

In-Depth Progress Report
(as of September 30, 2008)

Multi Donor Fund for Aceh and Nias

Final Report

**By the Secretariat
To the Steering Committee
Submitted January 22, 2009**



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List of Abbreviations

AFEP	Aceh Forest and Environment Project
AGTP	Aceh Government Transformation Programme
AMDAL	Environmental impact assessment according to GoI standards
BAFMP	Banda Aceh Flood Mitigation Project
BAPPENAS	National Development Planning Agency
BPKP	National Board for Controlling Development Finance (state auditor)
BPN	<i>Badan Pertanahan Nasional</i> (National Land Agency)
BRA	Aceh Reintegration Agency
BRR	<i>Badan Rekonstruksi dan Rehabilitasi</i> NAD-Nias (Agency for the Rehabilitation and Reconstruction of Nanggroe Aceh Darussalam – Nias)
CBO	Community-based Organization
CDA	Community-driven Adjudication
CDD	Community-driven Development
CFAN	Coordination Forum Aceh-Nias
CI	Sustainable Recovery of Smallholder Farmers Livelihoods and Improved Forest Conservation in Aceh
CSO	Civil Society Organization
CTC	Community Trustee Committee
DFID	Department for International Development of the United Kingdom
DIPA	budget execution document
DMC	District Management Consultants
DRR-A	Disaster Risk Reduction – Aceh
EC	European Commission
EDFF	Economic Development Financing Facility
FFI	Fauna and Flora International
GIS	Geographic Information System
GoI	Government of Indonesia

GTZ	Gesellschaft für Technische Zusammenarbeit GmbH
ILO	International Labour Organisation
IPM	Infrastructure Program Management consultants of IREP
IT	Information Technology
IREP	Infrastructure Reconstruction Enabling Project
IRFF	Infrastructure Reconstruction Financing Facility
ISR	Implementation Status and Results Report
KDP	Kecamatan Development Project
KPK	Anti-Corruption Commission
KRRP	Nias Kecamatan-based Reconstruction and Recovery Planning Project
LGSP	Local Government Support Program
LIF	Leuser International Foundation
MDF	Multi Donor Fund for Aceh and Nias
M&E	Monitoring and Evaluation
MIS	Management Information System
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
Nias LEDP	Nias Livelihoods Economic Development Program
NITP	Nias Island Transition Programme
PAD	Project Appraisal Document
PCN	Project Concept Note
PIBA	Project Impact and Beneficiary Assessment
PIU	Project Implementation Unit
PMU	Project Management Unit
RALAS	Reconstruction of the Aceh Land Administration System Project
REKOMPAK	Community-based Settlement Rehabilitation and Reconstruction Project
SDLP	Sea Delivery and Logistics Programme
SEK	Swedish Kronor
SMS	Short Message Service

SPADA	Support for Poor and Disadvantaged Areas Project
TA	Technical Assistance
TA to BRR	Technical Support for <i>Badan Rehabilitasi dan Rekonstruksi</i> NAD-Nias
TRPRP	Tsunami Recovery Port Redevelopment Programme
TRWMP	Tsunami Recovery Waste Management Programme
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UPP	Urban Poverty Project
WALHI	<i>Wahana Lingkungan Hidup</i> Indonesia (Friends of the Earth Indonesia – Indonesian Environmental NGO)
WFP	World Food Programme
WFPSS	World Food Programme Shipping Service

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Executive Summary

The Multi Donor Fund (MDF) was established as a platform for multiple donors and agencies to coordinate and harmonize their efforts to achieve Government-led reconstruction goals in post-disaster Aceh and Nias. In its fifth year of operations, the MDF continues its dedication to the recovery of communities, infrastructure, government and environment, as well economic recovery in the areas affected by the tsunami of December 2004 and the earthquake of March 2005. This is the seventh progress report since the inception of the MDF; it covers the period from March 2008 through September 2008, and reports on events through December 2008.

This reporting period marks a time of significant transition affecting the MDF. The closure of the BRR will impact the MDF both in its operations and portfolio as local governments and relevant agencies take over projects and reconstructed assets. The MDF has extended its operations and will be contributing to the recovery of Aceh and Nias until 2012. Presently the MDF is reviewing its performance with a focus on improvements and looking forward. At the same time, Aceh's economic context is changing as the impacts of reconstruction that have sustained the local economy in the past few years wind down, and this will also have implications for new funding priorities.

This report presents a comprehensive overview of Multi Donor Fund operations, portfolio progress and achievements, finances, and outlook for future operational arrangements. Chapter One offers an overview of results achieved in Multi Donor Fund operations, followed by a review of project performance and achievements in Chapter Two. Chapter Three summarizes the overall financial status of the MDF as well as reporting on disbursement and spending trends. Conclusions and future actions are offered in Chapter Four, while the fact sheets in Chapter Five present the status of each project.

Multi Donor Fund Operations

At the end of this reporting period, the Multi Donor Fund portfolio consists of a total of 18 projects, with an additional four new projects expected to start up in the next year. US \$ 90 million was committed to seven projects by the end of this reporting period, focusing mainly on economic development and targeted support to both the BRR and provincial government to ensure sustainability of investments and a smooth transition.

The MDF extension was formalized during this reporting period. The closure of the MDF has been changed from December 2010 to December 2012. The purpose of the extension is to ensure a smooth handover of reconstruction assets and projects, and that the reconstruction is institutionally, financially and socially sustainable.

The MDF and BRR continue to focus on the timely allocation of remaining funds. At the September Steering Committee meeting, the MDF prioritized its sectoral allocation of remaining funds to the infrastructure and economic development sectors, with a strong emphasis on strengthening local institutions to effectively utilize their own resources. The MDF has also facilitated multiple meetings with various stakeholders on the pipeline for MDF funding. At the December Steering Committee meeting, BRR presented the tentative pipeline for allocation of the remaining funds.

Preparing for the impact of transition on both MDF operations and governance has been a priority focus of the Secretariat during this reporting period. The MDF Secretariat is working with Partner Agencies, Bappenas, Ministry of Finance and provincial government to ensure that the smooth flow of funds, provision for counterpart GoI funds for MDF projects, amendments to legal agreements, and project document amendments are all in place to minimize disruption to project implementation.

Provincial government is now engaged both in setting priorities and project preparation processes. Innovative new institutional arrangements for project implementation were developed during this reporting period. With the closure of BRR approaching, the MDF will now implement projects at the provincial level, with the provincial government driving key decisions on sub-project selection. Institutional arrangements were developed by means of close coordination with GoI, central and provincial governments and the implementing partner. EDFP represents a benchmark as the first project in the MDF portfolio to be implemented through Provincial level government. The Nias NITP and LEDP projects are also designed to follow this new modality.

The MDF Secretariat supports the Steering Committee in its role to oversee project implementation. Eight monitoring and supervision missions were conducted over the course of this reporting period, and six update meetings featured teams highlighting project progress, and also discussing challenges and actions taken to address them.

At the midpoint in its operations, the MDF commissioned an independent review of its operations and portfolio. As a large part of the reconstruction effort in Aceh and Nias is drawing to a close and with the transition brought about by the closure of the BRR affecting many of the MDF projects, this is an appropriate time for the review. The comprehensive Midterm Review began in November. The purpose of the review is to assess progress and the quality of results to date. Recommendations from the review will be used as a basis for developing an action plan in consultation with stakeholders.

An inflow of experienced new staff marks this reporting period. Significant staff turnover occurred over the past six months, with the departure of the Fund Manager, as well as two M&E officers supported by the German government, and the Aceh-based Operations officer. The MDF welcomed a new Fund Manager, Ms. Shamima Khan, in November 2008. A new Operations officer also joined the team. In addition, two Quality Assurance officers came on board and took on M&E functions; they are based in Jakarta. A new M&E Officer splits time between Jakarta and Aceh.

Through its communication and feedback system, the MDF keeps stakeholders informed and responds to issues that concern them. The MDF also strives to promote awareness of project activities and impacts, as well as ensuring donor visibility. The MDF's communications strategy focuses on reaching beneficiaries and the wider public through outreach campaigns, direct interaction and the media. During this reporting period activities included field visits, radio talk shows, managing feedback through the MDF hotline, providing reports to stakeholders and holding a photo competition.

Portfolio Progress and Performance

At the time of this report the majority of the portfolio's projects are in full implementation or near completion, with most of the physical reconstruction targets underway or already met. The reconstruction process as a whole is moving into a new phase in Aceh and Nias. Programming will see a shift to governance and economic development, particularly in response to the economic downturn as projects that have heretofore provided a great deal to the economic livelihoods of communities come to completion. The transition after the closure of BRR highlights the importance of capacity building across all projects, a longstanding priority. In addition, working out the new institutional arrangements for project implementation after the closure of BRR has been a major endeavor at project and portfolio level. Finally, the procurement and staffing issues which caused delays for a number of projects have mostly been overcome and projects are well underway.

Overall, the MDF's community recovery investments have created positive outcomes. In this sector, more than US \$ 222 million (43% of allocated funds) has been dedicated to projects with strong performances. Housing reconstruction targets are close to completion in Aceh and are now progressing smoothly in Nias. The RALAS project has continued to experience problems in implementation; the project has been extended until June 2009 with the possibility of additional extension based on performance.

In response to the extensive need identified, the MDF has dedicated a significant percentage of its portfolio (34% or US \$ 176 million) to the reconstruction of large infrastructure. The most significant progress in the Multi Donor Fund's portfolio in the past year has been in this sector, with all projects in full implementation mode. This progress however does not mitigate ongoing concerns, including ensuring quality of the large infrastructure construction, the poor performance of some consultants and the rush to complete construction activities. In addition, concern about operation and maintenance has been present from the beginning.

Because many of the infrastructure projects are implemented on-budget by the BRR, transition after BRR's closure presents a greater challenge compared to other projects within the MDF portfolio. These projects also have a significant government co-financing component, which require that appropriate institutional mechanisms are in place. The MDF is committed to working through government systems, promoting strong ownership of projects and their results. The BRR's co-financing has been reformulated from the original 70:30 co-financing arrangement to approximately 55:45. The MDF has remained flexible and delayed disbursement of its own funds to facilitate the timely spending of BRR funds before its closure in April 2009.

A key focus of the MDF has been supporting good governance to ensure quality of reconstruction and delivery of public services. Strengthening the capacity of local governments to continue to coordinate and implement the reconstruction effort has been an important funding area that addresses a critical need. Support for good governance has strategically focused on preparing the BRR and local governments for transition, though results are often difficult to achieve and hard to measure.

Environment programs in the Multi Donor Fund portfolio are well into the implementation stage. Environmental sustainability is achieved through a multi-pronged approach, though the support of policies and strengthened capacity for good

environmental management. Adherence to environmental safeguards is a key project element and is underscored through the introduction of good practice in both resource and waste management areas. In addition, livelihood components are key aspects of both projects in this sector and include recycling tsunami timber waste into carpentry projects, the collection and recovery of plastics and other recyclable materials, composting and the creation of biogas.

The Multi Donor Fund promotes sustainable economic development in Aceh and Nias through investments, employment and support for livelihoods. In September 2008, the Steering Committee endorsed the allocation of US \$ 50 million to the Economic Development Funding Facility (EDFF), a new project specifically aimed at supporting sustainable economic opportunities in key livelihood sectors in Aceh. The Nias Livelihoods and Economic Development Project (LEDP), still under preparation, is expected to be submitted for PAD approval early in 2009.

Finances

A financial overview of the Multi Donor Fund for Aceh and Nias (MDF) shows that the MDF has disbursed US \$ 334 million to project accounts. That amounts to 67% of funds allocated to projects. The MDF has received US \$ 692 million in pledges from 15 donors; these have been formalized through legal agreements. US \$ 515 million has been allocated to 18 projects, an additional US \$ 90 million has been committed to fund four new projects and add funding to three existing projects. US \$ 270 has been spent by the individual projects. This represents 81% of the funds they have received. The MDF currently has US \$ 57 million in uncommitted and unallocated funds.

The disbursement rate for projects has improved as they have moved to full implementation but it will remain a significant challenge to the end of the MDF. The MDF will need to disburse approximately US \$ 28 million per quarter in order to disburse all funds by June 2012. The adjustments made to facilitate the utilization of BRR's funds up front will result in a temporary dip in the disbursement rate. This will require coordination with government co-financing partners as well as accelerated spending by implementing agencies.

Conclusion and Outlook

Important changes are underway in both the overall reconstruction context and in the MDF's portfolio. The reconstruction phase is moving beyond community recovery and infrastructure reconstruction to longer term development and a focus on sustainability. Projects will spotlight governance and economic development, as those have been identified as priorities by both provincial governments and the BRR. In addition, a strong economic development focus is required as the reconstruction process moves forward.

Projects that encountered difficulties in start up are yielding results. These include IRFF, KRRP, CSO and the Flood Mitigation project. Recent mission and update reports suggest these projects are all on track to deliver on their targets. Some difficulties remain, especially with quality issues in the infrastructure projects. Continued delays in implementation of SPADA, IREP and IRFF need to be addressed. Some delays were caused by procurement, but it is important to note that with the Flood Mitigation project and IRFF construction works now almost all in implementation phase, those delays are no longer an issue.

New institutional arrangements are underway to prepare for the closure of BRR. Projects affected by the transition caused by BRR's closure have already identified handover arrangements and project teams are working with the government to ensure a smooth transfer to line ministries. Amendments to the grant agreements for affected projects have been prepared, based on discussions with relevant partner and implementing agencies. Transition arrangements for Multi Donor Fund projects and the revised composition of the MDF Steering Committee are under discussion. The Presidential decree on the closure of BRR, currently under preparation, is expected to finalize these arrangements.

The MDF faces a number of challenges as it progresses through the transition process. The MDF has noted that it is particularly challenging to effectively implement capacity building programs. In addition, projects across the board continue to face problems in recruiting and retaining quality consultants, especially engineers.

Retaining qualified staff continues to affect work in Aceh and Nias due to the strenuous and often isolated working environment; these projects require continued close monitoring of these projects to reduce further undue delays. In spite of (and partly because of) these difficulties, as well as those that pose specific challenges to recovery due to persistent issues such as extreme poverty, limited access due to its remote location and poorly developed transportation infrastructure, and the very weak institutional capacity of local government, Nias is slated to receive more attention in upcoming projects.

The BRR has reported on the experience of the MDF and noted where improvements can be made. This will serve as input to the Mid Term Review and an action plan will be developed following consultation with reconstruction stakeholders.

The MDF is entering the final stages of project selection, funding commitment and allocation. Discussion of priorities for allocating the remaining funds has been a major focus of the MDF during the last several months; the priority needs identified were infrastructure, economic development and capacity building. After the closure of BRR, Bappenas will endorse projects to the MDF for funding. The Steering Committee is committed to ensuring that these remaining funds are used strategically to achieve maximum impact in priority areas, mainly focusing on enabling the provincial governments' capacity to utilize their own resources effectively.

Continuing its commitment to improving quality and performance, the Multi Donor Fund is assessing its performance and achievements as it looks ahead. Two sustainability reviews and the mid-term review (MTR) conducted during the second half of 2008 have contributed to the MDF's assessment process, and the draft report of the MTR is expected in February 2009. The MDF is committed to find ways to address quality issues in project implementation and other challenges. Recommendations from the MTR will be used to develop an action plan to enhance quality, performance and operations as the MDF moves forward and to share lessons learned widely so as to enhance the quality of future post-disaster reconstruction efforts in other contexts.

Chapter 1: MDF Operations

The Multi Donor Fund, consisting of a variety of stakeholders and encompassing a diversity of roles and activities, is governed by the Steering Committee. Much of the day-to-day operations of the MDF are conducted by the Secretariat in its role of supporting both the Trustee (the World Bank) and the Steering Committee. This chapter examines the operations of the MDF during the reporting period April to September 2008, and includes some of the recent developments through December 2008.

The operations of the MDF during this period focused on these main areas:

- preparing the MDF's next wave of projects focusing primarily on economic development in Aceh and Nias and institutional support;
- monitoring implementation progress, achievements and challenges; and
- preparing for BRR's closure and its implication for the MDF portfolio and operations

In addition to the activities around these three major areas, the MDF continued its very important role of communication and outreach to the stakeholders, including the public and beneficiaries.

1.1 MDF Project Preparation, Review and Approvals

The project approval process is one of the core activities of the MDF. By the end of this reporting period the MDF had committed over US \$ 90 million to four new projects and to three projects extended with additional financing. These allocations focused mainly on economic development and targeted support to both the BRR and provincial government to ensure sustainability of investments and a smooth transition. In total, one Project Concept Note, or PCN, and six Project Appraisal Documents (PADs) were approved during the period April 30 – September 30, 2008. New PADs approved included EDFF, AGTP and DRR-A, while existing projects TRWMP, ILO Roads, and SDLP received additional funding. The Nias Island Transition Program (NITP) PCN became the first PCN in the MDF portfolio to be endorsed through a virtual review process in October 2008. Table 1-1 shows the formal meetings convened by the MDF during the reporting period.

The approval process consists of a series of steps to ensure quality of project design at entry. Two independent external evaluators, who are experts in the relevant field, provide comments on each project PCN and PAD. The MDF Secretariat provides opportunities for various stakeholders to comment on project documents at different stages in the project design process, and also works closely with project proponents to provide preliminary inputs, resolve potential bottlenecks, and ensure that quality criteria and safeguards outlined in the MDF's Recovery Assistance Policy (RAP) are included in the project documents.

Additional support is sometimes made available to project proponents such as the detailed comments provided on project documents by Gender Specialists from various donors.

Innovative institutional arrangements for project implementation were developed during this reporting period. With the closure of BRR approaching, the MDF will now implement projects at the provincial level, with the provincial government driving key decisions on sub-project selection. The Aceh Economic Development Financing Facility (EDFF) and the Nias Livelihood and Economic Development Program (LEDP) are two examples. Preparation and review of these projects has involved a high level of engagement with the provincial governments on project design and implementation arrangements, with the MDF Secretariat facilitating this process.

In the past, project preparation has frequently involved striking a balance between ensuring quality and rapidly moving projects through the approval process. Lessons learned from previous experiences, such as SPADA, influenced the project preparation process of EDFF. With the EDFF and other projects, institutional arrangements were developed by means of close coordination with Gol, central and provincial governments and the implementing partner. This approach is expected to lead to gains in terms of timely start up and implementation.

Table 1-1 Meetings on MDF Operations including Project Preparation, Review and Approvals, and Project Updates

Date	Meeting item
April 9, 2008	Technical Review Group Meeting on the Project Appraisal Document (PAD) for Economic Development Financing Facility for Aceh (EDFF) - 1 st review
May 8, 2008	Co-Chair meeting: BRR closure and transition on MDF operations and portfolio, update on status of projects under preparation and the programming of MDF's remaining funds
May 12, 2008	Technical Review Group Meeting on the Project Document for Aceh Government Transformation Project (AGTP)
June 1, 2008	Technical Review Group Meeting on the Project Appraisal Document for Disaster Risk Reduction for Aceh (DRR-A) and the Local Resources Based Road Work project
June 9, 2008	Technical Review Group Meeting on the Sea Delivery and Logistics Phase II and Project Update on Strengthening Civil Society Organization
June 13, 2008	Technical Review Group Meeting to discuss the Terms of Reference of the MDF Mid Term Review of the MDF
June 19, 2008	Technical Review Group Meeting on the (i) Tsunami Waste Management Project and BRR's proposal to amend the scope of the Infrastructure Reconstruction Financing Facility (IRFF) in the context of Transition

August 12, 2008	Technical Review Group Meeting on MDF 6 th Accountability Report Progress
September 10, 2008	Technical Review Group Meeting on Project Update for Urban Poverty Project (UPP) and Community Based Housing and Infrastructure Project (REKOMPAK)
September 12, 2008	Technical Review Group Meeting on Update on Kecamatan Development Project (KDP), SPADA and Nias Housing Project (KRRP)
September 15, 2008	Technical Review Group Meeting on Project Appraisal Document for EDFF – 2 nd review
September 19, 2008	Technical Review Group Meeting on the Nias Island Transition Programme PCN and Gap Analysis of the Reconstruction and Rehabilitation Master Plan
September 22, 2008	Steering Committee Meeting on Allocation of Remaining Funds
September 23, 2008	Technical Review Group Meeting on the amendment to the Project Appraisal Document (PAD) for the Tsunami Recovery Waste Management Programme - Phase 3

1.2 MDF Monitoring of Project Implementation

The MDF Secretariat supports the Steering Committee in fulfilling its oversight role. World Bank supervised projects require a Supervision Mission to be conducted every six months, and donors are invited to join these missions. The Secretariat coordinates donor participation and may also join the supervision mission. MDF supervision missions that took place during this reporting period are shown in Table 1-2.

Table 1-2 MDF World Bank Supervision Missions

Date	Project Supervision Mission
May 5-6	IREP, IRFF, Flood Mitigation
May 11-17	KDP, SPADA, KRRP
August 25-28	MDF REKOMPAK/ CSRRP
August 25-31	Aceh Forest & Environment Program

Two additional supervision missions for RALAS and IREP/IRFF took place in November and December 2008 during the report preparation period.

The Secretariat also fulfills its monitoring role by reviewing project reports submitted by project teams. The UNDP carries out its own monthly monitoring missions of its projects, submits quarterly progress reports for all project with UNDP as Partner Agency. World Bank supervised projects submit Aide Memoires after

Supervision Missions have been conducted, and in this way fulfill their six-monthly reporting obligations to the MDF.

The Secretariat initiated a series of presentations on project progress in March 2008 as another means of keeping stakeholders informed. During this reporting period teams from 6 projects (CSO, TRWMP, UPP REKOMPAK, KDP, SPADA and KRRP) presented updates on their projects, highlighting not only progress, but discussing challenges and actions taken to address them. Additional updates by RALAS, IREP, IRFF, and Banda Aceh Flood Mitigation were presented in November and December. The information provided on the current status, challenges and outlook in these project update meetings is also included in the project fact sheets contained in Chapter 5 of this report.

The MDF Secretariat arranges field trips for donors and other institutions. Table 1-3 lists visits that were arranged for VIPs and special missions during the reporting period.

Table 1-3 MDF Special Missions and VIP Visits

Date	Visitors
February 19	H.E Ms. Tarja Halonen, President of Finland
May 19-20	Mr. Vincenzo Latvia, Chief Financial Officer, WB Group
July 3	H.E. Martin Hatfull, British Ambassador for Indonesia
September 4	Foreign Affairs Committee of the Swedish Parliament
September 8	European Union Parliament members
September 13-15	European Commission Results Oriented Monitoring (ROM) Mission to review TRWMP and REKOMPAK/ CSRRP
October 22	J. Wheatcroft, Team Leader Tsunami project, CIDA

1.3 MDF Extension

The closure of the MDF has been extended from December 2010 to December 2012. The donors endorsed this decision in July 2008 and signed the amendment to the official Administration Agreement at the end of September 2008.

The Multi Donor Fund has been extended in order to continue to play a critical, multifaceted role in the recovery of Aceh and Nias and to allow implementation of vital projects, both on-going and new. Moreover, the extension is intended to ensure that the reconstruction is institutionally, financially and socially sustainable, and to facilitate a smooth handover of reconstruction assets and projects after the closure of BRR.

Along with BRR, many other organizations that played a critical role in the reconstruction process are leaving Aceh in the near future (e.g. UNORC and CIDA). In fact, only about 200 out of an approximate 600 NGOs are still left in Aceh and Nias.

1.4 Programming of MDF's Remaining Funds

Programming the remaining MDF funds has been a key focus during this reporting period. Nearly four years into its operations, the MDF has programmed most of its funds, with only US \$ 57 million out of the total pledges of US \$ 692 million remaining unallocated at the end of September 2008.¹ Of this, approximately US \$ 19 million has been earmarked for projects under preparation, although no commitments have been made through Fiscal Agency or Grant Agreements. Allowing for an average project design and implementation period of three years, all projects should be launched by June 2009 to ensure an adequate wrap-up period for the MDF. The balance of the remaining funds therefore needs to be allocated within the first half of 2009.

In line with needs identified in the Master Plan, BRR endorsed project concepts to the MDF for funding. In June 2008, BRR withdrew from this process, urging the new government partners to become engaged. However, to facilitate the timely allocation of remaining funds and to ensure continuity after the closure of BRR, MDF urged BRR to remain engaged in this process with potential new government partners. As a result, BRR became re-engaged on the programming of remaining funds in August 2008.

In June 2008, BAPPENAS released the revised Master Plan, and the achievements of the reconstruction process were examined by BRR. The Master Plan contained revisions to the reconstruction targets based on the re-examination of needs. BRR then commenced its own stock-taking exercise in September, in which it reported that 95% of the more than 680 target indicators had been reached.

To identify the remaining needs, the MDF Secretariat conducted a review based on BRR's stocktaking exercise and the Revised Master Plan. The gaps analysis focused on five key sectors: housing and settlement, infrastructure, economy and livelihoods, social & community welfare, and legal & institutional development. The key performance index prioritized in the review was on programs, targets, results and un-reached targets. The results of the gaps analysis identified that the largest program gaps were in land titling, infrastructure, economy and livelihoods, and the development of productive industries. Table 1-4 below provides the detail analysis of the gaps.

The results of the BRR's stock-taking and the gap analysis identified areas where the MDF is best positioned to strategically invest the remaining resources. In October BRR was once again fully engaged in the process of funds programming. The MDF Secretariat brought together BRR and the provincial governments to jointly present to the Steering Committee priority sectors in need of further funding. As a result, the Steering Committee endorsed the sectoral allocation of remaining funds to the infrastructure and economic development sectors, and highlighted the need to focus on strengthening the GoA institutions to enable the effective utilization of government resources. The MDF has also facilitated multiple meetings with various stakeholders on the pipeline for MDF funding. At the December Steering Committee meeting, BRR presented a tentative pipeline for allocation of the remaining funds.

(NOTE: This is not the complete list of the key indicators appearing in the gaps analysis)

¹ See Table 3.2, *Multi Donor Fund Allocations and Commitments* in **Chapter 3: Finances** of this report.

Table 1-4 MDF Review of BRR's Stocktaking Exercise

Sub-sector	Programs	Units	Target	Results	Unreached
Roads and Bridges	Nat'l central roadway	km	191	88	103
	Nias Provincial roads	km	469	359	110
	Kabupaten Roads NAD and Nias	km	3,511	2,047	1,464
Water & Sanitation	Clean water reservoir	Lt/second*	1430	1430	0
Plantation	Training of facilitators	people	535	85	450
Fisheries	Rehab of ponds	ha	18,631	15,777	2,854
Forestry & Environment	Rehab of seaside/coastal forests	Ha	16,775	1,930	14,845
	Livelihoods of people living in forest areas	groups	76	18	58
Community development	Developing productive industries	Head of family	9,500	2,000	7,500
Land Management	Adjudication	areas	330,000	220,662	109,338
	Recertification	certificates	10,000	178	9,822
Trade	Capital for Community businesses	people	77,316	55,214	22,102

* The units indicated for the Water Reservoirs refers to supply rate only, and not the actual number of reservoirs or piped systems. The Provincial government has noted that there is a need for Water and Sanitation programs.

1.5 Navigating the Transition from BRR to New Partners

BRR, at the helm of the MDF, has played a multi-faceted role: As co-chair of the Steering Committee, BRR set strategic priorities and led the project selection process by serving not only as the entry point for all project proposals, but also preparing the pipeline for allocations to all projects. This was carried out based on BRR's criteria and priorities of reconstruction in line with the Gol Master Plan. BRR has been MDF's primary, active and fully engaged Gol partner at all Steering Committee and Technical Review Group meetings.

In the overall reconstruction of Aceh and Nias, BRR's mandate was to coordinate and lead the recovery process, with a final closing date of mid-April, 2009 set by Peraturan Perundangan #2 of 2005 (Perpu 2/2005). A "soft closing" signaling the end of disbursements to projects was originally slated for October 2008 and subsequently revised to end of December 2008. BRR presented a transition strategy outlining that BAPPENAS would take over BRR's coordination role, and that the Ministry of Public

Works, Transport, Home Affairs and Disadvantaged Areas would take over the execution and implementation role of MDF projects. A Presidential decree on BRR's closure that will formalize the transition arrangements has been drafted and under discussion since August 2008.

In this context, the MDF has proactively prepared current and new partners for BRR's transition and its impact on MDF operations and portfolio. Steps have been taken to ensure sustainability of reconstruction and smooth transition to new partners, namely the provincial and local governments and the relevant line ministries. This reporting period has seen a marked effort by MDF's Secretariat to facilitate coordination. Some of the milestones in this process that triggered subsequent engagement include:

- Policy Dialogue on Transition held in Aceh in November, 2007, to examine various efforts to support transition and remaining transition needs; this resulted in two projects to support BRR and provincial government (TA to BRR and AGTP);
- Coordination meeting between current and new partners held on April 1, 2008 marked the beginning of a series of meetings between BAPPENAS, Ministry of Finance, BRR, and line ministries with MDF;
- Co-Chair meeting on May 8, 2008 to discuss BRR closure and impact of transition on MDF operations and portfolio;
- Steering Committee meeting on September 22, 2008 to discuss programming remaining funds;
- Presentation by BRR on pipeline for remaining funds at Steering Committee meeting, December 18, 2008.

Preparing for the impact of transition on both MDF operations and governance has been a priority focus during this reporting period. The current governance structure and changes needed have been discussed but not yet formalized. Annex 7 shows the current governance structure. A proposal from Gol on the governance of the MDF is expected to be presented for endorsement at the next Steering Committee meeting.

Institutionally, at this stage it is unclear whether the proposal for creating a new agency, the Badan Kesenambungan Rekonstruksi Aceh (BKRA), and a similar one for Nias (BKRN) to take over the coordination functions from BRR at the provincial level will be implemented for one year. However, whether the BKRA/N is established or not does not alter the fact that new relationships will need to be forged with the successors of BRR.

In preparation for the transition, the MDF has already initiated changes by inviting the Governor of Aceh to co-chair meetings to jointly set priorities and agenda for the MDF, and engaging with BAPPENAS and provincial governments in technical review discussions and meetings on project concepts and project appraisal documents.

The impact of transition on the MDF portfolio has been another priority focus during this reporting period. Based on the Policy Dialogue on transition held in November 2007, MDF launched a full assessment of the transition needs both for BRR and provincial and local government to identify elements MDF could support. This resulted in two projects dedicated to supporting the transition: the Technical Assistance to BRR and Aceh Government Transformation Program (AGTP). The development of project concepts and full project design documents took time as good understanding of

the needs were not clearly known at the outset. A similar project to support transition in Nias, the Nias Island Transition Program (NITP) was approved as a PCN soon after the reporting period in October 2008.

At the level of the overall reconstruction effort, these MDF projects currently under implementation work to enhance the capacities of local agencies so that they can adequately take over responsibilities and assets relating to all reconstruction activities, not only from the MDF but also the overall reconstruction efforts. The Technical Assistance to BRR, AGTP and CSO projects also address this broader concern. Details of the scope, nature of support and progress are presented in Chapter 2 and in the project fact sheets in Chapter 5.

At the portfolio level, six projects in the MDF portfolio with World Bank as Partner Agency (PA), include BRR in executing or implementing capacities and will extend beyond the life of the BRR. Four projects with UNDP as PA are affected by the transition. Annex 4 summarizes the current status of transition arrangements on all projects affected by the transition, and the fact sheets on each project (Chapter 5) provide details of the impact of transition on each project.

Four projects in the MDF portfolio have Gol co-financing. Table 1-5 shows details of these co-financing arrangements. The MDF Secretariat has worked with BAPPENAS and project teams to ensure that funds from the co-financing commitments are included in the DIPA for the 2009 budget. At the end of 2008 these arrangements were already in place for all of the affected projects except for IRFF.

Table 1-5 MDF and Gol Co-financing

Project Name	MDF Funds In US \$ million	Gol Funds In US \$ million	Total In US \$ million
SPADA	25.00	14.60	39.60
KRRP-Nias	25.75	25.75	51.50
IRFF	100.00	191.00	291.00
REKOMPAK	85.00	5.00	90.00
Total	235.75	236.35	472.10

The MDF Secretariat is working with Partner Agencies, BAPPENAS and Ministry of Finance to ensure that the smooth flow of funds, provision for counterpart Gol funds for MDF projects and amendments to legal agreements, and project document amendments are all in place to minimize disruption to project implementation. All amendments to agreements have been drafted following consultations between the Partner Agencies, Implementing Agencies and the MoF.

Navigating this transition from BRR to new partners in the reconstruction has been the MDF's biggest challenge during this reporting period. The release of the Presidential Decree on BRR's exit is important, so that final and formal steps for transition to new Gol partners can be brought to a closure. Although the basic

framework of the new governance structure has been identified, the details of the actual workings are not yet clear. Formalizing these changes through the Presidential Decree is critical for both MDF projects (grant agreement amendments, continuity on flow of funds, budgets and implementation arrangements) and MDF operations (governance, process). Other stakeholders have also raised their concern about the impact of BRR's exit and transition on the MDF's portfolio.

For the MDF, the fact that the expected Presidential decree on BRR's closure has been delayed has proven a challenge, as it resulted in reluctance and significant delay in Gol agencies to participate in high level discussion on transition coordination. This has caused an element of uncertainty regarding the "post-BRR picture" will look like.

1.6 MDF Communication and Feedback

Communication on Multi Donor Fund activities promotes awareness of the reconstruction needs and efforts. The MDF's communications strategy focuses on reaching beneficiaries and the wider public through outreach campaigns, direct interaction and the media. During this reporting period, the Communication and Coordination team of the Multi Donor Fund remained engaged with various stakeholders: donors, media, CSOs, governments and beneficiaries.

1.6.a Reaching out to Beneficiaries

Reaching out to beneficiaries is achieved through an integrated media approach using newspaper and radio, as well as participating in public gatherings. Feedback continues to contribute to the quality of the portfolio by conveying concerns, queries and complaints from beneficiaries to the projects.

The outreach campaign aims to interact directly with beneficiaries and increase the Multi Donor Fund's visibility to the general public. The campaign utilizes an integrated media channeling approach through newspaper and radio, face-to-face events and when possible includes posters/flyers to inform beneficiaries on the sms/phone feedback tools, the date/time of the interactive talk shows, and how beneficiaries can communicate directly with Multi Donor Fund and its individual project officers.

Information campaigns conducted during this reporting period are listed in Table 1-6 below.

Table 1-6 Information Campaigns Conducted

Date	Advertorial	Radio talk show	City/District Visited
July 28		Vina Vira FM	Lhokseumawe/Aceh Utara
August 4		Prima FM	Banda Aceh/Aceh Besar
August 21	Serambi Indonesia: Haba Pidie	Megafone FM	Sigli/Pidie

In order to manage feedback, queries are handled directly by the MDF Secretariat or are forwarded to the respective projects for response. All projects in the Multi Donor Fund portfolio are required to set up an Anti Corruption Action Plan (ACAP) as part of their project management. A complaints handling unit (CHU) supports the ACAP. Complaints typically refer to misuse of funds, the approaches to and methods in settling cases, and implementation compliance issues.

As of September 2008, overall enquires (questions, complaints, alleged corruption and positive feedback) dated from August 2006 have reached 634 as shown in Table 1-7. 72% of those are not related to MDF projects but targeted at BRR. The average number of enquiries per month from October 2007 through September 2008 is 35, whereas the monthly average for the preceding 6 months was 10 queries. Overall, the numbers of complaints, including those that allege corruption, have decreased tremendously.

Table 1-7 Enquiries to the MDF Hotline August 2006 to September 2008

Period	Questions	Complaint	Alleged Corruption	Compliment	Total
Aug 06 – Mar 07	140	61	38	1	240
Apr – Sep 07	75	53	7	0	135
Oct – Mar 08	151	41	8	0	200
Apr – Sep 08	33	21	5	0	59

Table 1-8 Enquiries to the MDF Hotline October 2007 to September 2008

	KDP	REKOMPAK	UPP	RALAS	KRRP	Total
Complaint	9	32	2	1	20	64
Alleged Corruption	-	8	-	-	5	13
Queries	-	-	-	-	-	194
Total	-	-	-	-	-	271

The community housing projects in both Aceh and Nias have emerged as the projects with most queries, including the complaints and alleged corruption categories. For all projects, most queries come from the general public (63%), followed by beneficiaries (27%), consultants/facilitators (6%) and NGOs (4%). Since the MDF has an effective complaints handling system, often queries/complaints are received from the general public on the broader reconstruction efforts and not just MDF projects. All complaints, including alleged corruption claims, are forwarded to the respective projects (both MDF as well as non-MDF projects) for action. MDF projects report back to the Secretariat on the status of cases.

1.6.b Reporting to Stakeholders

As a routine activity, the Secretariat provides the donors with various printed and electronic documents. These documents include minutes of meetings, presentations from various parties, and other project-related documents, all of which are made available online at www.multidonorfund.org.

The fifth MDF annual public Progress Report, *Investing in Institutions: Sustaining Reconstruction and Economic Recovery, Four Years After the Tsunami* was launched with a press conference on December 18, 2008.

The www.multidonorfund.org website was upgraded. The website can now accommodate more documents, and provides for easier access. The archived page introduced in the previous reporting period worked well and has received positive comments from the technical working group members. The Secretariat also updated the media, publication, and project pages.

During of the reporting period from October 2007 – September 2008 the website registered 17,616 visitors. This is an increase of 49% percent compared to the previous year. The period recording the highest rate of website access was in June 2008, with 1,764 visitors, significantly higher than the monthly average of 1,764 online visits. A total of 62,388 pages have been accessed.

1.6.c Visibility

Media relations activities focused on media releases and conferences and are detailed in Table 1-9.

Table 1-9 Media Relations Activities and Outcomes

Media Activities	Coverage
April monitoring of MDF projects	<i>Bupati Of Pidie Expects SPADA Program To Target Right</i> , Serambi Indonesia, April 1, 2008 <i>SPADA In Pidie For Health And Education</i> <i>AFEF Supports Aceh Forest And Environment Protection</i> <i>Pusing Reservoir Ends Flood</i> <i>BRR And World Bank Build City Drainage</i> <i>Building Lhokseumawe Drainage: BRR And World Bank Allocate IDR 107 B</i>
May 20, 2008 Press release: "Managing Transition and Resources: Key to Ensure Sustainability of Reconstruction and Development of Aceh" during the visit of Mr. Vincenzo La Via, World Bank Group Chief Financial Officer	<i>Peace, A Key Factor In The Success Of Post-Tsunami Rehabilitation And Reconstruction</i> , Serambi Aceh, May 21, 2008 <i>World Bank Highlights Transition Project</i> , Waspada, May 21, 2008 <i>Peace, A Key Factor In The Success Of Post-Tsunami Rehabilitation And Reconstruction</i> , Harian Aceh, May 21, 2008

July 2008 Contributed to the Aceh Recovery Newsletter Issue 9	1 page story on the MDF and the Recovery of Aceh and Nias
July monitoring of MDF projects	<i>112,346 New Houses Built In Aceh And Nias</i> , Waspada, July 28, 2008
September monitoring of MDF projects	<i>World Bank Certificates 5,000 Tsunami Lands</i> , Waspada, Sept 16, 2008

The Multi Donor Fund plays a coordination role with key entities at various levels.

This includes participating in fora and special events such as program evaluations, stakeholder meetings, exhibitions and policy dialogues conducted by the BRR, donors and other multilateral agencies. During the reporting period, the MDF participated in or held the following communication activities to provide visibility for the MDF and its projects:

- The 4th Nias Island Stakeholder Meeting in Medan May 15, 2008 on the Role of Donors in the Rehabilitation and Reconstruction, which showcased work in Nias;
- A meeting with members of the European Commission Parliament in Brussels on July 2008 providing an update on the Multi Donor Fund for Aceh and Nias;
- MDF Photo Competition 2008, held to encourage partner and implementing agencies to actively participate in showcasing their projects. The competition took place from September to November 2008, and the winning photographs were used in the MDF's Public Report released in December 2008 and displayed at the December 18th Steering Committee meeting.

Preparations are underway for MDF participation in the upcoming CFAN 4 (Coordination Forum for Aceh and Nias) to be held 13-14 February 2009 in Jakarta.

Preparations began in November with the MDF expressing interest to participate in the exhibition, seminar and press events. The MDF Communication Officer is also part of the core communication team in CFAN 4. The MDF's involvement is important because this will be the last CFAN under BRR's leadership before it closes in April 2009.

For CFAN 4, MDF initiated the "festival of documentaries" to collect and screen documentaries about Aceh and Nias recovery and reconstruction from different agencies. The selected documentaries will be screened for the public during the CFAN 4. The MDF Photo Competition 2008 will be exhibited in Jakarta during the week of CFAN and during Canada week in Aceh during the week of February 23, 2009.

Sufficient merchandise remained in stock through this reporting period. Due to the increase in projects, the MDF Secretariat needs to produce additional items such as project vests and hats for the next reporting period in order to raise project level visibility. At the end of 2008, the Secretariat produced MDF calendars for distribution to beneficiaries and other stakeholders. Banners are used in policy dialogues, seminars, forums and steering committee meetings to illustrate project progress.

1.7 Reviewing MDF Operations and Portfolio

With the extension of the MDF until 2012, the year 2008 marks the mid-point in MDF operations. As a large part of the reconstruction effort in Aceh and Nias is drawing to a close and with the transition resulting from the closure of the BRR affecting six of the eighteen MDF projects, this seemed an appropriate time for the MDF to assess the progress made and the quality of the results to date through a comprehensive Mid Term Review (MTR). The MTR was initiated in this reporting period with a Technical Review Group meeting in June to review the Terms of Reference (TOR).

