Progress Report

Project No. 39127
August 2009

Indonesia: Aceh–Nias Rehabilitation and Reconstruction

Asian Development Bank
CURRENCY EQUIVALENTS
(as of 1 August 2009)

<table>
<thead>
<tr>
<th>Currency Unit</th>
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<td>$1.00</td>
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ABBREVIATIONS

ADB – Asian Development Bank
BAPPENAS – Badan Perencanaan Pembangunan Nasional (National Development Planning Agency)
BAWASDA – Badan Pengawasan Daerah (provincial and regional supervisory boards)
BKRA – Badan Kesinambungan Rekonstruksi Aceh (Aceh Sustainable Reconstruction Agency)
BKRN – Badan Kesinambungan Rekonstruksi Nias (Nias Sustainable Reconstruction Agency)
BPK – Badan Pemeriksa Keuangan (Supreme Audit Agency)
BRR – Badan Rehabilitasi dan Rekonstruksi (Agency for Rehabilitation and Reconstruction)
CWSHP – Community Water Services and Health Project
ETESP – Earthquake and Tsunami Emergency Support Project
ha – hectare
ICT – information and communication technology
JFPR – Japan Fund for Poverty Reduction
km – kilometer
KPK – Komisi Pemberantasan Korupsi (Corruption Prevention Commission)
MDF – Multi-Donor Fund
MIF – Microfinance Innovation Fund
MSEs – micro and small enterprises
NGO – nongovernment organization
PLN – Perusahaan Listrik Negara
PMO – project management office
RAND – Recovery Aceh and Nias Database
UN – United Nations

NOTES

(i) The fiscal year (FY) of the Government ends on 31 December.
(ii) In this report, "$" refers to US dollars.

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Director J. Nugent, Indonesia Resident Mission, SERD
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## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.  INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>II. RECONSTRUCTION PROGRESS</td>
<td>1</td>
</tr>
<tr>
<td>A.  General Overview</td>
<td>1</td>
</tr>
<tr>
<td>B.  Steps Taken by the Government in 2008 and 2009</td>
<td>5</td>
</tr>
<tr>
<td>C.  Lessons</td>
<td>7</td>
</tr>
<tr>
<td>III. ASIAN DEVELOPMENT BANK EMERGENCY ASSISTANCE</td>
<td>8</td>
</tr>
<tr>
<td>A.  Implementation Status of the ETESP</td>
<td>8</td>
</tr>
<tr>
<td>B.  Project Management</td>
<td>19</td>
</tr>
<tr>
<td>IV. CONCLUSION</td>
<td>20</td>
</tr>
<tr>
<td>APPENDIXES</td>
<td></td>
</tr>
<tr>
<td>1.  Aceh and Nias Reconstruction Progress</td>
<td>21</td>
</tr>
<tr>
<td>2.  Tsunami Global Lessons Learned</td>
<td>23</td>
</tr>
<tr>
<td>3.  Implementation Status of ETESP Components</td>
<td>30</td>
</tr>
</tbody>
</table>
I. INTRODUCTION

1. This report provides an overview of the status of the reconstruction and recovery program of Aceh and North Sumatra (including the island of Nias) since the tsunami of December 2004 and the earthquake of March 2005. Asian Development Bank (ADB) support for the reconstruction program comprises (i) a grant of $291 million to the Earthquake and Tsunami Emergency Support Project (ETESP) and a contribution of $10 million to the Multi-Donor Fund (MDF), both financed by the Asian Tsunami Fund; (ii) complementary grants of $28 million; and (iii) reprogrammed loans of up to $33 million. The Government of Indonesia's Agency for Rehabilitation and Reconstruction (BRR) was the Executing Agency for the ETESP until the termination of its 4-year mandate in April 2009, after which the National Planning Agency (BAPPENAS) assumed this role. This report highlights some of the key steps taken by the Government since the last update to the ADB Board of Directors. The report also identifies major factors that have affected the implementation of ADB's assistance for the reconstruction of Aceh and Nias, and discusses measures that have been taken in the 4 years since the recovery program was launched.

II. RECONSTRUCTION PROGRESS

A. General Overview

2. Since the tsunami struck in 2004, the Government—supported by massive financing provided by national and international sources—has achieved major results. Total commitment as of 31 December 2008 was $6.8 billion, exceeding the minimum required to rebuild to pre-tsunami levels (estimated at $6.2 billion). The Government and donors both committed about $5.2 billion in grants, while nongovernment organizations (NGOs) committed $1.6 billion. Multilateral and bilateral agencies will provide an additional $0.4 billion in loans to help rebuild the affected area to a higher standard than it was before the disasters. Of the total reconstruction portfolio, an estimated $4.8 billion (72%) was disbursed by 31 December 2008 (Figure 1). The Government provided 40% of the disbursed amount, the donors about 31% and NGOs about 29% (Table 1). Nearly 94% of the key performance indicators set in the revised master plan for reconstruction approved by the Government in July 2008 have been achieved.

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1 ADB. 2005. Report and Recommendation of the President to the Board of Directors on Proposed Grants to the Republic of Indonesia for the Earthquake and Tsunami Emergency Support Project and Contribution to the Multidonor Trust Fund. Manila. The initial Asian Tsunami Fund grant of $290 million was approved on 7 April 2005. On 30 October 2006, the Board approved an increase of $1 million, corresponding to the Government of Luxembourg’s contribution to irrigation projects on Nias Island (R228-06 dated 17 October 2006).

2 The complementary grants comprise (i) $16.5 million from the governments of Canada, the Netherlands and the United Kingdom for the Community Water Services and Health Project—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 (Grant 0003-INO); (ii) $3.5 million from the Government of the Netherlands for strengthening fiduciary governance; and (iii) technical assistance of $8 million from the Japan Fund for Poverty Reduction for various activities.

3 ADB originally reprogrammed about $65 million in loan savings, but this was reduced to about $33 million following the country portfolio review in May 2007. However, less than $15 million has been utilized on tsunami-related activities.

4 The previous update on emergency assistance to Indonesia was circulated to the Board on 5 June 2008. This was followed by progress reports on the Asian Tsunami Fund, including the ETESP, in September 2008 and March 2009.

5 Damages and losses from the tsunami account for $4.5 billion in Aceh and $400 million on Nias Island, while accelerating inflation since 2005 accounts for $1.3 billion.

while 65% of on-budget assets have been transferred to local governments (the rest will be transferred before December 2009).

NGO = nongovernment organization.

a As of 31 December 2008. Disbursement data are as of June 2008 released in December 2008
Source: Agency for Rehabilitation and Reconstruction (BRR); World Bank.

3. Housing and transport have attracted the most funds ($2.4 billion as of December 2008), followed by health, education, other social sectors, and community-based development activities $7 ($1.7 billion), as shown in Figure 2. The diverse preferences of the different reconstruction stakeholders have led to mixed sector priorities. Financial disbursements across sectors vary significantly, reflecting the differing initial commitments and the performance of the funding sources.

$ Community-based development activities include subdistrict and urban development programs, religious and culture support activities, and family planning.
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<td>1,963</td>
<td>6,515</td>
<td>1,886</td>
<td>1,383</td>
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</tbody>
</table>

BRR = Badan Rehabilitasi dan Rekonstruksi (Agency for Rehabilitation and Reconstruction); NGO = nongovernment organization.


Source: BRR; World Bank.

4. Assessing the physical progress of reconstruction is complex because of the large number of projects and the large number of agencies involved in implementing them. Appendix 1 summarizes the progress of the major reconstruction efforts from 2005 up until BRR’s closure in April 2009. Outcomes are compared with the tsunami damage sustained in Aceh in 2004 and the earthquake damage sustained on Nias in 2005. Some key outcome indicators are in Table 2.
Table 2: Reconstruction Progress and Outcomes

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost of damages (Rp billion)</th>
<th>Needs</th>
<th>Completed (March 2009)</th>
</tr>
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<tbody>
<tr>
<td>Houses</td>
<td>13,365.0</td>
<td>120,000 units</td>
<td>139,282 units</td>
</tr>
<tr>
<td>Agricultural land</td>
<td>375.0</td>
<td>60,000 ha</td>
<td>69,979 ha</td>
</tr>
<tr>
<td>Roads</td>
<td>4,697.0</td>
<td>3,000 km</td>
<td>3,696 km</td>
</tr>
<tr>
<td>Seaports</td>
<td>259.0</td>
<td>14 units</td>
<td>23 units</td>
</tr>
<tr>
<td>Airports/airstrips</td>
<td>46.0</td>
<td>11 units</td>
<td>13 units</td>
</tr>
<tr>
<td>Teachers</td>
<td>4.8 (retraining)</td>
<td>2,500 died</td>
<td>39,663 trained and/or retrained</td>
</tr>
<tr>
<td>Schools</td>
<td>1,031.0</td>
<td>2,006 units</td>
<td>1,759 units</td>
</tr>
<tr>
<td>Health facilities</td>
<td>767.4</td>
<td>127 units</td>
<td>1,114 units</td>
</tr>
</tbody>
</table>

5. While the reconstruction effort winds down, growth in Aceh’s non-oil and gas economy is declining sharply. Gross domestic product growth fell to 1.9% in 2008, far below the national growth rate of 6.5% for the non-oil and gas economy. As many reconstruction agencies (particularly NGOs) complete or scale back their operations in the province, sectors linked to the reconstruction, which led growth in Aceh in the early post-tsunami years, are registering low or negative growth rates. Although some activities continue, the bulk of the reconstruction effort has been completed. Additional contraction in some sectors, such as trade and construction, may follow in 2009.8

6. The end of a decades-old conflict in 2005 and the large reconstruction effort helped reduce the incidence of poverty. Poverty incidence in Aceh declined from 28.4% of the population in 2004 to 23.5% in 2008, but remained well above the national average of 15.4%.9 Poverty in Aceh, as in other parts of Indonesia, is predominantly rural—more than 30% of the people in rural areas live below the poverty line compared with less than 15% in urban areas. On Nias Island, 67% of the population has been living in poverty since the tsunami, up from 62% in 2003. The predominantly rural economy highlights the importance of enhanced support for livelihood projects to reduce poverty.

B. Steps Taken by the Government in 2008 and 2009

7. The Government addressed the institutional weaknesses experienced in 2005–2007 by putting in place a more flexible budgeting mechanism and streamlining coordination among the project implementing and monitoring agencies. However, the underutilization of the annual budgets continued during 2008 because of the poor performance of contractors and logistical challenges that arose in remote areas, particularly on Nias and Simeulue Islands. In addition, as in previous years, BRR was not able to expedite the annual appointment or reappointment of implementing units. This disrupted transitions from one unit to the next.

8. The decentralized program approach adopted by BRR in 2006 shifted operations closer to affected communities to increase stakeholder participation in and local government support for the reconstruction programs. In 2008, BRR also undertook project implementation on a wider scale than in 2005–2007, underscoring the importance of achieving the reconstruction targets and goals. This helped expedite implementation and improved results.

9. In 2008 BRR developed an exit strategy whereby assets would be transferred from its reconstruction program and those of other stakeholders to various government entities. Originally, the Government legislative assembly allocated reconstruction funds in consultation with BRR, BAPPEÑAS, and local governments. The Government’s master plan contained estimates of damages requiring reconstruction and rehabilitation in various sectors. These estimates were used to determine the amount of funds allocated to each sector. After a midterm review in June 2007 and further analysis of sectoral and regional demand for funding, the master plan’s cost estimate was revised in June 2008 from $5.2 billion to $7.2 billion. The revised master plan was meant to more fully represent the interests of Acehnese communities and reflected increased reconstruction needs on the ground. The resulting allocation of funds by sector is in Table 3. Seven key steps pursued by BRR in its approach to effective management of the massive international and national reconstruction support include the following: (i) turning pledges into commitments, (ii) matching allocations with real needs, (iii) overcoming disbursement hurdles, (iv) delivering results by forging links between the modality of fund

channeling and performance of implementing agencies, (v) achieving and upholding accountability, (vi) maintaining integrity in the rehabilitation and reconstruction process, and (vii) ending the game and leaving a lasting legacy.\(^\text{10}\)

**Table 3: Rehabilitation and Reconstruction Allocations Per Sector ($ billion)**

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<tr>
<td>Housing</td>
<td>579</td>
<td>880</td>
<td>1,089</td>
<td>1,970</td>
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<td>Social Affairs</td>
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<td>1,147</td>
<td>1,562</td>
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<tr>
<td>Economic Development</td>
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<td>301</td>
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<td>Management</td>
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<td>224</td>
<td>139</td>
<td>363</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>5,172</strong></td>
<td><strong>3,471</strong></td>
<td><strong>3,855</strong></td>
<td><strong>7,326</strong></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Funds channeled through government budget mechanism.

