Improving Government:
The Impact of Indonesia's BRR beyond the Tsunami Reconstruction.

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ABSTRACT

Sustainable disaster recovery is increasingly understood as a comprehensive process that extends beyond physical reconstruction to include efforts to improve the affected communities’ ability to adapt, respond and be more resilient in the face of future emergencies. Additionally, the success of such a complex endeavor requires overseeing agencies to act with speed and efficiency but without compromising the government’s safeguards and integrity. Coordinating agencies deployed after emergencies fulfill the efficiency requirement but falter on the other two, while reconstruction through permanent government sometimes lacks speed. I postulate that Implementing Temporary Organizations (ITO) can be a solution. Due to their unique characteristics (experimentation, flexibility, limited duration, smaller size and creation by new regulation), ITOs can be an ideal vehicle for experimentation within the restrictions that regulate government action. They can also be used as laboratories for new governance practices, which once tested and adapted, can be ‘absorbed’ back by a permanent organization, making more resilient in the future.

To explore this hypothesis, this thesis looks at Indonesia’s Rehabilitation and Reconstruction Agency (BRR), an ITO in charge of the reconstruction in Aceh and Nias after the devastating tsunami of 2004 and earthquake of 2005 which gained worldwide recognition for its results in rebuilding physical infrastructure. This research looks at how the BRR approached the challenge of training local government officials: instead of traditional capacity-building programs, the BRR’s approach to capacity development was the adoption of staff and the creation whole units within the Agency (staffed by locals) which were later ‘transplanted’ back to the regional government.

I find evidence that the BRR’s structure as an ITO facilitated experimentation and accelerated its teaching processes in ways not possible for a permanent government or a development agency. Many of the innovations that grew out of this environment were later institutionalized within the local and national government in Indonesia, strengthening them in the long term. These findings demonstrate ITOs are an effective way to manage disaster recovery efforts, and are even helpful in serving as laboratories to produce new knowledge and drive change in permanent organizations.

Thesis Supervisor: Professor Yu-hung Hong.

Keywords: disaster; reconstruction; government reform; organizational change; organizational learning; temporary organization; organizational design.
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Acronyms.

ADB - Asian Development Bank
AGDC - Aceh Geospatial Data Center
ASEAN - Association of Southeast Asian Nations
AusAID - Australian Agency for International Development
BAKORNAS - National Coordinating Board for Disaster Management
Bappeda - Regional Development Planning Agency
BAPPENAS - Ministry of Planning
BPK - Central Auditing Agency
BRA - Badan Reintegrasi Damai Aceh, or Aceh Peaceful Reintegration Agency
BRR - Badan Rehabilitasi dan Rekonstruksi, or Rehabilitation and Reconstruction Agency
BTI - Bandung Institute of Technology
CDD - community-driven development
CMI - Crisis Management Initiative
EU - European Union
GAM – Gerakan Aceh Merdaka, or Free Aceh Movement
HFA - Hyogo Framework for Action
IFI - International Financial Institutions
IFRC - International Committee of Red Cross and Red Crescents
ITO - implementing temporary organizations
KDP - Kecamatan Development Program
KPI - Key Performance Indicators
MDF - Multi-Donor Fund
MDG - Millennium Development Goal
MoU - Memorandum of Understanding
NGO – Non-Governmental Organization
NPM - New Public Management Perspective
OLM - organizational learning mechanisms
P4W - Pusat Pengendalian Program dan Proyek Wilayah, Center of Regional Program and Project Controlling.
PBO - Project-Based Organizations
SIM-C - Spatial Information and Mapping Center
TRWMP - Tsunami Recovery Waste Management Program
UKP4 - President’s Delivery Unit
UNDP – United Nations Development Programme
UN-Habitat – United Nations Agency for Human Settlements
UNHCR – United Nations High Commissioner for Refugees
UNICEF - United Nations Children Fund
UNIMS – United Nations Information Management System
UNOCHA - United Nations’ Office for the Coordination of Humanitarian Affairs
USAID – United States Agency for International Development
Introduction

Like never before, governments across the globe are being pressured by their citizens to properly respond to all sorts of demands: expansion of healthcare, participation of women in the workforce, complete coverage for basic education, incentives for scientific innovation, shifting to renewable energy sources, free and open elections, and better economic prospects. Relations between levels of government are also in a recent state of reform: disputes over revenue and expenditure responsibilities, distribution of social welfare programs, budgeting priorities, are only a few of the major discussions occurring in recently democratized and decentralized countries, as much as in more consolidated systems. Governments are being pushed to adapt to the new socioeconomic conditions and become more participatory, transparent and accountable in their administrative processes and at the same time more efficient and effective in their public service delivery.

While citizens' private sector-like claims for efficiency, low costs and demand-driven responses in every government policy and project are legitimate, we must also take into account that public organizations have certain core values and reasons of existence that distance them from that set of standards. Private enterprise is run on the basic principles of efficiency and maximization of value, monitoring a set of straight-forward indicators like profit margin, price or demand to measure progress. This is possible because companies usually compete in a relatively open market, set their internal policies at will, decide what to invest in and can engage in experimentation or bankruptcy. Competition, freedom of choice and possibility of failure are precisely what allow for a Schumpeterian creative destruction that yields efficiency, innovation and profit.

Public sector, on the other hand, was not designed to maximize efficient service delivery, customer friendliness or flexibility, so using those measures as yardsticks is inappropriate. Instead, government is mostly involved in public goods and market failures, precisely the areas where private enterprise does not enter. They tackle social welfare problems that require long term investments, lengthy participatory deliberation processes and a large apparatus in order to be addressed. Democratic and expenditure safeguards limit the speed and resources with which these problems can be tackled. Thus, in many cases it makes sense that public organizations are large with "elements of rigidity and inflexibility." ¹

As any large organization, however, they almost always suffer from conservatism and reluctance to change. Power dynamics and vested interests are also present, preventing productive reforms to be made. All in all, public organizations should always be willing and able to seek and implement change, to be more responsive to citizen demands and flexible to address new and changing issues. The question is not if this should be attempted, but how to do so without jeopardizing the public values of due process and checks and balances. What is worse, for that change to be a positive one trial and error and experimentation must occur. Otherwise, how will society find out which policies, programs and processes must be renovated, and in what direction?

Hardly is the need for all of the above more pressing than in the wake of a crisis, a violent conflict or a natural disaster and the reconstruction that ensues. The case analyzed in this thesis is in fact a post-disaster and post-conflict endeavor. No plan will be able to foresee everything and no reconstruction endeavor will be perfect. It is also in a post-disaster context where the trade-offs between deliberation and authority, cost and efficiency or participation versus speed are most evident. Despite these tensions, reconstruction endeavors can become ideal settings for government learning and change. This is the case not just in terms of the physical reconstruction (by improving the conditions of the infrastructure, housing and service provision that existed prior to the event) but also with respect to the governance innovations that can be initiated and developed during the response: with developing countries gradually being more able to deal with the physical elements of reconstruction endeavor, sustainable recovery in the field of natural disasters and climate change is increasingly being framed in terms not just of the physical reconstruction, but the processes which will increase the ability of the affected authorities to adapt, respond, learn and be more resilient towards natural hazards in the future.

In order to frame that discussion, this work focuses on a specific case of a reconstruction endeavor after a natural disaster. Hardly is the need for government to adapt, respond and learn more pressing than in a post-disaster or post-conflict setting. It is also a field that is learning from its mistakes, now valuing the strengthening of the local government along with the physical elements that require rebuilding. While there is more than one way of achieving the above, this thesis explores one possibility: through implementing temporary organizations (ITO). Ad-hoc temporary organizations are commonly used to coordinate responses to emergencies, yet these organizational arrangements have not received attention within that disaster field until recently. As will be explained briefly below and in more detail in the text, due to their characteristics and implementation requirements temporary organizations are an ideal vehicle for experimentation within the restrictions that regulate government action. They become implementing temporary organizations when they participate as laboratories for the governance practices that are being analyzed, they, once tested and adapted, can be ‘absorbed’ back by the permanent organization. This mechanism is highly effective for government learning and reform, and can help public organizations adapt and improve in a
way that actually strengthens the processes that increase the ability of the affected authorities to adapt, respond and be more resilient towards natural hazards in the future.

Two of the main concerns regarding the implementation of temporary organizations are the bypassing and weakening of the same organization that is being helped, and the loss of knowledge once the organization is dissolved. These two serious concerns can be minimized when the permanent organization, the temporary organization and the 'recipient' organization collaborate and a full immersion process is implemented.

To provide evidence for the above claim, this thesis looks at the case of Indonesia’s Rehabilitation and Reconstruction Agency (BRR), an ITO in charge of the reconstruction in Aceh and Nias after the devastating tsunami of 2004 and earthquake of 2005. Indonesia is a developing country undergoing a process of liberalization in the economic, social and political term of the word. At the same time, it is struggling to make that process kick start the development of the country as a whole, and the modernization of the government in particular. Armed conflict still exists in some areas, and until recently Aceh had been immersed in a thirty year struggle for independence, which ended peacefully shortly after the Tsunami. With the new democratic, economic and decentralization waves starting to ripple through and the population increasingly being aware, able and willing to reclaim their rightful share of public services, the challenge to adequately provide services to that population is a tremendous challenge.

In the midst of these reform movements, the Boxing day tsunami occurred, becoming a watershed moment in many instances: the armed conflict resolved shortly after, the historic lag of public investment in Aceh (compensated in large part with the influx of aid), the existence of open and free elections. The BRR commanded widespread appraisal for its role in the physical reconstruction of the devastated areas, coordinating the myriad of international actors and executing the government budget destined for the reconstruction, leading to improved socioeconomic and infrastructure conditions than before the tsunami. Up to there, the legacies of the tsunami and the BRR are clear. With peace came democratic elections and the need to properly prepare the provincial and local governments to take over the several billion dollars in assets that it would be responsible for after the dissolution of the BRR. It did so in a lapse of only four years while simultaneously dealing with the different stages of the armed conflict and local governments that were slow to regain their already suboptimal condition.

The less visible but plausibly more important aspect of the reconstruction, the improvement of the local and provincial governments, is thus not as clear. However, this thesis looks at how the BRR, as a temporary organization and because of it, was able to (a) maneuver in a politically sensitive environment and (b) engage with the local governments to speed up their professionalization. Both aspects (its work as it related to the armed conflict and building the capacity of the local authorities) benefitted from the organizational set up chosen by the Indonesian government, the BRR as an ITO.
As a new organization which made clear its separation from the government in Jakarta, it gained the trust of the Acehnese and a clout of impartiality required to conduct work throughout the province. This was particularly valuable in a conflict setting, and would have been difficult had regular government ministries executed the reconstruction. As a temporary organization, the BRR was also able to implement many governance innovations not seen before in the country. This was done partly because regular government procedures are not adequate in post-crisis settings (hiring and procurement procedures in particular), partly to serve as a living laboratory for the hundreds of local staff that it hired from the local bureaucracy. It was hoped that by experiencing those innovations, the Acehnese officials that were temporarily seconded to BRR would then implement them in their respective local government agencies. This thesis then looks at the more elusive and subjective issue of institutional reconstruction after the tsunami. In particular, it investigates:

~ How the BRR approached the challenge of teaching and training local government officials;
~ What lessons can traditional capacity-building programs extract from this experience;
~ If implementing temporary organizations can be used as laboratories to produce change and knowledge in permanent organizations.

In answering those questions, the bulk of the work came from two months of field work in Jakarta and Aceh in the summer of 2011. I had the opportunity to be an intern consultant in the office in charge of the ongoing projects of the reconstruction within the central governments' Ministry of Planning (BAPPENAS). All of the staff had been involved in the reconstruction, either through BRR or through BAPPENAS. This position granted me access to officials in other central government agencies involved in the reconstruction, international organizations (mainly UNDP and the World Bank) as well as connections in the provincial government. I was accompanied by an Indonesian BAPPENAS employee and PhD student writing his dissertation on the reconstruction who served as translator when the public officials only spoke Bahasa. The interviews conducted served as a corroboration or counterbalance mechanism for the interviews I was able to conduct in parallel with most of the highest-ranking BRR officials and a handful of their close collaborators. Aside from members of international organizations involved or knowledgeable about the reconstruction and the Indonesian context, I engaged local and international NGO workers in Aceh and Jakarta.

In the period between the Spring of 2011 till today, I also interviewed academics, aid workers and development organization officials in Boston, Washington, D.C. and New York. Overall, more than 50 interviews were conducted with representatives from local and international NGO's; aid organizations; development banks; local and international academics; local, provincial and central government agencies; former BRR employees still
working with Kuntoro Mangkusubroto (the Head of BRR), those not working for him anymore and Kuntoro himself.²

The BRR developed a book collection that documented most of its experiences and lessons which I consulted frequently. Many of the Indonesian government’s regulations pertaining to the BRR, the reconstruction and its disaster management strategies were available in English in hard copy at the BAPPENAS office where I interned, allowing me to use primary sources when available. Tempo and The Jakarta Post are two well-regarded Indonesian news and analysis sources available in English. The Boxing day tsunami is probably the disaster with the most evaluations conducted. Most development banks and major aid agencies produced their own evaluations, as did other organizations. Many of them were consulted for hard facts and alternative perspectives. Finally, academic articles and books were used to review that state of the literature.

The structure of the document (and the argument) is as follows:

Chapter I: Temporary Organizations, Change and Learning in the Public Sector begins by distinguishing the driving forces of the public and private sectors. It then investigates the characteristics of temporary organizations and their potential as vehicles for change. The link between change and organizational learning is made, as is the central role of experimenting in learning and adapting. Finally, the link between temporary organizations, experimentation and change in permanent organizations is examined.

Chapter II: Indonesia, Aceh and the Tsunami sets the overall political, social and economic context in which the disaster and the institutional response were embedded. In order to extract any lessons that can be applied elsewhere, it is necessary to understand the general constraints under which the tsunami occurred and the BRR came to be. It begins by looking at the democratization, decentralization and liberalization trends still sweeping Indonesia after almost twenty years. The second section describes the events of December 26th, 2004, the immediate aftermath and the tangible (physical, quantifiable) results of the reconstruction. It looks at the central issue of the province’s pivotal shift from conflict to peace and electoral democracy. Lastly, the question of the institutional legacy of the tsunami and local government (re)construction is presented. This helps link the previous chapter, which set the argument for implementing temporary organizations as a tool for government change, with the ones that follow, which look at the design, implementation and institutional legacies of the BRR in more detail.

The two main chapters develop the case study of the BRR and how it was able, or unable, to leave behind public officials and public institutions that are more professional, more effective and more transparent than those that existed before. In short, they look at the influence of BRR in some of the institutional changes that occurred during and after its

² It is common in Indonesia to use only one name as reference to a person.
existence, and provide evidence for the claim of implementing temporary organizations as a valuable organizational resource that can allow for experimentation, learning and improvement in permanent government.

Chapter III: Badan Rehabilitasi dan Rekonstruksi NAD-Nias (the BRR) goes through all of the stages in the life of the BRR, from its inception to its dissolution. Chapter IV: The Institutional Legacy of the BRR analyzes the two ways in which the BRR approached its goal of capacity development: regular capacity-building programs and experiential learning by doing. The chapter contrasts these with organizational learning theory and ends with a discussion on the link between BRR's position as a temporary organization, a facilitator for experimental learning and which of these two approaches was more conducive to learning and reform of the provincial government.

Chapter V: Conclusions presents the main conclusions of this study, looking back at the overarching concern of improving government.

So particularly in the wake of natural or man-made disasters, but for public administration in general, the need to adapt to shifting social and economic conditions through experimentation, change and learning is paramount. In this context, the overarching preoccupation that guides this work is: how to improve government? How can public organizations become more responsive and democratic while at the same time becoming more efficient and demand-driven? How can they learn?
Chapter I: Temporary Organizations, Change and Learning in the Public Sector.

Temporary organizations are an increasingly applied organizational design. They are used in all sorts of industries, by all levels of government, to address all types of issues. They have also been used in post-disaster settings to lead the reconstruction efforts, yet not enough attention has been given to the benefits and drawbacks they bring to the table. The decision to use them has responded more to political restrictions than to the characteristics of that organizational response. The question I explore in this chapter is: could temporary organizations prove effective in bringing about the flexibility and learning that public organizations need in such a context, while retaining the accountability and legitimacy that public organizations respect and require?

I posit that they indeed can bring together many of the advantages of private sector management (more prone to experimentation, flexibility and even learning) and couple them with the nonnegotiable qualities of public organizations. What is more, temporary organizations provide a low-cost opportunity for governments to implement and test policies before applying them across the board. As will be discussed in detail later in the chapter, their limited duration, smaller size and (generally) creation by new regulation, makes them more conducive to experiment with different types of structure, governance and decision-making mechanisms. As such, I argue that implementing temporary organizations (ITO) are useful mechanisms for organizational experimentation, learning and change, all very important dynamics in a reconstruction setting, but necessary for any organization in general. They are not substitutes for permanent public organizations, but arrangements created to solve particular issues while providing insight into new policies or procedures that can enrich the ‘parent’ permanent organizations’ performance. So, although TO do present certain benefits, it is not that permanent organizations could not achieve the same results, albeit maybe at more cost.

In the field of natural disasters and climate change (where temporary organizations have been used in reconstruction and the context in which this work is situated), improvement is increasingly being framed in terms not just of the physical reconstruction,

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3 In the private sector the categories include consulting and professional services, cultural industries, high-technology, complex product and system design (Sydow et al, 2004). In the public sector, most task forces, commissions, committees and even full agencies have been set up as temporary organizations.
but the processes which will increase the ability of the affected authorities to adapt, respond and be more resilient towards natural hazards.\(^4\) The Hyogo Framework for Action (HFA\(^5\)) defines resiliency as

The capacity of a system, community or society potentially exposed to hazards to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure. This is determined by the degree to which the social system is capable of organizing itself to increase this capacity for learning from past disasters for better future protection and to improve risk reduction measures.\(^6\)

Whether triggered by a crisis, a hazard or the normal need to adapt to changing social and economic conditions, the common thread between these views of improving government is the underlying concepts of change and learning. To ‘strengthen’, to ‘improve’, to ‘reform’, to ‘adapt’: all require knowledge and imply change. However, as much as public organizations should change, they are also inherently biased against it. Is it an irreconcilable conflict? I don’t think it is. Public organizations are reluctant to change, mostly because of democratic safeguards.\(^7\) Having said that, there are practices they could take from the more flexible private organizations, in particular the practice of experimenting, that would allow them to approach and achieve change more successfully. Implementing temporary organizations are an ideal vehicle for such practices, particularly by their ability to experiment, extract lessons and allow permanent organizations to fully implement those lessons.

In order to explain the claim made above, this chapter begins by distinguishing the driving forces of the public and private sectors. It then turns to the characteristics of temporary organizations to highlight their potential as vehicles for change. I then look at how organizations learn, and the critical role experimenting has in learning and adapting. Finally, the link between temporary organizations, experimentation and change in permanent organizations is made. This chapter looks at permanent and temporary organization’s learning because the discussion applies beyond the post conflict or disaster setting. This is because the ultimate preoccupation is indeed general government improvement, regardless of the lifespan of the organization.

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\(^5\) The HFA is a 10-year plan to make the world safer from natural hazards. It was adopted by 168 Member States of the United Nations in 2005 at the World Disaster Reduction Conference.
\(^6\) UN/ISDR (2005), p.4.
\(^7\) Olsen (2006).
Differences between Public and Private Organizations.

For all the negative publicity government receives, the truth of the matter is it will—and should—continue to play a central role in people’s lives. From providing education, health and security to regulating utility companies and the financial system, we rely on government more than it is apparent. But criticism of government performance is equally ubiquitous. Part of the criticism stems from the apparent paralysis of government. Citizens rightfully demand efficiency, lawfulness and low costs in every government policy and project. In many cases, demands for increased government efficiency are reasonable and improvements could be made without jeopardizing the other criteria. In others, there are valid underlying causes for government’s lack of speed: efficiency gains could not be achieved without jeopardizing due process and checks and balances. A democratic government’s objective is not profit or efficiency, but social welfare through consensus. Therefore, as important as fiduciary indicators are for evaluating private organizations, they should not be the sole parameters for judging public organizations’ performance.

Public organizations have certain core values and reasons of existence that distinguish them from private organizations and help explain their behavior, performance and modus operandi. Private enterprise is run on the basic principles of efficiency and maximization of value. Businesses monitor a set of straightforward indicators like profit margin, expenditures or market share to guide decision-making and inform organizational learning. Progress against key indicators can usually be achieved swiftly, because companies usually compete in a relatively open market, set their internal policies at will, choose who, where and how to engage in business, decide what to invest in and experiment. Competition, freedom of choice and possibility of failure are precisely what allow for a Schumpeterian creative destruction that yields efficiency, innovation and profit.

The most fundamental market indicator—profits above costs—does not apply to government agencies because one of their reasons of existence (agreed on even by most ardent liberal economists) is precisely to provide products and services for which the market does not exist or functions imperfectly. Governmental organizations operate within a different environment and with other basic principles and goals. Public administration was not designed to maximize efficient service delivery, customer friendliness or flexibility, so using those measures as yardsticks is inappropriate. Also, because of the sectors and activities public organizations are involved in, their impact is not properly accounted for. Public goods and market imperfections usually carry with them spillover effects that are inherently complicated to account for, but that exist and carry certain value nonetheless. The types of issues and their scale usually lead to public organizations being large in size. The larger the organization the more layers it is likely to have. Also, the more units and the more these in turn will have to interact with others outside of the organization. Each of

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8 Visser and Van der Togt (2010).
these interactions or relationships will follow certain procedures and guidelines -both formal and informal. When one part of the organization reforms or improves, this will not necessarily change the way other units interact within and outside of the organization.\textsuperscript{10} Their size and the complexity of the tasks almost invariably lead to slow-moving bureaucracies that find it difficult to act fast, modernize or learn;\textsuperscript{11}

Thus the bureau becomes a gigantic machine that slowly and inflexibly grinds along in the direction in which it was originally aimed. It still produces outputs, perhaps in truly impressive quantity and quality. But the speed and flexibility of its operations steadily diminish.\textsuperscript{12}

This risk is particularly damaging if there is a reconstruction to be made after an emergency. People are particularly vulnerable and require immediate attention and services. The situation also calls for fast decisions to be made while planning for long-term recovery. An organization that is neither fast nor flexible, even if it remains effective, is not enough.