The objectives of the review are three-fold:

- To assess the progress and achievements of the MDF since its inception in fulfilling its objective to support a post-earthquake and tsunami rehabilitation and reconstruction program in Aceh and Nias;
- To issue recommendations for change and improvements during the second implementation phase; and
- To draw lessons learned regarding managing and implementing reconstruction efforts through the MDF trust fund mechanism.

The scope of the review aims to assess the performance of the MDF in two areas:

- Progress of the portfolio toward achieving the goals of the MDF, and the status of the portfolio in terms of relevance, efficiency, effectiveness, sustainability and impact, including the effects of pooling recovery funds;
- Operational performance in terms of (1) relevance and effectiveness of the MDF governance and (b) management mechanisms and also (c) level of compliance with rules and regulations of the Partner Agencies.

The MTR is being conducted by independent external consultants recruited by the MDF Secretariat and the EC. An additional consultant provided by the Government of New Zealand as well as staff from the Indonesian Government's Ministry of Finance and BAPPENAS also formed part of the team. The exercise officially commenced in October 2008.

The teams conducted extensive interviews and fieldwork during the month of November and early December 2008 to examine MDF performance at the project and portfolio level, and assess the governance and operational structure. The EC-contracted consultants performed most of the project-level evaluations for the MTR, while the MDF-appointed consultants conducted a broader portfolio and operational level evaluation as well as a smaller number of project-level assessments. The reviewers met with project teams and made field site visits for every MDF project currently operating. The assessments of individual projects will feed up into analysis of the performance at the portfolio level.

The MTR consultants have conducted an extensive document review and met with Government, Partner Agencies and other stakeholders. This document review encompasses a review of other assessments of the MDF and projects in its portfolio. BRR has reported on its experience of the MDF and areas where improvements can be made. This report will be considered as an input to the Mid Term Review, and substantive ideas and issues will be taken up.

In addition, two other reviews were contracted by the MDF in 2008 as part of the overall MTR process. One of these focused on environmental sustainability and safeguards; and the other focused on social sustainability issues at both the project and portfolio level. The two sustainability reviews have provided specific input on these topics to the independent external mid-term review which evaluates the project, portfolio and operational performance of the MDF.

The review process and reports submitted will provide the MDF with an overall view of its achievements in the reconstruction process as well as recommendations for the remaining duration of the MDF. The MTR's draft report is expected to be submitted in early February. The consultants will incorporate comments and revise the report to present to the TRG sometime in March 2009. As an outcome of the MTR process, an Action Plan will be developed to address findings and recommendations. These action plans will also specifically address recommendations on social and environmental sustainability put forth in those separate reviews. Increasing the capacity for mainstreaming gender equality in the portfolio, among other issues, is an anticipated outcome of this process. The final report will be presented to the Steering Committee once the full review process is completed.

Now that the MDF portfolio is moving from emergency recovery to longer term development, stronger emphasis can be placed on these quality and sustainability aspects in the portfolio. It is paramount that the lessons identified by the reviews of the Multi Donor Fund are translated into forward-looking action plans which will aim not only to enhance operations for the MDF's own portfolio, but also allow the MDF to share widely its experiences and recommendations, which can enhance the quality of future post-disaster reconstruction efforts in other contexts. Together with the stakeholders, the MDF Secretariat will develop a plan for moving the MDF ahead and addressing the challenges identified.

1.8 Responding to External Reviews

In addition to the reviews initiated by the MDF and its donors, the MDF and some of its projects have received scrutiny from external organizations. During this reporting period, the MDF received two major reports reviewing projects in the portfolio: one from the Gender Action Group that looked at gender concerns across MDF projects, and the other a report from the International NGO Forum on Indonesia's Development (INFID) that looked specifically at RALAS. The MDF Secretariat facilitated the response to these organizations by requesting comments on the reviews from the affected projects. These comments were compiled, summarized and presented to the respective organizations.

The Gender Action Group on August 2008 published a report entitled "Empty Promises: Gender Scorecard of World Bank-Managed Post-Tsunami Reconstruction in Indonesia" that stated the Multi Donor Fund failed to systematically address gender concerns. The report's executive summary emphasized that despite firm MDF commitments to address gender issues, no MDF projects include gender equality goals in the project objectives, and most projects fail to integrate gender issues in their analysis of the project's social context and monitoring and evaluation. The MDF developed an initial response on the methodology of the report, followed by an extensive response after receiving feedback from the project task team leaders. The full response is available on the MDF website.

The World Bank Gender Group also provided a direct response to Gender Action Group, stating that more in-depth review is needed to be able to look at the plans made in the PAD.

INDEF published a report entitled "World Bank Managed RALAS." It highlighted on the RALAS project as a tool for the World Bank to have Indonesia pay its international debt. It also stated that the RALAS project contradicts the basic spirit of all legal reform in Aceh, namely to revive Aceh's governance based on Islamic law and Aceh's *adat* law and *adat* structure, based on the *gampong* and *mukim* system. The MDF Secretariat liaised with the RALAS team as they prepared a response which was sent directly to INFID.

1.9 The MDF Secretariat

The role of the MDF Secretariat is to support both the Steering Committee and the Trustee in fulfilling their responsibilities. This role includes providing effective coordination and communication, ensuring quality, and reporting to stakeholders.

This reporting period has witnessed a large staff turnover, with the departure of the Fund Manager, as well as two M&E officers and the Aceh-based Operations officer. The two M&E officers under secondment to the MDF by GTZ concluded their contracts in 2008. A new Fund Manager, Ms. Shamima Khan, was appointed in November 2008. Other replacement staff members include an Operations officer, two Quality Assurance officers based in Jakarta and one M&E Officer who splits time between Jakarta and Aceh.

Up until this reporting period the World Bank as trustee has been contributing to MDF administration costs by providing facilities, and donors (GTZ) were providing seconded staff, above and beyond their obligations and actual monetary contributions. Now that this support is no longer available, the staff functions still remain and need to be financed under the MDF. With the departure of the seconded staff, the costs for the Secretariat to continue to play its full monitoring and supervision, reporting, coordination, communication and quality assurance role need to be financed under the MDF. Revised budget estimates will be presented to the donors for discussion.

Under the terms of the new World Bank Trust Fund Framework Agreement with donors which allows for full cost recovery, the MDF Secretariat, together with three other trust funds, will relocate to new office space on Floor 9 of Tower 1 of the Stock Exchange Building in March-April 2009. To date, secretariat administration, project appraisal, supervision and monitoring expenses have been covered by the interest earned on available undisbursed funds. The impact of the new framework agreement on the Secretariat's costs will be reflected in revised budget estimates to be presented to donors for discussion.

Chapter 2: Portfolio Progress and Performance

Led by the BRR, the reconstruction of Aceh and Nias has required immense coordination across all sectors and involving a multitude of stakeholders. By the end of 2008, US \$ 7.2 billion was allocated to the overall reconstruction of Aceh and Nias. Of this, US \$ 6.7 billion was committed to projects, made up of contributions of US \$ 2.2 billion from Donors, US \$ 2.4 billion from NGOs and US \$ 2.1 billion from the Gol.

Results of the overall reconstruction process to date are encouraging. Over 90% of the targeted 139,000 houses have been constructed. Schools are lagging, with 1,485 out of the targeted 2,006 units completed. However, the goals of eleven airstrips/airports, rehabilitation of 60,000 ha of agricultural land and the construction of 14 seaports, 3,000 km of roads and 127 health facilities have all been exceeded. BRR has reported that an average of 90% of Key Performance indicators across the Housing, Infrastructure, Economic Development, Institutional Development and Social Affairs have been reached.

Now the focus of the reconstruction of Aceh and Nias will be moving from supporting disaster recovery and reconstruction to investing in local institutions for sustainable development. The inflation levels in Aceh are now at par with the national levels and private consumption continues to grow, as illustrated by falling poverty numbers and increases in electricity consumption and number of vehicles purchased. The fiscal resources of the province have been increasing, and are expected to continue this upward trend as a result of the Government's Special Allocation to Aceh.

At the end of this reporting period, the Multi Donor Fund portfolio consists of a total of 18 projects, with an additional four new projects expected to start up in the next year. Multi Donor Fund projects can be classified into the following four categories: a) projects in the start-up phase, ramping up to deliver results during the next six months; b) projects in full implementation, ongoing and delivering results; c) mature or near-completion projects that have delivered on most of their targets; and d) completed projects. Figure 2.1 shows the implementation status of the MDF's portfolio.

This reporting period has witnessed significant progress as a number of projects moved from start-up into full implementation mode. The majority of the portfolio's projects are now in full implementation or nearing completion, and several that experienced significant delays and bottlenecks in start up (KRRP, SPADA) are beginning to show results. The large infrastructure projects (IREP, IRFF, Banda Aceh Flood Mitigation) are now in full implementation after slow start ups. The need to complete work before the closure of BRR in April 2009 has created further constraints. At this new stage in the portfolio, new challenges have appeared. Ensuring quality of the large infrastructure under construction remains a key concern for the MDF and project teams.

Disbursements also reflect the full implementation status of most of the MDF projects. As of September 30, 2008, of the 18 projects, eleven have disbursed between 80 and 100% of funds; 5 projects have disbursed between 30-50%; and two projects

have disbursed 20% or less of allocated funds. See Annex 5 for more details on disbursement and spending by project.

Six MDF projects are directly affected by the transition. Working out the new institutional arrangements for the implementation of these projects after the closure of BRR has been a major endeavor at project and portfolio level during this reporting period. Arrangements for turning over implementation roles to government line ministries with BAPPENAS playing the coordination role were mostly decided by the end of December. IREP and IRFF pose the biggest challenges for transition due to the complex co-financing arrangements, and at the time of preparing this report the revision to the grant agreement revising the co-financing arrangements was reaching final stages and expected to be signed at the end of January 2009.

The transition also highlights the importance of capacity building across all projects. This especially applies to the Governance sector where local governments will soon be called upon to accept the turnover of MDF-funded assets and programs to their management. Preliminary findings from the Mid-Term Review point to the need to increase the effectiveness of our capacity building efforts.

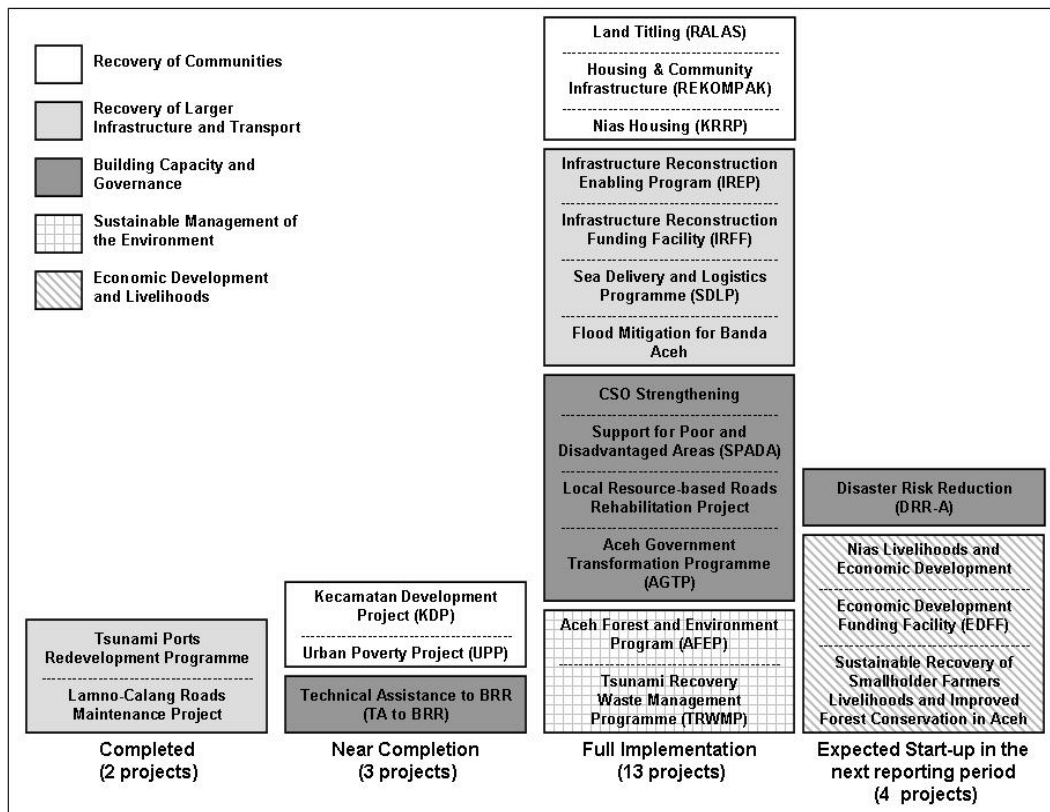
Procurement issues have continued to cause delays for a number of projects. In addition, recruitment and retention of qualified staff have been a big problem across projects at all levels, and this has been doubly true in Nias. Project management teams have changed for IREP and IRFF, Banda Aceh Flood Mitigation, AFEP and other projects during this reporting period, in most cases bringing improvements in performance.

The Community Recovery projects are all nearing completion or are in full implementation mode. With the exception of the RALAS land titling program which has not been able to deliver on its targets, the Community Recovery projects have delivered strong results not only in terms of quantitative targets but also in terms of qualitative outcomes such as community ownership and empowerment. These projects are beginning to provide important lessons learned and models for other post-disaster situations.

In the cross-cutting themes that run across the portfolio, the environmental and social sustainability reviews have identified weaknesses that need to be addressed. The two reviews provided input to the Mid Term Review process and will be included in the overall recommendations. Increased gender inclusiveness, more attention to environmental safeguards, and better poverty targeting are some of the cross-cutting issues that have been identified through these reviews as needing attention. Conflict-sensitivity is also emerging as an issue that up until now has not been adequately addressed across the portfolio.

The reconstruction process as a whole is moving into a new phase in Aceh and Nias, with most of the physical reconstruction targets underway or already met. As the construction boom winds down, economic development and capacity building have become the new priorities. The MDF's first project in the economic development sector, the Economic Development Financing Facility (EDFF) was approved in September and will get underway early in 2009, and the Nias Livelihood and Economic Development Project (LEDP) will finalize its Project Appraisal Document (PAD) early in the year.

Figure 2-1 Status of MDF Portfolio Implementation



Recent project extensions such as for the Tsunami Recovery Waste Management Project have contained more of a focus on ensuring sustainability of the project through capacity building efforts, and new projects such as Nias Island Transition Project and the Aceh Disaster Risk Reduction have a primary focus on strengthening governance and capacity. Increasing effectiveness of capacity building efforts is an important challenge across projects, as is finding more effective ways to assess and report on these efforts.

This chapter provides a synthesis and analysis on the results reported in the Project Fact Sheets, organized by sector. The Project Fact Sheets in Chapter 5 provide detailed results on each project as of September 30, 2008, as reported to the MDF Secretariat by the project teams. In addition, the chapter includes developments and events up through the time of preparation during the last half of December 2008. It does not include the findings of the Mid Term Review.

2.1 Recovery of Communities

The performance of the Multi Donor Fund in supporting community recovery has been strong during the last reporting period. Most projects are now in full implementation or nearing completion. More than US \$ 222 million (43% of allocated funds) has been dedicated to projects with community reconstruction as a main focus.

An early priority of the Multi Donor Fund focused on the recovery of communities, and most of its targets have now been reached in the reconstruction of vital community infrastructure. Block grants to build community infrastructure have been received in over 2,900 villages in Aceh and Nias. The MDF used two existing national programs, the KDP and UPP, which could be scaled up quickly to channel resources directly to communities for rebuilding community infrastructure. This has proved to be an appropriate and successful mechanism to deliver emergency support to communities.

The community driven approach, in which communities decide what infrastructure to build and coordinate the process, means that implementation starts up more slowly but achieves a higher level of beneficiary satisfaction, including a strong sense of ownership. Although a great deal of preparation is needed in the beginning, once all the necessary legal and institutional arrangements are in place, this (KDP) mechanism has proved to be a quick and efficient way to disburse and account for funds. The KDP platform is recognized by many institutions, government and other donors, who have used the platform to deliver training, funds and other interventions. KDP as operated through the MDF is winding down, although an extension has been requested to complete the current program. However, KDP and UPP activities will continue in Aceh and Nias as part of the national on-budget Program Nasional Pembangunan Masyarakat (PNPM).

Community recovery programs have made good efforts to include women in the reconstruction process. Within UPP a special fund was established (the SPP) that focuses on providing interventions for women.

Outcome 1: Recovery of Communities	
Restoration of land ownership, housing and community infrastructure contributes to improved living conditions	
Indicators/Targets	Results as of September 30, 2008²
<i>Number of land titles registered and number of title certificates distributed (incl. to women/joint title ownership)</i>	126,106 titles in the Land Books; 112,460 titles had been distributed of which 11,500 titles were registered in the name of woman or women as joint holders <i>Target: 600,000 land titles distributed</i>
<i>Number of households still living in transitional shelters</i>	April 30, 2008: 1,626-down from 5,287 on October 31, 2007
<i>Number of eligible households relocated</i>	11,574 out of 16,606 eligible households relocated
<i>Number of beneficiary households in 125 villages in Aceh and 127 villages in Nias that occupy their new home (incl. number of households headed by women)</i>	A total of 6,554 new houses have been constructed and 6,911 rehabilitated through the community housing projects of Aceh and Nias. The occupancy rate of new houses is 86% and 100% for rehabilitated ones <i>Total current project targets in Aceh and Nias: 9,686 new and 6,999 rehabilitated houses</i> <i>Total reconstruction targets in Aceh and Nias: 139,195 new houses and 67,195 rehabilitations*</i>

² Please refer to individual Fact Sheets for details.

<i>70% of beneficiaries satisfied with their new home at end of project (incl. satisfaction rate of men and women)</i>	In January 2007, a mid-term review of REKOMPAK showed satisfaction rates above 80% for satisfaction with the housing and the overall gains from the project – no gender disaggregation available
<i>70% of beneficiaries satisfied with planning processes and services provided at end of project (incl. satisfaction rate of men and women)</i>	In January 2007, mid-term review of REKOMPAK showed satisfaction rates around the 90% mark for the process of setting up housing groups, beneficiary selection and technical support
Output 1: Restoration of communities and community infrastructure supported with participatory methods	
<i>Number of land parcels adjudicated</i>	166,116 titles adjudicated
<i>Number of land parcels publicly notified</i>	158,972 titles notified in public
<i>Number of completed new houses and houses under reconstruction</i>	6,554 new houses out of 11,692 in Aceh and Nias (56% of target) completed and 3,448 under construction
<i>Number of completed rehabilitated houses and houses under rehabilitation</i>	6,911 of rehabilitated houses (99% of target) completed and 88 (1%) under construction
<i>Number and kind of key village infrastructure completed</i>	In Aceh and Nias: completion of 2,585 km village and urban roads; 2.2 km of urban and rural bridges; completion of 1,376 km of drainage and irrigation; 29 flood gates; 1,408 clean water systems and 1,059 sanitation units; rebuilding or repair of 19 community health centers and 275 schools; provision of 875 street lamps in urban areas and electrification of 39 rural communities
<i>Average participation rates for women in community planning and representation rates of women in project-related elected bodies</i>	The average participation rate of women in community-based planning activities was 36% and the representation rate in elected bodies was 24%.
<i>Social/emergency funds delivered</i>	Based on a participatory identification of recipients, UPP disbursed US \$ 726,877 to 16,740 persons as social funds and KDP disbursed US \$4,502,470 to 476,341 recipients as emergency funds in Aceh and Nias

* These targets are taken from the Presidential Regulation No. 47/ 2008, the Amendment to the Master Plan for Reconstruction, Attachment IIA.

Housing reconstruction targets are close to completion in Aceh and are now progressing smoothly in Nias. The community driven approach has proved to be the most effective in creating strong and sustainable projects, particularly when applied to

rebuilding houses, where a sense of ownership and pride among beneficiaries is crucial. Housing construction and rehabilitation accomplishments are as follows:

6,554 houses (81% of targets) were constructed in 130 communities in Aceh. Over 2000 houses were completed in Aceh during the last year alone – the most houses completed in one year since the start of the reconstruction process.

- 1,450 houses are currently under construction in Aceh, and approximately 2,000 houses are under construction in Nias.
- Ninety-eight percent of houses targeted for rehabilitation (6,900 houses in Aceh) have been completed, with an occupancy rate of 100%.

The REKOMPAK project is an innovative model for post-disaster reconstruction of housing. Housing is the highest profile sector in a post-disaster situation, and the REKOMPAK model has received a great deal of attention because of its community driven approach. The Government of Indonesia successfully adopted this model, delivering more than 200,000 houses in its post-disaster response in Central Java and Yogyakarta. The model was also used by KRRP after the Nias earthquake. It is important to note that this is the only sizeable project in the tsunami reconstruction that has a housing rehabilitation component. All other donors (except BRR) have constructed only new houses.

One of the strengths of the community housing approach is its ability to identify and respond to problems as they arise. For example, last year when quality issues were identified, REKOMPAK was able to start retrofitting houses right away. In addition, KRRP has been able to make adjustments to deal with rising costs of materials.

Overall, the REKOMPAK housing project has performed well. REKOMPAK has been recognized for its quality. It received a highly satisfactory rating from WB's Quality Assurance Group (QAG) in May 2008 for "quality at entry" (one of 4 projects globally to receive this rating – two of these, REKOMPAK and AFEP, were from the MDF for Aceh and Nias). On efficiency measures, the unit cost of a REKOMPAK model house is on average 40% lower than a comparable GoI housing unit and 30% lower than other donor housing with comparable specifications. Beneficiary satisfaction, at 66%, is slightly higher than the Aceh-wide average (65%). Reasons preventing higher satisfaction ratings include the fact that some related services, such as the provision of water and electricity, were not supplied by other sources as promised. Furthermore, in some cases housing provided by other donors was larger and more expensive than that provided by REKOMPAK, raising beneficiary expectations.

After a slow startup, KRRP is now progressing well in Nias, with a high level of commitment from beneficiary communities. Housing construction has taken off, with 93% of the total target number of houses currently under construction. Construction of schools and community buildings was delayed due to late disbursement and design problems, but the first tranche of funding for these was released in August, and one school was already under construction at the end of October. Community infrastructure projects under KRRP also experienced start up delays, but work on these has now begun.

An EC Results Oriented Monitoring (ROM) mission in October concluded that KRRP is currently running well, despite the staffing issues and slow start to the project, with good ratings on all of the DAC criteria and a rating of 'very good' for effectiveness. While

jealousy among beneficiaries was noted during the selection and allocation period, the approaches used have ensured transparency during all processes.

KRRP illustrates the unique challenges of reconstruction in Nias. Both construction and staffing are affected by the remoteness of the project. Staff retention has been a continuous problem for the project due to difficult working conditions. In addition, KRRP has had to deal with rising costs and problems with availability of materials. Thus far, KRRP has been able to address these problems by removing nonessential finishes from buildings and because beneficiaries have used their own money for part of the construction costs. It is not yet clear yet how those issues can be addressed in community buildings and infrastructure.

The World Bank and Forestry Department formulated a timber policy for KRRP in July. The policy sets out conditions for the use of local timber for construction. These include guidelines on approved types of timber that can be used for building, replanting trees to compensate for trees cut for constructing homes, and use of recycled timber products.

The RALAS project has continued to experience problems in implementation. One of the first MDF projects, it first received a great deal of early visibility during President Bill Clinton's visit in 2005. The project's aim was very compelling: it intended to give land titles and property rights to tsunami victims who had lost everything and then risked losing rights to their land as well. Perhaps due to high expectations and visibility, extra attention has been focused on RALAS, which makes its under-performance even more of a concern.

Delivery of results in RALAS has been disappointing, both during the last year and over the life of the project. The performance is inconsistent over time: in the initial year few land titles were distributed, then in one year a large number were distributed, then few again over the next two years. For the last two years (2007 and 2008) the project delivered almost no results at all. Targets were revised but were still not met. Some progress can be seen on some indicators, but the essence of the project – land titles – shows very little progress (only 20% of targets on land titles have been achieved). Even in the construction of local land offices, only 30% of targets have been met.

The project also does not appear to have performed as well as expected on gender concerns, another highly visible aspect about which expectations were high. The project was supposed to increase equality and ensure women's rights to land, but reviews indicate the data was not disaggregated by gender adequately to show this, and performance on joint land titling has been generally disappointing.

The full explanation for poor project performance is not yet clear despite careful examination of management issues, inter-agency problems and the implementing agency's capacity (BPN). RALAS recently conducted an extensive four-month Project Impact and Beneficiary Assessment (PIBA) review by external evaluators. A presentation was made to the TRG in November giving preliminary results of the review, and the final report is expected at the end of December 2008. The PIBA indicates that while distribution of land titles has been under target, beneficiary satisfaction among those who have received their titles is high and strong demand still exists within the communities to complete the titling project.

The RALAS project was originally due to close in December 2008. Following the November 2008 World Bank supervision mission the Bank's Task Team and BPN agreed to extend the project until June 2009. Another supervision mission is proposed for April 2009 to review performance up to that time and if sufficient progress has been made against the agreed targets, the project would receive a longer extension. If progress is not satisfactory, the project would close on June 30, 2009. Some senior staff in GoI have indicated to the MDF Secretariat that they want an extension to 2010 with a possibility of termination if performance is not maintained or improved.

Overall, the MDF's community recovery investments have created positive outcomes. In addition to the target achievements in infrastructure and housing, the community-based approach has broader impacts on beneficiaries. For example, more than 13.5 million work days were generated over the course of these projects. The empowerment of women has been a project focus and UPP, KDP, REKOMPAK have placed great emphasis on the inclusion of women in the reconstruction process. Scholarships have been provided to help build the skills of community members (KDP); microfinancing has been available to support small scale livelihood recovery. As reported elsewhere, the community-based approach generally results in a greater sense of ownership of houses and infrastructure constructed and high levels of beneficiary satisfaction.

More importantly, the MDF's investments in community recovery have demonstrated that community driven projects such as these can be effective and efficient mechanisms for engaging communities in post-disaster reconstruction.

2.2 Recovery of Larger Infrastructure and Transport

The MDF has dedicated a significant percentage of its portfolio (34% or US \$ 176 million) to the reconstruction of large infrastructure due to the extensive need identified in this sector. Following the preparation activities required for large infrastructure projects (i.e., procurement, environmental assessments, etc.) the majority of the MDF's large infrastructure projects have been able to start construction during the past year. As the projects have moved into full implementation mode, new sets of challenges have emerged.

Outcome 2: Recovery of large infrastructure	
Key primary and secondary infrastructure is restored to adequate quality standards and is adequately maintained	
Indicators/Targets	Results as of September 30, 2008¹
<i>Percentage of completed primary and secondary infrastructure investments (in numbers and amounts) that correspond to the priorities identified in the BRR's strategic planning documents for the reconstruction of infrastructure in Aceh and Nias</i>	1 water system & 7 <i>kabupaten</i> roads have been completed (about 3.4% of investments); 48 projects are under construction; 1 project is in the bidding stage. All 56 IRFF investment packages (estimated value: US \$ 227m) fall within the BRR NAD Action Plan and IREP developed Strategic Infrastructure Plan (developed with BRR). Subprojects have been prioritized through the Annual Infrastructure Investment Planning process

<i>Percentage of primary, secondary and tertiary infrastructure investments (in number and volume) that were approved in a participatory process with local government and/or community representation</i>	All 56 IRFF investment packages (estimated value: US \$ 227m) were approved in a participatory process with relevant government authorities facilitated by the IREP consultants – mechanisms varied in each region
<i>Percentage of completed primary and secondary infrastructure investments (in number and amounts) that adequately meet the quality specifications of the technical designs</i>	97 km of district level roads completed under the Local-Resource based Roads Rehabilitation Project were 95% up to the quality specifications 1 water system & 7 <i>kabupaten</i> roads have been completed under IRFF (about 3.4% of the US \$ 227m). All designs submitted are vetted for quality before signoff by the World Bank team; all 56 packages had met quality standards at design phase
<i>Percentage of completed primary and secondary infrastructure technical designs (in number and amounts) for which relevant government agencies have signed MoUs that identify a maintenance scheme</i>	MoUs for 35 required sub-projects have been drafted and 2 had been signed. The rest are to be signed with local government agencies prior to signing over assets
<i>70% user satisfaction with completed primary, secondary and tertiary infrastructure</i>	No infrastructure satisfaction assessments had been conducted, limited results to date
Output 2: Strategic planning, technical support and provision of funding results in preparation, implementation and supervision of key infrastructure projects	
<i>Number of technical designs/ contract volume (in US \$) for infrastructure reconstruction prepared</i>	Under the IRFF (US \$ 227m), 8 completed contracts (US \$ 7.79m), 48 (US \$ 210.4m) contracts under construction, and 1 package valued at US\$ 9.17m at bidding stage. Of the 48 contracts under construction, coverage include (# of contracts/road km/US \$ amt): <ul style="list-style-type: none"> • national roads: 8/265.9km/US \$ 37.92m) • provincial/district roads: 24/469.9km/US \$ 94.84m) • 5 ports at US \$ 47.42m • 11 water systems at US \$.27m In addition, there are 85 small-scale contracts for 98 km of district roads managed by ILO
<i>Number and kind of primary and secondary infrastructure projects that have been completed</i>	1 water system & 7 <i>kabupaten</i> roads have been completed under IRFF (about 3.4% of the US \$ 227m) 97 km district roads completed (Local Resource-based Rural Roads Rehabilitation Project)

<i>Amount of reconstruction materials transported in metric tons</i>	Until December 2006: transportation of 98,185 mts of materials transported; since Jan 2007: logistics support in 363 instances resulting in transportation of 174,000 mts of goods through commercial transportation
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The most significant progress in the Multi Donor Fund's portfolio in the past year has been in the reconstruction of key infrastructure. In IREP/IRFF alone, projects valued at US \$ 7.8 million have been completed, with projects totaling US \$ 210 million under construction and one project (US \$ 9.2 million) at the bidding stage. IREP has prepared all projects implemented by IRFF. Additionally, IREP consultants have also been providing technical input to provincial and district governments relating to the design and implementation of infrastructure projects. Through IRFF, 265.9 km of national roads, 316.6 km provincial roads and 153.3 km *kabupaten* roads are currently under construction, with just over 36km of *kabupaten* roads and one water system already completed. Other projects under implementation in IRFF include clean water systems and ports reconstruction. The Banda Aceh Flood Mitigation project has also made progress in construction after reducing the scope of the project and addressing contractor problems.

As the large infrastructure projects have moved from the preparation to implementation stage, a number of quite significant challenges have been encountered. These have included frequent turnover of consultants and project management, disappointing results in terms of capacity building, quality concerns, and the challenges of addressing the institutional arrangements regarding co-financing and transition.

Frequent turnover and weak coordination among consultants have posed a challenge for infrastructure projects, as reported in Supervision Missions and other reporting mechanisms. In recent months IREP, IRFF, and the Flood Mitigation project have made changes in consultant teams that led to performance improvements.

The quality of construction works and quality assurance mechanisms need attention. Quality issues appear to relate to a number of factors including the poor performance of consultants and the rush to complete construction activities. Recent supervision missions and other assessments point to these quality issues in IREP/IRFF especially, and action plans for addressing them are being considered. The Flood Mitigation project has addressed quality issues by putting in place a new management structure which has improved efficiency and project implementation. Progress has improved on the main contract of three pumping stations, as well as on rebidding and final contracting of four packages which are now under contractor mobilization.

Because many of the infrastructure projects are implemented on-budget by the BRR, transition presents a greater challenge compared to other projects within the MDF portfolio. There has been a rush to complete projects, or at least get them firmly underway, by the December deadline, and this rush is compounded by earlier delays in start-up for many infrastructure projects. One implication of the BRR transition on the IRFF project is that MDF disbursements will be partially deferred to facilitate the spending of government funds before BRR closes.

Concern about operation and maintenance has been present from the beginning, but has become more urgent now that infrastructure is nearing completion and turnover to local governments is about to take place. Capacity building for the handing over of assets after BRR's exit may not have been adequate to date, though it was incorporated into the design of IREP. It will be important to examine how to ensure adequate capacity in the projects through transition.

Changes in the commitment for co-financing from BRR have resulted in a reformulation of the original 70:30 co-financing arrangement to approximately 55:45. On June 19, 2008 the Technical Review Group had a meeting to discuss the "BRR's Strategy for the Implementation of IRFF in the Context of Transition". A revised strategy was requested by the Group and BRR sent a transition strategy to World Bank on June 30, 2008. A meeting held between the World Bank Country Director and BRR Finance Director, and their teams, on July 1, 2008, produced the following agreement:

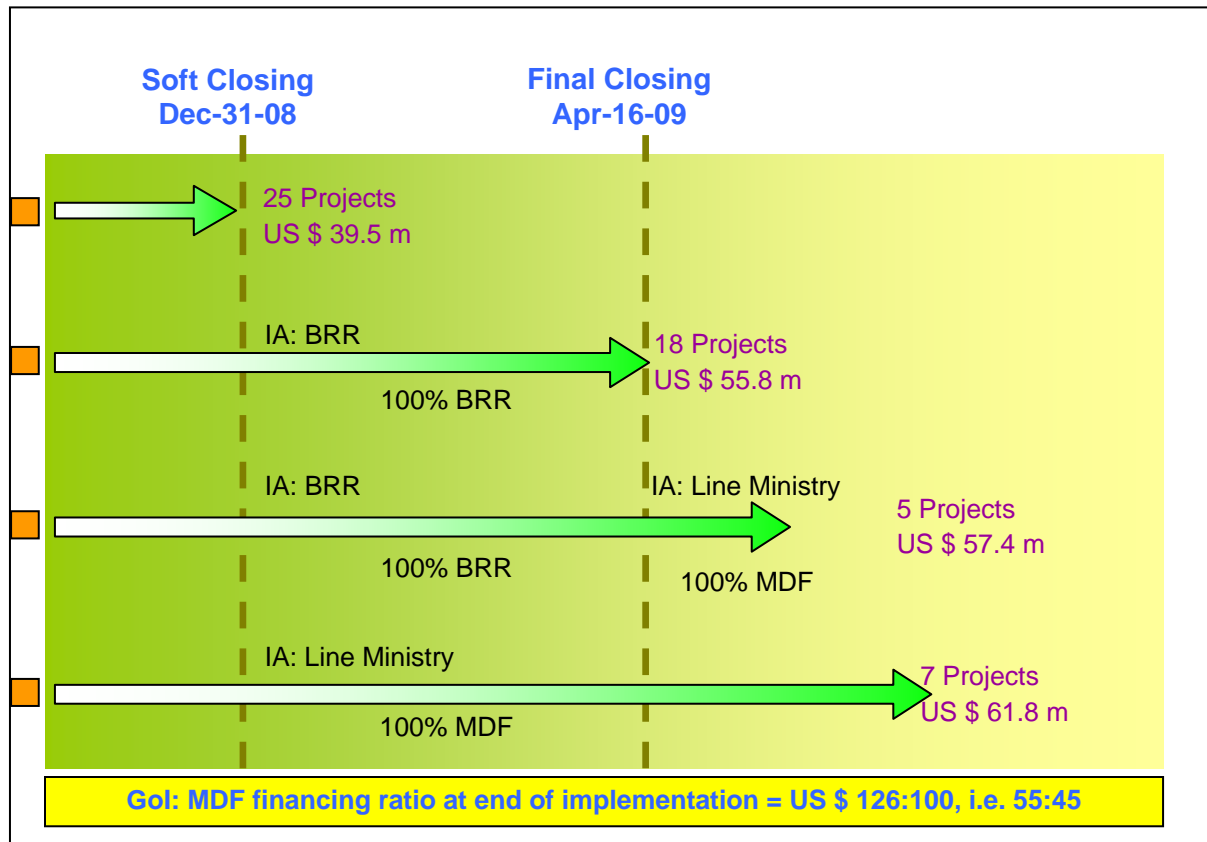
- The IRFF planned budget of US \$ 300 million (70-30% financing scheme) will now be implemented up to US \$ 226 million, with BRR only covering US \$ 126 million and MDF financing the initially agreed US \$ 100 million;
- From the original program, BRR claimed to have delivered infrastructure projects to cover the difference of US \$ 74 million, financed 100% from its own budget;
- The MDF will finance 100% of contract expenditures after 2008 but its contribution will be capped at US \$ 100 million and the complementary expenses, if needed, will be covered by MoF; and,
- The implementation agencies will be Ministry of Public Works (National, Provincial and *Kabupaten* roads, through direct or decentralized budgets with Dinas) and Ministry of Communication for the ports.

This withdrawal of funds required a re-working of the pipeline of projects for IRFF. Furthermore, it raised questions regarding which projects were financed by BRR outside of IRFF, as noted by BRR. Correspondence from the MDF to BRR on July 10, 2008 requested that the BRR provide a list of the projects financed outside IRFF with the withdrawn funds and that the BRR assure environmental and social safeguards continue to be rigorously applied in the IRFF reconstruction packages. The correspondence further requests that those sub-projects that had to be withdrawn from the IRFF sub-project list "due to unexpectedly long resolution periods of environmental and social safeguard issues," do not end up being funded by some other mechanism that has no such safeguards. Those projects should instead be funded from an institution which may require longer time-lines in order to appropriately implement safeguards.

Although the decision to withdraw the funds was made in mid-2008, the details of how the funding would be implemented were not settled until December 2008. BRR needed to spend its money before its closure to avoid the funds being earmarked for other government budgets. In order to maximize the use of the Government of Indonesia funds, the WB as Partner Agency agreed to allocate funds to projects in such a way as to ensure that BRR funds would be depleted by April 2009. This means that MDF funds will disburse more slowly in order to facilitate BRR to disburse its funds first. The MDF contribution amount remains the same at US \$ 100 million, and BRR is now committed to contribute US \$ 126 million, which now signifies a BRR to MDF ratio of 55:45. The amended agreement has not yet been signed, and therefore payments are still being executed in the 70:30 ratio. However, with the financing arrangements that have been agreed as from January 1, 2009, the ultimate contributions will be in line with the 55:45 amounts committed. Figure 2.2 sets out these agreed financing arrangements.

Infrastructure built with MDF support will perhaps be the most visible legacy of the MDF efforts. For this reason, the MDF must address quality concerns and mechanisms for ensuring adequate operation and maintenance so that these investments are a lasting legacy that the MDF can take pride in.

Figure 2-2 Financing arrangements of IRFF projects



All figures and arrangements are as presented by IREP/IRFF project team at update meeting held on 13 December 2008

2.3 Strengthening Governance

Supporting good governance to ensure quality of reconstruction and delivery of public services has been a key focus of the MDF. The need to strengthen governance and institutional capacity in Aceh and Nias was recognized early in the MDF's programming and included as an important sector for funding as well as a cross-cutting issue in the RAP. In response, the MDF made an early decision to include a significant capacity building component in almost all projects, such as the key infrastructure projects, IREP and IRFF. The MDF has also allocated significant funds to projects focused directly on strengthening governance capacity. These have included projects to provide technical assistance to the BRR and to strengthen civil society institutions. As the closure of BRR approached, the MDF shifted its focus to

strengthening the capacity of local governments to continue to coordinate and implement the reconstruction effort. Overall the MDF has allocated US \$ 62 million to this sector.

Outcome 3: Improving local governance Improved quality of governance and public services	
Indicators/Targets	Results as of September 30, 2008¹
<i>Percentage of sub-projects (in number and value) that are managed by district or provincial governments in Aceh and Nias</i>	100% of IRFF-financed provincial and district level subprojects under construction are managed by local government, supported by IREP consultants (i.e. 68% or 21 packages of 31 of total awarded packages; this equals 53% or US \$ 69.1m of US \$ 129.4m of total awarded contract value; no disbursements for SPADA subprojects had been made
<i>Increased proportion of projects managed by district and provincial governments that incorporate appropriate practices during project design and implementation.</i>	For IRFF, IREP consultants were responsible for design oversight and procurement. However, 100% of provincial and district level subprojects are managed by local government and incorporate appropriate practices as defined (see indicator above for package details); SPADA activities had just started, no assessment of appropriates of activities available yet
<i>Percentage of beneficiaries satisfied with the level of health services provided through SPADA</i>	not yet available
<i>Percentage of respondents satisfied with the level of education services provided through SPADA</i>	not yet available
Output 3: Contribution to the restoration and improvement of local government and civil society capacities to get involved in reconstruction and redevelopment	
<i>Number of local government officers trained per sector (male/ female)</i>	Approximately 2,075 local government staff trained related community-driven adjudication, local employment-creating road construction, municipal and community-based solid waste management, bottom-up planning processes, forest conservation and status monitoring* Training of 700 facilitators in community-driven adjudication; 465 teachers (52% women) in environmental awareness
<i>Number of CSO (CSO members, male/ female) trained</i>	In Aceh: 122 CSOs, 796 persons, including 192 women, were trained in key strategic competence In Nias: 25 CSOs, 126 persons, incl. 47 women were trained in key strategic competence
<i>Number of restored local government facilities</i>	Restoration of 2 land administration offices completed and fully operational, one ongoing

<i>Number and value of grants disbursed compared to targets (to district governments, NGOs/CSOs)</i>	114 small grants had been disbursed CSOs, valued at US \$ 1,753,951. <i>Target: 141 small grants of US \$ 2,115,000</i>
<i>Number and type of health center proposed and completed</i>	61 community health centers had been proposed and 19 completed under KDP and UPP
<i>Number of users of SPADA project health centers</i>	Not yet applicable as block grants have just started disbursements
<i>Number of primary school rehabilitation proposed and completed</i>	Under KDP and UPP 292 schools/ rehabilitations had been proposed and 275 completed
<i>Number of village teachers that have received teachers training</i>	465 teachers trained (52% women) on forest conservation

* Results as at March 31, 2008. Updated information not available.

