



*Using Data for Ex-Ante Preparedness  
for Disaster Management*

**Tracking the 2004 Indian Ocean earthquake and tsunami reconstruction funds in  
Indonesia**

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***Abstract.** This document describes the methodology used by the World Bank to track the allocations of funds and expenditures from key actors during the reconstruction of Aceh and Nias following the 2004 Indian Ocean earthquake and resulting tsunami that struck Indonesia. The purpose is to derive lessons about good practices in financial tracking methodologies in general, as well as to provide suggested improvements of the existing system used in Indonesia.*

**Version 3.0**

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## List of abbreviations

ADB	Asian Development Bank
AIPRD	Australia Indonesia Partnership for Reconstruction and Development
<i>Bakornas PBP</i>	National Coordinating Board for Disaster Management
<i>Bappenas</i>	National Development Planning Agency
BRR	Badan Rehabilitasi dan Rekonstruksi (Agency for the Rehabilitation and Reconstruction of Aceh and Nias)
CFAN	Coordination Forum for Aceh and Nias
CGI	Consultative Group on Indonesia
D&L	Damage and losses
DAD	Development Assistance Database
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EU	European Union
<i>GAM</i>	Gerakan Aceh Merdeka (Free Aceh Movement)
GDP	Gross domestic product
GIS	Geographical information system
GOI	Government of Indonesia
IFRC	International Federation of Red Cross and Red Crescent Societies
IT	Information technology
JICS	Japan International Cooperation System
KOICA	Korea International Cooperation Agency
MDF	Multi-Donor Fund for Aceh and Nias
MoU	Memorandum of Understanding
NGO	Non-Government Organisation
Ocha	United Nations Office for the Coordination of Humanitarian Affairs
RAN	Recovery Aceh Nias Database
RETAM	Reconstruction expenditure tracking analysis system
RCRC	Red Cross and Red Crescent movement
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
US	United States
USAID	United States Agency for International Development

## 1. Executive Summary

### *Background*

On December 26 2004, an earthquake measuring 9.0 on the Richter scale struck off the coast of Sumatra, Indonesia. Over 130,000 people lost their lives in Indonesia alone, an estimated 700,000 people were displaced, and many orphaned. The scale of the damages to the local economy, infrastructure, and administration were unprecedented. Only three months later, another major earthquake struck the nearby island of Nias, causing additional heavy damage. The magnitude of these events triggered an amazing outpouring of compassion and generosity from around the world.

With the huge influx of support from a vast number of actors, it was evident soon after the tsunami that the central collection and reporting of funding was required to enable all actors to appropriately allocate funds with minimal duplication and provide support where it was required. The combination of large amounts of funding and the need for rapid action created an environment in which reliable analysis and information concerning reconstruction progress was crucial. The World Bank locally developed a methodology to track the allocations of funds and related expenditures from actors during the reconstruction phase of the recovery.

### *Purpose*

To prevent a natural disaster from turning into a man-made disaster, an effective monitoring system is crucial for coordinating this influx of aid to ensure timely and efficient delivery of relief to those who need it most.

This case study provides a detailed description of the methodology developed to track reconstruction funds following the earthquakes and tsunami and identifies effective attributes, useful innovations, shortcomings and lessons learned. The case study is part of a broader project which seeks to provide the analytical tools necessary for enhancing national capacity for disaster preparedness. By documenting the methodology employed, guidance can be provided to forward-looking policy makers who wish to design effective monitoring systems for disaster relief and recovery management.

### *Overview of system*

The system gathers a range of available reconstruction projects data from the Government of Indonesia, key donors, and the top 20 NGOs. This is combined with the Government's reconstruction budget, and data from a needs assessment. Once combined, the data is processed and a range of output is produced on a regular basis. Key aspects to the output include an overview of the funding available for the reconstruction effort, along with detail on how much of this funding has been allocated to specific sectors, including regular tracking of the disbursements of these funds towards projects. Gaps in funding allocations are identified after comparison is made with required funding needs.

### ***System utilisation***

The system was used substantially in the early days after the tsunami particularly by the Government and donors. Donors benefited from the analysis of funding gaps where they used the information when making funding allocation decisions. The easy of use of output has also enabled all users to readily access the key graphs for their own internal use, such as in preparing briefs for ministries. In later days, the focus shifted onto the rate of disbursed funds, across sectors.

### ***Potential enhancements***

The system was designed to focus on reconstruction financing. Within this mandate, some suggestions are made to increase the range of analysis by including geographical analysis, to update the needs assessment more regularly and to communicate the findings to a wider audience. Some users have identified the need for more information outside of the mandate of this system, such as reporting on physical progress and impact assessments, and the need for a broader community needs assessment.

### ***Lessons learned***

The manual nature of the system has highlighted that a simple process, with clear scope and methodology with dedicated resources can produce much needed output at low cost in a post-disaster environment. Building relationships with the key players (including the majority of donors, and the top 20 NGOs) created an environment where proactive management of the data was possible. This allowed data to be easily verified ensuring consistency.

Undertaking a detailed damage and losses assessment, with clearly defined appropriate sectors will enable the construction of an essential needs assessment, which will assist actors in identifying funding gaps and therefore in allocating funds to where they are most needed. The needs assessment should be supplemented with the financial needs of the reconstruction program by introducing criteria from the reconstruction strategy; it should include those losses that relate to capacity development where capacity has been reduced by the disaster; and prices should be inflated.

## 2. Context

### 2.1. The disasters

On December 26 2004, an earthquake measuring 9.0 on the Richter scale<sup>1</sup> struck off the coast of Sumatra, Indonesia. It was the most powerful the world has seen in a generation. The epicentre was some 150 kilometres south of Meulaboh and about 250 kilometres from Banda Aceh, the capital of Aceh province. The earthquake originated at a shallow point, some 30 kilometres below the Indian Ocean. In terms of energy released, it is the worst natural event in Indonesia since the eruption of Krakatau in 1883.

The earthquake generated a large tsunami that travelled rapidly throughout the Indian Ocean, striking beachfront areas in many countries with catastrophic results in Indonesia, Thailand, Sri Lanka, India and Bangladesh, as well as other Asian and East African countries, killing more than 150,000 people in the Indian Ocean region.

The tsunami travelled at high speeds and 45 minutes after the earthquake it hit the Aceh coastline travelling up to 5km inland and within minutes it swept clean an 800 km coastal strip of Aceh – equivalent to the coastline from San Francisco to San Diego. Over 130,000 people were killed in Indonesia alone with over 700,000 of those surviving findings themselves displaced from their homes when their houses were swept away or left in ruins. The tsunami caused unimaginable devastation and the scale of the damages to the local economy, infrastructure, and administration were unprecedented. In an instant, the livelihoods and security of hundreds of thousands of the survivors were ruined.

Only three months later, another major earthquake struck the nearby island of Nias, causing additional heavy damage. The magnitude of these events triggered an amazing outpouring of compassion and generosity from around the world. Private citizens provided huge amounts of support, and donors pledged generously to help survivors.

### 2.2. Damage and losses

These events caused immense social, economic and environmental devastation to areas that were already poor, while sparking unprecedented emergency support. Before the tsunami, more than 28 percent<sup>2</sup> of the population of Aceh and Nias lived in poverty and swift recovery was further complicated by the backdrop of the decades-long conflict in Aceh.

The total estimate of damages and losses<sup>3</sup> from this catastrophe in Indonesia was Rp.41.4 trillion, or US\$4.45 billion. Of the total, 66 percent constitutes damages, whilst 34 percent constitutes losses in terms of income flows lost to the economy. The cost of

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<sup>1</sup> United States Geological Survey

<sup>2</sup> See Figure 1.6 of *Aceh Public Expenditure Analysis* report from the World Bank

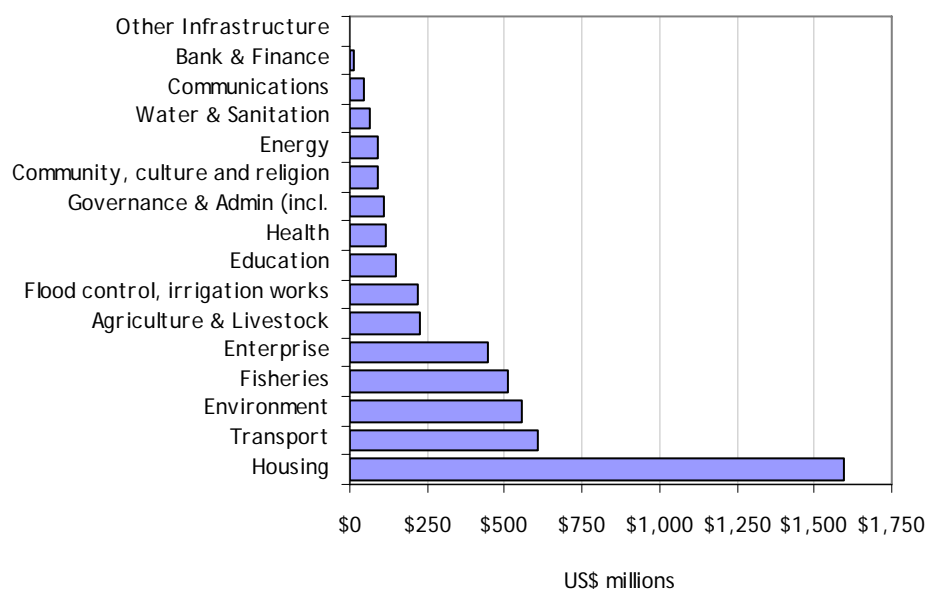
<sup>3</sup> See *Indonesia: Preliminary Damage and Loss Assessment; The December 26 2004 Natural Disaster*, Consultative Group on Indonesia, Jan 2005



damage provides both an idea of the destruction of assets in the country as well as a baseline for defining the program of reconstruction.

Those sectors most impacted were dominated primarily by private-sector assets and activities that relate directly to the personal livelihoods of the affected urban and rural communities: housing, commerce, agriculture and fisheries, and transport vehicles and services (US\$2.8 billion, or 63 percent of total damage and losses), as shown in Figure 1 below. The biggest public sector damages were to infrastructure, the social sectors, and government administration (US\$1.1 billion, or 25 percent of total damage and losses). There was also significant environmental damage to coral reefs and mangrove swamps, as well as destruction of many hectares of arable land.

**Figure 1: Damage and Losses Assessment**



Source: World Bank, Mar 2007

The total damage and losses was equivalent to 2.2 percent of the gross domestic product (GDP) of Indonesia, however, the measure is entirely different when comparing to the economy of the Aceh province. The ratio of total damage and losses to provincial GDP is just about 100 percent, highlighting the need for substantial national and international support, as Aceh's own internal resources would not be sufficient to face recovery on its own.

### **2.3. Response of the Government of the Republic of Indonesia and international community**

Recognising the extent of the devastation, the Government of Indonesian (GOI) declared the tsunami in Aceh a national disaster. It appointed the National Coordinating Board for Disaster Management (Bakornas PBP) to implement the emergency response.

The international response that followed came from all corners of the world. Some 133 countries provided assistance to this humanitarian mission. During the emergency response, military troops from a range of countries were deployed in what has been described by observers as one of the largest non-war military missions since the Second World War.

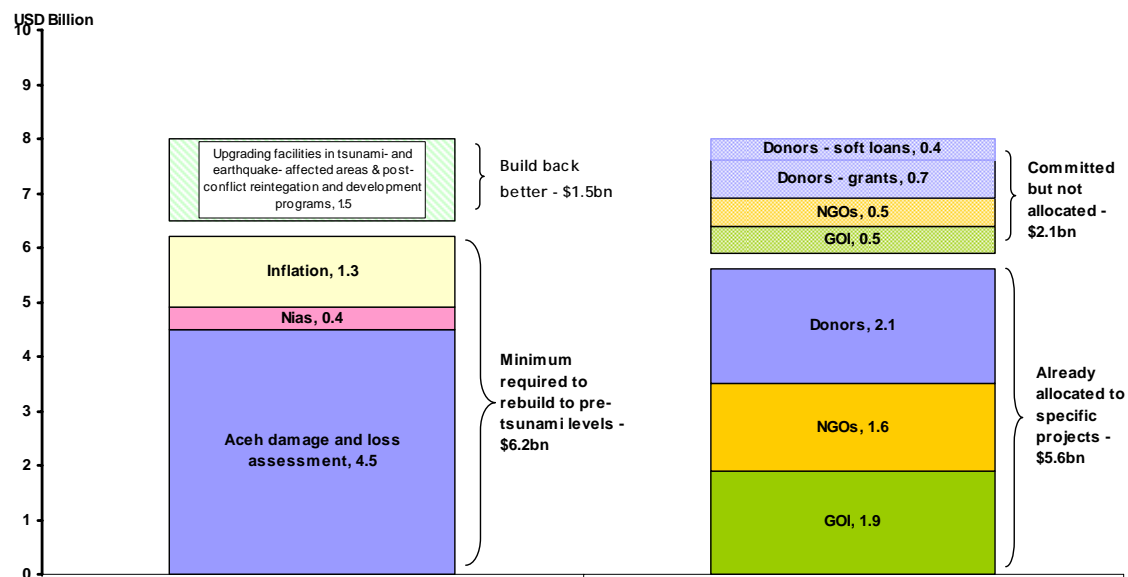
Following the end of emergency response phase the Government then assigned the National Development Planning Agency (Bappenas) to coordinate the establishment of a rehabilitation and reconstruction plan for Aceh and Nias. Several institutions participated in the process of developing the Master Plan (Rencana Induk) in cooperation with international bodies. Apart from reviewing the needs for the redevelopment of the areas affected by the disaster, the Master Plan also outlined the need to establish an agency responsible for the coordination and implementation of the rehabilitation and reconstruction plan for Aceh and Nias, hence the government formed the Agency of the Rehabilitation and Reconstruction for the Region and Community of Aceh and Nias (BRR). The governing bodies of BRR were formulated and comprised of an Advisory Board; a Supervisory Board; and an Executing Agency. A Presidential decree stipulated that each of the governing bodies had a complimentary role and responsibility within BRR, as described below.

