

Multi Donor Fund for Aceh and Nias Project Update – August 2006



Multi Donor Fund Secretariat
21 September 2006

APPROVED PROJECTS AND CONCEPTS

| Table 2: Multi Donor Fund Projects and Concepts as of 31 August 2006 | | | | |
|---|----------------|-------------------|-------------------|------------|
| | Partner Agency | Budget \$ million | Actual \$ million | % |
| Total Pledges/Receipts | | 537.67 | 292.53 | 54% |
| Projects | | | | |
| Reconstruction of Aceh Land Administration System Project | World Bank | 28.50 | 11.70 | 41% |
| Community Recovery Through The Kecamatan Development Project (KDP) | World Bank | 64.70 | 60.60 | 94% |
| Community Recovery Through the Urban Poverty Program (UPP) | World Bank | 17.96 | 8.55 | 48% |
| Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias | World Bank | 85.00 | 33.46 | 39% |
| Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias | UNDP | 14.74 | 11.00 | 75% |
| Tsunami Recovery Waste Management Program | UNDP | 14.43 | 11.00 | 76% |
| Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh | UNDP | 6.00 | 3.00 | 50% |
| Labor-based Rural Road Rehabilitation in Aceh | UNDP | 6.42 | 2.42 | 38% |
| WFP Shipping Service | WFP | 24.70 | 24.70 | 100% |
| Reconstruction and Rehabilitation of Ports | UNDP | 3.58 | 3.58 | 100% |
| Aceh Forest and Environment Project | World Bank | 17.53 | 1.60 | 9% |
| Flood Mitigation Program for Banda Aceh | World Bank | 4.50 | 0.40 | 9% |
| Infrastructure Reconstruction Enabling Program | World Bank | 42.00 | 0.00 | |
| Nias Kecamatan-Based Recovery and Planning Project | World Bank | 25.75 | 0.00 | |
| Support for Poor and Disadvantaged Areas | World Bank | 25.00 | 0.00 | |
| Total Projects | | 380.81 | 172.01 | 45% |
| Concepts | | | | |
| Road and Bridge Repair Lamno-Calang | World Bank | 11.50 | 0.00 | |
| Infrastructure Reconstruction Enabling Financing Facility | World Bank | 100.00 | 0.00 | |
| Total Concepts | | 111.50 | | |
| Total Allocations to Projects and Concepts | | 492.31 | 172.01 | |
| Estimated Investment Income | | 13.85 | 13.85 | 100% |
| Estimated Administration, Appraisal and Supervision Costs | | 12.47 | 12.47 | 100% |
| Total Unallocated Funds*/Cash Remaining | | 46.74 | 121.90 | |

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

A ONGOING PROJECTS

1) Reconstruction of the Aceh Land Administration System (RALAS)

Progress to Date (Status 20 August 2006)

| Outputs | Status 20 August |
|--|------------------|
| Land titles distributed | 3,379 |
| Land titles already signed but not yet distributed to beneficiaries (owners) | 13,419 |
| Land parcels that have been publicly notified | 54,122 |
| Land parcels adjudicated | 60,004 |
| Land parcels officially surveyed by BPN | 64,994 |
| Community land mapping* | 66,421 |

* This figure only covers what has been submitted to BPN.

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account:
Spending by Project:

USD 11.7 million
USD 2.75 million

Status of Achievement:

- The clearance of all pending records of 2005 is currently handled by Working Groups established for this purpose. They are responsible for reviewing, verifying and confirming the details of each adjudication team. This verification process is expected to be completed by September 24, 2006. The BPN is confident that all complete records will be ready for distribution by then. By September 24, 2006, BPN/PIU will prepare a report on the completeness of 2005 records and a road-map for clearing all records at the earliest.
- The work of adjudication teams (work plan 2006) has started in July 2006. A total of 30 adjudication teams (480 persons) have been mobilized to their respective base camps. The work is in progress in all the 30 base camps and PIU has launched quality control and field support activities. BPN/PIU is confident that by December 2006 target number of titles will be distributed and performance indicators achieved.
- A supervision mission has been conducted from 4-18 September to look into these and other pending issues and has come forward with an action plan that has been discussed extensively with BPN (to be presented on the SC Meeting on 21 September). The action plan indicates clear targets for titles to be distributed at three deadlines (24 Oct, 26 Dec, and end of April 2007). It also includes very clear action points on management improvements and rectifying deviations from Grant Agreement covenants.

