



March 2009

Status Report on the Asian Tsunami Fund (July–December 2008)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ATF	–	Asian Tsunami Fund
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BRR	–	Badan Rehabilitasi dan Rekonstruksi (Rehabilitation and Reconstruction Agency)
EMM	–	Extended Mission to the Maldives
EMS	–	Extended Mission to Sumatera
EMTK	–	Extended Mission in Tamil Nadu and Kerala
ETESP	–	Earthquake and Tsunami Emergency Support Project
EU	–	European Union
MDTF	–	Multi-Donor Trust Fund
TA	–	technical assistance
TAARP	–	Tsunami-Affected Areas Rebuilding Project

NOTE

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

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I. INTRODUCTION

1. This report is the eighth semiannual report and covers the period from July to December 2008.¹

II. AMOUNTS AND RECIPIENTS OF GRANTS

2. In addition to an initial contribution of \$600 million made by ADB to the ATF, the Government of Australia contributed \$3.8 million to support the emergency rehabilitation of coastal structures in tsunami-affected areas in Sri Lanka, and the Government of Luxembourg contributed the equivalent of \$1.0 million² to finance the expansion of irrigation activities on Nias Island in Indonesia. As of 31 December 2008, ATF's cumulative resources totaled \$625.9 million,³ while total approved funding from the ATF stood at \$573.0 million. Most of the ATF funding (\$571.0 million) went to India, Indonesia, Maldives, and Sri Lanka in the form of investment projects and a contribution to the Multi-Donor Trust Fund in Indonesia while technical assistance (TA) grants totaling \$2.0 million were provided to Thailand.

3. Including commitments from the ATF, ADB has approved \$892.0 million in direct tsunami-related assistance from other sources. Of that amount, \$725.1 million (81%) was in the form of grants. The development partners that provided funds through cofinancing or contributions to special funds established in ADB were the European Commission and the governments of Canada, France, Japan, the Netherlands, Norway, Sweden, and United Kingdom.

III. ADB'S PERFORMANCE ON THE GROUND

4. As of 31 December 2008, cumulative payments of about \$367.6 million (including advances), representing 64% of total commitments, had 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, March and September 2007, and March and September 2008.

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. ADB. 2006. *Increase in Grant Financing: Earthquake and Tsunami Emergency Support Project*. Manila (R228-06 dated 17 October 2006).

³ This amount excludes \$40 million, which was returned to the 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 the ordinary capital resources surplus and earmarked 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 2008
(\$)

Project (Grant and TA Number and Country)	Committed	Cumulative Disbursements	Undisbursed
Tsunami Emergency Assistance Project (GR0001-MLD) ^a	20,000,000	17,511,813	2,488,187
Earthquake and Tsunami Emergency Support Project (GR0002-INO) ^b	291,000,000	177,758,932	113,241,068
Contribution to the Multi-Donor Trust Fund (GR0014-INO)	10,000,000	10,000,000	0
Tsunami Emergency Assistance (Sector) Project (GR0005-IND) ^c	100,000,000	80,618,332	19,381,668
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI) ^d	150,000,000	79,789,557	70,210,443
Development Plan for the Tsunami-Affected Andaman Region (TA 4564-THA) ^e	150,000	121,049	0
Supporting Post-Tsunami Activities and Coastal Zone Management (TA 4595-THA) ^f	150,000	145,314	0
Subregional Development Plan for the Tsunami-Affected Andaman Region – Phase II (TA 4613-THA) ^g	1,700,000	1,618,943	0
Total	573,000,000	367,563,941	205,321,366

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

^a Grant closing date initially extended from 30 September 2007 to 30 June 2008; subsequently further extended to 31 August 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009; subsequently further extended to 31 December 2009.

^c Grant closing date extended from 31 October 2008 to 31 October 2009.

^d Grant closing date extended from 30 June 2009 to 31 December 2010.

^e TA activities were completed on 31 July 2005 and the TA was financially closed on 20 June 2007. Undisbursed TA amount as of financial closing date was \$28,951.

