality is used to include or exclude people or groups by reference to a piece of land demarcated by recognizable geographic boundaries. Identifying people as outsiders is a means of defining their relationships to the institutions of state power and access to benefit flows from its resources. Boundaries are major determinants of monetary

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<sup>85</sup> Bill of Law of the Republic of Indonesia No. 21 Year 2001 on Special Autonomy for the Papua Province. Article 43.

<sup>86</sup> *Negotiating more than Boundaries: Conflict, Power and Agreement Building in the Demarcation of Village Borders in Malinau*. N Anau, R Iwan, M van Heist, G Limberg, M Sudana and E Wollenberg. 2002

<sup>87</sup> Territoriality is defined as "the attempt by an individual or group to affect, influence, or control people, phenomena, and relationships by delimiting and asserting control over a geographic area".

flows and resource use to villages. This type of natural resource classification and control often supercedes the regulation of access to specific resources within a territorial zone. Thus land control becomes the most important element in a resource control strategy. This process consumes management strategies that originally included both territorial and non-territorial (such as access to and control of specific forest and garden products) components. When territorial control is the guiding principle, it leaves out non-territorial components that are claimed by many people in the area. In Papua, the use of natural resources is complex and is not focused on land in the western context. Another concern with territorialization is the small percentage of tribes that are truly nomadic and the implication of territorialization promoting sedentary life styles.

In the past adat leaders have transferred land to public and private investors without village approval. It is unclear whether the resurrection of adat will be able to effectively prevent elites capturing natural resources for their own economic gain. Without the appropriate 'checks and balances' for local accountability, adat may be used by local elites to legitimize their own autocratic and exclusionary leadership. Adat varies widely among communities - for example in Sorong the system of land use planning enables inhabitants of one village to use the land of other villages based on marriage. To date, Arso, Cyclops, Sorong and Nabire have begun to map their land ownership boundaries. In many areas, there is no pure community, therefore it is unclear as to what adat applies and the process to define the rights of outside ethnic groups. Given the strong national sentiment and discrimination of non-Papuans in the Special Autonomy bill, strengthening of adat may inadvertently create increased tensions between Papuans and other ethnic groups. Mapping exercises can also increase the potential of conflict through raising expectations and heightening grievances if community maps are not legally recognized at the provincial and national government levels.

Land access issues also impact the transmigration community and relations with Papuans. Government-sponsored migrants were promised not only housing but also land associated with the plantations. The majority of transmigrants have never seen their land certificates because plantation owners use them as bank collateral. Without the certificates, the land cannot be sold and if the company goes bankrupt the land is lost. In Arso, at least 100 transmigrants and Papuans are attempting to go to court to obtain land titles.

*Timber extraction:*

As discussed earlier, logging is a focus of low-intensity conflicts throughout Indonesia. Forests in general are associated with conflict due to the historical weak and abusive central government presence, poorly defined property rights, ethnic conflicts and hiding places for rebels. Throughout the New Order and post-Suharto era, there have been a number of simmering conflicts that appear to be focused on forest issues - ranging from concession activities (legal and illegal), reforestation projects and conservation area designations. The origin of many of these conflicts is the fact that all land officially classified as forest fell under the control of MoFEC. Thus the forest concessions system under Suharto has left a heritage of protracted conflicts between local communities and logging companies, as logging

companies operated without respect for traditional adat practice and addressing the development needs of the communities.

During the New Order, these simmering conflicts were suppressed and did not pose a threat to national stability. Although local conflicts are more visible now, they currently do not particularly disturb the government and are largely treated as local matters. Firms already find it difficult to locate uncontested lands to clear, burn and plant. While conflict over timber projects may not erode the state's capacity to establish plantations, it could very likely reduce the state's opportunity to realize an economic harvest from those plantations. However, it should be recognized that in an environment of political uncertainty and lack of institutional capacity, these types of local conflicts could flow across district and provincial boundaries and become destabilizing.

Papua is seen as one of the last major reservoir for timber exploitation. Reports have 60% of all Indonesia's logging exports are from Papua and 50% of that is illegal. Currently, there are 252 concessions in Papua, of which 52 are under review. It is reported that four Jakarta-based timber tycoons have divided Papua between them with military serving as protection forces when necessary. There is at least one international timber company that is trying to establish a presence in Papua working with communities. At the time of our visit, they had not been able to acquire logging permits giving the impression that permits were acquired through patronage. The military also owns logging companies in Sorong. Due to the lack of pulp and paper mills in Papua, raw logs are now supplying other provinces' pulp and paper mills where the forest has already been depleted. For example, the Djayanti Group has a number of logging concessions in Papua which supply its large plywood mill in Maluku. Collusion between security forces and logging companies manifest in illegal logging, smuggling sandalwood and valuable tree resins.

In the political climate of reformasi, communities are becoming more vocal over claims for compensation or return of land use rights. Recognizing their newly acquired power, they have disrupted commercial operations and industries are asking for help from the government. Unfortunately, in many instances where indigenous communities protest logging concessions, such as Moi people and the Intimpura Timber company, they have been accused of being "security disturbers" or essentially OPM and intimidated by the military. Because of the vast interests within communities, it is to the advantage of companies to create conflicts within and between communities enabling the company to support only part of the community at reduced costs. Since there are no clear regulations for communities to follow, the operating climate is a free for all to get access and control over the resources.

*Oil palm plantations:* Oil palm is one of Indonesia's export commodities that is being promoted by both the government and IMF to generate enough revenue to service the country's debts. In 1999, oil palm exports generated US \$1 billion. All new forest conversion is centered in Papua and Maluku. Land conversion from small/large logging operations to oil palm plantations is considered the biggest environmental issue facing Papua and potential

source of conflict. In P, 2,671,275 ha of forest is designated as conversion forest with applications in 2000 approved for 292,780 ha. With Special Autonomy, communities are aware they have a stronger opportunity of regaining control over historical land rights. There are increasing conflicts over land rights as expressed by communities complaining to local representatives to stop operations.

In Papua, 22 sites were designated for transmigration up to 1998. The government took traditional land for transmigrant populations without negotiation or compensation for indigenous communities. In 1999, the largest development was announced for 102,000 hectares in the Arso transmigration area. The developers are the state-owned PT Perkebunan Nusantara II. Arso was the first state-owned plantation established in 1982. The plantation was divided into the 'core area' and 'satellite areas' where plots were sold to smallholders. Low-intensity conflict is ongoing in the Arso area with communities primarily asking for compensation. Today, the population of Arso is estimated at 60,000 immigrants (and some Papuans) and 3,000 indigenous Arso peoples.

Large scale oil palm plantations (100,000 hectares) are planned for the Babo sub-district by a subsidiary of the Djayanti Group. Another oil palm developer, PT Sinar Mas plans to build a 60 tons/per/day crude palm oil processing factory along with port facilities in Jayapura district. A number of additional projects are estimated to make Papua the largest palm oil producer in the country. These companies have operated in other parts of Indonesia, where they have violated community land rights and have worked in cooperation with the military. Lessons from other parts of Indonesia have shown that this type of behavior leads to low-intensity conflicts with camp operations forced shut down, with police or military brought in to deal with the situation.

In many cases HTI (Hutan Tanaman Industri) overlap with agricultural and forest areas claimed by local communities. The impact of this immense conversion could be to add increased grievance to the Papuans for independence and/or be transformed into communal conflict if transmigrants are the key recipients of oil palm plantation employment opportunities and land titles.

**OTHER NATURAL RESOURCES: *ALTHOUGH MOST OF THE FOCUS OF CONFLICTS IS CENTERED AROUND THE MOST VISIBLE RESOURCES, TIMBER, MINERALS AND PLANTATIONS, EXTRACTION AND PRODUCTION OF OTHER LOW PROFILE NATURAL RESOURCES CAN CREATE LOCALIZED VIOLENCE. FOR EXAMPLE, SANDLEWOOD RESIN IS AN EXTREMELY VALUABLE PRODUCT ON THE INTERNATIONAL MARKET WHICH HAS ATTRACTED THE INTERESTS AND EFFORTS OF BOTH JAKARTA ELITES AND THE MILITARY. NOW WITHIN THE CONTEXT OF REFORMASI, EXPLOITERS OF THIS RESOURCE INCLUDE PAPUANS AND NON-PAPUANS. IN MANY CASES, THEY ARE ACCOMPANIED BY THE MILITARY FOR PROTECTION. ANOTHER EXAMPLE, IS ON AN ISLAND OFF OF PAPUA, THE RIGHTS TO CULTURE PEARLS WITHIN A COMMUNITY BAY HAS CREATED LOCALIZED VIOLENCE BETWEEN COMMUNITIES SUPPORTING***

***THE CULTURED PEARL FARMS AND THOSE WANTING BACK THEIR ABILITY TO FISH IN THE BAY. AS MENTIONED EARLIER, ALTHOUGH THESE INCIDENTS ARE LIKELY TO STAY LOCALIZED, THEY CAN CONTRIBUTE TO FUELING GRIEVANCES AND GREED INCENTIVES IN AN UNSTABLE POLITICAL ENVIRONMENT.***

*Government response to natural disasters:* In 1997-98, the highland region of Papua experienced its worst famine, since people could remember, due to the severe El Nino. The prolonged drought was exacerbated by lack of government action in providing relief supplies and the forest fires the previous years which destroyed gardens, hunting grounds and dried up water sources. The area that was hit the worst was the Jayawijaya district in the central highland and Mimika. This serious situation was compounded by the military who were forcing villagers to move to low-lying areas so the military could gain access to the natural resources in the area and make it easier to secure the area and find members of OPM.

**Recommendations:**

Time and opportunity did not allow for an in-depth analysis of the complexities surrounding the contribution of environment and natural resource issues to conflict. What is presented is a preliminary analysis which can be used as the basis for additional research to help shape programmatic activities. In many cases, greed and grievance incentives concerning environment and natural resource issues cannot be solved at the local level because of the impact of national policy and laws. Another key actor that everyone is aware of is the military. Consensus is that unless the military's expenses are accounted for through the national budget, it will be impossible to address many of the greed incentives and corruption associated with natural resources. Although due to the intransigence of central government, greater immediate results are achieved at the local level. However, it is important to ensure that while working at the community level or with NGOs that these groups have access to entry points within the formal system to effect change. For example, this could be problematic with the move to increase adat rights without the corresponding efforts to work with provincial and central government to guarantee recognition of those rights. Preliminary programmatic recommendations for the environment/natural resource sector are:

- Support the drafting of Perdatus and Perdasi related to natural resources (Articles 38 and 64) and others related to investment and business activity to ensure that the regulations are not contradictory and are supportive of sustainable environmental management. This process would also allow for identification of contradictions with Laws 22 and 25 and other national laws (including investment laws) for proposed legislative changes.
- Continue supporting LBH and other groups that are in a position to help address grievance and greed incentives through the legal system.
- Further analysis is required as to the most appropriate approach to establishing

community rights to ensure that this does not promote further alienation of transmigrants or other 'outside groups' and increase the potential for violence. Depending on the outcome of the analysis, corresponding efforts are required to ensure that there is formal government recognition.

- Support the provincial and district capacity for land use planning and monitoring of extractive activities to ensure compliance with environmental laws and regulations.
- Work at the national level to close the majority of the pulp and paper mills that are operating at overcapacity, have depleted forests in their areas of operation and now draining timber out of Papua.
- Work at the national level to ensure that foreign investment laws (including general treatment, expropriation and performance requirement provisions) are supportive of environmental laws and regulations.