\(^b\) Funds directly disbursed by donors and NGOs.

Source: Agency for Rehabilitation and Reconstruction (BRR).

10. On 16 April 2009, BRR successfully wrapped up its operations and handed over responsibility for overall coordination and sustainability to the National Development Planning Agency (BAPPENAS). The transition from BRR to the national, provincial, and local governments was planned with an eye on ensuring continuity between the reconstruction phase and the longer-term development of the regions. BRR’s transition program included substantial capacity development of local governments to enable them to receive and manage reconstruction outputs sustainably. BRR also established a knowledge center to create a database of all documents relating to tsunami damage and the reconstruction programs of BRR, donors, and other partners in the reconstruction program. This database was published on the knowledge center’s website.\(^\text{11}\)

11. The Government decided that any funds committed to the reconstruction of Aceh and Nias that remained unutilized or unallocated at the end of fiscal year (FY) 2008 would be transferred from BRR to the provincial governments. Two teams—Tim Likuidasi (the liquidation team) and the project management unit at the Ministry of Public Works—are working to ensure that the remaining works are completed. In addition, the Government has established two new coordinating agencies to ensure the sustainability of reconstruction: the Aceh Sustainable Reconstruction Agency (BKRA) and the Nias Sustainable Reconstruction Agency (BKRN). These agencies will provide policy and strategic direction on continuing reconstruction efforts in concert with local and national governments. The coordinating secretariat for completion of the reconstruction at the Ministry of Finance will monitor and evaluate the finalization of overall reconstruction activities consistent with the revised master plan. These teams and agencies will perform their activities until 31 December 2009, when all remaining reconstruction activities, and related fund disbursements and utilization, will be completed.

\(^\text{10}\) BRR. 2009. *Finance: Delivering Financial Success—The Seven Keys to Effective Aid Management in Indonesia’s Post-Tsunami Reconstruction*. Jakarta.

\(^\text{11}\) BRR Knowledge Centre. [http://know.brr.go.id/](http://know.brr.go.id/)
C. Lessons

12. Post-tsunami Aceh and post-earthquake Nias have experienced one of the largest reconstruction programs ever seen in the developing world. The international response to the tsunami was unprecedented. To its credit, in delivering the aid the Government avoided some of the pitfalls that have dogged other large-scale international relief efforts. The Government did a good job of taking account of macroeconomic conditions, employing well-managed funding mechanisms, and taking advantage of clear evidence that those affected by the disasters were benefitting from the aid. While aid delivery experienced low volatility, aid output was more volatile. The vast area affected by the devastation resulted in production and supply constraints, which pushed up prices and caused funding shortfalls for some agencies. Complicating matters even further, evolving community needs created moving goal posts for implementing agencies. The creation of a single agency, BRR, to coordinate the Government’s response had positive effects on coordination, as did the pooling of funds by donors into the MDF. The creation of high level representative bodies greatly improved the coordination effort.\(^1\)

13. In April 2009, following the termination of its mandate and as part of the United Nations’ Tsunami Global Lessons Learned Project, BRR published 10 management lessons for coordinating disaster reconstruction, focusing on the challenges and opportunities facing the principal coordinating agency on a large-scale disaster reconstruction program.\(^2\) The highlights of the Tsunami Global Lessons Learned Project are in Appendix 2. Key lessons included:

(i) Governments should move quickly to clarify which agency will coordinate the post-disaster reconstruction program, what it is empowered to do, and when its mandate begins and ends.

(ii) A strong, experienced leadership team should be appointed to gain the full support of other government agencies and the donor community.

(iii) A crisis mindset should be maintained throughout the reconstruction effort, adapting usual internal procedures and structures to a crisis situation.\(^3\)

(iv) Strong implementation capability should be built early on so that the coordinating agency can meet its overall reconstruction targets by directing resources for meeting emerging needs.

(v) Reconstruction activities should be prioritized. Top priorities include meeting basic needs, filling supply chain gaps, building a coordination war room, and involving affected communities in reconstruction.

(vi) Efforts should be made to “build back better” at every opportunity, with disaster-resistant construction, improved quality and sustainable institutional capability.

(vii) Key donors and multi-donor funds should be requested to play coordinating roles.

(viii) Constant communication among partners should be maintained to manage beneficiary and donor expectations about the pace and progress of reconstruction.

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\(^3\) The report notes, for example, that ADB decentralized its decision-making processes by creating an extended mission in Sumatera, and that certain project decisions were reviewed post facto. Subprojects could be implemented once approved by the Government and BRR, under the condition that ADB financing would not be provided in cases where Government or ADB procedures had not been followed. This removed an entire layer of the decision-making process, thus enabling quicker action from the project preparation and appraisal phases all the way through to execution.
The coordinating agency should ensure integrity and accountability of funds to gain donor confidence and support.

A range of influence skills including diplomacy, authority, and flexibility may be used throughout the course of reconstruction to ensure funding flows meet actual needs.

14. The design and implementation of the ETESP reflected several of these approaches. ADB has adopted a flexible strategy in directing assistance to priority areas and adapting to evolving conditions. ADB's delegation of the implementation responsibility to the resident and extended missions greatly facilitated timely response. ADB also benefited greatly from community consultations, particularly for livelihood and community infrastructure subprojects. Extensive consultations with local government agencies and other stakeholders have helped ensure the formulation of sustainable subprojects. Coordination with development partners and other stakeholders has been strengthened. NGOs have been involved in the delivery of ETESP outputs. Capacity development of local government agencies and communities has been built into the design of several subprojects.

III. ASIAN DEVELOPMENT BANK EMERGENCY ASSISTANCE

A. Implementation Status of the ETESP

1. Overall Progress

15. The ETESP has made great progress in the 4 years since implementation began in June 2005. However, 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 have been substantially completed by June 2009. The implementation of five components will be completed by November 2009. The fiduciary governance component, which is supporting overall implementation of the ETESP, will be completed upon closure of the grant. In light of these developments, in July 2009 ADB approved a Government request to extend the physical completion date from 30 September 2009 to the end of December 2009. The grant closing date was extended from 31 December 2009 to 30 April 2010 to enable full disbursement of the grant funds and administrative closure of the ETESP. The extensions reflect the need for more time to complete the subprojects that have been prepared and designed under the ETESP, and the difficulties in designing and implementing a large number of subprojects spread out over a large geographic area and covering a wide range of sectors.

16. Extensive consultations with local government agencies and other stakeholders have contributed to the formulation of sustainable subprojects and facilitated the transfer of these subprojects to the proper agencies. ADB continued to approach component allocation and subproject execution flexibly, taking into account lessons learned during implementation, real-time feedback from the field, and economic factors such as inflation. ADB maintained extensive dialogue with key government officials to address these issues and overcome implementation difficulties. Regular reviews of component progress with BRR were held throughout the implementation period, allowing timely joint decision making. This resulted in (i) adjustments in the allocation of several components and categories, (ii) changes in the scope and geographical

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15 More information on ETESP and its implementation can be found at www.adb.org/Projects/ETESP/default.asp

16 The completed components include agriculture, fisheries, small and microenterprise development, irrigation, health and power.

17 These components are education, rural water supply and sanitation, housing, roads and bridges and spatial planning and environmental management.
focus to redirect assistance to needed areas, and (iii) confirmation of the focus and emphasis of the current program for the 12 components.

17. ETESP’s magnitude, complex design, multisector approach, and emphasis on environmental and social safeguards have created implementation challenges. The main issues that have led to lower-than-expected disbursement levels of ETESP include (i) the need to prepare designs for numerous subprojects, (ii) limited capacity within BRR and the implementing agencies, (iii) complex government budgeting process and delays in approving the annual budgets, (iv) delays in the annual appointments or reappointments of implementing units, (v) the newly appointed implementation units’ lack of familiarity with safeguard requirements and procurement procedures, and (vi) delays in the submission of procurement documentation required for processing withdrawal applications. Other factors that have contributed to the lower level of disbursements are changing priorities of the implementing units, delayed execution of contracts, scarcity of materials, and logistical problems.

18. The magnitude of the reconstruction program and the wide range of donors involved, including international financing institutions, NGOs, and government agencies, also created challenges, as did the limited resources of BRR. ADB addressed these constraints by (i) strengthening the project preparation and implementation capabilities of BRR and its implementing units, and (ii) providing greater flexibility in the design and implementation of subprojects under the ETESP. The performance of the different components is summarized as follows and detailed in Appendix 3.

19. **Agriculture.** This component was completed in January 2009. Nearly 23,400 hectares (ha) of slightly to moderately damaged farmland has been cleared, inputs have been provided, and farming restored. Drainage improvements and equipment (such as hand tractors and thresher) and water pumps for 18,500 ha of land have been provided, and farming restored. Through cash-for-work schemes, community contracting, and provision of inputs with full participation of existing farmer groups, 5,700 ha of medium and severely affected land has been restored to farming on the west coast (including the island of Simeulue). Equipment and materials have been provided for restoration of farming on 13,200 ha of food-crop farmland and the rehabilitation or development of 4,800 ha of estate-crop farmland. Support services and community empowerment activities included the establishment of livelihood support centers, seed production facilities, and other facilities. Training programs covered integrated pest management, extension staff training of trainers, and animal husbandry. Assessment of gender sensitivity training was carried out for key agriculture agencies followed by capacity development for gender mainstreaming.

20. **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. Grants were disbursed in 750 fisheries-dependent villages; these grants provided equipment and other inputs to enable more than 17,800 small-scale fishers to resume their livelihoods. The delivery of 62 medium-sized to large boats, along with engines and fishing equipment, allowed more than 1,500 fishers to resume their sea-fishing livelihoods. The provincial and district fisheries offices received both physical improvements (new equipment and offices) and service-related improvements (resulting from training initiatives). Innovative community-based sonar mapping resulting in fishing and hazard charts was undertaken to benefit 3,000 fishers. Four aquaculture livelihood support centers were established. These centers are run by producer associations, and receive support via the internet from the
innovative Aceh aquaculture communication center. More than 1.2 million mangrove seedlings were replanted in more than 60 coastal villages, with an estimated survival rate to date of 75%.

21. **Micro and Small Enterprises.** This component was completed in March 2009. The component provided technical assistance to eight private rural banks, a merged provincial bank in Aceh, and one regional bank in Nias. The technical assistance encouraged a group lending approach following the principles established by the Grameen Bank in Bangladesh with 5,000 all women clients with very high repayment and savings mobilized. The integrated microfinance software program MicroBanking System for Windows was installed in 19 banking units using both conventional and Islamic banking modules. A livelihood fund of nearly $1 million provided one-time grants through an international NGO for 6,000 microenterprises to restart their operations. A microfinance innovation fund for $8.5 million was set up to provide market-based financing for partner financial institutions to expand loans to micro, small, and medium enterprises. The entire amount was disbursed through loans, deposits, and quasi equity to nine rural credit banks\(^{18}\) and two commercial banks.

22. **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. Skills enhancement and capacity development were undertaken in, among other things, clinical nursing and management of maternal and child care for more than 400 nurses. Basic level training in mental health nursing skills was provided to more than 400 medical staff (nurses and doctors) and intermediate level training to 60 medical staff.

23. **Education.** Three hundred 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. Their librarians were trained in cataloguing, storing, and caring for teaching and learning materials. New class rooms for 46 schools and the Sabang model school were constructed and provided with computer and laboratory equipment. Training of teachers on the use of this equipment will be carried out in the third quarter (Q3) of 2009. Damaged buildings at the Sabang model school were also repaired or rebuilt.

24. **Rural Water Supply and Sanitation.** Water supply and communal sanitation facilities were constructed in more than 244 communities in Aceh and Nias. The capacity development activities under this component are ongoing and will be completed in September 2009.

25. **Housing.** Because of rising costs, the number of new houses to be financed under this component is about 6,000, and the number of houses to be rehabilitated is about 1,400.\(^ {19}\) This includes houses constructed or rehabilitated off-budget with the help of NGOs and international agencies. Thus far 4,000 houses have been constructed on-budget and 1,500 houses have been constructed off-budget; construction of the remaining houses will be completed in November 2009. This component included the rehabilitation of 195 traditional houses on Nias Island, thereby supporting the preservation of the island’s unique architectural heritage. Improvement of the sanitation facilities of nearly 1,000 houses constructed in the early stages of this component will be completed by Q3 2009. The housing reconstruction supported the BRR’s strategy to “build back better” using more earthquake-resistant materials. Beneficiaries of this

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\(^{18}\) Bank perkreditan rakyat.

