

March 2008

Status Report on the Asian Tsunami Fund
(July–December 2007)

ABBREVIATIONS

ADB	–	Asian Development Bank
ATF	–	Asian Tsunami Fund
BRR	–	Badan Rehabilitasi dan Rekonstruksi (Rehabilitation and Reconstruction Agency)
EMM	–	extended mission in the Maldives
EMS	–	extended mission in Sumatera
EMTK	–	extended missions in Tamil Nadu and Kerala
MDF	–	Multi-Donor Trust Fund
SHG	–	self-help group
TA	–	technical assistance

NOTE

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

CONTENTS

	Page
I. INTRODUCTION	1
II. AMOUNTS AND RECIPIENTS OF GRANTS	1
III. ADB'S PERFORMANCE	1
IV. ADB'S CAPACITY TO SUPERVISE, CONTROL, OR MONITOR THE USE OF RESOURCES	9
V. OTHER MAJOR ISSUES AND ACTIVITIES	10
VI. CONCLUSION	11

I. INTRODUCTION

1. The Asian Tsunami Fund (ATF) was established as a unique and dedicated source of grant financing to support, on a multisectoral basis, the priority rehabilitation and reconstruction needs of the countries affected by the December 2004 tsunami. Following an initial contribution to the ATF by the Asian Development Bank (ADB), other development partners extended their own grant resources to the ATF on a joint basis with ADB. Periodic reports on the use of the ATF and the activities financed under it have been provided to the contributors and ADB's Board of Directors since the ATF's establishment in February 2005. This report covers the period from July to December 2007, and is the sixth semiannual report.¹

II. AMOUNTS AND RECIPIENTS OF GRANTS

2. In addition to an initial contribution of \$600.0 million made by ADB to the ATF, the Government of Australia contributed \$3.8 million to support activities related to the emergency rehabilitation of coastal structures in tsunami-affected areas in Sri Lanka, while the Government of Luxembourg contributed \$1.0 million² equivalent to finance the expansion of irrigation activities in Nias Island. As of 31 December 2007, cumulative resources under the ATF amounted to \$616.6 million.³ Total approved funding from the ATF by the end of 2007 stood at \$573.0 million; of this amount, \$571.0 million was provided to India, Indonesia, Maldives, and Sri Lanka in the form of investment projects and a contribution to the Multi-Donor Trust Fund (MDF) in Indonesia, while technical assistance (TA) grants amounting to \$2.0 million were provided for Thailand.

3. In addition to commitments from the ATF, ADB has approved, as of 31 December 2007, a total of \$892.0 million in direct tsunami-related assistance from other sources. Of this amount, \$725.1 million, or 81%, was in the form of grants. Among the development partners that provided funds through cofinancing or contributions to special funds established in ADB were the European Community and the governments of Canada, France, Japan, Netherlands, Norway, Sweden, and United Kingdom.

III. ADB'S PERFORMANCE

4. As of 31 December 2007, cumulative payments of approximately \$246.2 million (including advances), representing 43% of total ATF commitments, have been disbursed for investment projects in India, Indonesia, Maldives, and Sri Lanka, and for three TA projects in Thailand (Table 1).

¹ Previous progress reports were circulated in October and December 2005, August 2006, and March and September 2007.

² On 30 October 2006, the Board approved an increase of \$1.0 million in the grant financing for the investment project in Indonesia, which was made possible by the earmarked contribution provided by the Government of Luxembourg to the ATF. See ADB. 2006. *Increase in Grant Financing of the Earthquake and Tsunami Emergency Support Project in Indonesia*. Manila (R228-06 dated 17 October 2006).

³ This amount excludes \$40 million that was returned to ordinary capital resources surplus in November 2005 for subsequent allocation to the Pakistan Earthquake Fund, and \$10 million from interest earnings under the ATF approved by the Board in June 2006, which was also returned to ordinary capital resources surplus and earmarked specifically for disaster management and reconstruction following the May 2006 earthquake in Yogyakarta and Central Java provinces of Indonesia. Interest and investment income are included in the cumulative resources figure.