Targeted support is being provided to strengthen institutions to ensure smooth transition of on-going reconstruction projects and assets from BRR to relevant government agencies. Some of the accomplishments in this area include:

- Transferring knowledge relating to policy development, project design and development, and quality assurance activities is a focus of both the Technical Assistance to BRR and the Aceh Government Transformation Program.
- Strengthening government policies and capacities to effectively coordinate the numerous transition and recovery-related capacity building programs supported by a variety of stakeholders.
- The Technical Assistance (TA) to BRR project provides support in the transfer of all assets from BRR to the relevant local authorities once the BRR closes. This includes the development and implementation of relevant processes and funding mechanisms to facilitate the transition process.
- The Aceh Government Transformation project works with the Provincial government to build capacity to manage reconstruction assets after the closure of BRR – not only for MDF projects, but for the whole reconstruction process. A key achievement of AGTP has been in securing an arrangement with the Ministry of Home Affairs as the lead central agency for the project.

Local government institutions are being strengthened in various sectors. Training, both formal and on-the-job, is provided to enhance capacities in areas such as planning and budgeting, education, infrastructure construction and planning, waste management and drainage, forest management, spatial planning and land administration. Technical experts are brought in to work alongside local government counterparts to transfer skills and mentor. The resource-based roads project has successfully engaged local government and communities in building their capacity in local resource-based methods.

Participatory processes and accountability receive high priority in institution strengthening efforts. The Support to Disadvantaged Areas project (SPADA) supports integrated “bottom-up” planning through targeted block grants to 17 districts in Aceh and two districts in Nias. This involves the training of government staff, civil society members, university staff and community representatives. The Support to Civil Society

Organizations (CSO) project promotes broader participation of civil society, including women, in governance processes. This project has established two Resource Centers, one in Aceh and another in Nias, which are becoming important training facilities and the focal points for dialogue between the local government and communities. Through the Civil Society strengthening project, women have also been enabled to participate more fully in issues relating to the development of their communities, and a total of 45% of beneficiaries of grants for livelihoods development have been women.

Disaster Risk Reduction is included in the Governance Strengthening sector because of its strong institution strengthening focus. The Disaster Risk Reduction – Aceh project (DRR-A) is just preparing to start up in January 2009 and will mainstream disaster risk reduction into local government programs. The Nias Island Transition Project is an important Capacity Building project designed to address the transition context in Nias. It involves different levels of government, both horizontally and vertically, and also embeds a strong disaster-risk reduction component in its overall capacity development focus. NITP was approved in November 2008 and a rapid start up is anticipated early in 2009.

Two projects in this sector have overcome difficulties and made progress during this reporting period. After a stint of poor performance, the CSO project restructured the focus of the project and revised its PAD and Results Framework in October and November 2008. A project update was presented to the TRG in November outlining progress in spending and distribution of small grants to CSOs. The project is gearing up towards community based monitoring with a focus on monitoring the transfer of assets to local governments – this is an innovative approach that warrants watching closely to see if there are lessons to be learned and shared across programs. The project also has a strong gender component, with women-led program activities and micro-finance for women's livelihood activities reporting progress. Key challenges remaining are the weak capacity of CSOs and how to ensure sustainability of the CSO Resource Centers and services after the project funding ends.

SPADA is also showing some progress now after a frustrating set of bottlenecks and delays in start up. While there are no tangible project results as yet, funds are now flowing. During 2008 the project delivered the block grants from its 2007 and 2008 work plans in parallel. An extension has been granted to allow the 2008 block grants to continue being distributed until April 2009 in order to meet the targets. Additional block grants are budgeted for the 2009 fiscal year. Discussions are still on-going for US \$14.6 million in government co-financing. The problems/delays experienced at start-up with SPADA were related to *effective conditions* – such as the fund flow mechanisms, obtaining the necessary approvals, etc. The low capacity of implementing agencies is a key challenge that has caused delays not only for the MDF's project but also for the national version of the program. A mid-term review of the project is tentatively scheduled for February 2009.

The Rural Local Resource-based Roads project implemented by ILO continues to perform well. Currently in Phase II of the project, it has extended its reach and scope while maintaining high quality. Capacity building for local contractors has done well and local contractors have felt the benefits. Gender sensitive-recruitment and socialization of the project has been good, and environmentally-friendly techniques are being introduced or scaled up in Phase II.

One of the challenges with investing in institution strengthening and capacity building is that results are often difficult to achieve and hard to measure. Preliminary findings from the Mid Term Review indicate that while strengthening institutions, especially local government, remains a pressing need, new and innovative ways may be needed to make this support more effective.

2.4 Sustaining the Environment

The environment programs in the Multi Donor Fund portfolio are well into the implementation stage and based on project reports are performing sufficiently well. The TRWMP has constantly been referred to as one of the success stories of the MDF, and an extension for implementing a third Phase was recently endorsed by the Steering Committee. The AFEP project is currently running smoothly after some changes in project management. During the reporting period, an assessment by the World Bank's Quality Assurance Group (QAG) assessing the quality of projects at entry rated AFEP as highly satisfactory – one of only four projects Bank-wide to receive this rating.

Environmental sustainability is achieved through a multi-pronged approach. Through both AFEP and TRWMP, the MDF supports policies and strengthens capacity for good environmental management. This is achieved through strong commitment from all parties involved, and good working relationships with beneficiaries. Building environmental awareness among stakeholders is an important aspect of both programs. Adherence to environmental safeguards is encouraged through the introduction of good practice in both resource and waste management areas. Environmentally sensitive livelihoods elements have been introduced in both projects.

Good natural resources management practices are supported through the AFEP program. Working in the Leuser and Ulu Masen forests, two of the largest remaining forested areas in Southeast Asia, this program aims to combat illegal logging, reduce human–wildlife conflict, and promote good stewardship and appropriate forest management systems.

Key accomplishments to date include AFEP's support to the government in developing a strategic plan and initiatives for forest development in Aceh. The project has contributed to key environmental initiatives such as reforestation and the protection of the forest through monitoring and training activities.

Staffing has been a key challenge faced by this project, but since January and August 2008, respectively, the FFI and LIF have hired project leaders for a longer term and have filled most other key positions.

Outcome 4: Environment sustained	
Practices conducive to sustainable environment management are implemented	
Indicators/Targets	Results as of September 30, 2008¹
<i>Increase of households with access to municipal solid waste services in target districts/ municipalities compared to pre-tsunami status (2004)</i>	39 sub-districts in 8 districts were covered by municipal waste collection with a coverage rate of 43% of population. Coverage will expand with the Phase 3 of this project.

<i>Number of households that were able to take up their economic activities on agricultural land cleared from tsunami waste</i>	Over 1,377 households are able to restart cultivation on agricultural land cleared of tsunami waste
<i>95% of natural forest cover in existing designated conservation and protection forests in the target area retained at EOP</i>	Baseline for forest cover as of June 2007: 73% of 739,000 ha in the Ulu Masen and 68% of 2,311,809 ha in the Leuser Ecosystems natural forest cover was undisturbed. Forest monitoring through 10 full-time Community Monitoring Teams as well as monitoring in 14 mukims. Aerial supervision will be conducted once aircrafts are registered
<i>In 70% of targeted areas (30 gampongs in Leuser and 10 mukims in Ulu Masen) at least 95% of the forest remains protected at the end of the project, as agreed with communities</i>	End of project indicator, work for local level agreements regarding forest management and conservation ongoing
<i>100% of infrastructure-related projects conduct appropriate impact assessments and meet environmental standards as determined at design stage after completion</i>	95% out of a total 48 completed subprojects for district roads under the Rural Roads Rehabilitation had met the environmental standard upon completion. Implementation of requirements regularly monitored by IREP consultants and World Bank supervision: 48 subprojects required EIAs of which all 48 had been completed; further results on compliance expected from MDF Environmental Sustainability Review, due Sept 2008
Output 4: Contribution to a sustained environment in the recovery process	
<i>Amount (in m³) of tsunami waste/municipal solid waste disposed of in interim landfill</i>	1,132,863 m ³ of tsunami waste and 161,432 m ³ of municipal waste disposed
<i>Hectares of productive land cleared from tsunami waste</i>	891 ha of rice paddies/fish ponds rehabilitated
<i>Number and size (in hectare) of rehabilitated interim dump sites under operation</i>	10 waste cells (25ha) rehabilitated and operating
<i>Draft Spatial planning reports (1 provincial and 7 districts) delivered to local governments by end of 2009 with environmental and conservation inputs reflected in map</i>	3 districts 2 villages spatial plans drafted and submitted
<i>10 mukims (Ulu Masen) and 30 gampong (Leuser) local level agreements and legislation regarding FM and conservation in their areas by project end</i>	End of project indicator: work for local level agreements regarding forest management and conservation ongoing

<i>1,000 ha replanted/restored with level of community involvement and choice of plantings as agreed by communities by end of 2009</i>	378 ha reforested
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The TRWMP, now in Phase 3, is generally seen as one of the success stories of the MDF portfolio. Twenty percent of all tsunami-generated waste in Aceh was removed through this project, and 10 temporary landfills in eight districts have been created or upgraded. The project has proposed to focus on constructing permanent landfills, ensuring sustainability, and clearing agricultural land in the third phase.

The most notable achievements of this program to date include winning solid commitment from local government and beneficiaries, as well as introducing a strong model for regional solid waste management to Indonesia. Furthermore, by involving communities in the construction of landfills, the Waste Management project institutionalizes the practice and transfers knowledge and skills to continue landfill development in the future. Increasing efforts are dedicated to building local capacity and commitment to create and operate sustainable solid waste management systems. The recent EC ROM mission has noted that the project is well organized, with good planning and monitoring implemented at all levels.

Livelihood components are key aspects of both projects in this sector. Through TRWMP, livelihood activities include recycling tsunami timber waste into carpentry projects, the collection and recovery of plastics and other recyclable materials, composting and the creation of biogas. Palapa Plastic Recycle, a plastics recovery sub-project under TRWMP, is one of three finalists for the Global Development Network Award. The only contestant from Indonesia, the project was one of 120 nominees from around the world. An EC ROM mission recently questioned the sustainability of this recycling sub-component due to high prices currently paid for waste materials. Remedial suggestions given include conducting a thorough review of the waste-related business development component and focusing on more sustainable financing than grants.

Helping people return to agriculture-based livelihoods is increasingly important as employment offered through the reconstruction process begins to taper off. With this in mind, over 880 hectares of tsunami-impacted farm land have been cleared and returned to productive use through the TRWMP. The Aceh Forest and Environment Program also helps communities living in close proximity to the forests to explore new small-scale enterprises and livelihood initiatives as alternatives to illegal logging.

2.5 Enhancing the Recovery Process

One of the goals of the MDF is to support an effective and efficient reconstruction process. The Multi Donor Fund was established as a platform for multiple donors and agencies to coordinate and harmonize their efforts to achieve Government led reconstruction goals in post-disaster Aceh and Nias.

The MDF has clearly impacted the broader reconstruction context through the spillover effects of projects that it has supported. Projects such as TA to BRR and the CSO project aid in capacity building and enhance coordination and participation in the overall reconstruction process. Broader impacts are also created through the MDF's coordination, communication and outreach functions, for example through coordinating

donors and government, and outreach activities that access a wide audience such as the series of policy dialogues that have been conducted. These are described in Chapter 1 of this report.

These process related outcomes are difficult to document and measure, especially in quantitative terms. The Secretariat has increasingly recognized that the current portfolio level results framework for the MDF does not adequately capture these multi-faceted results. The Mid Term Review process has been specifically designed to include a review of the governance and portfolio level issues to ensure enhancement of stakeholders' collective benefit of the MDF experience. Consultants with experience in evaluating other multidonor funds were specifically recruited for this task.

Outcome 5: Enhanced effectiveness and efficiency of the recovery process	
Indicators/Targets	Results as of September 30, 2008¹
<i>Enhanced capacities of the BRR in strategic planning, policy development, implementation and quality monitoring</i>	<p>TA to BRR project is extended to May 2009 has enhanced BRR capacities in strategic planning, implementation and quality control through provision of technical advisors who delivered support to development of 212 policies/ strategies/ guidelines/ manuals (up from 151); review of 188 project proposals (up from 123) and quality monitoring for 275 projects under implementation (up from 192).</p> <p>Since inception, 89 TA have been contracted/ 730 person months (up from 57 TA/463 person months)</p> <p>BRR operational capacities strengthened: IT/ VSAT services for all offices (helpdesk operation received 641 calls to date); HR services in this period focused on preparing staff for BRR closure – training plans, registration of 661 persons (63% women) for training which is additional to regular HR tasks. To date 432 persons were trained with 40% women. <i>Target 80% of all training activities completed by Oct 2009.</i></p>
<i>Number of complaints received through MDF-supported transparency systems (number and percentage of alleged cases of misuse of funds) and percentage of complaints/ misuse of funds cases solved</i>	<p>64 complaints; 13 corruption-related comments; 194 queries</p>
<p><i>Revised indicator (CSO Strengthening Project):</i></p> <p><i>Number of NGOs registered in the NGO-administered pre-qualification database and number of requests from local NGOs on the database</i></p>	<p>Database has been set up to track the CSOs benefiting of the CSO grants program</p> <p>Training of 122 CSOs (716 persons, 192 women) through IMPACT in Aceh; 50 facilitators registered with the Civil Society Resource Center. In Nias, training activities currently being undertaken by FORNIHA for 25 CSOs (126 persons, 47 women)</p>

	training for their 37 registered facilitators done In Aceh, 50 (18 women) NGO facilitators were trained on basic facilitation using training of trainers approach. In Nias, 33 (7 women) were trained.		
Output 5: Enhanced effectiveness and efficiency of the recovery process			
Number and volume of MDF grants given per sector		Ongoing grants	Committed for new grants*
	Recovery of communities	5 grants: US \$ 222.0m	
	Infrastructure and transport	6 grants: US \$ 176.4m	
	Rebuild governance	5 grants: US \$ 75.2m	1 PAD: US \$ 9.9
	Sustain environment	2 grants: US \$ 42.0m	
	Economic recovery		1 PAD: US \$ 50m 2 PCNs: US \$ 25m
	TOTAL	18 grants: US \$ 515.6m	22 new grants: US \$ 84.9m
* endorsed at PCN/PAD level			
Overall and sectoral disbursement rate	US \$ 334m out of US \$ 515m allocated has been disbursed to projects (i.e. MDF has disbursed 43% of all funds currently allocated for community recovery; 34% of all funds currently allocated for infrastructure and transport; 15% of allocations for governance; 8% funds of allocations for sustaining the environment.		
Project progress reports received and reviewed by Technical Review Committee	During the reporting period, 8 Aide Memoires were submitted and 7 project updates were held. All documentation is available on the MDF website.		
Average number of supervision missions held per project per year	During the reporting period, the 9 World Bank partnered projects conducted supervision missions.		

2.6 Economic Development and Livelihoods

The MDF has committed to enable a stronger environment for long term economic development. Sustainable economic development in Aceh and Nias is promoted through investments, employment and support for livelihoods.

During September 2008, the Steering Committee endorsed the allocation of US \$ 50 million to the Economic Development Funding Facility (EDFF), a new project specifically aimed at supporting sustainable economic opportunities in key livelihood sectors in Aceh. The project will contribute to post-tsunami economic recovery and will aim to build a more competitive and accommodating business environment necessary to create broad based private sector job opportunities and growth, targeting the poor and other vulnerable groups. The project will also fund project management and capacity

strengthening activities, as well as support the development of production, processing and manufacturing activities in the agriculture and fisheries sub sectors, and increased access to markets. Increased domestic and foreign investment in Aceh is a further goal. This project is expected to start distributing grants in early 2009, with the commencement of activities following shortly thereafter. Due to the nature of the project as a grants facility, the specific outcomes, outputs and indicators were not fully available at PAD approval stage. Once the sub-grants have been selected based on the criteria approved in the PAD, the project's detailed Results Framework showing specific project outputs and indicators will be provided to the Steering Committee in an Inception Report.

The Nias Livelihoods and Economic Development Project (LEDP), still under preparation, is expected to be submitted for PAD approval early in 2009. This project will focus on improving access to remote agricultural areas in Nias coupled with a program to strengthen agricultural production and marketing in key sectors as a means of improving livelihoods, encouraging economic development and reducing poverty in Nias.

Outcome 6: Recovery of livelihoods	
Indicators/Targets	Results as of September 30, 2008¹
<i>[no outcomes or outcome indicators have been formulated to date since the EDFF will be developing its outcomes and indicators in early 2009 to submit with the project Inception Report. LEDP is still in preparation stage.]</i>	n/a
Output 6: Support to the creation of economic activities	
<i>Number of recipients of micro-credits (individuals/groups/ women's groups) and scholarships</i>	In community recovery sector, 3,685 persons had received micro-credits and 9,452 students had received scholarships valued at US \$ 404,010. In the environment sector, 120 SMEs, 12 CBOs, & 10 NGOs supported with access to small grants (US \$1.1m), training and equipment.
<i>Volume of micro-credits provided; percentage of performing credits</i>	In March 2008, micro-credits worth US \$ 346,544 had been granted (data on performance not available).
<i>Number of temporary workers employed per month through MDF projects</i>	From April to September 2008, MDF projects have on average employed the equivalent of 32,700 full-time employments on average per month through short-term employment activities. Total number of short-term employment created through the MDF is about 14,484,502 man-days
<i>Number/ type/ dimensions of pilot activities to create sustainable employment and number of persons employed on average</i>	Two carpentry workshops and one composting facility operating self-sustained since the first quarter of 2008, employing on average 249 workers in the first quarter; 186 private sector members in construction business had been trained, including one woman

Chapter 3: Finances

This chapter consists of four sections:

Section 3.1 provides a financial overview of the Multi Donor Fund for Aceh and Nias (MDF), including contributions, allocations³ and disbursements⁴ as of September 30, 2008.

Section 3.2 provides an analysis of the overall portfolio disbursements and spending⁵ as of September 30, 2008.

Section 3.3 provides a glimpse of audit report on the MDF projects.

Section 3.4 provides an analysis of the MDF's financial outlook from 2008-2009.

3.1 Overall Financial Status

3.1.a Summary as of September 30, 2008

- **Contributions:** the MDF has received US \$ 691.92 million in pledges from 15 donors (see Table 3.1). All these pledges have been formalized through legal agreements.
- **Allocations to Projects:** US \$ 515.49 million (75% of the total amount pledged) has been allocated to 18 projects (see Table 3.2 for complete list of projects).
- **Commitments to Projects:** US \$ 89.85 million committed to 4 new projects and additional funding to 3 existing projects (see Table 3.2 for complete list of projects).
- **Disbursements to Projects:** the MDF has disbursed US \$ 333.92 million to project accounts (see Table 3.3). The individual projects have spent up to US \$ 271.15 million (81% of the funds they have received) to finance project activities (see Graph 3.3 of financial report).
- **Uncommitted and Unallocated Funds:** the MDF currently has US \$ 57.43 million in uncommitted and unallocated funds.
- **Extension:** All donors have signed the amended administration agreement for extending the MDF from June 30, 2010 to December 31, 2012.

³ "Allocations" refers to describes funds related to projects that have been approved by the Steering Committee at the PAD level.

⁴ "Disbursements" refer to funds transferred from the MDF to the project accounts.

⁵ "Spending" refers to funds that the projects have spent as part of the project activities.

3.1.b Contributions from Donors as of September 30, 2008

The MDF has pledges amounting to US \$ 691.92 million, with over 75% of the total pledged from three donors: the European Commission, the Netherlands and the United Kingdom. All pledges and contributions have been formalized through administration agreements. To date the MDF has received US \$ 471.76 million from donors. During the last semester the MDF received payments from the Government of New Zealand amounting to US \$ 2.2 million. The outstanding balances will be paid according to the disbursement needs of the projects.

Table 3-1 Pledges and contributions and cash paid into the Multi Donor Fund as of September 30, 2008

Source	Pledge amount and Contribution Agreements signed in US\$ million	Cash Received US\$ Million
European Commission*	272.62	157.58
Government of Netherlands	171.60	100.00
Government of United Kingdom*	73.71	49.80
Government of Canada	25.55	15.94
World Bank	25.00	25.00
Government of Sweden	20.72	20.72
Government of Norway	19.57	19.57
Government of Denmark	18.03	18.03
Government of Germany	13.93	13.93
Government of Belgium	11.05	11.05
Government of Finland	10.13	10.13
Asian Development Bank	10.00	10.00
Government of United States	10.00	10.00
Government of New Zealand	8.80	8.80
Government of Ireland	1.20	1.20
Total Contributions	691.92	471.76

* Exchange rate as at 30 September 2008; Source: World Bank

3.1.c Allocations to Projects as of September 30, 2008

As of September 30, 2008, the MDF has allocated US \$ 515.49 million to 18 projects and committed an additional US \$ 89.85 million to three new projects (DRR-A, EDFF, and LEDP) and additional funds to three existing projects (AGTP, SDLP and SPADA).

Although the Fiscal Agency Agreement (FAA) for the AGTP Phase I has just recently been signed, the donors representing the MDF have agreed to retro-actively finance the activities of the project since April 2008. The FAA of the DRR-A and the amendment to the FAA of the SLDP are expected to be signed in the next reporting period.

The UNDP has converted the operational modality of its projects financed by the MDF from the DEX (off-budget, off-treasury) to NEX (off-budget, on-treasury). The current UNDP projects operating under the NEX modality are only TA to BRR and AGTP. The UNDP will strive to apply the NEX modality for future projects financed by the MDF.

Table 3.2 provides a list of all projects endorsed by the MDF Steering Committee.

Table 3-2 Multi Donor Fund Allocations and Commitments as of September 30, 2008

	Partner Agency	Implementing Agency	Budget US\$ million
Total Pledges			691.92
Estimated Investment Income			25.78
Estimated Administration, Appraisal and Supervision Costs			23.12
Estimated Investment Income after Estimated Administration, Appraisal and Supervision Costs			2.65
Total Available Funds			694.57
Projects			
Reconstruction of Aceh Land Administration System Project	World Bank	BPN	28.50
Community Recovery Through The Kecamatan Development Project (KDP)	World Bank	MoHA	64.70
Community Recovery Through the Urban Poverty Program (UPP)	World Bank	MoPW	17.96
Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias	World Bank	MoPW	85.00
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	UNDP	UNDP/BRR	22.48
Tsunami Recovery Waste Management Programme (TRWMP)	UNDP	UNDP/Dinas	24.41
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	UNDP	UNDP	6.00
Capacity Building for Local Resource-based Rural Roads	UNDP	ILO	11.80
Sea Delivery and Logistics Program	WFP	WFP	24.70
Tsunami Recovery Ports Redevelopment Programme (TRPRP)	UNDP	UNDP	3.78
Aceh Forest and Environment Project	World Bank	LIF/FFI	17.53
Banda Aceh Flood Mitigation Project	World Bank	Muslim Aid	4.50
Infrastructure Reconstruction Enabling Program	World Bank	BRR	42.00
Nias Kecamatan-Based Recovery and Planning Project	World Bank	MoHA	25.75
Support for Poor and Disadvantaged Areas	World Bank	KPDT	25.00
Infrastructure Reconstruction Enabling Financing Facility	World Bank	BRR	100.00
Lamno-Calang Road Maintenance Project	UNDP	UNDP	1.46
Aceh Government Transformation Programme	UNDP	UNDP	9.92
Total Allocation to Projects (18 Projects)			515.49
Total Unallocated Funds *			179.08
Commitment to New Projects			
Disaster Risk Reduction-Aceh			9.87
Economic Development Financing Facility			50.00
Aceh Government Transformation Programme			4.06
Sustainable Recovery of Smallholder Farmers Livelihoods and Improved Forest Conservation in Aceh			4.99
Nias Livelihoods and Economic Development Program			20.00
Sea Delivery and Logistics Program			0.33
Support for Poor and Disadvantaged Areas-			0.60
Total Commitment to New Projects			89.85
Total Unallocated and Uncommitted funds			89.23
Provision of Exchange Rate Fluctuation Risk**			31.81
Total Unallocated and Uncommitted Funds after Provision of Exchange Rate Fluctuation Risk as of September 30, 2008 **			57.43
Nias Island Transition Programme			3.89
Tsunami Recovery Waste Management Programme - phase III			15.00
Total Unallocated and Uncommitted Funds after allocation beyond September 2008			38.54

* Total unallocated funds may fluctuate depending on exchange rates, rate of investment and actual costs of administration, appraisal and supervision.

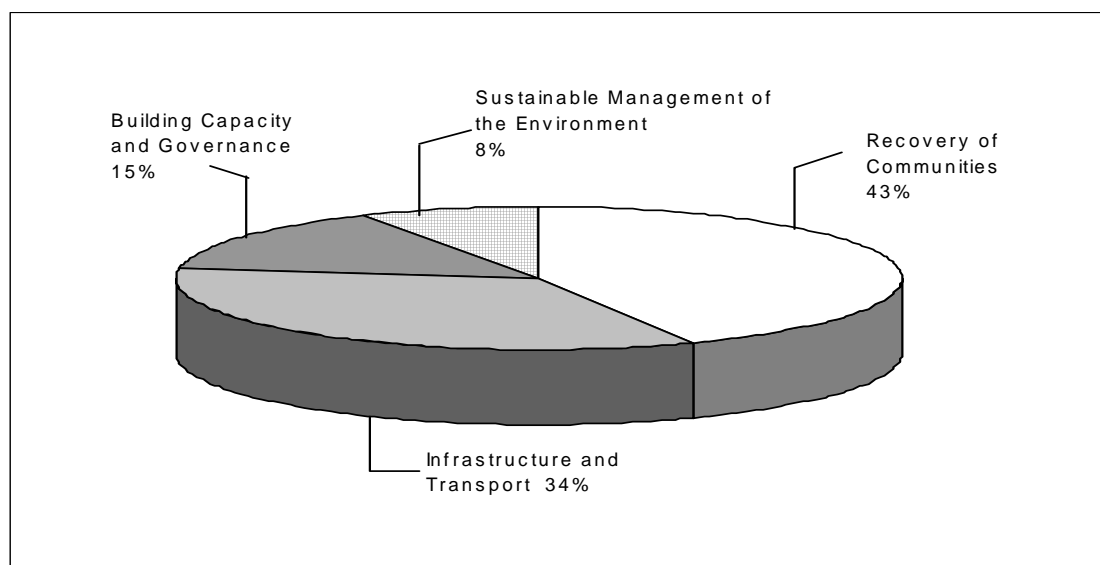
**Total unallocated and uncommitted funds may fluctuate depending on exchange rates, approved valued of committed projects, receipt of unpaid donor contribution and rate of investment and actual costs of administration, appraisal and supervision.

The European Commission, the Government of the United Kingdom and the Government of Canada have outstanding payments to the MDF in Euro (€), Canadian Dollar (CA \$) and Pound Sterling (£) currencies. Therefore, provision for exchange rate fluctuations for unpaid contributions is needed to take into account a possible weakening of these currencies relative to the US Dollar (US \$). Due to high volatility in the financial market since end of September, the secretariat has revised its assumption of the exchange rate for those currencies against the US Dollar. The Secretariat reviews its assumptions every 6 months, and during periods of significant exchange rate fluctuations. For this six month reporting period, the following foreign exchange rates were assumed: € 1 equivalent to US \$ 1.15; 1 CA \$ equivalent to US \$ 0.72 and £ 1 equivalent to US \$ 1.45.

Taking into account this provision, as of September 30, 2008 US \$ 57.33 million in funds remain unallocated and uncommitted. However, this figure will be affected by any differences in the exchange rate based on assumption detailed above and the actual exchange rate at the times that the donors make their contribution payments. Other factors influencing the remaining funds are revisions to:

- project disbursement projections
- contribution payment schedule
- interest rate for the cash available
- the administration, appraisal and supervision costs.⁶

Graph 3-1 Allocation of MDF Funds by Sectors



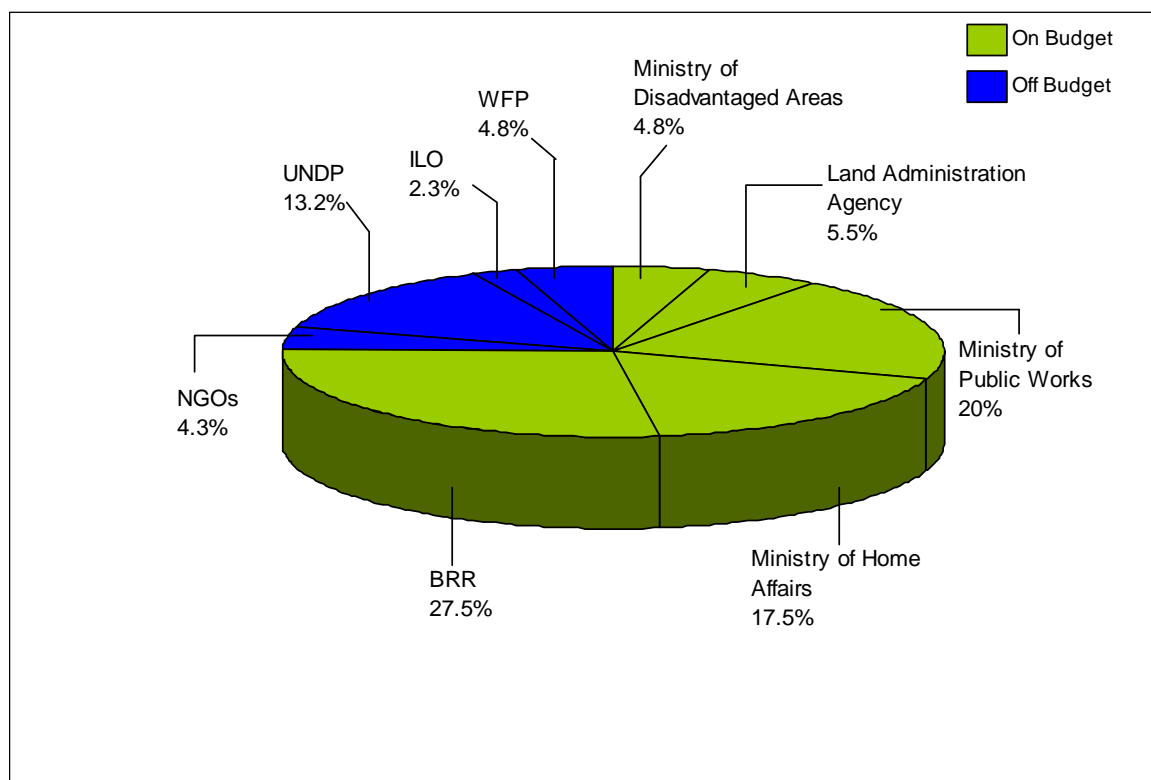
In line with its policy to finance “on-budget” projects where possible, approximately 75% (US \$ 388.91 million) of the total MDF portfolio is “on-budget”⁷ and channeled through

⁶ The MDF may revise its administration, appraisal and supervision costs as conditions in and approaches to managing the funds differ over time.

⁷ “On-budget” projects or programs refer to projects or programs that flow through the Gol’s budgeting process and are executed by a Government Agency. “Off-budget” projects are executed by designated Implementing Agencies such as NGOs, UN agencies or Foundations.

the Government of Indonesia's finances. Graph 3.1 shows the proportionate allocation of MDF funds by sector and Graph 3.2 indicates the proportion of funds received by associated implementing agencies.

Graph 3-2 Allocation of MDF Funds by Implementing Agency



3.1.d Cash received and disbursed by the MDF as of September 30, 2008

The MDF has received US \$ 494.81 million in cash, consisting of US \$ 471.76 million from donor contributions and US \$ 23.04 million from investment income⁸. Total disbursements by the MDF to the respective projects are US \$ 333.92 million as of September 30, 2008. A further US \$ 9.93 million has been spent on the administration, supervision and appraisal of projects. Table 3.3 shows the financial status of the MDF.

⁸ Investment income is income generated from the unused balance of funds in the MDF account

Table 3-3 Multi Donor Fund Cash Available as of September 30, 2008

	Budget US\$ million	Actual US\$ million
Receipts		
Total Paid in Contributions	691.92	471.76
Total Investment Income	25.78	23.04
Total Receipts	717.69	494.81
Disbursements		
Disbursements to Projects		Disbursed US\$ million
Reconstruction of Aceh Land Administration System Project	28.50	11.70
Community Recovery Through The Kecamatan Development Project (KDP)	64.70	64.70
Community Recovery Through the Urban Poverty Program (UPP)	17.96	17.90
Community-Based Settlement Rehabilitation and Reconstruction Project	85.00	81.66
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	22.48	22.48
Tsunami Recovery Waste Management Programme	24.41	19.43
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	6.00	6.00
Capacity Building for Local Resource-based Rural Roads	11.80	11.80
Sea Delivery and Logistics Program	24.70	24.70
Aceh Forest and Environment Project	17.53	8.42
Tsunami Recovery Port Redevelopment Programme	3.78	3.78
Banda Aceh Flood Mitigation Project	4.50	2.05
Infrastructure Reconstruction Enabling Program	42.00	14.13
Nias Kecamatan-Based Recovery and Planning Project	25.75	10.15
Support for Poor and Disadvantaged Areas	25.00	4.08
Infrastructure Reconstruction Financing Facility	100.00	19.57
Lamno-Calang Road Maintenance Project	1.46	1.46
Aceh Government Transformation Programme	9.92	9.92
Total Disbursements to Projects	515.49	333.92
Other		
Administration Costs	12.91	3.02
Appraisal, Supervision and Monitoring Costs	10.21	6.91
Total Administration, Appraisal and Supervision Costs	23.12	9.93
Total Disbursements	538.61	343.85
Total Cash Available		150.95

3.2 Disbursement and Spending of Projects

3.2.a Disbursement trends

As noted, the MDF has disbursed US \$ 333.92 million to its projects. This represents 65% of funds allocated to projects, which, for the period April to September 2008, is a US \$ 27.83 million increase. This increase is more than 2.5 times the amount disbursed during the previous semester. Total on-budget disbursements increased by US \$ 9.02 million (32% compared to the previous semester) to US \$ 223.88 million and off-budget project disbursements increased by US \$ 18.81m (68% compared to the previous semester) to US \$ 110.04 million, as illustrated in Table 3.4.

Table 3-4 Disbursement Trends - in US \$ Million

	2005	2006				2007				2008			Total
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
On-budget Projects	60.45	4.00	24.33	27.27	40.50	3.80	15.01	23.30	3.73	4.37	6.45	10.67	223.88
Off-budget Projects	25.00	20.82	11.48	0.41	4.29	5.49	3.47	0.71	6.69	3.09	8.89	19.70	110.04
Total	85.45	24.82	35.81	27.67	44.79	9.29	18.47	24.01	10.42	7.46	15.34	30.38	333.92

On-Budget Projects:

The newer on-budget projects such as IREP, IRFF and SPADA have finally begun to operate at pace. As a result, the on-budget project disbursements have seen a dramatic increase.

IREF and IRFF are the driving forces for the on-budget projects. During the last quarter, the MDF disbursed US \$ 14.04 million to these projects, more than double the amount disbursed to them in the previous semester. Given that the implementation of the IRFF sub-projects is dependent on the implementation of the IREF project, it is reasonable to expect a time lag between project preparation activities by IREF, and IRFF implementing these activities. Therefore, predictably, the IREF project is disbursed to more consistently while the IRFF disbursements are highly dependent on implementation progress on the ground.

As the SPADA project has started to pay out block grants to the districts, the total disbursements to the project can be expected to increase as the project moves towards full implementation status during the next reporting period.

Although the KRRP project is delivering solid progress on the ground, the project initially faced some administrative problems, which delayed withdrawal of funds from the MDF special account. This problem has been largely resolved; however, the impact of this delay is that government co-financing disbursements are much larger than disbursements made by the MDF.

During the next period disbursements to IRFF, SPADA and KRRP will largely come from Gol co-financing as compared to MDF funds. The project aims to disburse Gol funds as much as possible before the BRR concludes its mandate in April 2009.

The other on-budget projects (KDP, UPP and REKONPAK) have had more than 80% of their allocated funds disbursed to them by the end of this semester, and are therefore not expected to drive disbursement going forward.

Off-Budget Projects:

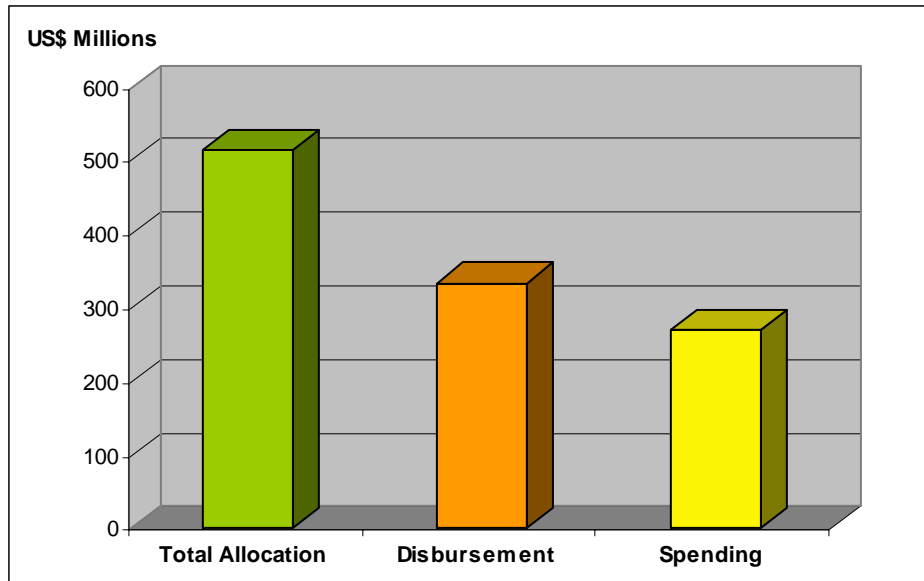
Increased disbursement rates to off-budget projects are evident during this semester. The disbursements to off-budget projects have largely been driven by the newly endorsed extension and expansion of the AGTP, which was responsible for US \$ 9.92 million of off-budget disbursements, while US \$ 7.74 million was disbursed to the TA to BRR project. The Labor-based Rural Road Rehabilitation Project in Aceh (Labor-Based Roads) also showed a significant increase in disbursements from the MDF, totaling US \$ 5.38 million during the semester. These three projects are responsible for 81% of MDF disbursements to off-budget projects.

Further, the Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh (Support to CSO) also received a significant disbursement of funds from the MDF of US \$ 3.00 million. The remaining off-budget projects, AFEP and the Flood Mitigation project have been disbursed US \$ 1.42 million and US \$ 0.64 million respectively.

3.2.b Spending trends

Cumulative spending by the projects at the end of the reporting period is US \$ 271.15 million. This breakdown is shown in Graph 3.3 (see also Annex 2: Portfolio Project Implementation Status (MDF MIS)).

Graph 3-3 Allocation, Disbursement and Spending Graph

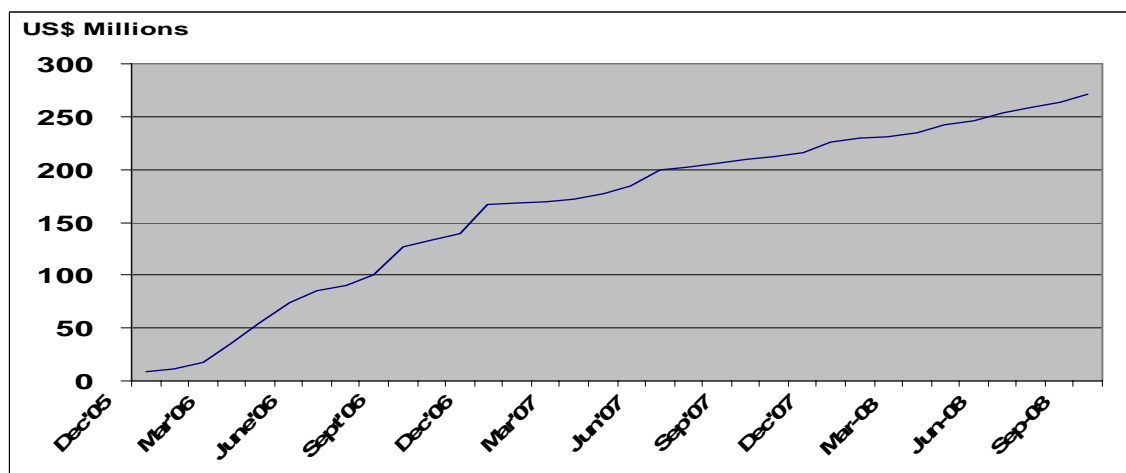


A trend can be noted by analyzing table 3.5 below. Spending trends for the second and third quarters (Q2 and Q3) are significantly higher than spending during the first quarter, especially for on-budget projects. Some of these higher spending levels may be attributed to the issuance of the yearly budget cycle, which is usually issued during Q2.