Despite their differences from private enterprises, governments are under increasing pressure to become more efficient and effective in their public service delivery, and to become more transparent and accountable in their administrative processes.\textsuperscript{13} What started as an attack on bureaucracy and its costly, inefficient and rigid structure developed into a criticism of the role of public administration in shaping society, the power balance between institutions and the actors they regulate and their jurisdictional boundaries.\textsuperscript{14} Aggressive calls for privatization and utilization of private-sector benchmarking on public services and procedures gave way to the New Public Management perspective (NPM), which adopted the ideas of competition and consumer power as tools for achieving efficiency gains.\textsuperscript{15} Claiming public sector management's failings will disappear by applying private sector management techniques appears to ignore that many of the drawbacks suffered in governmental organizations are in fact a risk for all large organizations, public and private.\textsuperscript{16} Also, given that most public organizations deal with issues that take decades to be solved, the fact that those same principles being championed by NPM lead to most private organizations not surviving more than forty years\textsuperscript{17} should be given serious thought.

\textsuperscript{10} Argyris and Schon (1996).
\textsuperscript{11} Downs (1967) and Argyris and Schon (1996), among others.
\textsuperscript{12} Downs (1967), p. 160.
\textsuperscript{13} Visser and Van der Togt (2010).
\textsuperscript{14} Olsen (2006), p.6.
\textsuperscript{15} Ibid.
\textsuperscript{16} Large organizations' "pathologies" are explored in the following section.
\textsuperscript{17} Senge (1990).
In addition, most public organizations share certain characteristics that make them more difficult to manage than private enterprises. Control over revenues, factors of production and agency goals normally rest in entities external to the organization: “few if any of the rules producing this complexity [of red tape] would have been generated by the bureaucracy if left to its own devices... they are not bureaucratic rules but political ones”.  
Even agencies with clear goals and observable behavior still have to be judged on political (and consequently conflict-ridden) judgments, or with generally opposing metrics (speed vs. due process, efficiency vs. fairness).

Then there’s the problem of ownership. In a democracy, citizens are the equivalent of a Board of Directors and thus the owners of government. Collectively, we elect Congress or the President (the equivalent of management); we win or lose money depending on the fortunes of our government. Unfortunately, the fact that decisions and losses are distributed too thinly across the population leads to lack of ownership, awareness and interest in participating in public affairs.

Public administration is more reliant on—and vulnerable to—the law. Whereas the law tells a private administrator what he cannot do, the public administrator can only do what the law explicitly says she is able to do. Scrutiny is much higher for public organizations. If the tables were turned, private administrators would surely be more conservative and concerned about following regulation. Reliability is held at a higher standard in public organizations, but the standardization it requires is inevitably at odds with flexibility. Democratic institutions thus create order, but with it “elements of rigidity and inflexibility” like the ones described by Downs in the above quote. While laudable, public scrutiny, standardization and even order sometimes go against the need for quick results in reconstruction settings.

Their rigidity and inflexibility of permanent organizations are due in part to the “organizational pathologies” that public organizations tend to have. The first of these is persistence, continuing to exist beyond their use. Organizations within organizations are

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19 The preamble of the United States’ Constitution begins with: “We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common Defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.” (USA, 1787).
20 Berkley (1984). This is true at least in the United States as well as most roman-law systems. It is so to protect the individual from abuse of the State, since it is the State (as a whole) that writes, enforces and interprets the law.
22 Berkley (1984). Territoriality, status and self-service complete the list along with the three surveyed in the text.
23 Ibid. He mentions tuberculosis clinics running twenty years after the epidemic was controlled, a National Screw Commission and a National Teatasters Commission with staff decades after their dissolution. All
more likely to persist if the cost-benefit ratio of dissolution is high. This would happen in cases where the benefits of dissolution (e.g., reallocation of resources, prioritization of activities, efficiency, and improved service) are more diffuse or longer term than the costs (e.g., liquidation of workers, political costs, administrative reallocation of resources, temporary inability to fulfill all duties, loss of influence.

The second pathology is conservatism, prolonging the traditional ways of doing things. "Organizational logic is essentially conservative, for it honors consistency, tradition, the minimization of individual ends in favor of collective ends, and the wisdom of history rather than the wisdom of men". Creative ideas may bring about change, disrupting the established way of doing things and threatening career paths, reallocation of resources and new responsibilities. As organizations grow older the problem of routinization and inflexibility become larger, to the point where agencies may be averse to taking on new functions as much as they do shedding old ones.

Third is the pathology of growth. Organizations are reluctant to change except when it comes to growth, especially if it does not entail dramatically shifting the way it operates. Expansion is many times seen as a means of preservation, growing in order to continue existing and operating in the same ways. Growth can also create new opportunities for promotion, transfer, power and alleviation of conflict. Perhaps this is why Berkley (1984) claims the upper levels of administration and administrative and auxiliary positions tend to grow the most. He also points out there are legitimate reasons for this phenomenon to occur. If the work is more specialize or technical, those qualified for such jobs cannot work or be hired in bottom positions.

Organizational change and the potential role of temporary organizations.

The previous section went through the differences between the public and private sector and some of the reasons why regular (permanent) public organizations may not adapt and change as they should. Although not all change means improvement, it is a precondition for it. So what does improving government mean? Broadly speaking, it means to become more efficient and effective in its public service delivery while being more transparent and accountable in its administrative processes. An increasingly able and increasingly capable government is an improved government. That a public organization is able means it has the knowhow plus the flexibility to face new or adverse tasks, situation in which every

these are examples in the United States and he offers some other Italian examples, proving these pathologies are certainly not reserved for third-world countries.

26 Visser and Van der Togt (2010).
27 Lalonde (2007).
public organization is bound to find itself in. To have the capacity means possessing or being able to gather the required social, monetary or political knowledge and resources in order to implement and push through the agenda of the organization. In order to achieve both, attention to the process, not just the outcome, is required. By paying attention to the process, the organization can learn more about how to better achieve its target, whichever that target is. Organizations “need to adapt to changing environments, draw lessons from past successes and failures... conduct experiments, engage in continuing innovations, build and realize images of desirable futures.”\(^\text{29}\) In this way, organizational success depends on the organizations’ ability to “see things in new ways, gain new understandings, and produce new patterns of behavior.”\(^\text{30}\) Accumulating the lessons from those processes is organizational learning. Hence, organizational learning is a cornerstone for change and improvement. This is particularly the case in post-disaster settings, where conditions on the ground change constantly, the needs of survivors and the actors involved vary depending on the stage of the reconstruction, and lessons learned should ideally be implemented then and there, not when the emergency has passed.

If improvement cannot come without change, how does government ultimately reform and improve? There are five mechanisms used to stimulate and support the forces of change in public organizations\(^\text{31}\) with different effects on the learning of the target organization. The first two mechanisms are planning and information systems, which encourage incremental and constructive change, smooth out transitional processes, provide key information and analyses, increase predictability and employee participation. They relate to organizational learning both as internal processes and areas that can be influenced by outside actors. Examples of these are surveyed in chapter four since they were targeted by the BRR as units to be transplanted to the regional government. The other three mechanisms are described in more detail below:

**Interdepartmental committees** usually function as coordination and adjudication mechanisms but do not actually execute. However, they are also increasingly used to solve complex problems that require the interaction of several agencies and actors, or to help organizations adapt to new problems and processes. They are “almost always used whenever substantial changes in a bureau’s organization are required”, since they legitimize open discussion on change (important considering that “every proposal for innovation is an implicit criticism of existing procedures and arrangements”\(^\text{32}\)); admit a problem exists but defer action; formally seek advice from the bureaus involved.

\(^{28}\) Prencepi and Tell (2001).


\(^{30}\) Ibid, p. xix.

\(^{31}\) Berkley (1984). It is surprising the author does not include government policy watchdogs, citizen groups and other collaborations between government and civil society as drivers for change, since they have always been important and appear to be increasingly relevant. Unfortunately, they are beyond the scope of this thesis too, since it focuses on ‘internal’ drivers for change.

maximizing consensus and minimizing mistakes; are a legitimate arena for negotiations; 
become an ideal scapegoat.33

In the United States their use can be traced back to the Washington administration, but 
their real growth came from World War II, when several were set up to coordinate actions 
with the British government. These committees proved their worth as administrative tools 
that encourage and improve communication, and respond to unforeseen situations. 
Perhaps because of this, their use is prevalent throughout different levels of government, 
not just at the federal level.

An example of their use in the United States (prior to the creation of the Federal 
Emergency Management Agency, FEMA) was the case of the reconstruction in Alaska after 
the 1964 earthquake. President Lyndon Johnson created the Federal Reconstruction and 
Development Planning Commission for Alaska, involving almost all of the US government 
agencies, to work with the state government and provide strong leadership for the 
reconstruction. The Governor established the State of Alaska Reconstruction and 
Development Planning Commission to partner with the federal commission. It was a 
coordinating agency, with several task forces. Policies requiring legislation were 
incorporated into an omnibus bill which was initially blocked due to the 57 day Senate 
filibuster related to the Civil Rights movement, but since Senator Anderson was chair of the 
commission, this helped unclog this piece of legislation.

Simplification of processes was key, either by doing them simultaneously, suspending 
them or streamlining. These faculties were used sparingly, though. Because leadership was 
a temporary cabinet level commission comprised of the participating departments, they 
were more willing to make their resources available, instead of the customary arrangement 
in which a department is asked to respond to a peer organization.34 The temporary 
recovery machinery disappeared after more or less six months, when most of the critical 
construction had been completed. Staff returned to their full-time agency positions, which 
they had not needed to relinquish.

The Alaskan approach was based on establishing a tiny, but powerful, central 
temporary entity that could plan and coordinate recovery actions quickly without red 
tape.35 It relied on leadership that could mobilize and energize the enormous resources of 
existing agencies throughout the government, and motivating them to innovate and 
drastically streamline their standard operating procedures. This arrangement has the 
capacity to adapt quickly to new and different challenges, because it does not predetermine 
structures and procedures to be followed in the recovery phase.

35 Ibid.
Interdepartmental committees also have drawbacks. For one, they become another unit in the administrative system, adding to its complexity. Also, if members are non-cooperative they can end up prolonging the status quo or diluting the strength of the changes being pushed. They can also gravitate towards persistence (that is, existing past their raison d'etre or usefulness), especially if they acquire staff. For the above reasons they may concentrate knowledge and be drivers for change, but run the risk of not disseminating their knowledge beyond the changes made.

**Study commissions and task forces** are set up for the most part to study a particular area of an administration and suggest ways of improving its operations. Small groups with focused on specific tasks are more likely to reach agreement or propose new solutions, compared to a cabinet-wide meeting or a complete Legislature. However, they are not exclusively agents of change and may sometimes even hamper it. They have been used to give the impression of change or as "lightning rods" to attract attention from the Executive. Study commissions are also highly sensitive to their composition, with the expertise and interest groups represented determining an important share of their legitimacy to outsiders as well as the quality and applicability of the work they produce. Since they only produce recommendations but seldom carry them out, it is up to other organizations to actually enact the changes they propose. They produce knowledge that is stored in the individuals' experience and in any document they may produce, but fall short of the experimentation and implementation stages.

**Consultants** are the fifth agent of change. Berkley cites a McKinsey director who highlighted two advantages that consultants bring. The first is the diversity of backgrounds, bringing in different perspectives and diverse experiences which can help untangle entrenched situations. The second is their independence. They can speak and be spoken to more candidly than in-house personnel.

However, consultants also generate skepticism and contempt, and can say what the client wants to hear in order to continue getting contracts. The expansion in their use is only rivaled by the negative opinions they also elicit. More formally, critics say they serve three purposes: (1) they are a way of getting around civil-service laws; (2) they can become a means of patronage; and (3) they are hired to legitimize the ideas that the contractee already has. While most of these criticisms remain true, they do not negate the fact that when properly used and objectively sought to come up with solutions and bypass organizational slack, they can be effective proponents of change. As study commissions or task forces, they do not implement the changes they propose, so their impact in affecting change is indirect at most. Since not all of the knowledge obtained can be codified and transmitted, they are the ones who gain the most knowledge from the experience. How

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36 Drew (1968).
37 Berkley (1984) cites Townsend's definition of a consultant as "a person who borrows your watch to tell you what time it is and then walks off with it" (p. 349).
much their client learns will depend on their commitment, expertise and the learning possibilities of the client. This has been the case in many aid, development and post-disaster contexts.

The degree to which committees, task forces, and consultants are successful in creating organizational change is highly correlated with the degree to which their sponsors and organizers are truly interested in reform. Public organizations are sometimes pressured (from within or by others) to retain the status quo. However, power relations and incentives are critical for change in both private and public organizations.

The last three of Berkley’s “agents of change” (interdepartmental committees, special commissions or task forces and consultants) all have in common their applicability as temporary organizations. In fact, as the next section will describe, their potential benefits are maximized and their drawbacks minimized when they have a specific objective and an end-date by which to achieve it. As pointed out earlier, their relationships with the permanent organization determines their ability to enact or facilitate change. If the agent creates or hires these temporary entities to perform specific tasks, it will have the power to influence or even dictate their work. In these cases it is still the permanent organization that decides on whether or not changes will be conducted. However, with implementing temporary organizations (to be discussed later), the ‘parent’ organization cannot fully control what is implemented.

Temporary organizations as agents for change.

Temporary organizations and other temporary arrangements have received increased attention as an emerging organizational form that can integrate diverse and specialized resources and expertise, and can be a fast and flexible mode of organizing knowledge. They are increasingly being used in the public sector and are now prevalent throughout the private sector in all types of industries, from film-making to aeronautics. Governments make use of them in the form of special commissions, committees, juries, election campaigns, task forces or agencies. In relation to planning, temporary organizations are set from micro scale projects in construction to megaprojects like Olympic Games. TO’s are also used by governments in times of crises, from rescue operations to disaster relief and reconstruction. They are often used when novel, urgent or complex tasks emerge and

40 Ibid. The private sector literature normally refers to them as Project-Based Organizations (PBO), a variety of temporary systems created for the performance of specific projects or tasks.
the traditional bureaucratic structure is incapable of responding properly. While this is particularly so in post-disaster settings, TO's can also be of value in post-conflict settings where an intervention by established organizations jeopardizes the operation. The BRR is a prime example of a temporary organization set up to deal with a post-disaster reconstruction but within a post-conflict setting.

Despite their prevalence and growing use, as well as the benefits they bring to the table, temporary organizations are only recently receiving more attention from scholars. They have been defined as transient, interdisciplinary institutions that focus on achieving a single task and as structures of limited duration that operate within and between permanent organizations. Temporary organizations (TO's) are created to accomplish a limited number of tasks, to do so through a diverse team of selected actors, to do so within a limited amount of time and with transition as an ultimate end. They can exist within organizations ('intra-organizational') or between organizations ('inter-organizational'). The latter are more complex and defined as "a group of two or more non-temporary organizations collaborating towards the accomplishment of a joint task with the duration of the collaboration explicitly and ex ante fixed either by a specific date or by the attainment of a predefined task or condition." The BRR is an example of the latter. Therefore, whenever reference is made to TO's, it is with respect to the inter-organizational kind, unless otherwise stated.

Main characteristics and potential drawbacks of TO's.

There are four elements that distinguish TO's: (1) limited time; (2) a concrete task; (3) the particular team that performs the task; and (4) a transition that marks a qualitative difference the before and the after. The first outstanding element about temporary organizations is then, unsurprisingly, their temporality. Even within the limited research

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44 Downs (1967). In pages 160-161 he presents a great description of how "special organizations" emerge in bureaus.

45 Most of the literature and experience refers to intra-organizational TO's (projects within firms), as opposed to inter-organizational TO's, which are more complex - like the BRR, the focus of this thesis (Keith, 1978; Lundin and Soderholm, 1995). Recent focus on inter-organizational TO's is exemplified by two special issues of general management journals: the Scandinavian Journal of Management (1995) and Organization Studies (2004), and Temporary Organizations, a book edited by Janowicz-Panjaitan et al (2009). Most of the literature reviewed in this section is sourced from these publications.


47 Keith (1978).


51 In a way, there should be no reason for a predetermined bias towards "permanent" as opposed to temporary organizations. Just as bigger is not always better, duration should not be equated with success or efficacy. This is not an attempt to advocate for the substitution or bypassing of permanent government
on TO's there has been insufficient scholarly work on the impact that a predetermined end-time has on the social processes and outcomes of this type of organization.\textsuperscript{52} The ex-ante time limit and the awareness of this impending dissolution among its members "fundamentally alters the behavior of the individuals involved and, consequently, the functioning (operating procedures) and outcomes of the entire temporary organization".\textsuperscript{53} In comparison to non-temporary organizations, TO's provide a more conducive context for creativity, innovation and knowledge creation. This is because they are conducive to a more present-time orientation and less likely to fall prey of entrainment (routine tasks) and because their limited existence minimizes the fear of failure and negative judgment.\textsuperscript{54} These aspects also help limit the liability of lack of meaning, identification, belonging and personal attachment that employees of short-lived disconnected endeavors could have. Their short existence can rid them of the charged values and reputations of their 'parent' organizations, something useful in post-conflict settings.

The second main characteristic is their \textbf{concrete task or specific purpose}. TO's have a more defined mandate and a limited number of objectives. Although any organization is created for a purpose, unlike permanent organizations, its achievement is not just their goal but their termination.\textsuperscript{55} The existence of easily identifiable objectives and goals and the existence of deadlines are conducive to better motivation because the mission of the organization and the successful completion of targets are both more easily identifiable by its members. Better motivation in turn leads to better performance. The identification of the organization's mission and a visible relation between the workers' job and the attainment of goals were key elements behind high-performing institutions.\textsuperscript{56} The easier it is to define the organizations' functions clearly, or to perceive its degree of success, the faster it will receive feedback and pressures to conform (and achieve) those functions.\textsuperscript{57} The structure of the organization is also important: open to employee input, less hierarchical, some insulation from disruptive elements and rewarding high performance were all characteristics of the more successful organizations the author analyzed. All of these are more likely to be present, and possible, in temporary organizations, although they can also be seen in permanent ones.

While they offer tremendous promise as a tool for organizational change, TOs also face a daunting set of challenges that can undermine their effectiveness.\textsuperscript{58} First, a tension exists

\begin{itemize}
\item \textsuperscript{52} Janowicz-Panjaitan et al, (2009).
\item \textsuperscript{53} Ibid, p. 5.
\item \textsuperscript{54} Miles (1964), Bakker and Janowicz-Panjaitan (2009).
\item \textsuperscript{55} Grabher (2004), Bakker and Janowicz-Panjaitan (2009).
\item \textsuperscript{56} Grindle (1997).
\item \textsuperscript{57} Downs (1967).
\item \textsuperscript{58} Sydow et al, (2004).
\end{itemize}
between the autonomy desired of the TO and its participants, and their embeddedness⁵⁹ within their (inter)organizational setting. Coordination within and across organizations is often crucial for knowledge to be stored or transmitted for use in other projects, yet any temporary organization is embedded in a more permanent environment, in which the problem of “organizational inertia”⁶⁰ can found and not always overcome. Organizational politics, resource constraints and culture also influence (positive and negatively) the independence of the TO, as will be seen in the case of the BRR.

A second dilemma is the recurring tension between performing the immediate task and the opportunities for learning and disseminating the practices and lessons from the project. Their short existence could lead to little scope for repetition or learning, but this is dependent on the organization having enough work or time to develop that knowledge. Their specificity means they may pay less attention to what is outside of the project, even if it influences its outcome. The fast pace means there is the risk of not having enough time to reflect, document the experience and share the lessons learned. The relative autonomy may also lead the organization to a “knowledge silo” not available to non-members of the organization.⁶¹ In reconstruction settings, Pakistan and Bangladesh constantly set up temporary arrangements to deal with recurring disasters, until they decided to establish classic-permanent agencies that grow or shrink depending on the workload, but that retain the knowledge gained with every new experience.

The converse is the risk of reinventing the wheel time and again, essentially wasting all previous efforts,⁶² often called “lower knowledge sedimentation”.⁶³ Members of TO may not continue building up their experience or have no institutionalized form of channeling and continuing their knowledge if proper diffusion mechanisms are not put in place. In disaster reconstruction in particular but in many other settings as well, the use of specialized temporary arrangements can seriously hinder the development of appropriate capacity in regular government. This is a particularly relevant concern for this research and one which will be addressed in more detail, since it is the drawback that an implementing temporary organization would help minimize. However, if appropriately designed and deployed, they can be used to go above and beyond it and help transform their ‘parent’ permanent organization, as was the case with the BRR and the local governments.

Simply turning temporary organizations into permanent ones does not solve the aforementioned problems. Temporary organizations can only retain a special mandate, above-average workforce and resources for a limited time. Becoming permanent might

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⁵⁹ Granovetter (2008) used the term ‘embeddedness’ in 1985 to explain the ‘social embeddedness’ of any economic activity in interpersonal networks. Any social activity (organizations included) is inherently produced, reproduced and constrained by social practices and the network it is surrounded by.


⁶² Ibid.

⁶³ Bakker and Janowicz-Panjaitan (2009).
help with the institutional memory, but its effects on employees' working relationships, job satisfaction, loyalty and sense of belonging is less clear. It will be surely negative for the creativity and experimentation aspects. So, converting temporary organizations into permanent ones runs the risk of losing some of the benefits of TO's while at the same time reinforcing some of the pathologies of their permanent counterparts. The effectiveness, concentration of powers and talent usually dissipate for four reasons: (1) by having to yield to more ossified bureaus as its success erodes its isolation; (2) its dependence on more ossified organizations (for budget approval for example) becomes more of a bottleneck as time passes; (3) the environment changes and forces it to be less isolated; and (4) other emergent tasks emerge that also require the expertise and resources in use by the current temporary organization. As a result it eventually becomes another section of the bureau struggling to gain resources and personnel, slowing its decisions and reducing its impact. Anthony Downs call this process the “degeneration of the special organization”.

A final question regarding the setup of temporary organizations is whether or not it would be better to attempt the same through regular channels. The costs of setting up, monitoring, ensuring compliance and success and knowledge diffusion are significant, and temporary organizations are not always an appropriate vehicle for change. Even in post-disaster settings a temporary arrangement is only appropriate in certain settings. The argument I try to make is not for their use regardless, but to make clear their organizational and operational advantages, including in that list their use as implementing tools for experimentation and learning.

Temporary organizations, experimentation and organizational learning.