\(^{19}\) The original target 14,000 new housing units constructed and10,000 houses rehabilitated.
component receive proper titles and security of tenure. Gender equality among housing beneficiaries has been ensured.

26. **Irrigation.** Ninety two irrigation schemes with a potential irrigated area of 58,000 ha have been undertaken in Aceh and Nias. Construction works under 623 contracts have been completed, including 492 community contracts and 129 contracts awarded through local competitive bidding. About 11,400 ha of severely affected irrigated farmland on the west coast of Aceh and on Nias were rehabilitated. In addition, 19,000 ha of irrigated farmland in low-damage and conflict-affected areas were rehabilitated.

27. **Spatial Planning and Environmental Management.** A total of 63 subdistrict action plans identifying core infrastructure, livelihood and environmental needs of affected subdistricts 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 along the west and east coast of Aceh have also been completed. Development plans for the districts on the east coast of Aceh are nearing completion. About $97 million worth of infrastructure projects supporting priority development areas in 80 subdistricts have been prepared. Legislation aimed at conservation and management of natural resources has been drafted. Support for an information system for forest management is ongoing and will be completed in Q4 2009.

28. **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. The remaining works under this component will be completed in Q4 2009. The component will improve road transportation over 450 km.

29. **Power.** This component was completed in December 2008. It contributed to the establishment of the electricity system in Aceh by (i) repairing damaged substations; (ii) installing distribution lines and transformers; (iii) installing consumer lines and metering equipment; (iv) furnishing safety tools; (v) installing a supervisory control and data acquisition system to improve power distribution; and (vi) rehabilitating the service building for Perusahaan Listrik Negara (PLN).\(^\text{20}\) Regional coverage was widened to include medium-voltage lines in Lhokseumawe and Sabulussalam districts, in addition to Banda Aceh, Meulaboh, and Pidie.

30. **Fiduciary Governance.** The design of the internal control systems to support BRR in monitoring 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 (BPK) and the Corruption Prevention Commission (KPK), the ETESP also financed Banda Aceh’s Special Treasury Office. All activities will be completed by Q4 2009. In addition, equipment was provided to provincial and regional supervisory board (BAWASDA) offices in nine local governments and the BAWASDA provincial government office to restore, improve, and sustain their operations.

31. **Community Empowerment.** Community participation and empowerment were integral elements of the ETESP’s design and implementation strategy. Over $40 million of ETESP funds in six components—agriculture, fisheries, irrigation, housing, rural water supply and sanitation, and education—was channeled directly to communities via traditional community organizations such as farmer and fisher groups, traditional Aceh associations or NGOs, water user groups, and independent self-help groups (particularly women, school committees, and housing clusters). Funding and project activities were facilitated by directly recruited village facilitators or

\(^{20}\) Modalities to complete some minor works related to the PLN’s service building are being worked out.
through collaboration with NGO partners. These activities used participatory group planning and phased community contract disbursement based on verified results. This community-driven method of development has shown many advantages over contractor deployment. Advantages include higher construction quality at lower costs, more flexibility in implementation, increased use of local designs, reduced fund leakage, immediate local level employment, more opportunities for women to participate, increased sense of ownership, and increased sustainability. The large number of community contracts in many components shows that communities not only participated in the ETESP but also actually implemented many project activities. This implementation experience has empowered many community organizations to actively participate in the longer-term development of Aceh and Nias.

2. Commitments and Disbursements

Table 4 provides a summary of the performance of each component in terms of contract commitments and utilization of current allocation. The trend in contract awards and utilization since 2005 is shown in Figure 3. According to the database maintained at the ETESP project management office, as of June 2009 more than 6,700 contracts with a gross value of $289.6 million had been awarded (98% of the total ETESP grant funds), with gross utilization of $257.9 million (88% of grant funds) and disbursement of $197.1 million (67% of the total). Of the total commitments, contract awards for on-budget subprojects amounted to $168.9 million equivalent Off-budget activities, including housing subprojects and consulting services, reached $120.7 million. The corresponding utilization figures amounted to $161.8 million (on-budget) and $96.1 million (off-budget).

Table 4: Performance of ETESP Components

<table>
<thead>
<tr>
<th>Component</th>
<th>Allocation ($)</th>
<th>Contracts ($)</th>
<th>Utilization ($)</th>
<th>Contracts (%)</th>
<th>Utilization (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>31.67</td>
<td>32.88</td>
<td>31.82</td>
<td>103.85</td>
<td>100.50</td>
</tr>
<tr>
<td>Fisheries</td>
<td>27.19</td>
<td>26.73</td>
<td>25.36</td>
<td>98.32</td>
<td>93.25</td>
</tr>
<tr>
<td>Micro and Small Enterprises</td>
<td>14.47</td>
<td>14.27</td>
<td>11.70</td>
<td>83.32</td>
<td>80.16</td>
</tr>
<tr>
<td>Health</td>
<td>11.32</td>
<td>11.88</td>
<td>11.32</td>
<td>104.94</td>
<td>100.03</td>
</tr>
<tr>
<td>Education</td>
<td>16.50</td>
<td>15.47</td>
<td>14.47</td>
<td>91.39</td>
<td>87.11</td>
</tr>
<tr>
<td>Rural Water Supply and Sanitation</td>
<td>7.00</td>
<td>6.28</td>
<td>5.52</td>
<td>89.78</td>
<td>78.85</td>
</tr>
<tr>
<td>Housing</td>
<td>73.57</td>
<td>72.85</td>
<td>60.95</td>
<td>99.01</td>
<td>82.84</td>
</tr>
<tr>
<td>Irrigationc</td>
<td>29.15</td>
<td>29.91</td>
<td>29.19</td>
<td>102.60</td>
<td>100.14</td>
</tr>
<tr>
<td>Spatial Planning and Environmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>17.50</td>
<td>17.11</td>
<td>12.79</td>
<td>73.74</td>
<td>73.11</td>
</tr>
<tr>
<td>Roads and Bridges</td>
<td>39.00</td>
<td>36.51</td>
<td>30.28</td>
<td>93.62</td>
<td>77.65</td>
</tr>
<tr>
<td>Fiduciary Oversight (ATF)</td>
<td>14.00</td>
<td>12.78</td>
<td>11.57</td>
<td>91.29</td>
<td>82.67</td>
</tr>
<tr>
<td>Total (ETESP)</td>
<td>291.00</td>
<td>286.45</td>
<td>255.36</td>
<td>98.44</td>
<td>87.75</td>
</tr>
<tr>
<td>Fiduciary Oversight (The Netherlands)</td>
<td>3.50</td>
<td>3.14</td>
<td>2.52</td>
<td>89.71</td>
<td>72.00</td>
</tr>
<tr>
<td>Total</td>
<td>294.50</td>
<td>289.59</td>
<td>257.88</td>
<td>98.33</td>
<td>87.57</td>
</tr>
</tbody>
</table>

ATF = Asian Tsunami Fund, ETESP = Earthquake and Tsunami Emergency Support Project.

As of end of June 2009.

After reallocation resulting from program review in June 2009.

Includes the Luxembourg contribution of $1 million to the ATF.

Source: ETESP project management office estimates.

21 Utilization includes all project expenditures incurred by the Government using funds from the imprest account or its resources, and direct payments made by ADB.
33. The main reason for the significant gap between utilization and disbursement has been the delayed submission by BRR and its implementing units of documentation required for ADB’s post-facto procurement reviews (disbursement is contingent on completion of these reviews). The ETESP design provides for direct funding of consulting services contracts and of off-budget housing contracts awarded by ADB for the recipient, and for post-facto review by ADB of the procurement documents, as opposed to the prior review that is applied to most projects. However, while the documentation is collected and submitted to ADB for processing, government resources are utilized to fund any contracts that are awarded, in accordance with the ADB and government guidelines. This has resulted in significant Government prefinancing of the construction and capacity development activities. ADB has been working with BRR, and since April 2009 with its successor agency BAPPENAS, to expedite submission of relevant documents to accelerate disbursement and reduce the disbursement lag. All of the uncommitted funds ($5 million) will be contracted by September 2009, while the balance of funds ($97 million) may be fully utilized and disbursed by the extended closing date of 30 April 2010.

34. Table 5 outlines the utilization and allocation of grant proceeds. The initial allocation for all components was adjusted during implementation in response to evolving reconstruction
needs. The provision for consulting and auditing services was increased substantially as a result of the limited capacity of BRR’s project implementing units. This reflected the Project’s emphasis on proper project preparation, monitoring, and capacity development to ensure sustainability.

Table 5: Utilization of Grant Proceeds Against Allocation

<table>
<thead>
<tr>
<th>Reallocated Grant Categories</th>
<th>Allocation ($)</th>
<th>Contract Award (cumulative)</th>
<th>Utilization (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($)</td>
<td>Amount ($)</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Civil Works</td>
<td>150,800,300</td>
<td>146,968,900</td>
<td>97.46</td>
</tr>
<tr>
<td>Equipment, Materials and</td>
<td>33,426,000</td>
<td>31,236,400</td>
<td>93.45</td>
</tr>
<tr>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microfinance Funds</td>
<td>9,498,200</td>
<td>9,500,000</td>
<td>100.02</td>
</tr>
<tr>
<td>Studies, Surveys, Community,</td>
<td>20,129,300</td>
<td>18,216,000</td>
<td>90.49</td>
</tr>
<tr>
<td>Mobilization, Workshop and</td>
<td>59,173,500</td>
<td>65,115,400</td>
<td>110.04</td>
</tr>
<tr>
<td>Training, NGO Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting and Auditing</td>
<td>17,972,700</td>
<td>15,415,500</td>
<td>85.77</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microcredit for House Expansion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management (ATF)</td>
<td>291,000,000</td>
<td>286,452,200</td>
<td>98.44</td>
</tr>
<tr>
<td>Total (ETESP)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Management (The</td>
<td>3,500,000</td>
<td>3,140,000</td>
<td>89.71</td>
</tr>
<tr>
<td>Netherlands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>294,500,000</td>
<td>289,592,200</td>
<td>98.33</td>
</tr>
</tbody>
</table>

ATF = Asian Tsunami Fund, ETESP = Earthquake and Tsunami Emergency Support Project.

a As of end of June 2009.
b After reallocation resulting from program review in June 2009.
c Includes Microfinance Innovation Fund.
d A separate microcredit facility for housing expansion has not been pursued because of limited demand and complexities in implementation.

Source: ETESP project management office estimates.

35. ADB’s post-facto review of procurement and disbursement documents through June 2009 noted that several contracts (together worth about $8 million) in the agriculture, fisheries, and irrigation components were not eligible for ETESP funding because of a lack of documentation, nonconformity with established procedures, and/or incomplete or dysfunctional civil works. This was mainly due to institutional weaknesses, a lack of understanding of ADB and Government procurement procedures by the project personnel assigned from different agencies, inadequate supervision and monitoring of procurement, and ineffective contract administration. The Government has been advised to arrange funds from other sources to finance expenditures against such contracts.

3. Environmental Aspects

36. Given its emergency response nature, ETESP is generally only undertaking environmental Category B projects in compliance with ADB’s environmental policies and procedures. ETESP committed to implementing the reconstruction and rehabilitation process in an environmentally sustainable manner, in compliance with ADB’s environmental policies and procedures. As of 30 June 2009, 164 environmental assessments had been prepared, covering 247 ETESP subprojects. Initial environmental examination reports generally indicate that subprojects will generate positive social, economic, and environmental benefits. The evaluations also identify modest potential negative environmental impacts, but note that these can be mitigated.

37. ADB worked closely with the implementing agencies and provincial environmental authorities to ensure proper environmental monitoring during implementation. Furthermore,
environmental monitoring has been undertaken by BRR’s implementation units and consultants during subproject implementation.

38. Environmental sustainability has also been incorporated into ETESP components and subprojects. For example, the fisheries component included subprojects or activities to rehabilitate the coastal green zone, plant mangroves, promote environmentally sustainable aquaculture and fishing methods, and better manage fish landing sites and fuel depots. The agriculture component included a subproject to rehabilitate tsunami-affected agricultural land. The housing component ensures that houses are equipped with sanitation systems that comply with national building codes and BRR’s sustainable-sanitation guidelines. The spatial planning and environmental management component includes a comprehensive program of spatial planning in districts, subdistricts, and villages across Aceh and Nias. These spatial planning efforts helped BRR, provincial and local governments, and other stakeholders manage reconstruction, and will also enhance the longer-term development of Aceh and Nias. In the case of Nias, the spatial planning and environmental management component provided the island with its first comprehensive overview of spatial planning information and data. An environmental sensitivity map for Aceh and Nias Island has also been prepared and local government agencies have been trained to update it. Other ETESP components, BRR, and other development partners have also used this map.

