

## ***Recovering from Large-scale Disasters: Lessons from Aceh and Nias***

Presentation by Kuntoro Mangkusubroto, Director,  
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Thank you for your kind invitation to speak with you today. Our world is a dangerous place. Not only do human conflicts seem to dominate our planet, we also confront major natural disasters. Where I work – especially Aceh – we have faced both. And I am pleased to report that, despite the many challenges, we can and have made great progress. While we should take nothing for granted and there is a long way to go yet, the emergency rehabilitation and reconstruction program in Aceh and Nias shows that, with effective management, we can turn tragedy into triumph.

The tsunami of 26 December 2004 slammed into Aceh harder than anywhere else creating one of the world's greatest natural disaster in living memory. Aceh had already been immersed in a 30-year war of opposing political aspirations. For the victims, both were tragedies. My agency was created to coordinate the post-tsunami reconstruction. Another agency was created to manage the reintegration process following the peace settlement a year after the tsunami. The two are mutually dependent. Peace promotes development. Equitable development sustains peace.

My direct area of responsibility is the rehabilitation and reconstruction of Aceh and Nias islands following the tsunami and the earthquake that followed in March 2005. The tsunami grabbed the world's headlines. An 800 kilometers of coastline in Aceh took the brunt. The waves – there were three – travelled from one to six kilometers inland with great force and speed removing or seriously damaging virtually everything in their path. Over 200,000 people lost their lives that morning. A whole community of orphans was created. The once-thriving economy stopped in its tracks. Silt and sea water polluted once-fertile agricultural lands. Fishing fleets were destroyed. Jobs were lost. Lives were ruined.

It was a disaster too big for any one country to manage by itself. The national and international response was immediate and impressive. Indeed, it has been ranked as the world's biggest non-military operation of the last half century. Thirty four countries were involved. Well over 40,000 people – many volunteers – did their all to help the people of Aceh in this time of need. And what a great job they did. From what we know, not one victim died of disease or starvation following the tsunami. Given the circumstances, this was a major achievement.

At a more subtle level, there was a secondary achievement. Before the tsunami, security demands had closed Aceh to the world. In one giant step, it was opened to a flood of

international support. And that support came in the form of unprecedented humanitarian cooperation. It was a model for the future. Once opened to the world, Aceh could hardly turn back in on itself.

After the humanitarian phase came the massive job of emergency reconstruction. The President decided to create a single agency to lead and manage the process – one of the best decisions that could ever have been taken. I was appointed to lead this agency. We call it BRR for short. Its core roles are to:

1. Restore livelihoods and strengthen communities
2. Facilitate and coordinate partner programs, and
3. Coordinate and implement government projects

Our mandate runs for four years to end April 2009. So we are just over half way through. The clock is ticking and we have a long way to go yet.

Why do you need a single government agency responsible for coordinating the whole reconstruction effort? The management challenges alone would be a nightmare without it. This slide gives some indication of the large number of contributors and projects that we oversee. We ourselves are implementing around 5,000 projects. We are also coordinating over 12,000 others. In the process we must manage the interests of our delivery partners from around 40 countries and 600 NGOs plus the contributions of the three great multilateral agencies – the UN, World Bank and Asian Development Bank – as well as the European Commission. All require and deserve special attention which we attempt to give them.

So the scale of the work presents us with one set of challenges. As you might appreciate, the sheer scale of the destruction had to be seen to be believed. So great was the devastation that new laws were required to cope with the demands. And we have had to develop special programs to help rebuild the capacity of local governments decimated by both the tsunami and 30-year conflict.

Then, of course, there are the multiple stakeholders – and I'm not talking here just about our many delivery partners who are building concrete things like roads, houses and the like. There are also other NGOs like the anti-corruption watchdogs and, of course, the media. All need to be dealt with properly, professionally. They are part of what makes the operating environment highly dynamic. We've faced demonstrations and one siege by disaffected beneficiaries. The local media has been particularly scathing from time to time as has the national media. It's all part of the process.

