

August 2006

## Status Report on the Asian Tsunami Fund

## **ABBREVIATIONS AND ACRONYMS**

ADB	–	Asian Development Bank
ATF	–	Asian Tsunami Fund
BRR	–	Badan Rehabilitasi dan Rekonstruksi (Rehabilitation and Reconstruction Agency)
DAD	–	development assistance database
ETESP	–	Earthquake and Tsunami Emergency Support Project
OCR	–	ordinary capital resources
RADA	–	Reconstruction and Development Agency
RAN	–	Recovery Aceh and Nias
TA	–	technical assistance
TAFREN	–	Task Force for Assisting the Nation
TICA	–	Thailand International Development Cooperation Agency
UNDP	–	United Nations Development Programme

### **NOTE**

In this report, "\$" refers to US dollars.

## CONTENTS

	<b>Page</b>
I. INTRODUCTION	1
II. AMOUNTS AND RECIPIENTS OF GRANTS	1
III. ADB'S PERFORMANCE ON THE GROUND	2
IV. ADB'S CAPACITY TO SUPERVISE, CONTROL, OR MONITOR THE USE OF RESOURCES	6
V. OTHER MAJOR ISSUES AND ACTIVITIES	7
VI. CONCLUSION	8

## I. INTRODUCTION

1. The Asian Tsunami Fund (ATF), established in February 2005, is the first Asian Development Bank (ADB) facility to channel funds targeted specifically at regional disaster relief and reconstruction. In accordance with the administration arrangements for the ATF, progress reports on the activities financed, as well as major issues and recommendations, were made available to the contributors and the ADB Board of Directors for information in October 2005 (covering the period from February to 31 August 2005) and in December 2005 (marking the first anniversary of the tsunami). This report is the third semiannual report since the establishment of the ATF and covers the period from January to the end of June 2006. Information provided in the first two status reports is not repeated.

## II. AMOUNTS AND RECIPIENTS OF GRANTS

2. In addition to the initial \$600 million contribution made by ADB to the ATF, the Government of Australia contributed \$3.8 million equivalent and the Government of Luxembourg contributed \$1 million equivalent. By 6 July 2005 (within 5 months of the establishment of the ATF), a total of \$572 million had been fully committed from the ATF for tsunami-related activities, including (i) four investment projects in India, Indonesia, the Maldives, and Sri Lanka; (ii) a contribution to the Multi-Donor Trust Fund in Indonesia; and (iii) three technical assistance projects in Thailand. The ATF was intended as a single-purpose special fund, but other unprecedented large-scale disasters occurred in the region after requests for assistance from eligible countries had been received by the ATF and the required funds allocated. Following the earthquake of 8 October 2005 which severely affected Pakistan and the neighboring countries of India and Afghanistan, a change in implementation arrangements was approved and the period for submission of requests by eligible recipients was shortened from 18 months to 10 months, thereby closing the ATF to further requests for assistance from eligible recipients. As a corollary to this, \$40 million from the cumulative resources of the ATF was transferred back to ADB's ordinary capital resources (OCR) surplus in November 2005 for subsequent allocation to the Pakistan Earthquake Fund.<sup>1</sup> On 22 June 2006, ADB's Board of Governors approved the transfer of \$10 million from interest earnings under the ATF back to OCR surplus, to be earmarked for disaster management and reconstruction following the 27 May 2006 earthquake in Yogyakarta and Central Java Provinces of Indonesia.<sup>2</sup>

3. In addition to commitments from the ATF, ADB provided tsunami-related assistance from other sources, bringing ADB's total assistance, including administration of assistance from other sources, to \$862.3 million as of 30 June 2006. Of this amount, \$681.9 million, or 78%, was in the form of grants. These additional sources were the European Community and the Governments of Canada, France, Japan, the Netherlands, Norway, and the United Kingdom, who provided funds through cofinancing or contributions to special funds established in ADB.

---

<sup>1</sup> ADB. 2005. Proposed Change in Asian Tsunami Fund Implementation Arrangements and Transfer of Unutilized Amounts from the Asian Tsunami Fund and Ordinary Capital Resources Surplus, Both to the Pakistan Earthquake Fund. November 2005. Manila.