4. Social Dimensions

39. As of the end of June 2009, 182 subprojects had been reviewed by the ETESP project management office. Of these, 79 had confirmed land acquisition or resettlement impacts. Land acquisition and resettlement action plans and community action plans have been prepared for most subprojects with land acquisition or resettlement dimensions. The full land acquisition and resettlement action plans and summaries of community action plans have been posted on the ADB website for public disclosure.

40. External resettlement monitoring started in July 2007 with the mobilization of a monitoring team. While 40 subprojects initially were identified for monitoring, this was increased to 72 subprojects based on an updated assessment in June 2008. As of the end of June 2008, field monitoring had been conducted for three road subprojects, six irrigation subprojects, and seven housing subprojects. Findings from the field monitoring have been presented to the BRR units concerned for remedial actions where needed. External resettlement monitoring reports have been posted on the ADB website.

41. The ETESP has also provided support to BRR to improve the grievance mechanism for the reconstruction program. A grievance facilitation unit was set up at BRR’s oversight body to forward and follow-up on complaints and/or queries about the ETESP from the public. The unit worked closely with BRR’s ETESP implementation units, consultants, and village facilitators to address concerns about the ETESP raised by beneficiaries and the public. The existence and contact details of the facilitation unit were advertised in local newspapers. Orientation programs on the ETESP grievance mechanism were also undertaken in several districts.

42. As of June 2009, the ETESP grievance facilitation unit had received 97 queries or complaints. The unit has worked closely with the BRR departments or units concerned and ETESP consultants to address these. All complaints and queries have been logged into a grievance database for proper tracking and reporting.
5. Fiduciary Governance

43. An overriding concern of the Government and ADB has been the need to ensure sound fiduciary governance in the utilization of donor support for reconstruction. Recognizing this need, the ETESP includes support to the Government and ADB for fiduciary oversight arrangements. This support, which began with the start of the ETESP, included the establishment of internal control and audit systems in BRR, implemented in early 2006, and support for the Supreme Audit Agency (BPK) to audit the reconstruction program. ETESP support for a branch of the Ministry of Finance Treasury Office set up in Aceh to facilitate the disbursement of all on-budget Government and donor funds continues until the end of 2009. The fiduciary governance component also included capacity building within the internal audit departments of local governments in Aceh, and included support for the Aceh office of the anticorruption commission.

6. Covenants

44. The grant agreement provides for wide-ranging covenants on (i) subproject selection and approval; (ii) environmental and social safeguards, including resettlement; (iii) governance and transparency in the utilization of grant proceeds; (iv) overall project and component management; (v) progress reporting; and (vi) auditing. These covenants have been largely complied with. The grant transactions, together with the transactions on reconstruction funded by other stakeholders, continue to be regularly uploaded to the website of the Special Treasury Office established in Banda Aceh with ETESP support. The procedural approach to subproject approval and implementation was agreed to with BRR and followed by ADB and BRR. Regular community consultation has been a major feature of most activities under the ETESP. A grievance review and resolution mechanism was put in place and has functioned satisfactorily.

45. The audited statements on expenditures funded from grant proceeds were available in February 2007 for FY2005, in December 2007 for FY2006, and in December 2008 for FY2007. The submission of the audit reports for 2005 was delayed because of the need for BRR to consolidate the grant expenditures by BRR and its implementing units, and also by ADB on behalf of BRR for consultants engaged by ADB and payments for off-budget ETESP partners (NGOs and international organizations). Given the difficulties associated with producing a consolidated audit report covering all expenditures, the grant agreement was amended in January 2008 to clarify that the recipient will furnish audit reports covering only on-budget expenditures made by its agencies, while ADB will furnish audit reports on off-budget expenditures made by ADB.

7. Japan Fund for Poverty Reduction

46. Four tsunami-related projects financed by the Japan Fund for Poverty Reduction (JFPR), amounting to $8 million, are under implementation. These grant projects are designed to (i) improve livelihoods, (ii) rehabilitate natural resources, (iii) provide earthquake-resistant

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housing, and (iv) restore microenterprises and microfinance. The execution of the four projects has been delayed considerably by the need to change the implementation arrangements and scope, and by procedural difficulties and delays associated with mobilizing project teams by the lead NGO implementing the livelihood improvement and natural resource rehabilitation grant projects. The construction of 175 earthquake-resistant prototype and demonstration houses has been completed and the houses have been handed over to the beneficiaries. Four pilot programs initiated under the microfinance project will be completed by September 2009. The scope of the livelihood and natural resources projects has been expanded and the completion date of these two projects has been extended to December 2010. Considerable progress has been made in the areas of community empowerment, sustainable livelihood development, coastal resource management, and promotion of cooperation among NGOs engaged in coastal fishing. The establishment of livelihood support centers under the fisheries component of the ETESP has been instrumental here.

8. Multi-Donor Fund

47. To complement its support to Indonesia for mitigation of the tsunami and earthquake disasters, ADB joined the MDF soon after it was formally established at the request of the Government in May 2005, and participates regularly in its activities and in its steering committee and technical review meetings. The World Bank has contributed $25 million to the MDF and has acted as an MDF partner agency on several projects. The extension of the closing date of the MDF from 30 June 2010 to 31 December 2012 was approved by the World Bank board of directors on 27 July 2008. The purpose of the extension was to ensure a smooth transition in management of its program from BRR to BAPPENAS and other agencies of the central, provincial, and local governments, and to allow for the completion of several essential projects that were running behind schedule. The extension gives the MDF the required time to allocate the remaining funds to important reconstruction projects.

48. As of 31 March 2009, the MDF 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. Another $23.1 million had been allocated to administrative expenses ($12.9 million) and appraisal, supervision, and monitoring costs ($10.2 million). The MDF had disbursed $371.7 million (63% of allocated funds) to the projects under implementation. The individual projects had utilized $317.8 million (54% of the funds allocated) to finance project activities. The MDF 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 will be allocated soon to enable spending of associated funds by the extended closing date of 31 December 2012.

49. A midterm review of the MDF was conducted during the second half of 2008 and was completed recently. The objectives of the review were to (i) assess the progress and achievements of the MDF since its inception, (ii) issue recommendations for changes and improvements during the remainder of the implementation phase, and (iii) draw lessons from the use of an MDF trust fund mechanism to manage and implement reconstruction efforts. The

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23 The project on community health care initiatives, (ADB. 2006. Proposed Grant Assistance to the Republic of Indonesia for Supporting Community Health Care Initiatives in Nanggroe Aceh Darussalam. Manila ($2 million, approved on 16 January) was canceled in early 2007 because the recipient’s priorities changed.

24 The Multi-Donor Fund was established as the Multi-Donor Trust Fund for Aceh and North Sumatra (MDTFANS). In March 2006, it was renamed Multi-Donor Fund (MDF).

25 Although the MDF and the Government invited ADB to be a partner agency, ADB declined because of staffing constraints.
review looked at project results, the overall contribution of the MDF portfolio, and the performance of the MDF governance and management structures. The review concluded that the MDF has successfully programmed most of the funds entrusted to it by the 15 donors. The project portfolio is overall highly relevant and is performing well; results were particularly positive in the areas of community recovery, infrastructure rehabilitation, assistance to public administration and governance, and general capacity building. The cases of unsatisfactory performance are largely due to poor project management. Another common weakness was a lack of clarity on key quality dimensions like gender. The overall trend is toward improved performance with better reporting. The MDF as a mechanism is a success characterized by good governance structure, a high degree of transparency, and an efficient secretariat—but with a logical framework that is not fully able to capture the richness of the results.\(^26\)

50. The midterm review of the MDF also pointed out that (i) most projects funded by the MDF need better monitoring and evaluation systems for performance tracking; (ii) the MDF should have clearer specification of crosscutting concerns; and (iii) the MDF should have clearer trust fund operational guidelines. While overall MDF transaction costs should be kept low, donors should ensure that the secretariat has sufficient resources to provide quality results. For the remaining period, the MDF should focus on capacity development, primarily in the public sector, but also in the private sector and civil society. The objective should be to ensure that the large-scale investments already undertaken are sustainable, continue to have positive impacts, and continue to target MDF priority areas (poverty reduction, improved governance, environmental sustainability, gender and geographic balance, and conflict sensitivity).

51. While the MDF is recognized as a vital contributor to the overall reconstruction program for Aceh and Nias, BRR’s assessment of the performance of MDF noted some limitations.\(^27\) The emergency nature of the MDF and its mandate to focus only on tsunami-affected areas following guidelines modeled along those of the MDF trustee limited its ability to deliver reconstruction assistance quickly and flexibly. The overriding need to comply with procedure, regardless of how much time it consumed, inevitably led to a situation where the MDF became increasingly unresponsive to BRR needs. This underscored the difficulty of applying procedures designed for longer-term development to a post-disaster emergency-response project. Another limitation concerned inadequate delegations from the MDF trustee’s headquarters being sent to the field offices. This led to many decisions being deferred to unaccountable people. With the MDF trustee also having an important implementing role as partner agency for a large portfolio of MDF projects, the need for a greater level of integrity in the way MDF arrived at some of its decisions was cited as another area of concern.

52. In general the MDF remains a good conduit for donor coordination and funding, and has been a major factor in the overall success of the reconstruction and rehabilitation program. It is a key element of the coordination architecture that has enabled vital assistance to be delivered to the victims of the tsunami in Aceh and the earthquake in Nias. The MDF is now focusing on supporting the transition to BAPPENAS and the local government agencies to avoid disruptions to project operations and to ensure that the proper supervision and governance arrangements are in place. In close partnership with other stakeholders, the MDF will continue to play a critical role in easing the transition from short-term recovery to long-term development, and in facilitating dialogue between donors, the national Government, and regional governments in Aceh and Nias.

\(^{26}\) MDF. 2009. *Multi-Donor Fund for Aceh and Nias: Mid-Term Review.* Jakarta.

\(^{27}\) BRR. 2008. *Funding Disaster Recovery: Appraising the MDF’s Contribution to the Reconstruction of Aceh and Nias.* Jakarta.
9. Development Partner Coordination

53. MDF technical review and steering committee meetings continue to provide the institutionalized framework for coordination among donor agencies. Up to the end of its mandate, BRR organized regular coordination forums for Aceh and Nias to apprise development partners of progress in the implementation of reconstruction activities, and to outline major policy initiatives, approaches, and strategies. BAPPENAS has taken over this role for donor coordination at the national level, while BKRA and BKRN have taken over the role at the provincial level.

54. ADB has partnered with NGOs and the United Nations Human Settlements Programme in channeling financial assistance to housing subprojects and to small enterprises and microenterprises. ADB coordinates ETESP support for community-based water supply and sanitation with assistance provided by the governments of Canada, the Netherlands, and the United Kingdom under a complementary project (footnote 2). ETESP-financed spatial-planning activities for subdistricts and villages are serving as broad guidelines for local development activities supported by other donors and NGOs. Under the ETESP, ADB and the MDF are working together to plan and design infrastructure projects along Aceh’s east coast. These projects will be financed and implemented under the MDF’s infrastructure reconstruction financing facility.

55. In the area of microfinance, ADB forged strategic alliances with BRR’s Aceh Microfinance Program and with other international and national agencies to discuss joint projects and exchange information on their various microfinance development programs. In fisheries, ADB coordinated aquaculture assistance and shared lessons learned with other donors, NGOs, and government agencies. This will help ensure the sustainability of ETESP-supported fisheries activities. The information system for the management of Aceh’s forest resources—one of the last initiatives under the spatial planning and environmental management component—was designed in consultation with the MDF and other stakeholders.

56. Recently, several development partners, including Australia and the Netherlands, held informal consultations with the Aceh provincial government and other stakeholders on establishing a new project that will support the equitable, peaceful, and sustainable development of Aceh. This project will be managed by the World Bank and will link reconstruction currently funded by the MDF with longer-term post-reconstruction and post-conflict development. It may focus on (i) building local government capacity for promoting economic development through capacity building and policy advice, (ii) piloting approaches to help vulnerable groups that pose security risks and/or were severely impacted by the conflict, (iii) enhancing the capacity of local research organizations to produce data and analysis to aid conflict-sensitive development, and (iv) transferring lessons and approaches learned in Aceh to other post-conflict areas of Indonesia.