## **APPENDIX D: EAST JAVA**

### **Assessment Team**

The East Java conflict assessment team traveled to East Java from 01 and 04-07 March 2002 and met with a range of civil society organizations, political party officials, academics, members of the business elite, the US Consul-General, and religious leaders. Though the team decided to primarily focus on Surabaya to meet the Mission's request of assessing an important urban area in the country, members did manage to travel outside the provincial capital to villages which are traditional Nahdlatul Ulama (NU) strongholds.

The team was comprised of Sharon Morris (USAID/DCHA/CMM), Michael Bäk (USAID/Indonesia/DG), Jon Wegge (USAID/Indonesia/DLG), Suraya Affif (Consultant), and Gerry van Klinken (Consultant). The team was also joined by Sheila Towne, a USAID contractor from the Civil Society Support and Strengthening Program's Surabaya Office.

Time did allow for the team to travel extensively outside Surabaya, however, three members of the team have had extensive experience working in the region. Consultant Gerry van Klinken has intimate knowledge of the provinces ethnic and religious dynamics. Michael Bäk has frequently worked in the province through the course of the DG team's initiatives there. Sheila Towne has lived and worked in East Java for the past fourteen years.

### **OVERVIEW OF EAST JAVA**

As one of the nation's most populous provinces, East Java (including the island of Madura off the northern coast) has a population of primarily ethnic Javanese and Madurese (each roughly 50% of the population, though small numbers of other ethnicities are present). The province approximately 90% Moslem with the remainder Christian, Hindu, and Buddhist. The province has seen an influx of well over a hundred thousand vulnerable ethnic Madurese who fled murderous violence in Central and West Kalimantan over the course of the past few years – climaxing in February 2001 when ethnic Dayaks went on a bloody rampage, effectively cleansing Central Kalimantan of all ethnic Madurese.

East Java is of particular concern because of its population size and density, concentration of young people seeking employment opportunities away from the villages, physical closeness to Jakarta, and importance as a trading center (Surabaya).

The relationship between Javanese and Madurese is often described as fragile. As is common amongst Indonesians, ethnic stereotyping is pervasive in the province. In the main, ethnic Javanese will be quick to demonstrate their suspicion of Madurese intentions. They speak of criminal gangs which trace their genesis to Sampang, Madura. Many hired thugs, both in Jakarta and other cities, are ethnic Madurese. The Madurese are often described as impressive traders and businessmen and culturally are more direct and open than their Javanese counterparts.

## **ROOT CAUSES OF CONFLICT**

In our discussions three main social cleavages were repeatedly mentioned: religious, ethnic, and class.

**Religion.** Interviewees report tense inter-religious relations, especially between the two mass-based Moslem organizations, both with significant support bases in East Java. The conflicts which are portrayed as religious in nature are effectively intra-religious (among Moslems) and rarely devolve into conflict between Moslems and other faith groups which make up some 10% of the total population.

One significant cleavage that often erupts into violence is between so-called 'scripturalist Islam' (or *santri*) and 'syncretist Islam' (or *abangan*). The *santri* Moslems are described as outwardly more attached to Islam, actively partake in religious rituals, and are stricter adherents to the faith. *Abangan*, on the other hand, are less concerned with rituals and are more tolerant of inclusion of local beliefs into their faith. The Horseshoe area of East Java (Tapal Kuda, or Pandalungan, including Madura and the north coast of Java east of Surabaya) is largely *santri*. The interior area of East Java (Mataraman, from Jombang to the south and west) is *abangan*. The major political party is PDIP, but Golkar also appealed to this constituency.

The second significant cleavage concerns differences within *santri* Islam, expressed in the two main Moslem organizations Nahdlatul Ulama (NU, formerly headed by former President Abdurrahman Wahid) and Muhammadiyah (formerly headed by Amien Rais, now the chairman of the *Partia Amanat Nasional (PAN)*, or National Mandate Party). Social scientists describe the two *santri* orientations traditionalist versus modernist respectively. While NU is much more accommodating to local customs and less conscious of the outward ceremonial requirements of Islam, Muhammadiyah, heavily influenced by the Cairo modernist movement, is often described as being more strict and more concerned with form. NU is the major religious organization in the Horseshoe area, while Muhammadiyah is more urban.

**Ethnicity.** Chinese constitute only a small fraction of the population - perhaps 3%. Yet anti-Chinese violence has been a feature of East Java politics for a long time. The last significant occasion was in 1998. In January mobs angered over sudden price rises caused by the monetary crisis ransacked Chinese-owned shops in sporadic actions all over East Java. In May, many Chinese-owned shops were again destroyed, this time in urban Surabaya - similar actions took place in Jakarta, Solo, and other cities.

A new phenomenon is the emergence of feeling among the urban poor against people from the impoverished island of Madura, off Surabaya. Madurese make up perhaps half the population of East Java, especially in the Horseshoe area. Many Madurese work the informal sector on the streets of Surabaya (*Pedagang Kaki Lima*). Their numbers are swollen by Madurese settlers from Kalimantan who were expelled by indigenous Dayaks in

waves in 1997, 1999 and 2001. The Surabaya city council has launched a crack-down against street traders and squatters, while the latter have threatened violence should the government take measures to evict them.

Elsewhere conflicts in the market place take on an ethnic character (Javanese versus Madurese traders).

Corrupt payments ('tribute') that street traders have to pay to city council officials are part of the story.

**Class.** The capitalist transformation of both the city and the countryside, throughout the twentieth century but especially during the New Order (1966-1998), has created significant deprivation among the great majority who have gained far less from it than have the middle and upper classes. The urban poor - squatters and street traders - came up repeatedly in our discussions as an embryonic proletariat. They are feared, repressed and exploited by what several of our informers called a 'ruling elite', but also sought after as constituencies of various kinds.

Workers in the burgeoning industrial belts on the outskirts of Surabaya, as well as those in many smaller cities in East Java, are being organized into unions that are increasingly independent. The workers, however, face massive collusion between employers and security forces and it is not uncommon for businessmen to rely on military or police muscle to bring their workers back into line. In fact, huge payments are made by local businessmen to the local military command, the police commanders, and the Governor. Some suggest that the collective payments made by major industrial businessmen to the Governor (excluding payments made to security forces) top Rp 2 billion *per month* (approximately US\$200,000).

In the countryside, decades of land appropriation by plantation companies and state institutions, combined with a growing population, have left a large proportion of peasants landless. Since the fall of the New Order, as in many parts of the country many peasants are organizing to claim land which they feel was illegally expropriated from them during Suharto's rule. Others rely on so-called 'adat' or traditional rights which they believe give them entitlement to the land. Throughout the province there are many land dispute cases which trace their origin to the New Order which have yet to be addressed. Massive institutional corruption and elite maneuvering all prevent the issues from being effectively addressed.

**Drawing the Lines.** It is difficult to overlay the three themes of religion, ethnicity, and class and obtain clear divisions that unite a certain confessional tendency with a particular class or ethnic group. The divisions are not so clear cut and any that do form seem to be fluid and susceptible to change. This could be in part due to traditional authority relationships or patron-client relationships, but that is the work of more academic inquiry and beyond the scope of this assessment. To give but one example, the tendency today is for the

convergence of interests by the NU and the ethnic Madurese urban poor in Surabaya. However, in the 1965, the NU, led by landed farmers, colluded with the military against rural landless peasants ostensibly allied with the Indonesian Communist Party, or PKI. In fact, the NU is only recently coming to terms with its involvement in anti-Communist killings in East Java following the abortive coup in 1965.

The implication for the current conflict assessment is that East Java political and social dynamics do not seem to fall neatly into ethnic or religious categories which then develop into deep-seated cleavages between various groups in society. Indeed, that cleavages as such cannot be reduced to a homogenous ethnic or religious base may lend the province less likely to mass mobilization for violent conflict. Throughout East Java, it has been reported, many households are mixed in the sense that some belong to NU and others belong to Muhammadiyah. This may explain, to some extent, why the violence that erupted during Wahid's impeachment was neither sustainable in duration nor intensity.

### **Mobilization and Expansion of Violence**

**Religion.** Religion has been highly organized since the introduction of modern forms of organization in Indonesia in the first two decades of the twentieth century. These religious organizations are also highly political. Some have been political parties as well, or have sponsored political parties. Others (usually the smaller, more sectarian ones) have been vehicles of opposition. The state has courted and encouraged the politicization of religion. For example the military sponsored the rapid development of new and militant religious youth organizations in the early 1960s, which then took part in the bloody anti-communist purges of 1965-66. The most dangerous mobilization of religious sentiment is still done not by small oppositional groups but by conservative elites. Their main message is still a fear of popular movements for change, which they call disorder ('disintegrasi') or simply 'communism'.

NU has given birth to four political parties, of which only PKB is significant. This party sponsored President Abdurrahman Wahid during his brief presidency from October 1999 until July 2001. In the past, NU backed the *Partai Persatuan Pembangunan*, or PPP (currently led by Vice President Hamzah Haz), and under Sukarno was its own party. Muhammadiyah also has a long history of sponsoring political parties - currently Amien Rais' PAN, during the New Order PPP, before that Masyumi. NU tends to be rural whereas Muhammadiyah is urban.

The way these religious cleavages transform into political conflict is complex. The bloodbath of 1965-66, the memories of which remain vivid, is the key case study. In two recent cases, as in 1965, political parties, sometimes allied with the military, played upon religious sentiments to mobilize followings quickly.

In late 1996, in advance of the national elections in March 1997 and amidst a growing leadership crisis within the New Order, most Christian churches were burned to the ground in and around Situbondo (in the heart of the Horseshoe). In the analysis of one informant, the conflict pitted the locally popular but nationally marginal NU and PPP against the locally 'alien' but nationally dominant Muhammadiyah-Golkar-Department of Religion. The military had its own agenda in Jakarta and greatly exacerbated the conflict. The small Christian minority, meanwhile, partly because they were allied with the 'alien' national forces and partly because they were an easy target, became the victims of a struggle that was not theirs.

In early 2001, as opposition parties in Jakarta were manoeuvring to unseat President Abdurrahman Wahid, there was considerable anger in the NU heartland of East Java's Horseshoe. Roads were several times blocked by trees felled by angry students at the numerous religious schools. There were threats against Muhammadiyah organizers, and Golkar headquarters were burned down. However, the violence was not sustained over a long duration and tended to burn itself out after a few days following the eruption of each incidence. NU consistently bragged that hundreds of thousands of Wahid supporters (including tens of thousands of Banser, their armed wing) would march on Jakarta and demand that Wahid maintain the presidency. None of the claims ever materialized.

Our informants expected that the 2004 elections will again see religious cleavages become politically potent.

**Ethnicity.** Ethnic associations have long been important among the Chinese, but until recently less so among other ethnic groups. With the weakening of 'modernizing' New Order prohibitions on the use of ethnic language in public, and growing disillusionment with the political parties after four years of post-New Order 'reformasi', ethnic associations are becoming increasingly politicized. The Madurese association Ikamra, for example, has long been an elite lobbying association, but is now increasingly also playing a role of pseudo-political party.

The role these associations appear to play in the criminalization of government ('preman' gangs are often ethnic) and in the maintenance of a large shadow economy (where ethnic elites compete), increases their importance for observers of conflict. However, we still know too little about these associations.

**Class.** Class associations are weak among the poor, but strong among the rich. No political party has a platform of justice for the poor - all are elite creations that mobilize the poor during the campaign period but have no will to fight the battles of the poor in the long run. The NU's PKB, marginalized in Jakarta after their champion President Abdurrahman Wahid was forced to step down, has been speaking out on behalf of evicted squatters in Surabaya the last several months, but it remains a half-hearted effort evoking little response.