Then, of course, there's the challenge of money. As generous as the funding has been, we are still short of our requirements. We are 2.4 billion US dollars short of the funds we need to do our job properly. And, remember, this is just for the tsunami. The amount required for the post-conflict reconstruction in the hinterland areas adds considerably to this. But don't let these comments suggest I am critical of the funding support we have received from the international community. Far from it.

The international community has been extraordinarily generous. As you can see here, it is funding 63% of our reconstruction program. I think you'll agree that this is impressive. It becomes more so when you consider that the Indonesian Government's funding commitment is underpinned by Paris Club interest-deferral arrangements. Believe me when I say we are very grateful for the support we have received. But please understand that more is needed if we are to finish the job we were given.

Funding issues aside, we are making great progress. Despite early criticism that we were going too slowly – compared with what, I don't know – we are well on track to deliver serious results across all sectors. We expect to complete the majority of our housing program by the end of this year. Most land-titles should be finalised by then too. Our infrastructure development program has yet to peak but is building solid momentum. We have made huge strides in recreating the foundations for economic development. And as we gradually prepare to transition to local government control at the end of our mandate, our capacity building program for local government is increasing in prominence.

The numbers speak for themselves. We needed 120,000 new houses after the tsunami. By May this year we had built almost 80,000. That's over 60% of the required stock in less than two years in a logistically challenging operating environment. As for the restoration of agricultural land, we've not only met the initial target set for us but gone beyond it. We're half way through our road program. The seaports are coming back to life, as are the air strips. A vast number of teachers have received some excellent training. The school building program is well under way. And the number of health facilities is well over target – which is good but also raises questions of sustainability. Even so, I hope you agree with me that this progress is significant.

The progress has not been accidental. It is built on the back of a number of policy initiatives. We instituted a fast-track approval process for projects to minimise bottlenecks and overcome logjams. We created an inter-agency team in a one-stop shop to help our delivery partners deal with formal government requirements from visas to tax exemptions. We established our own trust-fund mechanism to deal with multi-year projects that would otherwise find themselves constipated by the annual government budget cycle. We adopted a gender policy to provide joint land titling for husbands and wives and have mainstreamed gender equality through all our sectoral programs.

As for my agency itself, it is dynamic and agile. I have no time for complacency or bureaucratic rigidity. We began life as a small organisation with a series of sectoral programs. This was important in the early days when we had few people and a large program to get on with. We had to establish general frameworks and policies in quick order. But as time moved on, so did we. We now work primarily through a series of six regional offices that in turn supervise and are supported by 15 district offices. This gives us much greater reach into the community and enables us to work closely with local government administrations.

Regionalisation is not just an organisational construct. It is a deliberate attempt to get close to the communities we serve. We want to engage them as closely as possible in creating their own futures. One way we do this is through village planning. The whole village gets involved in the exercise. Professionals facilitate the process and help draw up new village designs. But the communities themselves make the decisions. And when they do, once everyone agrees, each person signs the plan. The outcome is a real social contract.

Community participation is a core policy of BRR. It takes much longer than centralised, top down execution. But I hope you agree the result is much better. It is cathartic for a traumatised community. People feel not just engaged but also empowered. They also feel responsible. When people have to live with the consequences of their decisions they are more likely to give them more thought. In the process, village layouts are improved. Land ownership is rationalised. Mitigation systems like escape hills are put in place. I could go on but I think you get the picture.

At the higher systemic level, I've placed the fight against corruption at the top of our priorities. We must fight corruption. It is our Number One enemy. It destroys trust and leads to massive waste. To fight it, I require everyone in my agency to sign integrity pacts so they know the ethical standards required of them. I also set up our own anti-corruption unit and have recently strengthened its independence. I am now creating a new Integrity Unit to promote integrity standards more actively. In addition, we also work closely with the Corruption Eradication Commission and face the independent scrutiny of our Supervisory and Advisory boards. All good things in my opinion.

Which brings me to the lessons of our reconstruction program. There are ten I take to heart. Let me go through each of them with you.