The Advisory Board was given responsibility for ensuring that the aspirations of all parties for which it represents were addressed within the rehabilitation and reconstruction program. The Supervisory Board, as the second body, took on a functional role of the organization being responsible for ensuring that the rehabilitation and reconstruction program operated efficiently, effectively and in accordance with the needs of the community in the regions affected by the disaster. The third body was the Executing Agency which took responsibility for managing and coordinating the rehabilitation and reconstruction program in the post-disaster regions.

Along with the Government's assistance programme, an unprecedented amount of assistance came from the international community with assistance pledges for reconstruction and development totalling US\$8 billion. By the end 2006, US\$5.6 billion worth of projects and programs had been allocated by over 300 organisations, of which 50 percent had been disbursed to projects.

The international community and local NGOs have been implementing over 1,600 projects to date. BRR itself is also implementing an additional 12,000 projects over its four years of operation.

Total allocations towards reconstruction have been split fairly equally between the Government of Indonesia, donors, and NGOs as shown in Figure 2 below. The Multi-Donor Fund (MDF), consisting of 15 donors, contributes 30 percent of the total donor allocations. The fund was established as one of the mechanisms to ensure efficient and coordinated delivery of financial support and to date represents over US\$650 million.

Figure 2: *Funding allocations by contributor type (in US\$ billions)*

Source: World Bank, Mar 2007

## 2.4. A new political era

The greatest hope for a lasting and effective recovery has come from the signing of a peace accord in Helsinki between the Government of Indonesia and Gerakan Aceh Merdeka (GAM, Free Aceh Movement) on August 15 2005, ending a 30-year conflict during which almost 15,000 people had died. Under the terms of the accord, both sides agreed to cease all hostilities with immediate effect. GAM agreed to disarm, while the Government pledged to withdraw all non-local military and police by the end of 2005. A presidential decree granted amnesty to about 500 former GAM members who were in exile in other countries, and unconditionally released about 1,400 members who had been jailed by the Government.

Also as part of the accord, the Government agreed to facilitate the establishment of Aceh-based political parties and in December 2006 Aceh held its first democratic elections. Irwandi Yusuf, a former GAM member and peace-negotiator was elected as Governor and inaugurated in February 2007.

The reconstruction process was therefore set in the context of a newly elected democratic provincial government, which not only needed to consider the post-tsunami reconstruction needs, but also the development needs of a community rising from 30 years of conflict resulting in the neglect of community infrastructure and facilities. In addition to the many challenges imposed by such an immense reconstruction program, the national Government and international agencies also had to contend with how to transition, maintain and transfer newly created assets to the provincial government and local ministries.

### 3. Development of the system

With the huge influx of support from a vast number of actors, it was evident soon after the tsunami that the central collection and reporting of funding was required to enable all actors to appropriately allocate funds with minimal duplication and provide support where it was required. The combination of large amounts of funding and the need for rapid action created an environment in which reliable analysis and information concerning reconstruction progress was crucial.

Within weeks of the Consultative Group on Indonesia (CGI)<sup>4</sup> meeting in January 2005, donors had made substantial pledges towards Aceh's reconstruction nearing US\$8 billion. With limited resources available internally, BRR requested the support of the World Bank to provide a high level overview of where these pledges were being committed and allocated, and how the money was being spent on post-tsunami reconstruction. At the same time, international donors were seeking necessary information to assist them in allocating funds appropriately.

At the request of the Government, the World Bank set about to design a simple financial tracking system that could provide a snapshot at regular intervals on the amount of funds available for the reconstruction effort. The system's structure was largely conceived based on the information available at the time, and section 4.3 describes the inputs in more detail. The system was developed after a stock-take of available information was undertaken and was not adapted from any existing known systems.

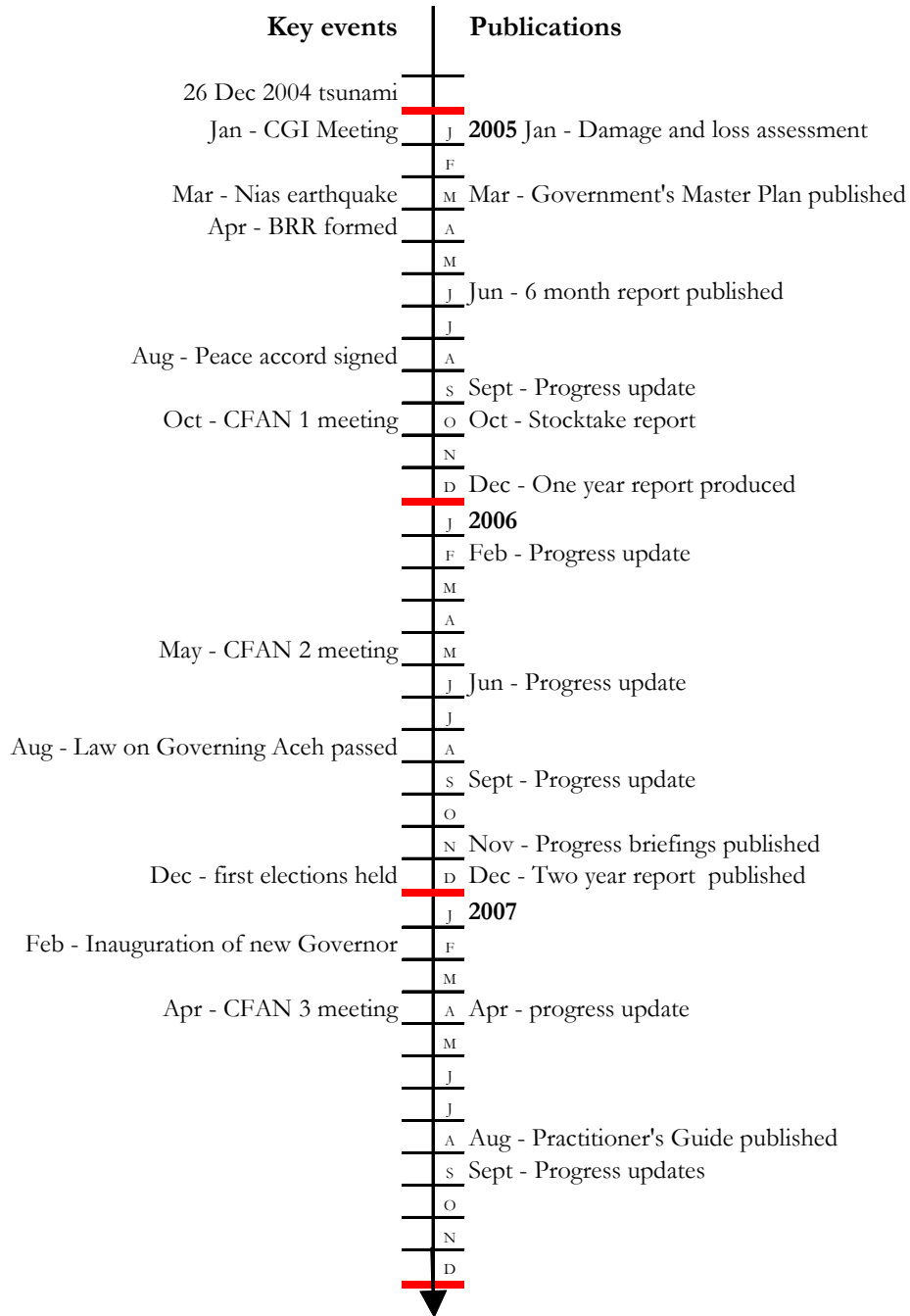
After gathering available data, the first report<sup>5</sup> was produced 6 months after the tsunami had struck, with subsequent updates occurring quarterly thereafter. Figure 3 shows the timeline of key events and publications in the months and years following the tsunami.

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<sup>4</sup> The CGI was an international group of lenders first established by the Netherlands in 1967 as the Inter-Governmental Group on Indonesia (IGGI) to coordinate multilateral aid to Indonesia. It became the Consultative Group on Indonesia (CGI) in 1992, and was disbanded in 2006. Members included the Asian Development Bank, International Monetary Fund, United Nations Development Programme, World Bank, Australia, Belgium, Britain, Canada, France, Germany, Italy, Japan, Netherlands, New Zealand, Switzerland, and the United States.

<sup>5</sup> World Bank, *Rebuilding a Better Aceh and Nias, Preliminary Stocktaking of the Reconstruction Effort Six Months After the Earthquake and Tsunami*, 2005

Figure 3: *Timeline of post-tsunami events and system output*



Source: World Bank

## **4. Description of system**

### **4.1. Principal design elements**

The system was established as the need for comprehensive data on financial inflows in relation to the reconstruction phase of the recovery became apparent. BRR's mandate was firmly on the reconstruction phase of recovery, rather than coordinating the emergency response phase, and data was therefore required on who was doing what, and where.

BRR's need, and that of donors, was to first understand where funds were being allocated, and then to identify any gaps in allocations in order to suitably apportion future funds.

The system was therefore design to focus entirely on the post-emergency and relief phases of the recovery effort, with a primary goal to provide an holistic view of reconstruction funding. Its focus was also on the tracking of financial data, and not on physical progress data. In this way, the system had a clearly defined and manageable scope.

The intended users of the system were broad, and included the National Government's Development Planning Agency (Bappenas), the Agency for the Rehabilitation and Reconstruction of Aceh and Nias (BRR), multilateral and bilateral donors, and international and local NGOs.

However, the system focussed only on a manageable number of actors and therefore targeted key bilateral and multilateral donors, and the top 20 NGOs. As BRR was established under Presidential decree, agencies were required under law to meet any data requests put to them by BRR. Compliance to the data collection process was then made easier as a formal request was put to targeted agencies by BRR requiring them to submit data to the World Bank for analysis. BRR's budget was also a key input into the analysis.

### **4.2. Institutional arrangements**

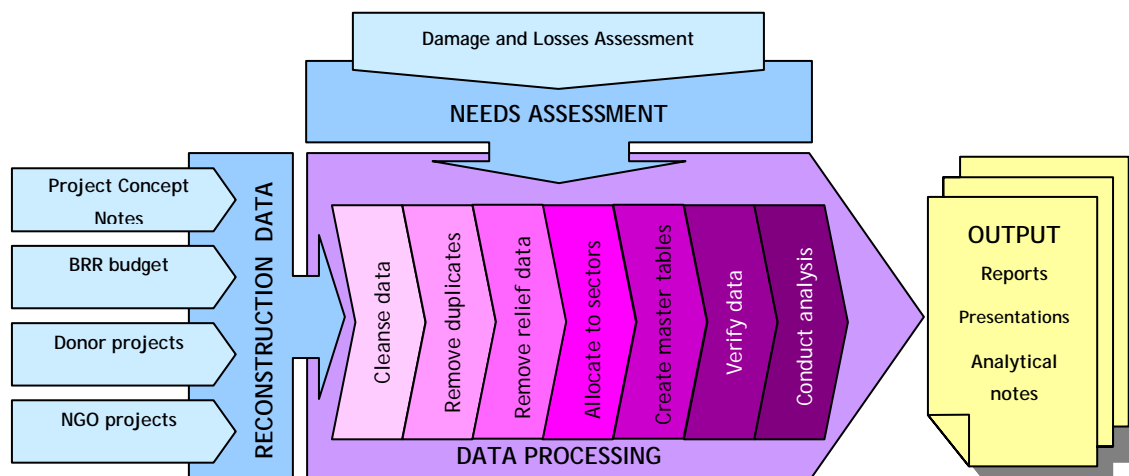
The World Bank has financed and maintained management and oversight of the system since its inception. It has been staffed by a small team of three to four analysts that have been dedicated at peak times during data collection and reporting periods.

The lead time to produce output has been up to two months, which has proved easy for some and problematic for others. Notably, the majority of donors and NGOs have been able to supply the required information within a short timeframe (such as one week), subsequent to the required data reporting date. However, the majority of the UN agencies have required the data to be confirmed by their global headquarters, and in some instances required up to three months from the reporting date to when they have been able to submit valid and authorised data.