^f TA activities were completed on 31 October 2006 and the TA was financially closed on 19 June 2007. Undisbursed TA amount as of financial closing date was \$4,686.

^g TA activities were completed on 15 April 2007 and the TA was financially closed on 31 October 2007. Undisbursed TA amount as of financial closing date was \$81,057.

Source: Controller's Department. 2008. *Status of Resources – Asian Tsunami Fund as of 31 December 2008*. Manila: Asian Development Bank.

5. Actual disbursements from January to December 2008 totaled \$121.4 million, or 58% of the annual projection of \$210.0 million (Table 2). As a result of new developments and events that have occurred during implementation, about \$88.6 million or 42% 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 2009 have been projected at \$189.1 million for the four investment projects in India, Indonesia, Maldives, and Sri Lanka (Table 3). By the end of 2009, cumulative disbursements are expected to equal \$556.7 million, representing 97% of total ATF commitments.

Table 2: Projected and Actual Disbursements, January–December 2008
(\$)

Project (Grant and Country)	Projection	Actual
Tsunami Emergency Assistance Project (GR0001-MLD) ^a	5,200,000	4,176,291
Earthquake and Tsunami Emergency Support Project (GR0002-INO) ^b	131,000,000	57,788,306
Contribution to the Multi-Donor Trust Fund (GR0014-INO)	0	0
Tsunami Emergency Assistance (Sector) Project (GR0005-IND) ^c	40,000,000	21,707,884
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI) ^d	33,770,000	37,694,719
Total	209,970,000	121,367,200

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

^a Grant closing date initially extended from 30 September 2007 to 30 June 2008; subsequently further extended to 31 August 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009; subsequently further extended to 31 December 2009.

^c Grant closing date extended from 31 October 2008 to 31 October 2009.

^d Grant closing date extended from 30 June 2009 to 31 December 2010.

Source: Grant Financial Information System, Asian Development Bank.

Table 3: 2009 Projected Disbursements
(\$ million)

Project (Grant and TA Number and Country)	Projection
Tsunami Emergency Assistance Project (GR0001-MLD) ^a	2.0
Earthquake and Tsunami Emergency Support Project (GR0002-INO) ^b	100.0
Contribution to the Multi-Donor Trust Fund (GR0014-INO)	0.0
Tsunami Emergency Assistance (Sector) Project (GR0005-IND) ^c	20.1
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI) ^d	67.0
Total	189.1

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

^a Grant closing date initially extended from 30 September 2007 to 30 June 2008; subsequently further extended to 31 August 2008.

^b Grant closing date extended from 30 December 2008 to 30 June 2009; subsequently further extended to 31 December 2009.

^c Grant closing date extended from 31 October 2008 to 31 October 2009.

^d Grant closing date extended from 30 June 2009 to 31 December 2010.

Source: Asian Development Bank estimates.

7. On 2 October 2008, the Board approved the extension of closing dates to 31 October 2009 for the Tsunami Emergency Assistance (Sector) Project (TEAP) in India and to 31 December 2010 for the Tsunami-Affected Areas Rebuilding Project (TAARP) in Sri Lanka. As the Board paper establishing the ATF provides for the termination of the ATF's operation on the earlier of either (i) the date 5 years from Board approval of the ATF (February 2010), or (ii) the date when ATF funds will be fully disbursed, the contributors to the ATF agreed to extend the grant for a period of 10 months until 31 December 2010 to enable completion of all the works under the TAARP. The Board also approved the waiver of paragraph 88 of ADB's *Disaster and Emergency Assistance Policy*,⁴ which provides for a maximum completion period of 4 years for projects in response to natural disasters and 5 years for postconflict situations.

8. Despite significant progress, the overall level of disbursements for the investment projects funded by the ATF has fallen short of targets or projections.

⁴ ADB. 2004. *Disaster and Emergency Assistance Policy*. Manila (R71-04).