Table 1: Cumulative Disbursements as of 31 December 2007
(\$)

Project (Grant and TA No. and Country)	Committed	Cumulative Disbursements	Undisbursed
Tsunami Emergency Assistance Project (Grant 0001-MLD) ^a	20,000,000	13,335,522	6,664,478
Earthquake and Tsunami Emergency Support Project (Grant 0002-INO) ^b	291,000,000	119,970,626	171,029,374
Contribution to the Multi-Donor Trust Fund (Grant 0014-INO)	10,000,000	10,000,000	0
Tsunami Emergency Assistance (Sector) Project (Grant 0005-IND)	100,000,000	58,910,448	41,089,552
Tsunami-Affected Areas Rebuilding Project (Grant 0006-SRI) ^c	150,000,000	42,094,839	107,905,161
Development Plan for the Tsunami-Affected Andaman Region (TA 4564-THA) ^d	150,000	121,049	28,951
Supporting Post-Tsunami Activities and Coastal Zone Management (TA 4595-THA) ^e	150,000	145,314	4,686
Subregional Development Plan for the Tsunami-Affected Andaman Region, Phase II (TA 4613-THA) ^f	1,700,000	1,618,943	81,057
Total	573,000,000	246,196,741	326,803,259

IND = India, INO = Indonesia, MLD = Maldives, SRI = Sri Lanka, TA = technical assistance, THA = Thailand.

^a Grant closing date extended from 30 September 2007 to 30 June 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009.

^c Grant closing date of 30 June 2009 likely to be extended.

^d TA activities were completed on 31 July 2005 and the TA was financially closed on 20 June 2007.

^e TA activities were completed on 31 October 2006 and the TA was financially closed on 19 June 2007.

^f TA activities were completed on 15 April 2007 and the TA was financially closed on 31 October 2007.

Source: Status of Resources: ATF, as of 31 December 2007, Controller's Department, Asian Development Bank.

5. Projected disbursements for 2007 were \$169.5 million, with actual disbursements during the year amounting to \$128.7 million, or 76% of the projection (Table 2). As a result of new

Table 2: Actual Disbursements During 2007
(\$)

Project (Grant and TA No. and Country)	Projection	Actual
Tsunami Emergency Assistance Project (Grant 0001-MLD) ^a	5,000,000	3,518,620
Earthquake and Tsunami Emergency Support Project (Grant 0002-INO) ^b	119,000,000	65,174,314
Contribution to the Multi-Donor Trust Fund (Grant 0014-INO)	0	0
Tsunami Emergency Assistance (Sector) Project (Grant 0005-IND)	35,000,000	40,113,325
Tsunami-Affected Areas Rebuilding Project (Grant 0006-SRI) ^c	10,100,000	19,478,299
Development Plan for the Tsunami-Affected Andaman Region (TA 4564-THA) ^d	0	0
Supporting Post-Tsunami Activities and Coastal Zone Management (TA 4595-THA) ^e	40,000	38,864
Subregional Development Plan for the Tsunami-Affected Andaman Region, Phase II (TA 4613-THA) ^f	340,000	367,303
Total	169,480,000	128,690,725

IND = India, INO = Indonesia, MLD = Maldives, SRI = Sri Lanka, TA = technical assistance, THA = Thailand.

^a Grant closing date extended from 30 September 2007 to 30 June 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009.

^c Grant closing date of 30 June 2009 likely to be extended.

^d TA activities were completed on 31 July 2005 and the TA was financially closed on 20 June 2007.

^e TA activities were completed on 31 October 2006 and the TA was financially closed on 19 June 2007.

^f TA activities were completed on 15 April 2007 and the TA was financially closed on 31 October 2007.

developments and events that have occurred during implementation, approximately \$40.8 million or 24% of the projected disbursements have not materialized this year. The grant amounts under all investment and TA projects funded by the ATF are now expected to be fully disbursed by 2010.

6. Disbursements in 2008 have been projected at \$210.0 million for the four investment projects in India, Indonesia, Maldives, and Sri Lanka (Table 3). By the end of 2008, cumulative disbursements are expected to equal \$456.2 million, representing 80% of total ATF commitments.