### 4.3. Technical design

Figure 4 below graphically illustrates the key elements to the system, from data input and processing to its outputs, with each aspect described in further detail below.

Figure 4: *System overview*



Source: World Bank

#### 4.3.1. Input

There are five principal data sources required by the system, comprising of reconstruction data and an assessment of needs:

##### *Needs assessment*

#### a) Needs assessment

The construction of a needs assessment followed the detailed analysis of the damage and losses assessment made in the weeks immediately after the tsunami, then adjusted to also include needs arising after the March 2005 earthquake in Nias. The damage and losses assessment provided a quick assessment of the extent of damage in the disaster area, and was published by the Government's Planning Ministry (Bappenas) with World Bank support and the involvement of specialists from line ministries. The assessment was based on ECLAC methodology<sup>6</sup>.

To determine the needs, adjustments were made to the damage and losses assessment primarily in order to identify needs that will require financial support from the Government or international community. Therefore, losses of future

<sup>6</sup> The United Nations Economic Commission on Latin America and the Caribbean (ECLAC) has been developing expertise in evaluating damages resulting from natural disasters in the Latin American region since the 1970s. The methodology is now well documented and tested over time. More information can be obtained from ECLAC's 2003 Handbook for Estimating the Socio-economic and Environmental Effects of Disasters at <http://www.eclac.cl/>

income, and private sector damages covered by insurance were excluded from the needs assessment. The same sectors were used for the needs assessment as were used for the damage and losses assessment so that constructive comparisons could be made.

### *Reconstruction data*

#### b) Project Concept Notes “batch file”

Shortly after the establishment of BRR in 2005, BRR introduced the requirement for implementing agencies to provide detailed *concept notes*<sup>7</sup> which described the plans for reconstruction projects, including:

- ~ project details and synopsis
- ~ budget, costs and funding details
- ~ sector and sub-sectors
- ~ locations
- ~ detailed project description including outputs
- ~ impact assessment
- ~ details of local community support
- ~ monitoring process
- ~ project deliverable milestones

Prior to being presented to the fortnightly concept note “approvals” meeting, the notes were examined internally to ensure completeness and accuracy. The approval meeting then assessed the projects to determine the existing need for the project and to ensure that there was minimal duplication with projects previously approved.

Leading into the approval meeting, the details of all concept notes to be assessed at the meeting were entered into a “batch file”. This batch file was used as input into the World Bank’s system.

Whilst the batch files contained full project details of planned budgets and sectors, the information was limited in that the files did not contain information on planned future projects, nor on expenditures and disbursements. However, this file was used as the basis for determining current project allocations to both sectors and locations, and details from the batch files were sent to individual agencies for verification prior to the production of system outputs.

A detailed example of a *concept note* can be found in the attachments to this case study, showing full details of required information.

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<sup>7</sup> An example *concept note* can be found in the attachment of this report



## c) BRR budget

Whilst the Government's Agency for the Rehabilitation and Reconstruction of Aceh and Nias, BRR, was originally established to oversee the coordination of the reconstruction effort, it evolved to also become an implementation agency with a total budget in excess of US\$3 billion over its mandate of four years (from 2005 to 2009). The total budget consists of debt moratorium<sup>8</sup>, loans and grants. BRR is required to submit a proposed annual budget to the national Government of Indonesia for its approval each year, along with details of expenditures (disbursements) to date on all previous years' budgets. The annual budget is detailed at the sector level, and contains financial information on planned projects.

This budget information (in Microsoft Office Excel format) is used by the World Bank's system to determine the Government's commitments, allocations and disbursements by sector.

## d) Project data from donors

In the initial data collection exercise, data on donor projects was taken from the concept note batch file. Projects were separated for each donor, and donors were asked to verify the accuracy of their projects, as well as to include details of future projects for which the donors had allocated funds.

For subsequent data collection exercises, the donors were presented with their last data submission, and were asked to update it with the latest information. This process had some significant benefits: many donors (and NGOs) witnessed high staff turnover post-tsunami, and institutional knowledge was often lost when staffed moved on. When the donors' previous data submissions were presented back to them, they were more easily able to determine where and how the data was put together; and therefore able to update it in a consistent and timely manner.

The following donors have contributed to the data collection exercises:

*Bilateral*

Australia  
Canada  
France  
Germany  
Italy  
Japan  
Netherlands

New Zealand  
Singapore  
South Korea  
Switzerland  
United Kingdom  
United States

*Multilateral*

Asian Development Bank  
European Union  
United Nations  
World Bank

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<sup>8</sup> from CGI

*Special case: Multi-Donor Fund*

It should be noted that many of the donors listed above also contribute to the MDF. To avoid double counting, the amount of the contributions of those donors towards the MDF were removed from their stand-alone contribution amount.

*Special case: United Nations*

Data for all United Nations agencies were taken from Ocha's Quarterly Accountability Statement. This statement was conducted at the request of the UN Recovery Coordinator, and collated information on financial commitments and expenditures. By using this data, UN agencies were not required to duplicate reporting processes.

e) Project data from NGOs

As with donor data, the initial data collection exercise began with an analysis of the concept note batch file. NGO data was extracted, detailing financial allocations, sectors and project locations. In line with the donor data collection process, NGOs were presented with their previous data submission on subsequent data collections, and asked to update disbursements data, include additional commitment information, and check for accuracy.

Due to the large number of NGOs present in Aceh and Nias, the top 20 NGOs were targeted as part of the data collection process.

The data submission process for donors and NGOs is a manual process undertaken at the request of BRR. Formally, BRR wrote to each of the organisations requiring them to submit data to the World Bank for analysis. Bank analysts then contacted the agencies directly to follow up and ensure timely delivery of data. As data submissions progressed, agencies became accustomed to providing the Bank with the required data, and the need for the formal request from BRR subsided.

*Special case: Red Cross and Red Crescent Movement*

The Red Cross and Red Crescent movement (RCRC) composed of the IFRC and participating National Societies and was by far the largest NGO and a substantial donor in its own right. To ease operations, the RCRC entered into a collective MoU with the Government of Indonesia in relation to its tsunami response. It then established an internal coordination mechanism two months after the tsunami whereby concept notes were presented, reviewed and approved collectively by the movement's partners. Approved concept notes were then consolidated on a monthly basis, entered into a RCRC database and were then forwarded to both the World Bank and to BRR for inclusion in their reporting processes. It should be noted that

individual RCRC partners were responsible for entering and updating their own projects into BRR's project database, the RAN.<sup>9</sup>

#### 4.3.2. Data definitions

##### *Sectors*

The sectors used in the damage and losses assessment were based on the standard ECLAC definitions, and grouped into four broad categories:

##### **Social Sectors**

Education  
Health  
Community, culture and religion

##### **Productive Sectors**

Agriculture & livestock  
Fisheries  
Enterprise

##### **Infrastructure and Housing**

Housing  
Transport  
Communications  
Energy  
Water & sanitation  
Flood control, irrigation works  
Other infrastructure

##### **Cross Sectoral**

Environment  
Governance & administration  
(incl. land)  
Banking & finance

Detailed definitions of these sectors can be found in the appendix. These same sectors were used for the needs assessment, and then maintained throughout subsequent analysis and reporting to ensure consistency. However, the ECLAC methodology suggests that sector definitions should be in line with the sectors as used by a nation's National Accounts. Macroeconomic analysis is then made easier, as well as more easily matching funding from line ministries.

Whilst the use of these sectors made for consistent and easy analysis of data, the sectors did not match those used internally by the reconstruction agency, BRR. This resulted in further manipulation required by BRR to enable appropriate comparison between its budget allocations and the needs assessment.

##### *Funding definitions*

The following funding flow definitions were used:

**On and Off-budget:** The tables in the reports include both on-budget and off-budget spending. Donor funds which are channelled through the government are defined as on-budget. If funds are channelled directly to projects they are defined as off-budget.

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<sup>9</sup> See section 5.2

**Donor disbursement:** Donor disbursement data is directly gathered from each major donor. The financial allocation made by donor is classified as disbursement if the fund had been spent on a project. The fund transferred to the Government or NGO accounts but not ready to be spent on a project would not be defined as disbursement.

**NGO disbursement:** Disbursement refers to the funds that have been spent on the projects directly or has been transferred to implementing agencies. NGO disbursement data is obtained mainly from BRR, from NGOs directly, and to some extent additional information from NGOs' websites and financial reports.

**Government of Indonesia disbursement:** Central Government disbursements consist of two categories: BRR budget and deconcentrated (line ministries) expenditures. The term disbursement refers to actual spending against project activities, i.e. based upon disbursement orders from the treasury service offices to the central treasury account. Data was been provided by the Directorate General of Treasury in the Ministry of Finance.

**Exchange rate:** The financing numbers are expressed in US Dollars. Data in non-US Dollar donor country currency was converted to US Dollar using exchange rate at the time of a project being entered into the BRR concept note database.

The exchange rate between Indonesian Rupiah and US Dollar was originally US\$1=10,000 Rupiah but has fluctuated as the US dollar has weakened in global markets.

#### 4.3.3. Processing

##### *i) Needs assessment*

In the month following the tsunami, a damage and losses assessment was rapidly made, by sector. This assessment formed the basis of the needs assessment which was used as an input into the system in order to establish gaps in funds allocated. The damage and losses assessment estimates total physical damage and also future losses, including any additional expenses related to clean-up. Adjustment was made to this assessment to remove any damages or losses that could be privately funded (for example by insurance) to focus on the amount of money required from either Government or international actors. This resulted in an estimate of the *core minimum needs* that broadly defined the amount of funding required to replace physical assets damaged to pre-tsunami levels.

However, it should be noted that the value of damages can be further supplemented to define the broader financial needs of the reconstruction program by introducing criteria from the reconstruction strategy. In February 2005 the United Nations announced the appointment of former United States President Bill Clinton as the Secretary-General's Special Envoy for Tsunami Recovery. Part of the Special Envoy's intention was to "champion a new kind of recovery, one that not only restores what existed previously, but goes beyond, seizing the moral, political, managerial and

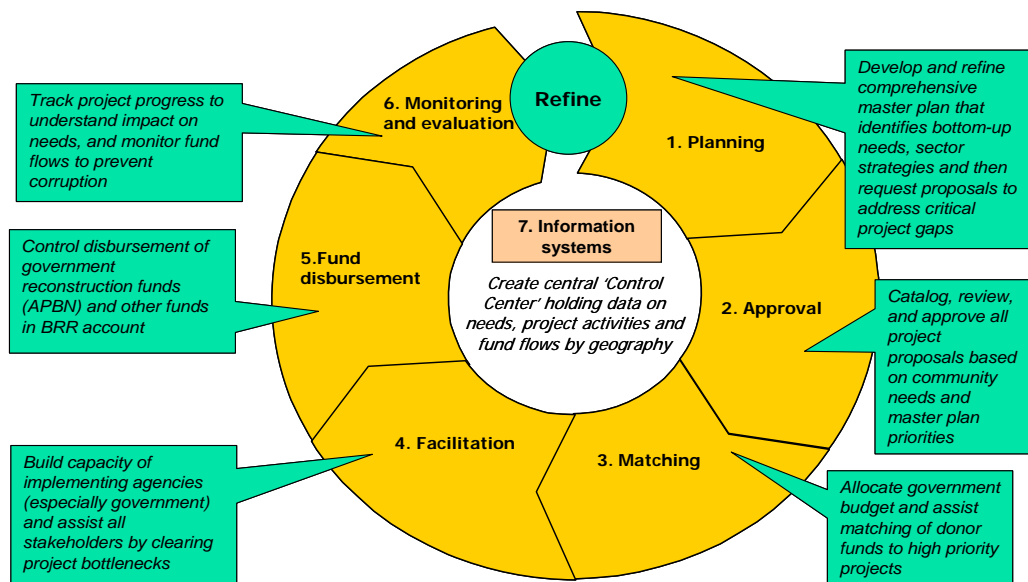
financial opportunities the crisis has offered governments to set these communities on a better and safer development path”. Section 6.f *Revise the needs analysis* later describes how the core minimum needs can be adjusted in order to give an estimation of the cost to ‘build back better’.

### ii) *Concept Note data*

Central to the first data collection, was the collection of *concept note* data from BRR. Figure 5 depicts BRR’s project planning and approval cycle, where at stage 2 of the cycle, all executing agencies were required to submit project proposals, or concepts, which were then assessed and approved if matched against identified needs. The concept notes required detailed information on the project including financials, geographical distribution, beneficiaries, outputs, and more. An example concept note can be found in the attachments to this report.

On reviewing concept notes, BRR recorded all project information into a Microsoft Office Excel spreadsheet. This spreadsheet (known locally as the approvals ‘batch file’) was updated fortnightly for each round of concept note approvals, and contained the required data about funding sources, which then enabled the identification and removal of projects that may have caused double counting. The data also enabled the segregation of funds into sectors and geographical areas.