Bottlenecks and Challenges:

- A supervision mission has been conducted from 4-18 September to look into a variety of pending issues that hamper progress, and has come forward with an action plan that has

been discussed extensively with BPN (to be presented on the SC Meeting on 21 September). The action plan indicates clear targets for titles to be distributed at three deadlines (24 Oct, 26 Dec, and end of April 2007). It also includes very clear action points on management improvements and rectifying deviations from Grant Agreement covenants.

2) Community Recovery Through the Kecamatan Development (KDP)

Progress to Date (Status 22 June 2006)

Note: Due to irregularities in data received by field teams, the August report, covering July outputs, was not ready to be included this update.

| Outputs | Planned* June 2006 | Achievements* June 2006 |
|---|--|--|
| Roads repaired/reconstructed in km | 1,970 | 1,390 |
| # of bridges | 936 | 547 |
| Irrigation and drainage (units) | 1,224 | 1,014 |
| Clean water projects (units) | 375 | 330 |
| Water storage reservoirs | 118 | 118 |
| Sanitation units | 706 | 372 |
| Markets | 10 | 8 |
| School buildings | 246 | 181 |
| Health clinics/posts | 31 | 23 |
| Value of scholarships and number of recipients | Rp. 3.18 bill 5,861 | Rp. 2.94 bill 5,685 |
| Amount for loans | Rp. 2.33 bill | Rp. 1.70 bill |
| <ul style="list-style-type: none"> • number of recipients • number of businesses/groups | <ul style="list-style-type: none"> • 4,045 • 226 | <ul style="list-style-type: none"> • 3,685 • 214 |
| Persons employed through sub-projects | 93,738 | 93,738 |
| Workdays generated | NA | 2,585,591 |
| Emergency relief funds | Rp. 27.51 bill | Rp. 27.27 bill |

* Figures cover both KDP Cycle 5 and MDF. However, Cycle 5 is finished; most results reported are financed by MDF funds and other agencies that contribute about \$13 million to the KDP budget.

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account: \$60.6 million
Spending by Project: \$49.3 million

3) Community Recovery Through the Urban Poverty Project (UPP)

Progress to Date (Status 30 July 2006)

| Outputs | Planned* | Achievements |
|------------------------------------|----------|--------------|
| Roads repaired/reconstructed in km | 550 | 74 |
| Reconstruction of bridges in m | 4,721 | 425 |
| Drainage (in km) | 478 | 68 |
| Clean water projects (units) | 5,532 | 92 |
| Sanitation units | 2,981 | 127 |
| Markets | 10 | 0 |
| School buildings | 115 | 19 |
| Waste disposal facilities | 5,011 | 242 |
| Meunasahs | 354 | 69 |
| Village halls | 6,023 | 32 |
| Electricity (street lights) | | 1,731 |
| Flood gates | 91 | 2 |
| Students receiving scholarships | 9,379 | 934 |
| Health clinics/posts | 74 | 10 |

* Planned activities cover all necessary reconstruction identified by communities, most of which are not financed by the current MDF grant.

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account: \$8.55 million
Spending by Project: \$5.9 million

4) Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias

Progress to Date (20 September 2006)

| Outputs | Project Target | Achievements |
|-----------------------------|----------------|--------------|
| Rebuilding Houses | 5,000 | |
| completed | | 958 |
| under reconstruction | | 2,087 |
| Repairing Houses | 8,400 | |
| Completed | | 1,000 |
| being repaired | | 1,857 |
| Number of recipients | | 5,897 |

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account: \$33.4 million
Spending by Project: \$13.8 million

Bottlenecks

- BRR has not yet released a decree on honorariums and operational costs that has an impact on salaries of local government staff (members of PJOKs) who sign off e.g. on disbursement requests. There have been deliberate delays on signing off documents due to outstanding payments of honorariums.