9. In India, disbursements were delayed because of the following: (i) local executing agencies (EAs) and implementing agencies initially lacked experience and management skills to plan and implement such works within a tight time frame, (ii) trained personnel in the executing and implementing agencies were frequently transferred, (iii) livelihood interventions covered thousands of beneficiaries spread over a wide geographic area, (iv) materials were scarce and prices of construction material escalated, (v) Tamil Nadu faced severe flooding during the working season, (vi) water supply works were delayed by the contractor, (vii) financial closure of completed contracts were delayed because of lack of familiarity of TEAP finance personnel with ADB procedures, and (viii) the US dollar depreciated against the Indian rupee toward the end of 2008.

10. In Indonesia, the main reason for the significant lag between utilization and disbursement is the slow replenishment of the imprest account arising from a lack of documentation from the Rehabilitation and Reconstruction Agency (BRR) and its implementing agencies. The design of the Earthquake and Tsunami Emergency Support Project (ETESP) provides for direct funding of consulting services contracts and of off-budget housing contracts awarded by ADB for the recipient, and for retroactive review by ADB of the procurement and disbursement documents, instead of prior review that is generally applied in most projects. However, while the documentation is collected and submitted to ADB for processing, government resources are utilized to fund the contracts that are awarded in accordance with the ADB and government guidelines. This means significant government pre-financing of the construction and capacity building activities. The Extended Mission to Sumatera (EMS) has been working with BRR to expedite submission of relevant documents to accelerate disbursement and reduce the utilization and disbursement lag.

11. In the Maldives, implementation and disbursements were initially slow because of the following delays in (i) the selection of islands by the Government in the power sector component; (ii) reaching agreement with the implementing agency on the design and scope of work in the water supply, sanitation, and solid waste management component; (iii) the need for re-tendering in the transport component; and (iv) the agreement on the mechanism of channeling the micro-credit/revolving fund in the agriculture and fisheries components. After these initial delays, however, progress considerably improved. All components were completed in June 2008, with the exception of the power component, which required a 2-month extension and was completed in August 2008.

12. In Sri Lanka, the primary cause for the initially slow progress in implementation of the project was the reemergence of the conflict and violence in the north and east. Almost 55% of subprojects were originally located in the northern and eastern districts and could not be commenced as planned during the first 2 years of the project. Limited capacity of the EAs to identify subprojects, constant escalation of construction material prices, lack of availability of qualified contractors, and restriction in material transport to the north and east also affected the project's progress. However, the project was able to meet the contract awards and disbursement projections for 2008. Actual contract awards achievement as of 31 December 2008 was \$69.56 million of the projection of \$31.94 million while that for disbursements was \$37.69 million of the projected \$33.77 million.

13. The sector divisions and resident missions under ADB's South Asia Department and Southeast Asia Department periodically fielded review missions to ensure that the four approved investment projects were implemented efficiently and effectively. Dedicated extended

missions in Indonesia and India closely supervised project preparation,⁵ and assisted the EAs in implementing and monitoring projects. The Controller's Department in ADB has also fielded loan disbursement missions to look into general and project-specific financial and disbursement problems as they arise.

14. ADB's support to the five tsunami-affected countries as of 31 December 2008 is described below.

15. **India: Tsunami Emergency Assistance (Sector) Project.**⁶ ADB support to tsunami-affected states is for sustainable livelihood interventions and provision of 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 improved considerably; cumulative contract awards of \$95.66 million out of the \$100 million allocation have been achieved. Contract awards were somewhat reduced because the US dollar depreciated toward the end of 2008, and the total allocation is likely to be utilized by covering more beneficiaries under the ongoing interventions.

