



September 2009

Status Report on the Asian Tsunami Fund (January-June 2009)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ATF	–	Asian Tsunami Fund
BAPPENAS	–	Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BKRA	–	Aceh Sustainable Reconstruction Agency
BKRN	–	Nias Sustainable Reconstruction Agency
BRR	–	Badan Rehabilitasi dan Rekonstruksi (Rehabilitation and Reconstruction Agency)
DER	–	Department of External Relations
EA	–	executing agency
EC	–	European Community
EMM	–	Extended Mission to the Maldives
EMTK	–	Extended Mission in Tamil Nadu and Kerala
ETESP	–	Earthquake and Tsunami Emergency Support Project
IA	–	implementing agency
MDTF	–	Multi-Donor Trust Fund
TA	–	technical assistance
TAARP	–	Tsunami-Affected Areas Rebuilding Project
TEAP	–	Tsunami Emergency Assistance (Sector) Project

NOTE

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

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I. INTRODUCTION

1. This report is the ninth semiannual report and covers the period from January to June 2009.¹

II. AMOUNTS AND RECIPIENTS OF GRANTS

2. In addition to an initial contribution of \$600 million by the Asian Development Bank (ADB) to the Asian Tsunami Fund (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 30 June 2009, the ATF's cumulative resources totaled \$586.6 million.³ Total approved funding from the ATF stands at \$573.0 million, of which \$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 (MDTF) 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 Community (EC) and the governments of Canada, France, Japan, the Netherlands, Norway, Sweden, and the United Kingdom.

III. ADB'S PERFORMANCE ON THE GROUND

A. Cumulative and Actual Disbursements

4. As of 30 June 2009, cumulative payments of approximately \$407.0 million (including advances), representing 71% of total 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, March and September 2007, March and September 2008, and March 2009.

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 (i) \$40 million, which was returned to the ordinary capital resources surplus in November 2005 for subsequent allocation to the Pakistan Earthquake Fund, (ii) \$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, and (iii) \$40 million which was transferred from uncommitted resources to the Asia Pacific Disaster Response Fund. Interest and investment income are included in the cumulative resources figure.

Table 1: Cumulative Disbursements as of 30 June 2009
(\$)

Project (Grant and TA Number and Country)	Committed	Cumulative Disbursements	Undisbursed
Tsunami Emergency Assistance Project (GR0001-MLD) ^a	20,000,000	17,870,875	2,129,125
Earthquake and Tsunami Emergency Support Project (GR0002-INO) ^b	291,000,000	194,853,534	96,146,466
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	84,200,720	15,799,280
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI) ^d	150,000,000	98,218,045	51,781,955
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	407,028,481	165,856,825

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. The project closed as scheduled.

^b Grant closing date extended from 30 December 2008 to 30 June 2009; re-extended to 31 December 2009; and subsequently further extended to 30 April 2010.

^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. 2009. *Status of Resources – Asian Tsunami Fund as of 30 June 2009*. Manila: Asian Development Bank.

5. Actual disbursements from January to June 2009 totaled \$39.5 million, or 24% of the revised annual disbursement projection⁴ of \$161.2 million (Table 2). About \$121.7 million or 76% of the projected disbursements have yet to materialize to achieve the 2009 disbursement projection. The grant amounts under all investment projects funded by the ATF are now expected to be fully disbursed by 2010.

6. By the end of 2009, cumulative disbursements are expected to amount to \$528.7 million, representing 92% of total ATF commitments.

7. Figure 1 tracks actual disbursement achievements against annual projections from 2005 to June 2009.

⁴ Initial estimates for 2009 projections, which were made in November and December 2008, were reported in the status report covering the period July-December 2008; official projections were finalized in February 2009.