<sup>2</sup> ADB. 2006. Proposed Transfer of Unutilized Amounts from the Asian Tsunami Fund to Ordinary Capital Resources Surplus and Earmarking for Reconstruction of Yogyakarta and Central Java Provinces of Indonesia. June 2006. Manila.

### III. ADB'S PERFORMANCE ON THE GROUND

4. As of 30 June 2006, cumulative payments of approximately \$76.2 million (including advances) have been disbursed for investment projects in India, Indonesia, the Maldives, and Sri Lanka and for the three TA projects in Thailand (Table 1).

**Table 1: Cumulative Disbursements**  
(\$)

<b>Project (grant and TA no and country)</b>	<b>Committed</b>	<b>Cumulative Disbursements</b>	<b>Undisbursed</b>
Tsunami Emergency Assistance Project (GR0001-MLD)	20,000,000	9,041,495	10,958,505
Earthquake and Tsunami Emergency Support Project (GR0002-INO)	290,000,000	38,016,370	251,983,630
Contribution to the Multi-Donor Trust Fund (GR0014-INO)	10,000,000	10,000,000	0
Tsunami Emergency Assistance (Sector) Project (GR0005-IND)	100,000,000	3,149,134	96,850,866
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI)	150,000,000	14,568,106	135,431,894
Development Plan for the Tsunami-Affected Andaman Region (TA 4564-THA)	150,000	121,049	28,951
Supporting Post-Tsunami Activities and Coastal Zone Management (TA 4595-THA)	150,000	59,076	90,924
Subregional Development Plan for the Tsunami Affected Andaman Region – Phase II (TA 4613-THA)	1,700,000	1,247,068	452,932
<b>Total</b>	<b>572,000,000</b>	<b>76,202,298</b>	<b>495,797,702</b>

IND=India, INO=Indonesia, MLD=Maldives, SRI=Sri Lanka, TA=technical assistance, THA=Thailand,  
Source: Status of Resources – ATF as of 30 June 2006, Controller's Department. Asian Development Bank.

5. Review missions continue to be undertaken periodically by ADB's South Asia and Southeast Asia Departments for each of the approved four investment projects and three TA projects. To resolve general and specific financial and disbursement problems, disbursement missions were fielded by the Controller's Department for the projects in the Maldives and Sri Lanka.

6. Delays in start-up activities, due largely to the magnitude of devastation and the low level of local capacity, have continued to affect the overall level of disbursements from the ATF, which has been less than expected. Other factors that have contributed to the level of disbursements have included political instability, security issues, prioritization of other sectors not funded by ADB, lack of suitable contractors, and scarcity of materials.

7. Disbursements amounting to \$71.2 million were projected for 2005. As of 31 December 2005, \$62.6 million had been disbursed (88% of projections). For 2006, \$115.4 million is projected to be disbursed under the approved investment and TA projects in the five tsunami-affected countries (Table 2), although this projection is subject to change.

8. Disbursements had risen from \$62.6 million at the end of December 2005 to \$76.2 million by mid-2006 and are expected to reach \$178.0 million by the end of 2006.

**Table 2: Projected Disbursements by the End of 2006**

<b>Investment and TA Projects</b>	<b>Projection (\$ million)</b>
Tsunami Emergency Assistance Project (GR0001-MLD)	3.000
Earthquake and Tsunami Emergency Support Project (GR0002-INO)	73.000
Tsunami Emergency Assistance (Sector) Project (GR0005-IND)	11.500
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI)	26.660
Development Plan for the Tsunami-Affected Andaman Region (TA 4564-THA)	0.000
Supporting Post-Tsunami Activities and Coastal Zone Management (TA 4595-THA)	0.092
Subregional Development Plan for the Tsunami-Affected Andaman Region – Phase II (TA 4613-THA)	1.197
<b>Total</b>	<b>115.449</b>

IND=India, INO=Indonesia, MLD=Maldives, SRI=Sri Lanka, TA=technical assistance, THA=Thailand  
Source: Asian Development Bank estimates.