B. Project Management

1. Role of the Extended Mission to Sumatra and Indonesia Resident Mission

57. The Extended Mission to Sumatra has been operational since July 2005 under the Indonesia Resident Mission, with the head of the extended mission reporting to the country director. In September 2008, ADB extended the mission from 31 December 2008 to 30 June 2009. Pursuant to this decision, the Banda Aceh office was closed at the end of June 2009. However, to assist the resident mission in the monitoring and supervision of the remaining
project activities and the review of procurement and disbursement documents, some advisors of the ETESP project management office attached to the extended mission continue to operate out of the BAPPENAS project management office in Banda Aceh, while the other advisors operate out of the resident mission until grant closure in April 2010.

58. The extended mission has been responsible for the administration of 11 of the 12 ETESP components, with the resident mission responsible for the administration of the rural water supply and sanitation component because of its link with the Community Water Services and Health Project (footnote 2). By the end of June 2009, the ETESP project management office comprised four international and three national advisors. The services of these advisors will be phased out beginning in the latter part of 2009, consistent with the completion of the respective components except for some advisors who will continue to assist the resident mission in the financial and administrative closure of the ETESP.

2. Executing Agency’s Project Management Office

59. The BRR established its project management office in August 2005 for the implementation of the ETESP. The project management office has been assisted by ETESP-dedicated full-time advisors funded under the fiduciary governance component. In addition, support for several other advisors to BRR management has been provided under this component for overall reconstruction coordination, disaster management, housing coordination, and transition strategy formulation. The ETESP project management office advisors continue to provide support to BAPPENAS following the end of BRR’s mandate, thereby providing continuity in the final stage of ETESP implementation.

IV. CONCLUSION

60. At the end of BRR’s 4-year mandate on 16 April 2009, about 82% of the $6.7 billion recovery and reconstruction program for Aceh and Nias was complete—a commendable achievement considering the program’s scale and complexity, and the challenging conditions under which it was implemented. BAPPENAS at the national level, and BKRA and BKRN at the provincial levels, have taken over the coordination of the remaining reconstruction works until the end of 2009. The MDF will continue to support the Government in the transition from reconstruction to longer-term development until the end of 2012. From 2008 until the expiry of BRR’s mandate in April 2009, ADB and BRR continued to work closely to expedite the utilization of ETESP and other grants. The new Executing Agency, BAPPENAS, is now coordinating the different agencies involved in completing the remaining activities.

61. The pace of ETESP implementation continued to accelerate in 2008 after most of the initial implementation problems were overcome. Since early 2009, ETESP has moved into the completion phase, with six components completed by mid-2009 and an overall completion of 90% achieved. ADB is working with BAPPENAS to address the main challenges of 2009: (i) completing the remaining six components still under implementation, and (ii) ensuring that the processing of procurement and disbursement documents is further expedited to accelerate disbursements under the grant. The ETESP grant funds are expected to be fully utilized and disbursed by the extended grant closing date of 30 April 2010.
# ACEH AND NIAS RECONSTRUCTION PROGRESS

<table>
<thead>
<tr>
<th>2004 Damage</th>
<th>2009 Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Meeting Vital Needs</strong></td>
<td></td>
</tr>
<tr>
<td>167,000 dead or missing from the tsunami in December 2004</td>
<td>139,282 permanent houses built</td>
</tr>
<tr>
<td>500,000 displaced from homes</td>
<td>70,701 houses repaired</td>
</tr>
<tr>
<td>80,000–110,000 new houses needed</td>
<td>More than 14,737 households moved out of barracks</td>
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<tr>
<td></td>
<td>19,889 transitional houses provided</td>
</tr>
<tr>
<td></td>
<td>330,000 land parcels adjudicated</td>
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<tr>
<td></td>
<td>18,851 land certificates issued including replacement certificates</td>
</tr>
<tr>
<td></td>
<td>1,415 village basic infrastructures built and/or repaired</td>
</tr>
<tr>
<td><strong>B. Social Services</strong></td>
<td></td>
</tr>
<tr>
<td>More than 2,000 school buildings damaged</td>
<td>962 permanent schools built and/or repaired</td>
</tr>
<tr>
<td>About 2,500 teachers dead</td>
<td>More than 39,663 teachers trained</td>
</tr>
<tr>
<td>More than eight hospitals damaged or destroyed</td>
<td>731 health facilities built and/or rehabilitated</td>
</tr>
<tr>
<td>114 health centers and subcenters damaged or destroyed</td>
<td></td>
</tr>
<tr>
<td><strong>C. Disaster Risk Reduction and Environment</strong></td>
<td></td>
</tr>
<tr>
<td>5,765,000 cubic meters of waste created by the tsunami</td>
<td>More than 99 km of coastal areas protected and flood control provided for more than 87,571 ha</td>
</tr>
<tr>
<td></td>
<td>10,186 ha of mangroves rehabilitated</td>
</tr>
<tr>
<td></td>
<td>Tsunami early warning system installed</td>
</tr>
<tr>
<td><strong>D. Infrastructure</strong></td>
<td></td>
</tr>
<tr>
<td>3,000 km of roads impassable</td>
<td>2,417 km of roads in Aceh and Nias built and/or repaired</td>
</tr>
<tr>
<td>14 out of 19 seaports badly damaged</td>
<td>61 km of roads on the east coast of Aceh built and/or repaired</td>
</tr>
<tr>
<td>8 out of 10 airports damaged</td>
<td>581 km of roads on the west coast of Aceh built and/or repaired</td>
</tr>
<tr>
<td>120 arterial bridges and 1,500 minor bridges destroyed</td>
<td>308 km of provincial roads in Nias built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>15 bus stations built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>198 bridges repaired</td>
</tr>
<tr>
<td></td>
<td>15 seaports built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>8 ferry ports built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>9 airports built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>3 airstrips built and/or repaired</td>
</tr>
<tr>
<td></td>
<td>1 helipad repaired</td>
</tr>
<tr>
<td></td>
<td>High speed internet infrastructure for Aceh and Nias installed.</td>
</tr>
</tbody>
</table>
### 2004 Damage and 2009 Progress

<table>
<thead>
<tr>
<th>2004 Damage</th>
<th>2009 Progress&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.2 billion damages to agricultural and fish farms</td>
<td>Development of 100,725 micro, small, and medium sized businesses supported</td>
</tr>
<tr>
<td>Projected economic decline of 5%</td>
<td>1,230 traditional markets rehabilitated</td>
</tr>
<tr>
<td>Livelihoods of 100,000 small businesspersons lost</td>
<td>7,109 fishing vessels constructed</td>
</tr>
<tr>
<td>4,717 coastal fishing boats lost</td>
<td>17,444 ha of fishponds rehabilitated</td>
</tr>
<tr>
<td>More than 20,000 ha of fishponds destroyed or out of action</td>
<td>More than 18,322 ha of paddy field/land rehabilitated</td>
</tr>
<tr>
<td>60,000 farmers displaced</td>
<td>16,875 ha of dry land rehabilitated</td>
</tr>
<tr>
<td>More than 60,000 ha of agricultural land damaged</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> December 2008.

Source: Agency for Rehabilitation and Reconstruction Agency (BRR).
TSUNAMI GLOBAL LESSONS LEARNED

A. Background

1. In the years and months that have gone by since the devastating Indian Ocean earthquake and tsunami of December 2004, the affected communities—from Banda Aceh to Batticaloa (Sri Lanka), Puntland (Somalia) to Phang Nga (Thailand), Noonu (The Maldives) to Nagapattinam (India)—have seen both tragedy and triumph.

2. Tragedy, because the destructive power of the tsunami left countless communities without homes or livelihoods, eradicated key infrastructure in countries around the region, and irrevocably damaged large swaths of coastal area. In all, more than 228,000 people in 14 countries perished as a result of the disaster.

3. Triumph, because while the disaster wreaked havoc and devastation on the coastlines along the Indian Ocean rim, it also triggered an overwhelming national and international response, delivering emergency relief and recovery assistance through multiple partners, funds, and programs. Milestone successes have been collectively achieved in supporting affected communities to restore their lives and livelihoods, and to reconstruct their houses and settlements, all with care to empower future generations to thrive. Individual citizens, national governments and international financial institutions around the globe contributed funds to the recovery, resulting in an estimated $13.5 billion in aid.

4. With an operation of such unprecedented scope, several useful lessons have been learned across the recovery spectrum about what worked and what did not. To take stock of these collective and country-specific findings, this report asks if those involved in this massive undertaking were able to achieve meaningful development and reform.

B. The Challenges of Leadership and Coordination

5. Both the destruction caused by—and the response to—the tsunamis were unusual in terms of scale. The unique situation warranted intensive strategic coordination for the recovery to be effective as well as considerable pressure to deliver tangible results. Closest to the epicenter, the Indonesian province of Aceh faced one of the most complex situations, with a massive loss of life, extensive destruction of infrastructure, and an extraordinary influx of actors. In response, a dedicated body, the Aceh–Nias Rehabilitation and Reconstruction Agency (BRR), was set up in April 2005, with a 4-year mandate to coordinate all recovery activities as well as implement several government projects.

6. Elsewhere, in Sri Lanka, the tsunami was a catalyst for creation of the Ministry of National Disaster Management and Human Rights in 2006. The Government of the Maldives moved swiftly to set up a similar structure. On the same day as the tsunami, it created a National Disaster Management Centre to coordinate activities.

7. This development of lead governance mechanisms for relief and recovery, tasked with coordinating ministries, donors, agencies, communities, women’s groups and others, and with building national and local capacities to manage the process, turned out to be a critical breakthrough in all of these countries. Carefully connecting the local body to a broader, global coordinating infrastructure—as was done in Indonesia via the Global Consortium for Tsunami

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Recovery, the Multi-Donor Fund (MDF), and the United Nations (UN) Office of the Recovery Coordinator for Aceh and Nias—was key to facilitating coordination in a complex recovery context involving countless international and national stakeholders. As new structures, devoid of institutional baggage, these agencies also benefited from the ability to be flexible and quickly adapt to local circumstances.

8. In India, where no new body needed to be created, the Government seized on the moment by devolving significant authority to local administrators, a crucial aspect to the Tamil Nadu recovery effort. A network of state- and district-level knowledge centers provided the infrastructure for disseminating vast amounts of information and reliable village-level data; it also became a focal point for nongovernment organizations (NGOs) on how they could contribute to the recovery. The key to coordinating recovery here and elsewhere was maintaining speedy, flexible, and accountable coordination systems and procedures, including at the local level.

9. Recovery partners in Indonesia learned a similar lesson. By giving the coordination structure full authority and basing it “close to the action,” it was able to become more responsive to the local context. Importantly, BRR was given full authority to manage all aspects of the tsunami recovery in Aceh on behalf of the central Government, which allowed for a much smoother coordination process, devoid of any potential inter-ministry politics. Significantly, BRR headquarters was located in the capital of Aceh, and not in Jakarta.

10. Flexibility and know-how, coupled with a culture of risk-taking, was a central aspect of BRR’s success and led to several important breakthroughs and innovations. These included the Tim Terpadu (a one-stop shop for processing all visa, customs, tax, and other clearance requirements for thousands of aid workers and equipment) and a mandatory project concept note format for all programs, which helped avoid unnecessary duplication and ensured efficient use of funds.

11. Similarly, when the Maldives faced a shortfall of nearly $100 million in recovery funds, several innovative partnership strategies were implemented to secure additional funding. The unique “adopt-an-island” initiative implemented by the United Nations Development Programme emerged as a particularly powerful marketing tool under which donor support could be matched directly to a specific project. By mid-2006, 44% of the $41 million that UNDP had raised had been mobilized through the adopt-an-island initiative. In both cases the willingness to be opportunistic and take risks with breakthrough initiatives accelerated recovery and facilitated “building back better.”

12. In the final analysis, however, lack of local capacity has remained an issue throughout. In the Maldives, the National Disaster Management Centre was set up to coordinate activities in a similar vein to BRR. But while the center took the lead in many aspects, being new to disaster management it relied on outside help to a significant degree. And in the future, it must be remembered that building local capacity is an important priority if the purpose-built recovery agency is temporary and the local government is expected to sustain the gains in the long term.

C. Achieving Equity In Recovery

13. While international codes and principles guide relief and recovery efforts, many tsunami-affected communities were still unable to adequately access assistance immediately after the disaster because of barriers associated with their gender, ethnicity, age, class, religion, or occupation. Often, tight deadlines imposed by the need to deliver fast had the effect of ignoring
equity issues, or of the wrong projects being taken up by the wrong organizations for the wrong reasons.