We now turn our attention to what makes temporary organizations particularly good mechanisms for innovation and knowledge generation, whatever the setting. While the characteristics and benefits that will be mentioned are not exclusive to temporary organizations, they are more likely to be found in them as compared to permanent organizations. Researchers have found that temporary organizations excel in effectiveness, speed and innovation and can tackle tasks of higher complexity. They are posited to be less bureaucratic and mechanistic and more participatory in their leadership style. They also have a certain degree of isolation from the environment, and thus may be less vulnerable to the disturbances it could cause to their functioning.
Due to their ad-hoc nature and structure, TO's can integrate diverse and specialized resources and expertise, and can be a fast and flexible mode of organizing knowledge.70 They can “circumvent traditional barriers to organizational change and innovation”, because each project is temporary, posing less threat to vested interests as would the creation of a new, permanent alternative. The greater the external pressure for change, especially if outsiders interact with members at different levels of the organization, the more innovation suggestions that are presented.71 This was definitely the case with BRR, but it is also particularly the case in temporary organizations created for ad-hoc tasks. Moreover, they allow for low cost experiments, since they do not require irreversible resource commitments. Creativity always comes at a cost for the organization, monetary but also in terms of shifts in prestige, power, convenience, as well as tensions and duplicate efforts.72 Yet in a TO, if a venture is unsuccessful, it comes at a low cost and little disturbance to the organizational sponsor.73 This is important given the juncture in which many governments across the globe are immersed in (that of budget cuts, entrenched interests and general reticence from a wide group of their citizens to a growth of the public sector). Limited costs and scope may narrow down the impact of the temporary organization to some degree, but can also intensify them, since it concentrates its attention and resources in a specific issue, while (ideally) leaving improved processes to deal with other issues that require attention. In this sense, they can also become pressure valves for the ‘parent’ organization, dealing with a disproportionate share of the risks and the costs, while contributing the benefits back to the permanent organization.

The limited lifetime of temporary organizations also helps control the organizational pathologies mentioned above. In terms of persistence, they have an ex ante termination date with a high political cost (and maybe other costs as well) if not terminated. The ascribed duration and narrow frame of action of temporary organizations limits the entrenched interests and reifying attitudes pernicious for government reform, in this way reducing to some degree the conservatism the ‘parent’ organization may show. Also, if the permanent organization is setting up a temporary one, it is already displaying some ability and intention of reform. This is likely to help with the implementation as much as the evaluation of the whole endeavor, since it is usually that same public entity which performs both. The recent increase of citizen participation in the evaluation and even planning and implementation only helps to reduce the above problem. The transient and interdisciplinary nature of TO's also shapes the possibilities for generating and accumulating knowledge.74 The following quotes highlight each of these aspects, respectively:

71 Downs (1967).
72 Downs (1967).
73 DeFillippi (2002).
While ‘what’ to achieve is typically well specified from the start, ‘how’ the project should be run is ... a matter of ‘freedom with responsibility where creative and innovative activity is both a possibility and a duty.\textsuperscript{75}

The relative absence of hierarchy and the diversity of frameworks involved should provide fertile soil for creativity and innovation.\textsuperscript{76}

Broadly speaking, organizational learning requires a learner, a learning product (the informational content) and a learning process (the acquisition, processing and storage of the information). There is single and double-loop learning: the first takes place within existing systems of values, while the second involves a change in those values.\textsuperscript{77} The leap from one to the other occurs when inquiry and innovation are promoted and enhanced, not inhibited. The learning processes of individuals and the organization are not unidirectional, but instead occur simultaneously and with causal arrows pointing in both directions, as a learning loop. As such, it can be done by individuals as well as by organizations. Organizations directly represent knowledge, since it is embedded in their routines, practices and strategies. As such, they are holding environments of knowledge. Individuals are too, of course, but when they leave the organization that knowledge leaves with them.\textsuperscript{78} This calls for the transmission of that know-how and experience from individuals to the practices and processes of the organization. While producing knowledge may require a certain degree of leadership or resources, storing it does not require as much. In this way, achieving said institutionalization of knowledge can also serve to bypass or to minimize the impact of a loss in leadership, resources or staff.

Temporary organizations can become producers and disseminators of knowledge, particularly if one ascribes to the definition of organizational learning as “getting everyone in the organization to accept change”\textsuperscript{79} and relating change to experimentation.\textsuperscript{80} It is in the nature of temporary organizations to be vehicles for experimentation and reform: they must be created by special regulation and follow distinct guidelines usually created purposely for them. Their own practices and internal mechanisms may be novel, and the ‘parent’ permanent organization can implement new ways of doing things through them. The opportunity of drafting new regulation means the government can incorporate practices and mechanisms not present or prevalent in permanent government agencies, such as new procurement, budgeting, staffing or anti-corruption clauses.\textsuperscript{81}

\textsuperscript{75} Ibid, p. 1480.
\textsuperscript{76} Ibid.
\textsuperscript{77} Argyris and Schon (1996).
\textsuperscript{78} Argyris and Schon (1996).
\textsuperscript{79} Stata (1989).
\textsuperscript{80} Indeed, five main activities have been identified as tools that enable learning in organizations: (1) systematic problem solving; (2) experimentation; (3) reviewing past experience; (4) learning from others; and (5) communicating lessons (Garvin, 1993).
\textsuperscript{81} This may lead to friction or resentment with other areas of the permanent organization. This is likely to be the case, and indeed occurred with the BRR and other central government ministries. However, leadership
In this way, implementing temporary organizations are created. Unlike the other “agents of change” mentioned before (interdepartmental committees, special commissions or task forces and consultants) ITO’s not only suggest reform but practice it. Unlike the prevalence of those temporary organizations, ITO’s are a more novel tool, which means they are particularly prone to have been created by a special mandate or new regulation, making them more likely to include innovations in governance. What is more, once tested in the temporary organization, these improved governance mechanisms can be ‘scaled up’ to regular government agencies. In other words, the ITO scheme can be treated as a mechanism through which governance for permanent organizations can be tested and revised, then absorbed back by the ‘parent’ organization. These implementing bodies are not a replacement of permanent structures, but a means to strengthen or reform them.

For example, the ad-hoc, peer reviewed policymaking processes that many of the European Union governing bodies have adopted has been labeled “experimentalist governance”. In that process, different regulatory bodies have a certain degree of freedom in engaging stakeholders and designing arrangements to address their interests (common road safety or pharmaceuticals regulation, for example). The temporary groups that are created meet regularly with others dealing with similar issues and compare approaches and actions, disseminating and adapting effective solutions. The permanent governing body can incorporate lessons learned through these experiences when modifying more formal regulations.

Experimenting with governance innovations sound exciting but is not valuable in and of itself. Lessons must be extracted of what works and what doesn’t, why it is so, and how the positive lessons can be replicated. Therefore, it is important to make the connection between experimentation and organizational learning. Some claim the tsunami was (we all hope) a once-in-a-lifetime event which merited a unique response, and that neither will repeat itself. However, there is much to learn and an institutional legacy to leave behind, even if it is ‘only’ for future generations. There is no single best response to a disaster. While some authors call for the strict use of pre-established, rational, written bureaucratic policies, the tendency now is towards the opposite side of the spectrum, arguing for non-bureaucratic organizations. In some instances, normal bureaucratic structures are unable to adapt quickly. In such cases, flexible and emergent structures provide basic response needs, at least until normalcy can be established. In any case, the nature of the disaster, the political situation, the geography, the time of year, the resources available and the needs on

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82 Sabel and Zeitlin (2010).
the ground all shape what an appropriate response should include. Reality on the ground will invariably be change from what was predicted, from previous experience and from initial estimations. Therefore flexibility and adaptability are key, characteristics not always found in pre-established, rational, written bureaucratic policies. Regardless of the life-span of the organization, what is most important is to engineer and execute an appropriate long-term response, and for that organizational learning must be a priority.

In general, “an entity learns if, through its processing of information, the range of its potential behaviors is changed.” Temporary organizations can be co-creators, facilitators or test beds for new knowledge. They can also serve as both the learning organization created by the parent institution, and as the vehicle through which necessary changes are tested and proved. They cannot be the repositories of that knowledge because of their temporality, so the permanent organizations must absorb the new knowledge and change the manner in which they perform. In this sense, ITO’s are an ad-hoc arrangement that assists the permanent organization in its process of change and transition. That is precisely what happened between the BRR and the provincial government of Aceh, as we will see in chapter three.

Organizational learning is a relatively new term, no more than forty years old, and literature on the subject has focused primarily on firms. However, many of the concepts apply to analysis of the public sector too. Three learning processes have been identified in organizations: (1) experience accumulation; (2) knowledge articulation; and (3) knowledge codification.

1. Experience accumulation is a form of learning that come from repetition and routine. It is a key feature in many capacity-building programs (e.g., skill-building workshops, leadership development programs for CEOs, etc.). While experience accumulation has been found to be a useful tool for learning practical, standardized, sometimes repetitive tasks, some researchers warn of the difference between “learning in” an organization and “learning by” an organization.

Training per se, which aims at improving the performance of individuals or groups, should not be confused with organizational learning, which aims at improving the performance of organizations. There is an important distinction

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85 Goldberg and Bhavnani (2011).
87 Fong (2008).
88 Indeed, learning can occur by the absorption of one organization by a merger or acquisition (Quinn Mills and Friesen, 1992).
89 West (2000). P. 24. Argys and Schon (1978) were two of the first prolific authors on this specific topic, as well as on embeddedness.
between training, which is learning in the organization, and organizational learning, which is learning by the organization.  

2. Knowledge articulation. The mere existence of organizational learning mechanisms (OLM) like trainings does not ensure productive learning. Articulation implies connecting other experiences with the current in order to enrich and improve it. This leads to cognitive processes of individual and group analysis, inference and causality. Knowledge articulation involves more resources (e.g. time) and cognitive efforts than the mere accumulation and routinization of knowledge and experience.  

3. Knowledge codification. Codification comes when knowledge is materialized in manuals, procedures, standards and the like. There is a high degree of costs and effort associated with this type of learning. However, codification serves two functions: (1) it allows for storage and transfer of knowledge across time and space; and (2) allows us to rearrange, manipulate and examine the underlying knowledge. Therefore, the three types of learning are not unidirectional, but overlap and frequently sequence each other.

Temporary organizations are not well-positioned to engage in these traditional forms of organizational learning: accumulating experience requires time that TOs often do not have, while knowledge articulation and codification are resource-intensive processes that are not well-suited to TOs’ lean structure. The permanent organizations in which TOs are embedded are much better suited to undertaking these processes. However, the ease with which temporary organizations can engage in experimentation and innovative adaptation of preexisting (codified) knowledge means they are an ideal vehicle for experimenting and producing new knowledge:

New knowledge creation can occur as a result of insight or inspiration from within the organization; additionally, it can also be provoked from external influences. Whatever their source, such new ideas form the foundation for organizational improvement and learning.

While implementing temporary organizations have tremendous potential to transform parent organizations and improve performance, “They alone cannot create a learning organization... unless there are accompanying changes to the manner in which the [parent] organization performs.” The materialization of organizational learning occurs when

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92 Ibid, p. 150.
93 Ibid, p. 166.
95 Prencipe and Tell (2001); Foray and Steinmueller (2001).
96 Although it is possible, as the BRR Story volumes demonstrate.
97 West (2000). P. 34.
changes in standard practices, procedures, norms and routines are codified back in the permanent organizations. Unfortunately,

This process aspect of knowledge articulation and codification seems to have been neglected in the existing research, which tends to focus more on the outcome and the economic benefits related to such outcomes.

Organizational learning through ITOs thus requires attention to the process, not just the outcome. It also requires attention to the inherent collective nature of organizational learning. Individual knowledge is the easiest for an organization to lose; when it is collectively produced and shared it is more solid. An advantage this has over codified knowledge is that it is more dynamic and easier to change: manuals become obsolete, which is why it is so important to understand how processes and groups can maintain their knowledge and keep it to date. There is also a motivational aspect to group learning: successful problem-solving leads to positive reinforcement, shared understanding and group self-image.

Concluding remarks

There is a need for public organizations to improve by adapting to the changing socioeconomic conditions they are required to face and address. In order to do so, they must experiment and learn. Private organizations are more adept at those two processes, something which has triggered calls for government to resemble the private sector more. Since governments' rigidity is not without reason but neither are the calls for it becoming more efficient, I have tried to find a way to bridge those apparent extremes. I make the case for temporary organizations to be effective mechanisms for implementation and possible vehicles for organizational experimentation, learning and reform. Disasters are situations in which both extremes (efficiency and speed vis-à-vis accountability and participation) are equally required and demanded yet seldom achieved in unison, and where learning through experimentation occurs at a higher rate. Therefore, the above hypothesis will be tested in the case of the BRR in the post-disaster setting of Aceh, Indonesia in 2005-2009.

This first chapter reviewed the relationship between temporary organizations (TO's), government reform and organizational learning. Government can sometimes be slow and inefficient, but it can (and should) still innovate, experiment and learn in order to reform and improve. When properly coupled to permanent organizations, temporary organizations can be an ideal channel to push for and start implementing those change and

100 Ibid.
learning processes. Mostly detached from internal politics and the restrictions faced by their 'parent' organization, they spur creativity, experimentation and flexibility. Through their concrete mandate, dedicated resources and hand-picked staff they are effective in reaching their goal. When created through special regulation, they can also begin to experiment with the implementation of some of the innovations that are likely to be replicated. These Implementing Temporary Organizations (ITO’s), like the BRR, not only work to achieve their goal but serve as a laboratory for change, testing the innovations which can be adopted and adapted by the 'parent' organization if successful. The learning initiates with the creation of the regulation that establishes the ITO and ends with the dissolution and absorption of experiences and staff by the 'parent' organization. If indeed the whole cycle is accomplished, then the lessons and experience come from whatever the TO accomplished, as well as through the process of attaining that goal.

The following chapters present the case of Indonesia's Rehabilitation and Reconstruction Agency (the BRR), a temporary agency set up by the central government to be responsible for the reconstruction endeavor following the 2004 tsunami and 2005 earthquake that devastated the province of Aceh and the island of Nias. Besides focusing on the physical elements of the reconstruction, they had successes in the more complicated field of improving government the way it has been defined here. The temporariness and flexibility of the BRR's temporary structure allowed for experimentation and learning from the provincial government. It was exposed to improved ways of governance, which it successfully adapted and adopted. This case study should provide evidence to the claim that temporary organizations can be a key element in the process through which any organization, public or private, learns, improves and in innovates.
Chapter II: Indonesia, Aceh and the Tsunami.

No disaster happens in a vacuum. In order to gain some knowledge that is applicable elsewhere, it is necessary to appreciate the overall context that preceded and followed the emergency. Similarly, no organization is created devoid of context. To better understand how the BRR was designed and why it was implemented in such a way, we must first grasp the social, political and economic dynamics which brought it to light. The characteristics of the natural hazard itself also influence the institutional response. This chapter will thus look at the overall context in Aceh and Indonesia at the time of the earthquake and tsunami.

The structure of this chapter builds on the different elements that determine the appropriate response of the government in the case of a large-scale natural disaster. There is no systematic process for an institutional response for reconstruction. However, four main factors that impact the design of the institutional arrangements for recovery and reconstruction have been identified:

1. **Political economy.** The country contextual factors, such as its existing institutional and budgetary arrangements, in particular the governance arrangements, civil service structure and how aid is received. These factors influence the institutional setup through existing gaps and limitations, as well as the efficiency and long-term potential of the endeavor. As an example, in Aceh, the national government had to create a new aid-channeling mechanism to deal with some type of aid, which later became a problem when those assets were transferred to local governments.

2. **Government capacity.** Reconstruction tasks include policy and standard setting, coordination, monitoring and evaluation, donor interaction and the physical reconstruction of assets (schools, hospitals, and roads). In a non-regular environment, these depend on special bureaucratic procedures, leadership, proper staffing and flexibility. These imply a

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103 Goldberg and Bhavnani (2011).
104 The crux of the issue has been which level of government owns (and is therefore responsible for maintaining) the assets not built through the government’s budget. Many were built to a higher standard than Indonesian regulation dictates. For example, what replaced a provincial road in fact has the dimensions of a national highway, spurring a dispute between the ministry of public Works and the province. Had the resources been channeled through the government’s budget, it would have clarified the spender and responsible party from the start.
certain degree of organizational robustness to be able to adapt and respond effective and efficiently. The quantity as much as the quality of the public servants, their equipment and their regulatory framework are many times overlooked but are a key determinant of the success of the operation.

3. Funding agency characteristics. Disasters may bring in new funding actors including other states, NGO’s, IFI’s, etc. The level of coordination required and the creation of new institutional arrangements will vary according to the scale and number of the funding partners and the amount of off-budget versus on-budget disbursements. This affects the way the response must be engineered.

4. Disaster characteristics. The type and magnitude of the hazard, its geographic impact, scope of devastation, climatic conditions, type of built environment, among other space and site-specific variables dictate the overall impact of the event and thus the response. Different disasters bring about fewer casualties but more injured, others pose a medium-term health problem. Whether it is one or several jurisdictions that have been hit influences the institutional response as well.

The structure of this chapter is as follows. The first section will look at the country’s overall political, social and economic context, in which the disaster and its response were embedded. Then the ‘before and after’ sections begin. Because of the hazard’s significance, the second section will describe the events of December 26th, 2004, the immediate aftermath and the tangible (physical, quantifiable) results of the reconstruction. The third will look at the province’s pivotal shift from conflict to peace and electoral democracy. The conflict and the transition to democracy cannot be understated, given the complications to the reconstruction and government change that it implied. The question of the institutional legacy of the tsunami is presented in the fourth section. This helps link the previous chapter, which set the argument for implementing temporary organizations as a tool for government change, with the one that follows, which looks at the design, implementation and institutional legacies of the BRR in more detail.

National trends beyond the disaster and conflict.

Indonesia is an emerging economy with a relatively new democratic government that is increasingly able –but also pressured- to provide better goods and services to its

105 Appendix I does a similar exercise with the redesign of the countries’ disaster risk reduction and aid fund channeling institutional framework following the tsunami experience.

106 Current statistics and summaries of the recent history and conditions in Indonesia can be found in the U.S. State Departments’ website (State, http://www.state.gov/r/pa/ei/bgn/2748.htm) and the World Banks’ Indonesia Overview (WBIO, http://www.worldbank.org/en/country/indonesia/overview). Both were last accessed May 22nd, 2012.
Improving Government: The Impact of Indonesia's BRRI beyond the Tsunami Reconstruction

population. Its geopolitical position means its main economic and political partners and models are China, Japan, Singapore and to a lesser extent the United States, Malaysia, Korea and the European Union. In the last fifteen years it has undergone a paradigm-shifting wave of reforms: democratization, decentralization and liberalization have opened Indonesia to the world. The converse is also true for a growing middle and upper class, but serious challenges in the fourth most populous country in the world remain. In all, Indonesia's "quiet revolution" has been hailed as a success.107

Still, hard challenges remain. Indonesia must tackle poverty, inadequate infrastructure, corruption, and inequality. The country's gross national income per capita has steadily risen from $2,200 in the year 2000 to $3,720 in 2009, but is still among the lowest in the world. More than 32 million live below the poverty line and approximately half of all households remain clustered around the national poverty line (about US$22 a month).108

Sixty eight percent of the population has access to improved sanitation facilities, far from the Millennium Development Goal (MDG) of 86 percent. Literacy is about 90 percent, but is lower for women (86 percent). More than 94 percent of eligible children are enrolled in primary education, but only 57 percent of them are enrolled in secondary school (which is also compulsory).109

Inequality is coupled with ethnic and religious tension. Struggles for independence and ethno-religious conflict in Aceh, Timor, Papua, Sulawesi and elsewhere have caused tens of thousands of deaths and threaten Indonesia's consolidation since independence.110 The conflict in Aceh was particularly long and eroded civil society in Aceh, these aspects beginning to be reversed only after the devastating tsunami. Constitutional guarantees of religious freedom apply to the six religions recognized by the state, namely Islam (86 percent), Protestantism (5.7 percent), Catholicism (3 percent), Hinduism (1.8 percent), Buddhism (about 1 percent), and Confucianism (less than 1 percent).111 Religious tolerance is visible, but tensions remain: Islamism radicals have conducted sporadic terrorist attacks (the latest in a luxury hotel in Jakarta in 2009, and a threat to violence if Lady Gaga performed in Jakarta in 2012) and minor religious clashes have also occurred in recent years.112

It is perhaps no surprise that the areas most reticent to control from central Java are in the farthermost corners of this massive country (Aceh to the west, Timor to the south-east and Papua to the east). They are the latest territories to become part of Indonesia, with

111 State (2012).
112 A catholic colleague from Flores I worked with in BAPPENAS lives in an enclave where most of the population shares his origin and religion. They coexist with the surrounding Muslim majority, but still cluster together for security as much as community purposes.
Aceh becoming part of Dutch control only until the early twentieth century. Unsurprisingly, they are also some of the poorest regions in the country despite being laden with natural resources.

The government’s main challenges are reducing inequality, corruption and environmental degradation, while allowing for increased economic growth, service delivery and opportunities for a growing middle class. In order to make the difficult but necessary step towards a more equal and prosperous society, the Indonesian government must improve dramatically, expanding its provision of public and social services while at the same time reducing its inefficiencies and redundancies. For this modernization effort, knowledge on locally devised and tested means of government reform and learning, such as the BRR, are fundamental.

Democratization.

Indonesia shifted towards democracy with the end of the Suharto regime in 1998. Amid widespread civil unrest (which came about because of the impact of the 1997 Asian financial crisis), Suharto resigned and hand-picked Vice President B.J. Habibie as Indonesia’s third President. He reestablished International Monetary Fund (IMF) and donor community support for an economic stabilization program, released several prominent political and labor prisoners, initiated investigations into the unrest, and lifted controls on the press, political parties, and labor unions. Freedom of expression and assembly were allowed. He also oversaw a referendum for independence in Timor, which was later brutally repressed.

The first free parliamentary elections in over forty years were held in 1999 and the centrist Muslim preacher Abdurrahman Wahid headed the main coalition. He embarked on an ambitions modernization program that included increased control of the military, reform of the legal and financial system, promotion of religious tolerance and release some of the pressure from military action in Aceh, Papua and East Timor. His tenure as President was cut short by Congress and followed by Megawati, his vice-president and Suharto’s daughter.

2004 saw the first-ever direct elections for President. Susilo Bambang Yudhoyono (SBY), a moderate army general, defeated Megawati in the second round\textsuperscript{113}, only three months before the tsunami hit Aceh on December 26\textsuperscript{th}, 2004. His platform pushed for modernization of the government and eradication of corruption.

\textsuperscript{113} Approximately 76 percent of eligible voters participated (roughly 117 million people), making Indonesia’s presidential election the largest single-day election in the world (State, 2012).
Socioeconomic transformations.