Table 2: Revised Annual Projections and Actual Disbursements (January–June 2009)
(\$)

Project (Grant and Country)	Projection	Actual
Tsunami Emergency Assistance Project (GR0001-MLD) ^a	0	359,062
Earthquake and Tsunami Emergency Support Project (GR0002-INO) ^b	108,000,000	17,094,602
Contribution to the Multi-Donor Trust Fund (GR0014-INO)	0	0
Tsunami Emergency Assistance (Sector) Project (GR0005-IND) ^c	19,400,000	3,582,388
Tsunami-Affected Areas Rebuilding Project (GR0006-SRI) ^d	33,770,000	18,428,488
Total	161,170,000	39,464,540

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. The project closed as scheduled.

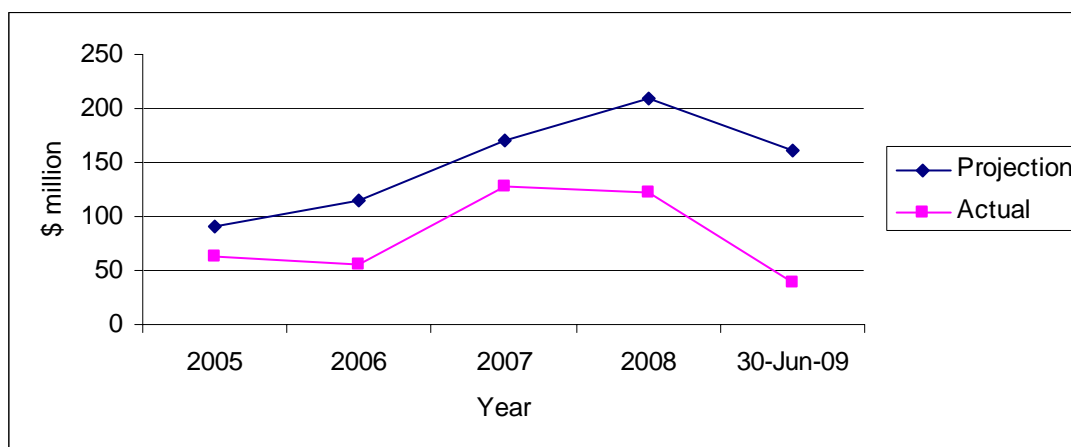
^b Grant closing date extended from 30 December 2008 to 30 June 2009; re-extended to 31 December 2009; and subsequently further extended to 30 April 2010.

^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.

Figure 1. Projected and Actual Disbursements, 2005-2009



8. To enable ADB to provide immediate grant support to developing member countries for the restoration of life-preserving services to communities affected by natural disasters, the Board approved on 1 April 2009 the transfer of \$40 million in uncommitted resources from the ATF to the Asia Pacific Disaster Response Fund (see footnote 3 on page 1).

B. Factors Affecting the Level of Disbursements

9. Despite significant progress, the overall level of disbursements for the investment projects funded by the ATF, with the exception of the project in Maldives for which no projection was made, has fallen short of targets and projections.

10. In **India**, disbursements were delayed because of the following: (i) local executing agencies (EAs) and implementing agencies (IAs) initially lacked experience and management skills to plan and implement such works within a tight time frame, (ii) trained personnel in the EAs and IAs were frequently transferred, (iii) livelihood interventions covered thousands of beneficiaries spread over a wide geographic area, (iv) materials were scarce and prices of construction materials escalated, (v) new works were suspended as the model code of conduct was put into practice after the parliamentary elections were declared in March 2009, (vi) water

supply works were delayed by the contractor, (vii) financial closure of completed contracts was delayed because of lack of familiarity of the EAs' finance personnel with ADB procedures, and (viii) the US dollar depreciated against the Indian rupee.

11. In **Indonesia**, disbursements lagged behind utilization mainly because of delays in the submission of documentation required for ADB's post-facto procurement reviews (disbursement is contingent on completion of these reviews). The Government prefinanced the expenditures on construction and capacity development activities that exceeded disbursements from ADB until reimbursements were made. ADB has been working with the Government's Reconstruction and Rehabilitation Agency (BRR), and since April 2009 with its successor, the National Planning and Development Agency (BAPPENAS), to accelerate disbursements and reduce the utilization and disbursement lag.