16. Several success stories have emerged under the alternative livelihood component, which has included subprojects like dressed/dry fish units, microenterprises, mini supermarkets, sea food kitchens, mussel farming, ornamental fish breeding, seaweed cultivation, mud crab fattening, livelihood-related assistance to the disabled, snacks/soft drinks/milk parlors, information technology kiosks, provision of auto rickshaws for community taxi service as well as provision of vehicles called "Fresh Fish Express" to female self-help groups for transporting and marketing fish. Assistance has been provided to salt workers for rehabilitating over 1,000 hectares of salt production beds eroded by the tsunami—benefiting 915 members of the salt pan owners federation and over 10,000 daily wage laborers besides several women's self-help groups engaged in iodizing and packaging activities. The livelihoods of handloom weavers in the southern tip of India have been revived with TEAP assistance by rehabilitating and partially mechanizing their production facilities to suit market requirements of exporters from the region. Today, their products (kitchen furnishing fabrics) are being exported to Wal-Mart, the United States retailer, and many other European market chains, providing these families with regular work and income. The Government of India and the United Nations Economic and Social Commission for Asia and the Pacific are considering TEAP assistance for the salt workers and handloom weavers as model interventions for replication in other areas.

17. About 17,820 existing and 27,547 new self-help groups have been assisted by providing revolving credit and economic assistance for upgrading livelihood activities and/or establishing microenterprises. Damaged productive assets for around 3,748 self-help groups and 38,500 individuals have been replaced. Insurance coverage for health, accident at work, high school education for females in the event of death of the income-earning member in the family, disability, etc. has been provided to around 91,180 beneficiaries. Special working capital assistance, cofinanced by local banks on a 50:50 basis, provided to the fishermen cooperatives operating under the South Indian Federation of Fishermen Societies, has been a major draw with fishing communities. Many of these communities have paid up the dues and are availing of the second tranche of assistance. Training has been provided to 2,272 self-help groups and 75

⁵ The Extended Mission in the Maldives closed on 31 December 2007. The consultant (senior resident advisor) hired to work in the extended mission also completed his consultancy work by the end of 2007.

⁶ 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 (\$100 million loan; \$100 million grant).

master resource persons. Construction of community resource centers and common production centers has also been undertaken.

18. Water supply system rehabilitation in 17 towns and 477 villages has been completed while 6 comprehensive water supply schemes are under construction. Initial delays had been encountered in the construction of these ongoing schemes but these are likely to be completed in the second quarter of 2009. About 35 sanitary complexes have been rehabilitated/reconstructed and establishment of solid waste management activities in 19 towns has been completed. A separate sanitation and environmental awareness campaign as an information, education, and communications activity was designed and executed in some of the tsunami-affected areas.

19. In both states, public consultations and stakeholder meetings have been carried out extensively before and during the implementation process. Third party technical quality audit of works has helped in the adherence to technical standards of works being financed under the TEAP. Benefit monitoring and evaluation have reviewed the impacts of interventions, focusing on independent monitoring of benefits, quality aspects, and suggested interim corrections. These suggestions have been acted upon to ensure that the interventions become more effective and meaningful to the beneficiary communities. Capacity building, networking, branding, and marketing activities are ongoing to ensure the sustainability of livelihood interventions in years to come. A significant outcome of the project is that several personnel from the state government have gained valuable experience in designing, implementing, and managing multisector projects as the state governments opted to use their services instead of hiring consultants.

20. **Indonesia: Earthquake and Tsunami Emergency Support Project and Contribution to the Multi-Donor Trust Fund (MDTF).**⁷ The ETESP has been under implementation since June 2005. With the lapse of more than 83% of the revised grant period,⁸ physical progress has been more than 85%. Of the 12 ETESP components, agriculture, fisheries, health, irrigation, and power components were substantially completed by the end of 2008. Most of the other 7 components have also been completed. Housing, roads and bridges, small and medium-sized enterprise development, spatial planning and environmental management, rural water supply and sanitation, education, and fiduciary oversight will continue until the second or third quarter of 2009 to ensure completion of civil works and capacity building activities. ADB's EMS is working on the transition arrangements for implementation supervision and monitoring following the termination in April 2009 of the mandate of the EA (BRR).