5) Technical Support for the Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias

Progress to Date (status 31 August 2006)

| Key Inputs* | Achievements |
|---|--|
| 1) Provision of TA | |
| Provision of individual technical advisors | 25 working 3 being contracted |
| Completed assignments | 15 |
| Total person months (accumulative) | 240 person months |
| 2) Provision of outsourced services | |
| 1) IT infrastructure (IBM), expansion to regional offices 2) Legal services 3) Human resources services | 1) IT Systems for Facility Management, Financial Management, HR, Leave System, and Overtime System, Performance Management System online 2) Contracting of senior advisors pending 3) Inception report finalized, modalities of needed service under discussion between the company and UNDP |
| 3) Enhanced transparency | |
| 1) Quality Assurance Team | 1) Contract completed on 6 August <ul style="list-style-type: none"> • MIS for Project Quality Management • Review of 226 tenders processes • Post-Contract monitoring of physical projects inspected 525 work packages |

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account:
Spending by Project:

USD 11 million
USD 6.8 million

Status of Achievements

- Contracted TA increasingly support the new Regional Offices of BRR.
- The project currently reviews all donor-funded interventions in BRR to determine the effectiveness and impact of TA in general, and to serve as baseline for future M&E of new TA. The study will form the basis for decisions on future priorities and modalities for technical assistance. To date, 73% of all 82 external TA have been evaluated. A summary is expected at the end of September.
- The cooperation of local NGOs and KPK mentioned in earlier updates is now being handled by the Anti-Corruption Unit.

Further comments

- 1st six month report has been posted on the MDF website, under the project's page.
- The 2nd report is under preparation.
- The project is preparing an independent Mid-term Review.

6) Tsunami Recovery Waste Management Programme

Progress to Date in Banda Aceh/ Aceh Barat/ Pidie (status end July)

| Output | Status |
|--|---------------|
| Tsunami generated waste cleared | 668,661.00 m3 |
| Municipal waste collected | 74,839.00 m3 |
| rice paddies/fish ponds/private property recovered | 207.3 ha |
| Private and government buildings demolished | 213 |
| Tsunami wood recycled, stockpiled or provided to NGOs for reconstruction | 16,172 m3 |
| Recycled rubble used for reconstruction of roads | 35.8 km roads |
| Temporary workers employed | 1,627 |
| % of IDPs | 76% |
| % of women | 47% |

Financial Status as of 31 August 2006

Disbursement to Partner Agency special account: \$ 11 million
 Spending by Project \$ 5.9 million

Status of Achievement:

- The Letter of Agreement with the Government of Nias Selatan has been signed, expanding project activities into six districts, Agreement with District of Nias under preparation
- Important emerging activities:
 - Strengthening of capacity building of local governments, e.g. to develop standard operating procedures and work plans
- Contracts for the livelihoods component are being finalized
- A one-day supervision mission was held on 13 September with field visits to Aceh Besar and the Gampong Jawa site, and discussions with partners from six of the seven partner districts. The mission highlighted the increasing needs:
 - to strengthen local government's capacities since financial support for district governments will start phasing out end of this year in some districts.
 - Also, most districts voiced a continuous need for heavy equipment (provided by Unicef, TRWMP only rents).
 - Integrating the population in municipal solid waste management through awareness campaigns, local activities contributing to waste management and future fees, was another important issue raised.

Further information

Minutes from the supervision mission will be posted on the MDF website, as soon as ready. The full monthly update report is also available through the MEF website.



7) Support to Strengthening CSOs in the Recovery of Aceh and Nias

Activities in August (Status 31 August 2006)

- Until this date, no further progress has been made regarding the start of activities:
- Program Coordinator for Aceh to be fielded in September
- Finalizing contracting with national implementation partners for the two components pending until provision of additional information for the bidding process from bidders.
- Program presentation to BRR for preparation of Provincial Steering Committee establishment (August 16th 2006 in Banda Aceh)

Financial Status as of 31 August 2006

| | |
|---|---------------|
| Disbursement to Partner Agency special account: | USD 3 million |
| Spending by Project: | USD 117,671 |

Comments

- Due to continued delays of this project, the project has been asked to present an action plan to the Steering Committee on the 21 September 2006.