Throughout the New Order, a single state-controlled labour union (SPSI) was an integral part of the state corporatist structure. Even today, the largest unions are off-shoot of SPSI and continue to operate on the patronizing New Order model. However, the independent union SBSI, the second biggest in the country after SPSI and its off-shoot, claims 50,000 members in Surabaya and is beginning to organize effectively. SBSI is aware that labour is a buyer's market under current economic crisis conditions, and adopts a correspondingly moderate negotiating position. A considerable number of smaller unions includes several more radical ones.

In the countryside, there is no communist party (PKI) urging land reform as in the early 1960s. Instead, a network of peasant groups are organizing pragmatically and focussing their efforts on land now held by state-owned plantation companies. In at least two cases (Jenggawah and Malang regencies) they have successfully seized land and remain in control of it several years later.

On the contrary, most political resources, including those of severe repression, are in the hands of the 20% of the population who control 80% of the wealth. They have in the past - 1965 remains the paradigmatic conflict in Indonesia - used these resources to create a bloodbath. This potential for conflict needs to form an important focus for future conflict assessments too.

A freer press after 1998 is making the grievances of the various groups known to a wider public.

### Political and Social Institutions

Many of our informants highlighted the failure of the post-New Order democratization movement as a source of conflict. Some other informants - such as those from the business sector - on the contrary highlighted the goals of reformasi (democracy and human rights) as itself the source of conflict. These rival interpretations of East Java's politics - the first seen from below, the second from above - carry significantly different program implications for USAID. These differences need to be discussed within the conflict assessment community.

Political parties have failed to follow through on campaign promises to clean up corruption, engage in economic reform, make the bureaucracy more accountable to the public, and hold the military responsible for human rights abuses.

Newly empowered local governments remain as bureaucratic as their Jakarta counterparts, and equally corrupt and unaccountable. The Home Affairs Minister, meanwhile, has indicated he wants to wind back decentralization because it is not working (though there is little indication from Jakarta the decentralization will be reined in).

Reformers in the military have been sidelined in a routinization movement that parallels the marginalization of reformers in all the main political parties.

We spoke with younger activists who brought down the New Order [for instance NU activists in Lakpesdam and PMII] who feel betrayed by erstwhile 'reformist' heroes like Megawati Sukarnoputri and Amien Rais. For some this disillusionment has meant a descent into apathy, for others it has led to a new interest in building more social conscious and more locally-based alternatives.

NGOs are once again engaging in the kinds of advocacy that reformed political parties should have been doing. They are helping head off conflict with their work on a raft of issues from human rights to land reform, and from inter-religious cooperation to the environment.

The City Forums (Forum Kota), apparently seeded by GTZ in 1997 but also assisted by USAID, are a brave attempt to democratize local government. They need support against persistent attempts to routinize them by excluding the most participatory elements.

### **Regional and International Externalities**

The end of the New Order in 1998 was triggered mainly by the Asian financial crisis. It came as the New Order led by an ageing Suharto was growing less coherent. The combined economic and political crisis created several conflictual dynamics.

Economic crisis heightened grievances not only among the urban poor thrown out of work by factory closures, but also among the middle class, who supported regime change because of it. We heard that in Jombang, for example, people had 'grown used' to economic crisis. No one was short of food, but savings were down, as were such indicators as enrolments in fee-paying schools. There has been some economic recovery, but not to pre-crisis levels.

The political transition created ethnic conflict outside Java that has brought a stream of Madurese 'back' to East Java (although they had been away for generations).

It remains unclear to what extent the crisis has permanently altered political dynamics, but it is difficult to imagine that Indonesia can return to a New Order kind of authoritarian stability.

A changed international environment - pressure to reduce the role of the state in the economy - weakens the capacity of the state to play the socially transformative role it did in the twentieth century. Unless accompanied by a more open and stronger civil society, this trend can actually increase the opportunity for conflict.

## **WINDOW OF VULNERABILITY**

The 2004 elections could be a moment of vulnerability for Indonesia. Unless Indonesia defaults on its debt repayments earlier (Argentine-style), it will face a debt crunch in 2004 as well. Should these two particular events significantly deteriorate into violent conflict, the impact on East Java could be severe given the volume and density of population. At the national level, the PKB (which grew out of NU) has remained farther removed from the fringe Islamic parties and movements which PAN (which grew out of Muhammadiyah) seem quite comfortable in courting. At election time, these difference could play out in violence.

The network of religious-based schools and social organizations throughout East Java would make it relatively easy for conflict entrepreneurs to incite violence. Though again, the durability of the crises would be questionable given some of the dynamics noted above.

Regional autonomy, implemented from early 2001, has also opened up new local dynamics.

However, the generally cross-cutting nature of the religious, ethnic and class cleavages in East Java, as well as the comfortable hegemony that the wealthy continue to enjoy, makes it seem unlikely that gross violence will erupt in East Java within the next few years.

## **Program implications**

USAID should support societal initiatives that address root causes of conflict in non-violent ways. Since the elitist nature of the political system tends to nurture rather than resolve these root causes, such support should extend to alternative initiatives outside or on the margins of the established system. Important among these alternatives are new negotiating mechanisms based on equal participation rather than on communal mobilization and repression. These might include, for example, the City Forums, organizations of the urban poor, and peaceful land reform efforts in the countryside.

Annex III:

**Annex III:**

**Informants**

Mr Thomas Santoso, Petra University PhD scholar studying the 1996 Situbondo conflict

Lakpesdam Surabaya, a Nahdlatul Ulama think tank, about religion and politics

Dr Hotman Siahaan and other Media Watch observers at LSPS Surabaya, about the media, power, and conflict

Mr Robert A. Pollard, US Consul General Surabaya, about law and order and the importance of the private sector

LBH Surabaya, about the urban poor, labour, peasant issues especially land, and Surabaya politics

Mr Muchammad Zaidun, Walhi board member and environmental expert, about environmental degradation and the urban poor

Mr Didik Kuswindarianto and colleagues, SBSI labour union activists

Mr Panoet Widyanta, SPSI labour union functionary

Mr Alim Markus, President Director of Maspion industries, about the importance of political stability

KH M. Ishom Hadzik, religious teacher at Tebuireng Islamic school, Jombang, about local disappointments with decentralization

Lakpesdam Jombang, about democratic community organizing in rural villages around Jombang

KH Fatrullah Malik, religious teacher at Tambak Beras Islamic school, Jombang, about youth

Mr Bambang Budiono, lecturer at Airlangga University, involved with City Forums (Forum Kota)

Prof (emeritus) W Soetandyo, law professor (emeritus) at Airlangga University and member National Human Rights Commission, about human rights

Yamajo, civil society organization in Jombang, about inter-religious relations

1) Appendix E: Riau

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<b>Section VII.</b>	<b>Entry Points for Development Assistance</b>

## **Assessment Team:**

The Riau Conflict Vulnerability Assessment Team traveled to Pekanbaru and Batam, Riau from March 4-9, 2002 and met with a wide range of civil society organizations, The Governor, government and parliament members, ethnic organizations and academics. The team was comprised of Leslie Johnston (USAID/PPC), Rodd McGibbon (USAID/Indonesia) and Mimy Santika (USAID/Indonesia). The Mission does not have a presence in Riau, but is supporting one NGO to implement the DISCUSS Program. Time allowed for Mimy Santika to visit several sites where the DISCUSS Program was operational. Rodd McGibbon had visited Riau on several previous occasions.

It is widely acknowledged that violent conflict can adversely affect hard-won economic and social gains in developing countries, undercut democratization and sustainable development goals. Therefore, the purpose of conducting the Conflict Vulnerability Analysis (CVA) was to assess the potential for future conflict in Riau and help identify areas of USAID programmatic engagement for conflict prevention. The CVA recognizes that not all conflict is bad. The very process of change and development often stimulates conflict in that it changes the balance between differing and sometimes opposing interests and perspectives. Conflict can lead to positive change that improves behavior, conditions or equity. However, violent conflict which results in substantial injury or loss of human life, with the potential to destabilize the country and either slow or stop the process of democratization is the target of the CVA and USAID's conflict prevention goals.

## **Section I. Introduction**

Riau is Indonesia's second largest province encompassing over 3,000 islands and straddling one of the world's major sea lanes and trade routes - the Malacca Straits. Historically, the yet to be defined province was part of the kingdom of Malacca. When Malacca fell to the Portuguese the court fled southwards and established the Kingdom of Johore. By the beginning of the 18th century, the Kingdom of Johore began to disintegrate with the establishment of the main-land based Kingdom of Siak Sri Indrapura. During the Dutch colonial rule, the Treaty of Siak (1858) ceded large tracts of land to the Dutch. When Indonesia became independent in 1945 the Siak Kingdom became a part of the new nation.

Today, the provincial capital is located in Pekanbaru. The total population is about 4.7 million, which is considered sparsely populated. Its wealth of natural resources has been exploited by Jakarta beginning in the 1950s with the exploitation of its oil and gas reserves. In 1997, its oil output contributed to 58% of the national output. US-based Caltex has formed the dominant enclave in production-sharing agreements with the government owned oil company, Pertamina. Since the 1980s, timber became another major source of revenue

for Suharto's off-budget development programs. However, given the vast wealth derived from Riau's natural resources, little has returned to the province from Jakarta. Consequently, Riau is one of the poorest in Indonesia with respect to economic and social development.

A series of significant events shaping Riau's development path have occurred over the past couple of years. Following the ousting of Suharto, the commitment was made to pursue regional autonomy and decentralization.<sup>88</sup> In January 2001, this commitment was implemented with Law 22/1999, Law 25/1999 and Regulation 25/2000 providing the legal underpinning. Regional autonomy meant that 80% of the timber revenues, 15% of oil revenues and 30% of natural gas revenues would go back to Riau. Based on 2000 figures, it is estimated that the oil and gas revenues would provide more than 56% of total revenue available to the province. Regional autonomy, providing greater power and revenue to the kabupatens has resulted in a corresponding change in attitude among the indigenous Melayu. Once a province very open to outside migrants, there is a resurgence of ethnic exclusionist behavior (described locally as *putradaerah* or sons of the soil) and increasing political competition between kabupatens over natural resource wealth as local elites vie for their own districts to gain lootable goods and local power.

During 2000, the number of kabupatens increased from 5 to 16. Some suggest that decreasing the size of the kaupatens will increase the distribution of funds for development which are primarily centered around capital cities. This is the argument of the Bengkalis region of Riau. One-third the size of mainland Riau, it claims that subdividing into several smaller kabupatens will bring more resources for development. However, as in other areas of the country, others suggest that the creation of more kabupatens simply increases the number of elites (via government bureaucracies, especially bupatiships) who have direct access to resources of the state and can exploit those resources for personal and clan gain. The fact that kabupatens have been created based primarily along ethnic lines supports a reversion to ethnic exclusionist behavior which so often proves dangerous within the dynamic of conflict.

Prior to implementation of regional autonomy, in 1998, an indigenous Governor was appointed in Riau. This came after decades of rule by ethnic Javanese governors who

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<sup>88</sup>Regional autonomy was initiated to ease the pressure on the center-periphery relationship and to address the inequities that had developed over the course of Suharto's regime. Many Jakarta-based ethnic Javanese elites were fearful that too much power to the provinces would destroy Java and perhaps the territorial integrity of Indonesia. Therefore, it is widely believed that power was given to the kabupatens as a means to ensure that power would not concentrate at the provincial level and thereby reduce potential demands for independence at the provincial level. Unfortunately, there were no comprehensive discussions and analysis as to what level of government was best suited for devolution of authorities and powers.

seemed more concerned with facilitating business for Jakarta than development of the province. Given the current context derived from regional autonomy and the perceived ability to control the course of Riau's development path, by all accounts the Governor is attempting to shift Riau citizens' energy towards developing Riau instead of continuing antagonism with Jakarta. The new vision for Riau is to become the center of economic growth and of Melayu culture in Sumatra by 2020. This vision is supported by 5 pillars of development encompassing: 1) rehabilitation of religious culture; 2) development of human resources<sup>89</sup>; 3) enhancement of economic growth based on community development<sup>90</sup>; 4) rehabilitation of hospitals to achieve international standards; and 5) enhancement of cultural development.