Table 3-5 Spending Trends- in US \$ million

	2005	2006				2007				2008			Total
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
On-budget Projects	7.02	20.58	38.97	29.79	28.49	1.52	16.57	8.36	10.20	5.27	13.26	13.00	193.02
Off-budget Projects	2.17	5.63	10.95	11.85	11.51	4.09	7.09	5.07	6.27	3.64	5.10	4.78	78.13
Total	9.18	26.22	49.91	41.64	40.00	5.60	23.66	13.43	16.47	8.90	18.36	17.77	271.15

Graph 3-4 Cumulative Project Spending



On-Budget Projects:

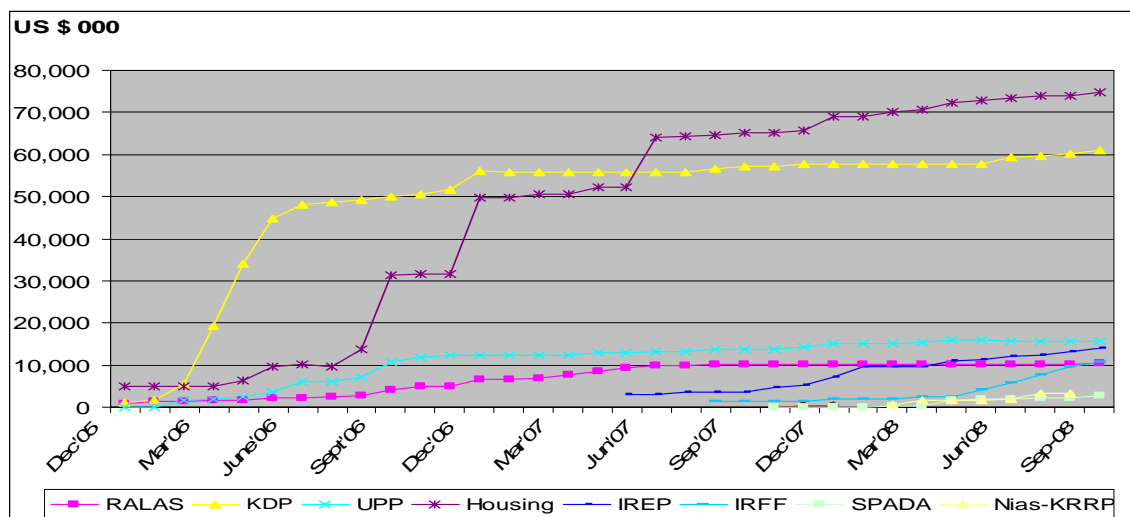
On-budget project spending constituted 73% of total spending (US \$ 26.26 million). The higher spending rate overall compared to the last reporting period can be attributed to the following factors:

On-budget projects approved in 2006 (IREP, IRFF, KRRP and SPADA) have reached the stage of significant spending:

- Of these four projects, IRFF showed the strongest spending, followed by IREP. The reverse was true in the previous semester, where IREP spent more than IRFF. This trend is consistent with the project flow as IREP focuses on the designs and plans of the projects that are then implemented through IRFF.
- The KRRP project has exhibited robust results on the ground, although those are not accurately reflected by their disbursement and spending levels. This is due in part to the fact that the project has decided to focus on maximizing utilization of the government counterpart funds prior to the end of the fiscal year.
- The SPADA project has started to pay out block grants to the districts. This has significantly boosted the levels of expenditure by the project. The project will begin to have a greater impact and is expected to reach full implementation status as district block grants expenditures pick up during the next reporting period.
- In the upcoming reporting period, it is expected that these four projects and REKOMPAK will drive disbursement and spending levels.

Projects that have reached their mature stages: RALAS, KDP, UPP and REKOMPAK have received MDF disbursements and spent a large part of their funds during 2007. These projects also drove the spending during this reporting period. KDP spent US \$ 1.70 million while REKOMPAK spent US \$ 1.45 million. These projects together make up almost 25% of the on-budget spending. On the other hand, UPP spent only US \$ 78,000 while the RALAS project, despite being one of the initial projects to become operational, continues to spend very slowly.

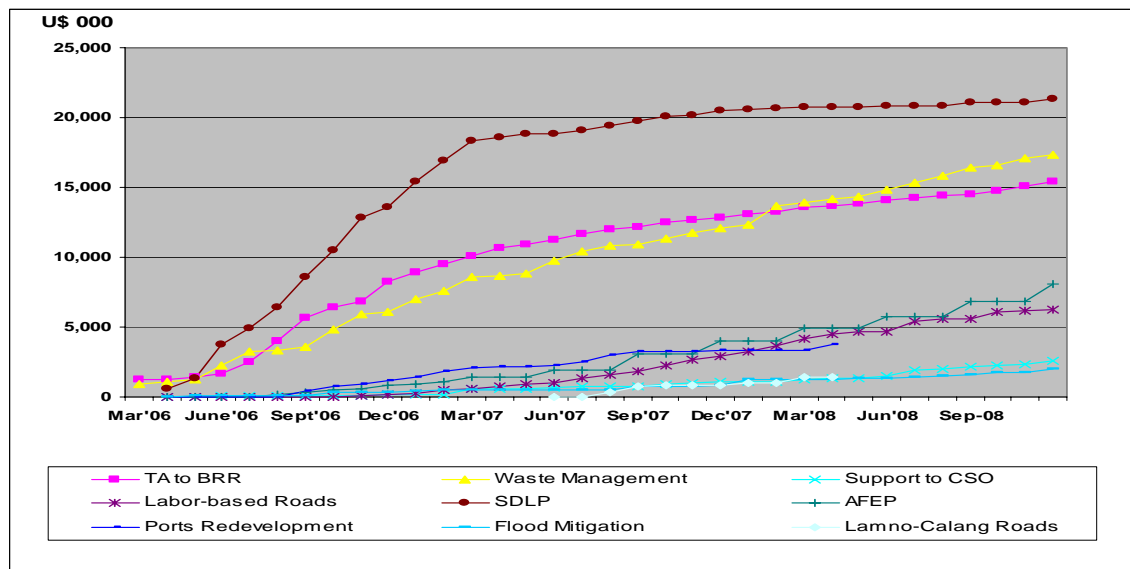
Graph 3-5 Spending Trends of On-Budget Projects



Off-Budget Projects:

Off-budget projects have shown more consistent spending. The spending for off-budget projects decreased slightly during this semester to US \$ 9.88 million, equivalent to 27% of total project spending. The decrease in off-budget project spending is largely due to the closing of two off-budget projects, the TRPRP and the Lamno-Calang Road Maintenance Project, in December 2007. In addition, the AGTP has not spent any of its funds since it just signed the FAA in July 2008. Despite the slight decrease in the off-budget project, the TRWMP, the AFEP, the Labor-based Roads project, TA to BRR and the Support to CSOs project all showed strong spending during this semester. The spending range of those projects is from US \$ 1.46 million to US \$ 1.07 million. The Sea Logistics and the Flood Mitigation projects spent less than US \$ 1 million. The newer off-budget projects, such as AGTP and the DRR-A, are expected to start spending their funds and contribute to the off-budget spending.

Graph 3.6 Spending Trend of Off-Budget Projects



3.3 Audit Report

3.3.a Audits of World Bank partnered projects

In line with World Bank regulations, all projects need to conduct an audit each calendar year and submit it to the Partner Agency by June 30 of the following year⁹. During the last six months the MDF Secretariat has received six audit reports, covering six on-budget projects (RALAS, KDP, UPP, REKOMPAK, IRFF and IREP) and two off-budget projects - AFEP and BAFMP. The IREP and IRFF projects are in the final processes of their audits.

In this semester the on-budget projects were audited by the state auditor (BPKP) for the period starting January 1, 2007 and ending on December 31, 2007. All on-budget

⁹ IREP, IRFF, SPADA and KRRP-Nias each received their first disbursement in 2007; hence no audit has been conducted to date.

projects received an unqualified¹⁰ auditor's opinion, save for REKOMPAK, which received a qualified opinion.

The qualified opinion for REKOMPAK is based on audit findings which amount to a discrepancy of US \$ 69,457.88 or Rp 625,120,939. The project has since resolved the audit findings in 2006 in the amount of US \$ 88,113.42; however an outstanding overpayment of US \$ 1,054 still needs to be resolved. The project is in the process of resolving the audit findings for 2006 and 2007. The next audit report will detail the follow up of the previous audit report findings. In addition, the Secretariat convened a meeting with the project and the Trustee, at which they reported that the findings will be resolved in the near future. In the event that the project is unable to resolve the findings, it will return the funds to its special account.

The off-budget projects have been audited by a registered public accountant for the period starting January 1, 2007 and ending on December 31, 2007. The audit opinions for the two off-budget projects are unqualified. No significant audit findings influenced the auditors' opinions.

The audit opinion summary for these projects is available in Annex 6.

3.3.b Audits of UNDP partnered projects

The audit arrangements stipulated by the FAA with UNDP foresee that projects are audited within the biennial cycle of UNDP audits. The MDF Secretariat has received the biennial audit report for UNDP's country portfolio for the period ending in December 31, 2005. The auditor's opinion was unqualified. However, the audit opinion was for the UNDP country portfolio as a whole and did not reflect a separate opinion specifically for MDF projects under UNDP fiscal agency agreement. At the time, only three projects had signed Agreements (TA to BRR, Waste Management and Support to CSOs).

UNDP will conduct a biennial audit for the period 2005-2007 in 2008. However, at the moment this report is written, the Secretariat does not know whether the audit will include the projects funded by the MDF because UNDP's biennial audit is a random audit conducted by the UNDP Board of Auditors. The biennial audit is one in which the Board of Auditors select the countries and projects to be audited randomly.

According to Article IV of the FAA, UNDP will share information with the MDF Secretariat based on its biennial audit report. The MDF Secretariat will inform the donors as soon as UNDP provides this audit information.

UNDP, in accordance with its rules and regulations, has also conducted audits through the State Auditor and certified auditors, for which results do not need to be shared with the MDF. To date, UNDP does not have any updated information on the audit of the projects.

3.3.c Audits of WFP partnered project

The previous report discussed that the secretariat would provide information on the SDLP audit opinion. However, as it is stipulated in the FAA between the World Bank and

¹⁰ An unqualified opinion indicates a positive rating where no discrepancies were found, while a qualified opinion indicates a general positive rating, but one where discrepancies have arisen.

the WFP, the audit will follow the auditing standards, regulation and rules applicable to the partner agency. Therefore, WFP will only share with the secretariat the institution's audit opinion, covering the whole of WFP's portfolio, not only MDF funded projects. The audit results returned in mid-December, with the opinion that everything is fairly presented.

3.4 Financial Outlook

3.4.a Projected Commitments and Funds Received from Donors

Table 3.8 below shows the funds projected to be received from donors for the period 2008 to 2011. This is based on an agreed payment schedule which is calculated according to projected cash needs of the program.

The MDF coordinates meetings with donors at least twice a year to discuss donor payment schedules and requirements and to ensure MDF cash availability for operations and projects.

Table 3-6 Cash Receipts Forecast 2008 - 2011

	US\$ million
Receipts from Donors	471.76
Expected Receipts From Donors	
2008	13.75
2009	100.11
2010	30.00
2011	44.49
Total Expected Receipts	188.35
Total Receipts	660.11
Provision for Exchange Rate Fluctuation Risk	31.81
Total Receipts Before Provision for Exchange Rate Fluctuation Risk	691.92

3.4.b Projected Allocation of Funds

As of September 30, 2008, the MDF has approximately US \$ 57.43 million in unallocated and uncommitted funds (based on current exchange rates). Pipeline discussions are underway with donors and the Government of Indonesia to make certain that all funds are allocated in a timely manner to ensure project completion by June 2012.

3.4.c Projected Disbursements to Projects

On-budget projects: As project disbursements have been provided to most of the community development driven projects, the focus of disbursements for the next six months will mainly be to large infrastructure projects (IREP and IRFF). Disbursements to these projects will likely increase as issues relating to procurement and new budget scheme are currently being negotiated and finalized. Other new projects (EDFF, LEDP, and CI) are not expected to receive disbursement until the first quarter of 2009 as they are still in project preparation stages.

Off-budget projects: Disbursements to off-budget projects for the next six months will focus on new projects that have been approved and for which the FAAs are expected to be signed in the next 6 months (DRR-A). Projects that have had slow implementation (BAFMP and Support to CSOs), and have not shown significant progress are being monitored closely by the MDF Secretariat. Disbursements and spending for AFEP are expected to be strong as the project continues into full implementation.

Chapter 4: Conclusions and Outlook

4.1 Context

Important changes are underway in both the overall reconstruction context and in the MDF's portfolio and governance arrangements. This reporting period marks a time of significant transition affecting the MDF. The closure of the BRR will impact the MDF both in its operations and portfolio as local governments and relevant agencies take over projects and reconstructed assets. The MDF has extended its operations and will be contributing to the recovery of Aceh and Nias until 2012. Presently the MDF is reviewing its performance with a focus on improvements and looking forward. At the same time, Aceh's economic context is changing as the impacts of reconstruction that have sustained the local economy in the past few years wind down, and this will also have implications for new funding priorities.

As the MDF evolves it will be important to adjust and respond to changing needs and priorities as well as challenges that emerge during implementation. The MDF is actively enhancing its own capacity to respond to the dynamic circumstances that make up the reconstruction context through reviewing its policies and procedures. In this endeavor the MDF is searching not only for lessons learned to improve outcomes in future post-disaster situations, but also to enhance its own performance and provide sustainable recovery for the people of Aceh and Nias. At the same time, fiduciary oversight and accountability at all levels will remain of the highest priority.

4.2 New Institutional Arrangements

The Presidential Decree under preparation is expected to outline the transition and post-transition arrangements for the closure of BRR. Transition arrangements for Multi Donor Fund projects and the revised composition of the MDF Steering Committee are moving forward.

The new implementing arrangements will determine the relevant flow of funds through government agencies, and impact the coordination role of the government at portfolio level. All budgets will shift to Line Ministries and Local Government. Line Ministries and local Government will be responsible for the continuation of the reconstruction program under the coordination of BAPPENAS. BAPPENAS will replace BRR as the MDF co-chair at SC level. The Ministry of Public Works will be the executing agency for the majority of MDF projects, with Ministry of Home Affairs and Ministry of Disadvantaged Areas executing the remainder.

Projects have already identified handover arrangements and project teams are working with the government to ensure a smooth transfer to the relevant government agencies. Amendments to the grant agreements for the affected projects are under discussion. Annex 4 details all projects in the MDF portfolio that are affected by the transition.

A review of operational documents is required as the MDF Secretariat prepares for the portfolio to move into full implementation phase. Once the final MDF funds are allocated in early 2009, the portfolio as a whole will be moving into full implementation. This means that there will be a shift in focus of the MDF Secretariat's activities from project design and preparation-related activities to implementation phase activities.

4.3 The Evolving Portfolio

The reconstruction phase is moving beyond emergency response to longer term development and a focus on sustainability. This is also reflected within the MDF portfolio as projects move towards full implementation, and the focus of new projects within the portfolio places less emphasis on “hardware”, i.e. providing physical assets, and more emphasis on enabling local government to properly manage, maintain and continue investments in its own resources.

The MDF is entering the final stages of project selection, funding commitment and allocation. At the mid-point of the life of the MDF, approximately 65% of allocated funds has been disbursed, and the MDF has US \$ 57 million in unallocated funds remaining. Allocations after September 30th have been made to TRWMP Phase 3 (US \$ 15 million) and NITP (US \$ 4 million), leaving approximately US \$ 38 million still to be allocated. Discussion of priorities for allocating the remaining funds has been a major focus of the MDF during the last several months. The BRR's stock-taking and MDF's gaps analysis have identified sectors in which funds are needed, and both the provincial governments and BRR have indicated their preferences for how the funds are to be allocated. The priority needs identified were infrastructure, economic development and capacity building, but no decisions or specific projects have been endorsed. As only a small percentage of the total pool of funds remains, the Steering Committee is committed to ensuring that these remaining funds are used strategically to achieve maximum impact in priority areas.

The Sustainable Recovery of Smallholder Farmers Livelihood and Improved Forest Conservation in Aceh (CI) project is not expected to present a PAD to the MDF for endorsement under the current proposed implementation arrangements. The project PCN was endorsed by the Steering Committee on December 8, 2007. Should this project not proceed to PAD stage, the US \$ 5 million in committed funds will need to be allocated to other MDF projects, increasing the pool of unallocated funds. The RALAS project is also facing the possible curtailing of operations and funds, and therefore further funds can be expected to be returned to the pool of MDF funds.

Projects that encountered difficulties in start up are now performing better, moving into the implementation stage, and beginning to yield results. These include IRFF, KRRP, CSO and the Flood Mitigation project. Some difficulties remain, especially with quality issues in the infrastructure projects (as noted in the fact sheets for IREP/ IRFF), and continued delays in implementation of SPADA, IREP and IRFF need to be addressed. The Flood Mitigation project and IRFF construction works have overcome procurement delays and are now almost all in implementation phase. Due to the strenuous and often isolated working environment in Aceh and Nias, retaining qualified staff remains a problem that requires continued close monitoring with an aim to reduce undue delays. KRRP and CSO have made significant improvements, with work now largely on track.

As the MDF portfolio moves into full implementation, the outlook for disbursement of funds will improve. Where UNDP is the partner agency, funds are disbursed to projects in tranches, and therefore these disbursements are recorded prior to work completed on the ground. Where the World Bank is the partner agency, funds are disbursed as work is underway; therefore these projects are expected to receive increased disbursements as they move into full implementation mode.

A strong economic development focus is required as the reconstruction process moves forward. The reconstruction and rehabilitation process has been the driving force of the Aceh economy over the past four years, but, with the reconstruction work drawing to a close, a decline in economic activity is reported. Therefore, working towards the sustainability of the economy in Aceh and Nias is an immediate priority. In response, the Government of Aceh has identified economic development as a priority area for investment, recognizing that reforming the policy and regulatory framework for investment and improving infrastructure can encourage economic development. Similarly, in Nias, increasing access to economic opportunity and reducing vulnerability to disaster are high priorities for sustaining the impact of reconstruction investments.

EDFF represents a benchmark as the first project in the MDF portfolio to be implemented through Provincial level government. The Nias NITP and LEDP projects are also designed to follow this new modality. The EDFF project is expected to kick off implementation in the next reporting period (October 2008 – March 2009), while the PAD for the Nias Livelihoods and Economic Development project (Nias LEDP) still requires endorsement from the Steering Committee before it can mobilize activities. These projects specifically address economic growth in Aceh and Nias – two very different regional development contexts.

Nias is slated to receive more attention in upcoming projects. Nias poses specific challenges to recovery due to persistent issues such as extreme poverty, limited access due to its remote location and poorly developed transportation infrastructure, and the very weak institutional capacity of local government. The special needs of Nias will be addressed by two projects. The PCN for Nias Island Transition Programme (NITP) with UNDP as partner agency was approved without objection by the Steering Committee in November 2008, and the PAD is currently under preparation. This project aims to provide technical support to district governments on Nias to manage the assets and responsibilities they will receive with BRR's departure. The project will also mainstream disaster risk reduction into local level planning. The Nias Livelihoods and Economic Development Project (LEDP) with the World Bank as Partner Agency is currently under preparation and will support economic development through two components: one will enhance current agricultural practices in key economically-important sectors, and the other will link rural agricultural producers with marketing and other opportunities through improved access (roads, bridges, and footpaths) to remote rural areas.

Enhanced capacity will strengthen the recovery process. Aceh's public resources from the Special Autonomy Fund represent a unique opportunity to support the continuation of reconstruction and transition to development. New projects endorsed in 2008, AGTP and NITP, will develop the capacity of Government in Aceh and Nias respectively. The projects aim to empower the Governments to manage assets from reconstruction investments as well to strengthen the effective use of their own resources aimed at sustained economic growth. Several donors have expressed support for allocating a significant portion of remaining funds to technical assistance projects to assist local governments in the transition.

After the closure of BRR, BAPPENAS will endorse projects to the MDF for funding. The Secretariat anticipates that programming these remaining funds will occupy a significant investment of time during the first quarter of 2009. Although top-ups to existing projects and funding to off-budget projects may speed up money allocation and

project spending, MDF policy is to commit the bulk of its funds to on-budget programs that are in line with the Government's Master Plan for reconstruction. Pursuing this implementation modality also enables local governments to align the development needs of their communities with project objectives and the Revised Master Plan.

4.4 A Commitment to Improving Quality and Performance

As part of its ongoing commitment to ensure quality, the Multi Donor Fund is assessing its performance and achievements as it looks ahead. Reviews on environmental and social sustainability, and a mid-term review (MTR) were conducted during 2008. The two sustainability reviews provide input into the independent external mid-term review which evaluates the portfolio and operational performance of the MDF. The draft report of the MTR is expected at the end of January 2009, with a presentation to donors likely in late February.

The MTR is expected to provide recommendations which will propose ways of addressing performance and quality concerns, and Action Plans will be developed to select and implement a strategy for moving forward. As a part of this strategy, the MDF will also scrutinize the current results framework and operations manual to ensure that these documents more accurately reflect the changing nature of the MDF's focus and the reconstruction process.

4.5 Challenges

The MDF has consistently worked to address challenges as they have emerged. As the MDF portfolio matures, the MDF will need to continue to find ways to attend to them.

The exit of BRR marks a dynamic and challenging time for the MDF. The Presidential Decree outlining arrangements for after BRR's closing has still not been finalized, presenting a number of challenges for the MDF. The MDF will need to remain flexible to respond to the changing administrative context as the BRR continues to wrap up its work over the period of January to April 2009. Special arrangements are being put in place to fund MDF projects through IRFF, a project with obligated funds from BRR that need to be spent before BRR closure. This process will require effective management by all relevant parties.

The MDF will also need to forge new partnerships and working relationships with a variety of new institutions in the coming months. Several new institutions and government agencies will become the custodians of MDF projects with the exit of BRR, and the MDF Secretariat will be engaged in building new relationships with these partners in the coming months.

Reaching consensus on programming remaining funds is an urgent priority of the MDF. Project implementation must be completed by June 2012 to allow for adequate time to bring projects and MDF operations to closure by the December 2012 MDF closing date. Therefore, all remaining funds need to be programmed by mid-2009 to allow adequate time for project preparation and implementation.

The MDF needs to disburse approximately US \$ 28 million per quarter in order to disburse all funds by June 2012. This will require coordination with government co-financing partners as well as accelerated spending by implementing agencies.

Resolving bottlenecks in procurement especially in the large infrastructure projects will facilitate the more rapid disbursement of funds, but in order to meet this disbursement schedule will require prudent monitoring. To adjust for transition and BRR's arrangements, MDF is accommodating the front-loading of BRR funds. This has affected MDF disbursement and this will continue to be the case until BRR closes. Therefore, an initial slowdown in disbursement is expected until after the closure of BRR.

Quality at both project and portfolio levels continue to pose a challenge as the MDF moves to full implementation phase of its projects. While it is important to note the quality has always been of great concern to the MDF, the BRR has sought reassurance regarding the efficiency of the MDF's approval and implementation process in an emergency response environment. With new institutional arrangements in place for preparing project implementation, and the introduction of an on-budget, off-treasury modality as an option to fast-track project implementation, careful consideration is required to ensure that necessary accountability enforcement measures are in place. Furthermore, appropriate co-financing mechanisms with the relevant new agencies must also be put in place.

It is particularly challenging to effectively implement capacity building programs. Finding new and more effective ways to strengthen capacity is a challenge and project supervision missions indicate that capacity building efforts need to be more effective. In the MDF portfolio, governance-related capacity building programs deal with institutional change management, which requires a long-term investment and dedication to change from all levels. Ensuring that new procedures and approaches are firmly embedded in beneficiary organizations before withdrawal of support is of great importance to ensure continued implementation of best practices.

Problems in recruiting and retaining quality consultants and especially engineers continue to plague projects across the board. This is even more of a problem in Nias than Aceh. The shortage of qualified and experienced staff, and their reluctance to make long-term commitments to working in Aceh and Nias, has been a serious constraint in implementation across the board in MDF projects, particularly the infrastructure projects. The shortage of qualified contractors is a similar concern.

Aceh remains a conflict-affected area. Preliminary findings from the Mid-Term Review highlight that the MDF will need to recognize and acknowledge the potential impact of conflict on project implementation. The MDF needs to reach better clarity on how to address conflict and conflict-sensitivity within its portfolio.

Chapter 5: Project Fact Sheets

This chapter provides detailed information on the MDF projects, presented in a project-by-project format. Data represented here are primarily drawn from reports and input received from the Partner Agency project implementing teams. Each team was asked to comment on the fact sheets before finalization of the report. Other sources of information used for the fact sheets include meetings and minutes of meetings with various stakeholders, and inputs resulting from both internal and external evaluation teams.

5.1 Reconstruction of Aceh Land Administration System Project (RALAS)

Partner Agency	World Bank
Implementation Agency	National Land Agency (BPN).
Implementation Period	June 2005 – June 2009*
Grant Amount	US \$ 28.5 million
Disbursement	US \$ 11.7 million
Last supervision mission	November 2008
Rating on Project Development Objective/Status of Implementation	PDO = Unsatisfactory; IP = Unsatisfactory

RALAS project is the primary mechanism for assisting the government in the reconstruction of land property rights, development of a computerized land records management system, and reproduction of cadastral maps in post-tsunami Aceh.

The project addresses common concerns regarding protection of property rights and has provided training to local facilitators (including civil society representatives) on community-driven adjudication. To support reconstruction work, the project has assisted BPN to adjudicate and distribute title certificates to owners of land parcels affected by the disaster. The project finances institutional development through reconstructing BPN offices; in addition, it strengthens the capacity of the BPN land offices through automation and computerization of records.

Progress to date (status as of September 30, 2008)

The project has completed two annual work programs, both 2005 and 2006 (AWP 2005 and AWP 2006). In August 2008, BPN commenced implementation of the AWP 2008; work is currently in progress.

To-date, the project has trained approximately 700 facilitators to carry out community land mapping and support the community driven adjudication (CDA) process. Further, it has trained more than 640 BPN personnel on systematic registration and CDA. This helped facilitate community land surveying of about 200,000 land parcels.

In the area of policy development, the project supported dissemination of guidelines on inheritance in accordance with Syariah law and the Presidential Decree on treatment of mortgages destroyed by tsunami and protection of pre-tsunami property rights. Further, about 50,000 land record books damaged by tsunami were recovered (end 2006; completed with the support of JICA) and data-bases are gradually getting established. Following is a summary:

- A total of 204 boxes of records/documents (32% of the total sent) were recovered and sent to Banda Aceh for reconciliation and further work.

- A total of 421 boxes of documents are stored with BPN-*pusat* in Jakarta (awaiting funds to be released out of Gol/BRR budget line). In FY 2008, Gol/BRR's budget totaling a sum of IDR 999,992,000 has been allocated to pay for transporting the recovered documents from Jakarta to Banda Aceh.
- Five boxes are still kept at the National Archive Agency in Jakarta and are to be transferred to BPN-*pusat* and then to BPN- Banda Aceh.
- BPN-*kanwil* or BPN-Banda Aceh *kantah* office have yet to commence full-scale work on reconciling and organizing those documents recovered.
- BPN-Banda Aceh kota office lacks sufficient physical space to safely store these documents (and awaits completion of the new premises).

In sum, after three years, around two-thirds of the recovered/damaged documents are still in Jakarta either awaiting disbursement of transportation costs or final collection by BPN. Further, progress on reconciliation and digitization of recovered records is slow.

BPN's provincial office and three district land offices have been rehabilitated and currently two of them are in use. Progress has been made in computerization and development of land records system in nine districts and the provincial land office. The project has also facilitated the resolution of land disputes at the local levels; advocated and enforced empowerment of women through joint titling; and introduced computerized land management information systems and records management.

The 2008 program experienced start-up delays; however teams accomplished some milestones such as revising the RALAS Manual, completing training to the field teams and mobilizing 22 field teams. Moreover, BPN-Kanwil was receptive to the Bank team's field visit findings and agreed to take actions to improve. It is also worth noting that the Project Steering Committee (PSC) reconvened meetings during May and October 2008.

Project Development Objective	
To assist in (a) recovering and protecting land rights of the tsunami-affected people in Aceh, and (b) rebuilding the land administration system in Aceh.	
Outcome Indicators	Achievements To-date
Registration of rights and issuance of title certificates <u>End-of-project targets:</u> 600,000 land title certificates distributed. <u>Intermediate targets (December 2006):</u> 300,000 land title certificates distributed. <u>Revised targets (by April 2007):</u> 200,000 land title certificates distributed.	By September 30, 2008 the project has completed adjudication of 166,116 land parcels out of which 112,460 land title certificates have been distributed to owners.
Reconstruction of BPN institutions and land administration system in Aceh	Two BPN office buildings have been rehabilitated (target: three offices) and are in use. The last building is partially complete. Progress made in the computerization and development of land of records system in 9 districts and the provincial land office. 640 BPN personnel trained on CDA and management of digital records.

Key Output Results	Initial Targets	Results as of Mar 31, 2008	Results as of Sept. 30, 2008
Total number of land title certificates to be distributed (by December 2008)	600,000	104,551	112,460
Joint titling: Number of land title certificates jointly issued or female ownership	600,000	About 11,500* (11% of the total)	About 11,500* (11% of the total)
Total number of land titles registered in the land book	600,000	126,109	126,106
Total number of land parcels publicly notified	600,000	158,972	158,972
Total number of land parcels adjudicated	600,000	166,116	166,116
Total number of community land maps completed***	600,000	207,341	207,341

* In March 2007, 13,518 titles were reported as handed out to women; however, this figure was not entirely accurate as the earlier date included title certificates issued in the name of women only. Such errors are being rectified now. Therefore, data on joint titling is to be considered as indicative and will be confirmed in the succeeding reports.

** Data on adjudication gets confirmed at a later stage of the process, hence minor adjustments do occur.

*** This data is only estimation. Though data on land parcels adjudicated and community land maps produced are similar, it does not imply that all of the land parcels for which community land maps were produced would have been titled.

Status Assessment

Overall, the project has made modest progress. Entering into its final year, the RALAS project continues to be beleaguered by the management issues it faced from the beginning in 2005. Weak management in most areas including oversight and direction setting, program planning, monitoring and evaluation as well as procurement has led to significant delays, affecting progress in implementation.

BPN's efforts to clear the backlog from the 2005 and 2006 have not been successful, and have instead led to significant delays in finalizing titling for these areas. Cumulatively to date, the project has only been able to achieve about 20% of its land title distribution targets, and building reconstruction is only about 30% completed. On-budget financing for this project has subjected implementation to the usual annually-experienced stoppages in order to await issuance of DIPA and other necessary decrees. Work is yet to commence on the computerized back-up system, which is especially important for records management and security of data generated. The JICA-funded document recovery has been completed; however the subsequent return of all documents to Aceh, as well as the reconciliation and computerization of these documents has not progressed.

A Project Implementation Beneficiary Assessment (PIBA) study was carried out August – November 2008. The preliminary findings of the assessment included: (a) confirmation that the project design was relevant and appropriate; (b) continuing community demand for land titles (while the project's initial targets were estimates, given the current large demands for title certificates these targets are reasonable); and (c) evidence that modest progress against project targets was achieved. The team also reported broader impacts of the project including the prevention of large scale land speculation.

The project's unremarkable achievements are not a function of project design but rather are due to weak project management at various levels, with management virtually centralized at the BPN-*pusat* level sometime early 2006. This latter issue was of particular relevance as the project had been designed to be implemented through decentralized management.

The Government has sought to extend the closing date to December 2011. The Bank advised the GoI that it will not be able to commit further than June 2009 or to expand the scope of the project at this time. Any consideration of extension beyond June 30, 2009 or expansion of the scope of the project would be based on successful completion of the agreed action plan, achievement of

project's targets for the current work program (AWP 2008), and satisfactory overall performance of the project by the time of next supervision mission (scheduled for April 2009).

Transition Arrangements

Although BRR is mentioned in the FAA, the closure of BRR will not have an effect on this project.

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (23/42 months)	Spending	% Actual to Forecasted	Forecasted Spending (39/42 months)	Spending	% Actual to Forecasted
28.50	25.13	10.13	40	27.38	10.35	38

During the reporting period, RALAS spent US \$ 0.22 million. The total cumulative expenditures represent about 36% of the total grants. The low disbursement is mainly due to delay on project implementation, especially on adjudication activities. In addition, there were no significant activities in FY 2007.

Challenges and Action Planned/Taken

The World Bank management has engaged in a number of deliberations with the Head of BPN, BAPPENAS and MoF on implementation issues and project performance to find constructive ways to move ahead. Challenges and actions taken follow:

- Project management remains the central issue. This is especially notable in the areas of management oversight and direction setting, program planning, monitoring and evaluation, and procurement.
 - Action Planned/Taken: At the request of the World Bank, BAPPENAS has convened high level coordination meetings since June 2008 with MoF and BPN to explore options of how to mitigate the problems and get the project in action.
- Implementation of the AWP-2008 has been significantly delayed.
 - Action Planned/Taken: The Bank endorsed the AWP-2008 in June 2008 and several components of the AWP were put together into one document, with the final version submitted to the Bank only on October 15, 2008.
 - Action Planned/Taken: The Bank launched three missions in 2008 (January, March and November) to guide BPN in the preparation of the Annual Work Program for 2008 and its implementation. After endorsing the AWP-2008 in June 2008, BPN mobilized 22 field teams and commenced implementation in August/September 2008. The field work is expected to continue till April 30, 2009, thereby completing AWP-2008.
- Project has made slow and modest progress.
 - Action Planned/Taken: With regard to AWP-2008, the Bank Task Team is monitoring progress.
- Key agreements raised during the Supervision Mission and brought up in the Aide Memoire were not followed through properly, compounding project problems.

- Action Planned/Taken: The Bank Task Team continues to draw attention of senior officials in BAPPENAS, MoF and BPN to try to make sure that the program can follow through on agreements that have been reached.
- Backlog of the 2005 and 2006 work programs remain unresolved.
 - Action Planned/Taken: The Bank has advised BPN to discard the pending incomplete work of 2005 work program, and at its own expense, entirely re-do the work. With regard to clearing the backlog of the 2006 work program, the mission advised BPN to expedite issuance of clear instructions and guidelines to *kantah* offices and field teams (AWP-2008) immediately so that the work could commence at the earliest.

5.2 Technical Support to Badan Rehabilitasi dan Rekonstruksi NAD-Nias (TA to BRR)

Implementing Agency	BRR
Partner Agency	United Nations Development Programme
Implementation Period	July 2005 – May 2009
Grant Amount	US \$ 22.48 million
Disbursements	US \$ 22.48 million

The Technical Assistance to BRR Project supports the BRR to efficiently implement its mandate to plan, implement, supervise and coordinate the recovery process through providing technical support and key services. It also provides critical support during the transition period of BRR's exit scheduled for April 2009.

The first phase of the project was completed at the end of April 2008 with a budget of US \$ 14.7 million. In December 2007, the MDF Steering Committee endorsed a request to add more funds to the project as part of a wider strategic plan to support the transition process, triggered by BRR's exit. The second phase of the project, amounting to US \$ 7.8 million, began operations at the end of April 2008. This project has been designed to provide BRR with technical support to achieve the following results:

- Enhanced technical capacity of the BRR to develop policies and programs, to appraise proposals submitted by other organizations, and to monitor program implementation;
- Improved operational capacity of the BRR to achieve its mandate in a timely, efficient and transparent manner;
- More transparency in decision making and strengthened participation of CBOs, NGOs, the private sector, local government, donors and other stakeholders in the planning, implementation and monitoring of reconstruction activities.

The second phase will cover all activities from Phase I, and in addition:

- Mobilize flexible, short-term technical advisers and services to support BRR in completing its mandate activities before exiting in April 2009;
- Provide technical assistance to BRR to support transition imperatives, asset, project and knowledge transfer to local government, and the exercise of due diligence during the transition/handover period. The second phase also will include new activities such as the implementation of Environmental Impact Assessments (EIAs) and Stakeholder Liaison.

Progress to date (status as of September 30, 2008)

To date, the project has hired 89 technical experts (for a total of 730 person months) to assist various BRR departments to effectively 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, asset transfer, knowledge management and legal departments. 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, and installation and management of IT have been continued. The project supported the set up of the BRR Anti-Corruption Unit, and also funds the Relocation Unit, helping Acehnese households whose land became uninhabitable after the tsunami to relocate to more suitable land. Moreover, the Relocation Unit promotes joint land titling for men and women.

The Environmental Impact activities experienced start-up difficulties, particularly matching the right skill profiles to all transition-related tasks and the expectations of the partner agency. This component commenced in October 2008; early delays with the AusAID mapping project have put

the mapping activities of the Asset team slightly behind schedule as well. However the Asset Information System targets will be reached by the end of December 2008.

TAs at the Knowledge Management Centre have contributed to the establishment of a database of publications for the period of 2005-2008. Full transfer of the Asset Management Information System (AMIS) to local government will be accomplished by December 2008. This team also supports preparations for CFAN 4.

Advisors recruited under the program are assisting BRR to cope with rapid downsizing of personnel. In particular, the TAs are producing the strategy for the final stages of BRR including the new organization structure and training for newly laid-off personnel. To date 30 trainings have been organized.

The legal department has supported litigation actions for any pending lawsuits. In the last quarter there were 29 law suits filed in the courts of Banda Aceh, Meulaboh, Jantho and Nias. In addition, the legal team supported the drafting of 11 legal documents in the form of decrees, regulations, revisions of legal documents, etc.

To date, the relocation centre has successfully relocated 70 percent of beneficiaries. More than 80 percent of the land titles have been issued as joint titles or to women-headed households.

Project Development Objective		
To strengthen the technical and operational capacity of BRR to fulfill its mandate of coordinating national and international resources, planning and monitoring the rehabilitation and reconstruction activities in affected areas.		
Outcome Indicators*	Achievements^	
Enhanced technical capacity of the BRR.	Technical assistance has enhanced BRR's capacities to plan, implement and conduct quality control, as well as coordinate and monitor overall reconstruction.	
Enhanced operational capacity of the BRR.	IT services, HR services and legal support enhanced BRR's operational capacities.	
Enhanced transparency.	BRR used Governance Adviser to help set up Joint Secretariats as coordination forums between the local government, BRR and civil society stakeholders. An anti-corruption advisor set up anti-corruption unit and developed relevant policies.	
Key Outputs	Results as of March 31, 2008	Results to Date
Technical experts provided	57 TA 463 person months	89 TA 730 person months
Support to guideline, strategy, policy development**	151	212
Project proposals reviewed**	123	188
BRR projects monitored for quality**	192	275
Households relocated	7,258 (target: 17,407)	11,574 (target: 16,606)

* This project has no defined outcome indicators; hence the outcomes are mentioned here.

^ The project has documented evidence of technical assistants' contributions to BRR's portfolio in the various sectors; however a consolidated monitoring system is still under development that would track the outcomes of individual contributions.

** Figures captured starting January 2007. Previous figures not available.

Status Assessment

To date, progress towards achieving the development objectives has been on track. In a recent quality and effectiveness survey carried out by the project, BRR highlighted the support provided as satisfactory and with significant impact (85 percent satisfaction rate). On average, the TAs have a 70 percent efficiency and sustainability ratio. 62 percent of the 2008 budget was successfully completed by October 31, 2008; 80 percent of strategies developed by advisors have been implemented. Five standard operating procedures (SOPs) were developed, with a 100 percent implementation rate as well as a successful transfer of completed projects to the relevant parties (Pemda, Bappedalda, etc.). The Spatial Information Management System (SIMS) was transferred to the local government, while the Asset Management Information System (AMIS) is ready and progressing towards transfer to local government and the Knowledge Management Information System (KMIS) has been partially completed.

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (21/29 months)	Spending	% Actual to Forecasted	Forecasted Spending (27/29 months)	Spending	% Actual to Forecasted
22.48	14.74	14.07	95%	22.48	17.32	77%

The **TA to BRR** project has spent US \$ 17.32 million on its activities and committed US \$ 0.25 million in contracts. The project just signed the Phase II C and has started its phase IIA and IIB.

Challenges and Action Planned/Taken:

- The newly approved support to the TA to BRR project has to deliver on two ambitious challenges: support to wrapping up BRR's current implementation of projects, and support for the BRR's smooth transition and sustainable hand-over to all the appropriate parties.
 - Action Planned/Taken: This is being addressed with the approval of the Aceh Government Transformation Program (AGTP) which will build the capacity of local government and make necessary arrangements for transfer of assets.
- With the BRR scaling down operations at a fast pace, consultants may be challenged to deliver their best quality work when faced with fewer team partners, lack of guidance from BRR superiors or concern about their next employment opportunities. This could have negative effects on the overall delivery of project results for Phase II.
 - Action Planned/Taken: The project has required that all TAs be flexible in their TORs and instruction channels.
- The project experienced challenges in sourcing advisors with the right skill sets for the asset transfer team.
 - Action Planned/Taken: To address this issue, the project used wide-ranging advertisements as well as sharing ToRs through mailing lists, taking into account all alternative ways to source candidates and offering competitive fees.

5.3 Kecamatan Development Program (KDP)

Implementing Agency	Ministry of Home Affairs
Partner Agency	World Bank
Implementation Period	August 2005 – December 2008
Grant Amount	US \$ 64.7 million
Disbursement	US \$ 64.7 million
Last supervision mission	February 2008
Rating on Project Development Objective/ Status of Implementation	PDO: Satisfactory IP: Satisfactory

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.

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.

Progress to date (status as of September 30, 2008)

Overall, the project has provided planning, training and capacity building support to over 6,000 communities in Aceh and Nias, while approximately 2,900 villages received MDF-financed block grants. To date, these funds have been disbursed to sub-district accounts and all villages have completed their activities. More than 90% of the funds have been used for infrastructure. The KDP mechanism has been generally successful in delivering its development objectives. Other agencies and government institutions have established cooperation and utilized the project's extensive coverage and network to deliver various programs, amongst others: delivering block grants to conflict affected areas (IOM); development of small business and micro credit (ILO and CIDA); carrying out training on road projects for various local contractors (ILO); collaboration with the World Bank's REKOMPAK team to manage and implement the infrastructure development fund (World Bank) and many others.