8) Flood Mitigation Program for Banda Aceh

Progress to Date (Status 31 August 2006)

- Pilot Phase completed on time: all 11 valves for the first phase of the project have been installed and are working. They are being fine-tuned in consultation with the manufacturer to improve their performance at low flow rates.
- Design of (i) Drainage System Banda Aceh Zone 2 close to completion (mid-September); (ii) flood gates close to completion (mid-September); (iii) support works such as environmental impact assessment ongoing (until end of September). Tendering documents for civil works for (i) and (ii) to be finalized in mid-October.
- A supervision mission is under preparation.

Bottlenecks

- The success of the project will strongly depend on improved waste management, since drainage gets blocked by dumped waste. However, the project does not have the capacity to run a full-blown awareness raising campaign for the population, not only in its implementation zone, but equally important in the upstream areas. The secretariat has suggested to coordinate with the Tsunami Recovery Waste Management Programme, and the local government who have identified the need for increasing involvement of the local population in waste management. Also, the BRR is preparing an awareness raising campaign.

Financial Status as of 31 August 2006

| | |
|---|-----------------|
| Disbursement to Partner Agency special account: | USD 0.4 million |
| Spending by Project: | \$330,000 |



9) World Food Programme Shipping Service

Progress to Date (Status 31 August 2006)

- On the 1st of August, cost recovery for the Shipping Service was introduced. Information on fees, and a user guide is available on the program's website. The service experienced a sharp decline in volume transported, from 21,960 metric tons/59,643m3 in July to 8,098 metric tons/5,950 end of August.
- The WFP has requested further USD 15m funding from the MDF. A Technical Review was held on 29 August, after which WFP was asked to review the PAD. This review is still ongoing.
- In July/August WFPO conducted a Mid-Term Review of the project. Findings of this review have been attached to the revised PAD.

Comments

- While in July the service had 40 users, only 9 users were registered in August. In July, the biggest users were Red Cross Societies (57% for metric tons transported), followed by UN Organizations with 23%. In August, Red Cross Societies remained the largest user at now 84%, while UN usage sank to 5%. Other agencies were the second largest user in August (11%) while BRR did not use the service at all (see table below). Out of the eight UN Agencies, the WFP accounted for 47% of all UN usage in July, and for 73% in August (four UN Agency users in August).

Table : Complemented Shipment/ Usage of WFP SS Service - Comparison July/August 2006

| | July | | August | |
|----------------------------|---------------|------------------|--------------|------------------|
| | Mts | % of total (mts) | mts | % of total (mts) |
| UN-Organizations | 4,949 | 23 | 409 | 5 |
| Red Cross Societies | 12,622 | 57 | 6,791 | 84 |
| BRR | 1,465 | 7 | 0 | 0 |
| Others | 2,924 | 13 | 898 | 11 |
| Total | 21,960 | | 8,098 | |

Financial Status as of 31 August 2006

Transfer to WFP account (100%):

USD 24.7 million

Spending by Project:

\$11.7 million

Total Committed by Project: (as of 22 August)

\$17 million

10) Aceh Forest and Environment Project

Activities in August 2006

Component 1: Effective protection and sustainable management of Leuser and Ulu Masen Ecosystems

- Ongoing site identification in Aceh Selatan for urgently needed conservation areas; discussion of critical habitats within the Ulu Masen Ecosystem; consultant will be employed to provide forest cover maps and analysis.
- Survey of Aceh Selatan, Aceh Barat Daya and Aceh Nagan Raya to identify locations for tree seedling nurseries, forest rehabilitation and reforestation areas; provision of seedlings to farmer groups in Aceh Jaya and Gayo Lues to promote agroforestry in buffer zones
- Ongoing monitoring of Leuser forest status and reporting of violations to relevant government agencies
- Helicopter based survey of estuaries on the Aceh West Coast (Ulu Masen area)

Component 2: Integration of environmental concerns into reconstruction and development

- Stakeholder discussions on timber monitoring with WALHI and Greenomics; all parties remain committed to the Timber Information Center.
- Spatial planning staff was sent to Aceh Selatan, Nagan Raya and Aceh Barat Daya to begin working with regional planners to incorporate forest conservation concerns into district and national planning programs.

