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# MULTI DONOR FUND FOR ACEH AND NIAS

## Three Years After the Tsunami

### Delivering Results, Supporting Transition

PROGRESS REPORT IV DECEMBER 2007



## Winners of the 2007 Multi Donor Fund Photo Competition



### **Livelihood opportunity- trash picker at Gampong Jawa (1st Winner)**

*The Tsunami Recovery Waste Management Program, implemented by UNDP and Dinas DKP Banda Aceh, registers trash pickers to allow them to select recyclable trash I Gampong Jawa landfill. Since the start, this project has employed an average 962 temporary workers per day.*

*(Photographer: Fakhurrazi, Program Assistant UNDP)*



### **Taking a raft to school (2nd Winner)**

*Kids in uniform at Binjai village in Aceh Tamiang wait for a raft to cross the river funded by the Kecamatan Development Program (KDP). Now they do not need to swim to go to school. With support from KDP, communities have rebuilt 864 bridges in Aceh and Nias.*

*(Photographer: Siti Rahmah, World Bank Consultant)*



### **Boy scooping water (3rd Winner)**

*A child scoops water from a water supply system built with the help of the Kecamatan Development Project in Aceh Barat Daya. With support from KDP, communities have rebuilt 588 clean water systems in Aceh and Nias.*

*(Photographer: Milena Seibold, World Bank Consultant)*

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Multi Donor Fund for Aceh and Nias

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PROGRESS REPORT IV DECEMBER 2007

## Acknowledgements

This report was prepared by the Secretariat of the Multi Donor Fund with contributions from the Partner Agencies (UNDP, WFP, and the World Bank) as well as the project teams. The Multi Donor Fund Secretariat team is led by the MDF Manager Christian Rey, with team members: Sarosh Khan, Safriza Sofyan, Georgia Wimhöfer, Bowen Uhlenkamp, Lanny Oktavia, Faisal Siddik, Nia Sarinastiti, and Geumala Yatim. The team is supported by Rahayu Novianty, Inge Susilo and Rachmawati Swandari.



### **Concrete education**

The rice farming area in Cot Mane village, Baktiya, North Aceh previously relied on rain water as source of water. Through the Kecamatan Development Project, villagers have built a concrete system irrigation at a cost of Rp. 172.5 million to increase production capacity. (Photographer: Siti Rahmah, World Bank Consultant)

## Message from the Co-Chairs of the Multi Donor Fund

The Co-Chairs of the Multi Donor Fund for Aceh and Nias are proud to report that the partnership of the Government of Indonesia, through the Reconstruction and Rehabilitation Agency (BRR), and the international community has resulted in significant progress as we reach the end of the third year of the tsunami recovery efforts.

When it was set up in May 2005, the Multi Donor Fund was considered distinctive. The distinction was not just being able to attract commitments from 15 donors, but also to align them to the Government of Indonesia's program with enhanced coordination. Our goal was clear: to provide grants for quality investments that are based on good practice, stakeholder participation and coordination to fill critical gaps in the recovery.

Looking back on two and a half years, we believe that the strong commitment of all parties – the National Government, the Governments of the Aceh and North Sumatra Provinces, the Donors, international non-government, and international and civil society organizations– has allowed the Multi Donor Fund to fulfill the expectations of its stakeholders. It has contributed significantly to the goals of the Paris Declaration on Aid Effectiveness: creating ownership, alignment with country priorities, harmonizing donor programs and managing for results.

The Multi Donor Fund not only strives to ensure the quality of projects that are being represented in this report, but also that its results are demand oriented through a consequent engagement of all relevant stakeholders. This helps ensure that achievements will have beneficial impact to communities in Aceh and Nias.

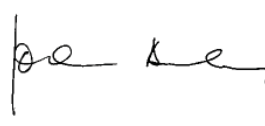
As we look forward to the years to come, we acknowledge the need to even further increase our engagement with the Provincial and District Governments, while continuing our collaborative relationship with BRR throughout transition and the closure of the Agency. We believe that this will make the Multi Donor Fund remain a strong player in the reconstruction and rehabilitation for Aceh and Nias.



**Dr. Kuntoro  
Mangkusubroto**  
BRR



**Ir. Irwandi Yusuf**  
Governor NAD



**Joachim von Amsberg**  
World Bank



**Jean Bretéché**  
European Commission



**Patrolling The Leuser Ecosystem to save the forest**

*The Aceh Forest and Environmental Project supports the Aceh Tamiang Forest Protection & Monitoring Unit that conducts rounds to protect the forest. The project has trained over 1,000 forest monitors. (Photographer: Muhammad Rivai, staff of Leuser International Foundation)*

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### ***Irrigation canal built by the community***

*The community constructs an irrigation system for Senebok Aceh village in the Bendahara sub-district with a minimum budget, through the Kecamatan Development Program. In total, communities have built over 1,200 units of irrigation and drainage. (Photographer: Arfan, SE, KDP facilitator)*



## Executive Summary

Following the unprecedented worldwide support for the victims of the tsunami and earthquakes, the Government of Indonesia and the international community, in May 2005, established the Multi Donor Fund for Aceh and Nias to assist in the coordination of funds that were made available for post-disaster reconstruction. Today, this multi-donor trust fund pools approximately US\$ 673 million of pledges from 15 bilateral and multi-lateral donors: the European Commission, the Netherlands, United Kingdom, World Bank, Sweden, Denmark, Norway, Germany, Canada, Asian Development Bank, United States of America, Belgium, Finland, New Zealand and Ireland.

The Multi Donor Fund aims to efficiently and effectively contribute to the reconstruction of a better Aceh and North Sumatra. At the end of its lifespan, the Multi Donor Fund expects to have contributed to the following goals in Aceh and Nias:

- Communities and community infrastructure regenerated
- Poverty alleviated
- Larger infrastructure repaired or replaced
- Governance rebuilt
- Environment sustained
- Livelihoods restarted

### A Strong Partnership

The Multi Donor Fund has achieved strong ownership for the program on the Government side. The Multi Donor Fund has a very close working relationship with the Government of Indonesia's Agency for Rehabilitation and Reconstruction (BRR) in Aceh and Nias. Based on the Government's Master Plan for Reconstruction and the BRR's assessment of the most critical gaps, the Multi Donor Fund receives project proposals for review

and decision-making by its Steering Committee. Hence, the whole portfolio is aligned with the Government's Master Plan for Reconstruction and the BRR's assessment of the most critical gaps. Further, over 80% of the funds are implemented by national government agencies, and funds are channeled through the Government's budget. Alignment has been enhanced by BRR's commitment to contribute US\$ 236 million in co-financing to four Multi Donor Fund projects.

Close alignment with local priorities is of increasing importance as the reconstruction process has evolved from an emergency phase to focusing on longer term sustainability. In January 2007, a new Governor of Aceh took office. He faces the challenge of rebuilding all levels of administration in a region which was affected by 30 years of conflict, and ensuring that all the reconstruction investments can be made sustainable. To ensure that further projects meet these needs, the Multi Donor Fund has invited the Governor of Aceh to increase his role in its Steering Committee and project selection process. The Government of North Sumatra also holds a voting seat on the Steering Committee to represent Nias.

### Enhancing Coordination

In the past two and a half years, the Multi Donor Fund has proven to be a strong framework for realizing the goals of the Paris Declaration in the context of the recovery. The Fund's Steering Committee represents more than 75% of all pledged funds, valued at US\$ 5.8 billion, including the National Government, both Provincial Governments, the donors, civil society members, as well as the United Nations, international NGOs and non-contributing donors (Australia, Japan). The programming mechanism that starts with

Government selection has led to high Government ownership, helped align donor funds with the country priorities and streamline aid flows.

The Steering Committee has also been an important forum for coordination and policy dialogue. It regularly provides its stakeholders with the opportunity to discuss the status of the reconstruction process and also its challenges. These discussions, further supported by technical level meetings, have also influenced the programming of the Multi Donor Fund – helping to avoid overlaps and ensuring investments are made in areas of need. In this way the Multi Donor fund has effectively supported harmonization.

## Key Achievements from May 2005 to September 2007

After its formation in May 2005 the Multi Donor Fund has a diverse portfolio of projects under implementation in four areas of reconstruction valued at US\$ 492 million: recovery of communities, reconstruction of large infrastructure, rebuilding governance and sustaining the environment. In 2007, three projects in the infrastructure sector and waste management received further funding valued at US\$ 10.4 million.

On top of this ongoing program, the Multi Donor Fund in 2007 has approved the preparation of two new projects in the areas of disaster risk reduction and economic recovery, totaling US\$ 59.9 million. These projects are currently under preparation.

To date, US\$ 270 million have been disbursed. A large part of disbursements has gone to community reconstruction which has also made the largest overall progress in terms of sectoral achievements. This is due to the fact that these projects have built on pre-existing delivery mechanisms and that, once communities receive funds, after extended planning, implementation usually happens very fast.

Reconstruction in other areas, such as the development of large scale infrastructure investments or building capacities for local governments or civil society organizations have taken longer to show results. This can be attributed to various factors that are intrinsic to the recovery process, such as scarcity of human resources or coordination issues. However, on the upside it can be said that strong involvement of all stakeholders, while being time consuming, has shown to lead to strong ownership of the reconstructed assets by communities and local governments.

The following results have been achieved since the start of the Multi Donor Fund:

- Community-Driven Recovery of Housing.** In Aceh, communities in Aceh have built 4,434 new houses and rehabilitated 5,129 houses while the remaining houses will be largely finished in December 2007 (total target: 8,112 new houses and 7,077 rehabilitated houses). A further 5,000 housing recipients have been identified in Nias and will receive their initial funds in the upcoming months. A satisfaction survey of over 1,300 recipients in early 2007 has shown that satisfaction with the houses provided is above 90%. Through September 2007, 104,551 landowners have received land titles (10% to women/ joint titles), while 122,900 entitlements have been registered in the land book, thus securing property rights.
- Community-Driven Recovery of Vital Infrastructure.** Communities have also been supported in the rebuilding of vital infrastructure in over 3,500 target communities in both Aceh and Nias. By September 2007, community infrastructure reconstructed and rehabilitated included 2,529 km of rural and urban roads and 825 bridges; 1,075 km of drainage and irrigation canals; provision of 1,148 clean water units and 1,302 sanitation units; 19 markets and 282 schools, 43 health posts and 262 waste disposal units. Two years after their start, these activities are coming to an end.

- **Large Scale Infrastructure.** Large scale infrastructure investments have been prepared in close cooperation with the BRR and local governments. To date, 185 km of national level roads are under construction. Further infrastructure works (approx. 100 km of national and over 300 km of provincial roads, several ports, water systems, etc.) are in the final preparation stage. All infrastructures will be handed over to the appropriate government agencies, supported by planning for operations and maintenance needs. The Sea Delivery and Logistics Project shipped 96,000 metric tons of reconstruction goods until December 2006, and now continues providing a logistics service for all reconstruction stakeholders. Lastly, local governments and local contractors have been trained to build infrastructure with an employment intensive approach, involving the reconstruction of 98km of district roads (44% completed).
- **Rebuilding Governance Structures: Immediate Needs.** The Multi Donor Fund has also invested strongly in enhancing BRR's capacities to plan, coordinate and implement reconstruction. Fifty seven technical experts have advised on the development of the policy framework for reconstruction and the implementation of the BRR's own reconstruction portfolio. Service contracts have supported critical functions of the agency such as information technology and human resource management.
- **Rebuilding of Governance Structures: Longer Term Needs.** Multi Donor Fund projects currently provide technical support and training for hundreds of local government staff to enhance capacities in areas such as planning and budgeting, health, education, infrastructure construction, waste management and drainage, forest management, spatial planning and land administration. Over 1,900 persons have been trained in total to date. The Multi Donor Fund also supports the strengthening of capacities of NGOs through a training and small grants program. To date, 16 grants (US\$ 300,000) have been delivered to local communities.
- **Sustaining the Environment: Waste Management and Forest Protection.** Environmental sustainability has been enhanced through clearing tsunami wastes from urban and rural areas (1,113,557m<sup>3</sup> removed – 20% of total tsunami debris cleared) and re-establishing municipal waste services in currently eight districts, reaching over 78,000 households. Approximately 1,400 households have returned to farming on cleared agricultural lands. These services are being expanded to another five districts over the next two years. The Multi Donor Fund has also invested in the protection of Aceh's forests from increased deforestation due to timber needs in reconstruction. This project supports the Provincial Government in creating a multi-stakeholder governance framework for forest management. Forest monitoring has resulted in a baseline on forest status, reforestation of 670 ha, training and support for local forestry and conservation agencies, community involvement in conservation as well as awareness programs for traditional leaders, teachers and pupils.
- **Rebuilding Livelihoods.** Employment creation to date has largely been based on short-term work in reconstruction, with a total of more than 13 million man-days of labor to date. Further to this, Multi Donor Fund projects have also employed over 1,300 local staff. The upcoming challenge is the development of sustainable economic opportunities to ensure that, as the reconstruction-driven employment boom ends, long-term employment opportunities are created. The Multi Donor Fund supports this through the development of an Economic Development Financing Facility for Aceh that will be located at the Provincial Government.