14. Many people could not access assistance after disasters simply because of their gender, ethnicity, age, class, religion or occupation. In particular, it is women and the poorest whose needs tend to be overlooked. Yet the tsunami also provided an important opportunity to address underlying social inequities and strengthen human rights protection for vulnerable groups, a task quickly seized upon by India’s strong civil society and vibrant media. Combined with a state government in Tamil Nadu that displayed swiftness, responsiveness, and openness, this made the difference in bringing all survivors back on the road toward recovery much faster.

15. As recovery actors in all five locales quickly realized, there could be no more business-as-usual when dealing with a disaster of such unusual proportions. Responding to the initial exclusion, they were quick to catch up in innovative ways, many employing a human rights perspective to create an enabling environment for participation. In India, the state government’s timeliness, responsiveness, and openness to working with representatives of different social groups in addressing flaws stands out as particularly praiseworthy. Authorities in Tamil Nadu did not simply respond to practical needs but offered real opportunities for change through several key steps.

16. Breakthroughs in India included the implementation of disaster-resistant construction and the institution of inexpensive, 10-year housing insurance against all forms of disasters. Houses were built for indirectly affected families who were also given housing assistance and rights to land ownership. Women benefited from opportunities for strategic change in their status, such as joint housing rights for spouses and funds for the education and resettlement of orphaned adolescent girls and unmarried women, among other initiatives.

17. In Sri Lanka, strong emphasis was placed on equity and the targeting of vulnerable groups after the tsunami, especially with regard to permanent housing, road building, and highlighting of issues such as human rights, participation, and the environment. Along these lines, several successful and flexible interventions were initiated, with many partners coming to see the importance of addressing conflict and post-conflict issues in the post-tsunami setting as a consequence. For example, the Government resettled the conflict-affected in permanent housing under its unified assistance scheme or had their houses upgraded. Hallmarks of the scheme included clear eligibility criteria, management at local and provincial levels, and significant community involvement.

18. For equity gains to be sustained it was necessary to anchor innovative practices in the institutional infrastructure of the recovery—good intentions can only do so much if systems are not in place to track and identify vulnerable groups. Rather than a piecemeal approach, then, countries succeeded best when there was a commitment from high-level managers to ensure equity. In India, a series of independent equity audits were carried out in 2005 and 2006, at the request of local and international NGOs, by the Social Equity Audit Secretariat and trained auditors. The success of the audits is reflected in the fact that among some NGOs, the percentage of budget that went to directly support interventions for the excluded rose from 10–12% to 60%.

19. Building on women’s grassroots activism, recovery actors in Indonesia, among other things, sought to ensure that gender issues were considered in all development sectors through a special unit that formulated a comprehensive gender policy. The United Nations Development Fund for Women placed a gender advisor in BRR to provide sustained input and guidance and
BRR also employed gender-specific data for monitoring and evaluation, developed practical checklists for use in health, housing, education, livelihoods, and institutional change, and promoted active participation of tsunami-affected women in plans for their future.

20. Successes in India and Indonesia underscore the importance of developing institutional anti-discrimination capacity by reviewing organizational culture and offering training to staff on rights-based approaches, including awareness and understanding of gender-sensitive international codes, and guidelines and principles.

21. Depending on the context, this was not always an easy goal to achieve across the board. In Sri Lanka and Aceh there was a need to also address the victims of conflict as well as those of the tsunami. However, most post-tsunami organizations largely ignored the post-conflict context, in part because of donor-stipulated restrictions on how they could use their funds. This led to numerous grievances raised by conflict-affected communities and perceptions of rising inequalities in aid provision. If conflict sensitivity had been more widespread and funds not restricted to tsunami victims, building back better could have been more equitable all along. The provision of “untied” donor funds that offer flexibility to modify assistance packages to suit local needs would have enabled more flexibility to address these issues in a straightforward manner.

D. Embracing People’s Participation

22. While citizen participation is widely considered a cornerstone of democratic governance and efficient programming, too often those most in need after the tsunami were not seriously consulted about planning or implementation of relief and recovery. Concerted efforts were made in all countries affected by the disaster, however, to curb this initial trend. Perhaps the most valuable benefit of promoting participation was something that, in the end, is not easily quantifiable: a feeling of individual empowerment, of “ownership” of community resources, and the unleashing of people’s own capacities to cope.

23. Efforts to overcome the lack of consultation were particularly successful in the Maldives, Sri Lanka, and Thailand, where recovery actors employed participation by both women and men, through extensive people’s consultations, beneficiary surveys, help desks, and community monitoring of projects. The Government of Sri Lanka empowered the national Human Rights Commission to conduct people’s consultations in more than 1,100 tsunami-affected communities in 13 districts. Although it was not always easy to ensure community participation, in cases where participation was enforced, projects were more successful.

24. As a result of the thousands of complaints received during the people’s consultations, the United Nations could provide support to the Human Rights Commission in establishing help desks in each district to raise awareness among communities on their rights and entitlements and to follow up on grievances.

25. In the Maldivian context, community consultations had rarely occurred before to the extent instituted after the tsunami. Beneficiary surveys deepened knowledge of important qualitative dimensions of recovery, increasing accountability to affected communities, and were hailed as “one of the most significant innovations of the tsunami response.”

26. Thailand, too, made it a priority to give communities a strong voice. Local authorities took the lead in many reconstruction efforts and were supported to improve community consultation, including training to strengthen women’s leadership and decision making. One of the most successful such initiatives was the restoration of indigenous livelihoods in Koh Lanta,
an island district of 30,000 in Krabi province. Taking into account the traditional livelihoods of the many ethnic groups on the island, the island was developed by community mobilization, savings schemes, and cooperatives.

27. Still, it was not always easy to ensure community participation, especially as some agencies and organizations sometimes tend to approach the issue with only limited enthusiasm. Many, it appears, tacked on consultations as a programmatic afterthought, and did not approach it as a key component of the project’s success. Indeed, several NGOs have acknowledged that mistakes could have been avoided if a more participatory approach had been used earlier on. Many had to readjust along the way to respond to realities and needs on the ground. A key requirement for these organizations was to decentralize authority within the organization to the local levels. Both CARE and World Vision, for example, put their field offices in the driver’s seat, reasoning that they would be best able to deal with the needs and demands of the tsunami-affected people. Some other NGOs, on the other hand, found it more difficult to implement effective participation since many key decisions were being made back in their headquarters, rather than in the field.

28. Similarly, the success in the Maldives didn’t come easy. For one, it proved difficult to engage communities in disaster risk management awareness, given that many Maldivians saw the tsunami as a “one-off” event that would not recur. Critically, however, the Government and recovery partners were persistent, even translating basic disaster risk management terminology into the local Dhivehi language.

E. Countering Corruption and Ensuring Accountability

29. With large amounts of cash and goods in motion, corruption is always a threat during a crisis. But despite the influx of billions of dollars in tsunami-affected countries, corruption levels across the board were kept remarkably low. Key to this success was a commitment to view corruption not as a nuisance or unfortunate side effect of the recovery, but as a core threat to the reconstruction effort as a whole.

30. From the first days of the recovery, then, steps had to be taken to ensure anticorruption and accountability would inform all levels of operations, starting with the institutions themselves. BRR set out to pay its employees competitive salaries to ensure that the best and brightest were not “poached” by international agencies—and, more importantly, to break a culture of gift-giving.

31. To enable complete transparent access and tracking of all tsunami-related funds, BRR developed a comprehensive information management system, the recovery Aceh–Nias database (RAND). All agencies involved in tsunami recovery were required to register with BRR, set up an account on RAND, and send regular updates on funds committed and disbursed. Complementing the process-based RAND, a “survey-based” housing geospatial database was created to provide a snapshot of recovery by verifying and digitally mapping the vast housing reconstruction sector. The housing geospatial database was recently merged with a third database, covering all other assets—bridges, hospitals, schools, roads, etc.—creating a combined information system that is one of the most comprehensive and “leak-proof” in the recovery spectrum.

32. However, as Indonesia realized, good systems will not deliver “on their own.” Accountability mechanisms need to be client-oriented. After being slow to get off the ground, international and national partners and provincial and district governments were contacted to
identify what types of analytical products, as well as what information and in which format, would be useful. RAND then changed accordingly—absorbing a major lesson in ensuring participation.

33. A strong complaints mechanism is equally important. Early designation of grievance focal points and an adequate budget for grievance facilitation are critical for reporting abuses and corruption. Empowering affected communities, including the most vulnerable, in understanding and using these mechanisms is likewise critical. Affected people must be empowered to articulate community claims, actively monitor and evaluate reconstruction, and make their own choices. Recovery data, however complex it may be, should be shared in layperson terms to the extent possible.

34. In Sri Lanka the establishment of an effective complaint mechanism through local help desks (in response to input solicited in consultations) was a particular breakthrough. The public could use these help desks to question eligibility for assistance, report potential cases of corruption, or file complaints. By October 2006, the Disaster Relief Monitoring Unit had received 17,000 complaints and had successfully resolved most. In addition, UNDP Sri Lanka set up an Aid Watch initiative to enable communities to closely monitor projects. Such vital links contributed to increasing responsibility and accountability toward the community and laid the groundwork for continued networking.

35. Many organizations, notably BRR, responded to the threat of corruption by putting in place more stringent anticorruption policies than required by national law. To tackle graft and fraud, BRR became the first government agency to have an autonomous Anti-Corruption Unit set up to work with other government institutions, international institutions like the World Bank, and civil society organizations such as Transparency International Indonesia in carrying out its primary objectives of prevention, investigation, and education. Since its inception in September 2005, SAK has received 1,530 confidential complaints.

F. Innovations in Disaster Risk Management

36. The tsunami has precipitated a critical shift in the minds of policy makers and communities alike. It is no longer tenable to view disasters as isolated events and respond without taking into account the social and economic factors that aggravate the situation. The tsunami drew attention to the importance and urgency of reducing the enabling causes of the disaster. In all tsunami-affected countries, a newfound enthusiasm for securing the country and community against future disasters has engendered the creation of disaster preparedness institutions and policies, new regional and national early warning systems, and concerted efforts to promote community-based disaster awareness and preparedness at every turn.

37. Critically, new disaster preparedness structures have been established in four out of the five tsunami-affected countries. A regional tsunami early warning system has been operational since 2006, complementing the global commitment pledged by 168 governments to reduce multi-hazard risks and vulnerabilities.

38. Thailand in particular has been a leader in numerous disaster risk management initiatives, and its early warning system is well-positioned to become a regional role model. Through ASEAN, the Government of Thailand swiftly proposed a regional tsunami early warning centre that would complement the early warning systems of various other nations. It established a voluntary trust fund and donated $10 million in seed money; additional funding came from donors such as Sweden. Thailand was also quick to create a “one-stop map server,” combining
databases that previously could not be used together into one. This clearinghouse of information includes high-resolution satellite images, aerial photographs, and base infrastructure maps, all available at the touch of a button in an emergency.

39. The Maldives’ first disaster risk profile, created after the tsunami and based on geographic information system mapping, represents another innovative approach to disaster management. The Government has used the profile as a key source for development strategies to mitigate climate change and future disasters, particularly in developing a “safer islands” program, which provides incentives for voluntary migration to safer islands.

40. Sri Lanka, too, has come a long way in establishing comprehensive disaster management-related systems. Organized around seven key themes, a road map identifying more than 100 investments to reduce disaster risk has been developed. Under it, numerous innovative initiatives have been launched with the goal of developing a multi-hazard approach for disaster management. In addition, the Disaster Management Act that had been under discussion for about a decade prior was passed in May 2005.

41. Following intense efforts by 29 governments around the Indian Ocean, a regional tsunami early warning system has been operational since 2006 as part of a coordination plan by the United Nations Educational, Scientific and Cultural Organization–Intergovernmental Oceanographic Commission. However, preparedness is not just about high-tech early warning systems. Community participation in disaster risk mitigation is also needed. Women, in particular, are well-placed to participate in risk assessments and the promotion of disaster risk reduction, ensuring consideration of gender-specific concerns. Training programs targeting community leaders, teachers, local disaster managers, and media personnel have demonstrated the use of response techniques.

42. Even before the tsunami, large community-based disaster risk management programs existed in vulnerable areas in countries such as India, where such programs have been credited with strengthening capacity in search and rescue, first aid and evacuation methods—techniques saved countless lives during the disaster and minimized damages to assets and livelihoods. Post-tsunami, excellent opportunities have been presented for strengthening disaster risk management across the region, using local and national partnerships. In Thailand, for example, the early warning system has been taken to the local level, where loudspeakers in rural villages have been linked with more than 100 warning towers along the coast.