Overlaying regional autonomy is the concept and application of putradaerah, that has taken on new prominence. Regional autonomy is particularly empowering to the Melayu as Bupatis and the majority of civil service recruitment is now based upon putradaerah credentials. However, this application has the potential to be very divisive as by definition it imposes internal discrimination of other ethnic groups. It facilitates elite competition as bureaucratic elites of different ethnic groups begin to recruit more and more from their own putradaerah network. Some define the concept of putradaerah very narrowly to include only Melayu and indigenous peoples, other ethnic groups define it at the local village or district level, and still others define it as anyone born in Riau. The Minangs view the entire population of Sumatra as Melayu as they are "old proto-Melayu". The First Riau Peoples Congress in 1957 defined putradaerah as those who continuously live and work in Riau. This definition was referred to and confirmed at the Second Congress in 2000. It is interesting to note that there were no Peoples Congress during the presidencies of either Sukarno or Suharto, suggesting that the authoritarian regimes effectively silenced the nation's ethnic discourse.

Although the initial discussions of putradaerah were at the elite level, they are now spreading down to the grassroots. Simultaneously with the increased emphasis on putradaerah, is the re-emergence of Melayu culture. Laskar Melayu is an organization that has been recently formed to ostensibly promote the Melayu culture. However, some believe that Laskar Melayu has a hidden exclusionist agenda to remove all ethnic groups (migrants) from Riau. There are unsubstantiated reports that this group has been involved in ethnic/religious violence. Laskar Melayu is a group to watch, as they have

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<sup>89</sup> A30% development expenditure for new schools, teachers, building a new polytech school and medical school is being proposed.

<sup>90</sup> It is proposed that 40% budget be devoted to this to help with access to financial resources and technology

made remarkable progress in expanding their organization and have recruited heavily from rural areas within the past year.

In the midst of the re-emergence of Melayu cultural and putradaerah, new migrants are coming to Riau due to the promise of economic opportunities associated with regional autonomy and natural resource wealth. However, this "honey pot" effect began prior to regional autonomy. From 1990-95, the annual population growth rate was 3.4%, more than twice the national average. Although not all ethnic groups are late arrivals. Historically, the Minangkabau were early arrivals, following the eastward movement of trade from their homeland in West Sumatra into western parts of the province. The Bataks have spontaneously moved from North Sumatra, accelerated by a combination of factors including the completion in 1993 of the main eastern highway, increased population growth and land shortages in their homeland.

There has been an explosion of both print and TV media since reformasi. Three years ago, there were only four newspapers, now the latest figure is 12 daily newspapers, 10 weekly tabloids and 3 magazines. There appears to be only one ethnic newspaper, Batak, which was recently launched. TV is owned by either the government or private individuals. There are 20 radio stations compared to only 8 prior to 1998. The kabupatens have their own radio stations which are the primary source of information for the rural areas.

In addition to increasing the number of districts in the province, there is a move to divide the province into two - the mainland and the archipelago. The reasons cited for this move range from dissatisfaction with budget allocations to the islands, to political interest in Parliament, to Singaporean interests over sand mining, to potential wealth derived from natural gas fields surrounding Natuna Island.<sup>91</sup> The Governor and local parliament do not support the creation of the new province. However, under Law 22, the establishment of any new province requires approval from the originating province. In July 2002, the MPR bypassed Law 22 and approved the new province.<sup>92</sup> Although not mentioned in discussions, Jakarta has yet to issue any permits for natural gas extraction and one can only speculate as to the potential economic benefits for Jakarta elites and businesses upon approval of the new province. Likewise, local elites in the new province would have direct access to resources that would otherwise have gone through the provincial capital on the mainland.

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<sup>91</sup>It is estimated that the natural gas reserves are in excess of 200 trillion M3, of which at least 45 trillion M3 are of commercial values.

<sup>92</sup> The President has delayed endorsement of the bill citing that the establishment of new provinces is not one of the government's priorities at this time. The absence of the President's signature does not affect the Bill's legitimacy based on amended article 20 of the Consitution that stipulates a law will take effect 30 days after its endorcement by the House, regardless of whether the President has consented or not.

Finally, the reformasi period has changed peoples perceptions towards access to natural resources. There is now a boldness associated with natural resource exploitation that was not present during the Suharto period. It is common to see *oknum* actively involve local communities in forest exploitation, whereas in the past this was not possible. As a result of decentralization, district officials not only bear more responsibility for managing natural resources but also for raising revenue. Thus the issue is whether local authorities are prepared and willing to sustainably manage their district's natural resources or if the pressure for increased revenue and corruption will continue down the same path as central government with overexploitation and limited benefits to the people.

## **Section II. Conflict vulnerability analysis**

### ***Defining conflict***

The term 'conflict' is broad and multi-faceted. Therefore, to operationalize conflict prevention, it is necessary to differentiate between the different forms of conflict.<sup>93</sup> The following are the types of conflict that Riau is currently experiencing or of which there is potential for in the future.

*Separatist action* is defined as organized armed conflicts directed against the national government and perpetrated by regional ethnic and/or religious groups aimed at gaining autonomy, independence or some other special status for the region vis a vis the state. Such conflicts are localized and may take the form of guerrilla warfare or escalate into full-scale war.

The separatist movement "Riau Merdeka" is primarily viewed as a bargaining tool for obtaining increased concessions from Jakarta under regional autonomy. Riau Merdeka was fueled by local elites and supported by the student movement. However, with regional autonomy and the increased amount of revenue returning to the province and districts this movement has subsided. Although the separatist movement in Riau was never very strong, this could change depending on two overarching issues - regional autonomy and re-emergence of Melayu culture and putradaerah.

With respect to regional autonomy, Jakarta needs to be perceived as an honest broker in the decentralization process and to fairly transfer authority/funds to the province and districts. So far, actions by Jakarta raise serious questions in the minds of many as to Jakarta's underlying intent. There have been several high profile examples that were referred to during interviews as signals that Jakarta is not sincere in its attempts to decentralize power and authority.

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<sup>93</sup> Most definitions derived from the USAID Georgia Conflict Vulnerability Analysis.

- The authority given under Law 22 has been partly retracted by the center under Regulation 25/2000. The most critical element was the perception of retracting regional authority over the natural resource sectors. These two pieces of legislation have created confusion and uncertainty as to what the regions can expect.
- The creation of the new province, was approved with the MRP bypassing the legal requirements under Law 22. Law 22 contains a provision that the formation of any new province must have the approval of the originating province.
- Jakarta issued an order that allowed the resumption of sand exports despite the suspension that was put in place by the Governor of Riau and the Ministry of Industry and Trade earlier this year. However, Law 22 mandates the transfer of permitting and oversight of mining activities from the central government to the district government.
- On February 21, 2002, the Forestry Ministry issued Decree of Forestry Minister No.541/Kpts-II/2002 on Annulment of Ministerial Decree of Forestry No.05.1/Kpts-II/2000. This decree revoked the district government ability to issue HPH/IPHH forest licenses, which was provided for under Law 22.

The second overarching issue is the reemergence of Melayu culture. The Melayu see regional autonomy as means to finally address their social and economic marginalization. Unless handled correctly, either one of these issues could fuel ongoing grievances and promote renewed calls for Riau Merdeka.

*Civil unrest* is defined as violence directed against a government to effect a change in policy or government – violent demonstrations, labor strikes, riots. Although root causes are complex, civil unrest tends to be provoked or exacerbated by specific, proximal events. Usually lacks organization of a war but can involve up to several hundred participants and employs violence as a tactic.

Although not specifically discussed at our interviews, there have been instances of violent demonstrations toward logging and paper/pulp mill companies and Caltex on the mainland. In Batam, there have been labor strikes and violence over demolition of illegal squatter settlements.

*Regional discontent* is defined where regional elites are in competition to capture and control political and economic resources without equitable distribution.

Kepulauan Riau (KEPRI) is creating political discord between province-district and district-district elites. Due to the decision by the MRP to create the new province, this action increases the disillusionment with Jakarta as it contravenes Law 22. There are two general perspectives of the consequences of this decision. The Governor believes that if Jakarta

forces the creation of the new province, it will create radicalism on the mainland and increase the potential for conflict. The other perspective is that if the subsequent revenue goes to the local people there should not be any problems. However, if the revenue is not handled fairly, there is potential for increased tensions between Jakarta and the archipelago. It was suggested that this could easily develop into a separatist movement as "people cannot think of Indonesian unity when they are so poor."<sup>94</sup> However, the latest statement by the Minister of Home Affairs warned that in the desire to achieve independence, "people should not resort to anarchy in fighting for their goals."

In addition to the elite fractionalization of this issue, the student movement is divided between mainland and archipelago issues. Melayu identity is intimately tied with this issue, with Melayu identity stronger on the islands. Finally, it was reported that the Natuna local government went against the wishes of the Natuna Peoples Congress who were in favor of the formation of the new province. As discussed earlier, this issue is tied into international, national and provincial politics over rights to political positions and resource wealth.

*Violent change in government* is defined as attempts by insurgent elites to remove a regime from power by extra-constitutional means accompanied by resorts to violence

Based on conversations this type of conflict is not likely to occur in Riau.

*Communal conflict* is defined as violence between/among ethnic, religious, racial or other communal groups. Communal conflicts will vary in scale, duration, intensity and lethality. It is distinguished by the actors involved, their degree of organization and mobilization. These types of conflicts can begin as small incidents between individuals that spill up into communal confrontations, as has occurred in other Indonesian provinces.

Since reformasi, separate interviews revealed the occurrence of a number of violent incidents between the different ethnic groups. Although, there was not adequate opportunity to ground-truth all of the incidents cited, the list below, highlights the importance of developing a database to map and track tensions and violence in Riau which could escalate into communal conflict. Although the specifics of each conflict is not known, the intensity appears to range from no injuries to at least 5 people killed to the army being brought into Batam. It is unclear whether these examples reflect actual increases in violence or that violent incidents have become more visible since reformasi. Some believe that although there were always violent incidents between different ethnic groups before reformasi, they are now increasing.

<u>Location</u>	<u>Year</u>	<u>Ethnic Groups</u>	<u>Reason for conflict</u>
Dau Dau	(1998)	Melayu-Batak	traditional land
Bagan Siapi Api	(1999)	Melayu-Chinese	economic

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<sup>94</sup> Interview with ..

Selat Panjang	(2000) Melayu-Minang	
Dumai	(2000) Melayu-Sulawesi	economic (str signs)
Bengkalis	(2000) Melayu-Chinese	social diseases
Duri	(2000) Laskar Melayu	social diseases (500 people)
Pekanbaru	(2000)	Church bombed (5 killed)
Batam	(2000) Batak - Flores	
Bengkalis	(2001)	gambling
Bagansinembah	(2001) Melayu-Batak	religious (182 families)
Pekanbaru	(2001) Commando Jihad	attempted church bombing
Perawang	(2002) Melayu-Minang	(16 injured)

In discussions with ethnic group representatives, there is heightened sensitivity of the potential volatility between Melayu and other ethnic groups. The following expressions were used to convey this feeling:

- “there is communication between ethnic groups at the top but at the grassroots see smoke”
- “the smoke is the jealousy, now smoke has turned to sparks”
- “tinder waiting for wind”

*Low-intensity conflict* are localized violence or disputes occurring between different groups that do not reach the intensity of civil unrest or communal conflict. However, given the lack of state capacity to address the underlying grievances or mediate the conflict, these types of conflicts might have the potential to galvanize into more intense conflicts.