## Ongoing Challenges for Project Implementation

Like many other stakeholders in Aceh, Multi Donor Fund projects face delays on the ground, especially during the start-up period. Main challenges occur during the recruitment of qualified staff in a competitive environment, the setting up of coordination and cooperation mechanisms in a complex stakeholder environment, and the contracting of high quality consulting services which are able to operate in the dynamic environment of Aceh and Nias. Projects that are on the Government's budget face the further challenge of establishing all mechanisms needed to channel funds.

Coordination is a critical condition for the success of the reconstruction. The coordination of activities with other stakeholders who implement or intend to commence in similar activities is an ongoing challenge and causes delays in implementation. In community-driven projects, lack of coordination has often forced communities to re-plan their activities since external parties may implement infrastructure works that communities intended to undertake with block grant funding.

The creation of benefits for women in Aceh is an ongoing challenge. Involvement alone, even if intended participation levels can be reached, does not necessarily mean that women benefit equitably. Approaches need to be fine-tuned, as shown by the Urban Poverty Project that developed a pilot approach for enhancing women's involvement. The Resource-based Rural Road Rehabilitation Project responded by including employment targets for women in road construction contracts. Because of the specific Acehese cultural situation, gender sensitivity needs to be further enhanced and new solutions found.

A large portion of Multi Donor Fund investments support the recovery of physical assets. Making these assets sustainable through ensuring that local governments are prepared to operate and

maintain them (O&M), will be a challenge in the upcoming months and years. Projects responded by increasing assistance to develop O&M plans, prepare adequate budgets, and sign agreements with local governments prior to construction which identify the financial needs to sustain the new assets. Whether local governments will eventually provide the funding and staffing required can only partially be influenced by projects today.

At the end of 2008, BBR will cease to function as a budget-channeling agent for on-budget projects. With its closure in April 2009, its coordination function will cease which is critical to many Multi Donor Fund projects. Together with the BRR, the projects will have to prepare transition plans in the upcoming months to ensure there is a smooth transition to other governmental partners – who in some cases still need to be designated. Discussions for this have begun.

## Financial Status of the Multi Donor Fund

- **Initial Contributions:** initial pledges in 2005 from the fifteen donors stood at US\$ 525 (based on the Euro-US Dollar exchange rate in December 2005).
- **Additional Contributions:** in 2006 and 2007, the Multi Donor Fund has received additional pledges from four donors. As of September 30, 2007, a total of US\$ 673 million has been pledged and all pledges have been formalized through contribution agreements.
- **Allocations to Projects:** US\$492 million have been allocated to 17 projects. This means that 73% of pledges have been allocated.
- **Disbursements to Projects:** the Multi Donor Fund has disbursed US\$270 million to project accounts. This is 55% of allocated project funds.
- **Further committed funds:** in 2007, two projects were approved at the concept stage, valued at US\$ 59.9 million. The detailed projects are currently being prepared.

- **Remaining funds:** the Multi Donor Fund currently has US\$126 million in unallocated funds. Further programming discussions are ongoing to ensure that funding will be used to fill the most vital gap during the last phase of the Government of Indonesia's reconstruction program to focus on transition and safeguarding reconstruction investments by focusing on rebuilding livelihoods.

## Transition and Safeguarding of Reconstruction Investments

The reconstruction program of the Government and other reconstruction actors will largely come to closure in December 2008. Besides completing the ongoing works on time, the biggest challenge is the transition process. Transition in this context means a sustainable phasing out of the current actors by transferring reconstructed assets to their recipients in a legally valid process while ensuring that it is done in a strategic and equitable manner which will support the longer term development of the region.

In order to ensure sustainability, especially of public assets and rebuilt public services, it will be essential that Provincial and District Governments of Aceh and Nias have sufficient means and capacities (human resources, technical expertise, etc.) to properly operate and maintain the transferred assets. Both the Provincial and District Governments in Aceh will see a very significant increase of

budget allocations starting from 2008 due to the Special Autonomy Funds which should enable them to continue the recovery process and render investments sustainable. Nias on the other hand will be faced with a significant decrease of funds after the reconstruction wanes off. Both regions will need further assistance in managing the next phase of the reconstruction when a large part of external support will have left.

Fostering economic growth will be of equal importance during the remainder of the reconstruction. The recent economic growth rate in Aceh is closely linked to the reconstruction. Unemployment rates are expected to increase upon completion of reconstruction activities. Therefore additional support to the recovery of the economy is needed to create long-term livelihood opportunities that are in line with the potentials of each region.

For the Multi Donor Fund these upcoming challenges have clear implications in terms of programming and discussions about the best use of remaining Multi Donor Fund monies are ongoing. It is to be expected that remaining funds will be largely used to 1) support short-term and longer term needs for technical capacities of local governments related to the transition and beyond; 2) support the recovery of the economy; and 3) scale up ongoing projects with a proven track record of results delivery, where this will fill remaining critical gaps.



*Co-chair leading the Multi Donor Fund Steering Committee on September 7, 2007 in Jakarta.*



**Flying bridge at Kecamatan Gido**

The hanging bridge in Gido, Nias Island is the main connection to the main road. Villagers have to make extra efforts to move construction materials over this bridge to build houses in with support from the Kecamatan-based Reconstruction and Rehabilitation Planning Project. (Photographer: Catrini Kubontubuh, Consultant, World Bank)



#### **Happy story for led Mubarak**

The family of Jalal Fida A. Thaleb in Samuti Makmur village, Gandapura, Kabupaten Bireuen is happy to move to their new home from the Aceh housing project REKOMPAK prior to the led holiday. They wish other families are as happy as they are. REKOMPAK has helped over 3,900 families to date to rebuilt their lost houses. (Photographer: R. Yoliandino Susilo, ST, Asisten Pengawasan Mutu)

## **Success Factors of the Multi Donor Fund Operations**

1

The Multi Donor Fund governance structure and operational setup support the goals of the Paris Declaration on Aid Effectiveness: creating ownership, alignment with country priorities, harmonizing donor programs and managing for results. Since its beginnings the Multi Donor Fund has strongly engaged its stakeholders and beneficiaries through various dialogue mechanisms that contribute to the effectiveness of its operations.

### **Working with the Government**

Since its inception, the Multi Donor Funds has strived to involve the Indonesian Government at all levels. A close working relationship with the Government of Indonesia's Agency for Rehabilitation and Reconstruction (BRR) was

forged: all projects are submitted by the BRR for review and decision-making by the Multi Donor Fund's Steering Committee.

In this way, the whole portfolio is aligned with the Government's Master Plan for Reconstruction and the BRR's assessment of the most critical gaps. The portfolio also reflects the priorities of the Government over time: in the first phase, support for the recovery of communities and other immediate action activities such as environmental and social safeguards, and in the second phase, reconstruction of infrastructure as well as social and institutional development. In its third phase, the Multi Donor Fund supports to the recovery of the economy and the transition process of phasing out the reconstruction program.

Further, over 80% of the funds are implemented by national government agencies, and funds are channeled through the Government's budget. This ownership is further underlined by the BRR's commitment to contribute US\$ 236 million co-financing to four Multi Donor Fund projects.

As the reconstruction process has evolved from the emergency phase to the current need to focus on longer term sustainability, the alignment of reconstruction with local programs is of increasing importance. Through close coordination with the Provincial Governments regarding the programming discussion for remaining Multi Donor Funds, it is expected that these funds will serve best the remaining priority recovery needs, while increasing local capacities to manage the reconstruction, too. On the level of individual projects, Provincial, District and Municipal Governments and their agencies are being involved in planning processes, infrastructure funding decisions and direct implementation of works.

## Enhancing Coordination of the Recovery Process

The Steering Committee is the governance mechanism of the Multi Donor Fund. The Steering Committee consists of the Indonesian Government (central and provincial level), donors and representatives of local civil society. The United Nations Coordinator and a representative of the international NGO community are official observers, while Australia and Japan as two other major reconstruction owners also join meetings. In this way, more than 75% of all pledged reconstruction funds, valued at US\$ 5.8 billion, are represented. To date, 14 Steering Committee Meetings have been held, supported by over 40 meetings at the technical level.

Funding decisions are taken after the review of proposals which have been submitted by proponents through BRR. BRR, as the agency responsible for the overall coordination of the reconstruction effort, is best positioned to identify

strategic areas of need for which the Multi Donor Fund is considered the funding partner of choice. This two-tiered process has resulted in a strong Government ownership of the Multi Donor Fund program and its alignment with governmental priorities.

Another important function of the Steering Committee is to enhance the coordination and policy dialogue for reconstruction to ensure harmonization of efforts. Steering Committee meetings present an opportunity to discuss synergies of the Multi Donor Fund portfolio with the wider reconstruction efforts and to help avoid overlaps. The Multi Donor Fund also organizes "Policy Dialogue Meetings" with key stakeholders on current issues such as sustaining the environment in reconstruction, disaster risk reduction and – most recently – transition and governance capacity building. These discussions also reinforce the alignment of the program with the Government's strategic priorities.

## Two-way Communication to Beneficiaries

The Multi Donor Fund Secretariat has developed an Outreach Strategy that includes regular radio talk shows, field visits to meet and discuss with beneficiaries and communication through advertisements as well as a telephone hotline. The Secretariat's Outreach Officer receives questions and also complaints, directs the communications to the relevant parties and follows up with the senders to inform them of the outcome. To date, seven radio shows have been held to reach out to nine tsunami-affected districts and municipalities, including Nias. Regularly updated information on the Multi Donor Fund can also be found on its website ([www.multidonorfund.org](http://www.multidonorfund.org)).

At the individual project level, projects have also set up complaints handling systems that enable beneficiaries to directly relay their complaints. This is especially important for the community recovery programs where many small activities need to be monitored for inconsistencies. Such complaints



have largely been resolved at the community level.

Where far-reaching complaints systems have been established, following up on all requests and possible complaints can pose a managerial challenge when the reconstruction environment is as demanding as in Aceh. Yet, while the solution of all complaints might not be immediate, it is important to recognize that such direct access is important to the beneficiaries and the anti-corruption initiative.

## Managing for Results

The Multi Donor Fund applies a multi-tiered quality control system. The first level of monitoring for quality is the Implementing Agency which implements the activities. All Implementing Agencies are regularly supervised by a Partner Agency which is responsible for the appropriate use of funds and reports on progress to the Steering Committee. The Secretariat of the Multi Donor Fund, which manages the funds on behalf of the Trustee, then monitors and evaluates the overall portfolio through a streamlined reporting system, by conducting portfolio level reviews, and by commissioning independent assessments on the performance of the portfolio. Through the Secretariat, the World Bank reports to the Steering Committee on the status of the funds and portfolio in which it has been entrusted.

Following the principles of 'Managing for Results', outcome orientation during monitoring, assessment and reporting is a core principle of the Multi Donor Fund. The Steering Committee of the Multi Donor Fund is actively engaged in its quality control system by attending supervision missions, reviewing the progress of the portfolio and the projects in technical meetings and providing feedback on the content of assessments that are commissioned by the Secretariat. Individual donors also commission independent evaluations of the Multi Donor Fund portfolio. Recently, first steps have been made to a further harmonization: the Mid-term Evaluation in 2008 will be conducted as a joint exercise by the World Bank and the donors.

This engagement has created strong ownership, especially on the side of donors, regarding the successful operation of the Multi Donor Fund

## Coordination on the Ground

Coordination on the ground is important in two respects: to avoid duplication and to create synergies. Besides joining the established reconstruction coordination forums or sectoral working groups, many Multi Donor Fund projects have set up Steering Committees that bring together the most relevant stakeholders: local government and their sectoral agencies, local NGOs and universities, communities and other major players in the sector.

An outcome of good coordination is the creation of synergies, both with other actors as well as between Multi Donor Fund projects. The Support to Poor and Disadvantaged Areas Project has partnered with the USAID Local Government Support Program and of The Asia Foundation to benefit from their existing experiences and capacities on the ground. The Tsunami Recovery Waste Management Program has collaborated with GTZ in preparing the design and supporting the site identification for a regional landfill for Banda Aceh and Aceh Besar.

Examples of synergies between Multi Donor Fund projects are:

- While ports construction is supported by the Ports Redevelopment Project and the Infrastructure Recovery Financing Facility (IRFF), the Sea Delivery and Logistics Project currently is preparing a capacity building program for ports management to ensure that rebuilt ports will become sustainable investments.
- IRFF also has committed to finance sanitary landfills that are being prepared through the Tsunami Recovery Waste Management Project.
- The Support to Poor and Disadvantaged Areas Project builds on bottom-up planning facilitated by the Kecamatan Development Program.