Starting in FY 2006, the Peace Reintegration Agency (BRA) utilized the KDP network of facilitators and the planning process to channel \$24.2 million to 67 sub-districts Aceh. In FY 2007, BRR channeled over US \$ 13 million to finance 74 sub-district block grants through the KDP mechanism, to compliment the USD 9.5 million national PNPM Mandiri program that was delivering assistance to 131 sub-districts. The project embraced this initiative by allocating US \$ 5 million to support the TA component. In FY 2008, the remaining project balance of US \$ 2.5 million was allocated to support additional block grant financing for two districts in Aceh.

Project Development Objective	
To assist the recipient in planning and managing the reconstruction of communities in Aceh and Nias, including (i) rebuilding productive infrastructure and social services, and (ii) supporting local level planning and management of the reconstruction	
Outcome Indicators	Achievements
Full restoration of all community-based infrastructures in the affected areas.	Close to 100% completion on reconstruction targets. (KDP funds cannot cover all infrastructure needs, as a survey done with KDP's network of facilitators in 2006 revealed. Needs are much higher and will require more investments.)

Comprehensive village training programs for at least 1,000 villages in village level financial management, procurement, community infrastructure assessments, sanitation, and medium term development planning.	Training programs have been held in 6,000 target villages in Aceh and Nias.		
Key Outputs	Project Targets*	Results as of March 2008	Results to Date *
Roads repaired/constructed (km)	2,412	2,193	2,359
Bridges repaired/constructed (unit)	1,007	875	932
Irrigation and drainage (km)	931	1,211	1,211
Clean water projects (units)	598	593	621
Water storage reservoirs (units)	118	118	118
Sanitation units	939	674	778
Village level Markets	21	19	20
School buildings	289	271	274
Health clinics/posts	33	33	10
Value of scholarships and number of recipients	US \$ 380,604 6,052	US \$ 329,967 6,022	US \$ 329,967 6,022
Amount for loans	US \$ 379,000	US \$ 346,544	US \$ 346,544
Number of recipients	• 4,045	• 3,685	• 3,685
Number of businesses/groups	• 350	• 350	• 350
Persons employed through sub-projects	n/a	426,211	429,421
Workdays generated	n/a	4,951,241	5,053,529
Emergency relief funds	US \$ 4,528,898	US \$ 4,502,470	US \$ 4,502,470

* Final targets are still being verified through completion reports since changes to the originally planned scope of work can occur, e.g. due to cost increases.

**Figures reported in Indonesian Rupiah. Exchange rate used: US \$ 1 = IDR 9,000.

Status Assessment

KDP is a mature program that has operated in Aceh and Nias since 1999 under the national framework. In early 2005, the Governor of Aceh and the head of Satkorlak issued a letter requesting that the project become the focal point of community delivery programs. Once the necessary legal and institutional arrangements are in place and block grants are released from the central treasury and disbursed, the project can move quickly, providing one of the most cost-effective large scale community recovery mechanisms in the post-disaster and post-conflict context of NAD and Nias.

Experience shows that community-based recovery programs are often quicker and more likely to lead to sustainable solutions than top-down models. Furthermore, communities that are involved in project design feel a great deal of ownership and pride in the reconstruction process. The Government has recognized this fast and flexible mechanism, and plans to use the KDP mechanism to deliver US \$ 11,000 to each village.

The MDF-financed KDP project has completed all its activities in Aceh with the exception of 2 districts: Aceh Besar and Pidie, where a balance of funds remains at the village level. The program is progressing well in Nias Island. The remaining balance has been included in the 2008 Government budget (2008 DIPA) for the two districts as well as to support the TA and facilitator expenses for the BRR's US \$ 13.4 million investment through the KDP mechanism.

Following on the Government's declaration of a national poverty eradication program, the KDP is transitioning to become the National Community Empowerment Program (PNPM) – Mandiri. Already, 143 sub-districts in Aceh and Nias have been included in the National Community Empowerment Program (PNPM) in 2007, with an additional 150 sub-districts in 2008. All sub-districts will participate in 2009.

Challenges and Action Planned/Taken:

- With MDF funding for block grants complete, it will be important to ensure that there is a smooth transition to other funding sources and that block grant amounts remain significant, sufficient to meet community needs.
 - Action Planned/Taken: The project is being woven into the National Community Empowerment Program (PNPM-Mandiri) where it will be funded through national budget sources.
- About US \$ 2.5 million of block grant fund in Aceh Besar and Pidie districts have yet to be disbursed through the 2008 Local Government budget (DIPA).
 - Action Planned/Taken: An extension of the closing date is being considered.
- Sustainability of the investments through operations and maintenance should be reinforced through strengthening socialization to communities and with additional training and refresher courses to the facilitators.
 - Action Planned/Taken: Funds have been allocated for the training of village operations and maintenance (O&M) teams this year and additional funding will be allocated next year as well.
- Many facilitator positions still need to be filled. Though responsibility was decentralized to the provinces, the recruitment process still depends on approval from Jakarta, causing serious delays.
- 2008 disbursement has been delayed by an SE and a budget/DIPA revision. All funds cannot be disbursed by December.
 - Action Planned/Taken: The project is considering an extension to its current closing date.

5.4 Urban Poverty Project (UPP)

Implementing Agency	Ministry of Public Works
Partner Agency	World Bank
Implementation Period	August 2005 – December 2009
Grant Amount	US \$ 17.96 million
Disbursement	US \$ 17.90 million
Last supervision mission	August 2008
Rating on Project Development Objective/ Status of Implementation	PDO/IP: Moderately Satisfactory

The Urban Poverty Project (UPP) provides block grants directly to 271 communities to rehabilitate and develop community infrastructure in Acehese municipalities.

The UPP initially aimed to extend block grants to 402 communities. However, some of those communities not directly affected by the tsunami were covered through the national loan. This released project funds totaling US \$ 2.35 million; those have been allocated to strengthen the women's empowerment program. UPP promotes a bottom-up participatory planning approach to identify core needs for reconstruction and the resumption of economic activities in urban neighborhoods. It builds on democratically-elected neighborhood committees and involves volunteers to conduct damage assessments, put together community development plans, and prioritize activities to be funded through the project. Community participation and empowerment are crucial to the success of the project.

Progress to date (status as of September 30, 2008)

The project is progressing well, demonstrating substantive improvements in many areas and on track to achieve its objectives. The project has successfully disbursed about 99% of its funds to community accounts.

Communities have completed about 98% of works on the ground, and the remaining works are currently ongoing. The quality of infrastructure, economy and social programs has generally improved. On the whole, infrastructure has been rated as satisfactory, though work to improve it continues. Nevertheless, specific areas still need further attention, such as: strengthening the operations and maintenance mechanism to adhere to the O&M regulations, improving quality control and quality assurance, and bolstering financial management systems at the *kelurahan* level.

In 2008, the program introduced a two-phased women's empowerment program. Phase I provided \$11,100 to 50 urban ward communities to enhance capacity building, carry out evaluations and extend facilitator contracts. Implemented programs include early child education activities, supporting equipment for community health clinics and libraries, and vocational training. Unfortunately, the activities were formulated as a one-time activity, without a clear road map for sustainability. Phase II is now well in progress, with the next batch of 50 district wards receiving \$11,100 each to carry out an improved version of the women's empowerment program, less the *kelurahan* grants.

Project Development Objective	
to assist in the reconstruction and rehabilitation of urban communities devastated as a result of earthquakes and tsunamis in the affected areas	
Outcome Indicators	Achievements
75% of disaster victim households in the targeted <i>kelurahan</i> receive benefits and improved services from the project (to be measured upon project completion).	100% of disaster victim households in the targeted areas have received benefits and improved services.

70% of the Community Trustee Committees (CTCs) formed under the project are representative, effective and operate in a participatory manner.	90% of CTC in areas worked are effective and operate in participatory manner.		
50% of CTCs are able to channel other donor reconstruction funds to their communities.	90% of CTC in urban areas has transformed into Board of Trustee (KERAP) and access funding from PNPM.		
Key Outputs	Initial project Targets*	Results as of March, 2008	Results to Date
Roads repaired/reconstructed (in km)	61	224	226
Reconstruction of bridges (in meters)	6,150	1,282	1,282
Drainage (in km)	37	161	165
Clean water projects (units)	79	785	787
Sanitation units	22	280	281
School buildings	0	1	1
Students receiving scholarships	0	3,430	3,430
Value of scholarship (US\$)	0	\$ 64,349	\$ 74,043
Health clinics/posts	28	9	9
Waste disposal facilities	284	684	684
Building of town/village hall	4	52	120
Work days generated	n/a	991,031	1,056,195
Social Aid funds (US \$)	0	\$ 425,195	\$ 726,877

* The project has carried out an audit of the investments made. The figures listed have been verified.

Status Assessment

In general, the project has progressed well and is on track for timely achievements of its objectives. Overall, 98% of the grants have been implemented. The project has spent approximately 83% of its allocated funds, reaching all disaster affected households in the target areas with improved services. The project employs a planning and implementation mechanism that ensures that women are represented. Achievements on block grant implementation in many areas surpassed initial plans, mainly for the following two reasons: first, communities re-planned activities to better accommodate the target of assigning 15% of funds to social activities. Secondly, communities outside of Banda Aceh often opted to provide labor themselves instead of hiring workers. These steps increased project results significantly.

The preliminary results of the women's empowerment program (P4-NAD) have been encouraging. Women that have participated in this program have significantly improved capacity to direct activities, administer proposals and accountability reports and to manage relationships with other stakeholders.

Transition Arrangements

This is an existing national program that was used for implementing MDF funded activities, and is therefore not affected by the closure of BRR.

Financial status

Financial Status as of September 30, 2008 (US\$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (31/52 months)	Spending	% Actual to Forecasted	Forecasted Spending (37/52 months)	Spending	% Actual to Forecasted
17.96	16.21	15.19	94	16.71	15.75	94

During the last six months, the Urban Poverty Project spent US \$ 560,000 on its project activities, with total spending now valued at US \$ 15.75 million. The woman's program experienced a two month delay in disbursement; however all block grants were still in-line to be fully disbursed by 2008. The project will finance facilitators until December 2009 with the remaining funds.

Challenges and Action Planned/Taken

- While the basic quality of infrastructure has improved and remains moderately satisfactory, integrated infrastructure plans are sometimes not followed.
 - Action Planned/Taken: The NMC and Oversight Consultants (OCs) should ensure integrated infrastructure plans are part of all Community Development Plans (CDPs) and strengthen facilitator training to enhance the quality of infrastructures built.
- Improving on operations and maintenance (O&M) remains a challenge for the project.
 - Action Planned/Taken: The project has formulated O&M training modules to enhance facilitator awareness of O&M. Facilitator coaching and training should strengthen understanding of O&M issues.
 - The SOP is formulated to give simple guidelines on O&M of community infrastructure.
 - For infrastructures which require routine expenditure or maintenance, the O&M group may consider formulating rules on fee collection before the infrastructure is built.
- Although the women's program management (P4-NAD) has generally improved, there remains a case for further strengthening. In particular, the activities were formulated as one-time activities without a clear road map for sustainability and collaboration with other programs, a problem that must be addressed now as the second phase of the women's empowerment program has started.
 - Action Planned/Taken: The OCs must ensure that the proposed activities are sustained and integrated with other approved activities. Regular facilitator coaching regarding this matter using best practice materials, combined with review of community proposals, will help to improve this.
 - For the second phase, facilitators have been recruited and disbursement shall be done based upon satisfactory completion of necessary MIS data.
- Turnover of facilitators is quite high and affects the quality of community facilitation.
 - Action Planned/Taken: the OCs conduct weekly coaching and mentoring on basic UPP material for new facilitators. City coordinators have undertaken capacity building for new facilitators as well.

5.5 Tsunami Recovery Waste Management Programme (TRWMP)

Implementing Agency	United Nations Development Programme
Partner Agency	United Nations Development Programme
Implementation Period	September 2005 – December 2010, including Phase 3
Grant Amount	US \$ 39.4 million, including Phase 3
Disbursements	US \$ 19.4 million

The Tsunami Recovery Waste Management Programme builds capacity in local government to clear, recycle, and dispose of tsunami waste, and implement sustainable waste management systems that benefit the environment through the collection, recovery, recycling and safe disposal of waste materials, whilst incorporating cost recovery through the promotion of waste management related livelihoods.

Phase I of the project (effective October 2005) began with US \$ 14.4 million marked for disaster recovery activities, including creating immediate employment, restarting essential services, clearing debris and recovering recyclable materials for use during the rehabilitation and recovery process, and resuming municipal waste collection across 8 districts in NAD-Nias to reduce potential environmental and health related risks. This was achieved through providing operational and maintenance (O&M) financial support, the rental of heavy equipment and collection vehicles, and the construction/ rehabilitation of ten emergency/ interim landfills.

During Phase II (effective September 2007), the program aimed to safeguard investments to date by building sustainability into program interventions with an additional US \$ 9.98 million grant to extend the project to the end of 2009 and expand to a total of 13 districts. The aims were superseded by longer-term goals of developing a 'build back better' model, and safeguarding the environment by developing sustainable waste management systems through construction of key infrastructure, in particular permanent landfills, building capacity in local government sanitation departments to effectively manage, operate and maintain waste collection and disposal systems, as well as developing private sector SMEs in waste - related livelihoods.

After the September 30 closure of the reporting period, the Steering Committee approved TRWMP Phase 3 for US \$ 15 million to extend the project to the end of 2010 and enable construction of three priority permanent landfills (a regional landfill for KBA/Aceh Besar, and district landfills in Pidie and Nias) together with limited essential rehabilitation works elsewhere. This brings total funding from MDF for the TRWMP to US \$ 39.4 million.

Progress to date (status as of September 30, 2008)

TRWMP has signed five new Letters of Agreement (LOAs), extending Programme presence into Lhokseumawe, Aceh Utara, Bireuen, Sabang and Simeulue while maintaining the eight LOAs with the Phase I districts. The LOAs for all 13 Programme Districts will be extended into 2009 with a shift in focus from O&M support to training and capacity building.

TRWMP completed clearance of tsunami damaged buildings and tsunami waste from urban areas by the end of 2007. The programme used rented heavy equipment for the first phase of clearing tsunami waste from agricultural land. During Phase II/III land clearance will be undertaken through small outputs-based contracts to increase efficiency.

TRWMP contracted two (I) NGOs, Austcare and Yayasan CAP/GTZ to implement the WM Livelihoods projects. The contracts each ran for one year and were due for completion in May 2008. However, partly in response to concerns raised by MDF over the ability to develop sustainable livelihoods in 12 months, both contracts have now been extended until December 2008, and the intention is for the WM Livelihoods project to be further extended and expanded in

Phase 3. The project will extend the livelihoods component for another 12 months with an additional US \$ 1 million from the third phase budget. The project will go for a new round of recruitment for local/international NGO implementing partners. This proposed mechanism will bring new ideas, local knowledge and implementation skills to the respective parties.

The project continues to provide support to the 10 emergency/ interim landfills rehabilitated or built as part of Phase I/II. At present, this support is mainly technical, though periodic maintenance is provided in those smaller districts with limited government funds and no heavy equipment. During this period, construction work started on the Gampong Jawa landfill extension, work that includes partial extension of the landfill cells, capping and closure of the existing full cells, and construction of new leachate ponds. The Blang Bintang and district landfills will commence construction in 2009.

Project Development Objective		
To improve and sustain the environment of Aceh and Nias through; (a) strengthening the capacity of local government to conduct effective and efficient collection, recovery and disposal of municipal and tsunami waste; (b) rehabilitation of critical waste management infrastructure; and (c) supporting local enterprises in the creation of livelihoods opportunities in recovery, processing and recycling of waste, and clearance and rehabilitation of tsunami impacted agricultural land.		
Outcome Indicators*	Achievements	
Capacity building in local government sanitation departments. Continued support for municipal solid waste collection/ extension of interim landfills. Clearance and recycling of tsunami waste from urban areas, and agricultural land.	LOAs with 13 districts to provide technical support in solid waste collection/ management. 4 partner districts are testing waste fee collection; increased budgetary support for waste management could be achieved in 13 districts for 2008.	
Restoration and/or creation of livelihoods in waste management and/or utilizing recovered/recycled materials.	111 SMEs and 187 individuals supported in 10 districts: access to training, funds, equipment. Monitoring of results ongoing.	
Detailed evaluation, design and construction supervision of the regional landfill for KBA-Aceh Besar/ selected district landfills in partnership w/ BRR, who will finance construction.	Gampong Jawa landfill extension construction contractor appointed by IREP2. TRWMP tendering for Technical Workshop construction contract. AMDAL and DED concept report for Blang Bintang finalized. Prefeasibility study site visits (first round), topographical surveys, and water quality sampling complete.	
Key Outputs	Results as of March 31, 2008	Results as of September 30, 2008
Tsunami generated waste cleared (m ³)	1,126,009	1,132,863
Municipal waste collected (m ³)	144,165	161,432
Number of households paying for household/community waste collection (% per district)^	8%	8%
Number (waste cell size in ha) of operating interim landfills	10 (24 ha)	10(25ha)
Rice paddies/fish ponds rehabilitated (ha)	882	891
Private and government buildings demolished (#)	547	553

Tsunami wood stockpiled and processed for recycling (m ³)	17,733/ 3,113**	17,771/3,371
Agricultural grade compost produced (ton)^	82	235
Recycled rubble provided for road construction (km)	96	99
Average persons employed per day (workdays)	882	694
Women / IDPs employed (%)	18% / 17%	20% / 25%

* A revised logical framework with enhanced outcome/ impact orientation will be used for reporting starting June 2008.

** This amount represents the total of recyclable wood from retrieved tsunami wood.

^ Previous indicators reported on % of population; revised results framework now reports on % of households per community

^^ Results as at March 31 adjusted from 16 ton as reported in previous reporting period to 82 ton corrected figure.

Status Assessment

The TRWMP is a recovery project that focuses on tsunami waste collection and land clearance, highly important preliminary conditions for the recovery of the area. It is a pioneering initiative focusing on a sector that has so far received insufficient attention in Indonesia. The project continues to be relevant, running well and delivering on its development objectives – currently, about 1,377 households are able to restart cultivation on agricultural land cleared of tsunami waste.

The project has progressively scaled back financial support to districts for operation and maintenance in line with the review of the previous phase to increase sustainability and lessen dependency. The second phase of the project continues to display an enhanced focus on achieving sustainable results. Sustainability is partially addressed by charging fees for collecting household waste and training district sanitation departments on planning and budgeting, and even, at a later stage, earning carbon credits for landfill operations. Even so, more efforts and initiatives may be required to address sustainability in the comprehensive sense.

While all district LOAs have had time extensions, there is a significant drop in the LOA budget, in particular for operations and maintenance as districts become more self funding through their respective district budgets. Fees for collecting household waste also begin to bear some of the costs. Currently 10% of Banda Aceh city households pay for waste collection, while the target is 30%. This will help sustain the local sanitation department sanitation budgets.

Currently fees are taken for collecting household waste in Kota Banda Aceh, Pidie, Lhoksemaue, Aceh Utara and Sabang. The project uses these live models for exchange visits. District leaders are able to observe and learn in order to determine how best to implement the fees in their respective districts.

The project phases are interlinked and follow a logical progression. Phase 3 plans to pick up the detailed engineering designs for the regional and district landfills and construct them.

Transition Arrangements

UNDP is in discussion with BRR, the Ministry of Public Works and BAPPENAS on succession arrangements, expecting that the arrangements will be in place prior to the closure of BRR. Discussions currently examine whether UNDP will remain as both Partner Agency and Implementing Agency (i.e. DEX modality) or whether the Implementing Agency will move to a Government Ministry (i.e. NEX modality).

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (27/51 months)	Spending	Actual compared to Forecasted	Forecasted Spending (33/51 months)	Spending	Actual compared to Forecasted
24.41	14.80	14.85	100%	18.79	17.30	92%

The project has spent US \$ 17.31 million on its activities and a further US \$ 3.36 million has been committed to contracts. The second phase of the project put emphasis on long-term capacity building of waste services in district sanitation departments.

Challenges and Action Planned/Taken:

- Sustainability of local government services:
 - Action Planned/Taken: The project has organized a workshop on the preparation of annual work plans and budget applications for district *Satkers*. This will be followed up by in-field training and support.
- The gradual withdrawal of financial support and end of heavy equipment rental has resulted in a slowing down of district activities. Some districts have reacted positively by mobilizing their own resources to take up the slack; some districts have had problems with maintaining waste collection fees and made requests for resources and suggestions.
- The lengthy time for procurement has put a financial strain on the implementing partners.
 - Action Planned/Taken: The project is working with partners to find ways to speed up the contracting process.

5.6 Community-Based Settlement Rehabilitation & Reconstruction Project (REKOMPAK)

Implementation Period	October 2005 – February 2009
Partner Agency	World Bank
Implementation Agency	Ministry of Public Works
Grant Amount	US \$ 85.0 million BRR co-financing: US \$ 5.0 million
Disbursement	US \$ 78.2 million
Last supervision mission	August 2008
Rating on Project Development Objective/ Status of Implementation	PDO: Satisfactory / Implementation: Moderately Satisfactory

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.

This project supports communities to jointly map and assess damage in their communities in order to identify construction needs and housing beneficiaries. The project fills remaining housing gaps in 130 communities, and is the only project that provides support to rehabilitate houses. Grant recipients will rebuild 8,004 houses and repair 6,999 houses. Housing facilitators strive to ensure that the quality of all works is up to standard. In addition, the project provides grants to rebuild community infrastructure based on jointly developed settlement plans.

Progress to date (status as of September 30, 2008)

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. Occupancy rates of new houses have risen, from 82% in the last reporting period, to a level approaching 86%. The project continues to find creative ways to develop a strategy to ensure complete occupancy.

So far 126 villages (100% of total) have completed their Community Settlement Plans (CSPs). Of those, 120 villages (95%) have received the first installment using BRR funds, and 58 villages (46%) have started implementation.

Of the houses that were previously identified for structural strengthening, progress has slowed; some home owners believe their houses are sufficiently strong and do not feel the strengthening enhancement is necessary. Even so, the project is confident that all quality enhancements will be complete by the end of December 2008.

Project Development Objective	
To support the Government of Indonesia's efforts in restoring the living conditions (housing and basic infrastructure) of the communities affected by the devastating effects of the earthquake and tsunami that struck Aceh and Nias.	
Outcome Indicators	Achievements
Initial Targets: 10,000 new houses; 15,000 rehabilitated houses	See table below
Revised: The project is to deliver 15,087 houses, comprising 8,112 new houses and 7,077 rehabilitated houses.	The figures have further been adjusted due to eligibility criteria.
New target: The project is to deliver 15,051	The project is to deliver 15,005 houses

houses, comprising 8,006 new houses and 7,045 rehabilitated houses.			
Initial targets: 200 small-scale infrastructure restored in villages Revised target: 130 villages	Community settlement plans (CSPs) have been completed for 126 of the target of 128 villages *** -		
65% satisfaction level among beneficiaries and eligible households.	Satisfaction survey results show 66% of beneficiaries stated they feel very satisfied or satisfied with the houses they are receiving. Overall survey results show above 85% satisfaction for all categories.		
Key Output Results	Initial Targets	Results as of March, 2008	Results to Date
Houses reconstructed	8,004*		
Complete		5,877	6,554
Under construction		2,129	1,450
Houses rehabilitated	6,999		
Complete		6,814	6,911
Under construction		185	88
Work Days generated		7,625,232	7,625,232

* The number of reconstruction and rehabilitation of houses have been adjusted to reflect eligible beneficiaries once they have been verified and ones that have formally withdrawn

** Initial target= 130 CSP. Reduction of 2 CSPs due to ineligibility criteria. Reduction of another 2 CSPs in Benteng (military compound) and Lambung (infrastructure provided by other sources).

Status Assessment

Efforts continue to complete the project in the prescribed time; however, progress is slightly behind schedule, particularly implementation of the Community Settlement Plans (CSP) in the island of Simeleu. The overall quality of the physical works for infrastructure in most cases is acceptable, though there is room for improvement, especially related to effective investment and arrangements for O&M. The project forecasts a remaining balance of about US \$ 3 million; the Gol is making plans to utilize the funds further. An extension to the closing date is under serious consideration.

One study showed that the REKOMPAK unit cost price averaged about 40% below a comparable Gol housing unit, and about 30% lower than any other unit with the same specification. Some dissatisfaction has been detected amongst recipients who comment on the provision of much more expensive or larger houses funded by other donors. In Banda Aceh city many of the houses do not have flowing water, due to the a delay in connecting to the primary water network (PDAM). The combination of all these factors has lead to an overall satisfaction level of about 66%.

This project has achieved or nearly achieved most of its targets to date, and is slated to end in February 2009. As the budget shows a balance of US \$ 3 million will remain at project end due to grant release delays, efforts are underway to extend the project in order to effectively utilize those funds, and BRR has already formally requested from the Ministry of Finance for the closing date to be extended until February 2010.

Transition Arrangements

BRR is not mentioned in the Grant Agreement, and this project is not affected by the transition.

Financial status

Financial Status as of September 30, 2008 (US\$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (28/39 months)	Spending	% Actual to Forecasted	Forecasted Spending (34/39 months)	Spending	% Actual to Forecasted
85.0	82.00	70.73	86	86	74.73	86

The project spent US\$ 4.00 million during this reporting period, which is consistent with the works carried out on the ground.

Challenges and Action Planned/Taken

- Delays in project implementation and available funds means that a balance of approximately \$3 million remains.
 - Action Planned/Taken: The project is making best attempts to speed up the delivery of houses, especially in the island of Simeleu, and is mobilizing resources to complete the CSPs.
 - An extension until February 2010 has been requested from the MoF. The PMU needs to ensure that the 2009 DIPA is secured with sufficient funds.
- Consultant performance continues to be a challenge. Although some improvements have been noted, the Provincial Management Consultant still lacks strong management, and this challenge is compounded by a high turn-over rate.
 - Action Planned/Taken: The project continues to provide consultation to the PMU on how to manage the consultants.
- Issuance of building permits (IMB) remains a problem despite working with local authorities.
 - Action Planned/Taken: The implementation of the IMB does not satisfy the procedures that the project developed. The provincial management consultants are to ensure that the building permits are delivered by October 2008 and December 2008 respectively.
- Because of the delays, this project will be affected by BRR closing.
 - Action Planned/Taken: There is a need to clear project handover to MPW. PMU and Satker have agreed that this will be completed by year's end.
- Issues associated with house construction delays are becoming evident. Extending consultancies will cause significant project cost increases whereas unsettled cases of deviations in housing support management in each DMC raise doubts about the capacity of the DMC and PMC consultants.
 - Action Planned/Taken: Project management has been reorganized and consultant structure streamlined. As a result, team reports already indicate raised spirits and enthusiasm.
 - PMC and DMC have defined several problematic areas that caused the delay in the construction of the houses. Specific recommendations were taken during the last supervision mission in June 2008 to accelerate the completion of houses in these villages.
- Reconstruction in problematic areas remains a challenge despite the cost increase of about US \$ 1,550 for each house. Logistics of procuring construction materials, especially legal timber, caused delays.

- Action Planned/Taken: To reduce timber usage, it is recommended that light steel trusses, acquired through community procurement, are used for roof construction. At this stage, no additional funds are provided for these changes.
- Structural strength retrofitting is required to address low quality concrete.
 - Action Planned/Taken The structural strengthening process is still ongoing in the field. An incentive system must be developed by PMU to persuade the owners of the houses with substandard quality to participate in the strengthening program.

5.7 Strengthening Civil Society Organizations in Community Recovery in Aceh and Nias

Implementing Agency	United Nations Development Programme
Partner Agency	United Nations Development Programme
Implementation Period	December 2005 – February 2010
Grant Amount	US \$ 6.0 million
Disbursements	US \$ 6.0 million

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.

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 reconstruction activities or as community development grants. Through this, the project can support initiatives such as building basic social services and income generating activities.

Progress to date (status as of September 30, 2008)

All implementing entities to manage small grants for community development or reconstruction monitoring in Aceh and Nias have been designated and are operational (Muslim Aid, Austcare, ACE). At the end of this reporting period, significant progress was evident in the selection of CSOs for grant receipt: 60 CSOs received grants for income generating activities, 23 CSOs for basic social services, and 31 CSOs implemented women-led activities. Guidelines and tools for reconstruction monitoring were developed in a stakeholder process lead by the small grants contractor. 30 CSOs in Aceh and 10 in Nias were selected for supporting community-based monitoring on rehabilitation and reconstruction.

Both civil society resource centers (one each in Aceh and Nias) are established and operational. The Nias center is managed by FORNIHA, and has registered a total of 37 facilitators. IMPACT manages the Aceh center, with 50 facilitators registered. In addition, IMPACT has trained 122 CSOs at the center, while 25 CSOs have been trained in Nias out of 55 CSOs. The project has hired a gender specialist whose work aims to enhance the gender capacities of implementing partners and provide support for gender mainstreaming.

Project Development Objective	
To strengthen the capacity of local civil society organizations (CSOs) in Aceh and Nias and enhance grass-roots participation in the reconstruction process.	
Outcome Indicators*	Achievements
Institutional arrangements established and functional to facilitate consultation and cooperation among stakeholders and proponents for the enhancement of CSOs' roles in rebuilding post-disaster Aceh and Nias	Strategic review done of target areas, CSO and community profiles in December 2006 Provincial Coordination team (PCT), Technical Working Groups (TWGs) and District Coordination Teams (DCTs) operational. Policy-oriented workshops planned for 2009
Civil Society Resource Centers established and strengthened to serve as learning hub for CSOs in Aceh and Nias	Aceh: CSO resource center operational. CSO Resource Center in Nias operational; Training of trainers carried out in both centers

181 CSOs have adequate community development competencies particularly in monitoring of rehabilitation and reconstruction activities, project management, strategic planning, leadership, and gender related issues	Training of 122 CSOs (716 persons, 192 women) through IMPACT in Aceh; 50 facilitators registered with the Civil Society resource center. Nias: training activities currently being undertaken by FORNIHA for 25 CSOs (126 person, 47 women); training for 37 registered facilitators complete.		
CSOs are able to undertake community-based monitoring (CBM) on rehabilitation and reconstruction activities and provide written recommendations to BRR and local government authorities.	Selection of 40 CSOs to do CBM has been completed. CBM-RR tools/ guidelines discussed and shared with TWGs/PCTs/ DCTs; CBM launching workshop held in Nias and Aceh. 30 CSOs in Aceh and 10 CSOs in Nias have been selected through TWG/DCT and PCT to conduct community-based monitoring.		
CSOs are able to implement small grant program activities, providing service delivery accessible to 20,000 disaster-affected households and non-affected poor households	CSOs in Aceh and Nias implemented income-generating activities (60 CSOs), basic social services (23 CSOs) and women empowerment programs (31 CSOs). In total 114 small grants have been disbursed to date. Gender-disaggregated data on households is being compiled.		
Key Output Results	Targets	Results as of March, 2008	Results to Date
Small grants provided - # of CSOs/ total value of grants**	141/ US \$ 2,115,000	68/ US \$ 1,341,950	114***/ US \$ 1,753,951
Beneficiaries of basic social services, income generation and women's empowerment.	10,850 men/ 4,650 women	2,856 men/ 3,734 women	7,475 men/ 6,957 women
NGO facilitators (training of trainers) trained on basic facilitation in Aceh / in Nias	45	43 (17 women) / 0(0)	50 (18 women)/ 33 (7 women)
CSO training in key strategic competence: community development (CD) organizational development & project management (ODPM) leadership & strategic planning (LSP) gender mainstreaming (GM) sustainable livelihoods (SL) community based monitoring (CBM)	NAD: 126 CSOs Nias: 55 CSOs	37 (15 women)	In Aceh: 122 CSOs, 796 people (192 women) 119 CSOs (CD) 117 CSOs (ODPM) 119CSOs (LSP) 122 CSOs (GM) 121 CSOs (SL) 118 CSOs (CBM) In Nias: 25 CSOs, 126 people (47 women)

*Indicators have been revised as part of the planned restructuring of the project to adequately reflect outcomes.

** This represents the total value of approved small grants.

*** For income generating activities, the target was 47 CSOs, and 60 CSOs received grants; other categories have not reached their targets yet

Status Assessment

All service providers have been contracted (Small Grants: Muslim Aid, Austcare, ACE; Civil Society Resource Center: IMPACT, FORNIHA). Technical committees for small grants selection are operative, and advertisement as well as selection of grant recipients has progressed. A grant

monitoring database has also been initiated – this is an important feature for progress monitoring. The database compiles information such as names of grantees, size of grants provided, areas of intervention (income generation, basic social services, and women-led programs) and villages where these grantees operate.

UNDP restructured the outcome orientation of the project, based on the lines of activities and outputs. During the reporting period, the CSO project team presented a project update with proposed changes to the size of the project components and results framework to enable better reporting on achievements of the projects. The Technical Review Group endorsed these changes and suggested the revised project documentation, i.e. PAD be submitted for virtual endorsement.

The small grants aspect of the project has had a positive impact on the communities. Not only have social facilities been provided to the communities through these grants, but economic opportunities have led to increased income for both men and women. 60 CSOs received grants for income generation activities in this area, surpassing the target of 47 CSOs. For women-led program activities, 31 out of the targeted 47 CSOs received grants, while 23 out of 47 targeted CSOs received grants for maintaining basic social services. More grants were issued in Aceh than in Nias.

This project has focused on gender mainstreaming in CSOs' policies, processes and practices through various trainings and follow-up activities. Additionally, special budget allocations have been made for women's groups related to income generation, skills improvement and access to credit opportunities. The impact on the capacity of women in various fields has been positive.

Transition Arrangements

BRR's closure will have limited impact on this project, as it is implemented under a "Direct Execution" modality. This means that the day-to-day implementation of activities is not impacted by BRR leaving. However, the PCT facilitation will need to be transferred to the local BAPPEDA, which currently facilitates the TWGs and the DCTs. UNDP has been working with the local BAPPEDA to prepare it for the adjusted role. Discussions also include whether UNDP remains as both PA and IA or whether the IA role moves to a Government Ministry.

Financial status

Financial Status as of September 30, 2008 (US\$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (29/50 months)	Spending	% Actual to Forecasted	Forecasted Spending (35/50 months)	Spending	% Actual to Forecasted
6.00	3.24	1.47	45%	4.20	2.54	60%

Approximately 80% of the targeted CSOs have received grants. However, as noted, more grants were issued for income-generating activities than were targeted, so this figure may be a bit misleading. A total of US \$ 2,115,000 was earmarked for small grants, and at the end of the reporting period, US \$ 1,753,951 has been spent on small grants including grants for the civil society resource centers. This fact sheet reflects actual funds spent by the project, excluding encumbrances (e.g. for staggered grants payments). If the encumbrance figure for small grants is added to the actual amount spent, the total for this figure is roughly over 80% of the total allocated for small grants, reflecting a similar proportion of number of grants disbursed. The spending rate for the project remains below projections.

Challenges and Actions Planned/Taken

- The weak capacity of some CSOs receiving grants, especially those newly formed, continues to hamper implementation – this also indicates capacity building challenges and the need to be flexible in ensuring that training activities are adequately targeted.
 - Action planned/taken: Training materials have been designed to meet this challenge by providing core modules that aim to strengthen organizational capacities of a CSO. The modules include: Community Development, Organizational Development and Project Management, Leadership and Strategic Planning, and Gender Mainstreaming.
 - Training in key strategic competence areas (community development; organizational development and project management; leadership and strategic planning; gender mainstreaming; and community-based monitoring) has been a focus over the last reporting period.
 - The project has consistently emphasized that it focuses on working with existing organizations (CSOs) rather than forming a new CSO for the sake of this project. UNDP therefore has focused on working with more established organizations that have better means and competencies to deliver actual results for communities.
- Approximately 80% of the originally targeted 11 CSOs have received small grants. It will be a continuing challenge to fast-track the disbursement of the remaining grants.
 - Action planned/taken: CSO teams in Banda Aceh and Nias have prepared a list of small grants disbursement reported from delivery agents. The list is regularly updated based on regular reports from the delivery agents.
 - For the remaining 27 CSOs that are targeted to receive grants (in Nias), the funds are expected to be disbursed in the first quarter of 2009.
 - In terms of grants for community-based monitoring: 40 proposals of the CSOs in Aceh and Nias have been selected, but the grants are yet to be disbursed. It is critical to get this training completed in time for the transition to ensure that assets are transferred effectively.
- BRR closure will have limited impact on the project, as noted. However, transfer of assets needs to be taken into account.
 - Action planned/taken: UNDP has been working with the district BAPPEDA to facilitate the transition process.
 - Community based monitoring will be implemented to monitor asset transfer.
- The CSO Resource Center in Aceh has been well received. However, the sustainability of these facilities presents a concern once the funding is withdrawn.
 - Action planned/taken: UNDP is now working with the CORKS in developing business plans and standard operating procedures for providing fee-based services and increasing their partnership with the private sector. By extending these services the CSO Resource Centers raise funds that are also committed to sustain the organizations.
 - Another effort to sustain the CSO Resource Center has been to socialize the services to wider stakeholders so that when the CSO Project ends the center services are known and accessible to the wider public.
 - Dialogue mechanisms between government and CSOs need continued strengthening to ensure that CSOs are in a better position to carry out community development initiatives and communicate their concerns to government.

5.8 Tsunami Recovery Port Redevelopment Programme (TRPRP)

Implementing Agency	United Nations Development Programme
Partner Agency	United Nations Development Programme
Implementation Period	December 2005 - December 2007
Grant Amount	US \$ 3.8 million
Disbursements	US \$ 3.8 million

This project provided designs and further technical support for the reconstruction of major sea ports in Aceh and Nias, as well as minor rehabilitation works to ports.

Most of the ports on the North and West coasts of Aceh were badly damaged or destroyed during the tsunami in December 2004 and/or the earthquake in March 2005. This project focused on port redevelopment through the preparation of detailed designs, environmental impact assessments and economic feasibility studies. Minor rehabilitation works and the construction of temporary wharves were also undertaken to improve the operation of several ports.

Progress to date (status as of March 31, 2008)

All works for this project were completed by the end of the previous reporting period, including port designs and design reviews, studies and assessments. Additionally, temporary wharves in two locations and other works had been completed, enabling better docking conditions and storage of cargo. The project closed at the end of December 2007.

Project Development Objective			
To create immediate employment and longer-term livelihoods by redeveloping the destroyed and damaged ports so that equipment and materials can be supplied efficiently to isolated communities for the rebuilding of communities and livelihoods.			
Outcome Indicators		Achievements	
Design and investigations for ports at Clang, Sin bang, Gunning Sitoli, and Lamno. NB: Further review indicated partial port designs were already completed (Sinabang and Gunung Sitoli). Design activities adjusted to include Meulaboh ferry port and landside facilities.		Detailed designs for all five ports completed. Calang, Sinabang and Gunung Sitoli ports are expected to be funded by the IRFF project. While Lamno port will be constructed by BRR using APBN funds.	
Functionality of other ports improved through minor rehabilitation works (Sabang, Balohan) NB: Port of Balohan removed from scope as work completed by the local government.		All Sabang port rehabilitation works completed.	
Construction of temporary wharves (Calang and Sinabang)		Wharf construction completed, handed over to BRR, and being used by NGOs and WFP.	
Key Output Results	Initial Targets	Results as of September 31, 2007	Results at completion
Ports designed	5	5	5
Functionality of ports improved			
land sites	2	1*	1*
temporary wharves	2	2	2

* Scope was reduced (no works in Balohan) since local government had taken up the works.

Status Assessment

Overall, the design component has largely been successful, with comprehensive reviewing processes at various stages of the design process, despite the concerns mentioned below. The construction of temporary wharves performed a vital function during the early construction phase in ensuring materials could be delivered to the necessary sites.

The IRFF project has taken up funding for three of the ports designed for implementation, indicating a strong level of coordination between MDF projects. This project also contributed to the UNDP Aceh Emergency Response and Transition Recovery Programme through the recovery of livelihoods and infrastructure.

The completion report submitted by the UNDP¹¹ identifies various possible problem areas post implementation, although these are now beyond the scope of this project:

- Despite close coordination with BRR, the Provincial, District and Municipal Agencies for Transport, and the Department of Sea Communications, changes in construction budgets resulted in wasted design resources.
- Construction will be implemented in isolation of the design phase, and contractors will therefore not benefit from the expertise of the design team experts. This may lead to on-site quality control issues in terms of clearly understanding the designs, design implementation and/or design modifications.
- Port maintenance cost recovery policies also need to be further defined.

Financial status

Financial Status as of March 31, 2008 (US\$ millions)						
Grant	Status as of September 30, 2007			Status as of March 31, 2008		
	Forecasted Spending (21/24 months)	Spending	% Actual to Forecasted	Forecasted Spending (24/24 months)	Spending	% Actual to Forecasted
3.78	3.31	3.37	102%	3.78	3.78	100%

As of the project completion date, all funds were disbursed and spent.

¹¹ Completion Report Lamno-Calang Road Maintenance (LCRM) Project and Tsunami Recovery Port Redevelopment Programme (TRPRP) Implemented by UNDP; April 2008

5.9 Capacity Building for Local Resource-Based Rural Roads

Implementing Agency	International Labour Organization
Partner Agency	United Nations Development Programme
Implementation Period	January 2006 – December 2009
Grant Amount	US \$ 11.80 million
Disbursements	US \$ 11.80 million

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.