Indonesia is a global power, even if most of the world has not recognized it yet. It is the fourth most populated country in the world with close to 240 million people, living in over 17,000 islands. Java, roughly the size of New York State, is the most populous island in the world, with approximately 136 million people. About 28 million of those live in Jabodetabek, the acronym for the metro area of Jakarta, Bogor, Depok, Tangerang and Bekasi, which grew 3.6 percent annually in the first decade of this millennium. Overall, around 45 percent of the population lives in urban areas, and the median age is 27.

Economically it has undergone great transformations. The Asian financial crisis of 1997 hit Indonesia particularly hard (the economy shrank 13 percent), leading to the toppling of a regime, but since then the country has managed to bounce back strongly. Foundational reforms for macroeconomic stability were implemented after the regime change. Then, during President Yudhoyono’s first term (2004-2009) significant reforms in the financial sector were introduced, including tax and customs reforms, the use of Treasury bills, and capital market development and supervision. The Supreme Court is also taking a more active role, with many central -although sometimes polemic- rulings. The President’s economic program was labeled ‘pro-growth, pro-poor, pro-employment, and has continued through his second term. Indonesia is now the 16th largest economy in the world and was one of only three G-20 economies (along with China and India) to exhibit economic growth in 2009. As of April 2012, the country’s economy is expected to grow by 6.1 percent in 2012 and increase to 6.4 percent in 2013.

The clout of political and economic openness has allowed for the expansion of a burgeoning middle class that is increasingly able (and eager) to don the latest fashion and gadgets, eat frozen yoghurt in air conditioned malls, move around in shiny new cars and go abroad to study and shop. Along with the ‘material’ consequences, Indonesia’s awakening has brought calls for a rein on corruption, modernization of the large governmental apparatus and improvements in infrastructure and public service provision. An expansion of the country’s unique secularism -or, more accurately, multirreligious tolerance- is also visible, unfortunately coupled by a small but visible recalcitrant Muslim minority.

Decentralization.

Parallel to the political and economic reforms of the last fifteen years, an aggressive program of decentralization has been implemented. Under Suharto, a patronage system had been developed in which the central government allocated funds not based on performance or need but on loyalty by local governments or local elite lobbying. The

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114 Firman (2011).
115 See Hidayat and Antlov (forthcoming) for a full study of the decentralization process in Indonesia.
planning and the implementation were also decided in Jakarta. Following the fall of Suharto and its New Order regime, a "rapid but uneven" process of democratization and decentralization of the Indonesian state occurred. Law 22/1999 on Local Governance set the stage: finances, legal system, foreign affairs, defense and religion remained under the central government; authority over roads, harbors, and other 'areas of strategic national interest' was transferred to the provincial level (somewhat of an administrative arm of the central government); while rural districts and urban municipalities were given full autonomy to manage a number of services and duties and other remaining functions, health care, education, public works, arts, and natural resources management. This law also replaced Law 5/1979 concerning village governance, effectively creating a local legislature separated from the local executive. These have the authority to approve the village budget, something previously done by the district legislature. Political contestation from the public, as well as savvy maneuvers from those seeking office are becoming more common because of increased democratization and decentralization.

Fiscal relations and revenue-sharing (the all-too-often disregarded 'other half' of decentralization) were outlined in Law 25/1999. Districts retained 80-90 percent of property taxes, 80 percent of forest and fishery revenues, 15 percent of oil, and 20 percent of gas revenues. These two decentralization policies were enacted after a year and a half of preparation on January 1st, 2001.

2004 saw not only the first direct presidential elections; it was also a primer for legislative candidates at the national, provincial and district level. District heads (bupatis) followed in early 2005. Most of the attention has focused precisely on districts. Since the decentralization reforms, district spending has increased from 17 to 31 percent of total government expenditures, and about two thirds of the public servants (two of the 3.3 million) have been transferred to districts.

An example of the political, fiscal and bureaucratic decentralization, along with its (un)intended consequences, is the Kecamatan Development Program (KDP). KDP is a large-scale participatory development project run and financed by the Government of Indonesia and the World Bank with several similarities with the BRR endeavor. It is a decentralized program that allows input from local-level staff and village communities in the design, selection and implementation process. It operates at the Kecamatan (sub district) level. This is below the central, provincial and district levels, where traditional bureaucratic authority from the government is exercised. At a cumulative cost of almost three billion dollars, "it is the largest social development project in Asia and one of the World Bank's

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118 Antlov (2003).
119 Ibid.
121 Antlov (2003).
flagship ‘community-driven development’ (CDD) programs.”122 It was also one of the few government programs running in Aceh before the tsunami, and was scaled up to cover every rural sub district in the province after the disaster.

Born in 1990, it was rapidly scaled up in 1998 after the East Asian financial crisis. At the time, “it was vital for the ongoing credibility of both the new government and the World bank to respond promptly and effectively to the crisis but to do so in ways that marked a clear departure from [earlier] policies...”123 KDP purposely seeks to introduce new concepts and principles into government practice and its engagement with civil society. As such, it aims to “support the development of legitimate and effective mechanisms for the allocation of resources, while also encouraging broader processes of proto-democratic institutional reform (enhancing civic capacity).”124 The similarity between the authors’ perspective on this program and how I see the BRR was striking: an attempt to boost credibility of national and international actors, through a prompt and effective response, to a crisis, in a way distinctively different from past policies, while seeking to introduce new concepts and principles in government.

Before and After the Boxing Day Tsunami.125

In the middle of this secular process of liberalization and modernization, the greatest natural disaster in Indonesia’s modern history occurred. Where does Aceh lie in this longer process of political, economic and social modernization, and how did the tsunami interrupt or accelerate those processes?

Aceh is the westernmost province of Indonesia, closer to Malaysia and Singapore than to Jakarta. It lies in the island of Sumatra, which is roughly the size of France and home to over 40 million people, yet only has one (semi-decent) trans-island highway. Banda Aceh, the capital of Aceh province, recently passed its pre-tsunami population of 2 million people. It lies about 9 hours away from Medan, the island’s main city, port and commercial hub. The island is majority Muslim (particularly in Aceh, the only province with Sharia Law practiced to some extent) but a few Christian enclaves exist.

Its main economic driver is extractive industries. Aceh entered the era of oil and gas exploration in the late seventies and peaked around 1984, when it accounted for two thirds

124 Ibid.
125 This chapter includes a before and after analysis of the socioeconomic conditions in Aceh and the resolution of the armed conflict. Appendix I looks at the changes in disaster management nationwide triggered by the tsunami.
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of all regional economic production. Oil and gas production fell in subsequent years. However, before the disaster it still accounted for 43 percent of the economic production, followed by the agricultural sector at 32 percent. The revenue-sharing arrangement meant that most of the revenue from oil went to the central government, adding to the resentment of the locals.

Despite these riches, by 2004 around 28 percent of the province’s population was poor (compared with an approximate 17 percent national average) with another 24 percent being ‘near poor’; primary school enrollment reached 96 percent of children; despite having only 65 percent of pregnant women receiving adequate prenatal care, maternal death rate was lower than the national average; mobile phone usage was under 20 percent. Intraprovincial inequality is high, with the three main urban districts at levels usually equal or above the national average, and the more remote ones consistently far below. Infrastructure was poor, with only a few airports without any major connections abroad (possible in part due to the military emergency), and road access existed but was (and remains) deficient. The main port of the province, Sabang, never lift off as a free-trade zone, which it hoped to achieve in order to compete with the largest Sumatran port of Medan.

Government presence was certainly strong in Aceh at the time, albeit not always for the appropriate reasons. The three decade-long conflict had seriously mined the relationship between central and regional authorities and civil society. Aside from military presence, the central government’s bureaucratic chain of command functioned, with representatives in every district, elaboration of budgets and disbursement of resources. However, rampant corruption repeatedly tainted government projects, with a former Governor incarcerated just days before the disaster on corruption charges. The conflict tainted all the governments’ actions, either through the military’s influential role or through the passive and hands off approach most of the local bureaucrats practiced. Decisions were taken in Jakarta and transferred to officials appointed in Jakarta as well. The Acehnese provincial and district governments existed and functioned, but in many cases they were more a façade than a working machine. The conflict had acquired a religious connotation when partial exercise of Sharia Law was exercised in the province by GAM.

So, as many other areas of Indonesia but in particular contrast to most, Aceh had been spared, excluded or reneged from most of the benefits from the modernization processes happening elsewhere in Indonesia. At the same time, the pressures arising from those changes were starting to be felt. In that conjecture, another set of tectonic plates shifted.

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126 TRIP (2009).
127 ADB (2010).
128 TRIP (2009).
129 BRR (2009).
130 Details on Aceh’s government capacity and mindset are provided in the chapter on the BRR and its legacies.

The disaster that devastated a large part of the Sumatran coast and countless communities throughout the Indian Ocean was a game-changer on multiple levels. Simply put, in all aspects of life in Aceh (and to a lesser degree, in Indonesia) there was a before and an after the tsunami.

The earthquake measured 9.0 on the Richter scale, lasted for about ten minutes and was the fourth largest since 1900. Approximately 275,000 people perished in fourteen countries, making it the deadliest earthquake since 1900.131 165,000 of them died in Aceh alone (including twice as many women as men among the casualties). Sumatra was the closest major land mass to the epicenter and was hit only twenty minutes after the earthquake. There was no early warning system at the time, and other countries hit several hours later still incurred. It is, by and large, the deadliest single event in Indonesia's history (the second place is an earthquake that in 1917 killed 15,000 people); the second in terms of economic damage costs; the eighth in terms of total people affected with over 550,000.132

Figure 1. The epicenter.


131 EMDAT (2012a).
132 EMDAT (2012b).
The earthquake and tsunami also left 400,000 people without a home and about 600,000 without means of subsistence.\textsuperscript{133} 800 km of coastline were damaged or destroyed -more than the distance between San Francisco and San Diego- along with 140,000 houses, 14 ports, 120 bridges, over 3,000 government buildings, schools and hospitals. Telecommunications completely collapsed.\textsuperscript{134}

\textbf{Figure 2. The affected area.}

![Map of the affected area.]


A tsunami requires a different response from a drought, eruption, earthquake or hurricane. They usually imply more casualties but fewer survivors, meaning emergency response and health expenditures quickly shift from saving lives to preventing diseases (stale water is a breeding ground of infections). The geography and type of damage also matter. The tsunami hit a long but narrow stretch of land 800km long and at most 2km wide. This had implications for the livelihoods approach: the fishing and tourism industry were highly affected, not so the timber and extracting industries also present in the island. The added complication of the conflict that had been raging for thirty years also meant the intervention had to be unique.

\textsuperscript{133} TEC (Approximately 2010).
\textsuperscript{134} IFRC (2006); BRR (2005, 2008); Mangkusubroto et al (2010).
While the local government was non-existent in the first weeks after the disaster the national government was overwhelmed, taking days to react and months to set up proper institutions. The immediate relief efforts were overtaken mostly by international institutions and NGO's. Overall, 200 organizations were involved, as well as over 16,000 military troops and aid workers from 34 countries. The result was a messy immediate relief operation, bad flow of information and sometimes non-existent coordination. Nevertheless, the 'second tsunami' of post-disaster disease and deprivation which was expected never occurred. The standard response was implemented, with the declaration of Aceh province a disaster area and the appointment of the National Coordinating Board for Disaster Management (BAKORNAS) to implement the emergency response. By January most emergency needs had been covered and in April the BRR was formally created and started to function.

Globally, around $14 billion were committed for reconstruction by 133 countries. It was one of the largest non-violent missions since the Second World War. Over a third of all aid was directed at Indonesia: $5.1 billion pledged, 93 percent of which were indeed committed (in fact exceeding what was necessary to rebuild the former infrastructure). Over $690 million were channeled through the World Bank-managed Multi-Donor Fund. The total spent in Aceh’s reconstruction amounted to about $6.7 billion, spent in relatively equal shares between NGO’s, donor agencies and the Indonesian government.

In part because of this, the number of houses, ports, airstrips and roads is now above pre-tsunami levels. Between 2004 and 2007/08, the percentage of underweight children dropped from 41.5 percent in 2005 to 26.5 percent; primary school enrollment increased from 96 to 99 percent; only 65 percent of pregnant women received adequate prenatal care, but the maternal death rate was lower than the national average; mobile phone usage doubled, to 35 percent of the population; marine fishery increased 25 percent, while freshwater production recovered from a 30 percent drop and leveled to pre-tsunami levels; 23.5 percent of Acehnese lived in poverty, with another 24 percent being 'near poor'. All these figures hide stark intraprovincial differences, with the three main urban districts at levels usually equal or above the national average, and the more remote ones consistently far below. Notice that poverty fell by 5 percent during the reconstruction, although it is still above the 17 percent national average.

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135 BRR (2009).
136 A detailed description of the reconstruction and the BRR are given in the following chapter. A description of Indonesia’s disaster management institutional framework is given in Appendix I.
137 TEC (Approximately 2010).
138 BRR (2009).
139 Ibid.
140 ADB (2010).
141 TRIP (2009).
The results of the reconstruction commanded widespread appraisal. Most of the evaluations deem the operation an overall success. International organizations in particular have taken the BRR as a model and have called for many of the practices and procedures implemented in the Indonesian tsunami response to be replicated elsewhere. The operation has also received criticism, but besides isolated complaints of bad quality in construction and siting, the tangible elements of the reconstruction, the 'hardware', was indeed “built back better”. The quantity and quality of the infrastructure are worlds apart before and only a few years after the tsunami.

Armed conflict, the post-tsunami peace accord and democratization.

Peace in Aceh is another shift from the past that would have been difficult to resolve without the occurrence of the tsunami. It is simply impossible to dissociate the reconstruction from the tsunami from that of the conflict which raged in Aceh for decades, and how both influenced each other. Prior to the disaster, the region had been marginalized by over three decades of armed conflict, corruption or neglect. The Free Aceh Movement (GAM) had been fighting for secession and the creation of an independent Islamic state in

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143 They are summarized in appendix II.
144 “Build Back Better” was BRR’s motto.
145 A solid, if perhaps partial, story of the conflict, the tsunami and democratization in Aceh is the book by Tornquist et al (2010), cited throughout this thesis. TRIP (2009) includes a summary of the complexities of the post-disaster / post-conflict situation.
Aceh for thirty years. According to official figures, the conflict had taken around 15,000 lives. Tensions had gone up and down in the decade preceding the disaster, with encouraging signs that were followed by harsher hostilities. This led to generalized disbelief in a peace process, a detached but deeply affected civil society, an older generation of exiled GAM leaders and different degrees of military intervention equally unsuccessful. Only in 2004 the fighting had escalated given the declaration of Martial Law, only to see the conflict ‘downgrade’ from “military emergency” to “civil emergency” by newly elected President Yudhoyono. Aceh was in practical manners closed to international agencies and international aid, except for a handful of programs (like KDP), run by national staff.

With the disaster, both sides took on heavy tolls. Although GAM’s strongholds were in the mountains and mostly on the northern coast, many of its soldiers or their families were killed, as were a large number of its supporters. The army was also struck and weakened by the disaster and its obligation to respond. The prior escalation of the conflict had taken its toll on both sides. Some people say, not without justifying themselves, that the tsunami came at a good time, as a mixed blessing. It is as if the recovery and reconstruction was just above and beyond the conflict, a forced, implicitly agreed truce. Some hostilities continued, but by and large both sides focused on the really pressing issue of recovery. Most of GAM’s leadership was actually outside of the province in Europe and elsewhere, so it would have been hard for them to push for hostilities; even if they did, they went mostly disregarded. The sudden opening of the region to foreign assistance and workers put a lot of pressure on the new government to guarantee their safety, and the administration was eager in itself to show resolution, a stealth recovery and a conciliatory air. They had already downgraded the conflict shortly after taking office and the state of ‘civil emergency’ was lifted in May, 2005, which gave them some credibility in the events that followed.

The peace process was not easy. Leadership was in Jakarta or Scandinavia, far away from the (now flooded) trenches. This exacerbated some of the “deeply entrenched problems” that lied in the way of the peace process: ethnic nationalism, preoccupation within the central government with a unitary and centrally-led nation, the risk of secret peace deals brokered between central government and local elites (as had reputedly happened in the Moluccas and Poso), and that GAM and the pro-independence civil society would not see any advantage in entering the negotiations. Despite the above, there had been attempts to jumpstart the peace process, with both sides in secret informal conversations during early 2005. The effort was led by the Crisis Management Initiative (CMI), a peace building NGO led by former Finnish president Martti Ahtisaari. Talks progressed because of the toll that the last upsurge and the tsunami had inflicted, the President and vice-President’s resolve to have a peaceful resolution to the conflict and both

146 BRR (2005).
147 Baldauf (2009); TRIP (2009).
148 Tornquist (2010). He later adds “the new international preference for elitist institution building ahead of popular sovereignty” (p.19).
sides wanting to focus on rebuilding Aceh. After five rounds of negotiation, the Helsinki Memorandum of Understanding (MoU) was signed by both parties on August 15th, 2005. It included expanded autonomy for Aceh but within Indonesia, the formation of local political parties and a Monitoring Mission sponsored by the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). A new distribution of resources, more generous with oil revenue towards the provincial and local governments, was also put in place.

The new Law embodying some, though not all, provisions of the Accord was passed by Indonesia's parliament. By December 2005, GAM declared that it had disbanded the military wing of its organization, and the Indonesian Government had withdrawn the bulk of its security forces down to agreed levels. Violence dropped dramatically, and there have been “very few serious violations” of the accord. In December of 2006 Aceh held its first open gubernatorial and district administrative elections, and Irwandi Yusuf, a former GAM strategist, was elected governor. In 2009, Aceh participated in the national legislative and presidential elections and elected its own provincial legislature.

The BRR’s involvement with the peace process was detached but involved. BRR’s leadership knew an understanding with the GAM was necessary for the reconstruction to be successful. Before the BRR was officially created, Amin Subekti and other people involved in its design paid a visit to some of the imprisoned GAM leaders. They needed to make sure they had their acquiescence moving forward, so they made clear their intentions of performing an apolitical, objective reconstruction, without pressures or concessions from the central government. Once on the ground, a few symbolic actions showed the Acehnese the BRR was indeed not interested in the conflict (as of then still ongoing, although in a truce). Kuntoro renounced the use of bodyguards. When he found out they had been following him without his permission, he confronted them and put an end to his special protection. The GAM leadership acknowledged this. There were isolated incidents of violence, but no real intimidation, threats or violence towards BRR personnel or offices. When the MoU was signed, it included a clause where, with restriction, employment would be offered to former rebels. The BRR complied with this and hired many former rebels into its lines. Most of them did not have any formal training or skill but were powerful local figures with connections, so many were hired as supervisors for reconstruction projects, making sure things advanced, and materials were procured and safe. The BRR did this knowing they were not hiring the most capable candidate for the job, but the larger goal of peace and tranquility was put before other criteria. In these ways, the BRR handled the difficult position of going into GAM territory and shifting power relations on the ground, without shunning the locals or the central government.

150 Tornquist (2010).
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The BRR's role in the peace should not be understated. As a Ministry detached from the Jakarta central government, they were able to enter certain areas and engage in interventions in a way unheard of a few years back. The peace Accord, the democratic process and the incorporation of rebel forces into 'normal' life –including through employment by the BRR despite their qualifications- was a complete break from the past, since similar situations had been managed differently. Only five years before, East Timor had also been fighting for independence and held a U.N. supervised referendum. An overwhelming majority of the people voted for independence from Indonesia, but militias organized and supported by the Indonesian military ran a large-scale campaign of retribution that killed around 1,400 Timorese and turned 300,000 into refugees. It was because Australian-led UN forces were deployed and international outcry that Indonesia's government receded, and on 2002 the independence of East Timor was internationally recognized.151

The peace process also differentiated the Indonesian reconstruction from others in the area. Sri Lanka, also severely hit by the tsunami of 2004, was also involved in a decade-long struggle for independence within its territory. Nevertheless, no peace process was triggered there. The areas most severely hit by the disaster there were not under rebel control, thus minimizing the need for a peace Accord and the exposure of the situation in the region to national and international observers.

Post-conflict response paled in comparison to the post-disaster one, for many reasons and in many ways. International actors had been banned from Aceh, so when they touched ground they had to start from scratch, and saw the latter reconstruction as safer, more feasible and less contentious. Earmarked assistance differed from $230 million to the over $7.2 billion in the latter. Houses built for the latter now trade at 2.5 times the price as those built for the former. The government set up the Aceh Peaceful Reintegration Agency (Badan Reintegrasi Damai Aceh or BRA) to deal with the transfer to the victims of the conflict. However, besides having fewer resources, it was more difficult to select who had been affected by it, in what degree, and to not have it be a liability for the person or a political issue.152

Although there was an agreement on economic assistance for conflict victims and the establishment of a Human Rights Court and a Truth and Reconciliation Commission, only the first has received attention from any of the principal actors, including the international community. Both sides of the conflict had interests in downplaying the legacy of the past, and local organizations and international actors were constrained both by the political control of the Indonesian government and their own desire to limit their involvement. With

151 CIA (2010).
152 TRIP (2009), Kocher (2012), Mangkusubroto (2011).
this in perspective, it would have been difficult to alter the fundamental human rights picture without jeopardizing the wider peace process.\textsuperscript{153}

Although analyzing this issue from only a few second sources, it seems as though it was in the interest of both sides to downplay and possibly finish the conflict. Nevertheless, no side was willing to step down unilaterally. Doing so would have put it at risk from more severe attacks, criticism from the radicals within that group, to 'lose face' towards the other party, and reduce its bargaining power at the table. If this was the case, the occurrence of such a massive, exogenous event minimized those transaction costs and allowed for the negotiations and subsequent peace accord to take place. This was not the case in 1999 when East Timor attempted to become independent, or in neighboring Sri Lanka with the 2004 Tsunami. The same event, with all its destruction, triggered a unique response in Indonesia and definitely facilitated the peaceful resolution of Aceh’s three-decade long conflict.

What about local government (re)construction?

The preceding sections present a country that is undergoing a process of liberalization in the economic, social and political term of the word. At the same time, struggling to make that process kick start the development of the country as a whole, and the modernization of the government in particular. With the new democratic, economic and decentralization waves starting to ripple through and the population increasingly being aware, able and willing to reclaim their rightful share of public services, the challenge to adequately provide services to that population is a tremendous challenge. Innovative solutions that work within the Indonesian context and help local governments reform and acquire better government procedures and practices are essential for this test.