### **Building a steelframe house**

*The housing project is managed by BRR in Calang, Aceh Jaya as part of the MK II - BRR. Through the Technical Support to BRR project, the MDF has helped introducing light steel frame houses. (Photographer: Fakhrurazi, Program Assistant UNDP)*



**'Srikandi' - Indonesia's heroine**

SRIKANDI is a women salt farmer group of 30 people founded in 2002 at Bluka Teubai village in Dewantara, North Aceh. In 2006 the group received a productive economic business loan from the Kecamatan Development Project at the value of Rp. 30 million. (Photographer: Siti Rahmah, World Bank Consultant)

# Sectoral Achievements Until September 2007

## 2

This chapter provides an overview of the major achievements of the Multi Donor Fund to date and an outlook on future activities.

### Recovery of Communities

**The reconstruction of houses and the recovery of communities were the first priority of the reconstruction process.** Here, the Multi Donor Fund has contributed to the reconstruction of houses; the rehabilitation of community infrastructure and emergency/ social support; and the preparation and delivery of secure land titles. The Multi Donor Fund has allocated US\$ 222 million or 45% of its allocated funds to this area. In addition, the BRR has committed to contribute US\$ 30.75 million co-financing in this area.

| <b>Recovery of Communities</b>  | <b>Funds allocated US\$ million</b> |
|---|-------------------------------------|
| Kecamatan Development Project (KDP)   | 64.70                               |
| Urban Poverty Project (UPP)   | 17.96                               |
| Community-based Settlement Rehabilitation and Reconstruction Project (REKOMPAK) | 85.00                               |
| Nias Kecamatan-based Reconstruction and Rehabilitation Planning Project (KRRP)  | 25.75                               |
| Reconstruction of Aceh Land Administration Project (RALAS)                      | 28.50                               |

## Housing and Infrastructure

**All community recovery activities are managed and implemented by the communities themselves**, supported by a strong network of over 13,000 local facilitators. Through REKOMPAK, communities in Aceh have built 4,434 new houses and rehabilitated 5,195 houses under strong quality control mechanisms to ensure earthquake safety. Through KRRP in Nias, the reconstruction of 4,462 houses is about to begin, while it is expected that houses in Aceh will be mostly completed by the end of 2007. In total these two projects will build 13,112 new houses and rehabilitate 7,000 houses, all equipped with basic infrastructure (access to roads, water, sanitation, and link to the electrical network). The Multi Donor Fund contributes 11% to the total housing target of 120,000 houses.

**Almost all completed houses are occupied.** In fact, 100% of owners have moved into their rehabilitated houses, while the occupation rate for new houses is lower at 82%. This compares to the occupancy rate of for instance UN-Habitat houses (82%) that are built following a similar approach. The Aceh Housing Project will analyze the reasons for lower occupancy of newer houses and steps to be taken during an upcoming impact assessment

in early 2008. While occupancy in early 2007 was even lower (72%), a satisfaction survey of the first 1,300 housing recipients, carried out at the time, showed that 90% of beneficiaries were satisfied or highly satisfied with the community-driven process and the results.

**Village infrastructure in Aceh needs further sizeable investments.** In August 2006, KDP conducted a survey on infrastructure and social conditions in 5,698 villages in Aceh, showing that approximately US\$752 million is needed to restore village and productive infrastructure. Another important finding of the survey was that over 50% of the main infrastructure was damaged by the tsunami, earthquakes, and conflict.<sup>1</sup>

**KDP and UPP have provided important support to rebuild settlement infrastructure.** By September 2007, infrastructure reconstructed and rehabilitated included 2,529 km rural and urban roads as well as 825 bridges; 1,075 km of drainage and irrigation canals; provision of 1,148 clean water units and 1,302 sanitation units; 19 markets and 282 schools, 43 health posts and 262 waste

<sup>1</sup> 2006 Village Survey in Aceh. *An Assessment of Village Infrastructure and Social Conditions*. Kecamatan Development Program. Ministry of Home Affairs/World Bank. March 2007.



### Still in progress

*The Community-Based Settlement Rehabilitation and Reconstruction Project (REKOMPAK) in Lambung, Banda Aceh is still ongoing. Several houses are being built. The project also provides vital infrastructure to 130 villages. (Photographer: Muhammad Nasir, World Bank, IT Aceh)*

disposal units. Further infrastructure will be built through both housing projects. While KDP and UPP activities funded by the Multi Donor Fund are close to completion, the programs will continue to support communities in Aceh and Nias with National Program funding.

**Land titles have been handed out to 104,551 owners, while 122,900 entitlements were registered in the land book.** The project has also had broader impacts in preventing land grabbing and speculation and accommodating inheritance and gender concerns through joint titling (10% of titles distributed to date). The approach of land mapping, enhanced by utilization of a standard manual across Aceh, facilitated the resolution of many land disputes at the local level.

### Rebuilding Communities

**Communities allocated substantial funds to support households in need.** In the early stages of recovery, nearly US\$ 3.4 million were made available as emergency or social funds as an emergency

support mechanism in tsunami-affected villages. Further, communities supported 8,649 students with scholarships at a total value of US\$368,000.

**Women have been involved in planning and implementation of community-driven activities.** More than 1.1 million women participated in planning activities which represents more than 65% of all participants. Women have also been represented in village-based management units at a rate of 24%. Experience has shown that involving women, especially for training and employment opportunities, in Aceh poses a stronger challenge than in Nias. Also, participation does not automatically lead to benefits for women. The Urban Poverty Project has reacted to this fact with reallocating US\$ 2.35 million specifically to women-directed activities.

**Community-driven projects have created over 13 million man-days of labor.** This is achieved mainly in community infrastructure projects, largely benefiting local populations in need of income.



**Female worker at wood recycling site**

*A female worker builds furniture from recycled tsunami wood. Women workers are a common sight at this facility set up with the help of the Tsunami Reconstruction Waste Management Program. About one third of temporary workers employed through this project were women. (Photographer: Muhammad Nasir, World Bank, IT Aceh)*

## Recovery of Larger Infrastructure and Transport

The BRR has identified large needs in the infrastructure sector for Multi Donor Fund funding. In fulfilling its commitment to address major needs, the Multi Donor Fund has invested approximately US\$176 million, or 36% of the total programmed funds, to projects dealing with the reconstruction of large scale infrastructure works. In addition, the BRR has committed to contribute US\$ 191 million co-financing in this area. These investments will provide communities with the necessary safeguards against environmental dangers, access to goods and reconstruction materials, and access to markets which will encourage economic recovery and growth of the province.

| <i>Recovery of Larger Infrastructure</i>              | <i>Funds allocated in US\$ million</i> |
|---|--|
| Sea Delivery and Logistics project                    | 24.70                                  |
| Tsunami Recovery Ports Redevelopment Programme        | 3.78                                   |
| Banda Aceh Flood Mitigation Project                   | 4.50                                   |
| Infrastructure Reconstruction Enabling Project (IREP) | 42.00                                  |
| Infrastructure Reconstruction Funding Facility (IRFF) | 100.00                                 |
| Lamno Calang Road Maintenance Project                 | 1.46                                   |

The Multi Donor Fund responded to the emergency need of keeping transportation corridors open. Both the Sea Delivery and Logistics Project and Lamno-Calang Road Maintenance Project helped keeping transportation routes open to the Aceh west coast and islands of Nias and Simeulue. Until the end of 2006, the Sea Delivery Project transported 98,185mt/256,006m<sup>3</sup> of reconstruction goods; it continues to provide transportation logistics support to reconstruction stakeholders. From January to October 2007, the Lamno-Calang Road Maintenance Project has kept the west coast corridor open in a time when the need for reconstruction materials transport has steadily risen.

During 2007, construction of large scale infrastructure has made solid progress. Under the Infrastructure Reconstruction Enabling Project and the linked Financing Facility, 184.5 km of national roads are under construction. Further infrastructure works such as approx. 100 km of national and over 300 km of provincial roads, several ports and water systems are in the final preparation stage. All infrastructures will be received by the appropriate government agencies for ongoing operations, supported by planning for operations and maintenance needs. On the district level, a Local Resource-based Reconstruction Project has built 43 km of district roads, while works for 48 km are ongoing.

Provincial and District Governments have approved all infrastructure investments based on integrated infrastructure planning with technical support from the Multi Donor Fund. Through technical support to the BRR, a Strategic Infrastructure Plan for the Province of Aceh and the Nias Districts is being developed that will line out investments needed until 2012.



## Rebuilding Governance

**Public administration in Aceh still lacks capacities.** In 2006, a detailed review of the financial management capacities of district governments in all of Aceh was conducted through collaboration of various capacity building stakeholders. On average, districts scored around 41% with the study also revealing dramatic disparities of capacities between individual districts (with Aceh Utara showing the highest average rating at 69% and Aceh Jaya the lowest at 15%). Capacity development of provincial and local governments will be the focus of several new projects currently under preparation.<sup>2</sup>

The Multi Donor Fund has allocated US\$ 52 million for this sector, or a total of 11% of its allocated funds. In addition, the BRR has committed to contribute US\$ 14.6 million co-financing in this area.

| <b>Rebuilding Governance</b>                          | <b>Funds allocated in US\$ million</b> |
|---|--|
| Technical Assistance to the BRR Project               | 14.70                                  |
| Local Resource-based Reconstruction Project           | 6.42                                   |
| Support for Poor and Disadvantaged Areas              | 25.00                                  |
| Support to Strengthen the Role and Capacities of CSOs | 6.00                                   |

**Local government capacity building is critical to sustain the rebuilt assets and revive public services.** As part of their core activities, Multi Donor Fund projects provide technical support and on-the-job training for local government staff which leads to enhanced capacities in areas such as infrastructure construction, waste management and drainage, forest management, spatial planning and land administration.

**In total, more than 1,900 persons (5% women) have received formal training** in areas such as local

employment-creating road construction, municipal and community-based solid waste management, bottom-up planning processes, forest conservation and status monitoring. One important aspect for the future development of the disaster affected regions is assistance in facilitating demand-oriented development planning and implementation of government programs. Therefore, further capacity building in the areas of planning and budgeting as well as sectoral know-how on health, education, and disaster risk reduction are under preparation.

**Technical experts contracted for the BRR have been well in demand.** The Technical Assistance to BRR Project has provided 57 technical experts (463 person months) that supported policy development, development of projects, and quality control. This has helped enhance the overall quality of BRR's work in the areas of housing, infrastructure (urban planning, coastal engineering, ports, irrigation, drainage, etc.), environment and timber management, spatial planning, health, as well as overall coordination and good governance.

**Contractual services have been important in enhancing BRR's operational capacities.** A human resource management company has been contracted to support the BRR's Human Resources Department. The team has developed standard procedures for human resources (HR) management and various HR related instruments. The service also supported BRR's recruiting needs in screening more than 2,000 candidates. Under an IT contract, all IT infrastructure has been set up in the BRR head office and regional offices. A hotline that reacts to IT needs of BRR staff has answered most requests within four hours. BRR has also received legal support through an in-house lawyer as well as a professional legal services company as needed.

**The Local Resource-based Reconstruction Project has trained 77 government staff (6 women) and 166 managers and technical staff of local contractors (1 woman).** While physically helping to rebuild district roads, the main goal of the project is to train local governments and contractors in road construction methods which create local employment by relying on local contractors and a low-tech approach. To date, the project has also created over 123,000 man-days of

<sup>2</sup> *Public Financial Management in Aceh. Measuring the performance of district governments in Aceh.* World Bank. March 2007. The review was conducted with support from the Ministries of Home Affairs and of Finance, AusAID, ADB, CIDA, GTZ, USAID and the DSF.

labor for local workers in Aceh and Nias. In Aceh, the rate of employed women was only 16%, while in Nias 36% could be hired locally (target 30%). The project has reacted by including mandatory employment rates for women in construction contracts, which is showing first effects.

**The Support for Poor and Disadvantaged Areas Project supports integrated bottom-up planning through targeted block grants to all districts in Aceh and Nias.** The project has set up its operational structure and trained hundreds of government staff, civil society members, university staff and community representatives to facilitate the process of subproject selection and conducted needs assessments for district services in health

and education. Actual block fund usage will start in 2008.

**A Civil Society Resource Center (CSO) in Aceh has been initiated,** while a similar center is still in preparation under the Support to Strengthen the Capacity and Role of CSOs Project. Managed by a local NGO umbrella organization, the center will become a focal point for local NGOs for training and dialogue while also facilitating the exchanges with the government and wider society. The first 16 grants have been provided to community-based organizations to support livelihoods activities in rural areas to benefit 339 women and 520 men. More grants will be provided on a competitive basis, supported by training throughout 2008.