12. In the **Maldives**, implementation and disbursements were initially slow because of the following delays: (i) 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 retendering in the transport component; and (iv) the agreement on the mechanism for channeling the micro-credit/revolving fund in the agriculture and fisheries components. After these initial delays, however, progress improved considerably. All components were completed in June 2008, with the exception of the power component, which required a 2-month extension of the grant closing date and was subsequently completed in August 2008.

13. In **Sri Lanka**, the primary cause for the initial delay was the reemergence of conflict and violence in the north and east. Almost 55% of the subprojects were originally located in the northern and eastern districts and could not commence as planned during the first 2 years of the project. Later on, as the conflict eased, contracts were awarded within the overall objectives of the project. The limited capacity of the EAs to identify subprojects, the constant price escalation of construction materials, the lack of availability of qualified contractors and their limited capacity to undertake work due to the sudden inflow of funds and projects in the aftermath of the tsunami, and restrictions on material transport to the northern and eastern districts also affected progress in project implementation. However, the project has now achieved 88% (\$132.7 million out of \$150 million) of contract awards, and disbursements of 65% (\$98.2 million) as of 30 June 2009.

C. Project Review and Disbursement Missions

14. ADB's dedicated extended missions in Indonesia, India, and the Maldives assisted the executing agencies in implementing and monitoring the projects by undertaking detailed reviews of the overall progress of the projects. In addition, the sector divisions and resident missions under ADB's South Asia Department and Southeast Asia Department also periodically fielded project review missions to ensure that the four approved investment projects were being implemented efficiently and effectively. With ADB's support for the reconstruction of tsunami damage nearing completion, the extended missions have since been closed; however, country resident missions now monitor, supervise and field requisite missions to ensure the successful completion of components yet to be completed. 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.

D. Status of Project Implementation

15. ADB's support to the five tsunami-affected countries as of 30 June 2009 is reported below.

16. **India: Tsunami Emergency Assistance (Sector) Project (TEAP).**⁵ ADB support to tsunami-affected states has been directed at 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. Cumulative contract awards of \$98.95 million out of the \$100 million allocation have been achieved under the grant component and the total allocation is likely to be utilized by the project closing date.

17. 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 a 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, thereby 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.

18. 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, co-financed on a 50:50 basis by local banks and 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 master resource persons. Construction of community resource centers and common production centers has also been undertaken.

19. Water supply system rehabilitation in 17 towns and 477 villages has been completed, while 6 comprehensive water supply schemes are under construction. Although initial delays were encountered in the construction of these ongoing schemes, they are likely to be completed by the project closing date. About 35 sanitary complexes have been rehabilitated or reconstructed and establishment of solid waste management activities in 19 towns has been completed. A separate sanitation and environmental awareness campaign as an information,

⁵ 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).

education, and communications activity was designed and executed in some of the tsunami-affected areas.

20. In both Kerala and Tamil Nadu, 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 adherence to the 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.

21. **Indonesia: Earthquake and Tsunami Emergency Support Project (ETESP) and Contribution to the Multi-Donor Trust Fund (MDTF).**⁶ The ETESP has made significant progress in the 4 years since implementation began in June 2005. Although the original goal of completing the project in 3 years (by the end of 2008) proved optimistic, physical progress now exceeds 90%. Six of the 12 components were substantially completed by June 2009.⁷ Implementation of the remaining five components will be completed by November 2009,⁸ while the fiduciary governance component, which is supporting overall implementation of the ETESP, will be completed upon closure of the grant. Further details on the individual components are provided below:

- (i) **Agriculture.** This component was completed in January 2009. Some 29,000 hectares (ha) of damaged farmland has been cleared, drainage has been improved, equipment (such as hand tractors and threshers) and water pumps for 18,500 ha of land have been provided, and farming restored. A total of 4,800 ha of estate-crop farmland has been rehabilitated and developed.
- (ii) **Fisheries.** This component was completed in June 2009, resulting in resumed livelihoods for more than 23,000 fishers, aquaculture farmers, fish traders, and fish sellers. In aquaculture, 2,900 ha of fish ponds were rehabilitated and 51 hatcheries rebuilt. Livelihood grants enabled more than 1,400 small-scale fishers to resume fishing with methods such as cage farming. The delivery of 62 medium-sized to larger boats allowed more than 1,500 fishers to resume their sea-fishing livelihoods.
- (iii) **Micro and Small Enterprises.** This component, which was completed in March 2009, provided technical assistance to eight private rural banks, a merged provincial bank in Aceh, and one regional bank in Nias. The technical assistance

⁶ 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 Multi-Donor 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.

⁷ The completed components are agriculture, fisheries, small and microenterprise development, irrigation, health and power.

⁸ These components are education, rural water supply and sanitation, housing, roads and bridges, and spatial planning and environmental management.

encouraged a group lending approach, following the principles established by the Grameen Bank in Bangladesh, with 5,000 female clients with very high repayment rates and savings mobilized. A microfinance innovation fund was set up and put into operation to provide market-based financing for financial institutions to expand loans to micro, small and medium-sized enterprises.

- (iv) **Health.** This component was completed in December 2008. Eleven health centers in Aceh and Nias were constructed. Incinerators for disposal of medical waste were installed in 10 district hospitals. A center for health management services in Aceh was also constructed. Capacity development and training were provided to more than 800 medical staff.
- (v) **Education.** Three hundred and ninety five senior secondary schools covering all 23 districts in Aceh and both districts in Nias received block grants to (i) purchase teaching and learning materials, (ii) purchase book shelving, (iii) obtain dedicated library computers and peripherals, and (iv) undertake minor library repairs. New classrooms in 46 schools and the Sabang model school were constructed and provided with computers and laboratory equipment.
- (vi) **Rural Water Supply and Sanitation.** Water supply and communal sanitation facilities were constructed in more than 244 communities in Aceh and Nias.
- (vii) **Housing.** About 4,000 houses have been constructed on-budget and 1,500 houses have been constructed off-budget⁹; construction of the remaining 500 houses will be completed in November 2009.
- (viii) **Irrigation.** Ninety-two irrigation schemes with a potential irrigated area of 58,000 ha have been undertaken in Aceh and Nias.
- (ix) **Spatial Planning and Environmental Management.** A total of 63 subdistrict action plans identifying core infrastructure, livelihood and environmental needs on the west coast of Aceh and the islands of Simeulue and Nias have been completed. Plans for the development of nearly 80 villages, focusing on more remote areas, have also been completed. Development plans for the districts in the east of Aceh are nearing completion.
- (x) **Roads and Bridges.** Work on the rehabilitation of 75 km of road sections mainly along the east coast in Aceh and in Banda Aceh city and its vicinity is nearing completion. Overall, transportation will be improved on over 450 km of roads. The remaining works under this component will be completed in the last quarter of 2009.
- (xi) **Power.** This component was completed in December 2008. It contributed to the reestablishment of the electricity system in five districts in Aceh by (i) repairing damaged substations; (ii) installing distribution lines and transformers; (iii) installing consumer lines and metering equipment; (iv) providing safety tools; and (v) installing a supervisory control and data acquisition system to improve power distribution.

⁹ Off-budget funds refer to donor funds channeled directly to the project.

- (xii) **Fiduciary Governance.** The design of the internal control systems to support BRR in monitoring the Aceh and Nias recovery funds was completed in 2006 and was operational from then until the termination of BRR's mandate. Besides supporting the regional offices and headquarters of the Supreme Audit Agency and the Corruption Prevention Commission, the ETESP also financed Banda Aceh's Special Treasury Office. All activities will be completed by the fourth quarter of 2009.