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. Contracting the local work force and using appropriate road technologies and work methods 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 road rehabilitation and longer-term opportunities in road maintenance. It pursues strong stakeholder involvement, including community involvement as an important part of the planning and implementation processes on the ground.

Progress to date (status as of 30 September 2008)

In March 2008 the project had completed 84 percent of reconstruction activities and was winding down operations under Phase I, especially regarding further training of government staff and contractors. An internal final evaluation was carried out in March 2008, with a focus on the effectiveness of the project's capacity building approach during its first phase. 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.

To enhance sustainability of the results of this project, especially relating to improved contract management through local government, improved capacities of contractors, and strengthened maintenance, UNDP and ILO prepared a PAD for an extension Phase II. This PAD was presented to the MDF in June and approved by the Steering Committee, increasing the total value of the project from US \$ 6.40 million to US \$ 11.80 million. The project will now cover four districts (Pidie, Bireuen, Nias, Nias Selatan) for roads and an additional three districts (Aceh Jaya, Aceh Barat and Nagan Raya) for irrigation works requested by BRR.

Project Development Objective	
To strengthen the capacity of district government and small-scale contractors to adopt and undertake local resource-based road works.	
Outcome Indicators	Achievements
The capacity of district government and small-scale local contractors in undertaking road local resource-based road works is satisfactory	The project has conducted intensive consultations with district and provincial governments in addition to intensive training. Comprehensive training concept for Phase II has been developed. Road lengths achieved are within range determined by mid-term evaluation.

Standard specifications for local resource-based road works are refined to conditions in NAD and Nias.	Pavement study: study, training and demonstration section completed. Manuals under revision and tested with district Public Works officials and KDP Facilitators. ILO is negotiating with FIDIC for license to use short form of this contract document and specifications standard (FIDIC) – expected to be introduced in 2009.		
Community participation in rural road development and maintenance strengthened.	Maintenance study undertaken – recommendations will be implemented under Phase II. Project support district Public Works. Capacity building of local workers and contractors ongoing. Monitoring of contractor's hiring record shows that the number of women workers has increased. A practical guide has been developed and will be integrated into training.		
Key Output Results	Targets	Results as of September 30, 2007	Results to Date
District roads rebuilt: completed (km) under construction (km)	98*	42.8 47.5	97 1
Number of district government staff trained - Engineers and Supervisors for contract management and construction supervision - Staff trained in managing public infrastructure (% women)	15 15 30%	67 67 4.5%	67 67 4.5%
Number of local contractors trained - Engineers and Supervisors for local resource-based techniques - Managers trained in tendering procedures	60 20	95 71	115 71 (1 woman)
Short-term employment created (days) - % of women (Aceh) - % of women (Nias)	300,000*	204,145 21.5% 33.2%	218,636 12% 15%

* 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 full rehabilitation rather than partial rehabilitation.

Status Assessment

This low tech/labor intensive project has largely delivered the intended results and is close to completion. After a study conducted to measure environmental impact, asphalt proved the more environmental-and-health friendly construction technique. The new construction method will increase the expected lifespan of the roads. The target length of roads has been reduced and as a result short-term employment creation was reduced too. The training component has been successful in its reach, and no additional training (other than on-job-training) was held during this reporting period.

The focus of Phase II will be to further promote the uptake of introduced methods and to support the creation of local training capacities. ILO has obtained approval from KDP/PNPM at the national level to provide training to KDP/PNPM facilitators in Aceh.

Gender involvement has been a consideration and the project team was assisted in identifying the type of work that both men and women could perform. Contractors were then advised on recruitment methods. Barriers included the perception that road works was work for men, so that women were rarely informed about jobs. Contractors' hiring records are closely monitored. A

project management guide has been developed and will be integrated into project training activities. The 30 percent target for women employed in road works will be retained and closely monitored.

Transition Arrangements

UNDP and ILO are currently in discussions with BRR and BAPPENAS on post-BRR arrangements to generate an amendment, since all parties are signatories on the project document with BRR. A project board mission to Aceh and Nias in January 2009 will include discussions with LG and decisions are expected to follow accordingly.

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (27/36 months)	Spending	% Actual to Forecasted	Forecasted Spending (33/48 months)	Spending	% Actual to Forecasted
11.80	5.02	4.70	94%	5.80	6.22	107%

Project value has increased from US \$ 6.42 million to US \$ 11.80 million. All funds have been disbursed to the project, and spending has been slightly higher than forecast.

Challenges and Action Taken/Planned

- The project met with strong interest on the side of governments and contractors. The challenge is to introduce the local resource-based approach as a regular practice as well as sustainable capacity building, something for which longer support would be needed than this project currently covers.
 - Action Planned/Taken: Training of PNPM/KDP technical facilitators/supervisors at the national level will increase the reach of the capacity building element both geographically and over time, and workshops and presentations on various project activities have been held to promote this approach to other construction agencies and government officials in the project areas.
- The maintenance report (annexed to the Phase II PAD) notes maintenance issues that need to be addressed, including budgetary allowances, technical expertise, community commitment and availability of maintenance manuals. Recommendations include: the construction of robustly designed, "minimum maintenance" roads, which would shift maintenance from "on-carriageway" to "off-carriageway" activities (e.g. drainage); increased training in maintenance techniques; increased budgeting for maintenance. Furthermore, it was noted that construction standards vary, raising questions regarding the level of on-site quality control.
 - Action Planned/Taken: The government has been advised to pledge maintenance for 2009 and 2010 budgets. Technical assistance from the ILO will be provided in the examination of appropriate financing arrangements for rural road maintenance. Closer collaboration with KDP/PNPM in Aceh is planned for Phase II to create appropriate routine road maintenance programs and durable rural roads rehabilitation.
 - A continuation of maintenance review was conducted in October 2008. It is expected that the review will provide recommendations for the project as well as for KDP/PNPM on how to conduct community-based maintenance

systems. The review will also look into opportunities for collaboration between KDP/PNPM with KIMPRASWIL in district level to improve the road network system in Aceh districts.

- Technical capacity is low (especially in Nias).
 - Action Planned/Taken: The ILO has hired qualified mobile trainers to work alongside the project team and district Public Works. Technical inputs have been provided to not only district Public Works in Nias but also organizations involved in road works to ensure complete road networks. As the project focuses strongly on capacity building, achieving goals requires a significant amount of time.
 - Some of the project deliverables will not be achieved – especially those that are policy-oriented. ILO has thus established a number of training units in the District Public Works offices in NAD to continue capacity building activities after the closure of the project. In Nias, however, the limited number of skilled staff poses a challenge to setting up training units, and the local government needs to seriously consider recruiting more skilled staff.
- Road pavement options commonly used in Aceh have been assessed as environmentally unfriendly.
 - Action Planned/Taken: A pavement study and assessment was conducted that highlighted alternative, more environmentally friendly methods. Use of asphalt emulsion pavement techniques – proven to require more labor and to be less hazardous to health as well as environmentally cleaner – was piloted in Pidie in January 2008, after the ILO district engineer and district Public Works officials from Aceh completed training on an ILO project in South Africa. This pilot work was completed in September 2008. The project will use experience gained to further apply this method in other project areas.

5.10 Aceh Forestry Environmental Project (AFEP)

Partner Agency	World Bank
Implementation Agency	Leuser International Foundation and Fauna & Flora International
Implementation Period	February 2006 – June 2010
Grant Amount	US \$ 17.5 million
Disbursement	US \$ 8.4 million
Last supervision mission	August 2008 (Mid Term Review)
Rating on Project Development Objective/ Status of Implementation	PDO = Satisfactory; IP = Satisfactory

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 Acehnese population as well as South East Asia's richest remaining biodiversity.

The project seeks to establish an appropriate balance between forest protection and economic benefits and livelihood opportunities to local communities. Protection will be based on forest monitoring, sustainable forest management and a multi-stakeholder governance framework. Capacity building for government forest and park management agencies comprises one key activity. Environmental sustainability will be further 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.

Progress to date (status as of September 30, 2008)

The project has developed a baseline for the status of the Leuser Ecosystem (LE) and the Ulu Masen Ecosystem (UME): at the end of 2006, 69% of both ecosystems were categorized as undisturbed forest, while the remaining areas were disturbed or even non-forested. The 2007 map is still under preparation.

From LE, community monitoring teams conduct monthly patrols and share information with government law enforcement agencies. In this area, four teams consisting of LIF staff and forest-edge villagers patrolled 419.75 km of forest in Q3. 363 cases of illegal logging in the Leuser area, involving 633 tons of illegal timber, and the opening of 2217 ha of conservation forest for agriculture were noted in the 3rd quarter of 2008 alone. Detailed meetings with the Criminal Investigation Department are planned for 2008 Q4 to discuss monitoring illegal timber transport.

In the UME, there has also been a strong focus on increasing community participation in joint monitoring, focusing on human-wildlife conflict (HWC) mitigation, monitoring forest crimes, such as illegal timber trade, and training.

The high levels of human-elephant and human-tiger conflicts in Aceh represent some of the highest in Asia, and pose an acute threat to livelihood security. In addition, the significant political profile of these incidents has warranted the planned expansion of the initial Community Response Unit (CRU) strategy. A comprehensive 2009 plan is being developed with provincial and district governments to include four CRUs within livelihood field centers around UME and four teams around LE forests that utilize resources such as the 1000 contracted forest guards and work in close collaboration with district governments. In adherence to the AFEP work plan, two draft protocols for HWC (one for elephants and one for tigers) have been produced and will be socialized with government partners in Q4.

Procurement of three ultra-light aircraft for monitoring activities has been completed while the project is still in the process of gaining the appropriate certificates to operate.

One of AFEP's major achievements has been its support to the Government of Aceh in developing one of the largest and most advanced REDD programs in the world. The high profile REDD program for UME is estimated to generate US \$10 million per year for the Government of Aceh to provide simultaneous and long-term benefits for the people of Aceh and the protection of UME. AFEP has paid for legal services for this initiative and sponsored two senior government legal advisors to attend a REDD training course abroad.

AFEP continues to support the Aceh Green initiative, specifically through translating and disseminating the economic development plan from English into Bahasa Indonesia, developing Aceh Green pilot project concepts, and aligning the 2009 work plan with Aceh Green goals. In fact, an AFEP staff member has been nominated to lead one of the Government of Aceh's working groups on Aceh Green.

Support to the Forestry Redesign Team (TIPERESKA), initiated by the Governor of Aceh, is ongoing, specifically on developing an institutional and legal framework for Aceh forest management and various management options. AFEP will fully support a transitional team to disseminate and operationalize TIPERESKA outputs, which are expected to provide an enhanced forest management body for Aceh.

The conservation awareness facility in Banda Aceh was completed, while location of the UM education and awareness center was discussed during the mid-term review, but not agreed upon

The project provides significant support to the provincial forestry and conservation authorities by way of training and equipment. Most training activities are expected to start in earnest in Q4 of 2008. Reforestation and livelihood enhancement activities are ongoing. The project has also prepared and shared GIS-based maps at the request of government agencies, universities, NGOs and other organizations. The project has established 19 school eco-clubs to date with approximately 1,900 student members.

The AFEP project takes a broad and comprehensive approach to developing livelihoods around the UME and LE. The allocated budget for direct livelihood activities in the original PAD was relatively small and the 2009 AFEP work plan will greatly increase support for these activities. The project focuses on building the capacity of communities to secure their own long-term development. It also supports local NGOs to implement alternative livelihood activities.

Project Development Objective	
to ensure that environmental services provided by the Leuser and Ulu Masen forest ecosystems are effectively protected during the post-tsunami reconstruction process in Aceh	
Outcome Indicators*	Achievements
95% of forest cover determined by 2006 analysis maintained by project end (total forest area of UM: 697,000ha; total forest area of LE: 2,028,000ha in Dec 2006)	[n/a: end of project indicator]
Multi-stakeholder management framework for Leuser and Ulu Masen managing forests legally instituted by project end	[n/a: end of project indicator; ongoing support for GOA agenda on forest conservation restructuring, logging moratorium; socialization activities for multi-stakeholder forum ongoing]
The provincial and seven district governments adopt spatial plans with environmental and conservation inputs reflected in maps by 2009 (currently none)	[n/a: end of project indicator; plans submitted for government approval for 8 districts]

50% increase of respondents in target areas (Teunom, Ulu Masen) agree that there is a positive correlation between forest cover and hydrological function by end of 2008 (baseline is 55% for Teunom)	[n/a: indicator for end-2008; awareness campaigns ongoing]		
In 70% of targeted areas (UM: 10 <i>mukims</i> ; LE: 30 <i>gampongs</i>) at least 95% of forest remains protected at end of project, as agreed with communities	[n/a: end of project indicator; work for local level agreements regarding forest management and conservation on-going]		
Key Output Results	Targets*	Results as of March, 2008	Results as of September, 2008
Spatial plans drafted (# provincial and district level)	1 provincial / 7 districts	8 districts	8 districts/
Local level agreements and legislation regarding forest management and conservation in their areas by project end	10 Mukim (UM)/30 Gampong (LE)	2 Gampong /3 mukim	2 Gampong /3 mukim
Teachers trained in conservation (female teachers in %)	500	354 (56%)	465 (52%)
School Eco-clubs established (# of members)	500	6 clubs (2,500)	19 clubs (1,926)**
Governmental forest guards trained (# of women)	1,000	1,000 (85)	n/a***
Conservation/Forestry officers trained (# of women)		160 (14) plus 19 candidates	179 (14)
Community monitors trained (# of women)		90 (1)	n/a^
Nurseries established	50	4	4
Forest replanted/restored (ha)	5,000	700	1078

* Output and outcome indicators were revised by the Implementing Agencies to increase realism and measurability and were approved by the World Bank in September 2007.

** LIF assumed that an average number of school children per school were registered as eco-club members. This was revised based on head count during the April-September reporting period

*** Figures reported as of March 2008 incorrect, as those guards were not trained by AFEP

^ Indicators from log frame output is target of 30 gampong and 10 mukim

Status Assessment

A mid-term review was held in August 2008. The review noted that the project has picked up momentum and is beginning to make significant strides, and concluded that the project development objective continues to be both valid and highly relevant

The mid-term review concluded that to date, the project has achieved significant success in supporting and strengthening institutions important to the governance of forest ecosystems at different levels. In general, AFEP has been able to establish good rapport with some organizations and a select circle of senior officials. In addition, UM and LE have reasonable systems in place for monitoring biodiversity, including community monitoring teams.

On mainstreaming, the project has exerted a positive (pro-environment and sustainability) influence on a number of key environmental initiatives through its technical assistance and strong and trusted partnerships, aided by resources for consultation and communication.

On spatial planning, review of the activities and outputs indicates that the project has contributed to the improvement of provincial and district plans

AFEP has experienced considerable turn-over in staff, including project leaders and division managers, and that has hindered progress. Since January and August 2008, respectively, the FFI and LIF have had project leaders hired for a longer term and also most key positions under them are filled. The improved project management has resulted in improved coordination of activities within the project as well as with external partners.

Some key concerns raised are identified in the challenges section.

Transition Arrangements

While both BRR and Leuser International Foundation/ Fauna and Flora International are signatories on the Grant Agreement, BRR has no specific implementation obligations. Arrangements are currently under way to draft a Grant Agreement amendment.

Financial status

Financial Status as of March 31, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (19/52 months)	Spending	% Actual to Forecasted	Forecasted Spending (25/52 months)	Spending	% Actual to Forecasted
17.53	8.43	5.71	68%	10.45	8.07	77%

Project spending continues its upward trend, with an increase in spending from 68% to 77% of actual spending to forecast spending ratio. This indicates that the management restructuring continues to have a positive impact.

Challenges and Action Planned/Taken

- The current restructuring of the Forestry Sector post moratorium on logging is a challenge and opportunity for the project. The project's flexibility during this time and its active participation in the restructuring and improved coordination with government partner organizations will be critical to ensuring future success of the project as well as the protection of Aceh's forests.
 - Action Planned/Taken: As noted in the progress section, AFEP is committed to, and provides extensive support for, the Aceh Green initiative.
 - Support to TIPERESKA is ongoing, specifically on providing an institutional and legal framework for Aceh forest management.
- Project staffing issues (especially related to financial management and monitoring and evaluation) and the aforementioned forestry sector restructuring suggest meeting targets within current deadlines will be difficult. There has been no appointed M&E officer in either of the IEs, and progress monitoring has mostly been carried out for quarterly or other periodic reports by the project management which has taken a considerable amount of their time.
 - Action Planned/Taken: The project has made concerted efforts. In June 2008, FFI recruited a new Technical Manager who through his academic background significantly strengthens monitoring and evaluation capacity of the project. Both IEs have recruited competent financial management staff and procurement officers, an improvement especially for FFI which functioned without a finance manager for several months in 2008. The project commissioned an external audit in 2008 and for both IEs, audit results were generally clean.

- Delays in procurement for multiple components have stalled activities such as remote and local forestry monitoring. These will have to be addressed in order for the project to be successful.
 - Action Planned/Taken: LIF has improved its procurement performance, submitted a Procurement Plan and produced most procurement documents to the project supervision. FFI has had more problems due to gaps in staffing, and has not been able to organize its procurement equally well: Procurement Plan and other procurement related documents have not been readily available. FFI is committed to improving its procurement performance.
- In order to sustain protection, the critical challenge is to provide alternative livelihoods to illegal logging – something that the project cannot achieve alone.
 - Action Planned/Taken: For its part, the project has increased its 2008 budget allocation for this activity. The chosen strategy is to utilize the relatively limited funds budgeted for livelihoods development to mainly facilitate leveraging other donor and NGO funds for livelihoods activities. These activities are currently under implementation.
- The Mid-Term review questioned how the work of TIPERESKA could more clearly complement that of ADB's FIS (Forest Information System), and how this could be coordinated.
 - Action Planned/Taken: Several meetings have been held with FIS to discuss collaboration and data sharing. AFEP is sharing its satellite images and forest cover layers with ADB, and ADB has agreed to procure pre-2000 satellite images and interpret and share these with AFEP. Soil classification data and advice on hydrological and environmental sensitivity mapping will be provided by FIS.
- The Mid-Term review noted that the gender equality issue needs further strengthening. The project may consider a refresher course for existing facilitators to ensure that the gender equality aspect is well understood.
 - Action Planned/Taken: In 2009, AFEP will explicitly investigate the role of women in natural resource management around UME and feed these results into a broader AFEP study on the mechanisms for equitably sharing REDD benefits. These results will also be used to identify how and where other AFEP-UM activities can effectively engage with women and women's groups.

5.11 Sea Delivery and Logistics Programme (SDLP)

Partner Agency	World Food Programme
Implementing Agency	World Food Programme
Implementation Period	March 2006 – February 2010
Grant Amount	US \$ 24.7 million
Disbursements	US \$ 24.7 million

This project fills a vital need during the reconstruction as it supports the logistics of transporting 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.

The project provided a full-fledged shipping service during 2005 to first quarter 2007, utilizing shallow draft Landing Craft Tanks. Since then, shipping of goods has transitioned to the commercial sector, while the project continues to provide logistics support through a Logistics Support Unit. It also continues to operate heavy equipment such as all terrain forklifts and reach stackers, to enable off-loading of cargo at tertiary ports and beach heads, in an efficient and safe manner.

The focus of the current Logistics Support Unit is to enhance logistics in identified ports through (a) providing logistics support and consultancy to private sector and humanitarian organizations operating in the NAD-Nias area and (b) providing 'latent' cargo demand forecasting and developing a database of existing and potential cargo.

Cargo tracking is used for forecasting purposes relevant to enhanced transportation planning, as well as strengthening the interest of the private sector in the transportation sector in Aceh.

Progress to date (status as of September 30, 2008)

The project transported a total of 98,185mt/256,006m³ of relief and reconstruction cargo during November 2005 and through to March 2007. Transportation of goods to remote beaches in Nias and Simeulue has been a major benefit of this project, since it reached many inaccessible locations where roads and bridges are impassable and could not be reached by larger trucks.

During the reporting period, WFP redesigned the project and the PAD for Phase II was endorsed by the Steering Committee in July 2008. Phase II became operational, and will provide port management job training to local port authorities in Aceh and Nias, contributing to better management and operations in newly built ports as well as those currently under construction.

In gender issues, the project has formally identified 16.41% of 283 people slated for key staff training are female. This includes not only ports management, administration and operations staff, but also local government officials.

Staff capacity development will now take place at 18 ports identified in NAD-Nias. Training modules will be sourced and training undertaken in Banda Aceh using facilities at the University of Syiah Kuala. No formal training took place in the reporting period, although SDLP staff members attended workshops, and on-the-job training took place in Banda Aceh and Jakarta. Procurement for Port Training has been completed; training commences in December 2008 and will run through to November 2009.

Project Development Objective			
1. To provide an integrated and sustainable sea freight service to meet the needs of the users of the service, with a view to overcoming logistical constraints currently causing bottlenecks and delays. 2. To assist in developing a means to restore basic transportation infrastructure and to import recovery cargo until such the time as the commercial sector is able to resume their normal			
Key Output Results	Targets **	Results as of March 31, 2008	Results as of September 30, 2008
Reconstruction materials shipped (until Dec 2006, metric tons)	140,000 mts	98,185 mts	n/a
Number of agencies that used shipping service	n/a	82 users^^	25 users*^
International Red Cross Agencies			0.6%
UN Agencies		51%	0.1%
Other NGO/reconstruction agencies		25%	2.3%
Government		20%	0.1%
Private Sector		4%	93%
Other			3.9%
Logistics support requests to Logistics Support Unit (since Jan 2007)	n/a	245	363
Total cost recovery**	n/a	US \$ 2,453,596^	US \$ 2,490,030^
Monitored commercial cargo movement (since Oct 2006, metric tons)	n/a	368,118	582,347
Cargo movement facilitated through logistics services *^	n/a	about 70,000 mts	about 174,000 mts
Heavy equipment rental	n/a	3206 hrs	5716 hrs
Duramats		100	482

* Has been revised for Phase II; this will be reflected in the upcoming MDF report.

** The initial PAD only formulated targets for the amount of reconstruction goods to be transported.

^ Steering Committee approved the use of US \$ 2,392,762 of the recovered costs for program activities in July 2008. FAA was amended on October 14, 2008 to reflect this.

^^ Shipping Service – until March 2007

*^ Logistic service – from January 2007

Status Assessment

During the reporting period, the project has continued to provide logistics support and has witnessed an increased use of this service (158 requests). In addition, equipment rental is ongoing with a 155% increase in rentals over the past 12 months.

Collation of data related to the movement of cargo in and around Aceh Besar, NAD-Nias, North Sumatra and the Islands is ongoing, allowing WFP to observe changes in traffic trends of vessels that influence various Ports, training and development scenarios. WFP intends to hand this over in the form of a database to the government authorities; however, use of such data is not a common feature in transportation planning as of now. The Memorandum of Understanding (MOU) for taking over the cargo flow data base is under review with the University of Syiah Kuala.

Similarly, the introduction of standard good practice for ports management through the training program can be expected to face sustainability issues. It will be vital that the project increases its cooperation with the local government during the upcoming months. No equipment has been handed over in the past 6 months.

Transition Arrangements:

The program's transition to other agencies will be an important factor. The BRR is currently represented on the LSU Executive Board and has had close liaison and involvement with the WFP SS since its inception. Its connection with LSU provides an essential link to the government.

In addressing transition arrangements, the LSU Executive Board Meeting in February 2008 stated in its minutes: *"Effort should be made to include Aceh local government representative's participation in WFP LSU Project management when the formal structure for hand-over from BRR to local government has been formalized."*

Transition arrangements are currently being formalized.

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant*	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending	Spending	% Actual to Forecasted	Forecasted Spending	Spending	% Actual to Forecasted
24.70	24.70	20.83	84%	24.70	21.37	87%

During the reporting period, the project spent about US \$ 400,000 for the services offered by the logistics support unit.

*October 2008: Grant Amount does not include the additional US \$ 331,971, included in PAD and amended FAA signed in October 2008.

Challenges and Action Planned/Taken

- Asset transfer is an issue in transition – Operations and Maintenance procedures need to be in place.
 - Actions Planned/Taken: liaise closely with BRR and the Provincial Government in identifying the appropriate use of the equipment following the closure of the SDLP project. This is an ongoing process.
 - Equipment handed over will be on the proviso that the O and M processes have been formalized.
- Distribution of equipment is a major issue. In particular, there seem to be differing opinions between BRR and the Provincial Government on how to distribute the valuable and highly useful equipment.
 - Actions Planned/Taken: Assets and equipment are gradually being handed over to BRR, who will allocate to ports as required on behalf of the government. There have been no requests during the last quarter.
 - Equipment released to date to BRR is strategically positioned in NAD-Nias. Requests from Port management go through BRR and are analyzed. As noted, equipment is allocated based on O&M being in place, along with proof that there is a use for the equipment. In most instances the equipment was already in situ from previous and present WFP SS and WFP LSU operations.
 - WFP LSU will release the remaining Manitous all-terrain cargo handling equipment to BRR or the appropriate agency, who will allocate them to the respective ports.
- WFP must engage directly and frequently with Provincial and District level government in order to boost the sense of ownership as well as chances for sustainable improved ports management. Full financial sustainability of all targeted ports is an enormous challenge, given that only one port in Indonesia is self-sustaining (Surabaya).

- Action Planned/Taken: Local government officials are contacted and briefed on the ports management project through a continuous on-going process. Through the United Nations Office of The Recovery Coordinator for Aceh and Nias (UNORC), WFP representatives engage with the Provincial and District level government. On a local level, WFP also utilizes other United Nations resources, such as the Kota Recovery Forum representatives based in the relevant districts.
 - To maximize sustainable positive impacts of the Port Capacity Development training program, WFP LSU will seek agreement from employers that all of the participants will remain within the frame of work of their 'home' port, or the Province of Aceh (NAD-Nias) for at least 24 months after the completion of their training, facilitating orderly succession planning and ensuring that there is a reasonable opportunity for input of their knowledge into the operations.
- Gender inequality in port management structure:
 - Action Planned/Taken: Under review obtaining assistance from UNIFEM and training input from UN ILO.

5.12 Banda Aceh Flood Mitigation Project (BAFMP)

Implementing Agency	Muslim Aid
Partner Agency	The World Bank
Implementation Period	April 2006 – June 2009
Grant Amount	US \$ 4.5 million
Disbursements	US \$ 2.05 million

The Banda Aceh Flood Mitigation Project will help protect the central business area of Aceh's provincial capital Banda Aceh against flooding.

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 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 to be trained to ensure maintenance and sustainability of the installed hardware.

Progress to date (status as of September 30, 2008)

During the November 2007 mid-term review, three key actions were taken for this project. They included (i) refocusing the project on the Drainage Zone 2 only; (ii) consolidating the consulting services to have a new international consulting firm to replace the previous two; and (iii) supporting Muslim Aid to strengthen the project management team through recruiting a new project manager and some key staff for the PMU. By the May 2008 supervision mission, the new management structure was in place and the new consultant on board. The project was subsequently extended for one year to June 2009 to allow sufficient time to complete already started work. The project has seen significant improvement since May in terms of management efficiency and project implementation; there has been good progress on the main contract of three pumping stations, as well as on rebidding and final contracting of four packages now under contractor mobilization.

Project Development Objective	
To quickly re-establish functionality of the storm water and marine flood protection systems damaged by the tsunami and earthquake.	
Outcome Indicators*	Achievements
Protection of population against design intensity (5 years) storm water flooding and tidal flooding, provided at completion of works (estimated 07/08)	[n/a: end of project indicator]
Tidal incursion in the project area for urgent tidal flood protection prevented after installation of valves	11 one way valves installed and operational after redesign; flooding prevented.
Staff responsible for maintenance of Banda Aceh drainage system increasingly conducts field inspections and maintenance activities on the delivered assets.	[n/a: end of project indicator]

For FY2009, the local government has prepared an adequate O&M budget for infrastructure and assets provided by the project as per MOU agreement.		[n/a: 2009 indicator; the pumping station contractor is responsible for the first year O&M and on-the-job training for operators (FY2009). Additionally, an MOU has been signed with the Banda Aceh city government calling for adequate O&M budget for infrastructure and assets to be included in the FY2010 budget.]	
Community members/groups in 12 target areas have taken up waste clearance activities, resulting in visible reduction of waste-related malfunction of drainage.		Awareness training has started in 2007 in some of the project areas.	
Key Output Results	Initial Targets*	Results as of March, 2008	Results to Date
Immediate flood reduction through flood valves	11	11	11
Drainage system reconstructed Pumping stations Flood valves (Zone 2*) Drainage (reconstruction/rehabilitation)	3 stations 33 valves* 4.4km/12.3km	~ 55% complete Design review ~12% complete	Under construction Bidding finished Under construction

* Output and outcome indicators were revised by the Implementing Agencies to increase measurability. They were approved by the World Bank in November 2007.

Status Assessment

Due to significant improvements made by the implementing agency, the supervision mission of May 2008 recommended to extend the project for one year to allow for sufficient time to complete work critical to Banda Aceh's flood protection. Amendment to the Grant Agreement to extend BAFMP to June 30, 2009 was approved in June 2008. This amendment also includes provision for transition arrangements with BRR to be finalized by December 31, 2008. The project is now on track and on schedule.

Transition Arrangements

BRR's closure will have limited impact on this project. Though most of the collaborations are with the district government, the Grant Agreement must be amended. A supervision mission scheduled for December 2008 will discuss the need for an extension as well as to which agency the project will be transferred.

Financial Status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (27/30 months)	Spending	% Actual to Forecasted	Forecasted Spending (33/42 months)	Spending	% Actual to Forecasted
4.50	3.60	1.37	38%	3.54	1.97	56%

Challenges and Actions Planned/Taken

- Slow procurement was a key reason for the project's underperformance.
 - Action Planned/Taken: Between the November 2007 mid-term review and the May 2008 supervision mission, a new program manager and a number of key staff for the PMU were in place. The project has gained traction and is now on schedule.
- With the project closing in June 2009, it is of utmost importance to start capacity building activities for local government as soon as possible to create the basis for a sustainable operation of the rebuilt systems.
 - Action Planned/Taken: This has been included in the consultant's contract.
- Project costs are likely to increase to around US \$ 6 – US \$ 6.5 million instead of the US \$ 4.5 million estimated during the project preparation. This is largely due to revisions in engineering design and subsequent cost estimates.
 - Action Planned/Taken: A report with new cost estimates will be submitted to the Bank and MDF for review.

5.13 Infrastructure Reconstruction Enabling Program (IREP)

5.14 Infrastructure Reconstruction Financing Facility (IRFF)

Implementing Agency	BRR
Partner Agency	World Bank
Implementation Period	IREP: July 2006 – September 2009 IRFF: July 2006 – December 2009
Grant Amount	IREP: US \$ 42.0 million IRFF: US\$ 100.0 million BRR co-financing: US \$ 126 million, but this still needs to be amended in Grant Agreement (Original amount was US \$ 191 million)
Disbursement	IREP: US \$ 14.13 million IRFF: US \$ 19.57 million
Last supervision mission	December 2008
Rating on Project Development Objective/ Status of Implementation (May 2008 ratings)	IREP: Moderately Satisfactory IRFF: Moderately Satisfactory

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.

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 and review infrastructure, and provide implementation support. Infrastructure covers National, Provincial and District levels. Implementing these designs is funded through IRFF 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.

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.

IRFF increases the flexibility of BRR to fund infrastructure activities, allowing projects to be funded as soon as they are ready. The facility finances infrastructure at the National, Province and District levels, identified through the Infrastructure Reconstruction Enabling Project (IREP) framework. In addition to the infrastructure investments, like IREP, it also 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.

Progress to date (status as of September 30, 2008)

All five IREP consultant teams were mobilized by May 2007. During this reporting period, disbursements to the projects have increased. IREP consultancy teams provide ongoing support

to the IRFF program and BRR's infrastructure program. The Strategic Infrastructure Plan, Annual Infrastructure Investment Plans, and Annual Procurement Plans for Aceh and Nias have been completed and approved by BRR. Teams also support the development of investment plans at the regional level for the west coast and Nias.

IRFF has utilized local investment plans as well as the IREP Strategic Infrastructure Plan in developing the project pipeline which is reviewed on a regular basis. Environmental and social safeguards are ensured through project screening, preparation of environmental impact assessments, and carrying-out management plans at the project level. All activities require Gol and World Bank clearances, and IREP consultants supervise contractors' implementation of the environmental management plans in the field. During the last six months the quality and adherence to environmental safeguards has improved significantly following recommendations by the November supervision mission.

IREP has prepared all projects implemented by IRFF. Additionally, IREP consultants have also been providing technical input to provincial and district governments relating to the design and implementation of infrastructure projects. In the IRFF portfolio there are currently 48 projects to the value of US \$ 210.40 million under construction. Eight projects (US \$ 7.79 million) have already been completed and one roads project estimated at US \$ 9.17 million is at bidding stage.

Project Development Objective	
To support BRR's strategy for infrastructure reconstruction by providing high quality technical assistance services in infrastructure program management, planning, design, construction management, quality management and program monitoring	
Outcome Indicators	Achievements
Completed primary and secondary infrastructure investments that correspond to the priorities identified in the BRR's strategic planning documents for the reconstruction of infrastructure in Aceh and Nias.	All investments identified fall within the BRR NAD Action Plan and IRFF Strategic Infrastructure Plan, whose plans have been finalized. Additionally, subprojects have been prioritized through the Annual Infrastructure Investment Planning process.
Participatory approval of primary, secondary, and tertiary infrastructure investments with consultation of local government and or community representation	Local Government participation in identification and prioritization of sub-projects has been high although the mechanisms varied in each region through the regional IREP consultants.
Completed primary and secondary investments that adequately meet the quality specifications of technical designs	1 water system and 7 kabupaten roads have been completed. 48 projects are under construction. All designs have been reviewed or completed by the PDCS consultants and checked by IPM before bidding (the World Bank only received and reviewed prior review packages). Supervision of construction works and quality control by consultant teams are ongoing to ensure quality of completed infrastructures.
Completed primary and secondary infrastructure technical designs for which relevant government agencies have signed MoUs that specify asset ownership and identify a maintenance scheme.	MoUs for 35 required sub-projects have been drafted and 2 have been signed. The rest are to be signed with local government agencies prior to sign over of assets.

Increased proportion of projects managed by local and provincial government staff that incorporate appropriate safeguard measures, financial management and procurement practices during project design and implementation.		BRR, supported by IREP consultants, has been responsible for all procurement. However, 100% of local government contracts funded through IRFF are managed by local government, supported by IREP supervision consultants.
Key Output Results	Results as of March 2008	Results as of September 30, 2008
Completed - number (value): Water systems: Number (US \$ amt) <i>Kabupaten</i> roads: # of contracts/ km/ (US \$ amt)		8 (US \$ 7.79 m) 1 (US \$ 1.98 m) 7/ 36.5 km/ (US \$ 5.81 m)
Under construction - number (value): National roads (# of contracts/ road km/ US \$ amt) Provincial Roads (# of contracts/ road km/ US \$ amt) <i>Kabupaten</i> Roads (# of contract/ road km/ US \$ amt) Water Systems Ports	31 (US \$ 129.4m) 8/ 293.6 km/ US \$ 38.5m 7/ 138.9km/ US \$52.5m 8/ 43.4 km/ US\$ 6.9m 6 (US \$ 9.7m) 3 (US \$ 21.8m)	48 (US \$ 210.40 m) 8/ 265.9 km/ (US \$ 37.92m) 9/ 316.6 km/ (US \$ 67.14m) 15/ 153.3 km/ (US \$ 27.70m) 11 (US \$ 30.27 m) 5 (US \$ 47.42 m)
Cleared for awarding - number (value): Provincial Roads (# of contracts/ road km/ US\$ amt) <i>Kabupaten</i> Roads (# of contract/ road km/ US\$ amt) Water Systems	17 (US\$ 31.8m) 1/ 55 km/ US \$ 9.1m 12/ 103.8km/ US \$13.5m 4 (US\$ 9.2m)	No projects
In bidding stage - number (est. value): Provincial Roads (# of contracts/ road km/ US\$ amt) <i>Kabupaten</i> Roads (# of contract/ road km/ US\$ amt) Ports Water systems Bridge packages	15 (US \$ 64.4m) 1/15.2km/US \$ 3.2 m 5/98.2km/US \$ 15 m 2 ports (US \$ 21.2m) 6 (US \$ 16.3m) 1/incl. 21units (US \$ 8.7m)	1 (US \$ 9.17 m) 1 (US \$ 9.17 m)
Number of projects requiring EAs: AMDALs (required/ completed) UKL/UPL or SOPs (required/ completed)	48/ 32 9/ 7 39/ 25	48/48 9/9 39/39

Status Assessment

Significant progress has been made in the implementation of works through IRFF, with most of the projects now either being constructed or completed. However, implementation of works is still behind schedule as per the initial procurement plan.

Although the quality of the work has been deemed overall satisfactory based on a recent independent review and supervision mission, various problems were highlighted which affected

the quality of the works. These issues are especially critical now as the IRFF project approaches its peak in implementation activities.

During the last World Bank supervision mission, an overall improvement of both pace of construction and quality of works was noted. Other improvements included: the quality assurance by PDCS consultants, the quality of construction materials used and the availability and use of laboratories. Low capacity of contractors to perform the work has previously been identified as a problem affecting quality and this still remains an issue (see challenges section below), although on-site capacity building is reported of high quality.

The initial delay of the IREP and IRFF projects required IPM consultants to focus attention on contracting construction works, leading to some delays in delivering the other core activities such as creating and overseeing the Strategic Infrastructure Plan, Annual Infrastructure Investment Plans, standard operating procedures, and developing local government capacity building needs assessments. With the implementation of the projects underway through IRFF, IREP consultants are now engaged in construction supervision and quality control activities. Capacity building focusing on sustainability of the IRFF projects implemented is another key area of IREP consultant activity. However, the performance of IREP consultants has been varied, depending on the tasks and the firms – refer to challenges section below.

The environmental safeguards issues identified in the November 2007 mission have largely been addressed and the focus is now moving towards ensuring implementation at the project sites by the IREP consultants. Limited environmental issues at project level are discussed in the challenges section below. Land acquisition, which has been triggered by 10 sub-projects, has not been an issue to date as sub-projects have successfully worked with the PDCS consultants and the BRR to resolve these issues.

Transition Arrangements:

During the reporting period, significant progress has been made on transition arrangements and restructuring. A strategy has been agreed in principal by all parties for transitioning the IRFF to two central government agencies (Ministry of Public Works and Ministry of Transportation and Communication). At the end of the previous reporting period, a strategy was also agreed to reduce the government co-financing budget from US \$ 191 million to US \$ 126 million. The BRR presented to the donors a list of sub-projects (US \$ 66 million) that were funded directly by the BRR.

For both IREP and IRFF, the amendment process to the Grant Agreements for the transition has been initiated. For IREP, the transition will be from BRR to the Ministry of Public Works for both implementing and executing roles. The IRFF amendment consists of two phases:

- The first phase reduces the co-financing as noted above, and allows the BRR to “frontload” disbursement of its own funds in 2008, prior to its closure.
 - This is currently under review by the Ministry of Finance.
 - The IRFF team met with BRR regarding this in early December, and funding arrangements were agreed upon. Various funding models will be used to ensure that BRR funds are optimally utilized by the time that BRR exits, and that will lead to an overall co-financing arrangement of BRR contributing the adjusted amount of US \$ 126 million, and the MDF will contribute the originally agree-upon amount of US \$ 100 million. Refer to Figure 2.2 in Chapter 2 for more details on this funding arrangement.
- The second phase will address the transition of the Implementing Agency role from BRR to the Ministry of Public Works.

IREP Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (20/39 months)	Spending	Actual compared to Forecasted	Forecasted Spending (26/39 months)	Spending	Actual compared to Forecasted
42.00	21.54	9.65	45%	28.00	14.13	50%

The project had initial disbursements in May 2007. Although total spending is approximately half of that forecast, spending in this reporting period has increased. The delay in disbursement is due to slow procurement and mobilization of consultant setup during the start of project implementation.

IRFF Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (15/42 months)	Spending	Actual compared to Forecasted	Forecasted Spending (15/42 months)	Spending	Actual compared to Forecasted
100.00	35.71	2.44	7%	50.00	10.72	21%

The IRFF project began disbursements in July 2007 once the budget and procurement process was determined at the start of project implementation. Progress has been slower than expected, but this reporting period has seen a marked increase in spending. One reason for this is BRR's funding of sub-projects outside the IRFF mechanism as stated in the Assessment section. Moving forward, as many contracts are currently under construction, spending is expected to continue its upward trend over the next six months.

Challenges and Action Planned/Taken

A supervision mission was undertaken in early December 2008. At the team wrap-up meeting held on December 12, it was noted that the significant issues raised during the last supervision mission, in May 2008, have been adequately addressed.

- Transition arrangements after the closure of BRR and the challenge of restructuring the co-financing mechanism to support BRR's proposed schedule of transition.
 - Action Planned/Taken: Refer to transition section above.
- The performance of the Infrastructure Program Management (IPM) consultants – especially in program management, procurement, safeguards, capacity building, and coordination/ communication.
 - Action Planned/Taken: Key staff replacements point to improvements in effectiveness of strategic activities, quality assurance and IREP coordination. The mission team noted improved the performance and coordination between all IREP the consultants.
- Quality of works, with specific reference to ensuring that executed works meet design and tender document specifications, for example pavement thicknesses, surface overlays, surface drainage and cross-falls. Furthermore, quality assurance was also raised as an area of concern. Specific items noted were the lack of check testing and validation of results, backfilling of water mains before testing, and construction and road

testing standards not being implemented. The quality of the construction of ports was also a point of concern raised.

