

# Aceh Economic Rehabilitation and Reconstruction Strategy

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BRR - Badan Rehabilitasi dan Rekonstruksi NAD-Nias

# An Approach to Economic Growth

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- Restore Lost Economic Capacity (from the Tsunami and the Conflict)
- Build a Foundation to be Competitive in the Global Economy

# Restoring Lost Economic Capacity

- Rebuild/rehabilitate damaged economic infrastructure (roads, ports, water systems, fish ponds, rice paddies, marketplaces, etc.)
- Provide financing/equipment for businesses to reopen
- Generate jobs through “Cash-for-Work”, vocational training, construction boom

# Restoring Lost Economic Capacity

- Progress/**Gaps**

- Replacement infrastructure largely funded/  
**Sustainable investment plan needed**
- Significant micro-finance programs in place/  
**NPLs issue, new financing mechanisms required**
- Most workers have jobs now/  
**What happens when construction boom is over ?**

# Building a Competitive Economy

- Where are we ?
  - Preconditions for economic growth are in place (political stability/institutional support)
  - Knowledge is accumulating/realistic goals are identified
  - **A coherent economic growth strategy is needed**
- Where do we want to be in 5, 10 years ?
  - A modern infrastructure
  - A business friendly investment environment
  - A private sector driven economy
  - A better educated workforce

# Framework for Economic Growth

- Remove the Institutional Barriers to Growth
- Sustain Infrastructure Investment
- Educate the Workforce for the 21<sup>st</sup> Century
- Expand Access to Capital/Land
- Exploit Strategic/Tactical Sector Opportunities
- Expand Stakeholder Involvement

# Cross-Cutting Strategies

- Re-image Aceh away from “disaster/conflict” to “Aceh Open for Business”, an historic and modern trading center
- Use a “market driven” approach for economic planning
- Sequence/phase initiatives just ahead of market demand
- Introduce knowledge-based, high-value service activities wherever/whenever possible
- Prepare to meet international standards in education, promotion, services and facilities
- Give priority to initiatives required to enable future economic growth

# Next Steps - Preparing a Plan

- Economic Growth Strategy Task Force
- Quick Scan to identify/approve immediately doable programs/projects
- Public Outreach campaign
- Research/analysis of key issues
- Draft/Final Master Plan

# Necessary Conditions for Future Sustained Economic Growth

- 1. Internally-integrated market and open economy*
- 2. Highly developed transport facilities*
- 3. A well-trained and educated workforce*
- 4. A motivation to succeed*
- 5. An efficient government bureaucracy*

# Supports to Local Government

- Long-Term Strategic Investment Plan
- Local Economic Development
- Tourism Development Strategy
- Fishery Development Strategy
- Optimalization of Public Services Provision - user charge mechanism

# Next Steps - BRR Agenda for Growth

- Economic Growth Strategy Task Force
- Quick Scan to identify/approve immediately doable programs/projects
- Linking ongoing planning-budgeting to advance key infrastructure projects
- Operationalize the Investment Outreach Office
- Identify/advance other critical institutional capacity building initiatives
- Identify economic development initiatives to be funded with MDF replenishment