9. An update as of 30 June 2006 on ADB's support to the five tsunami-affected countries is provided below.

10. **India: Tsunami Emergency Assistance (Sector) Project.**<sup>3</sup> ADB support to tsunami-affected Kerala and Tamil Nadu states is for sustainable livelihoods and basic community infrastructure. Significant preparatory work was required to establish the basic institutional structures at the state, line department, district, subdistrict, town, and village levels (ADB's area of assistance covers 600 villages). Once these structures were put in place, an extensive program of public consultation was undertaken. Reconstruction priorities in the two states have included replacement of housing and lost fishing equipment, two areas where ADB is not providing support. Consequently, disbursement has been slow, with just \$3.15 million disbursed to date. However, concept reports worth \$48.32 million have now been approved, and \$20.29 million worth of contracts have been approved for bidding. With the State Assembly elections in Kerala and Tamil Nadu now concluded, ADB expects the level of disbursements and contract awards to accelerate. By the end of 2006, total contract awards are expected to have reached \$71 million, and total disbursements are expected to have reached \$11.5 million.

11. Based on experience with tsunami assistance thus far and earlier experience from the Gujarat earthquake, the India Resident Mission believes that getting emergency reconstruction projects fully active in India takes about the same time as for regular investment projects, since it demands many of the same decision making and participatory processes. In addition, disbursements delays were due in large part to the fact that (i) housing, a component that was

<sup>3</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to India for the Tsunami Emergency Assistance (Sector) Project*. Manila. Approved \$100 million loan; \$100 million grant. There was no disbursement in 2005, Disbursement as of 30 June 2006 was \$3.15 million.

not ADB-funded, received top priority; (ii) the states have not yet fully staffed the project management units, project implementation units, and the local district and sub-district offices; and (iii) much energy and attention has been diverted to mid-year election preparations. However, states are slowly assigning staff to key positions and recruiting consultants to oversee the larger works. Project activity and disbursements are expected to increase significantly.

**12. Indonesia: Earthquake and Tsunami Emergency Support Project and Contribution to the Multidonor Trust Fund.**<sup>4</sup> While the overall progress in reconstruction has been slower than development partners expected, the pace is gaining momentum, and the Rehabilitation and Reconstruction Agency (BRR) estimates that resource flows to reconstruction projects will reach \$200 million per month in 2006. Subprojects requiring ADB grant funding of up to \$238.5 million have already passed through the BRR approval process. Additional subproject proposals for \$51.5 million are being reviewed by BRR. ADB has initiated a planning and design process in all sectors covered in the Earthquake and Tsunami Emergency Support Project (ETESP): agriculture, fisheries, micro- and small enterprises, health, education, housing, spatial planning, roads, power, fiduciary governance, irrigation, housing, and community and rural water supply. In most cases, design and implementation teams have been mobilized and sector consultants are at work designing subprojects. In-depth needs assessments for livelihood activities, and field surveys and investigations for rural infrastructure, continue. Under ETESP, the total disbursement target for 2006 is \$73 million, giving a cumulative disbursement of approximately \$115.71 million by the end of the year. Disbursements as of 30 June 2006 totaled \$48.02 million. The projected contract awards for 2006 total \$110 million.

13. Initial delays were caused by the sheer magnitude of the disaster, the scale and complexity of the reconstruction program, and the low level of capacity at the affected sites. These are still influencing the pace of reconstruction, although they may not be as pronounced as earlier in the disaster. Procedures put in place to avoid corrupt practices and the need to institute participatory practices have also influenced the pace of activities, as have the government's complex budget procedures. However, ADB, its development partners and the government have worked closely in recent months to address these and other constraints. During this time, essential preparatory work for most components has been completed, design frameworks for most subcomponents under the ETESP have been cleared or endorsed in principle, and procurement under several subcomponents has begun.