21. Spatial planning and environmental management, small and medium-sized enterprise development, and fiduciary governance components are being executed under off-budget arrangements, so the closure of BRR by 16 April 2009⁹ will not affect their implementation. Rural water supply and sanitation will be implemented by the Ministry of Health together with the

⁷ 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 (\$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.

⁸ In September 2008, the grant closing date was extended to 31 December 2009.

⁹ BRR's role as the coordinator of the reconstruction program has been assumed by the National Development Planning Agency (BAPPENAS) from 1 January 2009.

Community Water Services and Health Project.¹⁰ The roads and bridges component, scheduled for completion in the third quarter of 2009, will be executed by the Ministry of Public Works. The housing component is being executed under both on-budget and off-budget arrangements. Some on-budget housing subprojects have spilled over to 2009. The construction and rehabilitation of off-budget housing subprojects is taking longer than expected because of their remote locations, which make transportation of construction materials difficult. All ongoing off-budget housing construction will be completed by the second quarter of 2009. However, three new off-budget housing infrastructure projects to be initiated soon will be completed by the second or third quarter of 2009.

22. For the activities that could not be completed during 2008 under the agriculture and fisheries component, and some on-budget housing infrastructure works, BRR management is considering different options including involving local government agencies to take over the supervision of such works. ADB will closely monitor developments in this regard to ensure effective implementation of the remaining ETESP activities before grant closing. BRR is holding regular consultations with the national government ministries and the provincial governments of Aceh and North Sumatera to evolve a satisfactory transition arrangement for implementation of the remaining works and activities of the Aceh and Nias reconstruction program.

23. The experience of development partners in supporting reconstruction projects has been similar to that of ADB's ETESP. The World Bank has contributed \$25 million to the MDTF and it has been its partner agency for several projects.¹¹ The extension of the closing date of the MDTF from 30 June 2010 to 31 December 2012 was approved by the World Bank's board of directors on 27 July 2008. The purpose of the extension is to contribute to the institutionally, financially, and socially sustainable transition from the outgoing national agency (BRR) to other agencies of the central, provincial, and local governments; and to allow the completion of essential projects to meet critical needs and enhance sustainability. The extension will also give the MDTF the required time to allocate the remaining funds in close coordination with the remaining reconstruction needs, as other reconstruction programs (including those of the national government) are winding down. Prior to this, the donors (including ADB) approved this endeavor and provided support letters endorsing the extension.

24. As of 30 September 2008, the MDTF received \$692 million in pledges from 15 donors and \$472 million in payments. So far, \$515 million has been allocated to 18 projects, with an additional \$99 million committed to another five new projects and a further \$14 million in additional funds for four ongoing projects. So far, the MDTF has disbursed \$334 million (65% of allocated funds) to the 18 projects implemented. The individual projects have utilized \$234.0 million (70% of the funds disbursed or 45% of the fund allocated) to finance project activities. The MDTF has about \$57 million in unallocated and uncommitted project funds. All remaining project funds need to be allocated soon to enable spending of associated funds within the portfolio's time frame, even with the extended closing date of 31 December 2012.

25. The MDTF will now focus on supporting a smooth transition period to avoid disruptions to project operations and to ensure that the governance arrangements are in place. In close partnership with other stakeholders, the MDTF will continue to play a critical, multifaceted role in the recovery of Aceh and Nias. Given BRR's exit,¹² the MDTF will remain a major player and

¹⁰ ADB. 2005. Report and Recommendation of the President to the Board of Directors on Proposed Loans and Emergency Assistance Grant to the Republic of Indonesia for the Community Water Services and Health Project. Manila (approved \$64.49 million loan, \$16.5 million grant).

¹¹ Although requested by the MDTF and the Government, ADB could not undertake the role of a partner agency because of staffing constraints.

¹² BRR's role as the coordinator of the reconstruction program will be assumed by the National Development Planning Agency (BAPPENAS) from 1 January 2009.

platform to facilitate dialogue between donors, national government, regional governments, and nongovernment organizations in Aceh and Nias.