Unfortunately, aid and development organizations focus on the 'hardware' side of development because physical results can be reasonably set, measured, evaluated and achieved in the short term. The 'soft' elements of development -including setting up, improving or reforming government services and practices- are equally or even more important, but usually command less attention and undoubtedly less resources.\textsuperscript{154} In part, because they are not only harder to achieve, but harder to implement, evaluate and take longer to show real progress. They also imply less objective measures of success, reducing

\textsuperscript{153} Aspinall (2008). He interviewed people involved in the process within and outside of Indonesia, external as well as government officials, and gives a more insider's perspective of the peace process. Other I interviewed coincided with this position.

\textsuperscript{154} Most aid and development organizations have learned this lesson and are starting to emphasize and venture into providing longer-term, less tangible assistance through the established, legitimate recipient institutions. This is a step in the right direction in and of itself; one that will hopefully take those involved closer to a more sustainable development.
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the chances that even if success is attained, it will be properly identified. Finally, they are incompatible with aid and development funding cycles.

As was mentioned before, temporary organizations like the BRR are adept at responding to the challenges posed by the physical aspects of reconstruction because infrastructure and livelihoods are tasks that can be set, measured, evaluated and achieved in the short to medium-term. With sufficient time, resources and political backing, the endeavor is achievable. The BRR counted with full backing from the President and support from the local leadership; sufficient resources to cover the costs of building back the destroyed physical assets; committed and effective leadership; and an organizational arrangement designed to maximize its efficiency, flexibility and coordinating capabilities. Given the aforementioned, the organization’s performance on the physical results of the reconstruction is evident and uncontestable, and the merit of having more and better infrastructure than before the tsunami belongs to them as much as their aid and development partners.

Putting the previous two paragraphs together, the question becomes: beyond tangible results, what does long-term, sustainable (development) reconstruction mean? The capacity and capability of the affected government is not taken into consideration enough, putting all the ‘hardware’ at risk. "A comprehensive rehabilitation and reconstruction plan... should take into consideration both physical and non-physical requirements of the affected areas, or else it may result in large and unwieldy investments in infrastructure."\(^{155}\) In this sense, the less tangible but equally important aspect of the institutional capacity left behind after BRR’s dissolution is key for Aceh’s future.

This chapter was meant to be the framing context for the analysis of the BRR, which will be presented in the next chapter. In order to extract any lessons that can be applied elsewhere, it was necessary to understand the general constraints under which the tsunami occurred and the BRR came to be. The processes of democratization, decentralization and liberalization that Indonesia was and continues to go through, along with the Aceh-specific armed conflict, help explain why the BRR was created the way it was. The type and scale of the disaster, along with the armed conflict in the region, limited the available options and the policy responses that could be implemented. The tsunami was a watershed moment in many instances: the armed conflict, the historic lag of public investment in Aceh, the open elections. The historic lag in public investment was also reversed, and thanks to the generous contributions of the international community and the BRR, Aceh now has better infrastructure, housing and public service facilities than before. Up to here, the legacies of the tsunami and the BRR are clear. The less visible but plausibly more important aspect of the reconstruction, the improvement of the local and provincial governments, is not as

\(^{155}\) Dhameja (2008), p. 479.
clear. The ‘hard’ elements of the reconstruction are easier to construct and to evaluate. The ‘soft’ elements of governance, responsive and efficient government are harder to accomplish. The next chapter looks more at those institutional legacies of the BRR, and how it was able, or unable, to leave behind public officials and public institutions that are more professional, more effective and more transparent than those that existed before. In short, it will look at the influence of BRR in some of the institutional changes that occurred during and after its existence, and provide evidence for the claim of implementing temporary organizations as a valuable organizational resource that can allow for experimentation, learning and improvement in permanent government.
Chapter III: Badan Rehabilitasi dan Rekonstruksi NAD-Nias (the BRR).

The results of the reconstruction and peace process have commanded widespread appraisal, with most of the evaluations pointing to the overall success of the whole operation,\textsuperscript{156} while some of the criticisms to the endeavor are mentioned in Appendix II. Not enough recognition is given to the fact that the whole area had been marred by civil conflict for decades, affecting the locals’ perception of government and outside intervention, complicating the development of projects. More important still than physical milestones achieved by the BRR are the organizational innovations which it implemented, which have subsequently been adopted by other agencies and levels of government, how and why. It is this element of the Indonesian reconstruction that deserves most attention, since it improves government performance beyond the disaster setting. Most examples are not particularly glamorous but have an important impact on the efficiency and accountability of the agencies. Therefore, the focus is on the much less studied elements that made the BRR such a capable implementer, and ultimately, a positive influence to permanent government agencies.

This section will look at the BRR in detail. It begins by addressing the reasons some have given for the uniqueness and irrelevance of the BRR case in other reconstruction efforts. The following three subsections describe the BRR from its inception to its end: how it was conceived, designed and passed into law; its early start and development during the implementation phase; and its downsizing and dissolution.

Previous chapters have highlighted the circumstances that gave way for an organization like the BRR to come to existence, work and dissolve the way it did. While the circumstances may be unique, its positive traits can be adapted and adopted in other circumstances and its negative ones prevented. The literature states several basic characteristics that a temporary organization must have: a predetermined termination date, a specific mandate and tasks, and a dedicated team. The BRR complies with all these characteristics. This makes the BRR a valid case study of temporary organizations. It is relevant because it successfully complied with those restrictions: it completed most of its tasks and overall mandate and was dissolved at the predetermined date. What make it

\textsuperscript{156} Crisis Group (2005), Leitman (2007), Fitzpatrick (2008), BRR (2008), ADB (2009), among others.
interesting are the lessons that can be extracted from the experience, and the legacy it left behind. Some interviewees portrayed the BRR as a unique, non-replicable and therefore irrelevant case. The particularities of the disaster and surrounding context mentioned are presented below, along with the explanation of why this does not rule out the BRR as a valid, relevant and interesting case of study.

**Unprecedented funding.** One of the main drivers of success was the outpour of aid. With $7.2 billion dollars disbursed it was almost hard not to rebuild all infrastructure. This high expenditure was due partly to worldwide generosity (which caeteris paribus benefitted all affected countries similarly) but also to the appropriate management and coordination skills of the BRR. Other countries hit by the same tsunami did not reach such a high pledge/commitment ratio, and that is a merit of the BRR. The scale of destruction in Aceh was also the highest of one of the most devastating disasters in recent history, so the level of expenditure required had to be proportional. Less pressing needs or less devastating disasters elsewhere will be accompanied by less but hopefully sufficient funding, so it is also a matter of scale.

**Special legislation and mandate.** Some claim the clout and political backing the BRR had facilitated its success, and that regular line ministries would have been just as successful had they been given the same support. There is no counterfactual to that argument. However, the first year after the disaster the backlog in disbursement of government resources was due to the inability of line ministries to spend money fast enough, or to reallocate it from other projects. Broadly speaking, because of the mismatch between complying with regulation word by word and having to adapt to unforeseen circumstances on the go. In order to get around this special regulation, political backing or both are necessary. Beyond this case, ‘new’ topics spur new agencies all the time (think of regulating agencies for nascent industries). Legislators could reform or expand existing ministries, but it is usually easier (and many times better practice) to create new organizations than to reform existing ones. So, not only is there evidence the special regulation was justified, it is also common practice that makes sense practically as well as politically.

**Post-conflict environment.** The complications brought by a post-conflict context in a post-disaster reconstruction endeavor cannot be understated. Sri Lanka was in a similar situation but was dealt with differently. In any case, the existence of the conflict only made needs and pressure greater, not work easier. Therefore the armed struggle definitely made the reconstruction special, but because of added complexity. The peace process might have provided some legitimacy or good will to the Indonesian government, but in terms of ease to perform the recovery it was not the case. If at all, the post-conflict situation adds to the merit of those involved in the reconstruction.

**Presidential ‘honeymoon’.** It is an axiom of sorts that in their first months in office presidents face a window when it is easier for them to enact laws and push for change. In the case of SBY there was the added element of just having won the first elections where the president was directly elected. While all that is true, disasters usually create their own
window of opportunity. It is reasonable to suppose that if the tsunami had occurred a year later, a similarly aggressive proposal would also have been implemented.

**Scale of disaster.** The event was unprecedented in Indonesia’s modern history. Unfortunately, it is far from unique. Large-scale disasters will continue to occur, and reconstruction (due to natural as well as man-made disasters) will continue to occur. Smaller-scale events can still merit the same organizational response, even if at a smaller scale.

Given the prevalence of natural and man-made disasters in years to come and the relative inability of most government structures to adapt and be responsive to the fast-changing reality on the ground after such an event, a chance to learn from an appropriate response and how it can have an influence beyond the reconstruction itself is important in and of itself. The BRR itself sees the model as something that could be replicated under the correct circumstances:

The formation of an ad-hoc agency such as this one is possible if the governing or authorized institution is paralyzed... [It] can be formed as an assisting entity for an institution or government to rebuild a system that is weakened due to disaster or extraordinary circumstances. An organization with a flexible and fast-moving operational system could be useful for areas that are subject to disaster, underdeveloped or isolated. Under such circumstances, this type of agency has the potential to become a reliable strategy-maker, initiator, as well as development assistant to the main institution. The organizational system, recruitment scheme and operational mechanism of this agency are supporting factors for the aforementioned potential achievements.157

It follows that the BRR is not a unique or non-replicable case, and therefore relevant and applicable as an example (not a model) of disaster reconstruction, but also in other settings. This allows for it to be a valid mechanism for government experimentalism, innovation and reform.

Conception, Design and Establishment of the BRR

The Indonesian government was severely criticized in the immediate aftermath of the disaster for not being able to respond and manage the relief operation. Although that is true, the fact is soon after the disaster the government decided it would create an agency from scratch devoted exclusively to the reconstruction effort. Almost immediately after the disaster, the president had lifted the restrictions on foreign travel to Aceh, and the overwhelming influx of aid workers, armies and NGO's began. He also hosted a donor’s conference in Jakarta in early January. The international community pledged billions of dollars. The need for results and clean management of the funds increased the pressure on the government to establish a more adequate response than that which the army and BAKORNAS had implemented so far. SBY himself had run on a platform of reform and eradication of corruption. The president wanted to make a statement with the reconstruction of Aceh and wanted to know who could lead such an effort. Vice-president Jusuf Kalla called Kuntoro and asked if he would be interested in spearheading the reconstruction. He was one of only a handful of candidates.

Kuntoro had the right combination of reputation, experience and ideals for the job. He had master’s degrees in engineering from leading U.S. universities and a PhD in decision science from Bandung Institute of Technology (ITB); he had co-founded and lectured at the School of Business and management at ITB; he had been the CEO of state-run tin mining, coal mining and electricity companies (and had successfully restructured the first into a profitable modern company); he had been Minister of Mining and Energy; and was one of the founders of the Indonesian Transparency Society. He was perceived as a clean, private-sector friendly, non-political person who could get things done. He was also a relative outsider, a positive sign both for donors and the GAM that the reconstruction would not be government-as-usual. He was hesitant at first and remained skeptical throughout the earlier first months, until the ancillary laws were passed by Congress and his legal and political position was more secure. While many portray the BRR as an agency with too much power, to others it was in the most vulnerable position of all, concentrating all of the responsibility (economic, political, social) of the reconstruction and providing the political establishment with a likely scapegoat in case things went wrong.

After being approached by the vice-president, he rallied a close group to advice on what the response should look like for him to accept. There were four indispensable elements put on the table: full legal authority, complete backing from the President, a predefined end-date and freedom in recruiting and firing. In words of Amin Subekti,
There was momentum at the time. The perceptions, the opinions among the political leadership at the time was that (1) the government of Aceh had simply collapsed; (2) the task is too big for central government; and (3) the transaction costs were simply too high if the program is executed by regular line ministries. These three factors drove the opinion towards the establishment of a reconstruction agency.

**Full legal authority.** This meant having the organization be created by a law passed by Congress, stipulating its responsibilities and boundaries to protect himself against later retaliation or demands of illegality. He demanded a minister-level position to have a clear position within the hierarchy of the central government. He did not want to depend only on the acquiescence of the President and be a 'lame duck' if no formal document existed and things went wrong. “I know the government too well”, he claimed.

**Complete backing from the President.** Kuntoro’s relationship was with the vice-president, not SBY. He demanded the president’s complete backing, knowing if things went sour he could be ‘sacrificed’ at the mercy of public opinion (but at least covered by the legal framework that he demanded). Those two conditions were required for the organization to work legally and politically.

**A pre-set duration.** For it to be successful, Kuntoro and his team realized it had to remain temporary to keep a crisis mindset and the sense of urgency and inertia that comes with it. The decision for it to last for only four years was reached in a negotiation between the president, who wanted a five year effort, and Kuntoro, who though more than three years would set people in a business-as-usual mode and would be counterproductive for the emergency response.

**Free rein in human resources decisions.** The hiring process had to be different from that of regular government. It had to be based on capabilities and performance, not seniority or sector, and remuneration could not be based on regular civil service rates. The fast pace and qualifications required, the conflict plus the threat of immediate action if anyone deviated from their expected performance required this.

These were all legitimate requests but that had never been implemented in Indonesia. It is true the Government of Indonesia was particularly inefficient and corrupt, but any government would have difficulties creating and implementing an organization with those characteristics. They go against the Weberian concept of bureaucracy that most of the world’s governing systems are modeled around. Fortunately for Kuntoro and his team, the pressure was on the president to deliver. Every day that passed without visible progress or action from the central government hurt his presidency (let alone the hundreds of thousands of Acehnese waiting for the reconstruction to begin).

Once the President agreed on these broad terms, Kuntoro and his team reached out to others to put these conditions on paper and design the organization. The activity in the first months of 2005 was secretive and would remain so until the organization was properly
created through the official channels. They did not find much written material on how to manage and effectively reconstruct at such a large scale. They reached out to contacts at the World Bank, USAID, ADB, AusAID. There was no guideline, and the little experience that existed was in the people that had been involved. They contacted people involved in or knowledgeable about post-disaster experiences in Japan, India, Pakistan, Iran and others, and coupled it with their organizational experience in both the public and private sectors.

The organization had to be highly professional, non-bureaucratic and international-stakeholder friendly. The design of the operations was supported by a group of consultants from McKinsey and the operating procedures by Ernst and Young, both of which worked with them until a few months after the BRR was running. Consultations with the World Bank and other major donors were permanent. The need for a transparent and efficient counterpart was made clear by them. In parallel, Kuntoro, Sudirman and others met with jailed GAM members. They knew ‘permission’ from GAM was required, and believed the operation had to be as detached from politics as possible.

While the government reacted differently than in previous disasters once the BRR was established, in the meantime line ministries used their regular protocols. During the first months after the tsunami, the reconstruction had followed the established procedure. A special committee, BAKORNAS, was normally set up after a disaster. It was chaired by BAPPENAS, who were in charge of developing the reconstruction roadmap, which stipulated the guiding principles of the whole endeavor. However, BAKORNAS never had executing faculties; it was merely a coordinating body. It also had never faced such a large and complex endeavor.

All these conditions meant the negotiations with the President, the cabinet and leaders in Congress were not easy. Sri Mulyani, the Head of BAPPENAS and later Minister of Finance at the time of BRR, was one of the main supporters of the idea of a temporary agency with full authority. Other ministers did not see the need for such a structure, and surely provincial power elites must have had their doubts. A few interviewees also commented large private interests (construction, transportation and raw materials companies among them) were keen on getting in on the large sums of funding that had already been committed by the Government of Indonesia and other donors—and not necessarily through transparent, merit-based allocations. The elements mentioned above were drafted into a document handed over to the Cabinet, officially in charge of writing the document.

On April 15th the President made public the master plan for the reconstruction of Aceh and Nias developed by BAPPENAS through presidential Decree (Perpres) No. 30/2005.160 The quick response and generosity of the international community had allowed most of the effort to be shifted away from immediate relief and recovery towards medium and long-
term reconstruction of housing, infrastructure and institutional capacity. This meant BRR’s work would be relatively limited and focused from the start to deal ‘only’ with medium- to long-term concerns. The master plan thus divided the endeavor in two phases: rehabilitation and reconstruction. The first aimed to restore public services within two years of the disaster. The reconstruction phase would last until four years after the tsunami and would focus on rebuilding the social, economic, cultural and political infrastructure of Aceh and Nias.

A day later, almost a full four months after the disaster, the President formally established the BRR through Government Regulation in-lieu-of-law (*Perpu*) No. 2/2005. It included most of the conditions stipulated by Kuntoro and his team, but not all of them. Conspicuously missing were those equating his post to that of a Minister and the ability to hire and fire staff. Kuntoro threatened to back down unless these issues were reversed in the detailing regulation, which should be passed by Congress and not the President. The reassurance Kuntoro required was included in the ancillary regulation passed by Congress as Law on October 25th. Its original structure can be seen in figure 4 below.

![Figure 4. BRR’s organizational structure in 2005.](image)


In Indonesia a Presidential decree or Law is usually a blueprint or guide. It is followed by ancillary regulation which goes into the detail of what the legislation stipulated and makes operational those guiding principles. Since there had been an official declaration of disaster, the president could pass regulation in-lieu-of-law to quicken the legislative process, but those pieces of legislation have to be ratified by Congress (which indeed occurred in the case of the regulation that established the BRR).
The BRR had been endowed with the four key requests mentioned above (full legal authority, complete backing from the President, a predefined end-date and freedom in recruiting and firing). The Other key elements of its structure, governance and practice defined from the start are described below.

**Coordinating role with implementing capacity.** By the time it began working billions of dollars of aid had been pledged, hundreds of NGO's and foreign organizations were already on the ground and the central government had already initiated its response. Therefore, the BRR was initially thought of more as a coordinator of funds rather than the main executer of government resources (80/20, many interviewees said). However, the team preemptively included in the regulation the ability to channel funds for the reconstruction through the BRR's listing in the national budget, independent of any other ministry. This provision would be key in the close future. The BRR was also granted regulatory powers, which were used to provide breakthroughs not visible in other agencies, like the Anti-Corruption Unit (SAK) described in more detail later in the chapter.162

**Zero tolerance on corruption.** Having learned the lesson from highly-pledged but low-commitment disasters like the Pakistan floods of 2003, and with Indonesia's corrupt reputation, it was important to send a clear message. The strategy to remain clean was multifaceted, with conditions for prevention, education and regular monitoring.

**Integrity and Capability Pact.** Personal integrity was one of the main characteristics the core team looked for in their selection process. There would be large sums of money involved with non-traditional monitoring mechanisms and a high degree of discretion (in terms of decisions, not directly spending of the budget), so all BRR employees ascribed a pledge of integrity.

**Higher salaries** than standard were given with the intention to deter corruption. Other reasons for the extra remuneration were to attract the best talent from a diversity of backgrounds, compete with the salaries from similar skill positions in partner international organizations, a high level of stress and risks to health and life.

**In-house Anti-Corruption Unit (SAK).** Like any other government agency, the BRR was monitored by the Financial Auditing Agency (BPK) "It was hopes that this anti-corruption unit would be a model for the implementation of anti-corruption drives across various government bodies".163 To prove they were serious about corruption and transparency, the team included a special unit within its own structure but autonomous from it to review its activity. They would eventually invite the Commission for the Elimination of Corruption

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162 BRR (2009-4).
163 Ibid, p.17
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(KPK) and the BPK to conduct a public audit of its financial management.\textsuperscript{164} It was the first national and still only agency to do so.

**Parallel monitoring.** In order to allow for speed in the procurement and construction but maintain proper supervision, ‘tweaks’ to the normal auditing process were allowed.\textsuperscript{165} For example land acquisition, requests for construction permits and procurement orders were permitted to occur simultaneously, not sequentially. Contractors sometimes began work once the project had been approved in the budget, but before the money had been allocated.

**Practical symbolisms.** Several elements stand out because they achieved both practical but also symbolic purposes. Many of these were not stipulated in the law and correspond more to Kuntoro’s personal leadership style.

The BRR was the first and only national agency to be based outside Jakarta. Logistically, transaction and information costs were high enough already, Banda Aceh was far enough as it was from many of the destroyed areas (airplanes or helicopters sometimes had to be chartered days or weeks in advance to reach the most remote locations). Being as close to the ground as possible was necessary. It also symbolized commitment, identification with the hardship of the Acehnese, to give face, be accessible and available and detach as much as possible from the central government in Jakarta.

**Austerity.** Kuntoro always traveled in economy when flying to Jakarta and reneged the personal security that the army had insisted on. The staff was expected to keep a low profile, use agency resources sparingly and be accessible to the population. At first the BRR offices were in an empty house and without hardly any equipment. There was no uniform for BRR’s staff, even though most government offices (at all levels of government) usually have one. It is a sign of status and authority, and many locals and foreigners could feel uncomfortable. These small details helped change public opinion and initial skepticism or hostility towards the BRR around Indonesia into a committed, austere agency.

**Open doors and permanent communication.** The BRR’s first challenge was to catch up and get a rein on all the activity that was already happening all over Aceh, with little or no governmental supervision or coordination. In order to get donor and NGO buy-in they began organizing collective news conferences and open meetings. Heavily attended and somewhat disorganized at first, they became the principal forum between the international community and the BRR. They also organized a yearly celebration for all of the

\textsuperscript{164} Mardhatilla (2010).

\textsuperscript{165} The BRR did not have a smooth relationship with the auditing authorities throughout its existence. Its first two years the BRR underperformed in the execution of its budget. The last two, the auditor who had been working with them since then and understood the crisis mindset and the special arrangements left, with the successor being less lenient and wearier of said procedures. Although all observations were clarified, this the lack of common experience hindered their relationship.
organizations as an end-of-year party/show of appreciation, a distraction welcome by most of the foreign organizations on the ground.

Lastly, the BRR was endowed with the ideal leadership. Kuntoro indeed was the perfect combination of private sector efficiency and drive coupled with deep knowledge of the way the public sector works. I have encountered no criticism of his mandate except for some who believe it was too aggressive in its pursuit for getting things done. He 'roughed the feathers' of a handful of ministers but also gained the respect and collaboration of others. His close collaborators speak nothing but wonders of him, recalling how he lead by example, worked harder than anyone else, kept a positive attitude, acknowledged his, his staffs' and the BRR's limitations, and ultimately 'got the job done.'

It is disturbing to recognize how much of the success probably depended on his leadership skills alone, and secondly, on the very large amount of resources that fortunately poured into Aceh. However, the hardest legacy of a leader is the institutionalization of their personal qualities. That is why the ultimate focus of this thesis is the impact of the BRR on Aceh's government.

Start, Development and the Mid-Term Review.166

Things moved quickly after the passing of the law. Kuntoro and the core staff that had been selected were sworn in by the President and quickly made for Banda Aceh. There was no formal reception, no offices, and hardly any staff for the first few months. Once protocol and political necessities had been dealt with, however, the focus was on breaking ground and getting things done.