**14. Maldives: Tsunami Emergency Assistance Project.**<sup>5</sup> Assistance to the Maldives, while somewhat delayed, is largely on schedule. By the end of 2006, it is expected that an additional \$3.0 million will have been disbursed, giving a total of \$10.86 million (about 54% of the total). About \$17.2 million (86%), of the total amount is expected to be contracted by the end of 2006. Expected contract awards in 2006 include about \$7 million for three harbors, seven power systems, and one sewerage system. Additional contract disbursements of about \$2 million for agriculture and fisheries (mostly for microcredit advances, overseas cooperative training, workshops, and minor procurement) and \$1.03 million for the quick disbursing component will be made.

---

<sup>4</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of Indonesia for the Earthquake and Tsunami Emergency Support Project and Contribution to the Multidonor Trust Fund*. Manila. Approved: \$300 million grant; \$3.5 million cofinancing. Disbursement for 2005: \$42.71 million. Disbursement as of 30 June 2006: \$48.02 million.

<sup>5</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Maldives for the Tsunami Emergency Assistance Project*. Manila. Approved: \$1.8 million loan; \$20 million grant. Disbursement for 2005: \$7.86 million. Disbursement as of 30 June 2006: \$9.04 million.

15. Delays in support to the Maldives have been comparatively minor. Most of the delays have been due to indecision by government officials on the selection of islands, types of systems, or the quality of upgrades desired. The lack of a clear line of approval authority and processes also resulted in some delays.

16. **Sri Lanka: Tsunami-Affected Areas Rebuilding Project.**<sup>6</sup> As anticipated during project preparation, ADB's commitment will be mostly in the reconstruction phase. To date, most financial assistance from development partners has been spent on the relief phase and the government is now ready to progress to the reconstruction phase. During this time, all the preparations have been completed and funds have been fully committed. Tendering will begin toward the end of the year and physical construction will begin in 2007. Significant progress has been made on a number of fronts: (i) under the Northeast Coastal Community Development component, all village development plans for 2005 and 2006 have been completed, and implementation of 85 subprojects has begun; (ii) under the Legal Assistance and Governance component, Legal Aid Commission centers and offices are now functioning in 10 locations around the country; (iii) under the Southern Project Reconstruction component, 248 subprojects have been approved in all three districts; (iv) under the Rural Finance component, over 15,000 families have been assisted to date; and (v) under the Northeast Community Restoration and Development component, 31 subprojects from all sectors and in all six districts have been approved. Projected contract awards by the end of 2006 are expected to total \$39.6 million. Projected disbursements for 2006 are expected to reach \$26.7 million, giving a cumulative disbursement of \$38.37 million. These figures could increase if the security situation improves.

17. Political instability and the security situation have been partly responsible for delays in implementation of programs supported by ADB and other development partners. Activities related to community development in particular have been hampered by difficulty in finding suitable contractors and price increases. Issuance of tenders for large international contracts has been temporarily postponed because of security concerns, which will affect the extent of the participation and therefore the pricing of the bids. In some cases, such as the road sector, scarcity of materials is also leading to delays.

18. **Thailand.**<sup>7</sup> All tsunami-related support to Thailand is expected to be successfully completed in 2006. Of the three tsunami-related technical assistance (TA) projects provided to Thailand, one TA for \$150,000 that assisted Thailand to outline a regional development plan for the tsunami-affected provinces was successfully completed in June 2005. A follow-on TA for \$1.7 million to prepare the full regional development plan is being implemented. The draft report was completed on 30 June 2006 and the final report, including an overall structure plan, sector strategies, area plans and action plans for specific sites within the subregion is expected by 31 August 2006. A summary document will be produced in September 2006 and the regional plan is expected to be launched on 1 October 2006. A third TA for \$150,000 for supporting post-tsunami activities and coastal zone management is expected to be completed in September 2006 with completion of the TA final report. The draft report is now being reviewed

---

<sup>6</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Tsunami-Affected Areas Rebuilding Project*. Manila. Approved: \$7 million loan (reallocation); \$150 million grant; \$109.935 million cofinancing. Disbursement for 2005 \$11.71 million. Disbursement as of 30 June 2006: \$14.57 million.