#### **Field Orientation**

*The monitoring team is conducting an orientation program at the Leuser Ecosystem in Kemuning, East Aceh. Under the Aceh Forest and Environment Project, the team monitors the whereabouts of wild animals and illegal activities in the Leuser area. (Photographer: Zul Asfi, Data Analyst, World Bank)*



## Sustaining the Environment in the Reconstruction Process

**The valuable natural resources in Aceh and Nias can only be protected through mainstreaming environmental concerns into reconstruction.**

In line with recommendations that resulted from the BRR's Third Coordination Forum for Aceh and Nias (CFAN 3) in April 2007, the Multi Donor Fund supports the sustainability of the environment through (a) supporting a strategic approach to environmental management; (b) adherence to environmental standards to avoid environmental destruction; and (c) the creation of alternative sources of income to avoid further degradation of natural resources.

**The Multi Donor Fund provides support in two strategic areas of environmental protection: waste management and sustainable forest management.** With US\$ 41.9 million (8% of funds allocated) the Multi Donor Fund is the largest single contributor to environmental causes in reconstruction. In waste management, district governments are enabled to set up functioning waste collection and disposal services, while livelihoods creation in recycling is expected to render waste management more efficient and provide additional income. In forest management, the aim is to strengthen governance and management systems at various levels to incorporate the conservation of Aceh's forests into Aceh's long-term development plan.

| <i>Sustaining the Environment</i>         | <i>Funds allocated in US\$ million</i> |
|---|--|
| Tsunami Recovery Waste Management Program | 24.41                                  |
| Aceh Forest and Environment Project       | 17.53                                  |

### Establishing Sustainable Waste Management

**The Tsunami Recovery Waste Management Program has successfully removed more than 1.1 million cubic meters of tsunami-generated**

**waste** in urban and rural areas (20% of all such debris removed to date). Clearing of 800 ha agricultural land as allowed over 1,400 families to return to their farmlands. These activities will continue until the end of 2008 to rehabilitate the most fertile lands still covered by silt.

**Support for solid waste management focuses on establishing sustainable systems** that could also provide a model for use beyond the province. In the first phase the Waste Management Program supported 8 districts with the operation of 10 interim landfills and related waste services. Around 115,000 cubic meters of municipal waste has been collected and safely disposed of, currently reaching over 78,600 households or 48% of the population in the areas covered by the landfills. This project will further support local sanitation agencies in the improvement of their services until mid-2009. It will help the establishment of sustainable sanitary landfills in selected areas, support local governments in securing the budget for an adequate service provision and train local government staff to raise waste management services to sustainable levels. This also includes an initiative that is under preparation in cooperation with GTZ, to finance sanitary landfills at least partially through carbon trading.

### Supporting the Government's Agenda to Protect Aceh's Valuable Forests

**The forests of the Leuser Ecosystem and Ulu Masen are the largest contiguous forest areas in South East Asia.** These forests provide water to 60% of Aceh's population and help protect the population from rain-induced flooding. The newly elected Government of Aceh has acknowledged the importance of protecting these forests by issuing a moratorium on logging until an adequate policy and management framework is in place.

**The Aceh Forest and Environment Project (AFEP) cooperates with stakeholders at all levels to enhance forest protection.** This four-year project supports the development of an improved multi-stakeholder forest management framework, spatial planning processes, forest status

monitoring, awareness campaigns for traditional leaders, teachers, pupils and the wider population, reforestation and community nurseries, and the assessment of opportunities to use carbon trading as a funding mechanism for conservation.

**Communities are important stakeholders of the protection strategy.** Forest bordering communities have already replanted 670 ha of forest with project assistance, with a total target of 5,000 ha by the end of the project. Community-led reforestation activities provide the opportunity to demarcate forest and productive land and also to support communities in the development of alternative livelihoods.

### Alternative sources of income

**One important aspect of environmental protection is the creation of sustainable incomes that do not depend on the depletion of natural resources.** The Aceh Forest and

Environment project has provided 90 persons (one woman), many of them former illegal loggers, with a stable income as forest monitors. The planned creation of 50 community-managed nurseries will also create additional incomes.

**Recycling of waste has great potential for providing additional income.** There is still a high potential for increasing the collection of recyclables in Aceh and Nias, and to process them locally rather than selling them in Medan at a lower profit margin. The Waste Management Program supports the development of recycling-based economic activities through the provision of small credits and technical support to local entrepreneurs. Since 2005, the project has set up furniture workshops that produce furniture from recycled tsunami wood. In 2007, these workshops employed on average 112 carpenters and trained 27 carpenters. The workshops will later be handed over to be managed e.g. by cooperatives.

#### Forest Monitoring with Community Support

The objective of the Aceh Forest and Environment Project is to maintain the status of Aceh's forests despite the dangers of illegal logging. The project has trained more than 1,000 forest monitors of the district Conservation Agencies as well as 90 community-level monitors. The project monitors and reports to the authorities cases of illegal logging activities (e.g. in October 2007, community monitors reported 131 cases in 10 districts) and illegal timber trading.

The framework of reference to monitor the status of the forests is a comprehensive database, developed through satellite imagery, aerial photography and on-the-ground monitoring. The table below depicts the current forest status.

#### Forest Cover in Ulu Masen and Leuser Ecosystems in December 2006

| Survey coverage          | Undisturbed forest  | Disturbed forest  | Non-forested      |
|--------------------------|---------------------|-------------------|-------------------|
| <b>Ulu Masen:</b>        | <b>73%</b>          | <b>21%</b>        | <b>6%</b>         |
| <b>739,000 ha</b>        | <b>539,470 ha</b>   | <b>155,190 ha</b> | <b>43,340 ha</b>  |
| <b>Leuser Ecosystem:</b> | <b>68%</b>          | <b>20%</b>        | <b>12%</b>        |
| <b>2,311,809 ha</b>      | <b>1,562,026 ha</b> | <b>465,947 ha</b> | <b>283,836 ha</b> |

## Recovery of Economy

**At this point of the reconstruction, the development of sustainable economic opportunities has become one of the most important tasks.** As the reconstruction is coming to an end, unemployment is expected to increase significantly. Analysis of national statistical data from the first semester of 2007 has shown that unemployment has increased to 10% in 2006 (up from 6% in 2000).<sup>3</sup> This can partially be attributed to a growth in the workforce by 5% since the tsunami and reduced employment in the agricultural sector. Sectoral analysis reveals that, while agriculture remains the largest employer at 57% in 2007, there has been a shift to seek employment in construction and services, mostly linked to reconstruction. While the creation of short-term labor is essential to keep households afloat, it will be important to support the development of more long-term diversified employment opportunities.

**Since its inception the Multi Donor Fund has created approximately 13 million man-days of short-term labor for the local population** – or the equivalent of 20,537 full time jobs over thirty

months. These figures show that Multi Donor Fund projects have made an important contribution to income creation and they will continue to provide short-term employment in 2008 for workers in small-scale infrastructure projects, housing, and waste management. Projects also have supported income generation through the provision of micro-credits and the development of livelihoods in recycling related activities.

**The challenge will be to ensure that those benefiting from employment or short-term labor will have a secure income when the reconstruction wanes off.** Economic analysis has shown that the agricultural and manufacturing sectors remain stagnant, while growth potentials have been identified in these areas. In supporting the agenda of the Provincial Government, in July 2007 the Multi Donor Fund Steering Committee allocated US\$ 50 million for a comprehensive project to support the recovery of the economy by financing selected subprojects. It is expected that this project will start implementation in early 2008. A separate program for Nias is under preparation as well to support the development of economic activities with growth potential to tackle the pressing issues of lack of access to markets and services throughout the largely rural island.

<sup>3</sup> The following is a summary of findings presented in the *Aceh Economic Update, November 2007*. World Bank.



### **A bridge finds its purpose**

*In Senebok Punti village in Aceh Tamiang, prior to building a bridge with support from the Kecamatan Development Project, villagers had to walk a detour of about 1 km to visit another village or take risk by crossing the coconut tree bridge. (Photographer: Arfan, SE, KDP facilitator)*



### ***Salt farmer rakes a life***

*Women beneficiaries from the SRIKANDI group are happy to receive funding from the Kecamatan Development Project to improve their livelihood. Approximately 3,700 persons received micro-credits through KDP. (Photographer: Siti Rahmah, World Bank Consultant)*



**Being diligent**

In addition to the landfill management in Gampong Jawa, the Waste Management Program also provides a carpentry workshop to re-use tsunami generated wood. The workshop employs carpenters who are also the victims of the tsunami. They are provided with training to improve their skills. (Photographer: Fakhrurazi, Program Assistant UNDP)

# Financial Report



| Pledges                    | Source                            | Total of Pledges US\$ | % Total of Pledges |
|----------------------------|-----------------------------------|-----------------------|--------------------|
|                            | European Commission*              | 268.03                | 40%                |
|                            | Government of the Netherlands     | 171.60                | 25%                |
|                            | Government of the United Kingdom* | 76.06                 | 11%                |
|                            | World Bank                        | 25.00                 | 4%                 |
|                            | Government of Sweden              | 20.72                 | 3.1%               |
|                            | Government of Denmark             | 18.03                 | 2.7%               |
|                            | Government of Norway              | 17.96                 | 2.7%               |
|                            | Government of Germany             | 13.93                 | 2.1%               |
|                            | Government of Canada              | 11.04                 | 1.6%               |
|                            | Government of Belgium*            | 10.83                 | 1.6%               |
|                            | Government of Finland*            | 10.13                 | 1.5%               |
|                            | Asian Development Bank            | 10.00                 | 1.5%               |
|                            | Government of the United States   | 10.00                 | 1.5%               |
|                            | Government of New Zealand         | 8.80                  | 1.3%               |
|                            | Government of Ireland             | 1.20                  | 0.2%               |
| <b>Total Contributions</b> |                                   | <b>673.33</b>         | <b>100%</b>        |

\* Exchange rate as at 30 September 2007, Source World Bank

## Pledges

To date, the Multi Donor Fund has received a total of US\$ 673.3 million pledges from 15 different donors as illustrated in the table page 21.

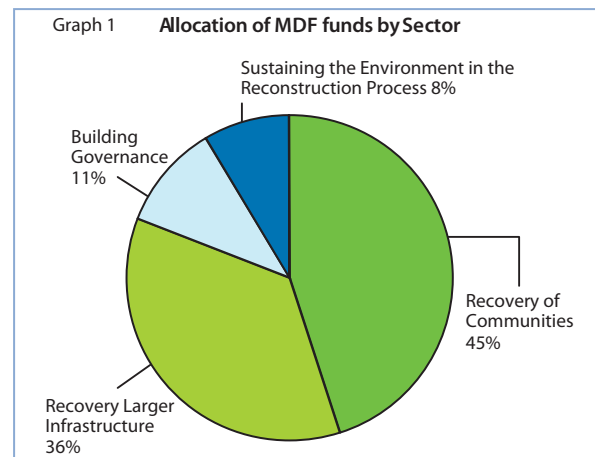
In 2006 and 2007 the Multi Donor Fund signed an additional contribution agreement with the Netherlands, the United Kingdom, Sweden and Germany. The total of the additional contribution from those four donors is US\$ 117.8 million.

## Cash Available

As of September 2007, all the pledges have been formalized through contribution agreements. Of the US\$ 673.3 million, the Multi Donor Fund has already received US\$ 416.0 million for its operations. Cash projections are monitored on regular basis to ensure that the Multi Donor Fund always has sufficient funds to continue operations.

## Allocation per Sector

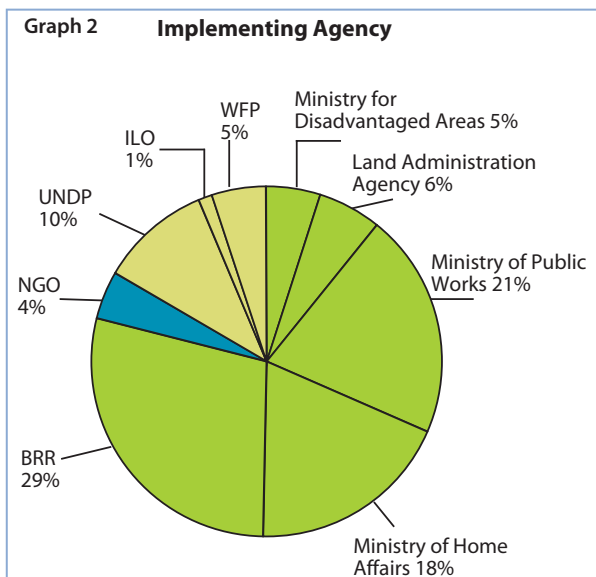
As of 30 September 2007, the Multi Donor Fund has allocated US\$492 million to 17 ongoing projects in four sectors: recovery of communities, infrastructure and transport, rebuilding governance and support of the sustainable management of the environment. The BRR has committed to contribute US\$ 236 million of its own fund to co-finance four of the 17 projects. Further, the Multi Donor Fund Steering Committee has approved two project proposals targeted at disaster risk reduction and economic recovery, valued at US\$ 59.9 million. Graph 1 shows the breakdown of the portfolio according to the sectors.