The most prominent of these types of conflicts occur between logging companies, Caltex and various local communities. In some districts, communities are demanding that both logging and palm oil companies survey their operations to determine whether they are operating within their boundaries. There are increasing reports of district officials having to solve disputes between companies and communities over operational and licensing policies. It is probable that without other underlying provocations based on either ethnicity or religion – these types of conflicts will probably not spill up. The companies will either settle with the communities or shut down operations, as has happened elsewhere in Indonesia. However, if companies are able to manipulate communities against one another, the potential for violent conflict escalating will be greater.

In conclusion, violent conflict in Riau is a strong possibility in the near future. Conflict is likely to take the form of ethnic or religious conflict and begin as single incidents that are transformed into larger violent actions with limited police and military response to prevent

the escalation.<sup>95</sup> However, if it appears that the economic interests of the nation or province are in jeopardy, the military will be sent in to calm the situation.<sup>96</sup> This occurred in Batam in 2000, when the military was brought in to stop the violence between the Batak and Flores.

**Summary of conflict risk factors:**

Over the past decade, empirical research on conflict has revealed a set of indicators – conflict risk factors – encompassing a variety of factors ranging from economic to HIV/AIDS. Although these indicators have been determined at the national level, they provide additional insight for our analysis at the provincial level.

**Structural or Root Causes**

*Economic growth/decline:* The existence of poverty or lack of access to human and financial resources are not enough to initiate, sustain or re-ignite conflict. However, poverty and the lack of economic growth are highly correlated with the emergence of civil conflict. Studies have shown that a society in which the economy is growing by 5% is about 40% less likely to experience subsequent conflict than one that is declining by 5%.

Riau is experiencing increased revenue flows resulting from regional autonomy. In the midst of this influx of revenue, there are pockets of concern. For example, in Batam the economy is shrinking as a number of industries leave for cheaper labor markets in other countries. This has resulted in at least 60,000 members of one labor union losing their jobs within the past year. Additionally, it is estimated that 43% of its population is below the poverty line. Although the increased revenue flow is promising, Riau needs to capture this opportunity by improving the social and economic conditions and not allow it to be wasted by the increasing amount of corruption and graft in the system.

*Primary commodities:* Econometric studies have found that countries dependent upon primary commodity exports for a substantial share of their income are at significantly greater risk of conflict. The World Bank research found that the highest risk of conflict is correlated with a primary commodity dependence comprising 32% of GDP. At this level, the 'ordinary country' has a risk of conflict approximately 22%, while a country with no natural resource exports has a 1% probability of conflict.

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<sup>95</sup>This pattern of conflict has occurred in other parts of Indonesia.

<sup>96</sup>In other violent incidents, TNI has demonstrated that they would only intervene if the NKRI was threatened (i.e. lack of intervention in Sampit, Sambas, Poso etc). It is suggested that they would be more likely to intervene if their own economic interests were in jeopardy.

Riau's economic growth is highly dependent upon primary commodity exports (oil, timber, plantation crops such as oil palm and rubber). Riau is the leading province in Indonesia under oil palm plantations as many smallholders are converting from rubber holdings to oil palm.<sup>97</sup> Primary commodity exports are especially vulnerable to looting by rebels because their production relies heavily on natural or man-made assets which are long-lasting and immobile, unlike manufacturing where the activity can be moved to another site. For example, if mining infrastructure or plantations are in existence, it is worth exploiting even if much of the anticipated profits are lost to rebels. Additionally, these groups usually exercise control over parts of the trade route and business transactions as the products are transported to an export port. Also, primary commodity dependence is associated with increased exposure to economic shocks that could increase the risk of conflict.

Also, a note of caution concerning the oil and gas sector. At a meeting of the Petroleum Industry (Spring 2002), President Megawati declared strong support for the security of this sector. This could lead to not only increased military presence in Riau, which has been minimal to date, but also corresponding increases in intimidation and control by the military of the civilian population. In both Aceh and Papua, military presence responding to security needs of the extractive industries has led to increase conflict and human rights violations.

*Unemployment:* Studies have shown that unemployment coupled with eroding incomes and low economic growth is correlated with conflict. Quantitative and qualitative studies have revealed that the proportion of unemployed or underemployed, poorly educated young men appear to be a critical risk factor in terms of a country's vulnerability to conflict. One explanation is that young men, with few other economic options available, view the resource gains that accompany violence (such as theft) as a way for personal enrichment.

Unemployment statistics in Indonesia can be very misleading. Riau official statistics for the 2000 census indicate that 35% (1.662 million) are employed with approximately 51% engaged in the agricultural sector. Although this figure is not parsed out with respect to full-time or part-time work. The census report notes that there is a marked "imbalance between supply and demand" which has created a "serious unemployment problem".

**[Rodd - could you please provide clarification for last sentence - does that refer to Riau or nationally? - thx]**

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<sup>97</sup>This section does not mean to imply that there are rebels in Riau. Only to highlight the ease with which groups, if formed in the future, could take advantage for financial resources.

*Education:* Econometric models show secondary education as a surrogate for both economic growth and state of the labor market. Conflict appears to be concentrated in countries with lower secondary enrollment rates. The average country has only 45% of its young males in secondary education. A country which has ten percentage points more of its youth in schools – i.e. 55% instead of 45% cuts its risk of conflict from around 14% to around 10%.

Riau has a mixed success on education depending upon the ethnic breakdown. The Melayu claim that 65% of the population is educated at or below primary school. It is estimated that it will take around Rp 2 trillion to fix all of the below-standard school classrooms in the province.

*Environment and natural resources:* While there are different views as to the underlying and proximate causes of given conflicts, it is clear that environmental stability and the sustainable management of natural resources are intertwined with national stability. Studies have shown that the likelihood of domestic conflict is higher in countries with environmental degradation (deforestation, high land degradation, low freshwater availability per capita) than in countries with no or limited environmental degradation. The State Failure Task Force study concluded that countries with underlying vulnerabilities and limited government capacity to respond to environmental deterioration are associated with increased risk of state failure.

The environmental issues in Riau are a microcosm of the environmental issues at play throughout Indonesia. Environmental instability (defined as ecosystem degradation, resource depletion and/or increased vulnerability to natural disasters) and natural resource wealth contributes to the conflict dynamic through either grievance- or greed-incentives. The relative importance of each type of incentive is case specific and will vary through time. Both of these types of incentives and their subsequent impacts are not mutually exclusive and can operate either singularly or in combination. Moreover, they can reduce a state's ability to respond to the needs of its citizens by draining away scarce state resources, thus reducing confidence in, and legitimacy of the government. Additionally, the impacts of natural resource management can spill over administrative boundaries causing heightened tensions.

The lack of governance over Riau's natural resources has resulted in high rates of deforestation, increasing water pollution, and decreasing fish catches. In some communities, water pollution resulting from the pulp and paper mills is becoming an area of tension. Deforestation and industrial pollution is impacting Batam to the extent that quality and quantity of water on the island is being degraded. It is estimated that by 2010, Batam will be facing a serious water crisis due to environmental degradation.

At this point in time, greed-induced incentives are more visible and pose a greater conflict risk than grievance incentives associated with environmental degradation. The natural resources, which elites and the military are in competition and/or collusion over, include sand, oil, natural gas and timber. Other natural resources that could be targets in the future include coal and gold reserves.

**Sand mining:** This issue involves not only all levels of government in Indonesia but also Singapore with their policy to expand their land mass through reclamation. Riau's sand exports supply Singapore with >90% of their sand needs. It is widely believed that most local elites as well as the navy are involved in the business. In February 2002, the Governor and Minister of Industry issued a joint-decree that banned the export of sand until mechanisms were in place to improve sand quarrying and export activities. As a Class C industrial mineral, local governments are vested with the authority to issue sand extraction permits. However, several months later, Jakarta issued another decree permitting companies to export sand. Rumors have stated that the creation of the new province is supported by Indonesian and Singaporean sand business operators. Therefore, it is speculated that the sand export ban was a political ploy to try to defeat the establishment of the new province. It is postulated that by stopping the sand export business, the opportunity and desire to create the new province will subside.

These political dynamics are also complicated by environmental NGOs' requests to have an environmental determination on the extraction processes. The politicians who want to stop the formation of the new province see this move benefiting them while the NGOs are accused of being against the formation of the new province. The environmental impact of sand mining is tremendous, impacting fisheries production by destroying coral reefs and fisheries catch. This has resulted in local conflicts between sand miners and fishers and also between communities over access to development funds. Local fishers are losing their livelihoods and moving down the socio-economic scale.

With the amount of money at stake, it is not surprising that the navy is reportedly involved in sand mining. Arguments for their involvement include the need to widen and deepen the channels for naval exercises. It is widely speculated that they are engaged in the illegal extraction and export of sand.

**Timber:** The exploitation of timber since the 1980s and the insatiable demand required for the pulp and paper mills have left most of Riau's forests commercially depleted. There is only one tract of low-lying forest left which is part of Teso Nilo. WWF-US is working with the Province to have this last tract of land set aside as a conservation area. It appears that setting this land aside would also alleviate the issues surrounding land tenure in this area.

Typical throughout Indonesia, forest concessions have been converted to pulp plantations, or to oil palm and other cash crops. Riau has SE Asia's two largest pulp and paper mill operations - IKPP and RAPP. Two districts, Pelalawan and Rohil dominate the production of logs, which will remain a source of income for these two new districts after decentralization. Without clear implementing guidelines conflicts between districts are arising as companies continue paying taxes to the *induk*. This is further complicated since the majority of logging concessions that continue to operate are shared with more than one district. In other districts, such as Kampar and Rokan Hulu, forestry has become less important due to conversion of concessions to palm oil plantations.

Most of the legal timber concession holders (HPH or HPHTI) were never supported by local communities. However, local communities now use reformasi as an excuse to exploit natural resources and are becoming more anarchistic when their right to access forest resources is challenged. Communities are also divided between those who seek to increase logging and subsequent revenue and those wishing to retain areas of forest.

Compounding the rates of logging are the fluctuation of primary commodity prices such as rubber which have been volatile over the recent years. Therefore, individuals looking to make quick profit engage in selling timber. Logging is one activity that does not require much capital, with rapid, short-term returns it is an attractive alternative to other forms of income generation. The increase in logging by local people is rapidly decreasing and eliminating village forests and leading many to believe that they are better off without the forests, not recognizing the long-term consequences. In addition to timber, villagers are exploiting nontimber forest products, which erodes forest integrity and ecosystem functions. In some areas, they are inviting migrants to harvest forest products for access and extraction fees. This type of behavior can lead to grievances associated with environmental degradation of the forest including lack of quality water, soil erosion, reduced ability to depend on the forests for food, shelter and increasing levels of poverty. Additionally, since the licenses are of short duration, it is conceivable that community elites and/or outside businessmen will coordinate with local community members to extract the resources without equitable distribution of the profits to the community.

The government has expressed increased commitment to open land for plantations. Timber operators take advantage of this situation by assisting communities in clearing their forests, while promising them capital for oil palm, which never is realized. Because communities do not have confidence in the law, they back the companies since from their perspective they should receive the revenue instead of someone else. In many cases, timber is harvested illegally, but local governments in an attempt to gain revenue from the timber provide licenses, thus legalizing it.