Compiling information was a priority. There was no comprehensive list of which organizations had operations in Aceh, what they were doing or where. In order to coordinate the efforts and attempt to fulfill the roadmap, the BRR decided to impose registration of all projects in a comprehensive database. The process was simple and tied to subsequent requirements. Every project should file a "concept note" developed by the BRR in consultation with some of the organizations on the ground. Ease of reporting was taken into account and the system included elements that reduced the work required for each report. It was essentially a template with the name of the organization, location of the project (geocoded in a later stage), cost and sector (housing, education, etc.). This was not well received by the organizations on the ground, but most understood the value and need for such reporting. The BRR intelligently 'tied' several both incentives and penalties to the reporting as a means to increase compliance:

166 Most of BRR's innovations were conceived and tested during this period. They are mentioned in this section to some detail, but a selection is developed further later in the chapter.
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Concept notes would be the only requirement to gain initial approval for a project, and they were discussed in open workshops, again to demonstrate openness and minimize repetition of questions and requests. Their 1-2 page length meant processing permits and accounting for all projects was not too costly for the BRR while at the same time not cumbersome for the organizations. It also allowed for work to begin on the ground simultaneous to the regular procedures to comply with more stringent spending and construction controls. This was a useful tool against “institutional laziness” in aid providers.167

‘One-stop shop’. In December of 2005 they set up a coordinated team (Tim Terpadu), a support unit within the agency to that coordinated the activities of relevant government offices in a ‘one-stop shop’ for government services, so volunteers could renew their visa, pay their taxes and obtain other permits in the same place. However, they did need to present proof of employment with a registered organization and in a registered project. The BRR also hired logistics companies and consultants to offer their services at a subsidized fee or for any organization interested. They facilitated imports and allowed small organizations to source their inputs together to reduce cost and negotiate a better price. These services were also only available for registered projects. The BRR also held large open meetings. This way they only had to give the information and explanations once, everyone received it at the same time and could be aware of others’ concerns and activities.

Full access to data. Once entered into the system by employees of BRR, the information was public, updated permanently, sorted by organization, sector, area and contain photographs and geolocation.

Funding facilitation. If the organization had a project but lacked funding, the concept note could be turned in to the Multi-Donor Fund (MDF) as a proposal and seek funding from that body.168 This was one more ‘carrot’ to get NGO’s and donors to approach the BRR and the MDF. To receive funding, they would have to register their projects in the RAN database.

BRR and international actors.

BRR’s leadership recognized that most of the funds would come from the outside and they had to make sure they secured that help. Because of this, it was set up from the start to cater to the practices, values and needs of international donors. Ultimately, there was fruitful collaboration between the BRR and the international organizations that worked in Aceh, a collaboration that even spurred a few innovations on disaster reconstruction and aid distribution that are being replicated elsewhere.

167 Basically, the idea is that delivery of aid is complicated and it is logistically difficult to reach the poorest and most vulnerable areas. However, if organizations filled out simple forms, shared information or evaluated their programs, better results would be achieved (Banerjee, 2006).
168 More on the concept notes later in this subsection. The Multi-Donor Fund is described in detail below.
Given the complicated landscape and the myriad of organizations that had to be dealt with, the BRR and the main international actors agreed on a larger coordinated scheme. In terms of funding, it was agreed that a common pool of aid would be created, the MDF like that used to disburse aid in countries like Sudan, Afghanistan and Vietnam.\textsuperscript{169} The fund, managed by the World Bank, would receive applications for funding from all sorts of organizations for all types of projects. The board decided which projects received funding and which did not based only on the two-page concept notes. The consultations were not open to the public, but the results were. It was a collaboration that reduced some of the inefficiencies that donor ego sometimes creates, and it dramatically reduced the transaction and information costs for the great number of organizations that had projects or ideas but lacked funding. There were relatively clear guidelines of the principles and main areas of interest for the fund, which were available to all and which facilitated application for the funds. Smaller projects were decided at lower echelons of the MDF (a slim organization altogether), with only the larger projects being decided by a meeting of the donors. The generous endowment of $691 million it managed allowed it to pool resources, making funding of medium and larger-scale projects more feasible than if individual organizations were targeted for those funds.\textsuperscript{170} The MDF allowed a significant group of donors to pool resources, procedures, priorities and staff into a smaller group that made decisions easier and faster.

A similar setup was achieved with the United Nations' Office for the Coordination of Humanitarian Affairs (UNOCHA) acting as coordinating body for all of the UN's agencies (UNICEF, UN-Habitat, UNDP, UNHCR) and the International Committee of Red Cross and Red Crescents (IFRC) as the equivalent for all Red Cross groups active in the country (Red Cross Turkey, Red Cross Singapore, etc). Despite existing on paper before, these umbrella organizations had not functioned as intermediaries between their member organizations and the recipient government before. Perhaps because of the scale of the disaster and the larger-than-usual number of these organizations, it was agreed that UNOCHA and IFRC would indeed be the umbrella organizations and that BRR would only interact with them, not the individual chapters. Conversely, the BRR was indeed their sole counterpart in the central government. This setup meant that any triangulation between these four organizations (BRR, MDF, UNOCHA and IFRC) basically had the majority of the disaster response covered. All of the aid or development officials I interviewed recognized the value and need for such a concentrated but coordinated approach. Granted this may have been achieved through a permanent organization too, people I interviewed complained this has not been the case in subsequent disasters administered by the new, permanent, Indonesian disaster authority.

\textsuperscript{169} BRR (2009-3), p. 47. The same system was perfected and put in place for the Haiti earthquake.
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Coordinator with central government.

The same rationale was applied within government. Coordination was also required amongst central government agencies. There were too many ministries, agencies and levels of government involved in the regular development process for it to be efficient and timely in the context of such a disaster. This turned out to be more difficult than with the international actors for several reasons.

The BRR took the management role from BAKORNAS when it began operations. The position of the BRR vis-à-vis the national ministries were different from that with international NGO’s, however. Kuntoro had managed to ‘secure’ cabinet-level authority and had a strong backing from the president, but he did not have any jurisdictional power over the other ministries. Rewarding or punishing them for not complying or ‘buying into’ their modus operandi was not possible. They had their own programs, priorities, agendas and budget pipeline. They also had to continue abiding regular procurement, budgeting and hiring procedures, regardless of their interest or will in helping with the reconstruction. Importantly, the presidential decree had mandated all central government agencies to allow workers that had received an offer to work at the BRR to save their position and even encouraged them to promote them in their return. This allowed for some collaboration and cross-insinuation of practices (as was the case with some officials from the Ministry of Public Works, the Ministry of Finance, the Auditing Agency, etc.) but also generated resentment towards the BRR and to some of these employees with two posts and higher pay.

Some officials complain the BRR was not attentive to their program and work plan in the beginning, but had to be more accommodating as they saw the work accumulate and the lack of expertise. Others claim the BRR interacted with the line ministries particularly in the first year, when it was they who exercised the reconstruction budget and the BRR had to coordinate and manage but not implement those projects. It was probably a mix of both, and it also depended on the ministry. With the implementing ministries the interactions seem to have peaked in the very beginning and end of its existence. The first due to its role as coordinator but not implementer, and the second as it began to transfer all the assets back to the appropriate authorities. The same occurred with BAPPENAS, although work with them must have been more intense in those peak periods. The Ministry of Finance and possibly the Ministry of Public Works remained close collaborators throughout. Remarkably, there does not seem to have been much collaboration with the Ministry of Home Affairs. They are in charge of the internal political negotiations and were responsible for the equivalent of the BRR for post-disaster. In any case, the first year of

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171 The Ministry of Finance stipulates what types of assets should be owned and maintained by which Ministry and level of government. This procedure is clear with any regular on-budget project. However, when they were paid for by another organization, or built to another levels’ standard (think of a four lane highway, which corresponds to a central government-type project, but which in fact was built by USAID to replace a two-lane provincial highway). Who should be responsible for the road?
existence of the BRR saw poor results in terms of money disbursed and results on the ground. This was due in part because at that time the execution was still in control of the line ministries, as usual protocol established. The organizations’ learning curve was steep and the budget for projects had been allocated to the regular ministries. Which is more to blame for the mishap, I do not know. In any case, BRR’s role as coordinator of national agencies receded by the second year, when it transformed into an implementing agency. This led to frictions between BRR leadership and other line ministries, in particular those with most budget allocated, as well as the Ministry of Home Affairs, in charge of internal politics. The order came straight from the President, so ministers did not have much room for complaints, yet it remained that aside from ‘stealing’ some of their best men, the BRR was now taking over budget responsibilities, headlines and praise. In part, because several practices not seen before in regular national government (or any level of government, for that matter) were enacted during this time through BRR.

Work with provincial and local governments.

As its interaction with national-level ministries went down, its interaction with provincial and local government increased substantially. In the beginning staff was mostly from Jakarta, but as the organization shifted towards implementation, involving Acehnese in the day-to-day operations and localized decision-making became even more critical. It was the stated objective of the BRR to include local officials as much as possible in the reconstruction. This was as much for practical reasons as to train that cadre in new ways of practicing government. This was meant to provoke collaboration and exposure of these bureaucrats to BRR’s governance and decision-making mechanisms. It would also allow local buy-in of the projects, responsibility once they were transferred back and accountability both between the BRR and the local government and between them and the public. A joint Secretariat between the BRR and the provincial government was created to foster collaboration and facilitate transfer of knowledge, having in mind the looming transfer of assets. Almost all of the heads of its working units (KSK) and much of the staff under them were officials from provincial and local government offices seconded to the BRR. They did not lose their posts, but had two positions. A public official from the responsible district always had to sign off on projects implemented in their region.

The mid-term review in 2006 proved to be a pivotal moment for the BRR. Until then, the BRR had been working to fulfill the Master plan developed by BAPPENAS in the immediate aftermath of the disaster. It had been done with the support of the World Bank the way previous master plans had been done. As any estimate done quickly and with a high degree of uncertainty -heightened by the scale and lack of access when the plan was

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172 The interaction with other line ministries increased considerably towards the end of its existence when assets had to be transferred back to their ‘regular’ custodians (ministries, provincial and local governments).

173 This will be developed fully later in this chapter in the subsection on innovations.

174 Mardhatillah (2010).
developed- it required an update. All BRR officials I spoke to acknowledge its use as a rough guide indicating the approximate number of houses, bridges, kilometers of roads, ports and other infrastructure to be built. It was based both on rapid assessments post-disaster and the infrastructure that was in place prior to the event. However, it was too extensive and developed as if regular government were to execute it. Reality on the ground, and within government, was different. Some survivors did not want to settle in the same area; some arable land was unusable; the seabed had shifted; all this made some of the destroyed infrastructure irrelevant to be rebuilt.

The mid-term review allowed the BRR to look back and benchmark their progress from what had been stipulated in the beginning and permitted the modification of some of those targets. The BRR’s structure would change accordingly. After the mid-term review the BRR decentralized more aggressively. Simultaneously, it began including Acehnese officials (both provincial and local) in this expansion as means for preparing its exit and fulfilling its objective of strengthening local government.

The BRR decentralized even more and turned over a large part of its implementation role to six regional offices created for that purpose, as can be seen below in figure 6. The objective was to allow for closer collaboration between the organization and the kabupaten or city governments, and to reduce decision and response times. Despite some progress being made in rebuilding infrastructure, it could still take days to orchestrate a trip to some of the affected districts, and once the database and fund channeling systems were operational, there was little reason not to decentralize decisions. This gave a good amount
of discretion to the regional office heads, something which was addressed by moving them around both for promotions as well as demotions. Branching out was also necessary because the BRR and a small number of aid and development organizations were now the remaining actors on the ground. The vast majority of NGO's, armies and aid agencies were long gone, having completed their projects and handing them over to the BRR or the beneficiaries.\footnote{The BRR was supposed to receive the assets (as central government counterpart), and pass them on to the Ministry of Finance to assign their proper custodian according to the regulation. However, the rate of completion was such that ultimately a large portfolio of projects had to be dealt with as the BRR dissolved.}

\textbf{Figure 6: BRR’s organizational structure in 2006.}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{brr_organizational_structure.png}
\caption{BRR’s organizational structure in 2006.}
\end{figure}

Downsizing and dissolution.

The mid-term review also triggered the scaling down strategy. With decentralization and implementation in full throttle and the realization that completion (or at least near completion) of the physical infrastructure was within reach in the original four-year target,
Kuntoro and the rest of BRR’s leadership began to think about the exit strategy. Milestones were being achieved and attitudes were changing: infrastructure was being completed; most of the international organizations were gone or soon leaving; local leadership had been renovated with the elections; loss of crisis mindset and complacency from some of the actors involved was palpable. The change in behavior (complacency and lack of urgency) was particularly telling for Kuntoro. The BRR would do its best to complete its mandate, but its end-date of April 16th, 2009 would not be moved. The fact that BRR was disappearing had to be clear to all parties involved so that the transition could be carried on in a smooth, clean and timely manner.

As Kuntoro has acknowledged, this also changed the mindset of the local government officials, who realized the dissolution of the BRR was for real and in a short time they would have to maintain and manage the assets built by others during the reconstruction. Granted this should have been the case since the beginning, but given the change in administration half-way through the reconstruction, and the way public officials are anywhere in the world, it is unrealistic to expect otherwise. The objective of the BRR was different and did not aide to electoral cycles and logics, so the transition had to be made, and on time.

This was no easy task. A smooth transition required the completion of ongoing projects; construction of those already in the pipeline; final adjustments to the distribution of resources and projects to fill any remaining gaps in the program; gradual dismissal of the 1,576 employees the BRR had collected, many back to their previous responsibilities as public officials; devolution of ownership of the assets to their permanent custodians; transfer of ongoing projects to temporary or permanent custodians. All this had to be done in close collaboration with the local and provincial governments and the line ministries.176 To this end, the BRR changed its structure yet again, including expert staff and deputies focusing on completion of projects in the different sectors (as can be seen below in figure 7), and later dissolving its regional offices in 2009.

176 The Ministry of Finance and the Auditing agency were particularly involved in the asset transfer, the most cumbersome and regulated process of all of the above. BAPPENAS would take over BRR’s position in any continuing activities, like coordinating the ongoing projects, sitting in the board of the MDF and the like.
In parallel, the BRR wanted to fulfill its objective of leaving behind capable, functioning sub-national government counterparts. After the conflict and the disaster, they would be responsible for maintaining the close to $7.1 billion dollars in assets the BRR was about to transfer. The goal of creating capacity had been there from the start, but Kuntoro’s perspective on the realistic advances that could be made in this topic had changed.

The perception of the affected governments’ capacity had changed from a question of resources to that of mindset and practices. The former was the perspective in the beginning, when it was clear local and provincial government had lost a large number of officials on top of the loss in infrastructure and equipment. There was an assumption that aside from those losses, government was operational. However, the latter became evident once a new normality was being established, interaction with the governments occurred on a daily basis and their operational capabilities (or lack thereof) became clear.

The exogenous existence of the BRR, the sudden change in local politics brought about by the peace process, democratization and the insertion of GAM members and supporters into local politics also played part in modifying the situation. The meaning of ‘building local capacity’ and the means to achieve it were now different. It is not that one substituted the other, but they compounded. Practical training and skills acquisition –necessary to respond
to the initial view were still essential. Budgeting and financial management and increasingly more technical asset management, planning and service provision were provided for by the BRR and many aid and development organizations.

On top of these skills, however, it became evident that the functioning of government even prior to the disaster was not strong. The top tiers of bureaucracy were military, police or appointees from Jakarta. Most of the lower echelons had been subdued by decades of conflict and trained to take as less initiative, responsibility and creativity as possible. The mental block simply could not be overcome in the four years of BRR’s existence. It was not even just the public officials but the people of Aceh, too, that could suddenly abide to the rules and practices of a modern, responsive deliberative democracy. That is something that is not taught or trained but experienced and maintained.

What was needed was improving the way governing was exercised in Aceh; to foster institutional development, not just institutional capacity. Real development, much to the demise of the BRR, international aid and development organizations and I, takes longer than any one person or project can encompass. The way BRR’s leadership attempted to influence this longer, secular process was to have as many people as possible experience and absorb those values and practices, to ‘learn by doing’.

The BRR was created with the hopes it could rebuild what had been destroyed as well as become an example for other levels and organizations within the country; a beacon of modern, effective government. Seven and a half years have now passed from the disaster changed Aceh’s fate, and just over three after BRR’s dissolution. What innovations or breakthroughs did the BRR expose other government officials to? Which of those procedures or regulations have been adopted? How were those changes transmitted? Why were those adopted while others did not? In other words, what is BRR’s legacy beyond the physical reconstruction?
Chapter IV: The institutional legacy of the BRR.

The BRR implemented many innovations (they call them 'breakthroughs') in all its areas of influence, from the symbolic abolition of uniforms for public officials, to changes in the structure of the central government with the creation of a temporary agency with regulatory authority. Some of these innovations have now been implemented by regular government at the central, regional and local level. I present the case that part of the reason why this was the case was the BRR's environment as an experimentalist, implementing temporary organization that allowed those different actors to test, refine and experience new ideas, later adapting them to their context. While this need not occur only through a temporary organization, they do present characteristics that facilitate this unique type of environment.

In order to identify if this process actually occurred, it is important to set the framework in which the BRR leadership approached the challenge of leaving behind an increased capacity in the government of Aceh. This chapter will explain the two teaching approaches implemented by the BRR, with four examples that demonstrate the effectiveness and limits of their approach to improving government through learning by doing.

Through years of trial and error, international development agencies have learned that local governments are the ones best positioned to receive and channel aid, and that the process through which the money is allocated, disbursed, monitored and evaluated is even more important than the specific project being funded. So, for example, it is not just about building a rural irrigation system, but channeling the funds through elected government, a deliberative decision process for allocating and monitoring the funds, and making sure the users and the authorities are able, capable and willing to maintain and expand the project. This comprehensive approach to international development, like the one described in the first chapter, identifies an able and capable government as a necessity for development.

In order to achieve this, several different strategies are attempted. In the case of Aceh, the need for government capacity was identified from the start by both the central government and the international community. I identified two ways of approaching the challenge of improving government in Aceh: conventional capacity-building trainings and immersion or hands-on experience. The following are quotes from the BRR which illustrate these two approaches:
BRR was obliged to participate in developing the capacity of the local government to ensure program sustainability. Training/empowerment was provided to local government employees through various programs. This had been designed since the initial phase by the Head of BRR. Hence, the development of capacity and good governance could be better guaranteed.

Other than special training, empowerment and capacity-building for government employees and local communities, there was also the recruitment of numerous local government workers, local university staff and NGO’s as well as local private individuals. By the end of 2007, 80 percent of BRR personnel were from local areas. Hence, after BRR completed its assignments, they could return to their own working unit in Aceh or Nias and strengthen the ability to introduce transparent and better development implementation.177

In the sections below, I provide a more detailed description of the goals of each strategy, as well as examples that illustrate the positive and negative aspects of each. The chapter ends with a discussion on the link between BRR’s position as a temporary organization, a facilitator for experiential learning and which of these two approaches was more conducive to learning and reform of the provincial government.

Conventional capacity-building.

Historically, aid and development agencies have invested most heavily in infrastructure and other projects that are easy to monitor and evaluate. Over time, their focus has shifted to the more difficult (at least in terms of measuring success) area of improving government, which they have pursued mostly through capacity-building programs. However, some critics question whether the agencies established to assist governments “to implement the ‘hardware’ of physical infrastructure can also effectively implement the ‘software’ of governance reforms.”178 Most aid and development organizations attempt to build local government capacity through trainings, workshops and certifications. This method works well for certain skills and practices, “experience accumulation” and can sometimes help in “knowledge articulation”. However, it falls short in practices that require a shift in the paradigm, culture or values of the practices and officials involved. This because learning in an organization happens not only at the individual level or even with the products or services that can be provided, but ultimately with the processes of acquiring, processing and storing information.179

In order to be successful, training must be offered in the areas of interest to the beneficiaries (i.e., there has to be a need, a demand for that which is being taught); it has to be imparted to the appropriate officials (those with technical knowledge to understand the concepts, to adapt them to their context if necessary, with the required clout or power to see those innovations through); with as much immersion (learning through personal experience) as possible; and in a field that can be taught in this way. Many government practices are amenable to this type of capacity building: use of software, budgeting techniques, financial planning, and technicalities (i.e. building codes, waste disposal or water sanitation), among others. BRR and its partner aid agencies delivered provided capacity building services in many of these areas, with mixed success.

Example 1: Tsunami Recovery Waste Management Program (TRWMP).

A program I followed in detail while in Indonesia, the Tsunami Recovery Waste Management Program (TRWMP) was administered by UNDP for mid-level officials from the waste management companies of all 13 districts struck by the Tsunami. The course, designed and taught by foreign ‘experts’, was the same regardless of the local needs, limitations or ambitions of the officials. I attended one of the sessions and it brought me back to high school: interested students in the front, uninterested ones in the back and even the occasional joker. The mock exercises were not graded – no one would be given a failing grade- and all would ‘graduate’ in the end. They were there because the top-level management had assigned them to attend, and they would get a pay increase, or at least miss a day of work. Where TRWMP gained most traction was in the districts with the resources and demand for that specific type of training (e.g., districts in need of dump-site management, recycling). In the cases where the knowledge acquired was immediately and directly applicable to their territory they worked better and were adopted. One of the Dinas from a more rural district requested information on composting, and UNDP duly obliged – but required all of the districts to participate in the course, regardless of interest, needs or resources. For the more involved Dinas the program was helpful, allowing them to manage their landfills and waste collection in a better way. They were even on the verge of starting to co-manage a new landfill in mid-2011.

Example 2. e-procurement.

Goods and services procurement is one of the areas where governmental oversight and accountability are needed most. In times of disaster, it is also where most speed and efficiency are required. In Aceh and Nias some major breakthroughs were pushed to “ease the process of goods and services procurement without compromising the reliability of the system.”180 The central government revised the procurement regulation twice to adjust to the needs and problems in the rehabilitation and reconstruction of Aceh and Nias. Also, not long before the BRR was established, the President had instructed the main central

ministries to evaluate and try out an e-procurement system to be used jointly by government agencies. Beyond the regulation, however, the BRR had to practice and teach the principles of transparency and non-discrimination to prevent corruption.

A small team was with representatives from the BRR, the Aceh Provincial Government and the districts of West Aceh and Banda Aceh City joined a “course for trainers” facilitated by the Surabaya City Government in East Java (a city with a reputable e-procurement system). BRR established facilities and a secretariat at the governor’s office, with a server and supporting hardware system, as well as a meeting room used jointly with the provincial government. Since its implementation, BRR certified some 600 trained personnel to run the system, out of the 1,200 participants in the program.