Figure 5: *Reconstruction and Rehabilitation Agency processes*



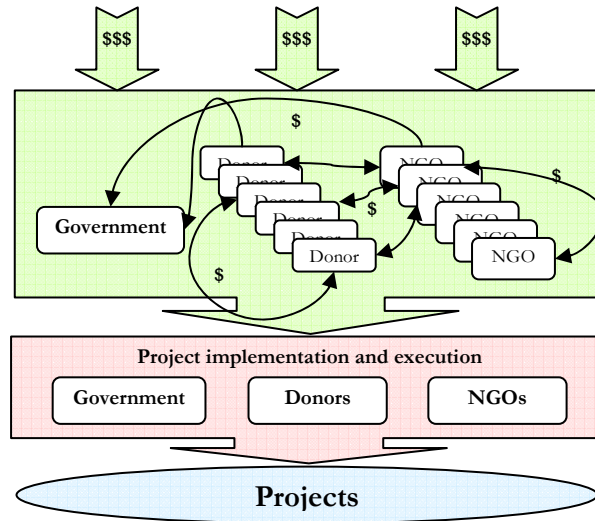
Source: BRR, 2005

### iii) *Removing duplicates from donor data*

Figure 6 below shows the complexities experienced in Aceh with the multitude of actors and donors present. With such an outpour of financial support from communities around the globe towards international NGOs, many of these NGOs

then had large funds of their own available, many for the first time at such high levels. This resulted in complex funding flows between traditional donors, international NGOs, UN agencies, local NGOs and the Government, where funds would be transferred between multiple levels of agencies before reaching the executing (or implementing) agency where the funds were ultimately dispersed.

**Figure 6: Funding flows across reconstruction actors**



Source: World Bank

These complex arrangements created a risk that funds could be double (or triple) counted when reported, so it was important that it was clear as to whether the funds were reported at the original donor level, or at the executing agency level, and that any duplication of funds were removed from analysis. Whilst there were good arguments from donors to report at the donor level to ensure transparency, the complexities of this prevented meaningful detailed analysis at the sector (and geographical) levels. Therefore, data was reported at the executing agency level where it was possible to identify sources of funds, and remove these from the donor amounts.

The following definition was used in reporting to provide clarity on the issue:

**Double counting:** Occasionally financing figures are susceptible to double counting, since an institution may provide financial resources through other institutions. For example, a donor country provides project funds, but the project is implemented by another donor country or NGO. Both institutions report the same project concept note to the BRR. In order to avoid double counting, distinction between execution and contribution is made. The financing numbers are based on an execution basis. In other words, they take into account the institutions implementing projects rather than institutions contributing to funds.

The effect is to understate the donor figures, and overstate the NGO and UN contributions. However, there is more certainty that the double counting of funds is minimised, therefore providing more reliable data.

*iv) Removal of non-reconstruction project data*

Fengler<sup>10</sup> explains that emergency spending is often significant, but the activities tend to conclude in a relatively short timeframe and provide relief during the initial difficult stage of recovery. Reconstruction finance tracking should exclude emergency and relief spending and focus on the funding required for investments to replace assets that have been damaged or lost.

By comparing the data in the concept note batch files with that provided directly by the agencies involved, analysts were able to determine which projects were related to the emergency response and relief phase occurring immediately after the disaster (such as the provision of medicine, temporary shelters, food, and cash for any clean-up work), and which projects related to the ongoing reconstruction and rehabilitation phase of recovery. Projects not relating to the ongoing reconstruction effort were put aside and excluded from further analysis.

*v) Allocating projects to sectors*

Defining sectors without ambiguity in definition was problematic, so to resolve this, the World Bank's analytical team requested a detailed description of each project from the data providers. Based on the project description, projects (or part thereof) were then allocated to appropriate sectors (based on the definitions found in the appendix). This task was undertaken for each data collection, with a record of the previous allocations kept for future reference. This ensured consistency between data reporting periods, and consistency in the definitions of sectors used between agencies.

*vi) Creating the master funding tables*

Once the data detailed above had been collected and categorised, the master funding tables were produced, as shown in Table 1 below. These tables are the core element of the tracking analysis. The tables summarize the allocations (and separately the disbursements) of the overall reconstruction program for each sector and agency type. The sectors used matched the categories of those sectors defined in the damage and losses assessment, and needs assessment.

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<sup>10</sup> Fengler W, *Tracking and Measuring Financial Flows after Disasters: Establishing a Reconstruction Expenditure Tracking Analysis Methodology (RETAM)*, 2007

**Table 1: Summary of Aceh & Nias reconstruction funding allocations (US\$ millions)**

	BRR	Donors	NGOs	TOTAL
<b>Social Sector</b>	<b>313</b>	<b>750</b>	<b>484</b>	<b>1,547</b>
Education	105	301	149	556
Health	96	236	255	586
Community, culture and religion	113	213	79	405
<b>Infrastructure</b>	<b>1,051</b>	<b>1,004</b>	<b>814</b>	<b>2,869</b>
Housing	545	234	622	1,401
Transport	244	516	30	790
Communications	56	11	3	70
Energy	30	10	5	45
Water & Sanitation	48	98	136	283
Flood control, irrigation works	129	78	2	209
Other Infrastructure	0	57	16	72
<b>Productive Sectors</b>	<b>187</b>	<b>189</b>	<b>269</b>	<b>645</b>
Agriculture & Livestock	40	32	79	150
Fisheries	52	46	56	154
Enterprise	94	112	135	341
<b>Cross Sectoral</b>	<b>396</b>	<b>160</b>	<b>74</b>	<b>630</b>
Environment	12	48	34	94
Governance & Administration (incl. land)	384	112	25	521
Bank & Finance	0	0	15	15
<b>Total</b>	<b>1,948</b>	<b>2,103</b>	<b>1,641</b>	<b>5,691</b>

Source: World Bank, 2007

Once these tables were produced (for both allocations and disbursements) they formed the basis for further analysis, and enabled data comparisons as shown in section 4.3.5 on Output.

#### *vii) Verifying data*

Once project data had been cleansed, by removing duplicate and non-reconstruction data, and apportioning funds to sectors, data was sent back to the data providers for confirmation of projects allocations.

#### 4.3.4. System refinement

The system changed after the first round of data submissions, when a verification process was allowed for. The initial data processing of NGO data was wholly based on the concept note data. In subsequent reporting periods, the analytical team would send to data providers their previous data and ask for the data to be updated and verified.

#### 4.3.5. Output

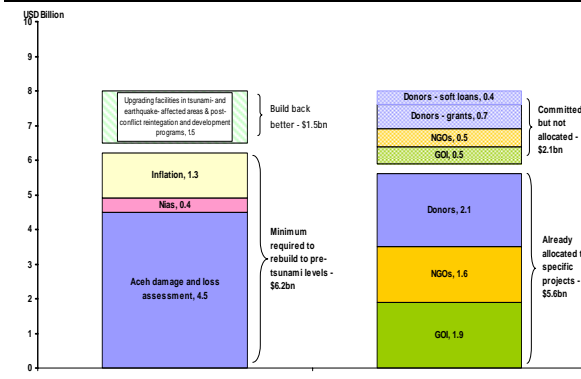
A range of outputs were produced at various times to meet the needs of stakeholders. In addition to formal publications (detailed below), quarterly updates were produced in Microsoft Office Word and PowerPoint format containing key tables and graphs.



The publications generally contained a broad picture of where the reconstruction process was at, and included detailed analyses of the financial progress to date.

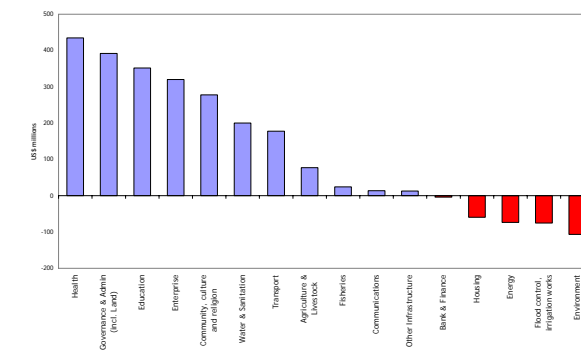
The following four graphs shown in Figure 7 have been noted as the key pieces of information used by stakeholders.

Figure 7: Examples of key outputs



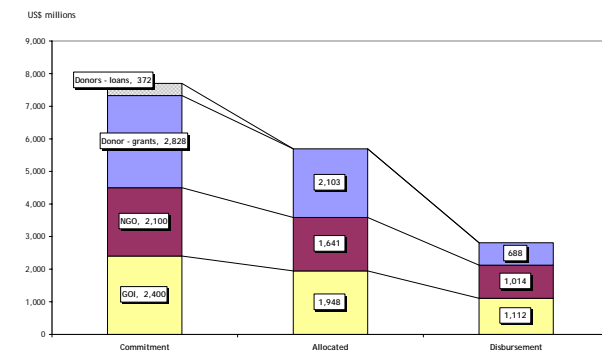
*Needs versus allocations*

This key graph illustrates the comparison between the “core minimum needs” and the total allocation of funds to projects. It highlights the amount of money going into “building back better”, as well as the extent to which some funds are yet to be allocated to specific projects.



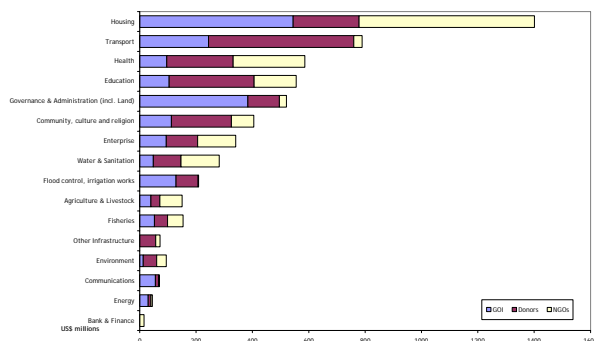
*Sectoral gaps*

This graph shows the gap between funding allocations, and the amount of money needed to meet “core minimum needs”. Blue bars show that sectors have enough funds to rebuild to pre-tsunami levels; whilst red bars show a deficit in funding.



*Funding flows*

Demonstrated in the diagram is the funding flow of contributors from their commitments, to allocations to projects, to funds disbursed. This particular graph reveals that approximately 50 percent of allocated funds have been disbursed.



### Allocations by sector

Highlighted here is the difference in allocation choices made between contributor types across sectors. For example, the 2<sup>nd</sup> and 5<sup>th</sup> bars down show that NGOs allocate less funds towards the transportation and governance sectors than the Government or donors.

Source: World Bank, Mar 2007

These graphs and associated data have been produced in publications, briefing notes and presentations since 2005, including:

### Publications<sup>11</sup>

- |               |  |
|---------------|--|
| January 2005  | Bappenas, <i>Indonesia: Preliminary Damage and Loss Assessment, The December 26, 2004 Natural Disaster</i>   |
| June 2005     | World Bank, <i>Rebuilding a Better Aceh and Nias, Preliminary Stocktaking of the Reconstruction Effort Six Months After the Earthquake and Tsunami</i> |
| October 2005  | BRR and World Bank: brief for CFAN, <i>Rebuilding a Better Aceh and Nias, Stocktaking of the Reconstruction Effort</i>                                 |
| December 2005 | BRR and partners, <i>Aceh and Nias One Year After the Tsunami, The Recovery Effort and Way Forward</i>   |
| December 2006 | BRR and partners, <i>Aceh and Nias Two Years After the Tsunami, 2006 Progress Report</i>   |

### Progress briefing notes<sup>12</sup>

- |               |   |
|---------------|---|
| November 2006 | Reconstruction Financing Brief                              |
| November 2006 | Reconstruction Progress: Disbursements and Physical Outputs |
| November 2006 | Housing: Financing and Progress Report                      |

The presentations (in Microsoft Office PowerPoint format) have proved particularly useful to donors who were able to simply cut-and-paste key information into their

<sup>11</sup> Available from: <http://go.worldbank.org/TTAEQW4DR0>

<sup>12</sup> Available from: <http://go.worldbank.org/K64795H580>

own reports for briefings and presentations to head offices, ministries, and relevant ministers. This ease of use of output has provided donors an additional incentive to provide reliable information.

#### *Regularity of updates*

During the first two years, updates were made on a quarterly basis. A balance is required by stakeholders between allocating precious time to provide data, and in receiving up-to-date information for use in decision making. The Government and donors have confirmed that quarterly updates were preferable in the immediate years after the tsunami. However, as time progressed, only the disbursement figures changes significantly, and less funds were being allocated, and therefore the regularity of the updates could be relaxed. It is broadly suggested that after two years, half-yearly updates are adequate.

#### 4.3.6. Access

Due to the manual nature of the system, output (as detailed in section 4.3.5) was ‘pushed-out’ by the World Bank to data-providing stakeholders via email. Non-data-providing stakeholders would usually access the data through the distribution of publications, mainly distributed by BRR.