22. As of 31 March 2009, the MDTF had received \$676.1 million in pledges from 15 donors and \$510.8 million in payments. A total of \$591.3 million had been allocated to 20 projects, with another \$23.1 million allocated to administrative expenses (\$12.9 million) and appraisal, supervision, and monitoring costs (\$10.2 million). The MDTF had disbursed \$371.7 million (63% of allocated funds) to projects under implementation. The individual projects had utilized \$317.8 million (54% of the funds allocated) to finance project activities. The MDTF had about \$44.3 million in unallocated and uncommitted project funds after providing for a contingency for exchange rate fluctuations amounting to \$13.1 million. All remaining project funds are being allocated soon to enable spending of associated funds by the extended closing date of 31 December 2012.

23. **The Maldives: Tsunami Emergency Assistance Project.**¹⁰ 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 their 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 30 June 2008. On 19 June 2008, ADB approved a two-month extension until 31 August 2008 in order to complete the power, fisheries, and agriculture components. Further details on the individual components are provided below.

- (i) **Water Supply, Sanitation and Solid Waste Management.** 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 of subprojects (4 islands) reached completion in May 2008. The second batch of islands required a two-month extension, and was duly completed by 31 August 2008.
- (iv) **Fisheries.** The fisheries component, which has been implemented satisfactorily on 16 tsunami-affected fisheries islands, (i) strengthened community-based

¹⁰ 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).

organizations; (ii) strengthened fisheries extension services; (iii) trained farmers and the Ministry of Fisheries, Agriculture, and Marine Resources staff; and (iv) provided 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 made social mobilization trips to the 26 tsunami-affected agriculture islands, identified the needs of farmers, and provided furniture and equipment for the operations of community-based organizations. Farmers' demands changed and it was determined that project funds could be best used for the key purposes of post-tsunami agriculture restoration and diversification. Thus, from August 2007, 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 of Livelihoods of the Tsunami-Affected Farmers in the Maldives.¹¹ Promising research and extension works were undertaken at the field level, and this led to a very keen interest among the farming communities. Activities were completed by the loan and grant closing date of 31 August 2008.

24. **Sri Lanka: Tsunami-Affected Areas Rebuilding Project (TAARP).**¹² ADB's assistance to 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 component A: legal assistance, governance, and anticorruption; component B: northeast coastal community development; component C: road rehabilitation and reconstruction; component D: water supply and sanitation; component E: southern province reconstruction; component F: coastal resources management; component G: rural finance; and component H: north east community restoration and development–tsunami..

25. ADB provided a grant of \$150 million from the ATF and a loan of \$7 million equivalent. The EC provided €52.4 million (\$68.1 million equivalent) for the road rehabilitation component and the Government of the Netherlands provided \$8.73 million equivalent for the owner-driven housing program under the southern province rural economic advancement component and the northeast community restoration and development component.

26. As of 30 June 2009, the project has achieved cumulative contract awards of \$134.39 million (approximately 80%) and cumulative disbursements of \$101.76 million (approximately 65%), out of a total loan and grant allocation of \$157.0 million from ADB. Under EC financing, contract awards have been completed and \$46.96 million has been disbursed out of \$67.79 million as of June 2009. 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 in the north, east and south.

¹¹ 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 2005).

¹² 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).

27. Based on discussions with the Government during the high level quarterly portfolio review meeting in March 2009, the following reallocations were carried out in May 2009: (i) reallocation of grant funds from the savings of \$2 million from the water supply and sanitation component to the coastal resources, southern province reconstruction, and rural finance components, and (ii) reallocation of \$1.5 million within the road rehabilitation component from civil works to incremental expenditure.

28. 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 EC 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; (v) establishment of a management information system under the northeast community restoration and development component; and (vi) establishment of a geographic information system for monitoring under the northeast coastal community development component.