1. It is essential to have a single agency to oversee and manage the reconstruction program. The alternative is to allow a range of sectoral agencies like health and public works to take responsibility for different aspects of the program. This would be a nightmare for donors who would have to deal with multiple government agencies as well as for the government agencies. It would make decision making far more complex, cumbersome and time consuming. Lines of accountability would blur, project overlaps would grow, and program gaps would be hard to identify. At least with one agency, BRR, donors and government sectoral agencies alike have one point of reference for all they do. It simplifies matters for everyone and enables progress to happen in a more orderly and manageable way.
2. The agency must have the authority to coordinate donor programs and the means to implement programs in its own right. The large number of programs offered by donors and NGOs (the supply side) needs to be carefully matched with the needs of the affected communities (the demand side). This requires careful management backed by the authority to make all relevant policy decisions. It also requires an implementation capacity, especially to fill gaps. But there are dangers here. When

- implementing, the agency must focus on filling gaps not competing with delivery partners.
3. Supporting state regulations must grant authority for the agency to move quickly. If I were to have my time over again, I would not leave Jakarta until I had authority over every aspect of the program including the power to directly appoint contractors to short-circuit otherwise lengthy procurement processes.
  4. The agency must be flexible and responsive, not rigid and bureaucratic. It must adapt to changing circumstances and requirements. As director, I must have the power to hire, fire and set the terms and conditions of employment including the pay scales.
  5. The agency must establish and maintain the trust of all stakeholders through transparency, accountability and the highest professional standards. It must get close to and engage communities, as we do through bottom-up planning through the creation of village plans. It must engage with our delivery partners, so they know what we are doing and why we are doing it. It must demonstrate that we are open to criticism and can learn from our mistakes.
  6. If you are to move fast, emergency reconstruction requires parallel (not sequential) processes. Parallel processes require careful management to avoid overlap and poor cohesion. But the benefits of speed greatly outweigh such disadvantages.
  7. It is vital to minimise layers of bureaucracy that slow decision making. This applies particularly to institutions headquartered outside the disaster area. They need to delegate real authority to the people in the field to improve decision making and speed up implementation.
  8. Flag-waving by reconstruction players must be minimised. Everyone loves sticking their badge on the thing they build or do. But it leads to problems such as unproductive competition between contributors. Likewise, communities can and do reject projects when they discover the group offering them is more interested in self promotion rather than actually helping the communities. While understandable, therefore, it must be discouraged and minimized.
  9. On the positive side, donors do some brilliant work and deliver some breakthrough initiatives. When they do, their contribution should be identified and promoted in order to become part of standard practice elsewhere, particularly in the public sector. Put another way, we need to share lessons learned and other positive advances that occur during the reconstruction process.
  10. Finally, developing local capacity is essential if programs and projects are to be sustainable. We all must do more than simply build things. We must also prepare local governments, local communities and individuals to maintain them and thereby extend their life. The sooner we start this, the more effective our projects will be.

The BRR program is, of course, not without its difficulties. Funnel over six-billion dollars into any defined geographic location and you're going to get serious competition for a share of the pie. Our program is no exception. Security disruptions are inevitable. They require careful management by everyone involved. To this end, expect to see an

increasing alignment of reconstruction and reintegration in terms of economic development. This program alignment will be helped by the Multi Donor Fund, a highly flexible multilateral financing facility for the reconstruction program. We are now working with its members to create an Aceh Development Fund that will cover both reconstruction and reintegration. We are also in the early stages of developing an Aceh Recovery Framework to provide an integrated plan for all reconstruction and reintegration projects together with a medium-term economic development plan for Aceh.

With only two-years to go before the end of my agency's mandate, we have a strong emphasis on capacity building in local government as we gradually and incrementally transition our program to full local-government control. We have established Joint Secretariats as a mechanism for my people to work more closely with local government. These Secretariats in turn support provincial and district Recovery Forums that facilitate local policy dialogues between elected officials and their stakeholders. Taken together, these are significant initiatives aimed at helping everyone to work together more effectively.

I hope that in the decades ahead we can all look back on our joint efforts in Aceh today as laying the foundations for one of the world's great success stories - a prosperous community fully recovered from the tsunami in a stable, conflict-free environment. From the great tragedy of the tsunami we can then say we delivered a truly great triumph. Thank you for your kind attention.