26. **The Maldives: Tsunami Emergency Assistance Project.**¹³ The project consisted 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 its damaged public infrastructure at a higher standard than before the tsunami. The project has financed construction of 6 power stations on 6 islands, 1 harbor, 1 sewerage system, and livelihood programs on 42 islands. The water supply and transport components were completed before the original 30 June 2008 closing date. On 19 June 2008, ADB approved an extension of 2 months until 31 August 2008 to complete the other three components. Further details on the individual components are provided below.

- (i) **Sanitation.** The contract for construction of a sewerage network and sewage treatment scheme in Thaa Guraidhoo was awarded on 3 May 2007. Work was completed by June 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 contract for the reconstruction and rehabilitation of Dhidhdhoo harbor was awarded in May 2007, and all works were completed by the end of June 2008.
- (iii) **Power.** The first batch subprojects (4 islands) reached completion in May 2008. The 2 second batch islands required a 2-month extension, and were completed by 31 August 2008.
- (iv) **Fisheries.** The fisheries component has been implemented satisfactorily on 16 tsunami-affected fisheries islands and accomplished (a) strengthening community-based organizations; (b) social mobilization trips; (c) strengthening fisheries extension; (d) training to farmers and staff from the Ministry of Fisheries, Agriculture, and Marine Resources; and (e) in-kind assistance to beneficiaries. The working capital provision through micro-credit lending to the beneficiaries by the Bank of Maldives was cancelled because the Government is providing loan programs to the same group of beneficiaries.
- (v) **Agriculture.** The Government undertook social mobilization trips to the 26 tsunami-affected agriculture islands, identified the needs of farmers, and provided furniture and equipment for the operation of community-based organizations. From August 2007, because of the change in farmers' demand and to utilize the TEAP funds in the best manner for the key purposes of post-tsunami agriculture restoration and diversification, the agriculture component has focused on farmer knowledge strengthening, agriculture research, training and capacity building, commercial farming demonstrations, and working capital provisions through micro-credits funded by the associated grant for Restoration

¹³ 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 (\$1.8 million loan; \$20 million grant).

of Livelihoods of the Tsunami-Affected Farmers in the Maldives.¹⁴ Promising research and extension works were demonstrated at the field level, which generated very keen interest among the farming communities. Activities were completed by the loan/grant closing date of 31 August 2008.

27. **Sri Lanka: Tsunami-Affected Areas Rebuilding Project.**¹⁵ The objective of the TAARP is to rapidly improve the living conditions and well-being of a significant number of people in the tsunami-affected areas by restoring basic social infrastructure, community and public services, and livelihoods. The TAARP addresses the needs of tsunami-affected people through numerous subprojects in a variety of sectors. The project consists of eight components addressing various aspects of reconstruction and rebuilding to meet the objectives of the project.

28. ADB has provided a grant of \$150 million from the Asian Tsunami Fund and a loan of \$7 million equivalent. The European Commission has provided €52.4 million (\$68.1 million equivalent)¹⁶ for the road rehabilitation component and the Government of the Netherlands has provided \$8.73 million equivalent for the owner-driven housing program under the southern province rural economic advancement component and northeast community restoration and development component covering eight districts in the south, north, and east.

29. As of 31 December 2008, overall progress has picked up considerably—with contract awards at \$123.32 million (about 79% of allocation) and disbursements at \$82.58 million (53% of allocation), out of a total loan and grant of \$157.0 million from ADB. Under European Union (EU) financing, contract awards have been completed with two large road contracts that are under implementation, and \$36.14 million has been disbursed out of \$67.79 million as of December 2008. The grant from the Government of the Netherlands for the owner-driven housing program was closed in September 2007—financing 9,745 houses in eight tsunami-affected districts.

30. Savings of about \$1.42 million were identified during the review mission in December 2008 under the water supply and sanitation component. Based on discussions with the Government, reallocation of funds will be carried out to the southern province rural economic advancement and coastal resources management components, which have additional subprojects in hand ready to be awarded.