**Land:** Unfortunately, due to lack of time land tenure issues were not fully explored. However, the issues surrounding land tenure can be defined through both grievance- and greed-induced mechanisms. Land tenure is at the heart of many of the community problems with the oil, timber and plantation industries. For example, the root of land

tenure issues surrounding the oil industry can be traced back not only to the legal frameworks but to the 1950s, where the oil industry acquired land through transactions with Jakarta at relatively low compensation rates for the indigenous populations of Melayu and Sakai. Now Caltex is forced to deal directly with the communities which are demanding higher rates of compensation.

Land tenure is viewed as one of the most critical issues facing northern Riau due to the spill-over effects of increased population growth and land shortages in North Sumatra. This has resulted in increased movement of Bataks into Riau, displacing Melayu. Thus, the composition of stakeholders in land has emerged unevenly. Although, it is reported that the selling price of the land is fair for both groups. Even if this is true, it means that there is an increase in landless Melayu with potential negative impacts on their livelihoods.

Throughout Indonesia there have been a number of efforts to work with communities to establish land ownership boundaries to define rights and access. The intent of community-based mapping is to provide communities recognized rights to their lands. In many cases, community mapping is seen as the ultimate solution for ending conflict. However, community mapping can be a double edged sword. Maps become the means of territorializing ethnicity and strengthening indigenous rights, while privatizing group rights and creating access issues exclusivity and enclosure. In areas characterized by immigration, intermarriage and other means of blurring ethnic lines, the potential for conflict increases. For example, in some Talang Mamak villages there is a diverse ethnic and religious composition, with Javanese, Batak, Minang and Chinese buying village land and sometimes marrying into these communities.

A recent study has shown that in theory participatory community mapping is one approach for establishing fundamental support for demarcating boundaries, building capacity and empowering local groups, however, in practice it is much more complicated. The study revealed that the foundation for political support is often fluid and fragile with few safeguards to ensure fair negotiations for weaker groups. The mapping brought out latent conflicts that were either exacerbated or alleviated through negotiations. Factions have also emerged as a result of mapping in cases where the decision by the village leader was not accepted or wanting to make claims for themselves. In many areas, there is no pure community, therefore it is unclear as to what adat applies and the process to define the rights of outside ethnic groups. Thus given the re-emergence of putradaerah, community mapping could lead to increasing ethnic tensions and divisions. Finally, until the government formally recognizes community mapping and traditional rights, this emphasis could lead to increased expectations that will not be realized and further fuel for grievances.

*Ethnic composition:* Ethnic hatred is one of the most frequently offered explanations for violent conflict. The salience of ethnic identities corresponds to gradients in inequality. Discrimination among groups in a given society coupled with inequality increases the

potential for conflict. The risk of conflict is higher where one ethnic group dominates the ruling elite, regardless of whether that group is a minority or majority in the population. Geographic concentrations of discrete groups is more conducive to conflict than widely dispersed groups.

Historically and more recently, Riau has been composed of a variety of ethnic groups from the Arabs to ethnic Chinese. Today, Riau is composed of primarily four ethnic groups: Melayu - 38%, Javanese - 24%, Minang - 11% and Batak - 7%.<sup>98</sup> With the exception of the Batak, the other ethnic groups are primarily Muslim. The five indigenous groups are: Sakai/Bonai (located close to North Sumatra - Bengalis, Dumai); Suku Laut (located in coastal areas - numbers are very small); Talang Mamak; Petalangan and Kubu. These groups are located in remote areas, are poorer, with low levels of health care and educational opportunities compared to the rest of the population. Batak believe that the official numbers of Batak are lower than reality as the government is perceived to be downplaying Christianity. Although ethnicity/religion is the usual reason given as the cause of conflict, a closer look reveals that other factors are at play such as lack of economic and social opportunities and environmental issues (such as land tenure or competition over natural resources). In these cases, ethnic/religious identities are used to mobilize groups to violence. However, conflict over social diseases is different as this is a core issue of contention with Muslims.

*Demographic shifts:* Demographic shifts become destabilizing when population growth or demographic change is not matched by an increase in the absorptive capacity of state and society. The following are demographic shifts that have the potential to contribute to conflict.

*Expanding urban population in context of economic stagnation or decline*

Studies have shown that where urban growth is not matched by an increase in economic growth, the risks of political turbulence increases. The quality of life in many cities is becoming worse with increasingly polluted air, water, lack of sanitation. Poorer urban residents bear a disproportionate share of the costs. High rates of crime and violence among young people accompany rapid urbanization. Recent years have seen large-scale urban public protests and riots, which are frequently triggered by economic factors, take on an explicit political or ethnic dimension.

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<sup>98</sup> Depending on the source, these percentages change. During interviews, we were told that the break down is essentially 1/3 for each ethnic group – Melayu, Minang and Batak.

In Riau, the expanding urban centers are of concern as these are magnets for immigrants without the corresponding employment opportunities. A number of the ethnic/religious conflicts cited earlier have occurred in the urban setting.

Batam is an example where urban pressures heighten the potential for conflict. In Batam, the economy is shrinking while immigration rates are reported to be as high as 10% per year.<sup>99</sup> Housing and transportation is extremely expensive for the common worker, which is the majority of the population. Rumalea (illegal squatter settlements) have sprung up throughout the island creating conflict between the squatters and government. The government has brought the military in to get rid of the rumalea, which inevitably spring up in other locations on the island. Furthermore, there are no controls on the price of food, which in combination with corruption, effectively means that the common worker can only afford one week's worth of food from a month's salary. This is further compounded by the fact that in the shadow of decentralization, Jakarta is trying to apply a value added tax to Batam which would further increase the price of food.

Industrial crime was raised as an emerging source of conflict with the intent of intimidating current investors to relocate to other countries and frightening potential foreign investors away from Batam. Additionally, the uncertainty on economic policy between Jakarta and the local government is reducing investor confidence. This could pose serious problems for Indonesia since it is reported that Batam receives 1/3 of all Indonesia's foreign direct investment.

Although the presence of the military and police is small, they leave a large footprint on Batam. They are reportedly involved in gambling, drugs, prostitution and incite conflicts between ethnic groups. Business owners usually recruit 'thugs' along ethnic lines which further emphasizes ethnic divisions and creates increased tensions and conflicts. New arrivals to Batam join their ethnic groups which can increase or decrease the potential for conflict based on collective action. Additionally, most individuals trust their own ethnic groups more than the legal system. Therefore, in times of uncertainty, if formal institutions are not functioning then individuals will turn to their 'identities' - which is considered a phenomenon of localization.

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<sup>99</sup>The heightened concern over immigration has resulted in a local regulation limiting the number of migrants entering Batam.

What seems to be emerging as a typical pattern for Indonesia, ethnic/religious conflicts begin as small incidents between individuals and escalating into community conflicts has occurred in Batam. In 2001, the intense conflict between the Batak and Flores went on for a week and was only stopped when two planes of military personnel from Aceh (on their way to Pekanbaru for rest) were diverted to Batam to end the conflict. During conversations, it was revealed that some suspected Laskar Jihad behind the conflict since it was so volatile and between Christians.<sup>100</sup> Although ethnically/religiously characterized, it appears that most conflict in Batam is driven by economic factors. There are not enough available jobs to keep pace with the increasing number of migrants. Economic opportunities, such as the transportation sector cannot absorb the increase in migrants so they create their own 'informal' employment. Although economic factors are more immediate, as discussed earlier, the water scarcity issue could become another point for increasing tension on the island. Unless conservation measures are taken, this issue will impact both lower class groups ability to obtain potable water and industries that rely on water for their manufacturing processes. Due to the quality and quantity of water available, several companies have resorted to transporting water in from Singapore.

*Presence of youth bulge:* Youth have played a prominent role in political violence throughout history. The existence of a 'youth bulge', an unusually high proportion of youths ages 15 to 25 relative to the total population, has been associated with times of political crisis. The State Failure Task Force study found that the presence of a youth bulge was a major predisposing factor in ethnic conflicts throughout the post-World War II world.

The population demographics is quite young with over 70% aged below 35 years of age.

#### **Rodd - is this stat for Riau?**

*HIV/AIDS:* Although initially viewed as a serious health threat, HIV/AIDS is now seen as a major security threat.<sup>101</sup> HIV/AIDS does not cause conflicts, however, it's impacts on a society are extremely destabilizing and contributes to known conflict risk factors. HIV/AIDS has the ability to destroy the fabric of societies and nations through a number of avenues. HIV/AIDS is a personal security issue threatening the livelihood, health, family integrity and thus the well-being of individuals and communities. HIV/AIDS threatens social and economic progress by impacting human capital investment, reducing the labor force – thus decreasing productivity and increasing business costs. A World Bank study suggests that an adult prevalence rate of 10% may reduce the growth of national income by up to a third.

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<sup>100</sup>It was mentioned on several occasions that Laskar Jihad is present in Batam.

<sup>101</sup> HIV/AIDS as a Security Issue. ICG Report Washington/Brussels 19 June 2001  
<http://www.crisisweb.org/projects/showreport.cfm?reportid=321>

The prevalence of HIV/AIDS in Riau is reported to be high. Although government policy is not directed towards the high risk communities. Additionally, implementation at district level is not adequate and there is no concerted high school education. Supposedly, 233 people have been identified as HIV+ and 20 with full blown AIDS, however, the NGO interviewed said this was only the tip of the iceberg.

Riau is facing a suite of conflict risk factors which suggests, prima facie, that the province is at high risk for future conflict if these factors remain the same or worsen. Although the province is experiencing increased revenue flow, it has experienced a number of violent incidents that are related to unemployment, poor social conditions, social diseases<sup>102</sup> and natural resource issues, but are classified as ethnically or religiously motivated. As discussed below (Section VI: Windows of Opportunity for Preventing/Solving Conflict), the key mechanism keeping the escalation of conflict in check, is the strong desire of the elites and religious leaders to avoid conflict.

### **Section III: Analysis: Potential for Conflict**

#### **A. Root Causes: Grievances and Greed**

##### *Ethnicity and Religion*

Based on conversations, the number of violent incidents between ethnic groups has increased, since reformasi. Although depending on the ethnic groups involved, these can be described as either ethnic or religious-based. The three ethnic groups interviewed all expressed deep concern for their continuing economic and social well-being, all felt marginalized and discriminated and some showed limited tolerance for other ethnic groups.

**Melayu:** Melayu consider themselves to be indigenous to the province and the concept of putradaerah only applies to them. There is a strong feeling among this group that they have been systematically marginalized with respect to economic and social opportunities by the other ethnic groups, which they consider migrants. Although Jakarta states that there are ~20% local Melayu below the poverty line, most Melayu interviewed believed the percentage was closer to 40%. This group believes that the migrants (comprising all other ethnic groups) do not respect their culture based on the continual presence of gambling, drinking and prostitution, which they define as 'social diseases'. Implicit in the accusation, is the fact that they are primarily referring to Bataks who own many of these businesses. Oddly, in our interviews, there were no references made to Chinese ownership of these businesses. The issue of 'social diseases' has spread deeply throughout the Melayu community. Parliament has been requested to regulate 'social diseases' by forbidding these businesses in the cities and regulating them outside of the cities. Since gambling is already illegal, part of the problem is implementation of the law compounded by the high levels of corruption associated with the activity. One example of

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<sup>102</sup>Social diseases is a term that encompasses drinking, gambling and prostitution.

the ethnic tensions associated with this issue was in Duri, where the Melayu people attacked and destroyed a prostitution-boarding house owned by Batak. The Batak response was to organize themselves to attack the Melayu. In the Batak community, there is traditional drink. However, if drinking occurs in public areas and is associated with prostitution then religion becomes a justification for establishing a coalition between Muslims from different ethnic groups. In most cases, the response of the police is not adequate. The reason given is the belief that the police are intimately involved in these businesses.

