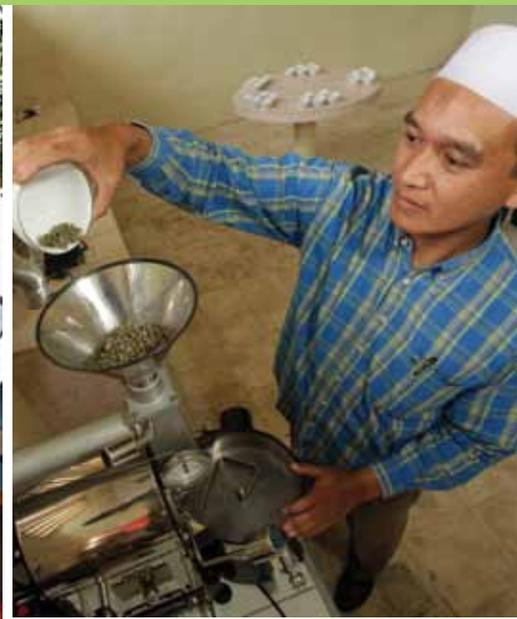




Multi Donor Fund 2012 Final Report

Sustainable Futures: A Legacy of Reconstruction

Volume 1: Main Report



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Cover Photos clockwise from left to right:

1. Nearly 20,000 houses were constructed or rehabilitated under the MDF using a community-driven approach, demonstrating that community-government partnerships can achieve transparent, cost-effective and high quality results.
Photo: MDF Secretariat
2. Coffee grader Fitra Cahyadi at the new coffee warehouse outside Takengon set up under the EDF. The subproject, implemented by the International Organisation for Migration (IOM), aims to give small farmers more control over the quality, marketing and sale of their coffee.
Photo: Tarmizy Harva
3. The Oyo bridge, the longest suspension bridge in Indonesia, connecting the remote villages of Lahagu and Taraha in Nias, was built under the Nias Rural Access and Capacity Building Project (RACBP), and has even become a local tourist destination.
Photo: ILO projects collection



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Sustainable Futures: A Legacy of Reconstruction

Volume 1: Main Report

This report was prepared by the Secretariat of the Multi Donor Fund with contributions from the Partner Agencies (UNDP, WFP, ILO and the World Bank) and the project teams.

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Design & Layout: Studio Rancang Imaji

Printer: PT Astana Artha Mulya

Contents ▾ Volume 1



Table of Contents	4
About the Disasters	6
About the MDF	8
Message from the Co-Chairs of the MDF	10
MDF Timeline	12
Executive Summary	14
▶ MDF Operations and Communications	15
▶ Portfolio Achievements	17
▶ Finances	19
▶ The MDF at Conclusion	19
Chapter 1 - Effective and Efficient Multi Donor Fund Operations	22
▶ Governance and Operations of the MDF	24
▶ Supporting the Government's Reconstruction Agenda	27
▶ Managing for Results	28
▶ Effective Communications to Enhance Program Outcomes	29
• MDF Feature: Protecting Livelihoods, Protecting Forests	34
Chapter 2 - MDF Portfolio Results	38
▶ Overview of the MDF Portfolio	39
▶ Recovery of Communities	40
▶ Reconstruction and Rehabilitation of Large Infrastructure and Transport	45
▶ Strengthening Governance and Capacity Building	50

Main Report



▶ Sustaining the Environment	54
▶ Enhancing the Recovery Process	57
▶ Economic Development and Livelihoods	60
▶ Challenges and Cross-Cutting Issues	63
• MDF Feature: Women in Reconstruction: Breaking Barriers to Women's Participation in the Labor Force	66
Chapter 3 - MDF Finances: Managing Resources for Quality Results	70
▶ Pledges	71
▶ Cash Received	72
▶ Allocations	72
▶ Disbursements and Expenditures	74
▶ Financial Summary at Program Closing	75
• MDF Feature: Better Roads and Water Service Create New Opportunities for Sabang	76
Chapter 4 - The MDF at Conclusion: A Legacy of Successful Reconstruction	80
▶ The MDF's Factors for Success	81
▶ The MDF's Indicators of Success	83
▶ Conclusions	85
• MDF Feature: Preserving a Unique Cultural Heritage in Nias	88
Aceh and Nias - Before and After	92
Acronyms and Abbreviations	96