In later periods, all updates (reports, progress briefs and presentations) were published on the Bank’s publicly accessible Indonesian reconstruction website:

[www.worldbank.org/id/reconstruction](http://www.worldbank.org/id/reconstruction)

## 5. Evaluation of the system

### 5.1. Useability

Use of the system's output has been varied depending on the type of organisation, and has also changed over time. The Government and donors appear to have found the system more useful than NGOs and United Nations agencies, primarily because the latter tend to be more focussed (or restricted) to specialist areas.

In general, data providers have given broad support to the data collection and reporting process, and have understood the limitations with the output. Some agencies have suggested that with the reconstruction agency being under such immense pressure with limited capacity, it was beneficial that the system was processed outside of the Government, within the World Bank.

Given the manual nature of the process with low IT overheads, the system has proven cost effective with a small team dedicated at key times throughout the process. Minimal technology developments were required, however, the system is labour intensive during the processing periods.

#### 5.1.1. Government

Mainly through the reconstruction agency, BRR, the Government has used the output in a number of ways that influenced budget allocation, policy decision making and communication with external organisations, including:

- i) Provided the big picture of funding activities;
- ii) As an input into the planning and budget process. Whilst not the main source of data, the output has influenced the decisions made on budget allocations;
- iii) Identified funding gaps, particularly on which sectors executing agencies are directly their efforts. Of particular use is the analysis of agency types (i.e. donor versus NGO) by sector, which enabled the Government to direct funds towards a) under-funded sectors, and b) sectors with insufficient funding aimed at physical reconstruction<sup>13</sup>;
- iv) Provided an input into the BRR's accountability statement back to national Government;
- v) Aided communication to broader stakeholders. The provision of credible data in presentation format allowed the reconstruction agency to readily use the output to communicate with external stakeholders, to provide regular updates on progress, and in seeking support towards directing unallocated funds towards under-funded sectors; and
- vi) The Government's National Coordinating Board for Disaster Management (Bakornas PBP) also used the output for monitoring and evaluation purposes.

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<sup>13</sup> Such as the health sector – which appeared to have received adequate funding in aggregate, however much of the NGO disbursement in health was directed at intangible projects (such as staff training), rather than physical repair of health infrastructure.

### 5.1.2. Donors

Early output from the system was influential with donors, primarily in providing an input into decisions on where to allocate funds. It was also been useful in assisting with providing background and progress data for reporting purposes. Output use included:

- i) Providing a picture showing the performance of donors compared to NGOs and the Government;
- ii) In conjunction with internal data, donors used the sectoral gaps data as input into decisions on where to allocate funds. This occurred primarily in the first year when the majority of funds were allocated, after which the usefulness of this data declined;
- iii) The provision of credible data in presentation format allowed donors to readily use the output to report back to parliaments, ministries and ministers;
- iv) The needs assessment proved useful in informing the direction of potential projects; and
- v) Understanding the positioning of actors: donors used the output to provide comparisons between donors, which was been useful when reporting back to base, particularly when assessing the performance of donors' disbursements.

### 5.1.3. NGOs and special interest agencies

Special interest agencies, such as United Nations agencies often have a clear mandate within a given sector and with Government ministry counterparts. For example, UNICEF's focus on education and health will guide their funding allocation decisions. Therefore, the usefulness of understanding the broader picture is minimised. NGO use of the data has been more limited than that of the Government or donors for similar reasons, as they often have a clear mandate to focus their effort on specific sectors.

The agencies tended to find the gaps analysis, along with the reporting of disbursements by sectors more useful. The majority of these agencies still discussed the need to have a broad big picture of the extent of funding available.

### 5.1.4. Adapting the system for future use

By design, the system was not planned to be everlasting, but rather to simply provide a picture of financial progress during the reconstruction phase of the recovery. As such, there was not a strategy to transfer the system to local authorities or to be incorporated into national systems.

However it is feasible for such a methodology to be employed by local authorities to monitor donor and NGO activities. A short practitioner's guide<sup>14</sup> has been produced

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<sup>14</sup> Fenger W, *Tracking and Measuring Financial Flows after Disasters: Establishing a Reconstruction Expenditure Tracking Analysis Methodology (RETAM)*, 2007

by the World Bank's Indonesia country office which details the steps involved in creating the master funding tables, and should enable future application of the system in other post-disaster environments with relative ease.

## 5.2. Recovery Aceh Nias Database (RAN)

The monitoring and evaluation of reconstruction spending received considerable attention. In January 2005, United Nations Under-Secretary General Jan Eegeland announced that the international community would establish a system that would “show that we are up to the task, not only getting relief to the needy parties, but also in keeping track of every penny”.<sup>15</sup> Following its proven introduction in Afghanistan in 2003, UNDP then rolled out the Development Assistance Database (DAD) to four of the worst tsunami-affected countries. The Indonesian Government agreed to implement the DAD, and after some modification the DAD was implemented in Aceh and Nias and renamed the Recovery Aceh Nias database (RAN).

The RAN however, was not launched until November 2005, and went through substantial system development whilst live in the field. The development transformed the RAN giving it extra functionality and purpose that was not experienced in the other countries using the DAD. The key development was the ability to enter project information in relation to planned and actual outputs (or “key performance indicators”, KPIs), and therefore conceptually provided BRR with the ability to monitor physical progress, in addition to provide transparency around funding flows.

This additional functionality created problems in practice, mainly due to the complex funding arrangements between the large number of actors present in the field. On one hand, the system was attempting to track the funding flows between the original provider of funds, and subsequent agencies. On the other hand, implementing agencies were required to enter very specific project details. In practice, there was often a disconnect between these two goals of tracking the funds and monitoring the physical outputs; leading to duplications in funding and project data, and data inconsistencies.

It then took many months for participating agencies to enter the required data. Whilst BRR required each and every agency to enter their projects' details into the RAN, and to keep the project details updated, agencies found this challenging. Agustina CD<sup>16</sup> describes some of the challenges that the RAN faced specifically in Aceh and Nias, including:

- The system design was highly detailed and complex, requiring significant time commitment on behalf of those entering project information;
- There was a lack of clear methodology, and user manuals, definitions, and descriptions of terminology were not widely available to assist users;

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<sup>15</sup> Press Briefing by the UN Emergency Relief Coordinator, 14 March 2005  
([http://www.un.org/News/briefings/docs/2005/Egeland\\_Briefing\\_050314.doc.htm](http://www.un.org/News/briefings/docs/2005/Egeland_Briefing_050314.doc.htm))

<sup>16</sup> Agustina CD, *Tracking the Money: International Experience with Financial Information Systems and Databases for Reconstruction*, 2007

- The tool was developed as a proprietary system and proved inflexible when BRR required program modifications; and
- The tool suffered from poor speed performance compared with alternative tracking systems.

BRR dedicated a committed team of people to support agencies in updating their projects in the RAN. However, much of the team's time was spent addressing the challenges described above. As a result, two years post-tsunami, the RAN was still unable to provide BRR with the required overview of financial commitments, allocations and expenditures from donors and NGOs, and there was a continued need for the Bank's methodology to operate in order to provide the big picture overview required by most stakeholders.

As BRR continued to require agencies to submit data to the RAN, there remains some duplication of effort for data providers as they provide data to both the World Bank, and to the RAN.

### 5.3. Potential system enhancements

The system has many stakeholders from which it draws on for data. The information needs of this diverse group of stakeholders vary, and these needs have not always been met fully by the system. The following list details suggestions and requests from various stakeholders on how the system could add more value.

#### *a. Parallel reporting at the donor level*

With the large number of organisations contributing, the system's processing and outputs focussed on the executing agencies. Both donors and the Government are also keen to get more detailed analysis of high-level donor and country contributions. The system could also provide a brief and useful analysis of total commitments and allocations by donor (particularly bilateral and multilateral actors), in addition to existing output.

As discussed in section 4.3.2 above on data definitions, there was a real potential risk of double counting funds. In order to mitigate this risk, a distinction was made between execution and contribution. When reconstruction programs are managed by a smaller number of players and the number of NGOs is limited, then focusing on the funding agencies / donors is deemed the better option, as was the case for the reporting of the 2006 Yogyakarta earthquake<sup>17</sup>.

#### *b. Physical progress*

Whilst the system was not designed to report on physical progress, the reconstruction community in Aceh and Nias still lacks meaningful physical progress

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<sup>17</sup> Java Reconstruction Fund, *One Year After The Java Earthquake and Tsunami: Reconstruction Achievements and the Results of the Java Reconstruction Fund Progress Report 2007*, 2007

data two years after the disasters struck. With the system's effective data collection processes, consideration could be given to expanding the mandate of the system to further report on the physical progress of the reconstruction effort.

*c. Measuring impact*

There is very little information available on the actual impacts of projects post implementation. Whilst it was not intended for the system to monitor or assess such impacts, there remains an evaluation need to discern the effectiveness of the reconstruction effort.

*d. Sector analysis by contributor type*

Section 6.g later describes the issue of appropriately matching funding allocations to the needs assessment. Whilst physical reconstruction was foremost in the reconstruction effort, there have been many projects aimed at intangible outputs, such as capacity development. An assessment of sectors by contributor type (Government, donor or NGO) has given the Government some insight into the types of projects being funded by other agencies, and has therefore allowed it to identify areas where funding for physical assets remains low. An example of this has been witnessed in the health sector, where NGOs have played a pivotal role in training new health sector employees, and enhancing the skills of existing staff. By understanding this focus of the NGOs, BRR was able to investigate the amount of funding allocated towards the rebuilding of physical assets such as hospitals and health centres: an area that turned out to have insufficient funding.

*e. Geographical breakdowns*

The use of the concept note batch file enabled the breakdown of NGO funds by project location. However, the data was often not available from donors. There is a clear need in the case of natural disasters to have transparent and accessible geographical information and systems that can link to, or provide, geographical mapping capabilities (GIS). These can be effective in assimilating and disseminating pre-planned, historical and real-time information, such as financial needs and funding allocations across regions to many sources. Such capability can provide actors with the ability to assemble large amounts of public information about communities, and analyse and use the information in an efficient, intelligent manner.

One particular need in Aceh and Nias was to ensure that districts received adequate funding to meet the reconstruction needs. If adequate geographical data was available from all data providers, analysis could have been produced that showed needs compared to allocations and commitments, thereby highlighting any districts that were not receiving adequate funds.

One problem encountered was that donors often provide funds to implementing agencies based on sector allocations, rather than geographic requirements. The



donors then are often unaware of which geographical districts are receiving the funds.

*f. Reach out to all stakeholders*

The system proactively gathered data, and output was then shared with all those who contributed information: the Government, bilateral and multilateral donors, and the top 20 NGOs. But, with over 300 agencies active in the reconstruction effort, the output was not pushed out to agencies outside of the data submission group. Remaining agencies have relied on BRR's publications to gain access to the output. Two years post-tsunami, the output is available on the World Bank's website, but there remained a number of smaller NGOs that were unaware of how to access the information. The following suggestions were made to increase the availability of information to a broader range of actors:

- push out the analysis to an electronic mailing list of all actors interested in receiving the data; and
- more widely publicise the availability of the output on the Bank's website.

*g. Broader needs analysis*

The tsunami reconstruction in Aceh took place amid communities recovering from decades of internal conflict. Much of the province's infrastructure had suffered from neglect and there was a clear need to invest in communities that had been affected by the conflict. Indeed, it is often difficult for actors to distinguish between the needs of communities that have been affected by the tsunami and those affected by the conflict. Consideration can be given to the broader needs of the community so as to determine the most effective recovery plan.

## 6. Lessons learned

### *a. Data collection process*

A proactive data-gathering approach with strict quality control is important in ensuring the integrity and consistency of data. The data submission processes were a requirement of BRR with data being collected and processed by World Bank analysts. This allowed the analysts to ensure that timely and accurate information was collected from data providers. The compulsory nature of the data submission process also ensured a high level of compliance.

Furthermore, data quality is maintained as data is entered by the World Bank analysts into the system. This contrasts with the RAN system, where data is entered into the system directly by data providers, creating data quality challenges for RAN management.

### *b. Involve local government*

The system was conceived in a joint collaboration between national Government agencies and the World Bank. More value may have been added by involving local government at an earlier stage in the design process to ensure that local needs could also be met by the system, and to ensure that local government fully understood and had confidence in the system.

### *c. Well-defined terminology*

It is important to be absolutely clear about terminology and to ensure that definitions are communicated to all stakeholders.

#### *i) Sectors*

The system's sector definitions are based on the standard ECLAC sectors, and there is a clear need to be consistent in the use of sector definitions, particularly when conducting the sectoral gaps analysis to identify shortfalls in sector funding. However, ECLAC methodology suggests that the sectors used in the damage and losses assessment should be aligned with the relevant country's National Accounts. These sectors should then be used consistently by all actors, including the reconstruction agency.

ii) Financial definitions

Many terms are used by the multitude of actors in internal accounting and reporting systems often with varying meanings, such as:

Pledge	Received	Disbursed
Commitment	Available	Expenditure
Allotment	Obligated	Requirement
Allocated	Spent	Planned
Unallocated	Contributed	Earmarked

“Allocated” can mean that funds have been budgeted by the donors towards tsunami reconstruction (i.e. a donor’s internal budget allocation); or it can mean that funds have been specifically tied to certain projects. These two definitions are quite different, and yet the term is used freely by many actors.