- Action Planned/Taken: On the West Coast, conditions are generally difficult, but roads seen and inspected are of good quality, with adequate pavement thicknesses, surface overlays, surface drainage and cross-falls. On the East Coast, the scale of works is smaller, with more district level roads being built. Although there are technical and quality issues that have been identified, the mission team is confident that these will be overcome.
- Drainage works and sea wall projects were considered satisfactory.
- Capacity building: Incorporating capacity building with daily work processes was highlighted in the previous mission. The Bank would review the formal capacity building activities proposed under the program, and support BRR to develop an appropriate program to support priority needs of local government.
 - Action Planned/Taken: Capacity building is being incorporated into daily activities.
 - Formal capacity building programs: BRR and IREP consultants have made progress on assessments of local capacity building needs, and a short-term program to support local government procurement capacity and quality assurance (for infrastructure) practices.

The last Supervision Mission also raised the following health and environmental issues:

- Road safety needs to be promoted.
- Site safety needs to be improved in certain areas; for example, current methods of handling bitumen may have health implications.
 - Action Planned/Taken: While safety is adhered to (hardhats worn on site, etc) in some areas, others need to be reviewed and safety policies set.
- Practices such as sourcing gravel for projects from river beds need to be addressed.
- In Lhokseumawe the drainage project will have environmental and livelihood implications.
- Contract documents in general need to be worked on.

5.15 Lamno-Calang Road Maintenance Project

Implementing Agency	United Nations Development Programme
Partner Agency	United Nations Development Programme
Implementation Period	October 2006 – December 2007
Grant Amount	US \$ 1.5 million
Disbursements	US \$ 1.5 million

This project provided maintenance work to the 103km stretch of road from Lamno to Calang and was implemented from October 2006 to December 2007. The objective of the project was to ensure uninterrupted overland access to tsunami-affected communities on the west coast of Aceh, thereby facilitating the reconstruction and recovery process, and promoting social and economic recovery in Aceh.

In 2006, the road between Lamno and Calang was in critical condition. Truck overloading and lack of maintenance had rendered the road nearly impassable by vehicles, and conditions were exacerbated by muddy conditions and failed temporary bridges. The LCRMP responded to the immediate need to keep the road passable by implementing vital maintenance work over a period of 14 months, after which this responsibility was handed over to the USAID contractor reconstructing the road from Banda Aceh to Calang.

Progress to date (status as of March 31, 2008)

This project was completed by 31 December 2007 and a completion report was submitted. The lack of government funding, expertise and equipment resources needed to undertake this emergency maintenance activity within the limited time frame, underscored the importance of this project. The Lamno-Calang road is the main transportation route for materials to the West Coast during the reconstruction process. This project has been vital in that it kept the route open at a critical time, and is seen as a great success of a relatively small, yet key investment.

Project Development Objective		
To maintain the road from Lamno to Calang for a period of eight months to ensure overland access to tsunami affected communities on the west coast of Aceh, to facilitate the reconstruction and rehabilitation process, and to promote social and economic recovery in Aceh		
Outcome Indicators	Achievements	
The road from Lamno to Calang is maintained and operational for eight months, while permanent rehabilitation works are put in place.	Emergency repairs and preventative maintenance measures were implemented and the road was kept operational throughout this process, with an improved travel time of 50% at handover. The actual maintenance period was 14 months.	
Key Output Results	Results as of September 30, 2007	Results to Date
Roads graveled (km)	52	52
Ditch excavation and lining (km)	16	132
Bridge decks repaired (units)	18	21
Bailey bridges installed (units)	2 completed /2 ongoing	4
Short-term local labor created (man-days)	1,900	3000

Status Assessment

A road inspection held in March 2008 indicated that the project had efficiently and effectively reached its objective of keeping the road operational. To reduce land issues, works were mostly restricted to existing road alignment. Although these issues led to sporadic road closures, they were not seen as a major problem.

The completion report submitted by the UNDP¹² identifies various possible problem areas post implementation, although these are now beyond the scope of this project:

- The sustainability of the work undertaken during this project is greatly dependant on the continued maintenance of the temporary road while it is in use. The handover of responsibility for maintenance to the USAID coast road construction project is not working effectively. However, it is in the best interests of the USAID contractor to continue this maintenance work.
- Concerns were raised by BRR regarding the quality of the abutments to the bailey bridges. UNDP noted that these works were completed after the end of the assignment of the roads engineer.
- Community ownership of maintenance requirements for district and village roads is weak. The extended use of the temporary roads may lead to environmental concerns relating to dust levels.

Financial status

Financial Status as of March 31, 2008 (US \$ millions)						
Grant	Status as of September 30, 2007			Status as of March 31, 2008		
	Forecasted Spending (9/12 months)	Spending	% Actual to Forecasted	Forecasted Spending (12/12 months)	Spending	% Actual to Forecasted
1.46	1.09	0.81	74%	1.46	1.46	100%

The project was completed within budget, and continued maintenance responsibility was handed over to USAID.

¹² Completion Report Lamno-Calang Road Maintenance (LCRM) Project and Tsunami Recovery Port Redevelopment Programme (TRPRP) Implemented by UNDP; April 2008

5.16 Kecamatan-based Reconstruction and Rehabilitation Planning Project in Nias (KRRP)

Partner Agency	World Bank
Implementing Agency	Ministry of Home Affairs through BRR
Implementation Period	November 2006 – December 2009
Grant Amount	US\$ 25.75 million BRR co-financing : US\$25.75 million
Disbursements	US\$ 10.1 million
Rating on Project Development Objective/ Implementation	May 2008 – Moderately Satisfactory

The Kecamatan-based Reconstruction and Rehabilitation Planning Project in Nias (KRRP) provides block grants for the reconstruction of 5,000 houses, 100 schools, 100 Local Government Offices and other public infrastructure in Nias. KRRP builds on the KDP participatory planning process and strives to enhance sectoral planning of district governments.

Reconstruction in Nias is difficult due to the remoteness of many areas, general poor quality of the island's infrastructure, shortage of legal timber, and overall poverty. 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 and the Kecamatan Development Project.

Progress to date (status as of September 30, 2008)

Due to the late disbursement of 2007 funds, 2007's work plan will be implemented in 2008 and 2009. Most of the initial targets for 2008 will be covered in 2009.

The project has completed its community-driven selection of beneficiaries for houses, schools and local government offices. Starting in mid January 2008, the project commenced the construction of houses in all nine sub-districts of Nias and Nias Selatan. A total of 1,998 houses are under construction, 93% of the total amount targeted for completion according to the 2007 work plan. The construction of Schools and Village Offices has continued encountering problems – refer to challenges section below. Infrastructure works have commenced work in some areas as expected.

Project Development Objective	
To contribute to the recovery of the devastated areas in Nias through provision of support to the recipient in its efforts to plan and manage the reconstruction of communities, including: (a) rebuilding productive infrastructure and social services; and (b) supporting local level planning and management of the reconstruction	
Outcome Indicators	[end of project indicator]
Outcome Indicators	[EOP indicator]
>80% of project built houses (4,000 houses) occupied by target families.	[EOP indicator]
>5,000 children enrolled in project built schools at end of project	[EOP indicator]
>80% of Local Government Office/Village Hall in use at EOP	[EOP indicator]

>70% of project communities satisfied with planning process and services provided by the project	[data not available]		
Key Output Results	Initial Targets*	Results as of March, 2008	Results to Date
Houses – under construction	3,688*	1,521	1,998
2007 work plan	2,138	0	1,998
2008 work plan	1,550	0	0
2009 work plan (tentative)	812	0	0
Infrastructure - # of projects under construction	**	0	8
Roads	0	0	5
School buildings	0	0	2
Dwellings	0	0	1

* Original target 5,000 houses. However, due to escalating building material, rationalization to 4,500 house

** There was no indicative numbers for initial target as the communities make the decisions; this is still in process..

Status Assessment

The project has progressed well even though it suffered some delays in the initial mobilization of consultants which in turn delayed the verification of beneficiaries. Financial administrative hurdles further delayed disbursement of the MDF portion of the budget and implementation was further delayed due to the lack of availability of materials at the start of the project. Although the project has had to face numerous challenges, those are being addressed.

Transition Arrangements

This project will be affected by the closure of BRR. Currently MOHA is the Implementing Agency through BRR, and MOHA will also take over the role of Executing Agency after BRR closes.

Financial status

Financial Status as of September 30, 2008 (US\$ Million)						
Grant	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending (11/34 months)	Spending	% Actual to Forecasted	Forecasted Spending (17/34 months)	Spending	% Actual to Forecasted
25.75	10.15	0.49	5%	12.88	3.47	27%

Spending is still very low, although the last six months have seen a marked increase. Based on the increase in ratio of actual spending to forecast spending in this reporting period, it is expected that the MDF will disburse funds to the project again in 2009.

Challenges and Action Planned/Taken

- The remoteness of many construction sites in Nias is a considerable challenge for all reconstruction.
 - Action Planned/Taken: It will be critical to monitor the effect on project implementation in terms of delays and increased costs.
- Staffing issues: There are still a number of unfilled staff positions, and staff turnover appears to be high.

- Action Planned/Taken: Recruitment is on-going. The EC ROM mission noted a reason for this recurring problem was the remoteness of the island and areas where work is being done on the island.
- The high inflation rates, especially due to the increases in fuel costs, have escalated the prices of building materials.
 - Action Planned/Taken: The project is preparing a price adjustment for additional funds to cover the incremental cost, and may be coming to the MDF for additional funds. Non-essential items have been omitted from house construction, and some owners/beneficiaries have contributed their own funds to completing the construction of their houses. However, this issue may not so easily be overcome in community buildings.
- Legal timber is in short supply on the island of Nias:
 - Action Planned/Taken: to reduce the overall need for timber, the project has utilized a light-weight steel design for roof structures. Other measures include using reclaimed or salvaged timber, and substituting multiplex or plywood where appropriate.
 - WB met with The Forestry Department on July 22, 2008. Based on this meeting and Nias condition, a specific timber policy for KRRP is being developed.
- Delays in the construction of Schools and Village Offices:
 - Initially, there were problems with BRR's budgets and disbursement requests in November 2007 which could not be processed.
 - Action Planned/Taken: The first tranche of funds for some schools and village offices was disbursed in August.
 - Adaptations to designs need to be done to take into account specific site conditions. This includes topography, size of land, existing facilities, etc.
 - Action Planned/Taken: Adjustments to designs are underway and expected to be completed in November.
- Implementation of the Cultural Heritage Program is delayed due to procurement.
 - Action Planned/Taken: The budget has been allocated in DIPA 2008 revision. The development of Nias Museum is being done through a single source contract. Implementing for the other two activities will be through selected through open tender bidding.
- As the project is partially financed by Government co-financing, the project must have its next year's budget confirmed before BRR's mandate is up.
 - Action Planned/Taken: For DIPA 2009, Rp. 110 billion has been allocated in the PMD budget.

5.17 Support for Poor and Disadvantaged Areas Project (SPADA)

Partner Agency	World Bank
Implementing Agency	Ministry of Disadvantaged Areas through BRR
Implementation Period	February 2007 – June 2010
Grant Amount	US\$ 25.6 million BRR co-financing: US\$ 14.6 million
Disbursement	US\$ 2.5 million
Last supervision mission	July 2008
Rating on Project Development Objective/ Status of Implementation	Moderately Satisfactory (MS)

The Support for Poor and Disadvantaged Areas Project (SPADA) strengthens district government capacities to incorporate bottom-up (village, sub-district and inter-sub-district) planning and needs analysis into district planning and budgeting. SPADA 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.

Projects are selected by district development committees with thirty percent of grants reserved for health and education respectively. SPADA promotes the improvement of the economic environment and strengthens the capacities of local governments through a combination of training, practical exercises, and technical support.

Progress to date (status as of September 30, 2008)

The SPADA project experienced many of the same start up delays as other projects and government programs, all faced with awaiting approvals while fund flow mechanisms and capacity of implementing agencies got up to speed. The project became effective in May 2007, while the first tranche of planning grants began to disburse in August 2007 and the block grant occurred in January 2008. The BRR carried forward all undisbursed 2007 block grant funds to be withdrawn in April 2008, along with the scheduled 2008 budget. The timeline for final disbursement of the FY 2008 block grant has been extended to the closing of the BRR in mid April 2009.

SPADA has taken up activities in all 17 districts of Aceh and two in Nias where project offices were established. Multi-stakeholder district advisory fora were held to advise District Development Councils, and a joint SPADA-BRR-Local Government Secretariat was formed in 21 districts & cities (in Aceh plus 2 districts in Nias). In addition, health and education consultants were trained and have produced a needs assessment for their respective sectors.

SPADA is showing encouraging progress. The implementation of all district block grants FY 2007 were carried out in FY 2008, and are expected to be complete by end of FY 2008. 98% of all FY 2007 planning grants have been disbursed; while 43% of FY 2007 block grants have thus far been disbursed (US \$ 2,220,411 and US \$ 5,196,359, respectively); the FY 2008 block grant allocation in the amount of US \$ 6,390,720 has not been disbursed to date. Details of the sub-projects funded are about evenly distributed between the three main sectors: with infrastructure slightly ahead at 37%, followed by education at 35% and finally health at 28%.

Project Development Objective To strengthen governance, promote growth and improve service delivery in participating provinces and participating districts, and, hence, support the recovery of affected areas through: (a) strengthening local participation in development planning; (b) promoting private investment and job creation; and (c) increasing the utilization of effective education, health and dispute resolution services	
Outcome Indicators (selected)	Achievements
<ul style="list-style-type: none"> • % of districts using participatory planning and budgeting processes for budgeting and financing development activities • % of district infrastructure classified as 'satisfactory' to 'excellent' • % of respondents satisfied with the level of education services provided through the project; % of respondents satisfied with the level of health services provided through the project • % decrease in children aged 7-12 not in primary school (in Aceh; in Nias); % decrease of children aged 13-15 not attending junior secondary school • No of districts adopting at least three recommendations for improvements in their regulatory environment 	<p>100 % of districts in Aceh; [not yet applicable in Nias as implementation is just starting]</p> <p>[not yet applicable as block grants have just started disbursements]</p> <p>[not yet applicable as block grants have just started disbursements]</p> <p>[not yet applicable as block grants have just started disbursements]</p> <p>[not yet applicable as economic governance and local governance capacity development programs are still in early phases]</p>

Status Assessment

SPADA experienced delays in getting off the ground for several reasons. The project had to compete with other development agencies to select and hire competent consultants in Aceh and Nias. In addition, bringing the capacity of the implementing agency up to speed hampered a timely startup, as did the process of resolving procurement and financial management issues.. Therefore, while the project was approved by the MDF in March 2006, it only became effective in May 2007. The first tranche of planning grants began to disburse in August 2007 and the block grant occurred in January 2008. Currently SPADA is underway and making encouraging progress. Not only are preparations in place, but project funds are starting to disburse, as detailed above.

Communication, cooperation and oversight of KPDT and BRR continue to improve as BRR recognizes its impending closure and the need to transfer responsibilities to KPDT. Coordination with other donor projects such as USAID's Decentralized Basic Education 1 Project and AUSAID's ERA has increased, especially in the areas of education and local capacity development.

Transition Arrangements

Institutional arrangements must be in place to anticipate the BRR transition. The Implementing agency is the Ministry for Development of Disadvantage Areas, who also provides Technical Assistance. For 2009 all SPADA activities in Aceh and Nias will have to be assumed by MinDA. Currently, all Block Grant funds are through the BRR, whose mandate ends in April 2009. A grant agreement has been drafted to reflect MinDA taking on the executing agency role and while the

agreement is currently under discussion with BRR, Bappenas and MOF, it is not yet finalized. Counterpart funds for 2009 have been secured in DIPA of MinDA.

Financial Status

Financial Status as of September 30, 2008						
Grant (US\$ million)	Status as of March 31, 2008			Status as of September 30, 2008		
	Forecasted Spending 13/40 months in US\$ million)	Spending (US\$ million)	% Actual to Forecasted	Forecasted Spending (19/40 months in US\$ million)	Spending (US\$ million)	% Actual to Forecasted
25.0	9.78	0.18	2	12.03	2.85	24

At the end of the reporting period, the project has disbursed US \$ 4 million dollars from the Special Account, of which US \$ 2.85 million has been spent. Although still a modest amount from the initial targets, it has taken a significant leap as the district block grants have complemented the planning grants.

Challenges and Action Planned/Taken

- Procurement delays continue to impede progress for the project.
 - Action planned/taken: Recommendations have been made to recruit an additional procurement specialist in the Bank team and Government to speed-up the process, as well as to have the Government procurement committees work full time..
 - The WB team is ready to assist the project to simplify and streamline the procurement process as allowable.
- All parties require assurance of the GOI cost-sharing of the project in the amount of \$14.6 million.
 - Action planned/taken: Several high level meetings have been convened to discuss GOI's commitment to contribute US \$ 14.6 million.
 - The co-financing budget has been allocated to MinDA and processing through DIPA (MinDA budget) for 2009 has started. The allocation has been confirmed by MinDA's letter to SPADA TTL dated July 31, 2008 and Bappenas's letter to SPADA TTL dated August 4, 2008.
- Improve the quality of technical assistance:
 - Actions planned/taken: Establish direct NMC supervision of PMCs and DMCs. Currently, the Jakarta-based NMCs do not have direct supervision of the provincial and district management consultants.
 - The MinDA has sent a request to the World Bank for an NMC contract addendum to add technical supervision and oversight of Aceh and Nias to NMC duties. The ToR and financial proposal of contract addendum is being reviewed by the World Bank.
- Improvement of overall project management is required in the areas of procurement, consistent usage of operations manuals, further capacity development among consultants and facilitators and increased supervision of GoI and WB teams working on SPADA.
 - Action Planned/Taken: The acceleration guidelines for planning and disbursement approved by the World Bank in February 2008 have been included in district consultant trainings and distributed to all districts. The PIU in MinDA established the Aceh PIU team, and now the BRR-PIU team base in Banda Aceh is unified to identify and proactively address constraints to applying the acceleration guidelines.

5.18 Aceh Government Transformation Programme

Implementing Agency	Provincial Government of NAD
Partner Agency	United Nations Development Programme
Implementation Period	May 2008 – December 2009
Grant Amount	US \$ 9.92 million
Disbursements	US \$ 9.92 million

The Aceh Government Transformation Programme will provide strategic and essential support to the transition by ensuring that the provincial government has the necessary capacity and institutional strength to take over projects, assets, functions, capacities and resources from BRR and other reconstruction and recovery programs at the end of their mandate.

With BRR's activities scheduled to wind down in April 2009 before reconstruction and rehabilitation activities have been completed, the PEMDA NAD, with GoI and cooperating donors, has been working to develop a process for the existing PEMDA NAD agencies (SKPA) to take over the BRR's responsibilities and functions to complete reconstruction and rehabilitation activities. The first step in this process was to select and appoint new heads of SKPA in the province. UNDP provided technical assistance (prior to the commencement of the AGTP) and the process was completed early in 2008 using a "fit and proper test" assessment centre¹³. These appointees have now taken up their positions.

At the same time, the Governor appointed an advisory team (Tim Asistensi) to advise himself and the provincial executive (Provincial Executive). Tim Asistensi, comprising specialists from public, private and educational sectors, started work in the fourth quarter of 2007 with direct support from UNDP and are incorporated in the AGTP.

Progress to date (status as of September 30, 2008)

The primary achievement has been the initiation of project implementation. Discussions with stakeholders were held to agree upon the project implementation modality, which will be the first time in which the central government delegates the full responsibility for project implementation to the local government. Initial policy support for the Aceh Governor's office has been provided to ensure the smooth transition of functions from BRR to the local government, and advisory teams are at work in seven local government agencies. Of particular note is the support provided on the drafting of the presidential decree which will determine which agencies/institutions will take over the various functions of the BRR.

Project Development Objective*	
Government of Aceh effectively leads the sustainable recovery of the province through coordinating, planning, implementing and monitoring transition and recovery policies and activities	
Outcome Indicators*	Achievements
The Government Executive coordinates and	Facilitated by UNDP staff and consultants,

¹³ This process involved opening up the position of heads of agency to those below the level of director, extending the process to applicants from all parts of the country and submitting all shortlisted candidates to a rigorous selection process. This innovation received widespread attention.

facilitates transition more effectively	<p>the seven <i>Tim Asistensi</i> have:</p> <p>Begun providing advice to the Provincial Executive.</p> <p>Developed log frames detailing planned outcomes, outputs, activities.</p> <p>Based on the log frames, developed TORs for studies and specific activities needed to achieve these outputs. (These TORs are currently under review by the AGTP PMU.)</p> <p>Provided monthly reports to the AGTO programme PMU on their activities as the output to trigger payments.</p>
Selected Provincial Government Agencies effectively fulfill their roles and responsibilities in the transition process	An initial workshop was held in late July where the Assistant Governor presented the Governor's mission and vision for his government. The participating SKPAs were briefed on how to develop a transition support program for their agency after identifying their main functions in the transition phase as well as the gaps in resources and capability which could be assisted by AGTP. The first drafts of these proposals were presented at a second workshop in mid-August.
The provincial Training and Human Resource Agency retains, manages and transfers to provincial and district agencies the knowledge and skills required for a successful transition and sustainable recovery	Key activities will follow implementation of those related to the above two main outcomes.

PDO and Indicators have been revised in the draft Inception Report of August 2008.

Status Assessment

In sum, key achievements to date include: (i) signing an on-budget agreement with the Ministry of Home Affairs (MOHA); and (ii) establishing the Provincial Government Management Structures for AGTP. These are important milestones to solidify the multi-layered governance structure of the AGTP. Moving forward, smooth coordination across the Project Steering Committee chaired by MOHA, Project Board members, and the UNDP facilitated Project Management Unit will be crucial to the success of the AGTP.

Transition Arrangements

With the signing of the on-budget agreement with the Ministry of Home Affairs, BRR's exit would likely have minimal effect on the AGTP implementation. Furthermore, the other stakeholders are primarily the provincial government, local Bappeda, and other central government agencies.

Financial status

Financial Status as of September 30, 2008 (US \$ millions)						
Grant	Status as of May, 2008 (start of project)			Status as of September 30, 2008		
	Forecasted Spending (0/20 months)	Spending	% Actual to Forecasted	Forecasted Spending (5/20 months)	Spending	% Actual to Forecasted
	0.00	0.360	3.63	2.48	0.845	8.51

Under the project initiation, up to Q2/2008 UNDP spent US \$ 596,881 from TRAC funds and US \$ 460,000 from the MDF (through retroactive charging as agreed with the MDF).

The aggregate spending is as shown in the table.

In the period of April to May 2008, the spending chargeable to the MDF funds was around US \$ 360,000. In June (over the period of Q2) the total was US \$ 460,000.

The total spending as of September was US \$ 845,413 under MDF funds. With TRAC funds amounting to US \$ 596,881, the overall total is US \$ 1,442,294.

Challenges and Actions Planned/Taken

- The main risk that the AGTP faces is the limited capacity of a newly formed provincial government. In particular, challenges are presented by the absence of ancillary regulations that spell out procedures for transferring grant funds from the national government to regional government, and the lack of institutional capacity in the local government agencies to implement large amounts of funds.
 - Action Planned/Taken: Consultative sessions have been held with relevant national and local government stakeholders including BAPPENAS, MoHA, channeling along with a decentralized project implementation mechanisms were discussed and clarified MoF, BPKP and NAD Provincial Government in which an on-budget arrangement for funds. As the full on-budget arrangement requires time to take full effect, the above stakeholders have recommended UNDP to directly implement the project through letters of agreement (LOAs) with relevant government institutions to execute respective project activities. This arrangement is necessary so that the project can address the challenges related to transition now rapidly occurring in Aceh.

5.19 Making Aceh Safer Through Disaster Risk Reduction in Development (DRR-A)

Implementing Agency	Provincial Government of NAD
Partner Agency	United Nations Development Programme
Implementation Period	October 2008 – December 2011
Grant Amount	US \$ 9.87 million
Disbursements	US \$ 5 million

DRR-A is designed to make disaster risk reduction a normal part of the development process established in core functions of Aceh's local government and their public and private partners, especially in Aceh's local communities where the most effective and direct actions can be taken to reduce physical, economic and social vulnerability to disasters.

The project aims to attain its objectives through five main outputs: (i) the establishment of institutional arrangements and an enabling environment to facilitate participatory and concerted implementation of DRR measures; (ii) demonstration of gender-sensitive projects implemented in selected locations to test and improve measures for reducing risk from natural disasters; (iii) TDMRC-UNSYIAH strengthened to provide science-based information, service and knowledge assistance to the local government and other DRR proponents in implementing their DRR activities; (iv) DRR public awareness programs implemented to promote gender sensitive "Culture of Safety" among the people and institutions of Aceh; and (v) effective and efficient management, monitoring, evaluations, and auditing of the project.

Progress to date (status as of November 30, 2008)

The FAA was signed in October 2008. Still in the start-up stage, the project has finalized consultant work and work plans to develop *Qanun* (the legal framework) to establish BPBD. The final report was submitted, and presentation and discussion with Vice Governor and his staff also completed. The project finalized the consultant and work plan for the Local Action Plan (LAP) DRR, while development is still ongoing, waiting for final report and presentation with BAPPEDA.

As part of the start-up process, meetings have been held with BAPPENAS, MOHA and NAD Government to initiate Grant Agreement arrangement process, Curriculum Team DIKNAS and ADEF members to initiate work on integration of DRR education into schools system, NGOs working on Public Awareness to initiate Aceh Public Awareness Forum, and TDMRC and UNSYIAH to identify next steps for TDMRC institutional development (by CPRU DRR Advisor).

A workshop with the Aceh Disaster Education Forum (ADEF) members was held to compile all DRR education materials produced by NGOs.

A Chief Technical Advisor was recruited, to start in January 2009.

Project Development Objective	
To make disaster risk reduction a normal part of the local level development process established in core functions of Aceh's local government agencies, its public and private partners, local communities and families with due regard for the different capacities, needs, and vulnerabilities of the population (i.e. men and women, the elderly, children, etc.)	
Outcome Indicators	Achievements - Baselines
	FAA was signed in October 2008. Baseline data not yet available

Outcome 1: Local Government Agencies of Aceh apply knowledge of development/disaster linkages and incorporate gender sensitive DRR, mitigation and preparedness in local community planning processes, development, disaster recovery and reconstruction throughout Aceh	
Institutional arrangement and enabling environment established to facilitate participatory and concerted implementation of DRR measures	Work Plan for developing <i>Qanun</i> (Local regulation) to establish Provincial Disaster Management Agency.
Demonstration gender-sensitive projects implemented in selected locations to test and improve measures for reducing risk from natural disasters	
Outcome 2: TDMRC-UNSYIAH strengthened and integrated in Aceh's DRR processes as key provincial provider of DRR products, services and knowledge (multi-hazard risk assessments, maps, analysis and DRR methodologies) for Local Government Agencies and other users of Aceh	
TDMRC-UNSYIAH strengthened to provide science-based information, service and knowledge assistance to the local government and other DRR proponents in implementing their DRR activities	
Outcome 3: A gender sensitive "Culture of Safety" and "Disaster Mitigation Know-How" established among the people and institutions of Aceh, through on-going DRR Public Awareness programs and by making DRR a part of all existing teaching and education courses and curricula	
DRR public awareness programs implemented to promote a gender sensitive "Culture of Safety" among the people and institutions of Aceh	Identified strategies to integrate DRR Education into School System (elementary school level)

Status Assessment

The project is expected to commence on time. The Project Inception report will elaborate detailed action plan, final logical framework and gender mainstreaming strategies based on baseline studies.

Transition Arrangements

BRR's closure will have limited impact on this project as the implementing agencies are the provincial government.

Financial status

FAA was signed in October 2008 and therefore there is no disbursement during this reporting period.

Challenges and Actions Planned/Taken

The key challenge is likely to be obtaining buy-in from all relevant stake-holders and the low capacity of the provincial and local governments and TDMRC-UNSYIAH to successfully implement the activities on schedule and within scope. At same time, the project is still in the process of finalizing the implementation arrangements and grant agreement with the National Government for fund channeling to the Government of Aceh.

5.20 Aceh-Economic Development Financing Facility

Implementing Agency	Ministry for the Development of Disadvantaged Areas (KPDT) and Government of Aceh
Partner Agency	The World Bank
Implementation Period	January 2009 – June 2012
Grant Amount	US \$ 50.00 million Government Co-Financing: US \$ 2.85 million
Disbursements	US \$ 9.92 million

The Aceh Economic Development Financing Facility will support sub-project initiatives for the economic development of Aceh and provide assistance in project management and capacity building.

EDFF aims to promote post-tsunami economic recovery and foster sustainable equitable long-term economic development in Aceh in line with the Government of Aceh's own plans for economic development (RPJMD).

Progress to date (status as of September 30, 2008)

As the Partner Agency for EDFF, the World Bank is processing the Grant Agreement (GA) and expects to have it finalized by January 2009. Simultaneously, dialogues with the implementing agencies and relevant stakeholders continue to ensure that the project kicks off as soon as the GA is signed.

Project Development Objective	
To promote post-tsunami economic recovery and foster sustainable equitable long-term economic development in Aceh in line with the GoA's own plans for economic development (RPJMD) through: (i) development of job-creating, market-driven enterprises engaged in value-added processing and manufacturing, especially in agriculture and fisheries; (ii) sustainable improvement of production quality and value in agriculture, fisheries and estate crops that contributes to alleviation of poverty; (iii) increase in international trade, especially direct exports; and (iv) increased domestic and foreign investment in Aceh.	
Outcome Indicators	Achievements - Baselines
	To be established by sub-project proponents and PMU's M&E staff prior to sub-project start-up
Outcome 1: Improving the Business Environment	
Regulations Improved Procedures for registration & licensing revised	Identification of regulations/procedures that need revision by project proposals
Better service to potential investors	Identification of key areas of improvement in project proposal
Outcome 2: Private Sector Support	
Enterprises Supported Employment in enterprises supported created Farmers and fishermen communities supported	To be established by Sub-project proponents and PMU's M&E staff prior to sub-project start-up, based on subproject proposals. To the extent feasible, disaggregated by gender.

Outcome 3: Public Infrastructure	
Infrastructure Built Infrastructure built being used by intended beneficiaries	Identification of infrastructure to be built/rehabilitated in project proposal. Identification of business opportunities/value added that will be facilitated by infrastructure.
Outcome 4: Effective Project Management	
Sub-projects successfully implemented	Number of sub-projects approved
Capacity of implementing agencies built	Number of Bappeda Aceh and KPDT staff involved in the implementation of the project full time

Status Assessment

The project is expected to commence as scheduled.

Transition Arrangements

BRR's closure will have limited impact on this project as the implementing agencies are the Ministry for the Development of Disadvantaged Areas (KPDT) and the Government of Aceh.

Financial status

The Grant Agreement is not yet signed and therefore no disbursement is made as of date. Grant Agreement and disbursement are planned for January 2009.

Challenges and Actions Planned/Taken

The project's overall risk rating after mitigations is "Substantial Risk." The project team has identified risks and mitigation measures at both project and sub-project level. Risks at project level at this stage are mitigated through project design and risks at the sub-project level are mitigated through careful definition of sub-project selection criteria and later through sub-project selection. High-level risks identified at the project level include: currency fluctuations, macroeconomic framework, and security and conflict. The two key risks at sub-project level are lack of involvement and support of key government agencies and systemic rent seeking practice.

Annexes

Annex 1: Status of Results Achievement against the MDF Results Framework

Annex 2: Portfolio Project Implementation Status (MDF MIS)

Annex 3: Partner Agency Supervision Missions and Reporting Status

Annex 4: Project Transition Arrangements

Annex 5: Disbursement and Spending Trends as of September 30, 2008

Annex 6: Statement of Audits for MDF Projects with UNDP as Partner Agency

Annex 1: Status of Results Achievement against the MDF Results Framework

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
Purpose of the MDF To respond effectively and efficiently to the immediate and longer-term needs of the population in Aceh and Nias affected by the tsunami and earthquakes that have been identified through BRR, local governments and the population	[appropriate indicators on improvement of living conditions, e.g. increase in households with sustainable income, compared to pre-tsunami status] <i>[indicators at this level need to be reviewed to properly reflect the added value of the trust fund to reconstruction ; reference to poverty data and overall reconstruction achievements might prove difficult due to the attribution issues]</i> MDF funds are used to fill sectoral and geographical gaps as identified by the Gol <i>[MDF Secretariat currently assessing usage of GIS for analysis purposes]</i>	Secretariat annually to use selected data from: - SUSENAS - Study of the Tsunami Aftermath and Recovery (STAR); baseline 2004 SUSENAS (=pre-tsunami data) Secretariat to track overall geographical and sectoral distribution of funds against sectoral and geographical gap data from BRR/ WB tracking
Outcome 1: Recovery of Communities Restoration of land ownership, housing and community infrastructure contributes to improved living conditions	Number of land titles registered and number of title certificates distributed (incl. to women/joint title ownership) <i>[126,106 titles in the Land Books; 112,460 titles had been distributed of which 11,500 titles were registered in the name of woman or women as joint holders.</i> <i>Target: 600,000 land titles distributed]</i>	RALAS MIS to provide quarterly number of land titles in digital system and the number of women that are holding individual/joint land
	Number of households still living in transitional shelters (BRR website data) <i>[April 30, 2008: 1,626-down from 5,287]</i>	UNICEF transitory shelter data (semi-annually)
	Number of eligible households relocated <i>[11,574 out of 16,606 eligible households relocated]</i>	TA to BRR project to provide number of relocated persons (From relocation Center) quarterly

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
	<p>Number of beneficiary households in 125 villages in Aceh and 127 villages in Nias that occupy their new home (incl. number of households headed by women)</p> <p><i>[A total of 6,554 new houses have been constructed and 6,911 rehabilitated through the community housing projects of Aceh and Nias. The occupancy rate of new houses is 86% and 100% for rehabilitated ones. Total current project targets in Aceh and Nias: 9,686 new and 6,999 rehabilitated houses Total reconstruction targets in Aceh and Nias: 139,195 new houses and 67,195 rehabilitations¹⁴]</i></p>	<p>REKOMPAK/KRRP MIS to provide number of beneficiaries that occupy their new home every end of quarter</p> <p>Total targets based on Government figures (BRR)</p>
	<p>70% of beneficiaries satisfied with their new home at end of project (incl. satisfaction rate of men and women)</p> <p><i>[In January 2007, a mid-term review of REKOMPAK showed satisfaction rates above 80% for satisfaction with the housing and the overall gains from the project – no gender disaggregation available]</i></p>	<p>REKOMPAK/KRRP to provide % of beneficiaries satisfied with their new home after beneficiary surveys (REKOMPAK: January and mid-2007; KRRP: to be decided)</p>
	<p>70% of beneficiaries satisfied with planning processes and services provided at end of project (incl. satisfaction rate of men and women)</p> <p><i>[In January 2007, mid-term review of REKOMPAK showed satisfaction rates around the 90% mark for the process of setting up housing groups, beneficiary selection and technical support]</i></p>	<p>UPP/REKOMPAK/KRRP to provide data on beneficiary satisfaction with planning process and services (UPP/REKOMPAK: mid-2007; KRR: to be decided)</p> <p>KRRP to provide data on beneficiary satisfaction with planning process and services</p> <p>KDP to provide data on beneficiary satisfaction with planning process and focus on community needs</p>
<p>Outcome 2: Recovery of large infrastructure</p> <p>Key primary and secondary infrastructure is restored to adequate quality standards and is</p>	<p>Percentage of completed primary and secondary infrastructure investments (in numbers and amounts) that correspond to the priorities identified in the BRR's strategic planning documents for the reconstruction of infrastructure in Aceh and Nias</p> <p><i>[1 water system & 7 kabupaten roads have been completed (about 3.4% of investments); 48 projects are under construction; 1 project is in bidding stage. All 56 IRFF investment packages (estimated value: US\$227m) fall</i></p>	<p>IREP/IRFF to provide quarterly information on whether (i) primary and secondary level designs (designed by either IREP or others) and (ii) implemented sub-projects (funded through IRFF) reflect sectoral priorities as laid out in sectoral infrastructure strategy papers</p>

¹⁴ These targets are taken from the Presidential Regulation No. 47/2008, the Amendment to the Master Plan for Reconstruction, Attachment IIA.

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
adequately maintained	<i>within the BRR NAD Action Plan and IREP developed Strategic Infrastructure Plan (developed with BRR). Subprojects have been prioritized through the Annual Infrastructure Investment Planning process.]</i>	
	Percentage of primary, secondary and tertiary infrastructure investments (in number and volume) that were approved in a participatory process with local government and/or community representation <i>[All 56 IRFF investment packages (estimated value: US\$227m) were approved in a participatory process with relevant government authorities facilitated by the IREP consultants – mechanisms varied in each region]</i>	IREP/IRFF, and Rural Roads Rehabilitation Project to provide number and volume of sub-projects that were approved in a participatory process with local governments and community representatives at the end of each quarter SPADA to provide number and volume of sub-projects that were approved in a participatory process with local governments and community representatives annually after completion of the planning process Flood Mitigation project to provide data on status/results of community consultation for the planned works by the end of September 2007
	Percentage of completed primary and secondary infrastructure investments (in number and amounts) that adequately meet the quality specifications of the technical designs <i>[97 km of district level roads completed under the Local-Resource based Roads Rehabilitation Project were 95% up to the quality specifications 1 water system & 7 kabupaten roads have been completed under IRFF (about 3.4% of the US\$227m). All designs submitted are vetted for quality before signoff by the World Bank team; all 56 packages had met quality standards at design phase]</i>	IREP/IRFF to provide quarterly (i) the number and value of all completed sub-projects and (ii) the number and value of completed sub-projects that have met the technical quality specifications determined in the technical designs (IREP Result 2 and 4) Flood Mitigation project to provide quarterly data on results of quality assessments of reconstructed/rehabilitated drainage infrastructure
	Percentage of completed primary and secondary infrastructure technical designs (in number and amounts) for which relevant government agencies have signed MoUs that identify a maintenance scheme <i>[MoUs for 35 required sub-projects have been drafted and 2 had been signed. The rest are to be signed with local government agencies prior to sign over of assets.]</i>	IREP/IRFF to provide quarterly the number of completed primary and secondary infrastructure technical designs (in number and amounts) for which relevant government agencies have signed MoUs that identify a maintenance scheme
	70% user satisfaction with completed primary, secondary and tertiary infrastructure <i>[No infrastructure satisfaction assessments had been conducted, limited]</i>	IREP/IRFF, SPADA, Rural Roads Rehabilitation Project, Flood Mitigation Project to provide annual data on user satisfaction with reconstructed infrastructure.