<sup>7</sup> Approved: \$2.0 million in technical assistance grants: (i) ADB. 2005. *Small-Scale Technical Assistance for Preparing a Development Plan for the Tsunami Andaman Region*. Manila. (ii) ADB. 2005. *Small-Scale Technical Assistance for Supporting Post-Tsunami Activities and Coastal Zone Management*. Manila. (iii) ADB. 2005. *Technical Assistance to the Kingdom of Thailand for the Subregional Development Plan for the Tsunami-Affected Andaman Region*. Manila

by the EA and other stakeholders. The TA is providing support to Thailand so it can improve the legal and regulatory framework for coastal zone management and ensure adequate field-level coordination of government and nongovernment agencies involved in post-tsunami rehabilitation activities.

#### **IV. ADB'S CAPACITY TO SUPERVISE, CONTROL, OR MONITOR THE USE OF RESOURCES**

19. At a High-Level Coordination Meeting hosted by ADB in March 2005, representatives of tsunami-affected countries and their partners proposed that national tracking systems be established. It was proposed that these systems would be complemented by a regional database, making multi-country information easily accessible to all. The United Nations Development Programme (UNDP) and ADB were asked to support the implementation of these recommendations. UNDP was subsequently approached by the governments of the Maldives, Sri Lanka, and Thailand to customize its development assistance database (DAD)<sup>8</sup> to track financial and technical assistance and results. In September 2005, the Government of Indonesia decided to adopt the DAD model.

20. The concerned governments were consulted initially to ensure that the requirements of the lead agencies that had been selected to lead the tracking and coordination work had been well understood. These agencies included: (i) in Indonesia, the Reconstruction and Rehabilitation Agency (BRR); (ii) in the Maldives, the Ministry of Finance and Treasury, in consultation with Ministry of Planning and National Development, and the Ministry of Foreign Affairs; (iii) in Sri Lanka, the Task Force for Assisting the Nation (TAFREN), now part of Reconstruction and Development Agency (RADA); and (iv) in Thailand, the Thailand International Development Cooperation Agency (TICA) of Ministry of Foreign Affairs.

21. The four databases in Indonesia, the Maldives, Sri Lanka, and Thailand are now fully operational and accessible to the public online.<sup>9</sup> The national authorities are setting up websites to make the information in the databases public and these are at various stages of development. Outreach teams have been trained to contact donors and partners to ensure they enter and update the information. The databases present an increasingly comprehensive picture of available resources. E-mail alerts will be added so users who entered a project will be contacted if information has not been updated in the past 2 months. The databases can also be used to enable each implementing partner to specify what each project is intended to achieve. The tsunami-affected countries are assessing how they can use the databases beyond the post-tsunami period. In Sri Lanka, TAFREN has already begun to use the DAD to track projects in areas affected by conflict in addition to those related to the tsunami. In Aceh, an intensive action plan has been agreed with BRR to ensure it catches up with the authorities in other countries. In Jakarta, servers are now in place and domestically-funded projects are being entered into the Recovery Aceh and Nias (RAN) system. In the Maldives, all official development assistance is being tracked using the system, and there are plans to use DAD for domestically-funded investments, as well.

---

<sup>8</sup> The tracking matrix used for donations to Afghanistan.

<sup>9</sup> Websites using DAD can be found at the following uniform resource locators (URLs) for the affected countries: Indonesia—<http://rand.brr.go.id>; Maldives—<http://dad.finance.gov.mv>; Sri Lanka <http://tafren.gov.lk>; and Thailand—<http://dadthailand.mfa.go.th>

22. ADB is processing an \$800,000 regional technical assistance (TA)<sup>10</sup> to strengthen transparency, accountability, and efficiency in tsunami recovery programs by helping tsunami-affected countries exercise effective leadership over external assistance. Specifically, the TA will consolidate the progress made in tracking tsunami aid and results, increase data comprehensiveness and accuracy, and provide analytical products that support better decision-making and resource allocation. The TA will support ongoing and new DAD initiatives covering (i) capacity development of national aid coordination teams through national and regional technical support; (ii) establishment of national web portals to provide easy access to aid coordination data; (iii) regional analysis of tsunami assistance, including sectoral distribution, through a regional DAD mechanism; (iv) collation of lessons from all four countries; and (v) adaptation of databases to integrate budget and non-tsunami assistance.