29. **Thailand.**¹³ All three TA projects in Thailand have been completed.¹⁴

- (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.¹⁵ 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.

¹³ 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-Affected 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).

¹⁴ 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.

¹⁵ The draft Act was considered and approved by the Office of the Juridical Council in July 2009 and is now with the Secretariat of the Cabinet to be processed for law enactment and amendments. The draft Act will then be proposed to the parliament, then to the King for the royal signature and finally publication in the royal gazette. It is expected that all these processes will take place until the end of 2009.

- (iii) **Subregional Development Plan for the Tsunami-Affected Andaman Region (phase II).** Activities for this TA were completed in October 2006. 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 accepted the plan in 2006. The TA was satisfactorily completed in April 2007.

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

30. **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 the executing and implementing agencies. The EMTK provided direct institutional strengthening through the transfer of management skills and 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.

31. **Indonesia.** In the implementation of ETESP, ADB has adopted a flexible strategy in directing assistance to priority areas and adapting to evolving needs. ADB's delegation of the implementing responsibility to the resident and extended missions greatly facilitated timely responses. The post-facto approval by ADB of procurement documents has been cited by BRR as one of the ten priority lessons learned from the tsunami reconstruction and rehabilitation program in Aceh and Nias. In June 2009, the extended mission to Sumatera, which had been established in 2005, ceased operations as scheduled. The implementation of the remaining activities under ETESP is being overseen by the Indonesia Resident Mission until grant closure in April 2010.

32. To ensure that the synergies between ADB's support and the projects and plans of other donors would be fully exploited, ADB had contributed \$10.0 million to the Multi-Donor Trust Fund (MDTF) (see para. 22). The MDTF provided a financing mechanism for pooling smaller bilateral contributors, thus allowing as much support as possible to be channeled through the budget while providing close coordination in the planning and implementation of disaster management rehabilitation and reconstruction. When the BRR closed in April 2009, BRR's Deputy for Finance published a book titled *Finance*.¹⁶ In Chapter 4 on Delivering Results: The Connection Between Modality of Fund Channeling and Performance, donor experiences with the MDTF were discussed and ADB's performance vis-à-vis that of the MDTF was assessed to be "superior." This was attributed to "a number of breakthroughs that ADB had created to expedite processes, while retaining high standards of aid accountability and effectiveness,"

¹⁶ Subekti, Amin. 2009. *Finance, Delivering Financial Success – The Seven Keys to Effective Aid Management in Indonesia's Post-Tsunami Reconstruction*

such as (i) post-facto reviews, (ii) delegation of authority (decentralization); and (iii) use of the imprest account.

33. **Maldives.** ADB established the extended mission to the Maldives (EMM) in Malé to assist in the overall program. The EMM provided valuable assistance during the predesign, 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.

34. **Sri Lanka.** The resident mission in Colombo continues to work closely with the government, EAs, and project management units of all eight components by providing assistance in procurement, project management, and finance management matters. Review missions are fielded to (i) assess physical progress of ongoing works, (ii) monitor quality assurance of works, (iii) monitor audit procedures, (iv) monitor compliance with loan covenants, (v) assess the progress of contract awards and disbursements, and (vi) measure outcomes against the design and monitoring framework of the project. To monitor the effective use of project funds, achievement of its objectives, outputs, and performance indicators, a consultancy firm was appointed in 2007 to carry out a performance audit of all components. Comments and suggestions for improvements arising from the performance audits and actions that need to be taken by the EAs are closely monitored by the resident mission to improve the quality of outputs.

V. OTHER MAJOR ISSUES AND PLANNED ACTIVITIES

35. **India.** Considering the scale and spatial spread of destruction resulting from the tsunami and coupled with the weak absorptive capacity of the EA, consultation and planning took nearly 2 years, leaving little time for actual reconstruction. On 2 October 2008, based on the Board's waiver of the ceiling on the project completion period under para. 88 of ADB's *Disaster and Emergency Assistance Policy*,¹⁷ 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 is closely monitoring and facilitating the project for its successful completion by the project closing date, thus ensuring that relief and benefits are provided to the tsunami-affected people.