Table 3: 2008 Projected Disbursements
(\$ million)

Project (Grant No. and Country)	Projection
Tsunami Emergency Assistance Project (Grant 0001-MLD) ^a	5.200
Earthquake and Tsunami Emergency Support Project (Grant 0002-INO) ^b	131.000
Contribution to the Multi-Donor Trust Fund (Grant 0014-INO)	0.000
Tsunami Emergency Assistance (Sector) Project (Grant 0005-IND)	40.000
Tsunami-Affected Areas Rebuilding Project (Grant 0006-SRI) ^c	33.770
Total	209.970

IND = India, INO = Indonesia, MLD = Maldives, SRI = Sri Lanka.

^a Grant closing date extended from 30 September 2007 to 30 June 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009.

^c Grant closing date likely to be extended by 18 months from 30 June 2009 to 31 December 2010.

Source: Asian Development Bank estimates

7. Disbursements under the investment projects and TAs funded by the ATF were lower than expected by end 2007 due to a number of factors. In India, these include the initial lack of experience and management skills of some local executing and implementing agencies to plan and implement such works within a tight timeframe; the large number of small contracts, each requiring intense administration and monitoring; the processing time required for obtaining statutory environmental clearances; and delays caused by the need to undertake land acquisition and/or resettlement and rehabilitation processes in compliance with social safeguard guidelines. Although officials from the Kerala government have expressed their commitment to the investment project, actual (on-the-ground) project implementation could still be improved. Conversely, in Tamil Nadu, project objectives are being achieved and the population is recovering. Implementing agency attention is now needed for (i) prioritization and awarding of remaining civil works contracts, (ii) financial closure of completed contracts, and (iii) monitoring of short resettlement plans and environmental management plans. In Indonesia, implementation has been challenged by complex design, a multisector approach and an emphasis on environmental and social safeguards. The major issues affecting implementation and thereby the disbursement levels include (i) the need to prepare designs for numerous subprojects, (ii) limited capacity within the executing and implementing agencies, (iii) complex budgeting process and delays in the annual budget approvals, (iv) delays in the annual reappointment of implementing units, (v) a lack of familiarity with safeguard requirements and procurement procedures by newly appointed implementation units, and (vi) delays in submission of procurement documentation required for processing withdrawal applications. Other factors that contribute to the lower level of disbursements are changing implementing agency priorities, slow progress of contractors, and scarcity of materials. In Sri Lanka, the present security situation has affected the progress of work and implementation of subprojects in the northern and eastern provinces due to difficulties in transporting materials to the project areas, especially in the uncleared northern districts. A scarcity of materials, as well as the weak capacity of the

implementing partner organizations, has also resulted in delays in project implementation. A major issue affecting implementation is the constant escalation of construction material prices, which has affected all project components. The cost of cement, bitumen, steel, and bricks has risen rapidly during the past 2 years, causing higher contract prices, which have resulted in cancellation of contracts and rebidding.

8. Review missions were periodically fielded by sector divisions and resident missions under ADB's South Asia and Southeast Asia departments, to ensure that the four investment projects and three TA projects were implemented efficiently and effectively. Dedicated extended missions in Indonesia, India, and the Maldives are closely supervising project preparation and assisting the executing agencies implement and monitor projects. Loan disbursement missions have also been fielded by the Controller's Department to investigate general and project-specific financial and disbursement problems as they arise. There have been no reported issues relating to disbursement, fund flow management, and financial control during the period covered by this report.

9. An update (as of 31 December 2007) on ADB's support to the five tsunami-affected countries is provided in the following paragraphs.

10. **India: Tsunami Emergency Assistance (Sector) Project.**⁴ ADB support to tsunami-affected Kerala and Tamil Nadu states is for sustainable livelihood and basic community infrastructure. Significant preparatory work was required to establish the basic institutional structures and undertake extensive public consultation programs. Progress on the grant component has greatly improved and contract awards for \$96.3 million of the \$100 million allocation have been made. The remaining contracts will be awarded in the first quarter (Q1) of 2008, and will include 2008 commitments for livelihood components and small works for water supply and sanitation.