One interviewee stated that because of the differences between the Melayu and the migrants, if they are not managed properly conflict will arise. In the past, Riau had an open door policy to migrants. In the past the Melayu accepted the Portuguese and Chinese and were able to build a harmonious society. However, because of the influx of migrants, tensions are emerging. This is occurring because in the past the migrants adapted well and became quite prosperous so now it is the migrants that control the economy and at the same time not seen as respecting local culture. Adat regulates relations between traditional and migrant communities but now without adat, there is no law governing the relations. To prevent conflict requires encouraging discussions of culture and socio-economic conditions and encourage migrants to take responsibility and respect Melayu culture. There is a principle in Melayu culture that translates to 'right to step on the earth but an obligation to hold up the sky'. This principle must be incorporated into any development assistance effort. Migrants need to follow this principle. Examples given to show that migrant do not follow this principle is acquisition of land does not follow traditional land rights. The process of assimilation into the Melayu culture has not been done, which is very different than earlier migrants.

**Minangs:** Minangs consider themselves Orang Riau based on history. Their former kingdom consisted of West Sumatra and Kuantan, which is now part of Riau. Minang expressed anger over discrimination of the recruitment of civil servants as one example where the priority is given to putradaerah. From their perspective, there is no reason to claim that putradaerah does not include Minang. Even with these types of privileges given to the Melayu, the Minangs believe the Melayu still are not satisfied. Minang stated that they, along with Bataks, are recognized by the Melayu Adat Council as being old proto-melayu. The older generation understands this concept, however, the younger generation of Melayu who feel marginalized by other ethnic groups are using putradaerah as both a shield and sword. The political aspect of this issue is that if the election system allowed for non-putradaerah candidates, then the likelihood is great that the officials would not be Melayu since they are not the majority in the ethnic composition of Riau. Minangs use the definition from the First Riau Congress in 1957 which defined putradaerah as one who continuously lives and works in Riau. As mentioned earlier, the Second Congress in 2000 confirmed the 1957 definition.

From the Minang perspective, there is communication between the ethnic groups at the higher levels where there is no problem. It is at the grassroot level where one sees 'the

smoke'. The Minangs believe this is because the young have little historical understanding and do not understand their own adat. They believe that some of the value of adat Melayu are no longer there - such as tolerance and wisdom. The provocateurs of conflict exist in the middle layer where interests for economic and political gain override all else. 'The smoke' is the jealousy that arises as the Melayu feel continually marginalized. It was said the smoke is now 'sparks' with the latest indicator being the original document that the Laskar Melayu drafted.

Minang believe that although ethnic-based conflict was present as early as the 1960s, that there has been a change in the conflict potential between ethnic groups over time. It is harder to solve conflicts because of the lack of a neutral organization to play a mediating role. When asked why they thought small incidents escalate into larger violent episodes, it was hard for them to explain. One main reason cited was jealousy and suspicion between the different ethnic groups. For example, in 1958, the capital city was in Bukitingi and when the capital was transferred to Pekanbaru, many officials from Bukitingi transferred over. Therefore, many important officials were from West Sumatra and Melayu had to go to West Sumatra for higher education. It is thought that this type of situation have made the Melayus feel inferior and marginalized

**Batak:** Batak, originating from North Sumatra, have been increasingly moving into northern Riau because of land shortages and increasing population growth in their homeland. The potential ethnic/religious sensitivities surrounding the Bataks appear to be higher than for other ethnic groups. Batak feel that they are subject to double discrimination due to the combined issues of putradaerah and religion. They are not represented in the bureaucracy, so they feel that their economic opportunities are threatened and their religion is discriminated against. In addition to discrimination at civil service selection, there is also discrimination at the universities with respect to hiring and promotions. Also, they believe the official government reports on the percentage of Christians as 8-10% (compared to their estimate of 20-25%) is reduced for political purposes to emphasize Islam. Finally, the government is perceived as giving support to Laskar Melayu (i.e. construction of new Mosques) which could fuel grievances for more intense violence in the future.

Unlike other prominent ethnic groups, the majority of Batak are Christians which has the potential to turn arguments and conflicts between other ethnic groups into religious conflicts. Additionally, as mentioned above, the 'social diseases' are seen as Batak activities. On several occasions, it was stated that the Batak are disliked for the way they behave which reflects the issue of condemning 'social diseases'.<sup>103</sup> In limited conversations with Bataks, they believe there is a hidden agenda between Melayu and

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<sup>103</sup>It should be noted that this type of attitude has been expressed in other violent conflicts in Indonesia. One explanation for the violence between Dayaks and Madurese were that the Madurese were the only ones who committed purposeful violent acts against Dayaks.

possibly Minang, which probably reflects their heightened sensitivity of being Christians and the religious conflicts in other areas of Indonesia.

When conflicts occur, these are perceived by Bataks as being religious in dimension, where as other groups tend to look upon them as ethnic. Since 2000, there have been three incidents of church bombing or attempted bombings. In one of the attempted bombings the suspects caught admitted to being Commando Jihad, a group similar to Laskar Jihad. The detainees were from East Java and the Bataks fear that the judicial system will fail them and the suspects will quietly slip away. There have been a number of other violent incidents that are viewed by the Bataks as religiously motivated. Additional reasons to support their perceived discrimination is the fact that the government has not provided aid to the people who were injured or survivors of deceased of the church bombings. At the district level there are a number of barriers that inhibit the construction or reconstruction of churches, such as no recruitment of Christian government officials, only Melayu.

Based on conversations with one Batak religious leader, the conflicts between Bataks and Melayu have been intense and could easily escalate out of control. For example in Oct 2001, in a village bordering North Sumatra, 182 families lost their homes through burning and ransacking. The sole reason they believe for the violence is because they are Christians. They felt the police response was good in that their families were protected. The conflict was defused when a group of religious leaders went to the village to convinced the community to let the police handle the situation. It was reported that 10,000s of Bataks from North Sumatra were on the border ready to attack if the violence toward the Batak community continued..

**Chinese:** Unfortunately, the team did not have the opportunity to meet with representatives from the Chinese community. An invitation was offered, but it was declined. This could reflect the historical treatment of their ethnic group coupled with heightened sensitivities to potential future violence and consequently their desire to maintain a low profile.

The tension surrounding ethnic/religious issues is visible and recognized by members of the community. There are signs that people are starting to go their communities to organize and prepare themselves for future violence. For example, the Laskar Melayu published a document several weeks before our arrival. The original document was changed substantially to alleviate other ethnic groups fears - however, at the release of the document several ethnic groups mobilized themselves out of fear of attack by Melayu. We were not allowed to see the original document, however the version we received covered the following points.....**[Rodd – any salient points?]** In all of the interviews conducted, there is rhetoric, perhaps coupled with belief, that any conflict that would break out in Riau between Melayu and migrants would be more dangerous than Ambon.

### *Corruption*

Corruption permeates Riau society at all levels of government. Although everyone discusses corruption as a common source of grievance, many believe that it is so ingrained into the culture that it is not even questioned anymore. The magnitude of corruption in Riau suggests that it is not only a significant conflict risk factor but also a significant impediment to institutional development and sustainable development. As the budget for Riau has increased substantially, corruption has infiltrated to the lower levels of the government. Although the local Parliament has the power to monitor the executive branch, there is widespread belief of collusion between executive and legislative branches. Unfortunately, no monitoring is done by either Parliament or local NGOs. Thus, the increase budget corresponds to an increase in corruption without any form of oversight.

Corruption is endemic in the natural resource sector and lies at the heart of any serious effort for reform. In fact, a recent article in the Jakarta Post has a legislator of the Indonesian Democratic Party of Struggle accusing the Governor of corrupt and collusive practices in the sand mining industry. The Governor has denied this. Additionally, until the military is reformed and their entire budget is part of the formal budget process, corruption in this sector will continue until the natural resources are depleted.

Coupled with the communal and low-intensity conflicts, the lack of transparency, high levels of corruption in the system and inadequate dispute resolution mechanisms mean that accusations of wrongdoing can be leveled at all stakeholders. Rarely do conflicts come into the judicial system and evidence is usually never brought forward. Enhanced mechanisms to improve governance and transparency and ensure an independent and trusted procedure for complaint resolution are essential elements if these conflicts are to be satisfactorily resolved.

### *Decentralization*

Decentralization can bring a number of significant benefits by devolving fiscal and political authority to regions. If the devolution of authority is real, it will be difficult to blame continued problems at the local level on a remote central authority. However, decentralization also carries a number of significant risks.

Decentralization involves significant restructuring of the civil service while local authorities are beginning to exercise newly established powers. At the time of this assessment, there was not a clearly established legal framework that outlined the relationships, duties and responsibilities between the various levels of government. Additionally, fiscal dangers are present, with the loss of economic efficiency and potential negative redistribution effects creating disparities within and between districts. Decentralization may also encourage increased amount of corruption, since previously only 'one-payment' could be made to the central government but now multiple payments may be required to various local officials.

To complicate the decentralization process, are the internal contradictions within the laws. The implementing regulations for Law 22, specify that the districts are responsible for 11 sectors, including forests, fisheries, mining, environment and land use. However, the center also retains control over "natural resources conservation" which implies overlap of function. The Province is to have authority over areas that the districts cannot manage. The absence of clear delineation of responsibility can lead to political conflict between the various levels of government.

As mentioned earlier, Law 25 devolves greater income to the districts from natural resource revenues, and expects the districts to define their own sources of revenue. Reflecting the different kinds of economies at present, property and natural resource taxes, from mining and forestry are higher on the mainland, whereas taxes on hotels, restaurants, markets and sand mining are greater on the islands. When the Natuna gas fields come on line, revenue from natural gas is expected to increase dramatically. However, there is concern among the districts that their ability to raise internal revenue (PAD) is limited by low levels of education and income of their residents. Additionally, continued dependence on natural resource exploitation (i.e. timber) is not a reliable approach for future development considering the extent of environmental degradation that has already occurred.

Another area of potential tensions is the interaction between formal government and adat institutions in the decentralization process. District councils (*Dewan Pertimbangan Daerah*, DPD) consist of both adat and government officials. For example, in Pelalawan, the majority of the population is Melayu. The Petalangan cultural group (*Lembaga Adat Petalangan*, LAP) dominates the DPD and is pushing for Pelalawan to be a special district when selecting the elected Bupati and the DPRD. The LAP is insisting that all incumbents for these positions be locally born "putradaerah" with a strong understanding and knowledge of adat law and custom. The implications of the cultural body, has the potential to complicate the decentralization process and encourage the building of invisible walls between ethnic groups.

Another potential issue is the disparities between resource-rich and resource-poor districts and new vs older district administrations and the impact on their rates of development. New and poorer districts are under increased pressure to raise revenue, while building the required infrastructure to implement administrative reforms. Unfortunately, increased decision-making responsibility, coupled with need to raise revenue, at the district level does not automatically provide the promise of better management over natural resources and reduced corruption. Decentralization will probably not penetrate and erode the entrenched patronage systems that are operating at the district level and below. With so many people dependent upon this system, and the amount of money involved, it is unlikely that district policy and legislation will promote strategies to counter corruption and promote sound environmental stewardship.

*Environment and natural resources*

As discussed earlier, grievances and greed surrounding environmental instability and natural resource wealth have the potential to interact with other factors to increase the potential of conflict. In the context of Riau, both of these factors are operating, with greed-incentives more prominent at this point in time. Natural resource exploitation is taking on growing importance as a result of decentralization, increased localism and patronage. Consequently there is increased elite and military competition for the resources, with inadequate environmental and investment regulatory controls. Continued involvement by security forces in the natural resource sector will increase the potential for conflict and human rights abuses.