About the Disasters

December 2004—Earthquake and Tsunami

Indonesia is one of the most disaster-prone countries in the world, vulnerable to earthquakes, tsunamis, floods, and volcanic eruptions. Most devastating was the tsunami that struck on December 26, 2004, triggered by a massive earthquake off the west coast of the province of Aceh. Huge tidal waves fanned across the Indian Ocean, striking 14 countries including Thailand, Sri Lanka and India.

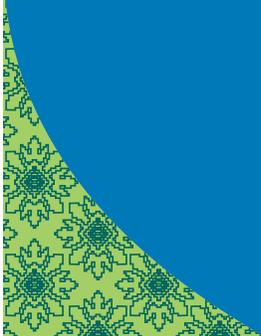
Aceh, the northernmost province of Indonesia, suffered the most by far, with 220,000 people dead or missing and over a half million left homeless. Once thriving villages were reduced to rubble. Roads, bridges, schools, and hospitals collapsed or were severely damaged. As many as 750,000 people lost their livelihoods—fishermen, farmers and thousands of small businesses. Infrastructure was left in shambles, making travel nearly impossible. The final damage estimate was \$6.2 billion. The island of Nias in the province of North Sumatra was also badly affected.

March 2005—Another Earthquake

On March 28, 2005, another massive earthquake struck northern Sumatra. The island of Nias, off the coast of North Sumatra, and the nearby island of Simeulue, part of Aceh province, were hardest hit. About 1,000 people lost their lives and nearly 50,000 were displaced. The physical damage was severe—approximately 30 percent of buildings were destroyed. Transportation was inoperative, including the major ports linking the remote island populations with the mainland.

An Urgent Need for Action

The Government of Indonesia stepped in to lead the reconstruction process in both Aceh and Nias, providing much-needed relief and managing long-term reconstruction efforts. Recognizing the magnitude of the reconstruction task at hand, the central government created the Agency for the Reconstruction and Rehabilitation of Aceh and Nias (BRR) to manage reconstruction. This special agency was based in Aceh and led by a minister-level appointee who reported directly to the President. Assistance poured in from around the world to help Aceh and Nias recover from these devastating disasters.





About the MDF

The Multi Donor Fund for Aceh and Nias (MDF) was established in April 2005 in response to the Government of Indonesia's request to coordinate donor support for the reconstruction and rehabilitation of affected areas following the December 2004 earthquake and tsunami, and the subsequent March 2005 earthquake. The MDF provides a successful model for post-disaster reconstruction based on partnerships between government, donors, communities and other stakeholders.

The MDF pools US\$655 million in contributions from 15 donors: European Union, the Netherlands, the United Kingdom, the World Bank, Sweden, Canada, Norway, Denmark, Germany, Belgium, Finland, the Asian Development Bank, the United States, New Zealand, and Ireland. These funds amount to nearly ten percent of the overall reconstruction funds. At the request of the Government of Indonesia, the World Bank serves as Trustee of the MDF. Grant funds are provided to projects that are implemented by government, international organizations, non-government organizations and communities, with partner agencies providing oversight. Partner agencies include the United Nations Development Programme (UNDP), the World Food Programme (WFP), the International Labour Organization (ILO) and the World Bank.

The MDF was coordinated by the Government of Indonesia, initially through the Agency for the Rehabilitation and Reconstruction of Aceh and Nias (BRR), which was set up to manage the reconstruction and recovery effort. After the BRR closed in April 2009, the National Development Planning Agency, Bappenas, took on this critical role. The MDF is governed by a Steering Committee with representatives from the government, donors, the trustee, and civil society. Other partners are invited to participate as observers. The Steering Committee is supported in its work by a secretariat.