11. There are already many success stories under the livelihood component. Assistance has been provided to salt workers at Vedaranyam in Tamil Nadu, benefiting self-help groups (SHGs) of women, 915 members of the Vedaranyam Small-Scale Salt Manufacturer's Federation, and 10,000 daily wage laborers. Other notable interventions in Tamil Nadu have focused on seaweed cultivation, mud crab fattening, livelihood-related assistance to the disabled and provision of auto rickshaws to female SHG members to enable them to engage in community taxi service. In Kerala, the project has assisted SHGs with mussel farming, ornamental fish breeding, and has also provided vehicles for the "Fish Express" where female SHG members use the vehicles to transport and market fish.

12. More than 40,000 SHGs have been provided with revolving credit and economic assistance. About 2,400 existing and 1,200 new SHGs in Kerala and 3,000 existing and 2,000 new SHGs in Tamil Nadu have been assisted in upgrading and/or establishing microenterprises. Damaged productive assets of 3,748 SHGs in Kerala and 2,000 SHGs in Tamil Nadu have been replaced. Training to upgrade skills has been provided to 575 SHGs in Kerala and 6,000 SHGs in Tamil Nadu. Insurance cover has been provided to around 600 beneficiaries in Tamil Nadu.

13. Rehabilitation of infrastructure under the project is having a positive impact on the lives of the tsunami-affected people. Restoration of four fish landing centers or harbors in Kerala and six fish landing centers or harbors in Tamil Nadu have been completed, helping fishermen

⁴ 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).

restore their livelihoods. Rehabilitation and restoration of four minor ports and five fish landing centers or harbors in Kerala and eight fishing harbors in Tamil Nadu is in progress, with port activity greatly increased from pre-tsunami conditions.

14. Water supply systems for five towns and 26 villages have been restored and improved in Kerala, while in Tamil Nadu water supply upgrades for six towns and 430 villages have been completed. In Tamil Nadu, 35 sanitary complexes are being rehabilitated. A separate sanitation and environmental awareness campaign is also being designed.

15. In Tamil Nadu, about 900 kilometers (km) of village roads and 115 km of town roads are being restored, with roadwork completed on about 660 km. Additionally, about 230 public buildings have been selected in Tamil Nadu for upgrading, and tenders invited. Damaged electricity distribution facilities and street lights are being restored, and construction has begun on three new bridges in Kerala and six high-level bridges in Tamil Nadu, which are to be used as evacuation routes in case of future tsunami threats.

16. Progress in disbursement has improved substantially, especially in the livelihood component. Completion of works under contract awards for water supply and sanitation will also result in an improvement in disbursements during Q1 and Q2 2008. However, cost overruns have been encountered in both Tamil Nadu and Kerala due to the increased cost of raw materials and appreciation of the Indian rupee against the US dollar. Both state governments have requested additional grant funding, and an extension of the project period to complete the original scope of works.

17. **Indonesia: Earthquake and Tsunami Emergency Support Project and Contribution to the Multidonor Trust Fund (MDF).**⁵ The project has made considerable progress over the 2.5 years since implementation began. Project impacts are being realized under all components, benefiting not only earthquake and tsunami victims but also victims of the decades-long conflict in Aceh. Cumulative contract awards since grant effectiveness in June 2005 until end December 2007 equaled \$215 million, including about \$104 million in awards in 2007, while cumulative utilization reached \$120 million, including \$65 million in 2007. By the end of 2008, cumulative contract awards are expected to reach 100% of the grant amount (\$291 million), while utilization may reach \$251 million. All components are expected to be physically complete by the end of 2008, with the exception of two components that will be completed by the extended grant closing date of 30 June 2009.

18. To complement its support to mitigation of the tsunami and earthquake disasters, ADB joined the MDF soon after it was formally established in May 2005, and participates regularly in its activities. The bilateral and multilateral donors have pledged \$673 million, of which \$394 million has been paid-in as of March 2007. The current MDF portfolio comprises 17 projects valued at \$721 million, which are financed with \$492 million from the MDF and \$229 million from the Rehabilitation and Reconstruction Agency (BRR). These projects are spread across four sectors: (i) recovery of communities (43%), (ii) infrastructure and transport (37%), (iii) capacity building and governance (13%), and (iv) sustainable management of the environment (7%).