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
	<i>results to date]</i>	
Outcome 3: Improving local governance Improved quality of governance and public services	Percentage of sub-projects (in number and value) that are managed by district or provincial governments in Aceh and Nias <i>[100% of IRFF-financed provincial and district level subprojects under construction are managed by local government, supported by IREP consultants (i.e. 68% or 21 packages of 31 of total awarded packages; this equals 53% or US\$ 69.1m of US\$ 129.4m of total awarded contract value; no disbursements for SPADA subprojects had been made]</i>	IREP/IRFF to provide semi-annually number and value of sub-projects that are managed by district or provincial governments SPADA to provide semi-annually number and value of subprojects that are managed by district governments
	Increased proportion of projects managed by district and provincial governments that incorporate appropriate practices during project design and implementation. <i>[For IRFF, IREP consultants were responsible for design oversight and procurement. However, 100% of provincial and district level subprojects are managed by local government and incorporate appropriate practices as defined (see indicator above for package details); SPADA activities had just started, no assessment of appropriates of activities available yet]</i>	IREP/IRFF to provide semi-annually data on the proportion of sub-projects that are managed by district or provincial governments, incorporating appropriate practices according to projects standards SPADA to provide semi-annually data on the proportion of sub-projects that are managed by district or provincial governments and apply appropriate practices according to projects standards
	Percentage of beneficiaries satisfied with the level of health services provided through SPADA <i>[not yet available]</i>	SPADA to provide data on results of impact surveys on community perceptions and case studies, date to be decided
	Percentage of respondents satisfied with the level of education services provided through SPADA <i>[not yet available]</i>	SPADA to provide data on results of impact surveys on community perceptions and case studies, date to be decided
Outcome 4: Environment sustained Practices conducive to sustainable environment management are implemented	Increase of households with access to municipal solid waste services in target districts/ municipalities compared to pre-tsunami status (2004) <i>[39 sub-districts in 8 districts were covered by municipal waste collection with a coverage rate of 43% of population. Coverage will expand with the Phase 3 of this project.]</i>	TRWMP to provide data on increase of households with access to municipal waste management services in target areas on a semi-annual basis
	Number of households that were able to take up their economic activities on agricultural land cleared from tsunami waste <i>[Over 1,377 households are able to restart cultivation on agricultural land cleared of tsunami waste]</i>	TRWMP to provide data on number of households that have taken up their economic activities on land cleared from tsunami-generated waste in target areas semi-annually

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
	95% of natural forest cover in existing designated conservation and protection forests in the target area retained at EOP <i>[Baseline for forest cover as of June 2007: 73% of 739,000 ha in the Ulu Masen and 68% of 2,311,809 ha in the Leuser Ecosystems natural forest cover was undisturbed. Forest monitoring through 10 full-time Community Monitoring Teams as well as monitoring in 14 mukims. Aerial supervision will be conducted once aircrafts are registered]</i>	AFEP MIS to provide data on forest coverage semi-annually
	In 70% of targeted areas (30 gampongs in Leuser and 10 mukims in Ulu Masen) at least 95% of the forest remains protected at the end of the project, as agreed with communities <i>[End of project indicator, work for local level agreements regarding forest management and conservation ongoing]</i>	AFEP MIS to provide data on appropriate reconstruction and development activities semi-annually
	100% of infrastructure-related projects conduct appropriate impact assessments and meet environmental standards as determined at design stage after completion <i>[95% out of a total 48 completed subprojects for district roads under the Rural Roads Rehabilitation had met the environmental standard upon completion. Implementation of requirements regularly monitored by IREP consultants and World Bank supervision: 48 subprojects required EIAs of which all 48 had been completed; further results on compliance expected from MDF Environmental Sustainability Review, due Sept 2008]</i>	IREP/IRFF to provide semi-annual data on (i) number and kind of environmental assessment undertaken for subprojects; and (ii) on number and results of post-completion cross-checks of environmental quality of subprojects. Rural Road Rehabilitation Project to provide semi-annual data on (i) number and kind of environmental assessments undertaken and (ii) number and results of post-completion checks of environmental quality KDP/UPP/REKOMPAK to provide semi-annually data on (i) number of village activities that triggered environmental assessment, and number of assessments done; and (ii) number of projects that violated safeguards detected upon completion (based on project MIS and supervision mission results) Secretariat to conduct independent field checks on quality issues
Outcome 5: Enhanced effectiveness and efficiency of the	Enhanced capacities of the BRR in strategic planning, policy development, implementation and quality monitoring <i>[TA to BRR project is extended to May 2009 has enhanced BRR capacities in</i>	TA to BRR project to report quarterly per sector where TA was provided on (i) number of strategies/ policies/ guidelines produced by/ w support of TA; (ii) number of proposals reviewed and approved; (iii) projects under

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
recovery process	<p><i>strategic planning, implementation and quality control through provision of technical advisors who delivered support to development of 212 policies/ strategies/ guidelines/ manuals (up from 151); review of 188 project proposals (up from 123) and quality monitoring for 275 projects under implementation (up from 192). Since inception, 89 TA have been contracted/ 730 person months (up from 57 TA/463 person months)</i></p> <p><i>BRR operational capacities strengthened: IT/ VSAT services for all offices (helpdesk operation received 641 calls to date); HR services in this period focused on preparing staff for BRR closure – training plans, registration of 661 persons (63% women) for training which is additional to regular HR tasks. To date 432 persons were trained with 40% women. Target 80% of all training activities completed by Oct 2009.]</i></p>	<p>implementation that have been monitored</p> <p>TA to BRR project to provide systematic information on usage of services (i), (ii) and (iii) through BRR on a semi-annual basis <i>[Project still working on implementation of a workable solution to track outcomes through TA reporting]</i></p> <p>IREP/IRFF to provide semi-annual data on (i) number of strategies/ policies/ guidelines produced by/ w support of TA; (ii) number of proposals reviewed and approved; (iii) projects under implementation that have been monitored</p> <p>IREP/IRFF to provide systematic information on usage of services (i), (ii) and (iii) through BRR on a semi-annual basis</p>
	Number of complaints received through MDF-supported transparency systems (number and percentage of alleged cases of corruption) and percentage of complaints/ corruption cases solved <i>[64 complaints; 13 corruption-related comments; 194 queries]</i>	RALAS, KDP, KRRP, UPP, REKOMPAK, IREP, SPADA to report quarterly on number of complaints received since <u>beginning of project</u> and number of corruption cases and solution rate for both
	Number of NGOs registered in the NGO-administered pre-qualification database and number of requests from local NGOs on the database ¹ <i>[Database has been set up to track the CSOs benefiting of the CSO grants program]</i> <i>Training of 122 CSOs (716 persons, 192 women) through IMPACT in Aceh; 50 facilitators registered with the Civil Society Resource Center. In Nias, training activities currently being undertaken by FORNIHA for 25 CSOs (126 persons, 47 women) training for their 37 registered facilitators done In Aceh, 50 (18 women) NGO facilitators were trained on basic facilitation using training of trainers approach. In Nias, 33 (7 women) were trained.]</i>	CSO Strengthening Project to report semi-annually on (i) number of NGOs that are registered in the NGO-administered pre-qualification database at the Civil Society Resource Center; (ii) number of requests to the data base to receive information on local NGOs during reporting period Baseline: CSO assessment done Oct-Dec 2006
Outputs		
Output 1: Restoration of	Number of land parcels adjudicated <i>[166,116 titles adjudicated]</i>	RALAS to provide monthly progress on project progress

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
communities and community infrastructure supported with participatory methods	Number of land parcels publicly notified <i>[158,972 titles notified in public]</i>	RALAS to provide monthly progress on project progress
	Number of completed new houses and houses under reconstruction <i>[6,554 new houses out of 11,692 in Aceh and Nias (56% of target) completed and 3,448 under construction]</i>	REKOMPAK /KRRP to provide monthly progress data on reconstruction and rehabilitation of houses
	Number of completed rehabilitated houses and houses under rehabilitation <i>[6,911 of rehabilitated houses (99% of target) completed and 88 (1%) under construction]</i>	REKOMPAK /KRRP to provide monthly progress data on reconstruction and rehabilitation of houses
	Number and kind of key village infrastructure completed ⁱⁱ <i>[In Aceh and Nias: completion of 2,585 km village and urban roads; 2.2 km of urban and rural bridges; completion of 1,376 km of drainage and irrigation; 29 flood gates; 1,408 clean water systems and 1,059 sanitation units; rebuilding or repair of 19 community health centers and 275 schools; provision of 875 street lamps in urban areas and electrification of 39 rural communities]</i>	KDP, UPP, REKOMPAK and KRRP to provide monthly progress updates on implementation of village infrastructure projects
	Average participation rates for women in community planning and representation rates of women in project-related elected bodies <i>[The average participation rate of women in community-based planning activities was 36% and the representation rate in elected bodies was 24%.]</i>	KDP, UPP, REKOMPAK and KRRP to provide semi-annually data on participation rates for women in community planning activities and elected bodies (in comparison to participation/representation targets)
	Social/emergency funds delivered <i>[Based on a participatory identification of recipients, UPP disbursed US\$ 726,877 to 16,740 persons as social funds and KDP disbursed US\$4,502,470 to 476,341 recipients as emergency funds in Aceh and Nias]</i>	
Output 2: Strategic planning, technical support and provision of funding results in preparation, implementation and	Number of technical designs/ contract volume (in US\$) for infrastructure reconstruction prepared <i>[Under the IRFF (US\$227m), 8 completed contracts (US\$7.79m), 48 (US\$210.4m) contracts under construction, and 1 package valued at US\$ 9.17m at bidding stage. Of the 48 contracts under construction, coverage include (# of contracts/road km/US \$ amt): • national roads: 8/265.9km/US\$37.92m]</i>	IREP/IRFF, Tsunami Recovery Ports Redevelopment Programme, Banda Aceh Flood Mitigation Program to provide quarterly data on number of designs finalized

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
supervision of key infrastructure projects	<ul style="list-style-type: none"> • provincial/district roads: 24/469.9km/US\$94.84m) • 5 ports at US\$47.42m • 11 water systems at US\$30.27m <i>In addition, there are 85 small-scale contracts for 98 km of district roads managed by ILO]</i>	
	Number and kind of primary and secondary infrastructure projects that have been completed <i>[1 water system & 7 kabupaten roads have been completed under IRFF (about 3.4% of the US\$227m)</i> <i>97 km district roads completed (Local Resource-based Rural Roads Rehabilitation Project)]</i>	IREP/IRFF, SPADA, Banda Aceh Flood Mitigation Program to provide quarterly data on number of designs finalized.
	Amount of reconstruction materials transported in metric tons <i>[until December 2006: transportation of 98,185 mts of materials transported; since Jan 2007: logistics support in 245 instances resulting in transportation of 70,000 mts of goods through commercial transportation]</i>	WFPSS to report monthly on amounts shipped through the shipping service
Output 3: Contribution to the restoration and improvement of local government and civil society capacities to get involved in reconstruction and redevelopment	Number of local government officers trained per sector (male/ female) <i>[Approximately 2,075 local government staff trained related community-driven adjudication, local employment-creating road construction, municipal and community-based solid waste management, bottom-up planning processes, forest conservation and status monitoring (Results as at March 31, 2008. updated information not available)</i> <i>Training of 700 facilitators in community-driven adjudication; 465 teachers (52% women) in environmental awareness]</i>	RALAS, UPP, KRRP, Banda Aceh Flood Mitigation Program, IREP/IRFF, AFEP, Rural Road Rehabilitation Project, SPADA to provide quarterly data on number of local government officers trained in respective sectors/ management
	Number of CSO (CSO members, male/ female) trained <i>[In Aceh: 122 CSOs, 796 persons, including 192 women were trained in key strategic competence</i> <i>In Nias: 25 CSOs, 126 persons, incl. 47 women were trained in key strategic competence]</i>	CSO Strengthening Project to provide quarterly data on numbers of CSO members trained in various technical skills (numbers per kind of skills) and managerial skills
	Number of restored local government facilities <i>[Restoration of 2 land administration offices completed and fully operational, one ongoing]</i>	RALAS, KRRP, SPADA to provide quarterly data on rehabilitated/ reconstructed facilities
	Number and value of grants disbursed compared to targets (to district governments, NGOs/CBOs)	SPADA to provide quarterly data on number and value of grants disbursed

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
	<i>[114 small grants had been disbursed CSOs, valued at US\$ 1,753,951. Target: 141 small grants of US\$2,115,000]</i>	CSO Strengthening project to provide quarterly data on number and value of small grants disbursed
	Number and type of health center proposed and completed <i>[61 community health centers had been proposed and 19 completed under KDP and UPP]</i>	SPADA to provide quarterly data on numbers of health centers proposed and funded
	Number of users of SPADA project health centers <i>[Not yet applicable as block grants have just started disbursements]</i>	SPADA to provide quarterly data on numbers of users of SPADA health centers
	Number of primary school rehabilitation proposed and completed <i>[Under KDP and UPP 292 schools/ rehabilitations had been proposed and 275 completed]</i>	SPADA to provide quarterly data on numbers of school rehabilitations proposed and funded
	Number of village teachers that have received teachers training <i>[465 teachers trained (52% women) on forest conservation]</i>	SPADA to provide quarterly data on numbers of school teachers trained
Output 4: Contribution to a sustained environment in the recovery process	Amount (in m ³) of tsunami waste/municipal solid waste disposed of in interim landfills <i>[1,132,863 m³ of tsunami waste and 161,432 m³ of municipal waste disposed]</i>	TRWMP to provide quarterly data on tsunami-generated waste/municipal waste disposed
	Hectares of agricultural, public and privately owned land cleared from tsunami waste <i>[891 ha of rice paddies/fish ponds rehabilitated]</i>	TRWMP to provide quarterly data on hectares of agricultural, public and privately owned land cleared
	Number and size (in hectare) of rehabilitated interim dump sites under operation <i>[10 waste cells (25ha) rehabilitated and operating]</i>	TRWMP to provide quarterly data on the number and size (in hectare) of operational interim dump sites
	Number of community monitors and forest guards trained (note: training of 1,179 govt. officials also mentioned under indicator in output 3) <i>[Total of 1,269 persons trained: 90 community monitors trained and employed for monitoring activities; 1,000 forest guards recruited by district government were trained through project; 179 (14 women) conservation/ forestry officers trained as well as 19 conservation/ forestry officer candidates]</i>	AFEP to provide semi-annual data
	Draft Spatial planning reports (1 provincial and 7 districts) delivered to local governments by end of 2009 with environmental and conservation inputs	AFEP to provide semi-annual data

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements																					
	reflected in map <i>[3 districts 2 villages spatial plans drafted and submitted]</i>																						
	10 <i>mukims</i> (Ulu Masen) and 40 <i>gampong</i> (Leuser) local level agreements and legislation regarding FM and conservation in their areas by project end <i>[End of project indicator: work for local level agreements regarding forest management and conservation ongoing]</i>	AFEP to provide semi-annual data																					
	5,000 ha replanted/restored with level of community involvement and choice of plantings as agreed by communities by end of 2009 <i>[378 ha reforested]</i>	AFEP to provide semi-annual data																					
Output 5: Enhanced effectiveness and efficiency of the recovery process	<p>Number and volume of grants given per sector</p> <table border="1"> <thead> <tr> <th></th><th>Ongoing grants</th><th>Committed for new grants*</th></tr> </thead> <tbody> <tr> <td>Recovery of communities</td><td>5 grants: US\$ 222.0m</td><td></td></tr> <tr> <td>Infrastructure and transport</td><td>6 grants: US\$ 176.4m</td><td></td></tr> <tr> <td>Rebuild governance</td><td>5 grants: US\$ 75.2m</td><td>1 PAD: US\$ 9.9</td></tr> <tr> <td>Sustain environment</td><td>2 grants: US\$ 42.0m</td><td></td></tr> <tr> <td>Economic recovery</td><td></td><td>1 PAD: US\$50m 2 PCNs: US\$ 25m</td></tr> <tr> <td>TOTAL</td><td>18 grants: US\$ 515.6m</td><td>22 new grants: US\$ 84.9m</td></tr> </tbody> </table> <p>* endorsed at PCN/PAD level</p>		Ongoing grants	Committed for new grants*	Recovery of communities	5 grants: US\$ 222.0m		Infrastructure and transport	6 grants: US\$ 176.4m		Rebuild governance	5 grants: US\$ 75.2m	1 PAD: US\$ 9.9	Sustain environment	2 grants: US\$ 42.0m		Economic recovery		1 PAD: US\$50m 2 PCNs: US\$ 25m	TOTAL	18 grants: US\$ 515.6m	22 new grants: US\$ 84.9m	Secretariat to report quarterly on disbursement rates
	Ongoing grants	Committed for new grants*																					
Recovery of communities	5 grants: US\$ 222.0m																						
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Economic recovery		1 PAD: US\$50m 2 PCNs: US\$ 25m																					
TOTAL	18 grants: US\$ 515.6m	22 new grants: US\$ 84.9m																					
	Overall and sectoral disbursement <i>[US\$ 334m out of US\$ 515m allocated has been disbursed to projects (i.e.</i>	Secretariat to report quarterly on disbursement rates																					

Design Summary	Indicators and Targets as of September 30, 2008	Monitoring Arrangements
	<i>MDF has disbursed 43% of all funds currently allocated for community recovery; 34% of all funds currently allocated for infrastructure and transport; 15% of allocations for governance; 8% funds of allocations for sustaining the environment]</i>	
	Project progress reports received and reviewed by Technical Review Committee <i>[During the reporting period, 8 Aide Memoires were submitted and 7 project updates were held. All documentation is available on the MDF website.]</i>	Secretariat to Technical Review Committee review of progress, mid-term review and completion reports
	Average number of supervision missions held per project per year <i>[During the reporting period, the 9 World Bank partnered projects conducted supervision missions]</i>	Secretariat to monitor and report on supervision mission frequency
Output 6: Support to the creation of economic activities	Number of recipients of micro-credits (individuals/groups/ women's groups) and scholarships <i>[In community recovery sector, 3,685 persons had received micro-credits and 9,452 students had received scholarships valued at US\$ 404,010. In the environment sector, 120 SMEs, 12 CBOs, & 10 NGOs supported with access to small grants (US\$1.1m), training and equipment.]</i>	KDP and UPP to provide monthly data on the number of recipients (individuals/groups) of micro-credits and scholarships
	Volume of micro-credits provided; percentage of performing credits <i>[In March 2008, micro-credits worth US\$ 346,544 had been granted (data on performance not available).]</i>	KDP and UPP to provide monthly data on the volume of credits and semi-annual data on the performance of credits
	Number of temporary workers employed per month through MDF projects <i>[From April to September 2008, MDF projects have on average employed the equivalent of 32,700 full-time employments on average per month through short-term employment activities. Total number of short-term employment created through the MDF is about 14,484,502 man-days]</i>	KDP, UPP, REKOMPAK, KRRP, TRWMP, Rural Road Rehabilitation Project to provide quarterly data on number of temporary workers employed on average per month during reporting period
	Number/ type/ dimensions of pilot activities to create sustainable employment and number of persons employed on average <i>[Two carpentry workshops and one composting facility operating self-sustained since the first quarter of 2008, employing on average 249 workers in the first quarter; 186 private sector members in construction business had been trained, including one woman]</i>	TRWMP to provide quarterly data on number/ type/ dimensions of pilot activities to create sustainable employment

General Note:

The general risks and assumptions for the delivery of results through the MDF portfolio are:

- (1) the recovery is not hampered by further major environmental catastrophes (earthquakes, floods etc);
- (2) the initiated peace process in Aceh proceeds along the foreseen path and does not encounter major set-backs that could endanger a balanced reconstruction process;
- (3) the Government of Indonesia does not significantly alter Reconstruction Strategy and/or procedures;
- (4) national and local conditions are favorable to economic recovery;
- (5) strong motivation on the side of local government institutions, especially at district level, to take up their key role as reconstruction implementing agencies. This includes safeguards against corruption and fund abuse, and optimal use of available budget;
- (6) general risk for Indonesia that community-driven processes are appropriated by a strong local elite, that poverty targeting is undermined by local collusion or nepotism;
- (7) balanced geographic recovery can be at risk, if other donors might not hold their pledges for reconstruction.

ⁱ This indicator is preliminary and will be revisited once UNDP has finalized the revision of the results framework.

ⁱⁱ Targets are developing based on completed village planning, and re-planning where necessary. Also, after subproject completion, verification is conducted to verify the actual achievements of results which could differ due to price increases (reduction of targets) or community inputs (increase of result against target). Therefore, both targets and results are subject to change until the funding cycle has been completed, all verification conducted and books have been closed.

Annex 2: Portfolio Project Implementation Status (MDF MIS)

Projects with World Bank as Partner Agency

Resp CC	Proj ID			Task Team Leader	Date, Approval (Agrmt signed)	Date, Effectv	Date, Orig Closng	Date, Rev Closng	Latest IP	Latest DO	Port Stat	No. of Months in Problem Status	# Proj	At Risk	Original Loan Amount (US\$M)	Cancelled Amount (US\$M)	Undisb to date (US\$M)	Opening Undisb balance FY06 (US\$M)	Opening Undisb balance FY07 (US\$M)	Opening Undisb balance FY08 (US\$M)	Opening Undisb balance FY09 (US\$M)	Disb. FY06 (US\$M)	Disb. FY07 (US\$M)	Disb. FY08 (US\$M)	Disb. to date FY09 (US\$M)	Disb. Ratio FY06	Disb. Ratio FY07	Disb. Ratio FY08	Disb. Ratio FY09	Age in months		
EASRE	P095883	TF055353	RALAS	K. Bell	24-Jun-05	22-Aug-05	31-Dec-08		MS	S	Active		1		28.5		16.81	28.50	16.81	16.81	16.81	11.70	-	-	-	-	41.04	-	-	-	-	38
Result													1		28.5		16.81	28.50	16.81	16.81	16.81	11.70	-	-	-	-	41.04	-	-	-	-	38
EASIS	P096248	TF055825	Housing	G. Soraya	20-Oct-05	21-Nov-05	30-Jun-08	28-Feb-09	MS	S	Active		1		85		3.34	85.00	63.56	6.84	3.34	21.44	56.72	3.50	-	25.22	89.24	51.17	-	-	35	
	P096647	TF055626	UPP	G. Soraya	25-Aug-05	21-Nov-05	31-Dec-09		MS	S	Active		1		18		0.10	18.00	11.45	0.10	0.10	6.55	11.35		-	36.41	99.13	-	-	-	35	
Result													2		103		3.44	103.00	75.01	6.94	3.44	27.99	68.07	3.50	-	61.64	188.37	51.17	-	-	35	
	P098052	TF056197 & TF056198	Aceh Forest (LIF & FFI)	J. Leitmann	17-Feb-06	17-Feb-06	30-Jun-10		S	S	Active		1		17.53		9.11	17.53	15.93	13.53	10.26	1.60	2.40	3.00	1.42	18.52	18.53	42.00	27.56	-	31	
Result													1		17.53		9.11	17.53	15.93	13.53	10.26	1.6	2.4	3	1.42	18.52	18.53	42	27.56	-	31	
EASUR	P099185	TF056386	Flood Mitigation	Lixin Gu	6-Apr-06	24-May-06	30-Jun-08	30-Jun-09	U	S	Active		1		4.5		2.45	4.50	4.50	3.68	2.93	-	0.82	0.75	0.48	-	18.22	20.38	16.38	-	29	
Result													1		4.5		2.45	4.50	4.50	3.68	2.93	0.00	0.82	0.75	0.48	-	18.22	20.38	16.38	-	29	
EASUR	P100218	TF056894	IREP	Suhail Jme'an	13-Jul-06	13-Sep-06	31-Oct-09		MS	S	Active		1		42		27.87	-	42.00	39.09	29.83	-	2.91	9.26	1.96	-	6.93	23.68	6.57	-	25	
	P101785	TF057657	IRFF	Suhail Jme'an	15-Jan-07	14-Mar-07	30-Jun-10		MS	S	Active		1		100		80.43	-	100.00	100.00	87.56	-		12.44	7.13	-	-	12.44	8.14	-	19	
Result													2		142		108.31		142.00	139.09	117.39	-	2.91	21.69	9.09		6.93	36.12	14.71	-	22	
	P097535	TF055583	KDP	J. V. Bottini	25-Aug-05	21-Nov-05	31-Dec-08		S	S	Active		1		64.7		0.00	64.70	15.70	-	-	49.00	15.70		-	75.73	100.00	-	-	-	35	
EASIS	P097605	TF057955	SPADA	J. V. Bottini/ Kuntari	2-Feb-07	22-Feb-07	30-Jun-10		MU	S	Active		1		25		20.92	-	25.00	25.00	22.50	-	-	2.50	1.58	-	-	10.00	7.02	-	20	
	P100766	TF057307	KRRP - Nias	J. V. Bottini/ Lavida	10-Nov-06	22-Feb-07	31-Dec-09		MS	S	Active		1		25.75		15.60	-	25.75	25.75	15.60	-	-	10.15	-	-	-	39.42	-	-	20	
Result													3		115.45		36.52	64.70	66.45	50.75	38.10	49.00	15.70	12.65	1.58	75.73	100.00	49.42	7.02	-	25	
Overall Result													10		410.98		176.63	218.23	320.69	230.79	188.93	90.29	89.90	41.59	12.57	32.82	55.34	33.18	10.95	-	30	

Projects with UNDP or WFP as Partner Agency

Proj ID = P099537		Task Team Leader	Date, Approval (by MDF SC)	Date, Effectv (Agrmt signed)	Date, Orig Closng	Date, Rev Closng	Latest IP	Latest DO	Port Stat	No. of Months in Problem Status	# Proj	At Risk	Original Loan Amount (US\$M)	Additional Amount (US\$M)	Undisb to date (US\$M)	Opening Undisb balance FY06 (US\$M)	Opening Undisb balance FY07 (US\$M)	Opening Undisb balance FY08 (US\$M)	Opening Undisb balance FY09 (US\$M)	Disb. FY06 (US\$M)	Disb. FY07 (US\$M)	Disb. FY08 (US\$M)	Disb. FY09 (US\$M)	Disb. Ratio FY06	Disb. Ratio FY07	Disb. Ratio FY08	Disb. Ratio FY09	Age in months
TF056089	ILO Roads	Simon Field (UNDP)	14-Dec-05	8-Mar-06	31-Dec-08	31-Dec-09			Active		1		6.42	5.38	-	6.42	4.00	2.00	5.38	2.42	2.00	2.00	5.38	37.69	50.00	100.00	100.00	31
TF056088	CSO	Kristanto (UNDP)	14-Dec-05	20-Dec-05	1-Feb-10				Active		1		5.99		-	5.99	2.99	2.99	-	3.00	-	2.99	-	50.08	-	100.00	-	34
TF056238	UNDP Ports	Simon Field (UNDP)	10-Nov-05	2-Mar-06	30-Jun-07	31-Dec-07			Active		1		3.78		-	3.58	-	0.20	-	3.58	-	0.20	-	100.00	-	100.00	-	31
TF056031	Waste Management	Oliver Lacey-Hall (UNDP)	26-Sep-05	20-Dec-05	30-Jun-07	31-Dec-09			Active		1		14.43	9.98	4.98	14.43	3.43	9.98	4.98	11.00	3.43	5.00	-	76.23	-	50.10	-	34
TF056029	TA for BRR	Oliver Lacey-Hall (UNDP)	16-Dec-05	20-Dec-05	31-Dec-07	31-May-08			Active		1		14.74	7.74	-	14.74	3.74	7.74	2.50	11.00	3.74	5.24	2.50	74.63	100.00	-	100.00	34
TF056116	Shipping service	Chris Clark (WFP)	12-Jan-06	17-Feb-06	28-Feb-10				Active		1		24.70		-	-	-	-	-	24.70	-	-	-	100.00	-	-	-	32
TF057722	Lamno-Calang	Simon Field (UNDP)	5-Dec-06	18-Dec-06	31-Dec-07				Active		1		1.46		-	-	-	0.20	-	-	1.26	0.20	-	86.23	86.23	100.00	-	22
TF092292	AGTP	Oliver Lacey-Hall (UNDP)	30-May-08	22-Jul-08	31-Dec-09				Active		1		9.92		-	-	-	-	9.92	-	-	-	9.92	-	-	-	100.00	2
Overall Result											8		81.44	23.1	4.98	45.16	14.16	23.11	22.78	55.70	10.43	15.63	17.80	74.98	33.75	64.30	37.50	31

Annex 3: Partner Agency Supervision Missions and Reporting Status

1) World Bank Reporting

<u>Project</u>	<u>Effectiveness date</u>	<u>Supervision Missions</u>	<u>Archived ISRs</u>	<u>Financial Report</u>
1. <i>RALAS</i>	July 2005	Nov 2005, Sep 2006, May 2007, Jan 2008, Mar 2008	21-Dec-05 26-Jun-07 14-May-08 02-Dec-08 (Pending Approval)	FMR Received for Quarter ended Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
2. <i>KDP</i>	October 2005	Oct 2005, May 2006, Sep 2006, Mar 2007	27-Dec-05 29-Jun-07 30-Jun-08 (archive)	FMR Received for Quarter ended Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Dec 2007, Jun 2008
3. <i>UPP</i>	October 2005	Feb 2006, Feb 2007, Aug 2007, Sep 2007, Nov 2007	26-Mar-07 11-Jun-2007 24-Jul-2008 (archive)	FMR Received for quarter ended Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Dec 2007, Mar 2008
4. <i>CRSSP/ REKOMPAK</i>	October 2005	Feb 2006, Feb 2007, Apr 2007, Jul 2007, Nov 2007, Jan 2008 MTR – Feb 2007	10-May-07 26-Jun-08	FMR Received for quarter ended Dec 2005, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
5. <i>Banda Aceh Flood Mitigation Project</i>	May 2006	Nov 2006, Apr 2007, May 2008 MTR – Nov 2007	19-Jan-08	Unofficial Quarterly Financial Report Received for quarter ended in Sep 2006, Mar 2007, Jun 2007, Sep 2007, Mar 2008, May 2008, Aug 2008
6. <i>AFEP</i>	April 2006	Feb 2007, Aug 2007, Feb 2008	23-Jun-06 23-Jun-07 02-Nov-07 15-May-08	LIF & FFI: Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
7. <i>IREP</i>	September 2006	Jan 2007, Apr 2007, Nov 2007, May 2008	03-Mar-07 04-Jan-08	No FMR required since World Bank directly conducts payment to contractors after BRR verification of services

<u>Project</u>	<u>Effectiveness date</u>	<u>Supervision Missions</u>	<u>Archived ISRs</u>	<u>Financial Report</u>
			16-Jun-08 (archive)	
8. <i>IRFF</i>	March 2007	Jan 2007, Apr 2007, Nov 2007, May 2008	28-Mar-07 04-Jan-08 16-Jun-08 (archive)	Dec 2007, Mar 2008, Jul 2008, Sep 2008
9. <i>SPADA</i>	May 2007	Oct 2006, Mar 2007, Jun 2007, Nov 2007	24-Jun-08 29-Aug-08 (archive)	Dec 2007, Mar 2008, Jun 2008
10. <i>KRRP</i>	February 2007	Dec 2007	10-Jun-08 08-Oct-08 (archive)	Dec 2007, Jun 2008

2) United Nations Development Programme Reporting

<u>Project</u>	<u>Project Start</u>	<u>Reports submitted</u>	<u>Financial Report</u>
1. <i>Technical Assistance to BRR</i>	FAA signed in Dec 2005; project start in Jun 2005 (pre-financing)	Monthly reports in 2005/06 Two semi-annual reports: Sep-Feb 2007 Mid-Term Evaluation: Nov 2006 Quarterly reports: 2007- Q1, Q2/Q3, Q4 Quarterly reports: 2008- Q1	Quarterly Financial Report received for quarter ended in Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
2. <i>Tsunami Recovery Waste Management Programme (TRWMP)</i>	FAA signed in Dec 2005; project start in Oct 2005 (pre-financing)	Monthly reports in 2005/06 Two semi-annual reports (Apr 2006, Dec 2006) Mid-Term Evaluation: Jan 2007 Quarterly reports: 2007- Q1, Q2/Q3, Q4 Quarterly reports: 2008- Q1	Quarterly Financial Report received for quarter ended in Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
3. <i>CSO Strengthening Project</i>	FAA signed in Dec 2005; project start with government (State Secretary) clearance granted in Jun 2006	Irregular monthly reports in 2006 Annual report 2006 Semiannual report (Mar-Sep07) Quarterly reports: 2007- Q1, Q2/Q3, Q4 Quarterly reports: 2008- Q1 Monthly updates received : Jun 2007-Feb 2008	Quarterly Financial Report received for quarter ended in Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
4. <i>Resource-based Rural Roads Rehabilitation Project</i>	FAA signed in Mar 2006; project started in Jun 2006 with provision of funds for ILO through UNDP (clearance pending until Feb 2007)	Monthly/bi-monthly reports in 2006/2007 Mid-Term Evaluation Report Jul 2007 Semiannual report (Mar-Sep 2007) Quarterly reports: 2007- Q2/Q3, Q4 Quarterly reports: 2008- Q1	Quarterly Financial Report received for quarter ended in Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008
5. <i>Tsunami Recovery Ports Redevelopment Programme (TRPRP)</i>	FAA signed in Mar 2006; project started in Mar	Monthly reports until Dec 2006 Mid-Term Evaluation Report Mar 2007 Semiannual report (Mar-Sep07) Quarterly reports: 2007- Q1, Q2/Q3, Q4 Completion report March 2008	Quarterly Financial Report received for quarter ended in Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007
6. <i>Lamno-Calang Roads Maintenance Project</i>	FAA signed in Dec 2006; project started in Dec	Monthly reports (Jan-Mar-Aug 2007) Mid-Term Evaluation Report Jun 2007 Semiannual report (Mar-Sep07) Quarterly reports: 2007- Q1, Q2/Q3, Q4 Completion report March 2008	Quarterly Financial Report Received for quarter ended in Mar 2007, Jun 2007, Sep 2007, Dec 2007

3) World Food Programme Reporting

<u>Project</u>	<u>Project Start</u>	<u>Reports submitted</u>	<u>Financial Report</u>
1. <i>World Food Programme Shipping Service</i>	FAA signed in Feb 2006; project start in Feb 2006	Standard reports: 2006- Q2, Q3, Q4 Standard reports: 2007- Q1, Q2, Q3, Q4 Standard reports: 2008- Q1	Quarterly Financial Report received for quarter ended in Dec 2005, Mar 2006, Jun 2006, Sep 2006, Dec 2006, Mar 2007, Jun 2007, Sep 2007, Dec 2007, Mar 2008, Jun 2008, Sep 2008

Annex 4: Project Transition Arrangements

Projects with World Bank as Partner Agency

Update as of January 5, 2009

BRR's revised soft closing date is December 31, 2008; Administrative closing is April 2009.

	Project	GA Signing/ Closing Date	BRR Role	Status of Preparations for Transition
1	IRFF TF057657	Jan 15, 2007 / June 30, 2010	MoF is signatory on GA ¹⁵ . EA ¹⁶ - BRR IA ¹⁷ - BRR. SC approved; program funds reduced from US \$ 297 to US \$ 226 in July.	EA and IA role to be taken up by the Ministry of Public Works and Ministry of Transport. The PMU will be under the Ministry of Public Works; the PIU will fall under the Ministry of Public Works and the Ministry of Transport. Four Categories of sub-projects (refer to figure 2-2): Category 1: completed by BRR Category 2: 100% BRR financing up to March 15, 2009. Subprojects not completed by that time will transfer to the implementing agencies with 100% MDF financing up to the ceiling of the grant amount. Category 3: 100% BRR financing from Jan 1, 2009 to March 15, 2009 will be transferred to implementing agencies with 100% MDF financing. Category 4: will be transferred to the implementing agencies with 100% MDF financing. GA amendment drafted.
2	IREP TF056894 TTL : Suhail J.S Jme'an Contact Person: Andre	July 13, 2006 / Oct 31, 2009	MoF is signatory on GA EA -BRR IA – BRR.	EA and IA role to be taken up by the Ministry of Public Works. GA amendment drafted.

¹⁵ GA =Grant Agreement

¹⁶ EA = Executing Agency

¹⁷ IA = Implementing Agency

	Project	GA Signing/ Closing Date	BRR Role	Status of Preparations for Transition
	Bald /Lixin Gu			
3	SPADA Aceh TF057955 TTL: Sri Kuntari Contact: Sri Kuntari and Vic Bottini	Jan 25, 2007 / June 30, 2010	MoF is signatory on GA EA -BRR IA –Ministry of Disadvantaged Areas (MinDA)/BRR	EA and IA role to be taken up by the Ministry of Disadvantaged Areas. GA amendment drafted in consultation with BRR, BAPPENAS and MoF. Counterpart funds for 2009 have been secured in DIPA of MinDA (letter from MinDA to TTL).
4	Nias- KRRP TF057307 TTL: Festina Lavidia Contact Festina Lavidia and Vic Bottini	Nov 10, 2006 / Dec 31, 2009	MoF is signatory on Grant Agreement. EA – BRR IA – MOHA Operational funds required	EA and IA role to be taken up by PMD, Ministry of Home Affairs (MOHA). GA amendment drafted in consultation with BRR, BAPPENAS and MoF. Counterpart funds for 2009 have been secured in DIPA of MOHA.
5	AFEP TF 056197/ TF 56198 TTL: Joe Lietman Contact: Tim Brown	Feb 17, 2006 / June 30, 2010	BRR and Leuser International Foundation/ Fauna and Flora International are signatories on Grant Agreement. BRR countersigned but has no specific implementation obligations	The signatory for the amended grant agreement is under discussion. MTR suggested possible partners to take over BRR's role, including: a) Provincial Forestry Department, b) Governor of Aceh office, c) Ministry of Forestry, d) Ministry of Environment, and e) BAPPENAS.
6	Emergency Flood Mitigation TF056386 TTL: Lixin Gu Contact: Lixin Gu and Andre Bald	April 6, 2006 / June 30, 2009	Muslim Aid and BRR are signatories on GA. IA – Muslim Aid	The party taking on the BRR role is still under discussion. May request an extension.

Projects with UNDP as Partner Agency

Notes: BRR's revised soft closing date December 31, 2008 and Administrative closing in April 2009.

Implementation arrangements must be in place and effective before that date¹⁸. Status as of December 17, 2008

Project	FAA Signing/ Closing Date	BRR involvement / Amendment Needed	Status
Support to BRR TF056029 –	Dec 16, 2005 / May 31, 2009	EA and IA – UNDP UNDP has signed project document with BRR Executed through the NEX modality: On-budget, off-treasury.	TA/BRR will close on 31 May 2009. Extension and change of implementing arrangement does not needed; The FAA of the project needs to be amended to transfer EIA component to the Waste Management.
ILO Roads TF056089	Mar 8, 2006 / Dec 31, 2009	EA – UNDP IA – ILO UNDP, ILO has signed project document with BRR Executed through the DEX modality: off-budget Steering Committee includes : BRR, UNDP and ILO	ProDoc is under discussion with BRR and Bappenas UNDP has suggested Ministry of Man Power to sign revised project documents under discussion.
Waste Management TF056029	Dec 20, 2005 / Dec 31, 2010	EA and IA – UNDP UNDP has signed project document with BRR BRR not mentioned in FAA Executed through the DEX modality: off-budget Steering Committee	The project will continue its DEX modality under ERTR unit. The FAA of the project need to be amended when EIA component of TA to BRR is transferred to this project.
CSO Support – TF056088	Dec 20, 2005 / Feb 1, 2010	EA and IA – UNDP BRR mentioned in Schedule 1, Project Description: Part B: Small grants to CSOs and establishment of a Civil Society Resource Center: "Establish a mechanism for local CSO and NGO networks to monitor reconstruction activities at the community level and to provide input to BRR and local government authorities through provision of small grants and the establishment of a Civil Society Resource Center." Executed through the DEX modality: off-budget Steering Committee In Project Pro Doc BRR could transfer its role to Bappenas or MoHA	ProDoc is under discussion with BRR and Bappenas The Bappeda in province Aceh has been designated by the PCT members to be the focal point of the PCT and Bappeda(s) in various kabupaten have been the focal points for TWG/DCT, recently.

¹⁸ UNDP assumes that "that date" refers to 30 April 2009, and is working towards this date.

Annex 5: Disbursement and Spending Trends as of September 30, 2008

On-Budget Projects	Allocation	Disbursement	% Allocation to Disbursement	Spending	% Allocation to Spending
Reconstruction of Aceh Land Administration System Project	28.50	11.70	41%	10.35	36%
Community Recovery Through The Kecamatan Development Project (KDP)	64.70	64.70	100%	61.02	94%
Community Recovery Through the Urban Poverty Program (UPP)	17.96	17.90	100%	15.75	88%
Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias	85.00	81.66	96%	74.73	88%
Support for Poor and Disadvantaged Areas	25.00	4.08	16%	2.85	11%
Nias Kecamatan-Based Recovery and Planning Project	25.75	10.15	39%	3.47	13%
Infrastructure Reconstruction Enabling Program	42.00	14.13	34%	14.13	34%
Infrastructure Reconstruction Financing Facility	100.00	19.57	20%	10.72	11%
Total On-Budget Projects	388.91	223.88	58%	193.02	50%

Off-budget	Allocation	Disbursement	% Allocation to Disbursement	Spending	% Allocation to Spending
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	22.48	22.48	100%	15.41	69%
Tsunami Recovery Waste Management Program	24.41	19.43	80%	17.31	71%
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	6.00	6.00	100%	2.54	42%
Labor-based Rural Road Rehabilitation in Aceh	11.80	11.80	100%	6.22	53%
WFP Shipping Service	24.70	24.70	100%	21.37	87%
Aceh Forest and Environment Project	17.53	8.42	48%	8.07	46%
Reconstruction and Rehabilitation of Ports	3.78	3.78	100%	3.78	100%
Flood Mitigation Program for Banda Aceh	4.50	2.05	46%	1.97	44%
Lamno-Calang Road Maintenance Project	1.46	1.46	100%	1.46	100%
Aceh Government Transformation Programme	9.92	9.92	100%	0.00	0%
Total Off-Budget Projects	126.58	110.04	87%	78.13	62%

Annex 6: Statement of Audits for MDF Projects with UNDP¹⁹ as Partner Agency

Project		Project Amount (US\$ m)	Conducted by	Audit Cut-Off Date	Audit Opinion	Notes
1	Technical Support for Badan Rehabilitasi dan Rekonstruksi (BRR) NAD.	22,905,016.64	BPKP Auditor	01 January 2007 to 31 December 2007	Unqualified	The audit covered expenditures made by UNDP of USD 4,334,320 in 2007.
2	Early Recovery and Transitional Response (ERTR) Programme	166,279,055.78		01 January 2007 to 31 December 2007		The UNDP HQ (Board of Audit) is currently selecting projects as worldwide audit samples. Hence BOA may include the projects within the ERTR programme later in 2008 to cover the expenditure of 2006 to 2007.
2.a	Tsunami Recovery Waste Management project (TWRMP)			01 January 2007 to 31 December 2007		
2.b	Tsunami Recovery Port Redevelopment (TRRP)			01 January 2007 to 31 December 2007		
2.c	Lamno-Calang Road Maintenance (LCRM) Project			01 January 2007 to 31 December 2007		The UNDP HQ (Board of Audit) is currently selecting projects as worldwide audit samples. Hence BOA may include the LCRM project later in 2008 to cover the expenditure of 2006 to 2007.
3	Capacity Building for Local Resource –Based Roads/Rural Roads (ILO)	6,420,000		01 January 2007 to 31 December 2007		The UNDP HQ (Board of Audit) is currently selecting projects as worldwide audit samples. Hence BOA may include the ILO RR project later in 2008 to cover the expenditure of 2006 to 2007.
4	Support to Strengthen the Capacity and Role of CSOs/Communities in NAD	5,996,500		01 January 2007 to 31 December 2007		The UNDP HQ (Board of Audit) is currently selecting projects as worldwide audit samples. Hence BOA may include the CSO project later in 2008 to cover the expenditure of 2006 to 2007.

¹⁹ Based on UNDP Audit Regime Guidelines issued in Sept 2004 UNDP follows what is called a risk-based approach to auditing. By this approach, not all UNDP offices and projects are selected for audit every year. Selection is based on risk assessment results. For example, UNDP had a management risk assessment survey in 2005 at which time it was decided to choose the ERTR Programme and TA to BRR Project as target samples for UNDP Indonesia.