## V. OTHER MAJOR ISSUES AND ACTIVITIES

23. A tsunami early warning system (EWS) for 27 Indian Ocean countries will be fully operational during the third quarter of 2006. The United Nations Educational, Scientific and Cultural Organization/Intergovernmental Oceanographic Commission (UNESCO/IOC) backed system will be capable of more accurate and faster detection of strong, tsunamigenic earthquakes; more precise location of the epicenters of earthquakes; and greater accuracy in confirming the presence of tsunami waves in the ocean after a strong earthquake. The system will be based on quake and tidal sensors, fast communications, alarm networks, and disaster preparedness training to ensure timely evacuation of vulnerable coastal areas. Currently, 26 national tsunami information centers are already in place, receiving information from 25 new seismographic stations. However, major challenges remain, including the need for stronger international coordination and long-term investment for more capacity building. In most countries, fundamental disaster risk management is not practiced; there is no specific disaster legislation, professionally-staffed lead agency, or ministerial-level portfolio; there are weak strategic or operational links between disaster and development; and risk or vulnerability assessments have not been carried out. These constraints will limit the effectiveness of the EWS.

24. The critical role of local communities to their own survival and recovery, and the tendency of aid agencies and media to undervalue local capacity, is being addressed by ADB, through its Department of External Relations (DER), which continues to disseminate information on its response to external audiences. Outreach activities in relation to tsunami reconstruction have been undertaken and plans are underway for additional exposure of ADB's work in the tsunami-affected areas and on the strengths and limits of local capacity. Such activities include the following:

- (i) Articles on tsunami reconstruction activities in Aceh, Indonesia and Thailand have been featured in the last two editions of *ADB Review*: "Out of the Tsunami's Shadow" (April–May 2006) and "Crackdown on Aceh Corruption" (June–July 2006).
- (ii) DER is considering sending editorial missions to the Maldives in October 2006 and to Aceh in December 2006 to provide additional coverage in in-house and external publications.

---

<sup>10</sup> The TA (ADB, 2006. *Technical Assistance to Support for Strengthening the Tsunami Development Assistance Database*. Manila [TA 6331-REG]) was subsequently approved on 28 July 2006.

- (iii) In the next 6 months (from August 2006 to January 2007), ADB plans to support press conferences and assist in arranging media interviews to highlight tsunami reconstruction activities in Aceh and North Sumatra.
- (iv) In October 2006, ADB will support a public forum at the Thailand Resident Mission on the Subregional Development Plan for the tsunami-affected areas of Thailand.
- (v) DER is supporting resident missions in India, Indonesia, Sri Lanka, and Thailand to highlight activities relating to tsunami reconstruction.

## **VI. CONCLUSION**

25. ADB's post-tsunami assistance has been guided by four principles: (i) strong national and local leadership is required to achieve sustainable reconstruction; (ii) community-driven participation in the reconstruction process is needed to ensure specific local needs are properly addressed and that post-tsunami conditions are improved upon whenever possible, (iii) mechanisms should be in place to facilitate transparency in reconstruction; and (iv) close coordination and cooperation with governments and other development partners can smooth reconstruction and development assistance and minimize gaps and overlaps. Adherence to these principles has been essential for an appropriate mix of preservation and adaptation to be achieved in each of the affected areas. While the pace of rehabilitation and reconstruction has been slower than anticipated, reconstructing entire communities is a time-consuming activity. Affected citizens are being made part of the decision process and are, therefore, aware of the reasons for the pace of progress. Progress of implementation is expected to accelerate as institutional structures become consolidated and capacity building effects gain hold. ADB is committed to continue working with governments, aid agencies, and the other development partners to ensure that assistance is going to the right places. The challenges of keeping support on track remain and 18 months after the tsunami, progress is being made.