⁵ 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: \$301 million grant [including Luxembourg's contribution of \$1 million to the ATF]; \$3.5 million cofinancing). A progress report on the rehabilitation and reconstruction of Aceh and Nias supported by this project was circulated in March 2007.

19. About \$126 million of MDF funds have not yet been committed. However, five new projects with a total cost of \$86 million are in various stages of preparation. The MDF has thus far disbursed \$270 million to the respective project accounts, of which \$134 million has been spent. As in the case of the Earthquake and Tsunami Emergency Support Project, the implementation of several MDF projects has been affected by delays in the preparation of detailed work plans by the implementing agencies, the Government's complex budget process, and delays in contract execution. As the MDF project portfolio cannot be completed by June 2010, the original closing date of the MDF mandate, an extension of 2.5 years is being considered.

20. ADB's contribution of \$10 million to the MDF was made available in September 2005 after the Board endorsed a proposal for ADB contributions to be utilized in accordance with the procurement procedures of the World Bank, as the MDF trustee. ADB has been designated as a partner agency to design and appraise projects once project concepts are approved by the steering committee, and supervise, monitor and evaluate progress during project implementation. However, due to staff constraints, ADB has not been able to take the role of a partner agency.

21. **Maldives: Tsunami Emergency Assistance Project.**⁶ The project consists of two components: (i) a rapid disbursement component, which has been fully disbursed; and (ii) a project component focusing on five sectors: water supply, sanitation and solid waste management; transport; power; fisheries; and agriculture. The program gave the country an opportunity to rebuild some of their damaged public infrastructure at a higher standard than before the tsunami. ADB is presently financing the construction of 6 power stations on 6 islands, 1 harbor, 1 sewerage system, and livelihood programs on 42 islands. The overall project is progressing satisfactorily. All civil works subprojects have been contracted out and are either under way or have reached completion. The transportation component is expected to be completed in March or April 2008, with the sewage system component to be completed in May 2008. The power component is expected to be completed by June 2008. Delays continue in the micro-credit agriculture subcomponent due to competing programs by the World Bank and limited visits (once monthly) to the islands by the Bank of Maldives. Overall disbursements are expected to improve in early 2008, as many invoices have already been submitted to the Government, but were not processed by the fiscal year 2007 cutoff date in December 2007.

- (i) **Sanitation.** Despite some initial delays, progress is satisfactory. The contract for construction of a sewerage network and sewage treatment scheme in Thaa Guraidhoo was awarded on 3 May 2007 and the contractor mobilized shortly afterwards; in accordance with the schedule of works, commissioning and handover of the scheme to the community will be completed in May 2008. The contract relating to the preparation of detailed engineering design, associated environmental impact assessment, and bidding documents for the Kulhudhuffushi sewerage scheme was awarded in April 2007 and completed in September 2007.
- (ii) **Transport.** The transport component includes dredging of Dhidhdhoo harbor, and rehabilitation and reconstruction of its quay walls and seawalls. After being re-tendered, a contract valued at \$2.72 million was awarded in May 2007. The

⁶ ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of the Maldives for the Tsunami Emergency Assistance Project*. Manila (approved: \$1.8 million loan; \$20 million grant).

contractor commenced physical site works on 15 August 2007, with works expected to be substantially completed by end April 2008.