### ***B. Mobilization and Access to Conflict Resources***

The logic behind examining mobilization and access to conflict resources is the recognition that grievances are common, while outbreaks of hostilities are rare. The capacity to translate grievances into violent collective action depends on the ability to harness resources (i.e. human, financial and military) for group objectives.

*Organizations:* While certain groups may have an incentive to use violence to further their economic or political objectives, the issue is whether there are certain organizational structures with the ability to develop group solidarity, articulate goals of the group and monitor behavior of group members?

All ethnic groups throughout Indonesia, including Riau, are organized into tight networks and associations. Most of these ethnic associations have been in place for decades. The following associations were interviewed for this assessment.

**Laskar Melayu:** This organization was established prior to reformasi, however it is gaining prominence due to the reemergence of the Melayu culture. There are currently 26 organizations affiliated with Laskar Melayu and more organizations are expected to join. The purpose of the Laskar Melayu is described as a network to "achieve the goal of the province in culture where Riau is to be the center of cultural development." The Laskar Melayu has become very well organized over the past year or so at the grassroots level. There appear to be an increasing number of young, marginalized youths that are feeding into Laskar Melayu and promoting putradaerah.

Laskar Melayu members view themselves as an open society, as long as their culture and rights are respected. However, all members agreed that their culture and rights were not being respected by migrants. Although the members reiterated that they do not want conflict, they also repeatedly stated that the migrants had no respect for local culture, referring to 'social diseases'. Caltex was singled out as an entity that is marginalizing the Melayu culture based on limited recruitment of Melayu. During the meeting several members stated that if violence did break out, it would be much worse than the Moluccas. This meeting highlighted the rawness of the tensions between the Melayu and migrants. In the presence of our Batak translator, one member stated that

the migrants are acting in a way that is uncivilized. Although translated from Bhasa Indonesian this type of statement is very offensive to other ethnic groups.

The **Melayu Business Council** was established recently to promote Malay business opportunities and counteract the marginalization of the Melayu. The Council objectives are to 1) develop a network of information and communication to the village level; 2) enhance access of Melayu businesses to the market; 3) improve access to financial resources; 4) improve human resources; 5) research and development of commodities in Riau and 6) establish a business information center. The constraints to achieving these objectives are: limited information, very low access to the market, lack of financial resources and lack of management organization. The issue of Caltex and the paper/pulp industries recruitment was raised again as an example of Melayu marginalization. They repeated similar statements about migrants lacking respect for Melayu cultural practices. Unlike earlier migrants, the recent arrivals have not assimilated into their culture.

The **Minang** association "ISMR" is 33 years old. It was initially designed to respond to the needs of the West Sumatran community who moved into Riau. However, in 1998, it changed its name to reflect their belonging to Riau and that they were not migrants. The mission of the association still stayed the same which is to serve the interests of the Minang.

**Student movement:** Indonesia's student movement played a major role in forcing Suharto to step down by organizing major demonstrations. In Riau, the student movement is at the level of the kabupaten - referring to where they are from and not to putradaerah. Following the departure of Suharto, the student movement in Riau turned their attention to "Riau Merdeka" lead by Tabrini Rab. However, with regional autonomy, Rab joined the Regional Autonomy Council. With this action he lost credibility with the students who believed he had betrayed his own words to continue the struggle for Merdeka. Since the 2000 Riau Peoples Congress, the student movement has floundered. This is primarily due to lack of leadership and no unifying cause. Additionally, the political conflict surrounding the new province has been transferred into the student movement. Students from Riau archipelago are not involved in mainland Riau's issues and consequently each group backs different issues. However, they are unified on some domestic issues such as social diseases and corruption.

Since there are limited unifying domestic issues or common ideology within the movement, the students have turned their focus on international issues. The students expressed extreme displeasure with the US war on Afghanistan and refused to take on the image of Indonesia as a haven for terrorists that is reflected from the US.<sup>104</sup> The student movement could be an entity to contend with in the future. Based on our limited interviews, this group is one without a leader or mandate and is in search of both. It is

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<sup>104</sup>This reflects the international events at the time the assessment was conducted.

clear that the youth of Riau could be easily manipulated and controlled by elites pursuing their own agendas.

*Financial resources:* The ability to finance conflict is a critical element in transforming grievances into sustaining conflict. Given the natural resource wealth of Riau and the prominence of primary commodities exports, the ability to finance and support conflicts is highly probable.

*Military resources:* Access to military weapons would be extremely easy for anyone in Riau given their proximity to the Malacca Straits. A large amount of weapons are flowing to Indonesia and the Philippines through Malaysia, sourced from Cambodia and China through Laos and Thailand. Ex-Khmer Rouge officers do a thriving business selling firearms on the black market destined to Thailand and ultimately to Indonesia and the Philippines through Malaysia. One interviewee believed that there were at least 18,000 Laskar Melayu with traditional weapons, but not guns. However, guns can be purchased from TNI officers under the right circumstances.

#### **Section IV: Provincial Capacity and Response**

**A. The Province:** Conflict is substantially driven by opportunities for conflict, which are shaped most strongly by whether states have the capacity to deter or defeat violent opposition. State capacity depends of fiscal strength, ability to maintain infrastructure, provide services and the rule of law.

Riau is expected to receive 7 trillion rp for their 2002 budget. With this windfall, people expect to receive better services from the government. However, so far it seems that most of the funds are directed to the local parliament. The budgeting process for 2002 has not improved over previous years. During this assessment, the budget was still under consideration and under attack by NGOs. The government appeared not to have enough money to improve teachers' salaries while 56 billion rp was allocated for the new DPRD offices. Thus it is questionable that more revenue coming into the province will generate better services. As in Jakarta, corruption is rife in Riau, with elites getting wealthier. To be a Bupati it is estimated that at least 5-7 billion rp is required. It is rumored that the local parliament is being bribed not to raise issues of corruption. The DPRD is seen as only addressing the easy targets - such as requiring traditional Melayu dress on fridays while "fires are burning".

#### *Military/Police:*

Under the current government, the military has become dominant once more. Although the military presence is not as prominent in Riau, as in other parts of Indonesia, they are reported to be involved in the logging and pulp/paper industry. The navy is reportedly involved in the sand mining industry. Currently, the military is passive on security issues surrounding Caltex, which has had to contract out for their security personnel.

The police are involved primarily in the urban areas with prostitution and gambling.

The military and police response to the violent incidents are relatively neutral. Classical reasons given for why nothing more was done at the time of conflict is lack of financial and human resources.

### **Section V: Windows of Vulnerability**

There are events that have the potential to exacerbate existing vulnerabilities and trigger actual conflict. Types of events that have the potential to threaten the balance of economic or political power between key players include provincial elections and economic shocks. However, for Riau, the potential events that could trigger violent conflict over the next few years are more insidious. These are the individual skirmishes between different ethnic groups that are more likely to spin out of control. This pattern of individual attacks, and subsequent violent communal response has occurred in a number of Indonesian provinces. One clear reason for this is the tight network that each ethnic group possesses and their ability to respond collectively.

Economic shocks can equally destabilize a country and result in violent conflicts. This has been seen in a number of countries, most recently in Indonesia. An economic shock or crisis, for example, may fuel a heightened sense of grievance in urban areas – where conditions are already raw, lead to a scramble for economic wealth in rural areas, create pools of young, unemployed men who are easily mobilized, and erode the capacity and effectiveness of state institutions.

### **Section VI: Windows of Opportunity for Preventing/Solving Conflict**

Although the situation in Riau seems to be on the edge of violent conflict, the main reason this has not happened is the ability of the elites and religious leaders to keep conflicts in check. There are several mechanisms that are currently used, or could be in the future, to prevent a larger outbreak of violence:

- Provincial government facilitated forum
- Security forces
- Ethnic Associations
- Discuss Program
- Media

Provincial government facilitated forum

The province has set up an ethnic organization to help diffuse conflicts. All prominent leaders are brought into the discussion. The foundation for this process to work is based on the belief that people usually respect authority so are willing to talk, hence the conflicts subside. There is also a forum for religious leaders that meets every 2 months and is facilitated by the government. However, some view this forum as not productive.

In most cases, it is the elites and religious leaders that have been able to contain conflicts to-date.

#### Security forces

In at least one case we are aware of, the military was brought in to stop the violence (Batam 2001). In several cases, the police are reported to have handled the conflicts adequately. In Batam, the Minang believe that the police handle problems much better than before. Therefore, when problems occur, they try to leave it to the police, otherwise it would involve ethnicity.

#### Ethnic Associations

As discussed in previous section, ethnic associations are prominent throughout Indonesia and can be a source of either conflict prevention or incitement. In Batam, ethnic associations interviewed took a proactive approach to conflict prevention. The Minang association runs a restaurant in which the profits are used to run social programs for Minang. For example, they have organized street traders to help them learn to run a business. This program is not exclusive for Minang, but because of the ethnic stratification of jobs, the majority are Minang. Currently, the leaders in Batam are still able to control their own ethnic group.

#### Discuss Program **[Mimy – could you please insert a paragraph]**

#### Media

With the tremendous explosion in the availability of media coverage, the media could be used as a tool to either calm fears or incite violence. Media coverage of violent incidents is reported to be unbiased and objective. For example, when conflicts between two ethnic groups occur, the identity of the groups are not reported. However, this type of reporting can have unintended consequences. By not providing the facts, the omitted information leaves room for rumors to be generated. This can be further perpetuated if the reporter does not fully understand the situation. Also, given the lack of oversight and protection within the industry, depending on the conflict, the reporter can be threatened to not publish the story. Additionally, the lack of professional standards and low salary plagues the industry. This results in greater incentives to engage in the 'brown envelope' practice where reporters are paid to either report or not report the story. However, there is one professional society which does have strict journalist standards which could be used to help develop the professionalism of the estimated 500+ journalists throughout Riau.

### **Section VII: Entry Points for Development Assistance**

All societies experience conflict as a legitimate part of social and political dynamics. Democratic institutions are designed to manage and channel conflict in productive directions. Riau is no different in that it is experiencing a variety of conflicts. However, given the fact that the province is at high risk of conflict in the future based on conflict risk

factors and the absence of legitimate channels for conflict resolution, the concern is that these conflicts could precipitate greater violence.

If USAID is serious about conflict prevention, then this province should be a priority focus for additional analysis due to the complexities of the issues.

The in-depth analysis is recommended, since although it is clear what program components should be recommended, the questions arise as to what is the best possible approach and which geographical areas should be of focus. For example, the north is reported to be particularly vulnerable where there are little economic opportunities, with increasing land and human population pressures. However, Batam is also a concern given the pressures it is facing, while urban cities on the mainland are being inundated with immigrants. The need is to look at the province as a whole to determine which areas if thrown into violence would spill up and destabilize the province. Also it is important to have a better understanding of the dynamics of the Laskar Melayu and potential presence of Laskar Jihad.

Probable program components include:

- Establish independent monitoring system to begin to monitor corruption of the provincial/district budgets and natural resource transactions
- Establish a neutral forum that would allow for resolution of conflicts with access to all citizens
- Strengthen the Rule of Law and access to the legal system
- Support media to improve quality of reporting
- Dealing with putradaerah
- Provide fora for civil society organizations to engage with other groups outside of their ethnic group
- Develop capacity for implementation of environmental laws/regulations

In the meantime, the Mission should continue the DISCUSS program. It would also be worthwhile during the second assessment to initiate a database to begin monitoring and tracking conflicts in Riau.

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