31. Achievements under the project include (i) the award of the first international competitive bidding package to a domestic contractor; (ii) completion of the Dutch financing for the owner-driven housing program; (iii) completion of contract awards under the EU financing for the road rehabilitation and reconstruction component; (iv) establishment of a laboratory and quality assurance system under the southern province rural economic advancement component; and (v) establishment of a management information system under the northeast community restoration and development component and establishment of a geographic information system for monitoring under the northeast coastal community development component.

¹⁴ ADB. 2005. *Grant Assistance to the Republic of Maldives for the Restoration of Livelihoods of the Tsunami-Affected Farmers in the Maldives*. Manila (Grant 9066-MLD, approved on 29 April).

¹⁵ 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 (\$7 million loan [reallocation]; \$150 million grant; \$109.93 million cofinancing).

¹⁶ The European Union (EU) had provided €39.4 million, and supplemented an additional €13.0 million in August 2007. The exchange rate used is €1 = \$1.30.

32. **Thailand.**¹⁷ All three TA projects in Thailand have been completed.¹⁸
- (i) **Development Plan for the Tsunami-Affected Andaman Region.** 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).
 - (ii) **Supporting Post-Tsunami Activities and Coastal Zone Management.** This TA, completed in October 2006, produced a draft of the Promotion of Marine and Coastal Resources Management Act.¹⁹ 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 could coordinate and harmonize their functions, and provide for resolving conflicts of jurisdiction among government authorities and for settling disputes among stakeholders.

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

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

The Government of Thailand cabinet in 2006 accepted the plan. The National Economic and Social Development Board is expected to be in charge of implementing and supervising the plan in coordination with the local authorities of the three provinces (Krabi, Phang Nga, and Phuket).

The TA was satisfactorily completed in April 2007.

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

33. **India.** In August 2005, the ADB India Resident Mission established two extended missions in Tamil Nadu and Kerala (EMTK) with full-time staff consultants, to assist and guide

¹⁷ A total of \$2.0 million has been approved in TA grants: (i) ADB. 2005. *Technical Assistance to the Kingdom of Thailand for Preparing a Development Plan for the Tsunami Andaman Region*. Manila (\$150,000); (ii) ADB. 2005. *Technical Assistance to the Kingdom of Thailand for Supporting Post-Tsunami Activities and Coastal Zone Management*. Manila (\$150,000); and (iii) ADB. 2005. *Technical Assistance to the Kingdom of Thailand for the Subregional Development Plan for the Tsunami-Affected Andaman Region*. Manila (\$1,700,000).

¹⁸ While activities under the three TA projects have been completed and TA accounts have been financially closed, the status of these TA projects as of 31 December 2007 will continue to be included in progress reports on the ATF for information.

¹⁹ As of the TA's completion in October 2006, the proposed Act had not been enacted. A confirmation of its enactment had been requested from the Ministry of Natural Resources and Environment.

the executing and implementing agencies. The EMTK has provided direct institutional strengthening through the transfer of management skills and has strengthened project ownership by community beneficiaries and state government agencies, as only a small number of government staff members had prior experience with the preparation and implementation of large projects with multiple contracts. The EMTK also supervised and monitored the use of funds, as well as contract adherence to ADB's guidelines and safeguard policies. The EMTK was instrumental in coordinating review missions and assisting in visits by senior officers and VIPs to the tsunami reconstruction works and livelihood components. Following substantial completion of the TEAP, these extended missions were closed at the end of August 2008 in Tamil Nadu and on 31 December 2008 in Kerala. The TEAP is now being monitored and supervised by staff at the India Resident Mission and requisite missions are being fielded to both states for successful completion of the remaining components.

34. **Indonesia.** ADB has benefited from its experience in implementation of the ETESP and its efforts have been recognized. In a report on effective aid management, BRR compared two "on-budget" donors—MDTF and ADB—and rated ADB's performance "superior".²⁰ The same report cited the EMS as "a good example of an effective ad hoc organization on the donor side". In October 2008, EMS operations were extended to 30 June 2009. With the forthcoming termination of the BRR mandate in April 2009, the EMS will be closed down as scheduled and the remaining ETESP implementation will be overseen by the Indonesia Resident Mission until grant closure in December 2009.