Surprisingly, my research did not find any evidence that the provincial government continued practicing e-procurement. Therefore, I cannot confirm nor deny that this practice was adopted. However, the fact that I did not hear about this innovation but did hear about many other innovations indicates that e-procurement is not something those in BRR or in the provincial government felt particularly proud of.

Example 3. Tailored training in budgeting and finance practices.

The Mayor of Banda Aceh requested training for staff in budgeting and finance practices, so a pilot project was initiated between them and several development agencies. Needs were assessed and the program designed accordingly. Before the training, the local government consistently received bad reviews from BPK (the Central Auditing Agency) and was late to prepare, pass and execute the budget. Now, Banda Aceh has had an unqualified opinion from BPK for three years in a row. In the words of Mawardi Nurdin, Banda Aceh’s Mayor:

The BRR took a lot of the staff of the District government so that “maybe our staff can learn how to run a project in the right way... We asked them for capacity building and governance training. Not just for us, but for the parliament too... When I took office we had a lot of problems, because the previous Mayor had been doing the wrong things, taking money from government\textsuperscript{181}... We worked hard to solve the problem, to change things. The people now maybe think government is better than before because it is more transparent, more accountable. The main demand from the people is to run the government more transparently, to reduce corruption and increase public services... I think in Banda Aceh we are better than before. Much better than

\textsuperscript{181} The previous Mayor had in fact been removed from office on corruption charges. As was said before, Aceh was one of the most corrupt provinces in Indonesia, a country already in the lowest level of Transparency International’s index.
Before! It was not easy to change, because it was not only the leader but all the staff that needed to change.182

What is more, officials from other districts now visit Banda Aceh how to manage their finances. This proves the argument poised above: a pilot project is an implementing temporary arrangement that allowed a local government with a specific knowledge gap to be taught, absorbed, and then replicated in other offices with that gap and the resources to address it.

Learning by doing.

In the beginning, BRR's approach was dominated by conventional capacity building activities, but it was complemented with the hands-on approach half-way through its existence. As described post-facto in the BRR Story collection,

BRR existed as a temporary entity for the paralyzed local government and gradually positioned itself as a partner. Correct institutional development during rehabilitation and reconstruction had positive impacts on the culture of governance in Aceh as well as on Nias Island [North Sumatra Province].183

The original diagnostic of the situation on the ground done by BAPPENAS had not accounted for the crippling effect of the conflict, which, coupled with the disaster, did not allow for a more aggressive or expensive training intervention. The tsunami seriously depleted the human resources of the district and provincial government (which is based in Banda Aceh, the main city which was hardly hit). Over 2,990 government officials lost their lives and countless others their loved ones, on top of the 940 public office buildings that were also lost.184 As the current Mayor describes,

Both district and provincial governments were paralyzed. In Banda Aceh there was no Mayor, no Deputy Director, no one in the parliament because they all went back to their home villages. There was an exodus from Banda Aceh, and nobody returned for six to twelve months.185

Even prior to the disaster, the conflict had seriously hurt the ability of the local government to run the province. Kuntoro Mangkusubroto, Head of the BRR, diagnosed

182 Nurdin (2011). In what is a remarkable story, Mayor Mawardi Nurdin stepped up as interim Mayor after the one in office lost his life in the disaster. He then stepped down, worked his way up the BRR to Head the regional office ran for Mayor in the 2009 elections, and a few months ago was reelected.
185 Nurdin (2011).
Conflict happened in Aceh but people did not realize that it affected the capacity of the local government to be effective... At time zero, the local government had no capacity because the tsunami hit that area very severely, but the conflict made this situation worse. Everything was controlled by the military or the police. Because of the conflict, the resources to develop local capacity are not being utilized fully, because they either are unable or they don’t want to have close cooperation with the central government.\textsuperscript{186}

However, two realizations changed his mind about the possibilities of deep change through capacity-building and its effect on allowing the local government to stand on its own...

In year two or three, I realized two things. First, to strengthen local capacity it takes much longer those 3-4 years. The other one is more instrumental. There is a mental block, a mindset that [they] want to be dependent on this agency [BRR]. This agency represents the central government, and the attitude is ‘why doesn’t the central government do everything for us?’ With that attitude they are not willing to take over... So that is why in year three I decided that definitely on April 16 we are going to pull out of Aceh... The objective was to make the local government stand on its own, have the capacity to start managing the region... otherwise they are going to be always dependent on us.\textsuperscript{187}

This led to much less attention on the conventional form of capacity-building (which was covered by a myriad of international aid and development organizations anyway).\textsuperscript{188} The BRR decided to focus on the key areas required to have a smooth transition and that could remain after its disappearance. For Kuntoro the local government structure and management were outside his plan. Realizing the challenge he was facing with the reconstruction, he did not spend too much time on those areas.

Strategy-wise, there were a number of central issues in the beginning that became minor because the BRR could not spread thin its resources, and one of them was capacity building. So what we did was minimum: sending people to India, to Australia, sending young graduates to the United States, cooperation with the French and the Dutch, USAID to have trainings on financing, budgetary planning, that type of thing... but I did not take that [type of training] as central in the program of the BRR... I tried to focus on a number of areas in which we want them to inherit our capacity: planning, the mapping unit, and the monitoring mechanism. These are the three areas that by design, since the

\textsuperscript{186} Magkusubroto (2011).
\textsuperscript{187} Ibid.
\textsuperscript{188} USAID, AusAID, JICA, CIDA, DFID, ADB, UNDP are just a handful of organizations that implemented capacity-building programs in Aceh
beginning, decided to move to the local government... Once we were not there anymore, from the 17th of April, these three units had already started to work.

In my view, the last phrases reveal the other explanation for BRR’s preference for ‘learning-by-doing’: its philosophy as both a learning and educating organization. It is visible in the ideology of those behind its design, not just Kuntoro. Amin Subekti was one of the close collaborators involved in the BRR since its inception and throughout its existence, acting as Chief Financial Officer. Like Kuntoro, he lectures on organizational design at a local university. He refers to BRR’s hands-on approach to learning more clearly:

The mental model of those designing the BRR was to not just do physical reconstruction, but non-physical reconstruction as well, at the economic and social level. For this reason in the beginning we relied more on local contractors and local governments, to try to be a coach and trainer. In reality we were not always successful, but this does not mean we failed.

The BRR attempted to educate Acehnese officials in government practices that are not just mechanic or formulaic, but are more value-based (that is, they attempt to instill not only a certain skill but a value system or way of thinking and approaching problems, a different mindset). As such, they could not simply be taught in a classroom. The BRR attempted to be a “coach and a trainer” through the exposure of local officials to new practices and (whenever possible) the ‘transplantation’ of whole units back to the provincial government after BRR’s dissolution. Emphasis was given on bringing people into the organization as a means for them to experience the practices first-hand. This allowed for full immersion of the values that underlie the practices (transparency, accountability, participation, honesty, and simplicity), something that is difficult to learn in normal trainings. Ricky Sugiarto, who was on the McKinsey team that helped set up the BRR structure and then returned to be Kuntoro’s close assistant, says of the benefits brought about by decentralization and the reliance on local staff:

At the beginning because of the situation the local government didn’t have capacity. But more and more, we tried to leverage their presence. While of course the big idea is to help develop their capacity. And if we look at the organizational composition of the BRR... at the beginning most of those people were from the central ministries, but if you look at 2007-8, most of them are from the local governments, seconded to BRR.

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189 Mangkusubroto (2011).
The following example looks at two units created within BRR, staffed mostly with Acehnese officials and later transplanted, in its entirety and with the acquiescence of the provincial government, back as central units in its structure.

**Example 4: transplanting units back to provincial government.**

During the early stages of the reconstruction the BRR did not have a map sufficiently detailed for appropriate planning and organization. The National Survey and Mapping Coordination Agency’s map of Aceh was at too large a scale and the process for it to acquire a more detailed one required some time. Aside from the technical and bureaucratic issues, the conflict had also limited the amount of information available for the government. The development agencies of the United States, France, Norway, Australia and the UN’s Information Management System (UNIMS) contributed detailed maps, aerial photographs, implementing surveys and GIS trainings. From the identified need and this concerted effort, the Spatial information and Mapping Center (SIM-C) was born. The unit worked in parallel with the operational arm of the BRR and the Aceh Provincial government. It was used in activities ranging from tagging coral reefs with fishermen to identifying gaps in housing provision to auditing humanitarian relief. Close to the BRR’s dissolution, the whole unit was transferred to the provincial government and it became the Aceh Geospatial Data Center (AGDC) under the supervision of the provincial Regional Development Planning Agency (Bappeda). Its existence was further strengthened by the passing of a local by-law (Qanun). To date, the government of Aceh has the most comprehensive geospatial data among all the provinces in Indonesia.

A similar story can be told of the Center of Regional Program and Project Controlling (Pusat Pengendalian Program dan Proyek Wilayah, P4W). Supervision was one of the main tools used by the BRR leadership to “gain trust from both the national and the international communities” along with the integrity pact, Anti-Corruption Unit, Internal Supervisory Unit, the BRR’s Supervisory Board and partnership with the corruption eradication commission. The units began solely as monitors for the progress of the different projects, but eventually became a secondary source of project progress. Their information was permanently updated and matched with the information from the budget disbursement. This allowed for quick monitoring, identification of bottlenecks and delayed projects and better evaluation of results and setbacks. More than sophisticated systems, they consolidated available data and allowed for simple, real-time monitoring and evaluation. This “enabled the agency to instantly assess progress and make quick decisions.” By the time the BRR was dissolved, the Governor of Aceh had adopted a similar way of keeping

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192 When I visited the offices to speak with some of the employees and the head of the Bappeda, one could still see BRR’s inventory stickers in much of the equipment used.
195 Ibid, p. 159.
track of the provincial agencies’ Key Performance Indicators (KPI) and the whole unit was transplanted to the provincial government.

In both instances, when I visited the offices to speak with some of the employees and the heads of the now provincial mapping and monitoring units, one could still see BRR’s inventory stickers on much of the equipment, many of the staff were those who were originally seconded to BRR, and the heads of both units had been promoted and given continuity by the Governor. The monitoring unit in fact had the same flat-screen TV’s showing the same progress graphs as Kuntoro’s current unit, UKP4, has to monitor the central government’s agencies.  

The BRR’s learning by doing approach allowed for full immersion of the values that underlie the practices (transparency, accountability, participation, honesty, and simplicity), something that is difficult to learn in normal trainings. The learning by doing approach of the BRR is evident in its book series, where the BRR refers to the Aceh Geospatial Data Center as “a legacy for Aceh society” and an ad-hoc institution that 

trained local government staff and transferred the system to the local government... This was done by integrating the system with that of the provincial government of Aceh so that it would remain sustainable even after BRR’s exit from the region. 

Kuntoro frequently uses the examples of the mapping and monitoring units to highlight BRR’s success in ‘breeding’ highly capable and responsible units now under the provincial government’s clout.

By the second and third year things were getting much better because they [the local government] know how to handle things. Last year [2010] because of the planning, execution, but especially the monitoring, their disbursement rate is the highest in the Republic at the province level, around 93 per cent. No other province can compete with that! And it’s because what they are doing there [in Aceh] is actually what we are doing here [at UKP4] because actually what we are doing here [at UKP4] is what we were did there in Aceh!  

It is probably not a coincidence that planning and information systems are the first of Berkley’s five mechanisms used to stimulate and support the forces of change in public organizations. Both the mapping and monitoring units now absorbed back into the local

196 UKP4 is the President’s Delivery Unit. It was created by SBY for his second term as President and headed by Kuntoro, as an attempt to mainstream into regular government some of the lessons and governance mechanisms put into practice by the BRR (like monitoring and evaluation, comprehensive mapping, reduction of unnecessary regulatory bottlenecks, and the like.
198 Mangkusubroto (2011).
government use advanced information systems and aid in the development of the provincial government’s budget and development plans. While it is conceivable that a permanent structure within the central government could be responsible for creating and then transferring this type of units to local governments, it is likely it would not be as efficient as the case presented here. This is as much for the pathologies of larger, permanent organizations as it is for the ad-hoc nature of the situation. A comprehensive program for the whole country would have to be planned and executed in a different fashion, because the goal and the context are different, particularly the crisis mindset, intergovernmental regulation and politics. As such, the outcome in this post-disaster, post-conflict scenario could hardly been achieved through regular means, and to do so nationwide and through regular government would require a different approach.

Teaching to learn: Capacity-building versus learning by doing.

This section will look at the two teaching systems applied in Aceh by the BRR and other development actors and contrast them with the literature presented in the first chapter on organizational learning and temporary organizations.

The BRR’s learning by doing approach was effective because it was not just the officials who took their BRR experiences back to their regular offices, but rather the whole office that was transplanted—hardware, leadership, the whole package. In order for this to occur there has to be the desire from the receiving agency. This means they are prone to be more receptive and most likely, already know that the work performed by the new unit is one they require and will find useful. A possible downside is that new elected officials might not agree with their predecessor, ignoring the new unit and wasting more resources than if it had just been officials being moved. Also, knowledge leakages are minimized, and as long as the unit was working properly (which one can assume, otherwise there would be no reason to request it), transition costs are minimized. The potential impact is large, and although early on this scheme seemed like an uphill battle, it paid off. Learning by doing is not necessarily a long-term process. The BRR case shows that within a four-year lapse (even less if one considers the time it required to have the units operational) significant progress was made. It is less the time and more the intensity of the immersion that matter, as this case suggests. The same applies to regular capacity-building – it is more a matter of quality than quantity.

Normal capacity-building can be imparted by any type of organization, not necessarily a temporary one, and can be successful for certain types of knowledge and skills. However, as these examples suggest, the more the trainings incorporate the experiential way of learning—allowing the trainee to perform, practice and be surrounded by those practices—the more they will be not just practiced but adopted. If the transfer is done with the same team and equipment that was already doing a good job, then the likelihood of a successful transfer and of a continued job well done is even greater. The aforementioned ways of increasing
the likelihood of success are all more easily attainable through a temporary organization that is related to a permanent one, although it is conceivable that in a 'normal' context a more permanent structure could be involved in such capacity-building.

Ascribing to the definition of organizational learning as “getting everyone in the organization to accept change”\(^{199}\), it must be said that both ways of learning described here are a step in the right direction. Indeed, it is not an either/or situation. Both approaches have benefits, drawbacks and limitations, and can function very well simultaneously or on their own depending on the need. Learning by doing can be imparted by a permanent organization too, even the transplantation of units. The questions are first, which teaching approach is more likely to be effective in countering the pathologies of public organizations mentioned in the first chapter; and second, if temporary organizations are more conducive to this approach than permanent ones.

With respect to the pathology of persistence, traditional capacity building has less chance of diluting the practices that have continued to exist beyond their use. Officials may be overqualified but without a proper avenue for channeling their new knowledge if they are trained but the structure or processes of the organization do not change. Conversely, if the whole office learns and absorbs the same processes and internalizes the reasons behind it –or even better, adopt and adapt them– an inter-organizational constituency has been created. This group, self-identifiable given their common experience, has better chances of organizing in case their new work style is threatened. So much so that it could eventually run the risk of becoming too persistent itself! If not only the particular skill was integrated but also the organizational process of adapting and reforming, then it is also less likely that this ‘second round’ of persistence will occur. A temporary organization is a good environment to impart both ways of learning, particularly if once successful it will be reincorporated as a whole –either to the current recipient or to the other organizations involved in the scheme.

By definition, any capacity building exercise tries to change the current way of doing things, which is the opposite of conservatism, so the question again is which will be more successful at addressing the problem. Conservatism was the main target of BRR's designers. It was precisely the traditional way of doing things (in this case corruption, opacity and lack of citizen participation) that they were most adamant about changing. In those cases, the problem of persistence is compounded with monetary, political and even criminal interests, thus seriously complicating advances in the matter. In this case the more radical and across-the-board the change, the better. For this reason, dealing with entire units (whether transplanted or not) is bound to be more effective than working on an individual basis. Using a temporary unit to transition from one traditional way of doing things to another will not be without risks in this case, but the counterfactual sounds less

\(^{199}\) Stata (1989).
plausible: how could one use the same permanent organizational structure that has led to the current situation and which has been unable or unwilling to change the state of affairs?

Another potential issue brought about in the first chapter was the tension that exists between the autonomy desired of the temporary organization and its participants versus their embeddedness within their (inter)organizational setting. Too much independence might render the group foreign to their ‘parent’ organization or peers, while not enough distance may not allow for real change to be accomplished. In this case, coordination seems to be key, allowing for a concerted distance between the two, so that knowledge can be recuperated, stored or transmitted for use in other projects or in the parent organization as a whole. TOs can circumvent barriers to change because their ephemeral nature is less immediately threatening to the existing actors; because they provide a low-cost alternative to full reform; and also because they do not require irreversible commitments. Could the same be achieved through the same regular, permanent organizational structure? Considering the heightened costs in terms of staff, regulatory changes, battles related to internal politics and power quotas, difficulty in attracting expertise and ability to experiment, it is not that it is not possible, just visibly more complicated. It may not even be necessarily desirable. Experiments are made to fail, to gain experience so that deeper changes and stronger investments do not run the same risk of failure.

When looking at knowledge as change, the ultimate goal of capacity building exercises must go beyond the technical knowledge and include aspects of processes that are more conducive to knowledge sedimentation, something which temporary organizations can find difficult. In this respect, the combination of a one-off training with a temporary organization is likely to fail. The opposite, however, can be highly successful. It allows the members of the organization to continue building up their experience and have an institutionalized form of channeling and continuing their knowledge. Hand-picking and adapting parts of temporary organizations as permanent units of regular organizations allows for knowledge sedimentation, institutional memory and modernization at the same time. While this is also possible through permanent organizations, it would have to be one designed with that purpose. A permanent organization with the task of strengthening other government units through the creation and transplantation of temporary units might very well be the ideal organizational set-up in some instances, as long as knowledge retention does not jeopardize experimentation, flexibility and learning.

Normal capacity-building programs are more likely to become “near misses—almost but not quite organizational learning.” This can happen when members of the organization gain new insights that are not converted into action (as in the case of many public officials with TRWMP), when they do but not as part of the main functioning of the organization (like the good procurement practices that were used only for a short while) or when the knowledge leaves along with the individuals that part. This is referred to as a “learning

paradox”, when the actions taken to promote productive organizational learning actually inhibit deeper learning. Most “fixes” are single-loop learning, which tend to be subverted eventually by the conservative tendencies inherent to large organizations – particularly those in the public sector. This not only erodes single-loop learning but also inhibits double-loop learning. This is not exclusive to capacity-building programs or permanent organizations. The examples of TRWMP and e-procurement do illustrate the learning paradox, but that of the tailored budgetary training shows how capacity-building programs, while perhaps not transformational in the double-loop sense, do produce improved services and learning. In this sense, it is not the temporality of the organization that is the most relevant variable, although it is certainly an important one in determining the ease, if not the success of the learning.

Sedimentation and memory are intricately linked to the amount of codification, articulation and experience accumulation that the public officials attain in their learning process. As was warned in the first chapter, however, there is a distinction to be made between learning in and organization and a learning organization. The former can occur in regular trainings or learning by doing, both in permanent and temporary organizations. The latter requires the organization to immerse itself (its regulations, procedures, informal values and practices) in what is trying to be taught. It is up to the organization, its members and leadership, not the type of teaching strategy. However, while capacity-building trainings may be enough to create the image of reform – without really changing anything – that is more difficult to get away with when a separate unit and constituency of members is established, resources are invested and possible norms and regulations modified. Having gone through those hurdles, it is more likely, and easier, to ‘go the extra mile’ and see the real changes through. In this way, the process itself was valuable, not just the specific learning obtained.

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201 Ibid.
Conclusions

This research began unsuccessfully while studying the early stages of the recovery in Haiti after the 2010 earthquake. The lack of progress drove me to find an example of a successful reconstruction operation. The Indonesian case surfaced as role model time and again, and motivated me to see if it had indeed been the case, and understand why. By most normal measures, the recovery process was a success. However, there was something lacking in those evaluations. I believe a truly sustainable recovery occurs when the civil society and its government are able and willing to take charge of their own development, confront existing problems and prepare themselves to face the challenges that the future will surely bring. That requires the affected government to learn and change, since they are the authority ultimately held responsible and accountable. Traditional institutional change is slow and cumbersome, sometimes for a reason but others because of organizational pathologies. Post-disaster settings are a rare opportunity where profound changes for the better can be accomplished, so why not investigate if the terrible occasion was used to improve how the local, permanent government works?

Of the many examples of capacity-building programs and government reforms implemented because of the tsunami, I chose to focus on the BRR's approach to strengthening local capacity. For one, it is the one that received less attention. Donor programs went through an evaluation, but the BRR's strategy to developing the local government did not. It fused the teaching strategy in the day-to-day operations of the Agency, which in turn was evaluated on the physical reconstruction, not the government improvements it left behind. Second, because evaluations of local capacity programs are not always a priority and the results are hard to quantify. Having better decision-making tools or a change in the mindset of public officials are difficult to measure but represent intangible benefits required for long-term improvement. The case also presented encouraging evidence that disasters can indeed be opportunities to have a long-term impact beyond the physical reconstruction. It was interesting because of the uniqueness and novelty of the approach, both in terms of the use of a temporary agency to deal with the reconstruction, and of the particular approach to constructing capacity. As I illustrate in chapter three, to a degree it seems as though the focus of the BRR was in fact on physical

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202 These include the speed of the reconstruction; amount of infrastructure built; money committed as percentage of money pledged; level of unrest of the affected population; inclusion of beneficiaries in the reconstruction; attention to donors' needs; etc.
reconstruction, and they barely accommodated the teaching element as much as they could without jeopardizing their operations. Ultimately, however, this was the method that seemed most effective, and a promising concept on which to build upon in other scenarios.

This thesis provides evidence that learning by doing through immersion in a temporary organization is an effective way to improve government capacity. It highlights the particular benefits that implementing temporary organizations bring to expedite said process. However, it does not claim it is the only way to achieve this. Although I commend many of the BRR's practices, I do not think the model should be blindly replicated. A few lessons can be extracted from this work, which are summarized below. The main audience are public officials, aid and development organizations and consultants involved in disaster reconstruction, although many of the lessons apply for development projects in general.