Similarly, defining “disbursements” in relation to projects can be problematic, as money often flows through multiple channels prior to disbursing from the project to the beneficiary. Measuring disbursements from the final implementing / executing agency ensures consistency.

d. *From emergency relief to reconstruction*

The system was designed to capture reconstruction and rehabilitation projects only, and exclude (by removing from analysis) any projects that focused on the emergency and relief phases (such as the provision of medicine, temporary shelter, food, and cash for any clean-up work). With the sheer scale of the disasters in Aceh and Nias, the traditional emergency phase extended beyond normal lengths. There was also a significant effort put into transitional and early recovery phases of the reconstruction effort.

The boundaries between these phases can be ambiguous, and it is important to be able to clearly identify in which phase a project is active, and to have clear definitions around what constitutes a reconstruction project. Reconstruction and development programs were classified as those that would build back and/or upgrade physical, economic and social assets.

e. *Carefully assess damages and losses*

Immediately after disasters, the immediate attention is often entirely focused on emergency aid to help survivors. However, a valuable contribution can be made in the early weeks by conducting an assessment of damage and losses. Such assessments often guide the initial funding decisions by donors and influence the reconstruction process for years to come. Indonesia benefited from applying the standard methodology developed by the UN’s Economic Commission of Latin America (ECLAC), a standard accounting tool, to estimate the replacement cost of destroyed assets and the resulting foregone earnings or losses. Damage and loss numbers will

remain the benchmark for the whole reconstruction period and at the core of many funding decisions.

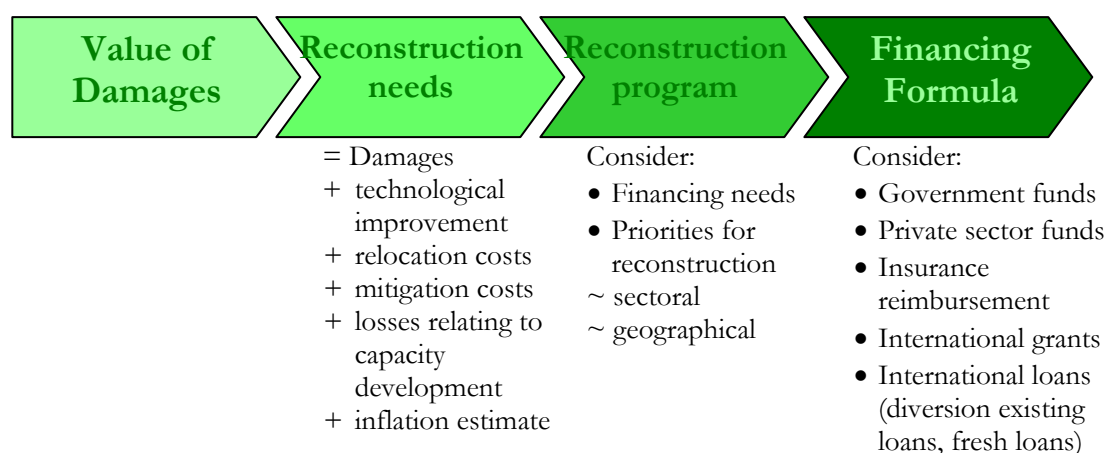
*f. Revise the needs analysis*

Two key learnings in relation to the needs assessment have arisen following this review:

i) the needs assessment that follows from the damage and losses should follow the methodology described by ECLAC, specifically that “the value of damages must be supplemented to define the financial needs of the reconstruction program by introducing criteria from the reconstruction strategy and inflation rates”<sup>18</sup>. Figure 8 below shows the ECLAC process for transforming a damage and losses assessment into a comprehensive needs analysis. The needs analysis should also include those losses that relate to capacity development where capacity has been reduced by the disaster (as was the case with the tsunami). Specifically, the following factors must be considered and assessed:

- ~ Quality improvements
- ~ Technological innovation
- ~ Introduction of mitigation methods
- ~ Relocation to safe areas
- ~ Costs of skills development training
- ~ Overall multi-year inflation due to a combination of both speculation and scarcity

Figure 8: *Creating damage and losses assessments for reconstruction planning*



Source: adaptation based on information from Roberto Jovel, ECLAC

<sup>18</sup> Roberto Jovel, ECLAC

ii) the needs should be reevaluated at appropriate times. The value of the sectoral gaps analysis had diminished over time as stakeholders felt that the needs as originally defined had both progressed and changed since established.

In Aceh, “core minimum needs” were established in order to calculate the minimum funding required to be build back to pre-tsunami levels (see section 4.3.3.i on defining core minimum needs). This assessment assumes that a portion of the damage and losses of households and the private sector will be covered by households and the private sector, possibly through insurance or savings. *Core minimum needs* are also a first-step financial benchmark for governments and donor-funded reconstruction programs.<sup>19</sup>

*g. Matching project allocations to appropriate needs*

The needs assessment used in Aceh was predominantly an estimate of the cost to replace physical damage within given sectors. However, the funding allocations from contributors include a much wider spectrum of projects, including non-tangible endeavours such as training and capacity building. Therefore, it is likely that the gaps analysis underreports the amount of funding required for the replacement of physical assets within sectors. A clear example in Aceh is the health sector, which received substantial allocations of funds from NGOs that were not directed at physical reconstruction projects; whereas the health needs assessment primarily assessed the costs to repair hospitals and health centres. It is important therefore to ensure that the funding allocations and needs assessment are aligned.

*b. Communicating the methodology*

The multiple levels of organisations created the risk of double counting funds. Concerted efforts were made to identify and remove identifiable incidents, however, several users were unconvinced that a) this was occurring, or b) that the process was effective. This resulted in some users doubting the credibility of the information. In earlier publications, the methodology was published<sup>20</sup> which explained how duplicate data was dealt with.

*i. Defining appropriate sectors*

Consistent and meaningful analysis is made easier when the sectoral allocations and expenditures can be aligned with the damage and loss assessment categories. In this case, the damage and losses sectoral definitions followed those defined by the standard ECLAC methodology. Project funding can be divided between more than one sector if the project is cross-sectoral. ECLAC methodology also proposes that

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<sup>19</sup> Core minimum needs are defined as (i) full replacement of all public sector damage (as per the Damage and Loss Assessment); (ii) financing of private sector needs such as housing, agriculture, fishing, up to the limit set by the Master Plan; (iii) partial financing of environmental damage, which can only be addressed to a very limited degree by external interventions, and (iv) inflation adjustment given recent price trends.

<sup>20</sup> As reprinted in section 4.3.3.iii of this study

the standard sectors may be adjusted at the local level to align more closely with a country's National Accounts. This will enhance the analytical potential when aligning needs data to ministries.

*j. Verifying data*

The Bank's analytical team was dedicated during the required times and well trained in data analysis. The team worked closely with data contributors allowing them to follow up, update and verify data, and clarify any issues and problems relating to the data. This verification process also ensured consistency between reporting periods.

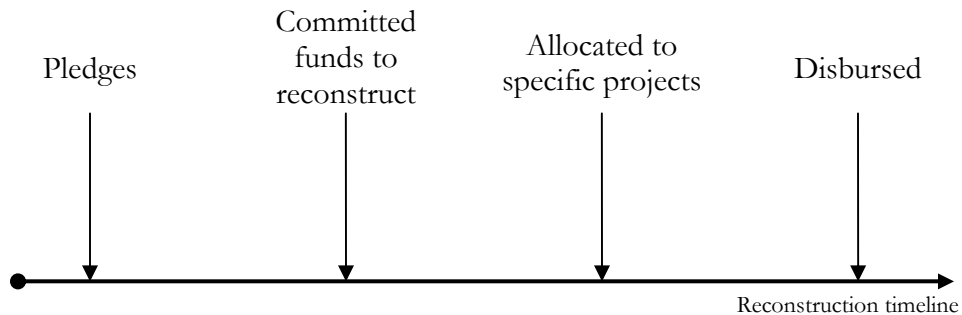
*k. Capturing changes in assumptions*

An internal lesson learned by the Bank's analytical team was to thoroughly document all changes in assumptions between reporting periods such as changes in exchange rates used.

*l. Capturing the funding flows*

Whilst there are a multitude of funding definitions, there are four key points at which the funding flows should be captured and analysed to maximum benefit. These are shown in Figure 9 below.

**Figure 9: Required funding flows**



Source: World Bank

## **7. Conclusion**

The system's output provides an overview of the funding available for the reconstruction effort, along with detail on how much of this funding has been allocated across sectors, and tracks the disbursements of these funds. Users can identify gaps in funding allocations and therefore adjust their allocations to better meet the needs of affected communities.

The system has provided informative and aided decision making particularly in the early days after the tsunami. The easy of use of output has also proved beneficial for agencies with a duty to report to their constituents.

Although the system is based on the manual collection of data, and therefore can be labour intensive and time consuming, it has proved effective in providing a broad overview of reconstruction financing at regular intervals. The manual nature of the system has revealed that a simple process, with clear scope and methodology with a small dedicated team of analysts for collecting and analysing data can produce much needed output at low cost in a post-disaster environment. Building relationships with the key players created an environment where proactive management of the data was possible, in contrast to other advanced IT systems.

By design, the system was not planned to be interminable, but rather to simply provide a picture of financial progress during the reconstruction phase of the recovery. However it is practicable for the methodology to be employed by other local authorities in post-disaster environments to monitor donor and NGO activities with relative ease.

## **Appendices**

### **Sector Definitions**



Sector	Definition	Project Example
Education	Revitalize delivery service and management system of education; designing, rehabilitation, renovation and reconstruction of school and other educational buildings; supplying education material and equipment; teacher training, advocacy, research and support on education.	Australia: Education Rehabilitation Assistance (ERA); Save The Children: Revitalization of Community and District Educational Systems
Health	Revitalization of health service and health management system; designing, rehabilitation, renovation and reconstruction of health facilities, supplying medical and health equipments, training, advocacy, research and support on health.	UNICEF: Provision of primary health care services and supplies; The Mentor Initiative: Rebuild capacity of Communicable Disease Control of the Provincial Health Office and District Health Offices throughout the Province of Aceh and Nias
Community, culture, and religion	Community regeneration program; training and capacity building to facilitate income generating activities; children and youth related activities; design, rehabilitation, renovation and reconstruction of community center and religious building; cultural lessons, workshop and events.	MDF: Community recovery through Kecamatan Development Project (KDP); Catholic Relief Services (CRS): CRS Aceh Community-Based Recovery and Development, "ACCORD"
Housing	Housing and shelter design, rehabilitation and reconstruction of temporary and permanent housing	UNDP: NAD Housing Rehabilitation Project (implementing partnership with UN-HABITAT); World Vision International: Meulaboh Permanent Housing
Transport	Revitalization of transport infrastructure such as road, bridge, port, air port and bus station	USAID : Reconstruction of Banda Aceh - Meulaboh road; IACO (International Aid and Cooperation Organization): Reconstruction of Batee Bridge, Pasir Gentang, Pidie
Communication	Generate early warning communication system; distribution of publication and information on the progress in Tsunami affected area; radio broadcast to support the social activities; and other revitalization activities on the infrastructure for communication system.	Japan: Support for Radio/TV Broadcasting Activities; Red Cross and Red Crescent (IFRC): Early Warning Communication System
Energy	Rehabilitation, renovation, and reconstruction of energy system and infrastructure such as on the electricity system; provide temporary alternative supply of the electricity; research, study and workshops on energy issues.	ADB: Power Sector Project; Soluziana S.A: Feasibility study for the development of wind energy in Nias regency, Nias Island, North Sumatra
Water and sanitation	Rehabilitation of water and sanitation facilities and systems including the water supply network such as piped water, well and spring; improvement on the access to safe drinking water and the hygiene condition; study, research and training on water system, water infrastructure, and environmental sanitation.	UNICEF: Provision of Clean Water Supply and basic sanitation facilities; THW: Rehabilitation of springs and water intakes for the tsunami and earthquake victims of Simeulue island, Nanggroe Aceh Darussalam, Indonesia
Flood control & irrigation works	Cleaning, rehabilitation and reconstruction of river, drainage and irrigation system; study and research on aquaculture project and system.	Japan: Selected Emergency Repair Work of Flood Way Dyke in Aceh; Muslim Aid Indonesia: Banda Aceh Flood Relief Flow Valves & Pump Stations
Other infrastructure	Rehabilitation, renovation, and reconstruction of infrastructure facilities other than the ones mentioned above, such as on the warehouse and repair shops.	UNDP: Restoration of minor infrastructure; Red Cross and Red Crescent (IFRC): Regional ware house preparedness Jakarta, Surabaya, Medan, Banda Aceh
Agriculture & livestock	Cleaning, rehabilitation and recovery of agricultural sector; supplying agricultural equipments/tools and inputs such as seeds, fertilizers, crops, plant protections, etc;	ADB: Restore support services, community empowerment, and restoration of farming; Solidarites: Rehabilitation of the agricultural

