

Removing Gaps, Overlaps and Inefficiencies: The Case of Indonesia

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1. FINANCIAL RESOURCE GAP NOT AN ISSUE BUT FUNDS FLOW CONCERN

| HOW ADDRESSED | WHAT NEEDS TO BE DONE STILL TO REDUCE GAPS AND INEFFICIENCIES? |
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| <ul style="list-style-type: none"> • Quick mobilization of funding and outpouring of support have been unprecedented. • Partial agreement of pooling of funds – two important vehicles: <ul style="list-style-type: none"> (a) Multi-Donor Funds for pooling of funds at country level (b) Asian Tsunami Fund available for pooling funds at regional level | <ul style="list-style-type: none"> • Proper decision making process, effective resource allocation, distribution and fund flow mechanism. • Channeling most of these resources through budget: of the \$1.7 billion committed at pre-CGI in Indonesia, at least half are likely to flow through outside the budget. This would create challenges of transparency of funds flow and flows would be outside the agreed guidelines for fiduciary controls. • Large bilateral flows and all private and NGO funding is outside budget |

2. STRATEGY AND PLANS WELL UNDERWAY BUT PARTICIPATORY APPROACHES YET TO DEEPEN

| HOW ADDRESSED | WHAT NEEDS TO BE DONE STILL TO REDUCE GAPS AND INEFFICIENCIES? |
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| <ul style="list-style-type: none"> • BAPPENAS has coordinated well under difficult circumstances and both Government agencies and donors have worked collectively to <ul style="list-style-type: none"> (a) assess damages and losses based on agreed methodology (b) prepare upfront sector strategies and plans. <p>5/17/2005</p> | <ul style="list-style-type: none"> • Participatory approaches to involving civil society in agreeing on strategy and implementation plans still evolving and the process of consultation yet to deepen. • Donors and private sector including NGOs need to respect the government's desire to avoid overlaps in rehabilitation and construction and need to respect sector and subsector involvement. Geographical division of labor will be key to introduce effective resource use and development impact. |

3. SKILL GAPS AND DEPLETED PUBLIC ADMINISTRATION RENDER OPERATIONS DIFFICULT IN AN ALREADY COMPLICATED AND FRAGILE DECENTRALIZED ENVIRONMENT

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| <ul style="list-style-type: none">The central government has filled the void by deploying teams to get civil and local administrations functioning. | <ul style="list-style-type: none">Sustainable capacities need to be built and community participation and facilitation will help build infrastructure efficiently and in line with the people's aspiration. |

4. ORGANIZATIONAL AND IMPLEMENTATION GAPS ARE SUBSTANTIVE BUT COORDINATION MECHANISM EVOLVING BUT YET TO BE OPERATIONALIZED

| HOW ADDRESSED | WHAT NEEDS TO BE DONE STILL TO REDUCE GAPS AND INEFFICIENCIES? |
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| <ul style="list-style-type: none"> • Division of function has evolved well. The National Disaster Coordination Board (Bakornas) assigned immediate relief and emergency operations, and the rehabilitation and reconstruction strategy entrusted to BAPPENAS, which coordinated this effort with the line ministries. • An Aceh-Sumut Reconstruction Implementation Coordination Board (BP-R2MAS) will facilitate ground-level implementation significantly. <p>5/17/2005</p> | <ul style="list-style-type: none"> • Issuance of decree to establish and empower the new Agency awaited and challenges of staffing it with adequate managerial and supervisory skills yet to be resolved. • Need to introduce clarity in its role and functions, and position it to work effectively, while structuring it to serve as vehicle for better interface and bridging gaps between local and central institutions. |

5. DIALOGUE INITIATED WITH FREE ACEH MOVEMENT (GAM) BUT PROGRESS NEEDS TO EXPEDITED TO REDUCE EMERGENCE OF TENSIONS

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| <ul style="list-style-type: none">• Disaster and good faith relief and rehabilitation efforts at central level have been held in peaceful environment given the cease fire declaration; also, provided a window of opportunity to discuss and develop Aceh and diffuse tensions and discontentment through economic development. | <ul style="list-style-type: none">• Success of peace talks between the Government and Aceh and resolution of controversial elements of special autonomy bill and status would pay higher dividends and induce long desired and awaited sustainable political and economic stability in the island. |

6. RESOLUTION OF REZONING, LAND USE AND ALLOCATION AND SEQUENCE OF SPATIAL PLANNING

| HOW ADDRESSED | WHAT NEEDS TO BE DONE STILL TO REDUCE GAPS AND INEFFICIENCIES? |
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| <ul style="list-style-type: none">• Locational decision and coastal rezoning are most complex issues that need to be weaved into strategy and plan and implementation arrangements should be sequenced accordingly. | <ul style="list-style-type: none">•Deployment of right technical expertise in this area and expeditious resolution would be key to avoid poor planning as well as mushrooming and unorganized growth of housing communities and centers. |

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| <ul style="list-style-type: none"> The Government is evaluating different proposals to shift the coastal line inwards by several hundred meters. | <ul style="list-style-type: none"> This raises questions of availability of land and how to settle land acquisition and resettlement issues, given the growing desire of communities, particularly fishermen, to go back to their original living sites. Emphasis should be on sequentially expediting development in less-affected regions where land titling and zoning already exist, while ground work is undertaken to plan and develop most affected regions i.e. coastal areas where natural resources and environment management are crucial to resolve upfront. Land records and process of retitling as well as environmental assessment and management assume high dimension and integrated participatory approaches. |

7. BALANCED AND EQUITABLE ECONOMIC DEVELOPMENT AND TRANSPARENCY WOULD HELP REDUCE EMERGENCE OF NEW TENSIONS

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| <ul style="list-style-type: none">In the immediate term the Government focus has been rightly to provide temporary shelters and basic services to minimize human losses and suffering and provide public services mainly to affected people. | <ul style="list-style-type: none">Over the medium term, efforts need to be launched to achieve a more balanced, coherent and consistent development of Aceh to introduce new economic and social disparities where affected groups may be disproportionately benefited vis-à-vis the non-affected populace and least devastated infrastructure. |

Thank you