43. Finally, the tsunami raised awareness of the importance of natural defense barriers. Healthy coastal ecosystems such as mangroves, estuaries, wetlands, and sandy beaches can reduce the risk of disaster by providing protection against tsunamis and storm surges, while at the same time providing diverse livelihoods, nutritious food, shelter, and access to goods for communities. Several organizations and programs, such as Mangroves for the Future, now focus on the humanitarian implications of failure to protect coastal ecosystems. But while most people are aware of the importance of resource-based industries such as ecotourism and fisheries to coastal economies, there is less comprehension of just how important these goods and raw materials are in terms of their multiplier effects nationally and locally.
### IMPLEMENTATION STATUS OF ETESP COMPONENTS
(as of June 2009)

**Components**

<table>
<thead>
<tr>
<th>Components</th>
<th>Programs</th>
<th>Main Scope</th>
<th>Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Component:</strong> Agriculture</td>
<td>1. Restoring agricultural enterprises: (i) Soil and land rehabilitation and management (ii) Planting stock (iii) Mechanization (iv) Processing and marketing (v) Agribusiness development</td>
<td>1. Farming and estate crops restored on 20,000 ha of less-affected land 2. Farming resumed on 6,000 ha of moderately affected land and 5,000 ha of severely affected land</td>
<td>1. More than 23,000 ha of damaged farmlands cleared; inputs provided, and farming restored 2. Tertiary canals rehabilitated for more than 1,000 ha of damaged irrigation lands; drainage improvements and equipment (such as hand tractors and threshers) and water pumps for 18,500 ha provided</td>
</tr>
<tr>
<td>2. <strong>Component:</strong> Fisheries</td>
<td>1. Community development 2. Empowerment of fisher and fish farming groups, and provision for 232 coastal communities 3. Capture fisheries 4. Provision of medium-sized to large boats 5. Aquaculture</td>
<td>1. 3,000 ha of fish and shrimp ponds restored to pre-tsunami levels</td>
<td>1. More than 23,700 fishers, aquaculture farmers, traders, and fish sellers, including both men and women, assisted to resume livelihoods 2. In aquaculture, 2,900 ha of fish and/or shrimp ponds rehabilitated (4,800 beneficiaries) and 51 hatcheries rebuilt 3. Two marine fin fish hatcheries in Nias and Simeulue restored</td>
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<tr>
<td>Components</td>
<td>Programs</td>
<td>Main Scope</td>
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<td>---------------------------------------------------------------------------</td>
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<tr>
<td>Districts of Aceh Barat, Aceh Besar, Aceh Utara, Pidie, Aceh Jaya, and Simeulue, Cities of Banda Aceh, Bireuen, and Lhokseumawe, Districts of Nias and Nias Selatan</td>
<td>Fish ponds rehabilitation and restoration</td>
<td>Nearly 13,000 small-scale fishers resumed fishing</td>
<td>Livelihoods grants have enabled 1,400 small-scale fish farmers to resume aquaculture with new methods such as cage farming.</td>
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<td>Capacity development</td>
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<td>Fisheries infrastructure</td>
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<td></td>
<td>Ecosystem rehabilitation</td>
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<td></td>
<td>Supporting local government fisheries services</td>
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<tr>
<td>6. <strong>Purpose:</strong> Restore fisheries production in the affected areas</td>
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<tr>
<td>1. <strong>Component:</strong> Micro and small enterprise (MSE) development</td>
<td>Livelihood Fund (Emergency support): Providing affected MSEs with improved livelihoods or new livelihoods</td>
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<tr>
<td>2. <strong>Grant provision:</strong></td>
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<tr>
<td>1. Cash grants provided to affected MSEs for restoring or starting new operations</td>
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<tr>
<td>1. In Q2 2007, Mercy Corps, an international NGO partner, completed disbursement of $1 million to about 6,000 MSEs, with about 35,000 indirect beneficiaries</td>
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<td>Components</td>
<td>Programs</td>
<td>Main Scope</td>
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<tr>
<td>$14.47 million</td>
<td>through support programs</td>
<td>2. Support to commercial microfinance system: strengthening licensed depository financial institutions in operations, product design, financial management, accounting, and auditing</td>
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<tr>
<td>3. Contract awards: $14.27 million</td>
<td></td>
<td></td>
<td>(household members) reported. 27 trainers trained in MSE development; those trainers subsequently trained 1,000 MSEs</td>
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<tr>
<td>4. Utilization: $11.70 million</td>
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<td></td>
<td>2. Trained and mentored all eight private banks and the merged provincial government-owned bank in Aceh province (PD BPR Mustad'jam Sukamakmur). These banks adopted proven microfinance technology (Grameen approach) and collectively financed about 5,000 all-women clients, with very high repayment rates realized and savings mobilized.</td>
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<tr>
<td>5. Geographic coverage: Aceh and Nias</td>
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<tr>
<td>6. Purpose: Provide financing to micro, small, and medium sized enterprises through commercial and community-based financial institutions</td>
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<tr>
<td>7. MicroBanking System for Windows (MBWin)—integrated software for MFIs—installed in 19 banking units using both conventional and syariah banking modules</td>
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<td>8. 12 Aceh provincial government-owned rural banks (PD BPRMs) merged into one bank with 12 branches, with the new bank named PD BPRM Sukamakmur</td>
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<tr>
<td>9. The regional government bank in North Sumatera (Bank Sumut) operating in Nias Island trained in and mentored on the Grameen banking approach. Bank Sumut provided microloans to about 1,500 women clients, with 100% collection and substantial savings mobilized.</td>
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<tr>
<td>10. Four trainers, 33 account officers, and 16 branch managers of PT. Bank BPD Aceh trained and mentored in agriculture and fisheries lending to expand its portfolio in these sectors</td>
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<tr>
<td>11. Entire MIF of $8.5 million disbursed as loans, deposits, and quasi-equity investments among eight rural credit banks and two commercial banks.</td>
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<tr>
<td>12. An exit strategy for continued operation of MIF after ETESP under discussion with the MOF and the Aceh provincial government; strategy to be finalized before the end of 2009</td>
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<tr>
<th>Component</th>
<th>Programs</th>
<th>Main Scope</th>
<th>Updates</th>
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<tbody>
<tr>
<td>1. Component: Health</td>
<td>1. Restoration and improvement of basic health care</td>
<td>1. 11 primary health care facilities restored</td>
<td></td>
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<tr>
<td>2. Grant provision: $11.32 million</td>
<td>2. Enhancing capacity for district health</td>
<td>2. Capacity for delivery of health care services</td>
<td></td>
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<tr>
<td>3. Contract awards:</td>
<td></td>
<td></td>
<td>1. Five health centers in Aceh and six health centers in Nias constructed</td>
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<td></td>
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<td>2. Skill enhancement and capacity building of more than 400 nurses in tuberculosis care, clinical nursing,</td>
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<td>Components</td>
<td>Programs</td>
<td>Main Scope</td>
<td>Updates</td>
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<tr>
<td></td>
<td>management</td>
<td>enhanced</td>
<td>management of maternal and child care, and utilization of teaching aids for nurses and midwives completed</td>
</tr>
<tr>
<td>$11.88 million</td>
<td>4. Utilization: $11.32 million</td>
<td>3. Basic skills training in mental health received by 329 nurses; 90 doctors trained, with 62 medical staff trained at the intermediate level</td>
<td></td>
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<tr>
<td>5. Geographic coverage: Aceh and Nias</td>
<td>5. Purpose: Restore and improve health care</td>
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<tr>
<td>6. Purpose:</td>
<td>3. Medical waste management developed</td>
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<td></td>
<td>4. Installation of incinerators in 10 district hospitals completed</td>
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<td>5. Training of sanitarians completed</td>
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<td>6. Disposal of 70 tons of medical waste/ expired medicines from Aceh Province completed</td>
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<td>4. Capacity for planning public health programs enhanced</td>
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<td>7. Center for Health Management Services constructed</td>
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<td></td>
<td>8. Preparation of curricula and content of training courses completed</td>
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<tr>
<td>1. Component:</td>
<td>Improving quality of teaching and quality of learning environment in junior and secondary schools</td>
<td></td>
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<tr>
<td>Education</td>
<td>Subcomponent 1: Supplies of teaching and learning materials replenished; library facilities upgraded, including the automation of library management systems at 395 senior secondary schools</td>
<td></td>
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<tr>
<td>2. Grant provision:</td>
<td>1. Teaching and learning materials procured for 395 secondary schools using block grants</td>
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<tr>
<td>$16.50 million</td>
<td>2. Procurement of computers and furniture for 349 senior secondary schools in Aceh and 46 senior secondary schools in Nias completed</td>
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<tr>
<td>3. Contract awards:</td>
<td>3. Procurement of trainers and revisions to library training course and automated library system software completed</td>
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<tr>
<td>$15.47 million</td>
<td>4. Training of 395 school librarians in Aceh completed</td>
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<tr>
<td>4. Utilization:</td>
<td>Subcomponent 2: New buildings constructed and existing buildings repaired at Sabang Model Senior Secondary School</td>
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<tr>
<td>$14.47 million</td>
<td>1. Construction of three classrooms, an information and communication technology (ICT) laboratory, boarding houses to accommodate 120 students, teachers’ residences, and auditorium completed</td>
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<tr>
<td>5. Geographic coverage: All districts in Aceh and Nias</td>
<td>2. Rehabilitation of the chemistry, physics, and biology laboratories; a two-story block of classrooms; the library; and an administration block completed</td>
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<tr>
<td>6. Purpose:</td>
<td>3. Provision of equipment to three science laboratories and establishment of a fully equipped ICT laboratory with 20 networked computers, internet access, and audio visual equipment completed</td>
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<td>Rehabilitation and reconstruct physical facilities, and develop skills of education staff and managers</td>
<td>4. Furniture for all laboratories, classrooms, dormitories, and teachers’ residences provided and installed; sporting equipment provided</td>
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<td>5. Landscaping, including playing fields, an assembly area, parking lot, internal roads, and covered</td>
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<tr>
<td>Components</td>
<td>Programs</td>
<td>Main Scope</td>
<td>Updates</td>
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<td></td>
<td>Subcomponent 3: Practical science and ICT laboratory upgraded</td>
<td>1. Construction of new science and ICT laboratories at 28 schools completed using conventional construction methods</td>
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<td></td>
<td>2. Science and ICT laboratories at 13 schools on the west coast and at 1 school in Nias constructed using prefabricated construction methods</td>
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<td>3. Science and ICT equipment for 54 laboratories 41 completed schools procured and installed</td>
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<td></td>
<td>4. Purpose-built laboratory furniture procured and installed at all 41 schools</td>
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<td></td>
<td>5. Technical support programs completed at all target schools</td>
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<td>6. Training programs for science and ICT staff at each of the target schools to commence in July 2009 and to be completed by the end of September 2009</td>
</tr>
</tbody>
</table>

### Subcomponent 3: Practical science and ICT laboratory upgraded

1. Construction of new science and ICT laboratories at 28 schools completed using conventional construction methods
2. Science and ICT laboratories at 13 schools on the west coast and at 1 school in Nias constructed using prefabricated construction methods
3. Science and ICT equipment for 54 laboratories 41 completed schools procured and installed
4. Purpose-built laboratory furniture procured and installed at all 41 schools
5. Technical support programs completed at all target schools
6. Training programs for science and ICT staff at each of the target schools to commence in July 2009 and to be completed by the end of September 2009

### Appendix 3

1. **Component**: Rural water supply and sanitation
   1. **Grant provision**: $23.5 million ($7 million from ETESP and $16.5 million from CWSHP)
   2. **Contract awards**: $6.28 million (ETESP only)
   3. **Utilization**: $5.52 million
   4. **Geographic coverage**: Pidie, Bireuen, Aceh Utara, Aceh Jaya, Nagan Raya, Nias, and Nias Selatan
   5. **Purpose**: Restore rural water supply and repair damaged sanitation systems

2. **Component**: Irrigation
   1. **Grant provision**: $29.15 million
   2. **Contract awards**: $29.91 million

<table>
<thead>
<tr>
<th>Component</th>
<th>Grant provision</th>
<th>Contract Awards</th>
<th>Purpose</th>
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</thead>
<tbody>
<tr>
<td>Rural water supply and sanitation</td>
<td>$23.5 million ($7 million from ETESP and $16.5 million from CWSHP)</td>
<td>$6.28 million (ETESP only)</td>
<td>Restore rural water supply and repair damaged sanitation systems</td>
</tr>
<tr>
<td>Irrigation</td>
<td>$29.15 million</td>
<td>$29.91 million</td>
<td>Emergency repairing of key structures and rehabilitation of systems without major structural damage</td>
</tr>
</tbody>
</table>