- (iii) **Power.** Progress is satisfactory. The first batch contract covering four islands, valued at about \$2.44 million, was awarded on 23 August 2006, with an effective date of 7 November 2006. The second batch contract for two islands amounting to about \$1.1 million was signed on 3 December 2006, with an effective date of 5 February 2007. The duration of each contract is 18 months from the effective date. Construction work is in progress and on schedule at all power stations, with civil works for all six power stations (accounting for some 80% of each contract's cost) either completed or nearly completed. The power cables have been delivered and installed at each site and all 18 generator sets (three at each site) have been ordered and are either in storage in Malé waiting for installation, or will be delivered before the end of Q1 2008. The consultant has indicated completion is on schedule for June 2008. However, two islands may require a short extension because the notices to proceed were not issued until March 2007, with completion by August 2008. The contractor has given assurances that all six power stations can be expected to be completed by the 30 June 2008 closing date.
- (iv) **Fisheries.** Implementation on the 16 tsunami-affected fisheries islands is very satisfactory, with most of the planned activities already implemented and project targets met. Achievement of component targets is as follows (a) strengthening community-based organizations, 94%; (b) social mobilization trips, 100%; (c) strengthening fisheries extension, 99%; (d) training, 90%; (e) in-kind assistance to beneficiaries, 100%; and (f) fully disbursing the micro-credit funds to the Bank of Maldives for lending to tsunami-affected fisheries beneficiaries, 100%. Follow up with the Bank of Maldives on the lending and monitoring of utilized funds is still required. Because the \$2.6 million allocation to the fisheries component has been fully committed, \$115,000 has been reallocated to the fisheries component from the agriculture component at the request of the Government, to provide in-kind assistance to additional beneficiaries.
- (v) **Agriculture.** Progress is partly satisfactory. Achievement of component targets is as follows (a) community consultation and social mobilization trips, 100%; (b) strengthening of community-based organizations, 75%; (c) strengthening of agriculture extension and capacity building for government officers and farmers, 60%; and (d) micro-credit lending to tsunami-affected farmers, 10%. The implementing agency prepared and has been implementing a work proposal further clarifying project activities that were roughly defined in the original documents, and prioritizing three key initiatives: (a) development of centers of excellence for atoll agriculture through reestablishment and development of Mendhoo agricultural research, extension, training and information station, and strengthening of institutional support at Hanimadhoo agricultural center; (b) capacity building, through development and implementation of a training program for farmers and extension staff, including formal agriculture curriculum courses; and (c) support to farmer cooperatives on five to eight pilot islands for development of farming systems, improvement of produce quality and reduction of postharvest losses, collective bargaining, and marketing of produce. So far crops have been planted in most demonstration sites. A Bank of Maldives loan

officer has been traveling with the project team to the islands and helping farmers apply for the micro-credits.

22. **Sri Lanka: Tsunami-Affected Areas Rebuilding Project.**⁷ The objective of project is to rapidly improve the living conditions and wellbeing of a significant number of people in the tsunami-affected areas by restoring basic social infrastructure, community and public services, and livelihoods. The project is addressing the needs of those affected by the tsunami through numerous subprojects in a variety of sectors, which were selected and formulated in response to requests from the Government and those affected by the tsunami. The project has eight components, which focus on the highest priority sectors in the tsunami-affected areas, based on the tsunami needs assessment and consultations with the Government and other stakeholders. ADB is financing a loan of \$7 million and a grant of \$150 million. The European Union has provided €52.4 million (equivalent \$68.1 million) for road rehabilitation and reconstruction under component C, while the Government of the Netherlands has provided \$8.73 million equivalent for the owner-driven housing program under components E and H.

23. As of December 2007, overall progress has increased considerably with contract awards of \$53.75 million (about 34% of the allocation) and disbursements of \$42.09 million (27% of the allocation), out of a loan and grant total of \$157 million from ADB. The financing by the Netherlands for the homeowner-driven program has been fully committed. The conflict in the north and east of the country has contributed to delays, and the project is likely to require an extension of the loan closing date of 30 June 2009 to allow for completion of the project.

24. A minor change in scope was made to the road component to include alternative roads that could be implemented in the north and east due to the conflict situation in June 2007. In November 2007, the Government requested ADB to close component G on rural finance and reallocate the loan and grant savings of \$7.42 million to other project components with greater resource requirements. Based on discussions with the Government and the National Development Trust Fund in December 2007, the ADB Sri Lanka Resident Mission carried out a minor change in scope for component A and a major change in scope and implementation arrangements to allow savings under the Tsunami-Affected Areas Rebuilding Project to be utilized under component C.

25. Achievements under the project include (i) award of the first international competitive bidding package to a national contractor in component C; (ii) establishment of a management information system and a geographic information system for monitoring, and (iii) full commitment of financing by the Netherlands for the homeowner-driven program.

26. **Thailand.** All three technical assistance projects in Thailand, amounting to \$2.0 million, have already been completed.