Construction has started on the section of IREP/IRFF supported national Road near Tapak Tuan. This is one of six sections of national roads (totaling 185 km) supported through IREP/IRFF which will link Meulaboh with Batas Sumut.

## Implementing Partners

The Multi Donor Fund has chosen to implement its projects through various Implementing Agencies. Approximately 79% of the portfolio is channeled through the Government's national budget to national-level agencies, thus enhancing alignment ("on-budget" implementation). Further, the Multi Donor Fund has agreements with UN agencies such as UNDP and WFP, while ILO implements one project under UNDP supervision. In most cases, close cooperation with District and Municipality level agencies have been set up as part of implementation arrangements. Finally, one national and two international NGOs have been chosen as Implementing Agencies. This variety of implementing partners aims at marrying international good practice with local knowledge to enhance the operations of the Multi Donor Fund. Graph 2 depicts the breakdown of allocations per Implementing Agency.



## Disbursement

As of September 2007, the Multi Donor Fund has disbursed US\$270 million to 17 projects. A large part of disbursement has been to the Government of Indonesia, since most of the Multi Donor Fund's portfolio is "on-budget". The United Nations agencies have received US\$ 66.1 million, while the three NGOs have received US\$5.5 million. In total, 55% of all allocated funds have been disbursed.

## Outlook

Graph 3 shows the expected timing for allocation and disbursement during the lifetime of the Fund. It is expected that the remaining funds will be allocated by mid-2008. Given that most projects need at least six to nine months to prepare and set up operations, an extension of the closing date of the Fund by an additional two years is under preparation.





### **Waiting for the raft**

*The community of Binjai village at Aceh Tamiang relies on their new raft, built with financing from The Kecamatan Development Project. The community is happy with the raft because they do not need to canoe or swim across the river like they used to. (Photographer: Siti Rahmah, World Bank Consultant).*





#### **Guarding the forest from depletion**

*This village head joined a field trip for participants from five districts to discuss the protection of Ulu Masen forests, organized by the Aceh Forest and Environment Project in July 2007. (Photographer: Zulfan Monika, staff of Flora Fauna International).*

## **Looking Ahead: Safeguarding the Investments of Reconstruction**

# 4

Experience has shown that reconstruction processes after large-scale disasters such as the earthquakes and tsunami can last up to ten years. While the BRR's reconstruction program will come to an end in 2009, the recovery will have to be carried forward by the Provincial and District Governments. Many needs remain to be fulfilled, but two issues now have become very urgent, namely managing the transition from BRR to the national, provincial and local governments and restarting the economy. Both transition and economic development will be critical for the next phase of the reconstruction which will need to establish the continuity between reconstruction and the longer term development of the regions.

While a large part of reconstruction programs will be completed by December 2008, there is a need to further support the next phase of the recovery. With US\$ 126 million of unallocated funds outstanding, the Multi Donor Fund is the largest source of remaining unearmarked funds for the reconstruction. At the same time, the Multi Donor Fund will continue to run beyond the lifespan of the BRR and many of the other international stakeholders (bilateral, multilateral and NGOs). This places the Multi Donor Fund in a strong position to provide support to the upcoming transition process and economic recovery.

**Sustaining the peace in Aceh is critical for long term growth and development and the safeguarding of reconstruction investments.**

The peace agreement signed in Helsinki, the ensuing Reintegration Program that received support by many parties, the development of the Law on Local Governance for Aceh and finally the first direct democratic elections in 2006 and 2007 have laid the foundations for peace and stability.

However, the conflict years had a lasting impact on the welfare of Aceh's population. By "Building Back Better" the reconstruction program aims to support the agendas of peace and equitable growth. The Multi Donor Fund strives to support a balanced reconstruction process by investing not only in directly affected communities, but also supporting the lesser affected hinterlands, rebuilding key infrastructure that provides access to larger parts of the population and protecting resources across the Province. In the near future, the cooperation with the Provincial Government on economic development will focus on the creation of further chances for equitable growth.

## Managing the Transition

**With less than one and a half years before the Government's reconstruction program through BRR will officially be completed in April 2009, the transition process has begun.** Over the next 12-15 months, assets from both Government-led reconstruction as well as other reconstruction stakeholders will be transferred to government various entities. In order to ensure that this is done in a relatively seamless way, it is of vital importance that the Provincial and District/ Municipality Governments be enabled to receive and manage reconstruction results in a sustainable manner.

**The Provincial and District Governments in Aceh will see a very significant increase of budget allocations from the Special Autonomy Funds** in the upcoming years that should enable them to continue the recovery process and render investments sustainable. Nias, on the contrary,

does not enjoy such benefits and due to its isolation and rather low productivity will face budgetary constraints once the external support wanes off. Further, given that Aceh and Nias still face the challenges of weak governance local governments in both regions will need further assistance. There is a current exercise by BRR, the Aceh Provincial Government, donors, NGOs, project teams as well as other stakeholders to determine the needs required to prepare for this transition.

**The Multi Donor Fund has facilitated a policy dialogue meeting in November 2007 to bring all necessary parties together** and discuss the draft BRR Strategy for Transition as well as the remaining gaps in funding transition. As the strategy and gaps are better understood, the Multi Donor Fund stands ready to provide assistance where needed and is currently reviewing two potential projects that would assist in filling the needs required for a smooth transition.

## Recovery of Livelihoods to Promote Growth and Sustainability

**To date the restoration of the productive sectors, such as enterprises, fisheries or agriculture, has largely focused on the rehabilitation of physical assets** (land waste clearing, rehabilitation of fish ponds, irrigation programs). Only little has been done to contribute to improving the competitiveness of those sectors. While Aceh has strong potential for growth, recent growth of the Acehese economy happened in sectors that are largely driven by the reconstruction. In Nias, due to the remoteness of many areas of this island, it will be important to strengthen and diversify income opportunities from agriculture and fisheries as well as added value on local products. Once the reconstruction is no longer driving the economy, the economy in both regions is likely to stagnate and further drive up unemployment, unless economic recovery and development receives strong support now.

**To safeguard reconstruction investments and support the prospect of a stable and peaceful future for Aceh and Nias, it will be important to ensure an economy is in place** that can utilize and maintain the infrastructures built while also encouraging ongoing investment and future growth. The Multi Donor Fund in cooperation with the BRR and the Provincial Governments of Aceh and North Sumatra in 2007 prepared to invest in this critical area.

**The Fund has already allocated US\$50 million in funds to an economic development financing project for Aceh** to support the agenda of the Provincial Government of Aceh and financing selected subprojects. Nias will be covered through a separate project that is currently being designed in cooperation with the BRR and the Provincial Government of North Sumatra to address such pressing issues as of lack of access to markets and services.



**Women's participation in house building**

*The Community-Based Settlement Rehabilitation and Reconstruction Project (REKOMPAK) encourages women to participate in the reconstruction of houses. Twenty seven percent of participants in REKOMPAK planning meetings were women. (Photographer: Nazriady, Field Assistant PMC REKOMPAK)*



### **Women's participation in development**

*The Kecamatan Development Program promotes women's participation in implementation and decision making. Over 1 million women were involved in KDP planning processes. (Photographer: Siti Rahmah, World Bank Consultant)*

## Annexes

### Project Portfolio

| No           | Projects  | Amount                    |
|--------------|---|---------------------------|
| 1            | Kecamatan Development Project (KDP)   | US\$ 64.7 million         |
| 2            | Urban Poverty Program (UPP)   | US\$ 18.0 million         |
| 3            | Community-Based Settlement Rehabilitation and Reconstruction Project *          | US\$ 90.0 million         |
| 4            | Reconstruction of Aceh Land Administration System Project (RALAS)               | US\$ 28.5 million         |
| 5            | Technical Support for Badan Rehabilitasi dan Rekonstruksi NAD-Nias (TA to BRR)  | US\$ 14.7 million         |
| 6            | Tsunami Recovery Waste Management Program (TRWMP)                               | US\$ 24.7 million         |
| 7            | Strengthening Civil Society Organization in Community Recovery in Aceh and Nias | US\$ 6.0 million          |
| 8            | Sea Delivery and Logistic Program   | US\$ 24.7 million         |
| 9            | Tsunami Recovery Port Redevelopment Program (TRRP)                              | US\$ 3.8 million          |
| 10           | Local Resource-Based Road Works in Aceh and Nias                                | US\$ 6.4 million          |
| 11           | Aceh Forest and Environment Project (AFEP)                                      | US\$ 17.5 million         |
| 12           | Flood Mitigation Program for Banda Aceh   | US\$ 4.5 million          |
| 13           | Infrastructure Reconstruction Enabling Program (IREP)                           | US\$ 42.0 million         |
| 14           | Infrastructure Reconstruction Financing Facility (IRFF) *                       | US\$ 300 million          |
| 15           | Kecamatan Rehabilitation and Reconstruction Planning Project for Nias (KRRP) *  | US\$ 51.5 million         |
| 16           | Support for Poor and Disadvantaged Areas Project (SPADA) *                      | US\$ 39.6 million         |
| 17           | Lamno-Calang Road Maintenance Project   | US\$ 1.5 million          |
| <b>Total</b> |   | <b>US\$ 738.1 million</b> |

\* Co-financing with BRR.

## 1. Kecamatan Development Project (KDP)

| Overview   |                       |                             |
|--|-----------------------|-----------------------------|
| <b>The Kecamatan Development Program (KDP) provides block grants directly to villages for community-led reconstruction. This supports the restoration of community infrastructure in over 2,900 villages across Aceh and Nias.</b> | Grant Amount          | US\$ 64.7 million           |
|  | Implementation Period | August 2005 – December 2008 |
|  | Partner Agency        | World Bank                  |
|  | Implementing Agency   | Ministry of Home Affairs    |
|  | Disbursements         | US\$ 64.7 million (100%)    |

At KDP, communities decide on their priority needs in terms of tertiary infrastructure and support for economic activities or socially vulnerable groups. Block grants with a total value of US\$ 49 million have been directly transferred to sub-districts where democratic decisions have been taken on which village receives what amount of funding. KDP has a solid multi-layered control mechanism to prevent corruption throughout planning and implementation of village projects.

### Challenges

With Multi Donor Fund block grants all spent by communities it will be important to sustain community-led development activities from other sources of funding such as the national loan and the upcoming National Community Empowerment Program (PNPM)

### Achievements to date

To date, all funds have been disbursed to sub-district accounts, and all villages have either completed their activities or are in the final stages of construction. More than 90% of the funds were used for infrastructure. All sub-projects are expected to be completed by March 2008.

| Results  | Targets*              | Achievements          |
|--|-----------------------|-----------------------|
| Roads repaired/constructed (km)                | 2,412                 | 2,329                 |
| Bridges repaired/constructed (unit)            | 1,007                 | 864                   |
| Irrigation and drainage (km)                   | 931                   | 891                   |
| Clean water projects (units)                   | 598                   | 588                   |
| Water storage reservoirs (units)               | 118                   | 118                   |
| Sanitation units                               | 939                   | 754                   |
| Markets  | 21                    | 19                    |
| School buildings                               | 289                   | 262                   |
| Health clinics/posts                           | 33                    | 33                    |
| Value of scholarships and number of recipients | US\$ 380,604<br>6,052 | US\$ 329,967<br>6,022 |
| Amount for loans                               | US\$ 379,000          | US\$ 346,544          |
| ▪ Number of recipients                         | • 4,045               | • 3,694               |
| ▪ Number of businesses/groups                  | • 350                 | • 350                 |
| Persons employed through sub-projects          | n/a                   | 426,141               |
| Workdays generated                             | n/a                   | 4,922,281             |
| Emergency relief funds                         | US\$ 4,528,898        | US\$ 4,502,586        |



#### Rubber farmer on his way to town

A rubber farmer from Aceh Timur is on his way to town where he will sell rubber. The Kecamatan Development Project support in this sub-district has allowed individuals who do not own plantations to acquire participations in existing plantations to farm a certain acreage for a set period of time. (Photographer: Milena Seibold, World Bank Consultant)

## 2. Urban Poverty Project (UPP)

| Overview   |                       |                             |
|--|-----------------------|-----------------------------|
| <i>The Urban Poverty Project (UPP) provides block grants directly to 271 communities to rehabilitate and develop community infrastructure in Acehese municipalities.</i> | Grant Amount          | US\$ 18.0 million           |
|  | Implementation Period | August 2005 – December 2009 |
|  | Partner Agency        | World Bank                  |
|  | Implementing Agency   | Ministry of Public Works    |
|  | Disbursements         | US\$ 17.9 million           |

UPP promotes a bottom-up participatory planning approach to identify core needs for the reconstruction and the resumption of economic activities in urban neighborhoods. It builds on democratically- elected neighborhood committees and the involvement of volunteers to conduct damage assessments, develop community development plans, and prioritize activities to be funded through the project. Community participation and empowerment are crucial to the success of the project.

