

Project Outline

German-Indonesian Reconciliation Fund for victims of violence under the dictatorship

Background:

During most of their existence the Republic of Indonesia and the Federal Republic of Germany have developed strong political, economic and cultural inter-linkages. Very often cooperation has been fruitful and even setting standards for North-South cooperation. Other aspects do appear in a more critical light in hindsight. The present proposal aims at taking up one of those critical aspects and use mechanisms and experiences of positive cooperation in order to turn it into investment in a better future of Indonesians in a democratized society.

Due to Indonesia's temporary insolvency during the Asian financial crisis 1998, claims resulting from German commercial sales to the Soeharto dictatorship are still causing debt service payments by Indonesia to Germany. The sale of 39 warships of the former East German navy together with the related overhaul and facility reconstructions are a case in point.¹

While probably not illegal under German or Indonesian law, the sale has been heavily criticized by governments, international financial institutions, German parliamentarians and human rights organizations around the globe. There is abundant evidence that the ships have been instrumental during gross human rights violation in the contexts of armed conflict and state repression in Aceh, East Timor, the Molukkas and West Papua.

The proposal:

Instead of continued repayment to Germany, the Government of Indonesia shall forgo the still outstanding payments on the warship sale and allow the Indonesian government to rather make the still outstanding annual instalments towards a newly created **Reconciliation Fund**.

This proposed debt swap follows the concept of earlier concessional debt swap experiences between Germany and Indonesia. Those debt swaps have involved governmental as well as non-governmental entities and most recently even a multinational body, namely the Global Fund to Fight Aids, Malaria and Tuberculosis under its Debt2Health program.

The **Reconciliation Fund** shall receive the regular instalments including interest on outstanding principal on the (rescheduled) German claims related to the warship sale. It shall be administered by an Administrative Committee, composed of one representative each of the Government of Indonesia, the German Embassy in Jakarta, Indonesian Human Rights organizations and German or International Human Rights organisations.

Members will be nominated by the two governments out of proposals made by respective NGOs. The Committee decides by majority on the financing of projects, which serve to

- (a) provide damage compensation to civilian victims of civil strife and repression between 1992 and 2000 in Indonesia, in cases where no compensation has yet taken place;
- (b) support projects of non-governmental entities which aim at reconciliation after the years of conflict and at improving harmony in a multi-ethnic society; specific emphasis will be on post-traumatic support and legal support to victims where appropriate.

¹ For a detailed description see: EURODAD: Skeletons in the cupboard: German warships sales to Indonesia; www.eurodad.org, and: Aditjondro, G.A.: Sailing over troubled waters; INFID Working Paper #1, 2007.

Support will be given in the form of grants under normal procedures as applicable by the German development cooperation. Eligible for application are

- (1) individuals, public entities, such as municipalities or communities of individuals, which can demonstrate to have been affected by human rights violations during the times of armed conflict and
- (2) non-governmental institutions, Indonesian or International, which are running programs in support of purpose line (b).

Precedence:

While the proposal would be pioneering in making conversion funds available for victims of civil strife, the cancellation of questionable claims because of assumed creditor co-responsibility is not without precedence: In 2006 the Norwegian government unilaterally and unrelated to any existing debt relief scheme decided to cancel claims on five countries because of evident creditor co-responsibility for failed project financing². Norway's move has been highly praised by civil society as well as the parties involved, and has served to strengthen amicable relationships between the debtor and creditor countries.

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² For details see: Abildsnes, K.: Why Norway took creditor responsibility: the case of the ship export campaign; Oslo 2007, www.slug.de