- (i) **Development Plan for the Tsunami-Affected Andaman Region.**⁸ This TA for preparing a preliminary subregional development plan for the three provinces most affected by the tsunami (Krabi, Phang Nga, and Phuket) was successfully completed in July 2005 (Phase I).

⁷ 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 (Loan 2167-SRI(SF), approved: \$7 million loan [reallocation]; \$150 million grant; \$109.935 million cofinancing).

⁸ ADB. 2005. *Technical Assistance to the Kingdom of Thailand for Preparing a Development Plan for the Tsunami Andaman Region*. Manila (TA 4564, approved \$150,000).

- (ii) **Supporting Post-Tsunami Activities and Coastal Zone Management.**⁹ This TA was completed in October 2006 upon completion of the TA final report. The TA produced a draft of the Promotion of Marine and Coastal Resources Management Act. The act would implement constitutional guarantees of rights to information and participation in resource management, provide a framework within which the multiple government authorities operating in the coastal zone and marine areas can coordinate and harmonize their functions, and provide a means for resolving jurisdictional conflicts among government authorities and for settling disputes among stakeholders.

The TA provided support to Thailand in improving the legal and regulatory framework for coastal zone management and ensuring adequate field-level coordination of government and nongovernment agencies involved in post-tsunami rehabilitation activities. The report was widely reviewed by the executing agency, other external funding agencies, universities, and civil society organizations in Thailand.

- (iii) **Subregional Development Plan for the Tsunami-Affected Andaman Region, Phase II.**¹⁰ Activities for the second phase of the Andaman subregional plan TA were basically completed in October 2006. However, at the request of the Government of Thailand, dissemination workshops in the three participating provinces and at the national level were conducted during November 2006 to March 2007.

The plan was acknowledged by the cabinet of the Government of Thailand in 2006. The National Economic and Social Development Board is expected to be in charge of implementing and supervising the plan in coordination with local authorities of the three provinces included in the plan (Phuket, Krabi, and Phang Nha). The TA was satisfactorily completed in April 2007.

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

27. **India.** The mobilization of staff and establishment of the project management unit and project implementation unit offices has been generally slow in India, particularly in Kerala. In addition, only a small number of government staff members have experience with the preparation and implementation of large projects with multiple contracts. In August 2005, the ADB India Resident Mission established two extended missions in Chennai and Thiruvananthapuram in the states of Tamil Nadu and Kerala (EMTK), with fulltime staff consultants, to assist and guide the executing and implementing agencies. This intervention has provided direct institutional strengthening through the transfer of management skills; this in turn has helped strengthen project ownership by state government executing and implementing agencies, as well as community beneficiaries. The extended missions also supervise and monitor the use of funds, as well as contract adherence to ADB's guidelines and safeguard policies. The EMTK have also been instrumental in coordinating review missions and assisting in visits by senior officers and VIPs, including ADB's President, to the tsunami reconstruction

⁹ ADB. 2005. *Technical Assistance to the Kingdom of Thailand for Supporting Post-Tsunami Activities and Coastal Zone Management*. Manila (TA 4595, approved \$150,000).

¹⁰ ADB. 2005. *Technical Assistance to the Kingdom of Thailand for the Subregional Development Plan for the Tsunami-Affected Andaman Region*. Manila (TA 4613, approved \$1,700,000).

works and livelihood components. In the event that the project period is extended, an extension of the services of the EMTK may also be required.

28. **Indonesia.** ADB, through its extended mission in Sumatera (EMS), continues to work closely with the executing, implementing and provincial agencies in a number of areas, providing TA for capacity building, advisory support, implementation supervision and financial management. EMS is coordinating with BRR to ensure that (i) the project management units undertake the remaining procurement activities expeditiously, and have the resources needed for supervision and monitoring; (ii) budget revisions are processed and approved quickly; and (iii) work quality issues are addressed. In November 2007, ADB's President approved an extension of EMS' mandate from end January 2008 to 31 December 2008.