### Challenges

One ongoing challenge is coordination on the ground, since urban communities are much more attractive for third party investments as compared to remote rural areas. Replanning of community subprojects, after other parties had done civil works, has slowed down the project in some areas. Increasing tangible benefits for women is another challenge that the project has taken up.

### Achievements to date

Implementation in most communities has been completed. Communities outside of Banda Aceh often opted to provide labor themselves instead of hiring workers. In this way, result could be increased significantly. The remaining 10% are in the final stages of completing works. Reacting to the need to increase direct benefits for women, UPP has also introduced a two-phased component for female empowerment in 2008. Phase I will provide 100 million Rupiah to 50 urban communities for strengthening female roles and participation in project implementation.

| Results                            | Initial Plan | Achievements |
|------------------------------------|--------------|--------------|
| Roads repaired/reconstructed in km | 61           | 199          |
| Reconstruction of bridges in m     | 6,150        | 1,353        |
| Drainage (in km)                   | 37           | 178          |
| Clean water projects (units)       | 79           | 442          |
| Sanitation units                   | 22           | 278          |
| School buildings                   | -            | 20           |
| Students receiving scholarships    | -            | 2,713        |
| Value of scholarship (US\$)        | -            | 49,891       |
| Health clinics/posts               | 29           | 10           |
| Waste disposal facilities          | 284          | 426          |
| Work days generated                | -            | 861,980      |
| Social Aid funds                   | -            | 547,978      |



*These initial priorities of communities have been adjusted when e.g. other actors have taken up planned subprojects and to increase the fund for social.*

### 3. Community-Based Settlement Rehabilitation and Reconstruction Project (REKOMPAK)

|   | Overview              |   |
|---|-----------------------|---|
| <i>The Community-Based Settlement Rehabilitation and Reconstruction Project provides grants to 130 communities to rebuild and repair houses and rehabilitate their settlement infrastructure through a community-driven approach.</i> | Grant Amount          | US\$ 90 million (incl. US\$ 5 million BRR co-financing) |
|   | Implementation Period | October 2005 – February 2009                            |
|   | Partner Agency        | World Bank  |
|   | Implementing Agency   | Ministry of Public Works                                |
|   | Disbursements         | US\$ 78.2 million                                       |

Supported by this project, communities jointly map and assess the damages in their communities to establish construction needs and to identify housing beneficiaries. The project fills remaining housing gaps in 130 communities. Grant recipients will rebuild about 8,000 houses and repair about 7,000 houses. This is the only project that has supported the rehabilitation of houses. It also provides grants to rebuild community infrastructure based on jointly developed settlement plans. Housing facilitators strive to ensure that the quality of all works is up to standard.

#### Challenges

Due to low technical capacities of workers, reluctance to change and the burden of a strong oversight on each house, building earthquake safe houses has been a challenge. The project has reacted with a comprehensive audit of the quality of houses and introducing structural improvements. Raising the occupancy rate for new houses will be the next challenge.

#### Achievements to date

The community-driven approach has proven to be efficient in rebuilding houses within the span of a few months and creates strong ownership with the beneficiaries and a sense of pride in their achievements. However, occupancy of new houses is not optimal at 82% – the project investigates the reasons to develop a strategy.

| Results   | Targets | Achievement |     |
|---|---------|-------------|-----|
| Houses reconstructed  | 8,112*  |             |     |
| • Complete  |         | 4,434       | 55% |
| • Under construction  |         | 3,410       | 43% |
| Houses rehabilitated  | 7,077** |             |     |
| • Complete  |         | 5,192       | 73% |
| • Under construction  |         | 1,725       | 25% |
| Community settlement plans  | 128     | 123         | 96% |
| Short-term employment created (man-days)  | n/a     | 7,480,613   |     |
| * 162 housing beneficiaries awaiting funding; 106 houses still in identification process.   |         |             |     |
| ** 83 rehabilitation beneficiaries awaiting funding; 77 houses still in identification process.   |         |             |     |
| <b>A well planned village</b>   |         |             |     |
| <i>Based on consensus, community members in Lambung village Banda Aceh -- a REKOMPAK site -- agrees to provide some of their land for roads or for other village spatial planning purposes. (Photographer: Muhammad Nasir, World Bank, IT Aceh)</i> |         |             |     |





## 4. Reconstruction of Aceh Land Administration System Project (RALAS)

| Overview  |                       |   |
|---|-----------------------|---|
| <i>The Reconstruction of Aceh Land Administration System Project identifies land ownership and issues land titles. Over three years, landowners in Aceh and Nias will receive legal title documents which will provide them with a solid foundation for restarting their lives.</i> | Grant Amount          | US\$ 28.5 million                         |
|   | Implementation Period | June 2005 – December 2008                 |
|   | Partner Agency        | World Bank                                |
|   | Implementing Agency   | National Land Administration Agency (BPN) |
|   | Disbursements         | US\$ 11.7 million                         |

All land ownership is restored through a multi-tiered process. Facilitated by NGOs or Land Administration Agency (BPN), communities conduct a land inventory process in accordance with BPN guidelines. BPN adjudicates the results by measuring the parcels and validating community agreements on ownership and boundary demarcation. Results of adjudication are publicized for four weeks, followed by registration and issuance of the land titles. All services are free of charge. The project also establishes a modern land administration data base to prevent the loss of documentation caused by future disasters. In addition, the project also restores some of the land administration buildings that were destroyed due to the tsunami.

### Challenges

Progress has been slower than expected due to management issues and it will be important to speed up the delivery of titles as well as ensure that all newly built houses will have a land title to them.

### Achievements to date

This project has strengthened local capacities in land management. It trained 680 NGO facilitators as well as 480 new BPN staff. Three land offices have been built or are in the final stages of completion. The project further had the following positive impacts:

- Helped to jump-start community land mapping and adjudication of land ownership rights as a village/community based exercise
- Female landownership through joint titling
- Facilitated resolution of land disputes at the local level
- Preventing land grabbing and speculation
- Introduction of a computerized land registration system

| Results                                  | Targets | Achievements |
|--|---------|--------------|
| Land titles distributed                  | 600,000 | 104,429      |
| Joint titles/female ownership            | n/a     | 10%          |
| Land titles registered in land book      | 600,000 | 118,935      |
| Land parcels out for public Notification | 600,000 | 157,880      |
| Land parcels officially surveyed by BPN  | 600,000 | 210,591      |
| Community land mapping                   | 600,000 | 211,650      |



## 5. Technical Support for Badan Rehabilitasi dan Rekonstruksi NAD-Nias (TA to BRR)

| Overview   |                       |                                      |
|--|-----------------------|--------------------------------------|
| <i>The Technical Assistance to BRR Project supports the Agency for Rehabilitation and Reconstruction (BRR) to efficiently implement its mandate in planning, implementing, supervision and coordination of the recovery process through provision of technical support and key services.</i> | Grant Amount          | US\$ 14.7 million                    |
|  | Implementation Period | July 2005 – December 2007            |
|  | Partner Agency        | United Nations Development Programme |
|  | Implementing Agency   | BRR                                  |
|  | Disbursements         | US\$ 14.7 million                    |

This project enables BRR to enhance the quality of its operations and the implementation of the Government's reconstruction program in all relevant sectors. It provides national and international expertise tailored to the BRR's specific needs, both in the central as well as regional offices of the BRR. Project support consists of (i) recruitment of individual consultants, (ii) the procurement of key services for BRR operations, and (iii) and enhancing transparency in decision making and strengthened participation of all stakeholders. The project is nearing completion.

### Challenges

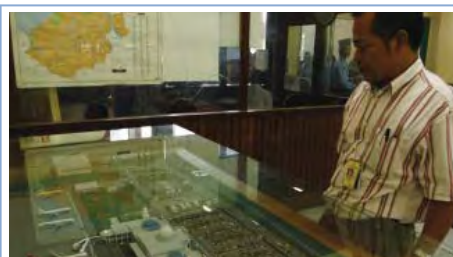
In a dynamic environment it is a constant challenge for technical assistance to react to the immediate demands and the structural changes as witnessed by the BRR and to demonstrate the impact of technical assistance when it is strongly embedded in the wider operations.

### Achievements to date

To date, the project has hired 57 technical experts for 463 person months to assist various BRR departments to affectively implement their tasks in areas such as housing, infrastructure (urban planning, coastal engineering, ports, irrigation, drainage, etc.), environment and timber management, spatial planning, and health, as well as overall coordination and good governance. These embedded services have been important to help define quality standards for the reconstruction process and implement them, both for the Government's program as well as the wider reconstruction program.

Operational services such as legal support, support to human resource management, installation and management of IT have been contracted through external companies. Further, the BRR Anti-Corruption Unit and the Relocation Unit, that helps Acehnese households to relocate to more suitable land, were set up through this funding.

| Selected results since January 2007                                | Achievements* |
|--|---------------|
| Support to guideline, strategy and policy development              | 151           |
| Project proposals reviewed   | 123           |
| BRR projects monitored for quality                                 | 192           |
| Households relocated (target: 17,407)                              | 7,258         |
| * Due to the dynamic environment, targets are constantly evolving. |               |



## 6. Tsunami Recovery Waste Management Program (TRWMP)

| Overview  |                       |   |
|---|-----------------------|---|
| <i>The Tsunami Recovery Waste Management Program builds government capacity in waste management, creates immediate employment and longer-term livelihoods in waste management and provides benefits to the environment through collection, recovery and recycling of waste materials.</i> | Grant Amount          | US\$ 24.4 million                           |
|   | Implementation Period | September 2005 – December 2009              |
|   | Partner Agency        | United Nations Development Programme (UNDP) |
|   | Implementing Agency   | UNDP cooperation with local governments     |
|   | Disbursements         | US\$ 14.4 million                           |


The project provides a coordinated response to the public health concerns and environmental impacts of tsunami and earthquake waste, and municipal solid waste. Much of the disaster waste is recycled, with potential for use in rehabilitation and reconstruction. The project also creates employment through “cash for work” and sustainable livelihoods in recycling related activities. A second phase of the project will focus on making municipal waste services sustainable by focusing on capacity building as well as operations and maintenance activities.

### Challenges

The main challenge is to provide sustainable services through securing adequate budget support for waste management activities, based on a strong buy-in of local governments and the population.

### Achievements to date

The project removed 20% of all tsunami generated waste in Aceh, enabling 1,400 families to return to working their fields and fish ponds while also reducing environmental and health risks. Municipal waste services in eight districts have resumed supported through setting up or upgrading of interim landfills. In the next phase local governments will be supported in setting up permanent landfills. While two carpentry workshops have already been set up to recycle tsunami wood into furniture, further sustainable livelihood creation programs are currently under development.

| Results   | September 2007* |  |
|---|-----------------|---|
| Tsunami generated waste cleared (m3)  | 1,113,557       |   |
| Municipal waste collected (m3)  | 114,961         |   |
| Municipal waste services coverage in target areas (population)                                  | 47%             |   |
| Number and size of interim landfills (waste cells in ha)  | 10 (20 ha)      |   |
| Rice paddies/fish ponds rehabilitated (ha)  | 800             |   |
| Private and government buildings demolished (#)   | 342             |   |
| Tsunami wood stockpiled and processed for recycling (m3)  | 17,733/ 2,925   |   |
| Agricultural grade compost produced (kg)  | 10,285          |   |
| Recycled rubble provided for road construction (km)   | 87.4            |   |
| Total short-term employment and average persons employed per day since project start (man-days) | 400,000<br>844  |   |
| women / IDPs employed (%)   | 28/ 32          |   |

\* These results cover Phase 1, where activities evolved as the project moved on. Phase 2 will report against set targets.

(Photographer: Muhammad Nasir, World Bank, IT Aceh)

## 7. Strengthening Civil Society Organizations in Community Recovery in Aceh and Nias

| Overview   |                       |                                      |
|--|-----------------------|--------------------------------------|
| <i>This project builds technical and organizational capacities of Non-Governmental Organizations and Community-Based Organizations in Aceh and Nias. Small grants enable NGOs and CBOs to engage in demand-oriented reconstruction activities.</i> | Grant Amount          | US\$ 6.0 million                     |
|  | Implementation Period | December 2005 – February 2010        |
|  | Partner Agency        | United Nations Development Programme |
|  | Implementing Agency   | UNDP                                 |
|  | Disbursements         | US\$ 3.0 million                     |

The project also supports NGOs and their networks to set up local Resource Centers as focal points for activities, exchange, training, and dialogue with the local governments and civil society. Civil Society Organizations (CSO) will participate in training and compete for small grants that can be used either for monitoring of reconstruction activities or as community development grants. In this way, the project can support initiatives such as building basic social services and income generating activities.