	providing workshops, trainings, and technical assistance on agricultural planning, land mapping, and production management system for sustainable livelihood.	means in the tsunami affected area
Fisheries	Recovery and reactivation of fishery sectors through provision of credit and loans to purchase fishery equipments ; rehabilitation and reconstruction of fishery piers, market, cold storage, and ponds; reconstruction and provision of boats, nets, and other fishing materials and tools; providing workshops, training, and technical assistance on fishing techniques, navigation, system, and distribution management.	World Bank: Support for Fisheries Sector Post-Tsunami Rehabilitation; Winrock International: Aceh Fisheries Rehabilitation and Development Project
Enterprise	Recovery of trade and industries, SMEs and cooperatives, as well as on manpower issues; community regeneration through small industry development and financial access or loan for micro enterprises; reconstruction and rehabilitation of markets, factories, and other business activities; workshops and training on economic capacity, skill training, production management, entrepreneur skills, etc.	Canada: Private Enterprise Participation (PEP) Implementation Project; Save The Children: Economic Recovery Assistance & Micro enterprise Development
Environment	Rehabilitation of degraded areas and regeneration of nature and forest through enrich planting and increase the environment awareness in community; redevelopment and environmental protection of coastal area and coastal ecosystem by planting mangrove and such; providing grants for all the activities in rehabilitating environment; providing workshops, training and technical assistance in environment planning, public education on environment, and assisting in developing natural hazard law, policy and regulations.	MDF: Aceh Forest and Environment Project; Leuser International Foundation (LIF): Integrating Environment & Forest Protection in to the Recovery and Future Development of Aceh
Governance and Administration (inc. land)	Rehabilitation, renovation and reconstructions of government building; government administration activities such on population census, registration of birth, registration of beneficiaries to receive relief aid; land use rehabilitation program including land clearing, land mapping, land administration, land record; capacity building including workshop and training for supporting local government.	Australia: Restoring Local Governance and Communities in Aceh (RLGCA); LGSP: Local Governance Support Program / LGSP
Bank & Finance	Rehabilitation and reconstruction of banking and other financial buildings; monitoring, evaluating and appraising on micro and small loan portfolio; capacity training and workshop on bank and finance issues.	Savings Banks Foundation for International Cooperation (SBFIC): Savings Banks Reconstruction Fund for South Asia



***For Agency use only***  
 Ref. No: Inst – 0030 - Multi  
 Date received: September 26, 2005  
 Date approved:

**BRR concept note**

Please submit a concept note for each project that your organization is leading for BRR’s approval and coordination efforts to BRR team at: [projects@brr.go.id](mailto:projects@brr.go.id)

**1 Proponent Information**

*Please fill in information on your organization*

**1.1 Contact information**

Name of project proponent:	The World Bank
Contact person:	Scott Guggenheim
Contact information (phone/address):	0811-862-650;
Email:	sguggenheim@worldbank.org

**1.2 Background information**

*Please provide a brief background of your organization and its capabilities relevant to this project:*

The World Bank is a multilateral institution that has more than 60 years of experience doing large-scale development projects. It was originally established to help with large scale reconstruction. The Bank has been a strong supporter of Indonesia’s development, but the relationship and experience have also generated a number of “hard knocks” lessons about how to approach development in turbulent environments. These include close attention to local involvement in planning; anti-corruption action plans; support to improved fiduciary and technical management, and selective use of high quality global knowledge to develop local capacities.

**2 Project Details**

**2.1 Project name**

Support for Poor and Disadvantaged Areas Project, Aceh and Nias

**2.2 Project synopsis (Brief description of projects; no more than 30 words)**

SPADA’s overall objectives are to strengthen governance, promote growth, and improve service delivery in all 17 kabupaten of Aceh. The project does this by building on the Kecamatan Development Project experience to facilitate a bottom-up planning process in each kabupaten that develops proposals based on joint identification of needs by kecamatan councils, NGOs and technical agencies. The project’s kabupaten capacity development programs strengthen the kabupaten’s ability to manage high quality participation in development planning and management: technical assistance and oversight cover financial management, dispute resolution, and technical oversight. Project supported analysis and investments will promote private sector growth, particularly for local small enterprises.

### 2.3 *Implementing agency details*

*Implementing agency is the organization responsible for the execution of the project. It can be the same organization as the proponent.*

Contact person:	Aunur Rofiq, Deputy Ministry for Development of Special and Disadvantage Areas, Ministry for Development of Disadvantage Areas
Contact information (phone/address):	Ministry for Development of Disadvantaged Areas , Jl. Abdul Muis no. 37 Jakarta – Phone ; 6221
Email:	Aunur rofiq <aunurrofiqhadi@yahoo.com>

### 2.4 *Approvals*

#### 2.4.1 *Relevant government agency(ies) - if needed*

Contact person:	Luky Eko, Deputy for Autonomy and Regional Development , Bappenas
Contact information (phone/address):	Bappenas, Jl. Taman Suropati no.1 Jakarta - phone : 6221
Email:	luky eko <lukyeko@bappenas.go.id>

#### 2.4.2 *List of outstanding approvals needed:*

BRR MDTF MOF
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#### 2.4.3 *List of approvals received:*

Bappenas KPDT
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### 2.5 *Bottlenecks:Not applicable (concept note)*

*In this section the concept note will only discuss likely bottlenecks and action that BRR might take.*

#### *What is a bottleneck?*

*A bottleneck is anything that slows down or impedes progress for the project to start or to continue. Examples include approvals needed, lack of supply chain, lack of funds, etc.*

<b>Bottleneck</b>	<b>Organization/person that is causing the bottleneck</b>	<b>How can BRR assist in solving the bottleneck?</b>
Delays in APBN releases		Discussions with DG Treasury and KPPN.
Kabupaten launch delayed		BRR to inaugurate SPADA with all bupati and DPRD's.
Partner agency delay		BRR to monitor promises versus deliverables; use of monthly coordination meetings in B.A.
Slow repeal of distorting trade regulations		BRR support for Aceh investment climate studies.
Donor overlaps		BRR to maintain GIS and adjudicate

Qualified audits delay further disbursements	disputes. BRR to support prosecution/restitution of culprits so that the project can resume.
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### 3 Project Sectors

Please insert "X" next to all relevant sub-sectors:

Sector	Sub-sector	
1. General (Public) Services	1. Executive and Legislative Organizations, Financial and Fiscal Affairs, as well as External Affairs	x
	2. Foreign Aid	
	3. General Services	
	4. Basic Research and Development of Science and Technology	
	5. Government Debt	
	6. Regional Development	x
	7. R & D Government Public Services	
	90. Other Government Public Services	
2. Defense	1. Military defense	
	2. Civil Defense	
	3. Foreign Military Aid	
	4. R & D Defense	
	90. Other Defense Affairs	
3. Public Order and Safety	1. Police Services	
	2. Disaster Relief	x
	3. Legal Affairs	x
	4. Judicature	
	5. Prisons	
	6. R & D Public Order, Safety and Legal Affairs	
	90. Other Legal Affairs, Public Order and Safety	x
4. Economic Affairs	1. Trade, Business Development, Cooperatives and Small and Medium Scale Businesses	x
	2. Labor	x
	3. Agriculture, Forestry, Fisheries, and Maritime	
	4. Irrigation	
	5. Fuel and Energy	
	7. Industry and Construction	
	8. Transportation	x
	9. R & D Economic Affairs	x
	10. R & D Economic Affairs	
		90. Other Economic Affairs
5. Environmental Protection	1. Waste Management	
	2. Waste Water Management	
	3. Pollution Abatement	
	4. Conservation of Natural Resources	
	5. Spatial Planning and Agrarian Affairs	
	6. R & D Environmental Protection	
		90. Other Environmental Protection Affairs
6. Housing and Community Amenities	1. Housing Development	
	2. Community Development	x
	3. Water Supply	
	4. Street Lighting	
	5. R & D Housing and Community Amenities	
		90. Other Housing and Community Amenities

7. Health	1. Medical Products, Appliances and Equipment	
	2. Individual Health Services	
	3. Public Health Services	x
	4. Family Planning	
	5. R & D Health Affairs	
	90. Other Health Affairs	
8. Tourism and Culture	1. Development of Tourism and Culture	
	2. Youth and Sports	
	3. Publishing and Broadcasting Services	
	4. R & D Tourism and Culture	
	90. Other Tourism and Culture Affairs	
9. Religion	1. Advancement of Religious Life	
	2. Harmony in Religious Life	
	3. R & D Religious Affairs	
	90. Other Religious Affairs Services	
10. Education	1. Pre-primary Education	x
	2. Primary Education	x
	3. Secondary Education	x
	4. Non-formal and Informal Education	x
	5. Government Official Education	
	6. Tertiary Education	
	7. Subsidiary Services to Education	
	8. Religious Education	
	9. R & D Education	
	90. Other Education Affairs	
11. Social Protection	1. Sickness and Disability Protection and Services	
	2. Old Age Protection and Services	
	3. Protection and Social Services to Family of Heroes, Veterans and Freedom Fighters	
	4. Protection and Social Services to Children and Family	
	5. Empowerment of Women	x
	6. Information and Social Guidance	
	7. Housing Assistance	
	8. Social Security and Assistance	
	9. R & D Social Protection	

#### 4 Project Location

Village:	
Kecamatan:	
Kabupaten:	<p>This project will cover 17 kabupaten in Aceh, but not the walikotas.</p> <ol style="list-style-type: none"> <li>1. Aceh Besar</li> <li>2. Pidie</li> <li>3. Bireuen</li> <li>4. Bener Meriah</li> <li>5. Aceh Utara</li> <li>6. Aceh Timur</li> <li>7. Aceh Jaya</li> <li>8. Aceh Barat</li> <li>9. Nagan Raya</li> <li>10. Aceh Barat Daya</li> <li>11. Aceh Selatan</li> <li>12. Simeulue</li> </ol>

13. Aceh Tamiang
14. Aceh Tenggara
15. Aceh Lues
16. Aceh Singkil
17. Aceh Tengah

## 5 Project Descriptions and Outputs

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**5.1 Project description** - *this would include why project is needed, desired outcomes, main activities, and explanation of links between needs, activities, outputs, and outcomes:*

The purpose of this project is to facilitate the development of participatory local government. It achieves this by building on the Kecamatan Development Project's planning structure, but adapting KDP's principles of transparency and participation to how poor communities and kecamatans can receive economically desirable benefits from district governments. Because the purpose of the project is to promote a sustainable system of participatory planning at the kecamatan and kabupaten level, the design concentrates on how people are included; incentives for government-community cooperation; improved capacity to monitor progress, and technical control mechanisms to ensure that people receive high quality benefits from local government projects, rather than on pre-defining specific sectoral outputs. This approach maximizes the ability of local stakeholders to decide what their highest priority needs are, and also to have them satisfied in a way that provides them with control over the quality of production. Improving the quality of local government-community planning in ways that can be taken over by domestic funding sources after reconstruction has been completed is a very important benefit that will ensure the longevity of the benefits from the reconstruction effort.

The proposed project complements a number of other donor proposed capacity programs, several of whom are closely involved in project preparation. These include the Local Government Support Project funded by USAID, the financial management capacity programs supported through GTZ, and the reintegration programs supported by the EU, IOM, UNDP, and the World Bank itself. ADB is also aware of the proposed project and will be involved in the technical appraisal scheduled for November, 2005.

SPADA will contain two broad categories of activity. The purpose of the first, largest component is to rebuild or rehabilitate damaged economic infrastructure, and to restore and improve social services. Flexible block grants for this purpose represent 70% of project costs. Investment decisions are done through a process of participatory and technical needs assessment that not only help kecamatans rank priorities, but also provides partnerships with dinas's and specialized technical assistance so that they find the technically optimal solution.

Each of the participating kecamatan councils will select two representatives (one man and one woman) to sit on a district level planning council that is chaired by the Bappeda and advised by a civil society board that includes the different development agencies and NGOs working in the kabupaten.

Proposals to the planning council are developed by technical working groups in each kecamatan that are formed with partners from the kecamatan councils. The four main working groups are for local small and micro businesses, economic infrastructure, health and education. In addition to the kecamatan representatives, working groups include district government technical agencies and NGOs. Each working group makes a diagnostic of local priorities and objectives that the technical specialists review before it is submitted to the kabupaten planning forum. Any group can submit a proposal, but it must have at least one kecamatan co-sponsor, and only the planning board can make allocation decisions.