Component 3: Project management

- Steering Committee: the Governor of Aceh has requested that the initial Steering Committee meeting be delayed to give time in reviewing the Law on Aceh Governance (UU11/2006), and its implication for the project. The project has contracted a legal specialist to analyse the implications.
- Project Coordination Unit at the Universitas Syah Kuala is now operational.
- Inception report being discussed with World Bank.

Financial Status as of 31 August 2006

| | |
|----------------------|-------------|
| Transfer to LIF: | USD 800,000 |
| Transfer to FFI: | USD 800,000 |
| Spending by project: | USD 900,000 |

11) Creating Jobs, Scaling Up Labor-Based Rural Roads Rehabilitation in Aceh

Status as of 31 August 2006

- All national and international staff have been contracted and are taking up their positions under the project in the first half of July. The project management set-up will be finalized until end of August.
- Contracting and procurement procedures are being established, to be completed end of September. For a first batch of contracts, ILO standard procedures will be applied.



Prequalification in Pidie (28 contractors registered) is ongoing. In Nias, five service contracts have been signed.

Bottlenecks

Government approval: Efforts have been made by UNDP to get approval from Government of Indonesia (i.e. BAPPENAS) for the USD 6.42 million Road Projects. Approval is yet to be granted.

Financial Status as of 31 August 2006

First transfer of funds to UNDP

USD 2.42 million

Committed by project

USD 671,000

12) Reconstruction and Rehabilitation of Ports

Status as of 31 August 2006

| | Component 1 Redesign of ports | Component 2 Rehabilitation works | Component 3 Temporary Wharves |
|-------------------------|--|--|---|
| Calang | Detailed design of commercial port approximately 95% complete; outstanding issues solved with BRR and local govt | [no activities] | Work 80% completed; progress stopped by sea swell |
| Sinabang | Commercial port design 95% completed. Other ports (fishery and ferry) already covered, so alternative locations for ports design are being considered (Meulaboh/ Krueng Mane). | [no activities] | Construction has started and progressing well. |
| Gunung Sitoli | Consultant performs design review on previously prepared design. | Current wharf will be temporarily repaired | [no activities] |
| Meulaboh | The BRR has requested that a ferry terminal be designed (in lieu of the original one in the PAD for Sinabang). Design features have been discussed, deadline end 2006. | [no activities] | [no activities] |
| Lamno River Port | Final design completed, to be signed off by Bupati | [no activities] | [no activities] |
| Sabang | BRR is considering to request the design of a cruise liner terminal in Sabang | All works completed | [no activities] |

Financial Status as of 31 July 2006

First transfer of funds to UNDP

USD 3.58 million

Spending by Project

USD 1.03 million

Comments

- There have been several reallocations of funds to new activities. The Secretariat still has to receive official notification from UNDP.

13) Infrastructure Reconstruction Enabling Program

The IREP passed the no-objection of the Steering Committee on 13 June 2006. Grant Agreement was signed 13 July 2006.

Status as of 31 August:

- Contracts for Components 1-3:
- Contract for Component 4: Expression of Interest advertisement forwarded for World Bank clearance
- Contract for Financial Management: Expression of Interest advertisement under preparation

STATUS OF APPROVED CONCEPT NOTES

1) Lamno-Calang Road and Bridge Repair Project (USD 11m)

Proposed implementation arrangements for this project have changed, to be presented in detail at the Steering Committee Meeting on 21 September.

2) Support for Poor and Disadvantaged Areas Program for Aceh (SPADA) (USD 39.6 m)

Technical Review of the PAD was held on 18 July. Circulated for no-objection on 18 Jul 2006. Project endorsed by Steering Committee on August 7, 2006. Negotiations of Grant Agreement ongoing.

3) Kecamatan-based Reconstruction and Recovery Planning for Nias (KRRP) (USD 51.5m)

Technical Review of the PAD held on 25 July. Project endorsed by Steering Committee on 4 August 2006. Negotiations finalized, Grant Agreement to be signed soon.

4) Infrastructure Reconstruction Funding Facility (IREFF) (USD 300m)

Technical Review of the PCN held on 20 June. Project endorsed by Steering Committee on 27 June. PAD being finalized, will be sent out end of September, with Technical Review in early October.