36. **Indonesia.** With the expiry of the BRR mandate in April 2009, the Government has established two new coordinating agencies to ensure the sustainability of reconstruction in Aceh and Nias: the Aceh Sustainable Reconstruction Agency (BKRA) and the Nias Sustainable Reconstruction Agency (BKRN). BAPPENAS at the national level and BKRA and BKRN at the provincial levels have taken over coordination of remaining reconstruction until the end of 2009. The major issue confronting ETESP implementation is to ensure that the procurement and

¹⁷ ADB. 2004. Disaster and Emergency Assistance Policy (R-Paper 71-04). Manila

disbursement documents are processed so that disbursements under the grant can be expedited. The ETESP management office at the Indonesia Resident Mission is coordinating with BAPPENAS and other agencies to address this main challenge during the remaining implementation period.

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

38. **Sri Lanka.** A full review of the utilization of grant funds of all components is planned to be carried out in August 2009 to identify any further savings. Since no major contract awards are expected in the coming months, close monitoring and supervision is necessary to complete the project as scheduled. The resident mission is encouraging the EAs to close their respective project components before the extended project closing date.

39. Overall, ADB continues its efforts to raise awareness about the ATF and ADB's assistance to the tsunami-affected areas through its Department of External Relations (DER). For instance, in partnership with the Southeast Asia Department, DER has prepared three multimedia packages on ADB's activities in Nias, Indonesia under the ETESP, focusing on the livelihood restoration and the community infrastructure components. Each package consists of a short human interest video, photo essay and feature story. The feature stories and photos were compiled into the Indonesia Impact Stories booklet and disseminated through various communication channels including the field offices and postings on the ADB external website. These were also distributed to delegates at ADB's 42nd Annual Meeting of the Board of Governors held in Bali, Indonesia in May 2009 and featured in the Annual Meeting video.

VI. CONCLUSION

40. More than four years since the tsunami struck in 2004, efforts continue to be tirelessly made to bring to completion the rehabilitation and reconstruction works. Valuable experiences and lessons have been gained in facing the challenges along the way.

- (i) In **India**, livelihood programs undertaken by self-help groups, comprising poor women desiring to support their families, have developed great ideas and have gone as far as producing products worthy of export. The livelihood programs have focused on convergence and sustainability to ensure that they can continue to support family income following project closure.
- (ii) In **Indonesia**, a strong, experienced leadership team, appointed by the Government of Indonesia to coordinate the overall reconstruction program, gained the full support of other governments and the donor community. The coordinating agency also helped ensure integrity and accountability of funds to gain donor confidence and support. Of the total reconstruction portfolio of \$6.8 billion, an estimated \$4.8 billion (72%) was disbursed and nearly 94% of the portfolio's key performance indicators were achieved by 31 December 2008.
- (iii) In the **Maldives**, the sectors chosen for ADB assistance were the most appropriate ones considering that ADB had financed several loan projects in the same sectors in the recent past and had working relationships with the respective ministries that were ultimately responsible for implementing the project components. The successful construction of new infrastructure subprojects

provided benefits to thousands of Maldivians on the islands covered by the project, and the extension of the project completion date by 11 months was essential to properly complete the new works.

- (iv) Given the exceptional circumstances of both post-conflict and post-disaster circumstances, the components under the project in **Sri Lanka** are facilitating the improvement of the living conditions and well-being of a significant number of people living in the tsunami-affected districts. The eight components funded by ADB, coupled with assistance provided by the EC and the Government of the Netherlands, are helping to restore basic social infrastructure, community and public services, and livelihood needs. The extension of project completion to 31 December 2010 will facilitate the successful completion of all committed subprojects.