35. **The Maldives.** ADB established the extended mission to the Maldives (EMM) office in Malé to assist in the overall program. The EMM was successful in assisting during the predesign phase, design and tendering phases, as well as the implementation phase. The EMM assisted the Government in its communication with ADB and in overseeing the input and/or output of both international and national consultants. The EMM 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.

36. **Sri Lanka.** The resident mission in Colombo continues to work closely with the Government, EAs, and project management units of all eight components providing assistance in procurement, project management, and finance management matters. Review missions are fielded to monitor (i) physical progress of on going works, (ii) quality assurance of works, (iii) audit procedures, (iv) compliance with loan covenants, (v) progress of contract awards and disbursements, and (vi) measure outcomes against the design and monitoring framework of the project.

²⁰ Subekti, Amin. *Finance, Delivering Financing Success – The Seven Keys to Effective Aid Management in Indonesia's Post-Tsunami Reconstruction*. Manila.

V. OTHER MAJOR ISSUES AND ACTIVITIES

37. **India.** Due to the scale and spatial spread of destruction due to the tsunami coupled with the weak absorptive capacity of the EA, consultation and planning itself took nearly 2 years, leaving little time for actual reconstruction. On 2 October 2008, based on the Board's waiver of the ceiling on project completion period under para. 88 of ADB's *Disaster and Emergency Assistance Policy*, the original loan closing date of 31 October 2008 was extended by 12 months to 31 October 2009, to complete all works under the Project. The India Resident Mission will continue to assist the Project to ensure successful completion within the extended period in providing relief and benefits to the tsunami affected people in the two states

38. **Indonesia.** The Government has decided that, with the termination of the BRR mandate in April 2009, its National Development Planning Agency will assume the role of ETESP EA for the post-BRR period. The Ministry of Public Works will assume the role of implementing agency for completing the roads and bridges component, and the Ministry of Health for the rural water supply and sanitation component.

39. **The Maldives.** There are no further issues or activities as all project components were completed by 31 August 2008.

40. **Sri Lanka.** Inability to access project sites in the northern districts due to resurgence of conflict delays the project implementation and progress of subprojects. Since no major contract awards are expected in 2009, close monitoring and supervision is necessary to complete the project on time. Delays in receiving final audited financial reports are common to all the components and several discussions are being held with the auditor general to facilitate timely submissions.

VI. CONCLUSION

41. On 26 December 2008, countries across Asia marked the fourth anniversary of the Indian Ocean Tsunami. Initial implementation problems and issues had slowly been overcome under the four investment projects in India, Indonesia, Maldives, and Sri Lanka as well as the three technical assistance projects in Thailand. The projects in **Thailand** have since been completed and financially closed in 2007. It is noteworthy that the subregional development plan for the provinces of Krabi, Phang Nga, and Phuket has become a key input in the preparation of an overall planning framework for the 14 provinces in the south of Thailand. In August 2008, the investment project in the **Maldives** was completed. Significant steps were successfully taken in rebuilding back better some of its damaged public infrastructure at higher than pre-tsunami standards. Complex challenges continue to confront the implementation of the projects that are yet to be completed by 2010. However, what comes clearly through the many achievements and disappointments is the resilience and determination that the countries have shown in turning tragedy into opportunity. In **India**, livelihood programs have gone as far as producing products worthy of being exported to the United States and Europe. Poor women have formed themselves into self-help groups to enable them to support their families proving that a small group of people can have the capacity to develop great ideas. In **Indonesia**, the tsunami experience has also highlighted the importance of strong and exemplary leadership by governments in managing reconstruction programs. Given the exceptional circumstances of both post-conflict and post-disaster circumstances, the project in **Sri Lanka** is managing to address the needs of its tsunami-affected people by restoring basic social infrastructure, community and public services, and livelihoods.