### Purpose of Irrigation
1. Irrigated agricultural farming systems restored
2. Farm output of 20,600 ha irrigated farmland restored to pre-tsunami levels by mid-2008
3. Rehabilitation and reconstruction of irrigation infrastructure for 92 irrigation systems commanding 45,000 ha of farmland in Aceh and Nias completed
4. Civil works construction carried out
<table>
<thead>
<tr>
<th>Components</th>
<th>Programs</th>
<th>Main Scope</th>
<th>Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. <strong>Utilization:</strong> $29.19 million</td>
<td>4. Reconstruction of tsunami-damaged infrastructure, and rehabilitation and upgrading works in Aceh province</td>
<td>3. Farm activities on 12,000 ha of tsunami-affected irrigated farmland restored by mid-2008</td>
<td>through 129 competitively bid contracts with a total value of $15.5 million; and through 492 direct-appointment community contracts with local water user associations, with a total value of $5.6 million</td>
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<tr>
<td>5. <strong>Geographic coverage:</strong> Aceh Besar, Aceh Jaya, Aceh Barat, Nagan Raya, Aceh Barat Daya, Aceh Selatan, Simeulue, Pidie, Bireuen, Aceh Utara, Aceh Timur, Aceh Tenggara, Aceh Singkil, Nias, Nias Selatan</td>
<td>5. Strengthening of water user organization</td>
<td>3. Irrigation infrastructure directly serving 11,400 ha of irrigated farmland on the west coast of Aceh and the Nias Island severely affected by the tsunami and/or earthquakes rehabilitated. Farming activities on 10,200 ha of these areas resumed in 2007–2008; activities on 1,200 ha resumed in 2009.</td>
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<tr>
<td>6. <strong>Purpose:</strong> Reconstruction and rehabilitation of damaged irrigation systems</td>
<td>6. Strengthening of implementation and coordination facilities</td>
<td>4. Irrigation infrastructure directly serving 19,000 ha of irrigated farmland without major structural damage on the northeast coast and inland areas of Aceh that were conflict-affected and/or had a low degree of earthquake damage rehabilitated. Farm output from these areas increased significantly above pre-tsunami (2005) levels as of mid-2008.</td>
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</tr>
<tr>
<td></td>
<td>7. Capacity building and training</td>
<td></td>
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</tr>
<tr>
<td>1. <strong>Component:</strong> Housing</td>
<td>Construction of new houses and rehabilitation of damaged houses for displaced persons, including for ex-renters</td>
<td>1. <strong>Component:</strong> Housing</td>
<td>1. Because of inflation, ETESP will finance about 6,000 housing units instead of 6,500 units</td>
</tr>
<tr>
<td>2. <strong>Grant provision:</strong> $73.57 million</td>
<td>6,500 housing units constructed</td>
<td>2. <strong>Grant provision:</strong> $73.57 million</td>
<td>2. About 5,000 houses completed and occupied by beneficiaries by June 2009</td>
</tr>
<tr>
<td>3. <strong>Contract awards:</strong> $72.85 million</td>
<td>2. 1,500 housing facilities rehabilitated</td>
<td>3. <strong>Contract awards:</strong> $72.85 million</td>
<td>3. Construction of 1,000 houses will be completed by September 2009</td>
</tr>
<tr>
<td>4. <strong>Utilization:</strong> $60.95 million</td>
<td></td>
<td>4. <strong>Utilization:</strong> $60.95 million</td>
<td>4. New housing area of Labuy with 285 houses completed</td>
</tr>
<tr>
<td>6. <strong>Purpose:</strong> Provide affordable housing facilities for communities and restore and update households</td>
<td>6. About 200 traditional houses rehabilitated in selected Nias villages by the end of 2008</td>
<td>6. <strong>Purpose:</strong> Provide affordable housing facilities for communities and restore and update households</td>
<td>6. About 200 traditional houses rehabilitated in selected Nias villages by the end of 2008</td>
</tr>
<tr>
<td></td>
<td>7. Ongoing rehabilitation of the remaining 249 houses completed by July 2009</td>
<td></td>
<td>7. Ongoing rehabilitation of the remaining 249 houses completed by July 2009</td>
</tr>
<tr>
<td>1. <strong>Component:</strong> Spatial planning</td>
<td>Undertake following activities</td>
<td>1. <strong>Component:</strong> Spatial planning</td>
<td>3. <strong>Component:</strong> Spatial planning and action plans in place for (i) rehabilitation and</td>
</tr>
<tr>
<td></td>
<td>1. Spatial planning and action plans in place for (i) rehabilitation and</td>
<td>3. <strong>Component:</strong> Spatial planning</td>
<td>1. 19 kecamatan (subdistrict) action plans and 28 kecamatan spatial framework and action plans that</td>
</tr>
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<td></td>
<td></td>
<td>8. Design and planning of infrastructure completed, and civil works completed except for in new Labuy housing area, where works will be completed in September 2009</td>
</tr>
<tr>
<td>Components</td>
<td>Programs</td>
<td>Main Scope</td>
<td>Updates</td>
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<tr>
<td>2. Grant provision: $17.50 million</td>
<td>1. Subdistrict spatial planning</td>
<td>development in districts and subdistricts along Aceh’s north and west coast, and on Simeulue and Nias; and (ii) infrastructure development along Aceh’s east coast</td>
<td>identify core infrastructure and livelihood needs of affected subdistricts on the west coast of Aceh completed</td>
</tr>
<tr>
<td>5. Geographic coverage: Aceh and Nias</td>
<td>4. Environmental assessment</td>
<td></td>
<td>4. Infrastructure projects totaling $97 million to support priority development in 80 subdistricts prepared. These cover transportation (including fisheries ports), roads and bridges, irrigation, flood protection, drainage, and water and sanitation.</td>
</tr>
<tr>
<td>6. Purpose: Build government capacity in spatial analysis and planning, and make support systems for land use decisions available</td>
<td>5. Ecological assessment</td>
<td></td>
<td>5. Macro projections for infrastructure management funding being integrated into work programs in infrastructure rehabilitation and maintenance planning for districts and cities in Aceh</td>
</tr>
<tr>
<td></td>
<td>6. Geographic information systems</td>
<td></td>
<td>6. In implementing environmental impact assessments of the ETESP, subprojects reviewed and approved by the Extended Mission to Sumatra to ensure compliance with ADB policies and guidelines</td>
</tr>
</tbody>
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<tbody>
<tr>
<td>1. Component: Roads and bridges</td>
<td>Reconstruction of affected roads, bridges, and culverts</td>
<td></td>
<td>2. Impacts on environment during reconstruction phase minimized</td>
</tr>
<tr>
<td>2. Grant provision: $39 million</td>
<td>1. About 110 km of 320 km of affected roads reconstructed by 2008</td>
<td></td>
<td>6. In implementing environmental impact assessments of the ETESP, subprojects reviewed and approved by the Extended Mission to Sumatra to ensure compliance with ADB policies and guidelines</td>
</tr>
<tr>
<td>3. Contract awards: $36.51 million</td>
<td>2. Critical sections of roads and bridges restored and improved, including (i) Kreung Raya Road connecting the Malahayati Port with the city of Banda Aceh; (ii) Ulee Lheue Road in Banda Aceh, which provides access from the West Coast Road and city of Banda Aceh to the Ulee Lheue Ferry Port and Fishing Port; and (iii) the main East Coast Road from Banda Aceh to the provincial border with North Sumatra, which is the main road transportation route for goods brought in through Belawan Port in North Sumatra</td>
<td></td>
<td>1. The scope of works ultimately undertaken with ETESP funding entails the reconstruction of over 72 km of road and bridge works that will improve road transportation over 450 km along the east coast of Aceh and in Banda Aceh and its environment. These comprise (i) reconstruction (widening and resurfacing) of 72 km of road pavement, including the reconstruction of culverts and roadside drains and the reconstruction of embankment and excavation stabilization works; (ii) construction of 1.2 km of new causeways with included culverts where loss of land resulted from the tsunami (Ulee Lheue roads); (iii) construction of four new replacement bridges where irreparable damage was caused by the earthquake and tsunami (three to Ulee Lheue...</td>
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<tr>
<td>Components</td>
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<tr>
<td>1. <strong>Component:</strong> Power</td>
<td>Rehabilitating power distribution networks and connection in Banda Aceh, Meulaboh, Sigli, and Bireuen regions</td>
<td>31 km of medium-voltage lines; 1,294 km of low-voltage lines; and 35 megavolt-ampere medium- and low-voltage distribution stations rehabilitated</td>
<td>1. Rehabilitation of low- and medium-voltage distribution completed</td>
</tr>
<tr>
<td>2. <strong>Grant provision:</strong> $9.63 million</td>
<td></td>
<td></td>
<td>2. Procurement of all tools completed</td>
</tr>
<tr>
<td>3. <strong>Contract awards:</strong> $9.78 million</td>
<td></td>
<td></td>
<td>3. Rehabilitation of Banda Aceh service building partly completed; discussions under way to ensure full completion</td>
</tr>
<tr>
<td>4. <strong>Utilization:</strong> $9.61 million</td>
<td></td>
<td></td>
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<tr>
<td>5. <strong>Geographic coverage:</strong> Priority for rural areas in the affected parts of Aceh</td>
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</tr>
<tr>
<td>6. <strong>Purpose:</strong> Restore power distribution networks in affected areas</td>
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</table>

1. **Component:** Fiduciary governance | Supporting BRR to establish internal control systems covering its activities and monitoring Aceh and Nias recovery funds | BRR’s internal control systems established and operational | 1. Design of internal control systems completed; systems operational since 2006 |
<p>| 2. <strong>Grant provision:</strong> $17.5 million | Capacity building for the BPK | Capacity of BPK improved | 2. Institutional strengthening of staff at BPK headquarters and the Banda Aceh office supported; BPK’s audit of BRR’s on-budget reconstruction program partially financed through ETESP since FY2005 |
| 3. <strong>Contract awards:</strong> $15.92 million | Restoration of internal control and funds channeling systems in the Directorate General of Treasury | Provincial and district treasury systems reestablished and enhanced | 3. International workshops on audit practices for severe disaster events supported and funded in 2005 |
| 4. <strong>Utilization:</strong> $14.09 million | Restoration of capacity of local government internal audit structures | 4. Effectiveness of KPK enhanced | 4. Special Treasury Office in Banda Aceh and Nias established through ETESP financing. The office won the excellence award in 2006 for being the most efficient and transparent government office in Indonesia. The Government plans |</p>
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<tr>
<td>6. Support for financial management capacity of local NGOs</td>
<td>5. Effective project management, supervision, and monitoring in place</td>
<td></td>
<td>to replicate its operations throughout Indonesia.</td>
</tr>
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<td></td>
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<td>5. Funds and equipment provided to the Regional Supervisory Agency to restart operations at the province and district levels</td>
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<td></td>
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<td>6. Capacity building support to KPK’s Aceh office provided until 2008. Socialization work with government, NGO, academia, and the private sector carried out</td>
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<td>7. ETESP PMO established within the Extended Mission to Sumatra in mid-2005 and closed at end-June 2009; BRR’s PMO strengthened since May 2007; with the end of BRR’s mandate, BRR’s PMO to provide support to the successor Executing Agency (BAPPENAS) for overseeing implementation of the remaining activities</td>
<td></td>
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<td></td>
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<td>8. The support program for improving the financial management capacity of local agencies was canceled early on as other donors provided this support.</td>
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ADB = Asian Development Bank, BPK = Badan Pemeriksa Keuangan (Supreme Audit Agency), BRR = Badan Rehabilitasi dan Rekonstruksi (Rehabilitation and Reconstruction Agency), CWSHP = Community Water Services and Health Project, ETESP = Earthquake and Tsunami Emergency Support Project, ha = hectare, km = kilometer, KPK = Komisi Pemberantasan Korupsi (Corruption Prevention Commission), MIF = Microfinance Innovation Fund, MSE = micro and small enterprises, NGO = nongovernment organization, PMO = project management office.

a ADB is administering complementary funding of $16.5 million approved under the Community Water Services and Health Aceh–Nias/North Sumatra Project financed by the governments of Canada, the Netherlands, and the United Kingdom in conjunction with an ADB loan of $65 million. 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 (Grant 0003-INO).

b Includes $1.0 million grant for Nias from the Government of Luxembourg, which supplements this ETESP component.

c Includes $3.5 million in cofinancing by the Government of the Netherlands for fiduciary governance.

Source: Asian Development Bank estimates.