### Challenges

The project faces the challenge to fast track the disbursement of small grants due to start-up delays to ensure that especially monitoring activities will still have a positive impact on the reconstruction process.

### Achievements to date

The Civil Society Resource Center in Aceh has been initiated, while a similar center in Nias is still in preparation. Small grants selection in Aceh is ongoing.

| Results                                  | September 2007    |
|--|-------------------|
| Small grants provided/ value of grants   | 16/ US\$ 300,000  |
| Beneficiaries of livelihood grants       | 530 men/339 women |
| NGO staff trained (training of trainers) | 12 men/2 women    |



*Small grants will enable community based organizations to contribute to the living conditions of communities in Aceh and Nias.*

## 8. Sea Delivery and Logistics Program

| Overview  |                       |                            |
|---|-----------------------|----------------------------|
| <i>This project fills a vital need during the reconstruction as it supports the logistics of transportation of reconstruction materials. This support enables reconstruction agencies to move cargo critical for the progress of reconstruction to the West Coast of Aceh and even remote landing sites on Nias and Simeulue.</i> | Grant Amount          | US\$ 24.7 million          |
|   | Implementation Period | March 2006 – February 2010 |
|   | Partner Agency        | World Food Programme       |
|   | Implementing Agency   | World Food Programme       |
|   | Disbursements         | US\$ 24.7 million          |

This project provided a full-fledged shipping service throughout 2006. Since then, shipping of goods has transitioned to the commercial sector, while the project continues to provide logistics support. It also continues to operate heavy equipment such as forklifts and reach stackers to enable off-loading of cargo in an efficient and safe manner.


### Challenges

Since the project operates valuable heavy equipment, it will be a challenge to ensure that the relevant authorities that receive the equipment (e.g. ports authorities) are capable of operating and maintaining the equipment to enhance ports operations in Aceh and Nias.

### Achievements to date

The project has transported a total of 98,185mt/256,006m<sup>3</sup> of relief and reconstruction cargo during late 2005 and throughout 2006. Major discharging ports for the transported goods to date have been Gunung Sitoli on Nias, Sinabang on Simeulue, Calang and Pulo Aceh, three of which are island destinations. Transportation of goods to other remote beaches in Nias and Simeulue has been another major benefit of this project, since many locations cannot be reached by larger trucks.

WFP is currently redesigning the project. It will continue to provide logistical support as well as facilitate much needed classroom and on-the-job training to port authorities. Such activity is important to ensure that newly built ports will be managed sustainably and heavy equipment be operated safely. This expansion in scope will complement the reconstruction of ports in Aceh and Nias through other Multi Donor Fund projects, where designs were prepared by the UNDP Ports Redevelopment project to be funded by the IRFF project.

| Results   | September 2007   |  |
|---|------------------|---|
| Reconstruction materials shipped (until Dec 2006, metric tons)  | 98,185 mts       |   |
| Number of agencies that used shipping service (until Dec 2006)  | 82 users         |   |
| <ul style="list-style-type: none"> <li>• International Red Cross Agencies 51%</li> <li>• UN Agencies 25%</li> <li>• Other NGO/reconstruction agencies 20%</li> <li>• Government 4%</li> </ul> |                  |   |
| Cargo movement facilitated through logistics services (since Jan 2007, metric tons)   | about 50,000 mts |   |

*Rental of heavy equipment has enabled the unloading of reconstruction materials at remote beaches of Simeulue and Nias.*

## 9. Tsunami Recovery Port Redevelopment Program (TRPRP)

| Overview  |                       |                                      |
|---|-----------------------|--------------------------------------|
| <i>This project provides physical designs and further technical support for the reconstruction of major sea ports in Aceh and Nias.</i> | Grant Amount          | US\$ 3.8 million                     |
|   | Implementation Period | December 2005 - December 2007        |
|   | Partner Agency        | United Nations Development Programme |
|   | Implementing Agency   | UNDP                                 |
|   | Disbursements         | US\$ 3.6 million                     |

The project prepares detailed designs, environmental impact assessments and economic feasibility studies for port reconstruction. The project also improves the functionality of several ports through minor rehabilitation works and the construction of temporary wharves.

All activities are coordinated with the BRR, the Provincial, District and Municipal Agencies for Transport, and the Department of Sea Communications and complement work done in other ports of Aceh. Activities are also based on close consultation with communities and representatives of local fishermen and other sea related stakeholders.

### Challenges

The Lamno fisheries port has been built by the local government. For the other designs, it will be important to ensure that the designs will be implemented through other sources of funding (e.g. IRFF).

### Achievements to date

This project has completed the redesign and the required assessments and studies of sea ports in Calang, Meulaboh, Sinabang and a river port in Lamno. In Gunung Sitoli the project reviewed a previous design so that works can be tendered. Temporary wharves in two locations and other works are completed, thus enabling better docking conditions and storage of cargo. In a next step these designs will be funded through BRR.

| Results  | Targets | September 2007 |
|--|---------|----------------|
| Ports redesigned   | 5       | 5              |
| Functionality of ports improved  |         |                |
| <ul style="list-style-type: none"> <li>land sites</li> <li>temporary wharves</li> </ul>  | 2<br>2  | 1*<br>2        |
| * Scope was reduced (no works in Balohan) since local government had taken up the works. |         |                |
| <i>Temporary wharves have helped facilitate the transport to these locations.</i>        |         |                |



## 10. Local Resource-Based Road Works in Aceh and Nias

| Overview  |                       |                                      |
|---|-----------------------|--------------------------------------|
| <i>This project builds capacities of local governments and contractors to reconstruct and maintain roads with low-tech methods. It rehabilitates district roads in five districts in Aceh and Nias, drawing on local resources, creating short-term and long-term employment opportunities.</i> | Grant Amount          | US\$ 6.4 million                     |
|   | Implementation Period | January 2006 – December 2008         |
|   | Partner Agency        | United Nations Development Programme |
|   | Implementing Agency   | International Labour Organization    |
|   | Disbursements         | US\$ 4.4 million                     |

This project trains local governments to effectively manage reconstruction and maintenance of district level roads and small contractors to build roads with cost-effective local resource-based methods. Using local work force and a low-tech approach will enable contractors to compete for road construction and maintenance works in the recovery process and beyond.

The project provides short-term employment opportunities for the local workforce in the rehabilitation of roads and longer-term opportunities in maintenance of roads. It pursues strong stakeholder involvement, including community involvement as an important part of the planning and implementation processes on the ground.

### Challenges

The project met strong interest on the side of governments and contractors. The challenge is to introduce the local resource-based approach as a regular practice, something for which longer support would be needed than this project currently covers.

### Achievements to date

The project has successfully engaged government officials and communities in the districts of Nias, Aceh Besar, Pidie and Bireuen in building their capacity in local resource-based methods.

| Results   | Initial targets | September 2007 |
|---|-----------------|----------------|
| District roads rebuilt: completed (km)  | 98*             | 43             |
| under construction (km)   |                 | 48             |
| Number of district government staff   |                 |                |
| - Engineers and Supervisors   | 15              | 67             |
| - Staff trained in managing public infrastructure   | 15              | 43             |
| - % of women  | 30%             | 6%             |
| Number of local contractors trained   |                 |                |
| - Engineers and Supervisors   | 60              | 95             |
| - Managers trained in tendering procedures  | 20              | 71             |
| Short-term employment created (days)  | 300,000*        | 123,659        |
| - % of women (Aceh)   |                 | 16.3%          |
| - % of women (Nias)   |                 | 36.4%          |
| * Initial targets of 130 km/300,000 man-days were reduced due to cost increase and slight changes in methods since most works consist of reconstruction rather than rehabilitation. |                 |                |
| <i>Road construction with resource-intensive methods creates local labor opportunities.</i>   |                 |                |



## 11. Aceh Forest and Environment Project (AFEP)

| Overview   |                       |  |
|--|-----------------------|--|
| <p><i>The project helps protect the Leuser and Ulu Masen forest ecosystems from illegal logging. Sound protection of the 3.3 million hectare area will help protect the water supply of 60% of the Acehese population as well as South East Asia's richest remaining biodiversity.</i></p> | Grant Amount          | US\$ 17.5 million  |
|  | Implementation Period | February 2006 – June 2010                                      |
|  | Partner Agency        | World Bank   |
|  | Implementing Agency   | Leuser International Foundation; Fauna and Flora International |
|  | Disbursements         | US\$ 4.7 million   |

The project seeks to establish an appropriate balance between forest protection and economic benefits and livelihood opportunities to local communities. Protection is based on a multi-stakeholder governance framework, forest monitoring and sustainable forest management. Activities include capacity building for government forest and park management agencies. Environmental sustainability will further be promoted through support to spatial planning, environmental awareness campaigns, community-based rehabilitation activities, and through assessing the use of carbon trading as a funding mechanism for conservation.

### Challenges

In order to sustain protection it is a critical challenge to provide alternative livelihoods to illegal logging – something that the project cannot achieve alone. Also, the project must remain flexible to adjust the project support to the political agenda of the Provincial Government, e.g. the recent moratorium on illegal logging.

### Achievements to date

The project has developed a baseline for the status of the Leuser and Ulu Masen Ecosystems: at the end of 2006, 69% of both ecosystems were categorized as undisturbed forests, while the remaining areas were disturbed or even non-forested.

It further worked towards the establishment of a multi-stakeholder governance framework, supported spatial planning, trained government officers and forest monitors, conducted monitoring of forest status (satellite, aerial, on-the-ground data), helped set up a Timber Information Center and conducted awareness creation activities (traditional leaders, schools etc.). Also, reforestation activities were continued.

| Results  | Targets by 2010                     | September 2007          |
|--|-------------------------------------|-------------------------|
| Spatial plans (community level/district level)           | 40 villages/ 10 mukims/ 7 districts | 9 villages/ 1 district  |
| Teachers trained in conservation (female teachers in %)  | 500                                 | 281 (43%)               |
| School Eco-clubs established (number of members)         | 500                                 | 4 clubs (1,500 members) |
| Governmental forest guards trained (number of women)     | 1,000                               | 1,000 (89)              |
| Conservation/Forestry officers trained (number of women) |                                     | 36 (2)                  |
| Community monitors trained (number of women)             | 15                                  | 138 (1)                 |
| Forest replanted (ha)                                    | 5,000                               | 670                     |

#### Field Trip for village leaders

*A five day study tour of traditional community leaders -- looking after housing, water sources and forestry -- from four locations in Geumpang, Pidie at the Teunom river streams between Pidie and Hilir in Aceh Jaya. (Photographer: Zulfan Monika, staff of Flora Fauna International)*





## 12. Flood Mitigation Program for Banda Aceh

| Overview   |                       |                        |
|--|-----------------------|------------------------|
| <i>The Flood Mitigation Program for Banda Aceh will help protect the central business area of Aceh's provincial capital Banda Aceh against flooding.</i> | Grant Amount          | US\$ 4.5 million       |
|  | Implementation Period | April 2006 – June 2008 |
|  | Partner Agency        | World Bank             |
|  | Implementing Agency   | Muslim Aid             |
|  | Disbursements         | US\$ 0.9 million       |

Even in pre-tsunami times, Banda Aceh has been prone to flooding from tide and rains. The destruction of flood gates as well as pumping stations has resulted in periodic flooding of the low-lying areas of Banda Aceh. Without flood protection, reconstructed public and private goods are prone to new damage. The project installs state-of-the-art rubber flood valves and restores the pumping and drainage system in Drainage Zone 2. It closely coordinates with the overall drainage and flood prevention reconstruction plan of the Municipality. Government staff is trained to ensure maintenance and sustainability of the installed hardware.


### Challenges

It has proven to be a challenge to implement this infrastructure project through an International NGO focused on community development. Further, to ensure that the reconstructed drainage infrastructure will not clog with waste, the project will need to cooperate and integrate its works with other waste management projects in the Banda Aceh urban areas.

### Achievements to date

In early 2006, the project installed 11 flood valves to prevent tidal flooding and drain one of the most flood-prone areas of Banda Aceh. This has resulted in absence of flooding after rains and during high tide, leading to increased community satisfaction.