The first lesson is also a warning for those involved in designing organizational responses to natural disasters: **most of the energy should be invested in understanding and then appropriately adapting the best practices or blueprints that were successful elsewhere.** Though hardly a novel lesson, it is still common to see international aid organizations, consultants and national governments blindly replicate programs imported from other contexts. “Institutional isomorphism is bad history, bad theory and bad practice.” What this research showed is that **the solution is not a formula, but a process** where successful practices from other contexts are identified, analyzed and adapted; the demands and restrictions of the actors involved are acknowledged and addressed; interactions with those actors are nurtured and made clear; feedback (both within and outside of the organization) is sincerely encouraged and understood; and real partnerships are forged with the real authorities (formal and informal, as was the case with the GAM). This will initiate a process where objectives may be redrawn, sometimes not fully achieved, but all will have been part. This in turn will make more likely for success to arise within said challenging context.

The second lesson is **the importance of human, political and economic capital.** Again not something that has not been said before, but this was a clear case where the BRR was successful in large part due to the tremendous resources at its disposal in the three aspects mentioned above: unprecedented funding, strong political backing, and special leadership and staff. These fed on each other in a virtuous circle of sorts: political commitment allowed for human capital to be attracted, and both secured funding. Interviewees acknowledged that the establishment of a quasi-autonomous, transparently run agency was critical in securing most of the funding promised in the donor conference of early 2005. It is even said donor countries demanded a scheme of the sort in order to feel confident with their donations.

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203 Barron et al. (2011).
This does not subtract importance to the focus on organizations as opposed to these three elements: I am convinced proper institutional arrangements can in fact retain in their structure some of the political and leadership resources that ebb during the recovery and flow when the emergency ends. In the case of natural disasters, economic resources are mostly left behind as infrastructure or hardware, but the other two depend on intelligent restructuring and learning within the affected government. For example: while the BRR existed, its leadership had important connections within the Indonesian parliament. That political capital was not entirely lost after its dissolution: the BRR brought high-level Acehnese officials to Jakarta for its negotiations, so they could “learn how political negotiations are done in a non-conflict setting” and to make the connections themselves.204 Similarly, the disaster allowed for the enactment of modern regulation backed by local and international ‘experts’ that willingly provided their services because of the disaster. Those laws remain long after the ‘experts’ have left. If properly managed through appropriate schooling and rearrangement of responsibilities within government offices, fluctuating capital can be permanently absorbed by the organization and thus utilized long after it has receded. In this way, a learning organization can survive times of low political, economic or personal capital.

As was explained in chapter two, the availability of those resources depends largely on the context. As such, the third lesson is the importance of local context in shaping organizational design cannot be understated. BRR’s success was facilitated by its leaders’ careful attention to local conditions, their relationships with local governments, and their willingness to adapt strategies as they went along. Thus, even though BRR was very successful, this does not mean one should attempt to copy its structural characteristics or core programs without understanding the context they were embedded in and the context where they were applied. On the contrary: it is because BRR’s structure and programs were implemented in a way that responded to the local situation (post-conflict, weakened local authorities, skeptical international actors, inefficient central government) that their approach was successful and experimenting and learning-by-doing were possible and productive.

Along those lines, the fourth lesson stems from evaluations of reconstruction and development programs often offering little analysis of the impact of political restrictions on the success of the operation. I believe this is a fundamental flaw in the literature, because the progress of recovery efforts must be framed and understood entirely within the bounds of political feasibility. This can be seen in terms of the conflict and the officials targeted for learning by the BRR. In the case of the first, the fact the BRR was new and somewhat detached from the government in Jakarta gained it trust with the Acehnese and the GAM. The post-conflict setting reduced the margin of action of the Indonesian government, and was apparently one of the reasons behind the selection of a temporary agency. In terms of the targeted officials, political feasibility also constricted the

204 Mangkusubroto (2011).
possibilities of more aggressive interventions. Therefore my analysis focuses on 
administrative reform and how to improve performance of long-term government 
employees, not simply high-level political appointees. In the words of Kuntoro,

The basic concept is: leaders can change, because they are political appointees, 
but those who really run the province are the bureaucrats. That is democracy, 
right? In a mature democracy people come and go at the top level as a function 
of who wins or loses in the election, but the bureaucracy remains.205

In the case of Aceh, those top level bureaucrats are now BRR alumnæ, as was intended. 
The heads of the planning, monitoring and mapping units in the provincial government are 
all former BRR deputies, as is the Mayor of Banda Aceh and many others in various district 
and provincial offices. Given the restrictions in terms of time and priorities it acted upon, 
the lessons from BRR’s teaching efforts are that it was most successful when:

~ **It picked ‘winners’**. They chose two units with a large potential impact in which to 
devote their time and resources, hoping they would in turn trigger new developments 
in the future.

~ **It focused on middle to high-level public officials**. Indonesia’s civil service laws make 
it possible to have high-ranking positions not vulnerable to electoral politics. While 
efforts were made with elected officials and they also hired thousands of low-level 
bureaucrats, the BRR focused on those most likely to have influence on potential change 
without being in the mercy of local politics or in high turnover positions.

~ **It selectively sacrificed immediate efficiency for the sake of teaching**. In the wake 
of a disaster speed and efficiency are paramount. However, they sometimes go in the 
way of constructing longer-term solutions. The BRR chose to hire local officials and 
former GAM for certain positions not because they were better at the job from the start, 
but because they would remain and they had to learn somehow. If this long-term 
objective is immersed in the response and communicated to the local population and 
the donor community, there is a greater chance of incorporating these practices and 
turning a ‘sunken cost’ into an investment that will yield results. As was evidenced in 
the case of Aceh by the words of Ricky Sugiarto, that time lapse can be quite short and 
the benefits quickly tangible.

~ **The units were its own, not ones from another organization being intervened**. 
Since many of the innovations are worth more when connected to others as a system, 
this allowed the ‘immersion’ to be complete, seeing how innovations in one field (say 
transparency) complemented others (say in cost reduction), or work in the mapping 
unit complemented the monitoring work. There are constellations of units that make 
more sense to work on as comprehensively as possible. When capacity is built by one 
organization working part-time with another organization, those connections are 
harder to make.

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205 Mangkusubroto (2012).
Acknowledging failure was possibly the BRR's most productive realization and one of the most important lessons of this thesis. It's leadership was well aware from the start that the endeavor was difficult and that mistakes were forcibly going to be made along the way. They recognized missing objectives and analyzed why it was so. Most importantly, this led to the BRR not being afraid to experiment or to change. This mindset is liberating, since it allows for mistakes to be productive, instead of crippling: officials are not afraid to try new things or to improvise, because they will not be ridiculed or lose their job.

Accepting that things will go astray is an important lesson for Disaster Risk Reduction (DRR) professionals. As Abhas Jha, Lead Urban Specialist and Program Leader in Disaster Risk Management for the East Asia and the Pacific region at the World Bank, put it, the DRR field must migrate from thinking we can avoid failure to embracing it, investing our energy not in supposedly fail-proof systems, but in systems that “fail gracefully”. Again, this lifts some of the pressure from making mistakes and directs energy to reflect and learn from those experiences.

This leads to the tremendous value that can be generated by investments in experimentation and organizational learning. BRR's organizational structure was designed to facilitate and promote hands-on learning, essentially becoming a laboratory where new policies and practices were developed and exercised. As I mention in Chapter three, many of these innovations were not only successful within BRR, but in fact were later institutionalized within regular government. As explained above, this means some of the resources devoted to conceiving and implementing these innovations remain in Aceh long after BRR's departure.

This experimentation and 'transplanting' could not have been possible, or at least would be very hard to achieve, through regular government institutions. Instead, it is through an implementing temporary organization like the BRR, that this experimentation and 'learning by doing' are most easily carried on. This does not mean permanent government cannot or should not attempt and accomplish change, but because of the specific characteristics that ITO's bring to the table. The most important are described below and the rest in full in the first chapter.

ITO's are created by special regulation. This allows for 'easy' inclusion of new or more advanced governance processes and regulation. While not impossible to accomplish in a permanent organization, it is surely harder and more costly to do. Permanent organizations have procedures that are hard to change because they are engrained in how it functions and how its units interact between them and with the outside. Sometimes it is easier to 'start from scratch' than to redesign an existing organizations' functioning. Instead of trying to reinvent the wheel or strip existing organizations of their authority and knowledge,

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Jha (2012).
however, what is most valuable of ITO's is their ability to function as tools of the permanent organization to modernize and strengthen it's or another organization's procedures. Indeed, the BRR substituted the work of many central, regional and even local authorities. While the overall balance of how it weakened or strengthened them is beyond the scope of this thesis, what I prove is that there are examples where the BRR did strengthen those other levels of government, and this would not have been (or at least not in this manner) had regular post-disaster procedures been implemented. The ultimate preoccupation of mine is improving and strengthening government, something which cannot be done permanently with temporary organizations. Again, what is important of this case is that it illustrates how the BRR strengthened the regional government's policymaking abilities.

The limited existence of an ITO also facilitates experimentation and thus learning, and was a key element for the success of the BRR as a reconstruction agency. Temporality conveys several important advantages to an organization. The sense of urgency and a targeted objective has a positive influence on individuals' behavior. Its limited lifetime minimizes the threat it represents to local governments, informal local authorities and other partners, which is particularly important in a post-conflict setting. A limited existence encourages experimentation and allows for relative comfort with potential failure, as was explained above and because the cost of failure is also limited.

Whereas a time limit generates a set of important incentives that increase the likelihood of success, it is ultimately more of an instrument than an explanatory variable in and of itself. As Downs207 suggests, a special organization cannot remain as such for long: it can only have above-average employees, budget or faculties for so long before eventually becoming a permanent, average organization. While I do suggest that temporary arrangements pose significant advantages hard to achieve and retain in more permanent ones, since it is permanent organizations that ultimately remain, the focus is on how the latter can use their temporary similes to further their goals in a more effective way, not if one can substitute the other.

Likewise, capacity-building and learning by doing are two distinct but overlapping ways of improving government performance. The first is superior in contexts where technical skills are all that is lacking, or where gaining those skills will strengthen the organization without need for change in other areas (think of a more efficient waste collection system in a district with sufficient staffing and facilities, or when sending five employees to a one-day training on a new accounting software system will build their skillset and contribute to the organization's overall capacity). However, such trainings do not have any serious impact on the way an organization—as opposed to an individual inside it—learns. And those individuals ultimately come and go, just like illustrious leaders.

207 Downs (1967).
Safeguards must always be set in order to minimize knowledge leakage. Likewise, recipient organizations should be interested in acquiring the knowledge and prepared to adapt it. Hence my preference for learning-by-doing. This second type of improving performance operates at the level of the entire unit or organization, with the added benefits this full immersion represents. What is required for experimentation, knowledge and change to have a long-lasting impact is for them to be institutionalized in the codes, conducts, procedures and policies of the organizations. Through that immersion, organizations are less sensitive to individual leadership or flight, making them stronger in the wake of change or crisis.

In this sense, implementing temporary organizations seem like a promising mechanism that deserves to be seriously considered, although not the only one and it’s not without potential flaws. One has to do with the time required to have an impact and the lifetime of the TO. The BRR’s learning by doing approach was implemented for about three and a half years, a lapse hard to sustain in regular government programs. One way around this could be to choose one unit or government and use them as laboratory and likely champion and invest the time and resources in them, instead of spreading the resources thin through smaller but collectively longer programs for a wider audience. In any case, it should be highlighted that sustaining two units for almost four years is not the norm, and a change in that direction should not be expected (even though it is desirable).

A related lesson is that TO’s appear to face an effectiveness curve: if their existence is too short their impact is negligible and costs are high; if they last for too long they run the risk of acquiring the pathologies of permanent organizations, increasing costs and decreasing benefits. In the case of the BRR, it was dissolved before all projects were terminated. However, most of the remaining ones had become regular development projects. In this case, a clean exit ran the risk of extending the local government’s dependence on the BRR and the loss of the crisis mindset in the staff. Leadership judged the latter to be too costly and decided to terminate it when it was almost done. Ultimately, the ‘sweet spot’ will depend on the objective and the resources available. It is as much an economic as a political decision, and no formula can dictate the appropriate time. Given the learning curve to get the TO running and the ‘client’ to learn, it seems three to five years is an adequate timeframe.

Chapter one listed the advantages of TO vis-à-vis permanent organizations in terms of flexibility, availability and management of resources, incentives for creativity and drive towards specialization. However, what happens when they are all put together had not been mentioned in the existing literature. ITOs are an overlooked but potentially very powerful strategy to spark innovation and manage change processes within regular government organizations unable or unwilling to engage in and enact change. New procurement processes, for example, are hard to implement across the board because of engrained practices and vested interests, but the disaster and presented an opportunity to install new procedures in the drafting of BRR’s regulation.
Finally, there seem to be preconditions for the appearance of ITO's which coincide with the preconditions for organizational learning. Both are more likely to appear in a government that believes certain areas of public administration should be modernized; in organizations that are not afraid of change and value innovation; when leadership is interested in reform and it has the political capital to implement it; and when conditions arise that facilitate the initiation of processes of change. All of the above were present in the Indonesian case.

This thesis attempted to identify some of the organizational processes and structures necessary to help government absorb and retain resources as they become available, ideally enabling the spread of capital over space and time. This may be able to help break governments' unsustainable dependence on individual leadership, and political and economic resources to fuel improvement. However, many questions and challenges remain.

While this thesis is a small contribution, we must find more ways of improving government that do not depend solely on political support, monetary resources or extraordinary leadership, but instead on the institutionalization of the abilities and capacities these allow to construct. The experience of the BRR shed some encouraging light on the potential of increasing government's capacity in a time of crisis when some of those resources are available, and translating those investments into long-term improvements in government performance. However, more research is necessary to get at the question of how, exactly, this translation occurs.

While this research focused on post-disaster reconstruction, some of its lessons can be applied in the development field in general, but extrapolations are dangerous. In what other context can ITO's be effective, and how should they be adapted in order to achieve success? TO's are employed in many fields, but more research on their use within the public sector is required to strengthen the literature on public organizations.

Considering the willingness of governments to apply ITO's, it is necessary to understand when they are willing to try such a scheme and what happens when political, economic or human resources are lacking. The BRR case had a positive response for all of the above, but that will hardly be the case normally. In terms of the way governments teach and learn, more research is necessary to identify other ways of learning by doing which allow government to test ideas and practices, find successful ones, refine them and practice them more broadly, whether through temporary organizations or by other means. Regarding innovations, for example, research is needed to understand why some were included in the original design and not others; which worked better than others and why; and which were effectively absorbed and incorporated by the different levels of government and which were not.
The temporality of the organization should also be questioned more thoroughly in order to better refine its use and make sure TO's are used productively. Acknowledging that a limited existence brings benefits, the questions of when the organization should be temporary and in which context still remain. This experience hinted that in situations of conflict, loss of power or capacity or if the disaster is in a marginal area TO's might be desirable. The debate of permanent vis-à-vis temporary extends beyond the post-disaster or post-conflict scenario: could a permanent unit with a clear mandate of training local officials through learning by doing and transferring innovative ways to provide public good yield similar results? Finally, we need to know more about the transplanting processes of units to be able to advocate more strongly for the generalized use of temporary arrangements between organizations (be it temporary or permanent).

The overarching preoccupation that guided this work remains: How can public organizations become more responsive and efficient while at the same time becoming more demand-driven democratic? How can they learn? how can we improve government?
Improving Government: The Impact of Indonesia's BRR beyond the Tsunami Reconstruction
Appendix I: Reforms in Indonesia’s Disaster Management framework

Figure 8: Indonesia’s earthquake history.

Source: Global Security (2012).

This appendix demonstrates the impact the tsunami had on Indonesia’s disaster management system. As with the armed conflict, it is one more example of how we need crises in order to react, but also how they can be used productively to generate positive change.

The tsunami was a watershed moment not just for Aceh. Indonesia is no stranger to natural disasters. Its 17,000 islands are particularly prone to earthquakes. It also constantly suffers from volcanic eruptions. In fact, it is the country with most volcanoes in the world.\(^{208}\) Even so, its previous major single event disaster (that is, not counting droughts or floods) had been the earthquake in 1917 that killed 15,000 people. There had been ‘average’ disasters before and there had been others since, too. In March of 2005, an 8.7 magnitude earthquake struck between Aceh and northern Sumatra, killing 905 people and displacing tens of thousands. Given the devastation and proximity in time and geography to Aceh, the BRR was also in charge of that reconstruction. After much media attention, in May of 2006, a 6.2 magnitude earthquake occurred 30 miles to the southwest of Mt. Merapi in Java. It killed more than 5,000 people and left an estimated 200,000 people

\(^{208}\) CIA (2012).
homeless. An earthquake of 7.4 struck Tasikmalaya, West Java, on September of 2009, killing approximately 100 people. Later that month, a 7.6 magnitude earthquake struck Western Sumatra, with unofficial press reports indicating more than 1,100 fatalities.\textsuperscript{209}

It seems that like in many other spheres of influence, Indonesia’s disaster authorities were relatively adept at dealing with ‘normal’ circumstances like small-scale landslides or earthquakes, but not to face tougher, complex tasks. Like other developing countries, the government is usually competent up to what it is currently performing, but finds it difficult or impossible to have substantial improvements without major reform. In their defense, however, nothing would have prepared them for what occurred on December 26, 2004.

Other countries, which currently have some of the more stringent earthquake and disaster regulation, had to suffer a major disaster at a time of political and economic modernization in order to reform their regulatory framework. Disaster management in Turkey went through a significant reorganization after the 1999 earthquake, one of the most damaging in its recent history. Before, its disaster management structure was paternalistic, with the state responsible for almost all the phases of the disaster (and given the death tolls and damages, not always appropriately). Since 1999, some of the logistic, administrative and financial burden was shifted to homeowners—who are required to own insurance-, private companies—who monitor building standards-, etc.\textsuperscript{210} Japan passed major earthquake preparedness legislation after the 1923 Great Kanto earthquake (which took about 140,000 lives). Italy did so following its 1908 Messina Straits earthquake, which killed about 80,000 people. In the United States California has usually been the spearhead for that type of legislation.\textsuperscript{211} In Sumatra, no major tsunami was in the public imaginary, and the last major single event had been the eruption of the Krakatoa volcano in 1883. Sadly but understandably, no comprehensive framework for disaster prevention, recovery and reconstruction existed.

Before the tsunami, disaster management was the responsibility of the National Disaster management Coordination Board (BAKORNAS), an ad-hoc coordinating body for disaster response. However, it was “ill-equipped to respond to disasters” because it “did not have an operational response mandate but a coordinating mandate and did not have any role in pre-disaster risk reduction or mitigation nor ... in post-disaster recovery. The situation at the provincial and district levels were equally awkward.”\textsuperscript{212} The paradigm shift from response to risk reduction at the international level was echoed at the national level through a nationwide coalition of NGO's, the Indonesian Disaster Management Society.

\begin{itemize}
  \item \textsuperscript{209} State (2012).
  \item \textsuperscript{210} There are prior examples, too. After major disasters, imperial orders were issued by the sultans for relief, reconstruction, housing allowances and bans on construction on reclaimed land. Major reforms to the system (in 1939, 1943 and 1944 and 1999) were passed in the aftermath of earthquakes or floods (Ganapati, 2008).
  \item \textsuperscript{211} Ganapati (2008).
  \item \textsuperscript{212} Republic of Indonesia (2011). Italics are original.
\end{itemize}
Despite pushing for such a shift in the past, a significant disaster had to occur for parliament to take notice, forcefully introduce DRR into its agenda and ultimately pass the law and mainstream it into the development planning process in Indonesia.

Less than three years after the tsunami, President SBY signed Law 24/2007 concerning Disaster Management, which was followed by a handful of ancillary regulation regarding the Establishment and Structure of the National Disaster Management Body (PNPB) and the Implementation of Disaster management at national and Sub-national level. As a result, all 33 provinces and 308 out of 497 districts have established their own Disaster management Units.\(^\text{213}\) The latest National Disaster Management plan was passed in 2010, with the main additions being decentralization of disaster management; fostering resilience at the community level;\(^\text{214}\) building a culture of safety through the education system; Indonesia as a disaster management laboratory; and Building Back better.

Other regulation was equally significant. The revision of the law on Spatial Planning pushed for the consideration of disaster mitigation in regular spatial planning. Great strides have been made in the channeling of aid through government coffers. One of the strongest complaints against the BRR was the transmission of assets paid for through channels other than the Indonesian government's budget. There was simply no stipulation for how those assets were to be managed, and given the number of such cases in Aceh, they were a significant difficulty in the organizations' dissolution and still for the provincial and local governments. Laws have now been passed regarding Disaster management Funding and management of Relief Aid and the Participation of International and Non-Governmental actors in all phases of the disaster management cycle. Indonesia is working with UNDP to mainstream on-budget development assistance, where all resources are actually spent by the government. This is fostering closer collaboration between both, as well as guarantees of transparency for the donor and the recipient population. Particularly telling is the commanding position that the host country now plays and the influence on legitimacy that on-budget fund channeling can have.

\(^{213}\) Republic of Indonesia (2011).

\(^{214}\) The plan includes identification of best practices and an experimental rollout to expand the successful ones nationwide.
Appendix II: Challenges and questions from reconstruction.

The results of the reconstruction and peace process have commanded widespread appraisal, with most of the evaluations pointing to the overall success of the whole operation. Nevertheless, the operation has also received criticism. Four subjects concentrate most of the criticisms of the reconstruction:

1. **The handling of post-conflict rehabilitation.** Although there was an agreement on economic assistance for conflict victims and the establishment of a Human Rights Court and a Truth and Reconciliation Commission, only the first has received attention from any of the principal actors, including the international community. Local civil society organizations had only limited access to the peace process itself, even though they were directly affected by the struggle.

2. **The interaction between secular and Islamic law.** The push towards individual land titles has been applauded by some, criticized by others. Despite best intentions by most actors to mainstream gender equality into all the programs and projects, stark inequalities were still visible.

3. **Insufficient government response and corruption.** The initial response came from international organizations, not the national government. International organizations fell into some of the usual mistakes of foreign aid: they labeled all survivors as helpless victims, put children in danger by overestimating the number of orphans and buried bodies in mass graves right away. Many organizations did not have a project plan, built their houses defectively or not finished them at all.

4. **The protection of women and other vulnerable groups.** The survival rate for men was three times that of women. They are less likely to know how to swim, wear long clothing and helping children and elderly. This left women as an even more vulnerable minority. Although explicit efforts were made by donors and the BRR to address gender imbalances (such as individual land-titling mentioned above), challenges remained. Several temporary housing camps were not designed with women’s needs in mind, with toilets far away from living quarters and inadequate lighting -making them unsafe at night- and little privacy. The needs of vulnerable groups, especially women, were not sufficiently prioritized in agencies’ work.

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218 (IND READER)
221 Ibid.
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