A small project implementation unit helps the planning group and line agencies turn proposals into tenders and contracts that meet the required standards for financial management, procurement, and transparency. SPADA's fast start-up will benefit from training and oversight through a procurement agent provided by DFID, which can be in place by November, 2005. SPADA itself also procures a training and financial management advisory firm that will improve the capacities of local governments and provide quality oversight of the anti-corruption action plan.

It is expected that 65-70% of the district grant will be used for repairing and rehabilitating kecamatan and kabupaten physical infrastructure. Thirty percent of this grant is earmarked for education and health software since school buildings and clinics will be built by KDP, ADB, USAID, AusAid, NGOs and other reconstruction agencies.

The second, smaller component consists of activities intended to strengthen the capacity of local governments. There are four types:

- Building local government capacity through planning and implementation -- SPADA works with other donor funded programs to extend their best local government capacity strengthening activities to cover SPADA districts. Programs to strengthen local government will focus on financial management, including procurement and strengthened audits, participatory planning, and significantly improved systems to monitor and evaluate performance. Because the costs of visiting existing programs is low and existing capacity programs will have much lower startup costs than entirely new ones will, SPADA will provide local governments with a fund that they can use to ask donors to extend good capacity development programs from elsewhere in Aceh into their districts.
- Supporting access to justice and the rule of law. SPADA and UNDP work closely together on a local level justice reform program. Activities include training for court officers, civil society advocacy, alternative dispute resolution. This program will also link up with the ongoing initiatives for land certification and other forms of local dispute resolution, where district capacities to manage local conflicts through institutional means are needed. Strengthening the local justice system will also benefit the project itself since a key constraint on effective anti-corruption work has typically been the lack of effect legal sanctions.
- Improving regulatory environments for local private sector growth. The component is linked to the main project because long-term sustainability for reconstruction and the individual subprojects supported by SPADA can only come from a significantly improved investment climate and revenue base for local governments in Aceh. The project will support a series of studies that review the constraints to growth in Aceh's kabupaten, with a special focus on transport and trade barriers. The program will also collaborate with USAID, UNDP GTZ, and Asia Foundation to develop programs that provide business management training to small businesses and businesses run by women.
- Post-conflict reintegration and development – This component is carried out in partnership with UNDP and other agencies. It includes post-MOU needs assessments, post-conflict activities for reconciliation, helping local governments play mediating roles in conflict prevention and management, and help from NGOs experienced in post conflict reconstruction planning.



**5.2** *List of key project outputs (e.g. wells for one kelurahan, X km of roads, numbers of schools, numbers of houses, etc.)*

**Deliverables timeline**

No	Outputs	Year 1	Year 2	Year 3	Year 4	Year 5
1						
2						
3						

**6 Impact assessment**

*Please describe project impact on the following (may be not applicable, depending on project):*

**6.1 Economic multiplier: please specify numbers of local workers employed, capital created, etc.**

Not applicable. Amounts and rates of return will depend on the final allocation of grants between infrastructure and social services, and on the degree of damage to infrastructure that is repaired by this project. To reach a 12% rate of return, the project would have to contribute yearly kabupaten growth of approximately 1.12% over its proposed life, and, given the mix of productive activities that will affect factor productivity in Aceh, it is reasonable to conclude that this target will be easily reached by the project. A detailed, simulated economic analysis will be carried out during appraisal. Its methodology will base all returns only to formal GDP (i.e. conservative assumptions) and measure SPADA’s incremental returns against the most accurate “without-project” growth projections that are available by appraisal.

**6.2 Sustainability assessment: please specify ownership transfer, funding, and human resource plans for ongoing maintenance of the relevant outputs of the project.**

Kabupaten ownership overall is ensured because from the outset the project works solely through the kabupaten. Because all project proposals are developed jointly between subdistrict councils and local government, ownership belongs to the communities and local government. Projects requiring maintenance or sustained logistical support (i.e. teachers) cannot be approved until inscribed in local budgets. SPADA’s planning process builds ownership and sustainability requirements into line agency planning.

**6.3 Supply chain/resource impact: Not applicable because of unspecified allocations. All materials to be purchased from domestic markets.**

<i>Example: Cement - 8 tons</i>	<i>Specific suppliers the implementing agency will get the materials from</i>	<i>Person in your implementing agency in charge for sourcing the materials and how do he/she source it (direct to suppliers or others)</i>
<b>Materials needed - specify amount (in units)</b>	<b>Source(s) for Materials</b>	<b>Contact info and how you source the materials</b>
		All materials are sourced through National Competitive Bidding

**6.4 Environmental assessment: please specify mitigation plan and risks to environment**

Environmental assessment for subprojects will follow Indonesia’s EIA rules. To ensure that proper attention is paid to environmental impacts, the project uses a combination of standard checklists, oversight TA, and onsite technical inspections. An important lesson from past projects is that prompt application of sanctions to project teams that bypass environmental procedures is essential. For the first two years of the project, investments will be limited to \$50,000 or less (a special procedure for urgent, priority exceptions that includes EA assessment will be developed before appraisal). A full environmental screening review for a Category B project will be carried out before appraisal and its recommendations incorporated into the final environmental action plan.

**6.5 Social impact assessment: please specify mitigation plan and risks to social environment (culture, religion, gender, etc.)**

SPADA has a strong social impact assessment. Far and away the most important variable for mitigating any social concerns will be the success of the participatory planning process. Additional key elements include (a) social situation analyses; (ii) the project's work on dispute resolution; (iii) the land acquisition guidelines; and (iv) the gender action program.

**6.6 Magnitude of impact: please specify number of people that will be directly impacted from this project**

Because grant allocations are not pre-determined, precise numbers cannot be provided in advance of the actual choices. However, the numbers are expected to be large. Assuming no direct benefits from any component other than infrastructure (65%) and an average workforce participation of 180 days, 42,000 people will be directly employed by the project.

**7 Cost and funding**

**7.1 Budget estimate**

7.1.1

Total budget estimate	Amount	Currency
\$48.9	(to be spent over 4 years)	

7.1.2 Budget by output (e.g. cost per house, cost per teacher trained)

Output unit	Budget estimate	Currency
Kabupaten block grants	\$37.0 million	IDR
Kabupaten capacity programs	\$5.1 million	IDR
Implementation support	\$5.9 million	IDR
M&E	\$0.5 million	IDR
Independent audits	\$0.4	IDR
<b>Total</b>	<b>\$48.9 million</b>	

7.1.3 Budget by kabupaten

Kabupaten	Budget estimate	Currency
	Budgets are all standard at approx. \$3.0 million/kabupaten. Project budgets assume a rising share from national sources in Years 3 and 4. However, levels of BRR and DAU contributions must be settled before appraisal.	

**7.2 Funding plan (committed is amount committed by donors to fund the project, and disbursed amount is amount already received by the implementing agency, not how much fund has been used) Not applicable (concept note)**

Donor name	Committed amount	Disbursed amount	Currency	Type of Fund (Loan/Grant)

## 8 Local Community Support

### 8.1 Local Community Involvement

No	Steps on local community involvement	Done /not done	Description (explanation of activity performed or planned)
1	Held community-wide meeting to discuss projects	XX	This project has included a pre-tsunami provincial socioeconomic assessment. District and kecamatan level meetings were held in Aceh Besar, Pidie, Aceh Timor, Aceh Selatan, Aceh Jaya, Aceh Barat, Simulue, Biruen and Banda Aceh.
2	Solicited input from marginalized/disadvantaged groups (e.g. women, handicapped)	XX	Extensive input was solicited from widows and female-headed households through the PEKKA and KDP networks. Widows groups will be part of the needs assessment teams to help mobilize voices from the very poor in SPADA planning meetings.
3	Solicited input from and gained approval of local government officials (e.g. kepala desa, camat)	XX	This project has strong support from local government. Workshops and discussions have already been held in 7 kabupaten plus with the provincial government, BRR, and provincial government.
4	Plan to post information in a high-visibility public place listing amount of investment, beneficiaries, timeline for development and whom to call in your organization in case of any concerns	XX	The project includes a comprehensive, budgeted dissemination plan. Standard signboards require public disclosure of all project financial information; project also includes accountability meetings and media dissemination, plus strong MIS and complaints handling unit.

### 8.2 References for local community involvement

Please provide 2-3 contact persons & details of local community representatives (1 government official, 1-2 civic/community leader(s))

Level/location	Contact person	Role with respect to project	Contact details (phone number)
Province	Azwar Abubakar	PT Governor	0811686073
	M Yunan	Assistant II Governor	0811689002
	Abdul Rahman	Ketua Bappeda	0651-21440
Aceh Besar	Hasbalah M Ali	Ketua Bappeda	08129418521
	Teuku Cipta	Imu Mukim Lhoknga	081360141697
Aceh Selatan	Samsurizal	Kepala Dinas Pendidikan	0656-21478
	Irfanulah	Ketua Bappeda	0656-21276
	Abidinsyah	Ketua Majelis Permusyawaratan Ulama	08136038515
Aceh barat	Rusmahdi SH	Bappeda	08126939069

Lhoksewame	Zaini Basyah	Community Leader	081360238277
	Faisal Fahmi	Civil Society	081534043364
	Bukari	Camat Banda Sakti	0811678492
Aceh Timur	Fadlan Helmi	Community Leader	0811673905
	Ashadi	Kabag Perencanaan Bappeda	
	Mudrika	Youth Leader	
Simeulue	Abdulah shihab	Ketua Majelis Permusyawaratan Ulama	0641-22274 081360182634
	Darmili	Bupati Simelue	0811681581
	M Zubir ST	Youth leader	081360371888
Bireun	Rouhil	Ka Diknas	
	Yusri Yusuf	Ka Dikes	081361416955
	Abdulah Yahya	Bupati	
Banda Aceh	Jafar latif	Community Leader	
	Zahrudin	Ketua Bappeda	0811680425
	Rakaiyah Ibrahim Nain	Leader, Women's Organization	

## 9 Monitoring Process

### 9.1 *Anti-corruption mechanisms*

Please describe any anti-corruption mechanisms that your organization has (or planned to have) installed for the following: The project has a strong anti-corruption action plan that is described in the attached project summary. Its main elements include the following:

- a) *Enhanced disclosure provisions and transparency*
  - a. *Public disclosure of annual procurement plans, bidding documents, and requests for proposals;*
  - b. *Official issued project transparency policy*
  - c. *Disclosure of all audit reports*
  - d. *Publication of price lists, tender awards, and complaint summaries*
  - e. *Stakeholder oversight and frequent accountability meetings statutorily open to the public*
- b) *Civil Society Oversight*
  - a. *High participation by community groups, adat leaders, private sector, and end users;*
  - b. *Civil society witnesses to tenders*
  - c. *Monitoring by NGOs and the press*
- c) *Procurement oversight*
  - a. *Central oversight of consultant quality*
  - b. *Training of local government by internationally competed procurement and financial management agent;*
  - c. *Support for all procurement packages from project TA within Bappeda*
- d) *Strengthened sanctions*
  - a. *Strong complaints handling unit that reviews all complaints and discussed in monthly public meetings;*
  - b. *Involvement of kejaksaan and polri in project coordination group;*
  - c. *Project support to district justice system to pursue corruption.*
  - d. *Annual public audit decides whether kabupaten advances to next stage of project (qualified audits are automatic grounds for stopping)*

Procurement: The project has a comprehensive procurement action plan, which is updated at least annually. For each contract financed by the grant, the procurement plan specifies the selection methods, estimated costs, prior review requirements, and the time frame. Because most districts have weak capacities, procurement committees will be trained and supervised by an internationally procured specialist firm until they receive a certificate of accomplishment.

Fund disbursement process: Funds are disbursed from the MDTF to APBN. The fund flow and reporting procedures are described in the diagram attached to this note.

Financial reporting/auditing: Bappenas will be responsible for overall project financial management, but KPDT will consolidate financial accounting for all project expenditures. All financial reports are provided to BRR. Audits are conducted by BPKP using a heightened sample of 10%, and by Bawasda which will also be trained and supervised by the internationally selected firm. A full financial management action plan will be appraised and included in the grant agreement.

**9.2 Project progress monitoring process**

- 9.3 9.2.1 Please describe monitoring arrangement for the project: SPADA has a comprehensive, mixed methods system for monitoring and evaluation. Its main elements are:
- Community participatory monitoring and evaluation
  - Regular field supervision and monthly progress reporting
  - Independent monitoring by civil society groups
  - Complaints resolution process
  - Financial review and audits
  - Private sector monitoring (using survey from WBs investment climate unit)
  - Monitoring training
  - Impact evaluations using before/after measurements and a statistical sample of households to measure welfare, satisfaction, private sector development, social capital development, and quality of local governance.

9.2.2 *Milestones for projects deliverables*

Milestone	Timing
Procurement and financial training delivered	November, 2005
Project TA mobilized and deployed	December, 2005
First kabupaten forums review	December, 2005
First block grants delivered	February, 2006
First construction completed	June 2006
First audit and assessment	October, 2006

**Thank you for supporting for our effort in coordinating Aceh-Nias' reconstruction.  
Together, we can build back a better Aceh and Nias.**