Further, design plans were completed and tendering has begun for the reconstruction of three pumping stations and the installation of flood valves. Construction and rehabilitation of 4,400 meters of main drainage channels and rehabilitation of 12,300 meters of secondary drainage channels has begun. Main civil works are expected to be finished in 2008.

| Results   | Targets   | September 2007  |
|---|---|---|
| Immediate flood reduction through flood valves  | 11  | 11  |
| Drainage system reconstructed <ul style="list-style-type: none"> <li>• Pumping stations</li> <li>• flood valves</li> <li>• drainage (reconstruction/ rehabilitation)</li> </ul> | 3 stations<br>All flood valves in Zone 2<br>4.4km/ 12.3km | Works started<br>Design ongoing<br>Works started  |
|    |   | <p><i>Duck bill flood valves are state-of-the-art technology to prevent tidal flooding and allow proper drainage at low maintenance cost.</i></p> |

### 13. Infrastructure Reconstruction Enabling Program (IREP)

| Overview  |                       |                            |
|---|-----------------------|----------------------------|
| <i>The Infrastructure Reconstruction Enabling Project (IREP) enables a coordinated reconstruction of infrastructure in Aceh and Nias. It provides strategic planning, designs for physical infrastructure and implementation support.</i> | Grant Amount          | US\$ 42.0 million          |
|   | Implementation Period | July 2006 – September 2009 |
|   | Partner Agency        | World Bank                 |
|   | Implementing Agency   | BRR                        |
|   | Disbursements         | US\$ 3.6 million           |

IREP provides technical assistance at two levels. An Infrastructure Program Management Team, under the supervision of the BRR, assists in strategic planning and coordination of all infrastructure activities for Aceh and Nias. Concurrently, technical teams design infrastructure and provide implementation support. Infrastructure covers national, provincial and district level. These designs will be funded through the Infrastructure Reconstruction Funding Facility, co-financed by the Multi Donor Fund and the BRR, and other funding sources.

Local governments are closely involved in the project. The project aims to strengthen their capacities in strategic planning, project design, implementation and supervision as well as operation and maintenance to better prepare them for their role in the future development of the region. IREP will focus on ensuring that investments are sustainable, and that local governments are prepared for the post-BRR setting.

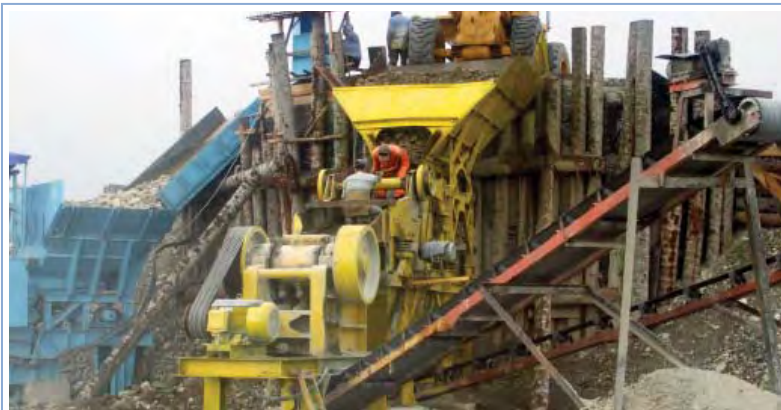
#### **Challenges**

With BRR completing its works at the end of 2008, the project will need to develop on time a transition strategy to support the proper hand-over of both the BRR's infrastructure program, as well as the IRFF program to the relevant authorities.

#### **Achievements to date**

Five IREP consultant teams have been mobilized, some with a few months delay. This explains the current low disbursement rate. IREP consultancy teams are providing ongoing support to the IRFF program and BRR's infrastructure program including the development of the strategic infrastructure plan, annual infrastructure investment plans, and annual procurement plans for the whole of Aceh and Nias. Teams also support the development of investment plans at the regional level for the west coast and Nias.

To date, the teams have helped prepare a total of 30 investment packages to build roads on national, provincial and district level (666.3 km), three water systems and three ports. Six contracts are under construction while the others are at various stages of tendering and awarding (see IRFF fact sheet).



*A stone crushing plant to provide materials for the IREP/IRFF supported Meulaboh-Batas Sumut road is already operating. Together with the BRR, IREP technical assistance will provide quality assurance of materials and construction supervision of all IRFF funded works.*

## 14. Infrastructure Reconstruction Financing Facility (IRFF)

|  | Overview              |   |
|--|-----------------------|---|
| <i>The Infrastructure Reconstruction Financing Facility (IRFF) is a BRR co-financed project providing funds for key infrastructure projects identified through the Infrastructure Reconstruction Enabling Program.</i> | Grant Amount          | US\$ 300.0 million (incl. US\$191 million BRR co-financing) |
|  | Implementation Period | July 2006 – December 2009                                   |
|  | Partner Agency        | World Bank  |
|  | Implementing Agency   | BRR   |
|  | Disbursements         | US\$ 10.0 million   |

IRFF increases the flexibility of BRR to fund infrastructure activities, allowing projects to be funded as soon as they are ready. The project finances infrastructure at Province and District level, identified through the Infrastructure Reconstruction Enabling Project (IREP) framework. Like IREP, it strongly emphasizes capacity building for local and provincial governments. Together, both projects strive to contribute to the BRR's transition strategy of progressively involving local governments and eventually handing over decision-making and implementation responsibilities to them.

### Challenges

In the upcoming months it will be critical to identify the right mechanisms that ensure that IRFF works with BRR co-financing can be completed on time, due to the phasing out of the Implementing Agency, the BRR, and the closure of BRR's 2008-budget in November 2008. Setting up a mechanism for handling contracts management and supervision after BRR exit and define new entit(ies) who will take over BRR's role, are key.

### Achievements to date

The project has utilized local investment plans as well as the IREP strategy in developing the project pipeline which is reviewed on a regular basis. Environmental safeguards are ensured by the preparation of environmental impact assessments and associated management plans. To date, \$170 million in contracts are either awarded, in the process of being awarded or in the tender process.

| Results   | September 2007* |
|---|-----------------|
| Under construction:   | 6 (US\$25.7 m)  |
| National roads (number of contracts / km of road/ US\$ amount)    | 184.5 km        |
| Number (value) of contracts cleared for awarding:                 | 14 (US\$82.2m)  |
| water systems   | 3 systems       |
| ports   | 3 ports         |
| roads   | 43.4 km         |
| Number (value) of contracts in bidding stage:                     | 10 (US\$63.5)   |
| Provincial/district roads   | 340.1 km        |
| National roads  | 98.3 km         |
| * Final targets for IRFF investments are still under development. |                 |



*In its existing condition, this key interior link (connecting Meulaboh and Banda Aceh) on the provincial Geumbame Tutut road is prone to frequent failure. This road will be rehabilitated through the IREP/IRFF program; construction is expected to start in early 2008.*

## 15. Kecamatan Rehabilitation and Reconstruction Planning Project for Nias (KRRP)

| Overview   |                       |   |
|--|-----------------------|---|
| <i>The Kecamatan Rehabilitation and Reconstruction Planning Project for Nias (KRRP) provides block grants for the reconstruction of 5,000 houses, 100 schools and other public infrastructure in Nias. KRRP builds on the KDP participatory planning process and strives to enhance sectoral planning of district governments.</i> | Grant Amount          | \$ 51.5 million (incl. \$25.8 million BRR co-financing) |
|  | Implementation Period | November 2006 – December 2009                           |
|  | Partner Agency        | World Bank  |
|  | Implementing Agency   | Ministry of Home Affairs through BRR                    |
|  | Disbursements         | US\$ 10.1 million                                       |

Reconstruction in Nias is difficult due to the remoteness of many areas, overall poverty, and the generally poor quality of the island's infrastructure. Local government capacities were low even before the tsunami, and the cultural diversity of the island requires local solutions that respect community norms and values.

The project builds on the experiences of the Aceh housing project REKOMPAK. The project contributes to the rehabilitation of two priority areas in Nias: housing and education. It will construct some 5,000 houses. It will also reconstruct 100 schools and 100 sub-district/village assembly halls. KRRP has a window for the promotion of cultural heritage and also strengthens local governments' ability to facilitate community-led planning in the future.

### Challenges

The remoteness of many construction sites in Nias is a big challenge for all construction in Nias. It will be critical to monitor the effect on project implementation in terms of delays or increased costs.

### Achievements to date

The project has completed its community-driven selection of beneficiaries for houses and infrastructure activities. It has also trained community members in the processes of community-led housing. Beneficiary housing groups are now in the final preparatory stages before receipt of funding to start construction. It is expected that all houses will be completed in 2008.



#### Community road at Sirombu

*The Nias Kecamatan Rehabilitation and Reconstruction Project, linked to the Kecamatan Development Program, will help villagers to build a better road for vehicles to pass, especially when the rain comes. (Photographer: Catrini Kubontubuh, Consultant, World Bank)*

## 16. Support for Poor and Disadvantaged Areas Project (SPADA)

| Overview   |                       |  |
|--|-----------------------|--|
| <i>The Support for Poor and Disadvantaged Areas Project (SPADA) strengthens district government capacities to promote the longer-term development of the province. It links the participatory sub-district planning process of KDP to district government decision-making, and provides block grants to improve public services and the recovery of economic infrastructure.</i> | Project Amount        | US\$ 39.6 million (incl. US\$ 14.6 million BRR co-financing) |
|  | Implementation Period | February 2007 – June 2010                                    |
|  | Partner Agency        | World Bank   |
|  | Implementing Agency   | Ministry of Disadvantaged Areas through BRR                  |
|  | Disbursements         | US\$ 2.5 million   |

District government capacities to provide adequate public services are low. It is important to strengthen their capacities ensuring that they will be able to provide sustainable, long-term development. This project provides block grants to all districts in Aceh and Nias to fund larger, technically demanding projects that emerge from sub-district planning within the KDP mechanism.

Projects are selected by district development committees with thirty percent of grants reserved for health and education. The project will also promote the improvement of the economic environment through infrastructure investments. To strengthen the capacities of local governments, a combination of training, practical exercises, and technical support will be offered throughout the project.

### Challenges

An ongoing challenge on the ground is to avoid overlaps between the upcoming capacity building activities of SPADA and those of other agencies and to define a minimum package of training to be implemented. Also, SPADA will face the challenge of involving local government resources when civil servants will increasingly focus on the transition and preparing to manage the Special Autonomy Funds at the same time.

### Achievements to date

The project has taken up its activities in all 19 districts of Aceh. Special education and health consultants have been recruited and trained and are working on their initial task of conducting a health/ education district needs survey. Procurement and financial training for local government officials has started.

The project has also provided planning grants to all districts. These grants will support the district governments identifying prioritized needs in participatory process which includes multiple stakeholders from Government agencies, civil society, universities, and sub-district representatives. Once district planning activities are complete, the project will disburse block grants in the first quarter of 2008 to build physical, health and educational infrastructures.



*The project works to assess the needs of district communities in education and health.*

## 17. Lamno-Calang Road Maintenance Project

| Overview  |                       |                                      |
|---|-----------------------|--------------------------------------|
| <i>The Lamno-Calang Road Maintenance Project maintains the 103 km stretch of road from Lamno to Calang from November 2006 to October 2007, while permanent rehabilitation works are put in place. In this way, smooth reconstruction of tsunami-affected communities on the west coast of Aceh is supported by uninterrupted overland access.</i> | Grant Amount          | US\$ 1.5 million                     |
|   | Implementation Period | October 2006 – December 2007         |
|   | Partner Agency        | United Nations Development Programme |
|   | Implementing Agency   | United Nations Development Programme |
|   | Disbursements         | US\$ 1.3 million                     |

In 2006, the road stretch between Lamno-Calang was in a critical condition due to truck overloading and poor maintenance. This rendered the road sometimes impassable to traffic, especially during the rainy season. This project provides urgently needed continuous maintenance services to keep the road passable for a period of eight months.

Permanent road works will be conducted through USAID for those parts of the road that align with the USAID design. USAID will take over from this project in October 2007.

### **Achievements to date**

Priority emergency repairs have been largely completed and the project is expected to hand over responsibility to the USAID contractor in October.

| Results                                   | September 2007*  |
|---|------------------|
| Roads graveled (km)                       | 52               |
| Road shoulder maintenance (km)            | 103              |
| Ditch excavation (km)                     | 16               |
| Bridge decks repaired (units)             | 18               |
| Bailey bridges installed (units)          | 2/ third ongoing |
| Short-term local labor created (man-days) | 1,900            |



#### **Even heavy equipment needs a break**

Heavy equipment leased by UNDP conduct routine activities in increasing the height of the roads and cleaning the shoulders at Lageuen, Aceh Jaya, to keep the road between Lamno and Calang open. (Photographer: Marzi Afriko, Researcher, Conflict Team World Bank)



### **Forest protection patrol at Leuser**

The Aceh Tamiang Forest Protection & Monitoring Unit, funded through the Aceh Forest and Environment Project, conducts activities to prevent illegal logging, hunting and opening of land. The main goal is to stop any illegal operations in the Leuser Ecosystem. The project also supports the protection of the Ulu Masen Ecosystem. (Photographer: Fakhurradhi, Program Assistant UNDP)



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