29. **Maldives.** ADB established the extended mission to the Maldives (EMM) office in Malé to assist in the overall program. The EMM has been successful in assisting during the predesign phase, design and tendering phases, and now in the implementation phase. The EMM has assisted the Government in its communication with ADB and in overseeing the input and/or output of both international and national consultants. The EMM has worked closely with the development assistance community to resolve issues of concern, and was a member of the United Nations country team that was formed to address and resolve common or competing interests. The EMM also assisted the Government in preparing for the Maldives partnership forums that were held in June 2006 and June 2007, to raise awareness of the country's assistance needs and the status of the tsunami recovery program. ADB senior management attended both forums. The EMM also provided invaluable assistance for the 2006 audit of the Tsunami Relief and Reconstruction Fund and for the 2007 audit. On 31 December 2007, the EMM was closed. The consultant (senior resident advisor) hired to work in the EMM completed his duties and his contract expired on 31 December 2007.

30. **Sri Lanka.** Due to the increasing conflict in Sri Lanka, acts of terrorism have increased, making it difficult for contractors, executing agencies, and ADB to implement and supervise works. The Ministry of Defense has now approved the procurement of radio equipment for all ADB Sri Lanka Resident Mission vehicles, which is a United Nations minimum operational security standards requirement for traveling in the north and east.

V. OTHER MAJOR ISSUES AND ACTIVITIES

31. **India.** While substantial progress has been made in disbursing funds, more effort needs to be made to expedite project implementation in India. In Kerala, support is needed to strengthen and reform government institutions and public administration; such a program should be based on a detailed analysis, and designed in close consultation with the Kerala government. The tsunami emergency assistance project lacks an institutional strengthening component, as it is an emergency project, and it is inappropriate to add such a reform component to this emergency project, particularly at its current stage of implementation. In Tamil Nadu, a biometric identification and financial monitoring system for project beneficiaries is being established by one implementing agency, which will be replicated by other implementing agencies.

32. **Maldives.** Early in the process, the Government of the Maldives made the decision to ensure replacement infrastructure was an improvement over the original, although this entailed higher costs. This caused the project to be less effective than originally envisaged, as less damaged infrastructure was rehabilitated or replaced due to these higher costs. However, the structures that are being built are of a high standard. The major problem facing the Government

of the Maldives are its weak institutions and a shortage of qualified staff. Additionally, the heavy burden of thousands of civil works projects that arose as a result of the tsunami has placed an enormous strain on the country's local contractors and consultants, who had been working on other minor projects. The shortage in qualified construction contractors and consulting firms caused problems for all donor and government-funded programs. The tsunami projects have significantly raised the cost of general construction (labor and materials) to the point that it has affected the cost of construction work in all sectors, and has directly affected the cost of rebuilding and building new resorts that are a mainstay of the economy.

33. **Sri Lanka.** Due to cost increases in Sri Lanka, a cost overrun of about 30% is expected in component C (road rehabilitation and reconstruction), as well as in the other components. The biggest challenge faced in the northern and eastern provinces is the inability to retain staff, whether in the project management unit or the implementing partner organizations, and the resultant project implementation delays.

VI. CONCLUSION

34. As provided at establishment,¹¹ “unless otherwise agreed by the contributors and ADB, the Fund will terminate on the earlier of (a) the date five years from Board approval of the Fund or (b) such date as ATF funds will have been fully disbursed by ADB.” The ATF is now in its third year of operation. While there are implementation problems that need to be addressed (such as the coordination and security issues cited in paras. 20 and 30), initial implementation problems and issues have slowly been overcome and the pace of disbursement has accelerated. Grant closing dates have been extended for the investment projects in the Maldives and Indonesia, but it is anticipated that all grant amounts will be fully disbursed on or before the end of the fifth year.

35. Three years after the tsunami of 26 December 2004, much recovery, rehabilitation, and reconstruction work has been accomplished, and considerable effort to restore housing, livelihoods, roads, bridges, and other infrastructure is ongoing. The resilience and determination shown by the people—and particularly the women—affected by the tsunami is remarkable (paras. 11–12). Poor women are finding ways to support their families and communities, and women in tsunami-affected areas have shown the will and capacity to equip themselves with better knowledge and skills. By empowering themselves, women are benefiting economically and socially; as members of their communities, they are assuming the role that they could and should be playing in disaster risk reduction.

¹¹ ADB. 2005. *Asian Tsunami Fund*. Manila, para. 30.