Under the MDF portfolio, 23 projects were financed in six outcome areas: (1) Recovery of Communities; (2) Reconstruction and Rehabilitation of Large Infrastructure and Transport; (3) Strengthening Governance and Capacity Building; (4) Sustaining the Environment; (5) Enhancing the Recovery Process; and (6) Economic Development and Livelihoods. These projects reflected the priorities of the Indonesian government throughout the reconstruction process.

The MDF worked in all 17 districts and cities in Aceh, and the four districts and one municipality on the island of Nias. All of these areas were affected by the tsunami and earthquake.

MDF Program Areas



Message from the Co-Chairs of the MDF

Months after the tsunami struck on December 26, 2004, the Government of Indonesia established the Multi Donor Fund for Aceh and Nias (MDF) to coordinate donor support for the reconstruction and rehabilitation of Aceh and Nias. It did this by putting together a partnership consisting of donors, international institutions, NGOs, local and regional governments, and communities, and united them behind its reconstruction strategy. The work was difficult and the challenges were many. But there is no doubt today that MDF's contribution to the reconstruction effort was tremendously successful.

On December 31, 2012, eight years after the tsunami struck, the MDF closes its doors. As it does so, we can look back on its work with pride, and be assured that Indonesia will use this experience to prepare for and manage future disasters effectively.

The MDF set the standard for Indonesian disaster response. Its approach was designed to meet the changing needs of disaster survivors throughout the recovery process: first by rebuilding houses and communities, then by focusing on infrastructure, and finally by laying the foundations for economic growth. A focus on environmental sustainability, gender, capacity building, and disaster risk reduction significantly enhanced these achievements. Now, in this final year, the MDF has been completing its projects, implementing its exit strategies, and laying the foundation for further economic growth.

The MDF has also been documenting its model, approach, and experiences. These lessons—put to the test in Java in 2006 and 2010—will be of tremendous value to address future disasters in Indonesia or elsewhere in the world. Indonesia, having benefited from the generosity of the global community, is now prepared to give something back.

Indonesia has taken these lessons to heart. To address future disasters with similar speed and efficiency, the government set up the National Disaster Management Agency and the Indonesia Disaster Facility, drawing from its reconstruction experience and incorporating much of what it has learned through the MDF.

Indonesia’s experience holds promise for any country at risk of natural disasters. We are honored to have co-chaired the MDF, and take pride in its accomplishments. The lessons of the MDF, learned through the costly and painful recovery from horrifying disasters, will ensure that a legacy of resilience and preparedness will endure into the future.



Armida S. Alisjahbana
State Minister for National
Development Planning



Zaini Abdullah
Governor Province
of Aceh



Stefan Koeberle
Country Director
World Bank



Julian Wilson
Head of Delegation
European Union



The lessons of the MDF will ensure that a legacy of resilience and preparedness will endure into the future. Above, MDF Co-Chairs during a press conference in Jakarta in November 2012.

Photo:
MDF Secretariat

MDF TIMELINE



2004



2007



2005



2006



2008

2004

2005

2006

2007

December:

- Massive earthquake off the coast of Aceh triggers Asian tsunami. President Susilo Bambang Yudhoyono declares a national disaster.

January:

- Government of Indonesia requests establishment of a multidonor trust fund.

March:

- Earthquake in Nias islands and parts of Aceh causing further widespread damage.

April:

- MDF established.
- BRR established.

May:

- 1st MDF Steering Committee meeting.

June:

- RALAS project starts.
- 2nd MDF Steering Committee meeting.
- 3rd MDF Steering Committee meeting.

July:

- TA to BRR and Bappenas project starts.
- 4th MDF Steering Committee meeting.

August:

- KDP and UPP projects start.
- 5th MDF Steering Committee meeting.
- Peace agreement ends Aceh conflict.

October:

- Rekompak project starts.
- 6th MDF Steering Committee meeting.

December:

- TRPRP and CSO projects start.
- 7th MDF Steering Committee meeting.

February:

- SDLP project starts.
- 8th MDF Steering Committee meeting.

March:

- CBLR3 project starts.
- 9th MDF Steering Committee meeting.

April:

- IREP project starts.

June:

- 10th MDF Steering Committee meeting.

September:

- AFEP and BAFMP projects start.
- 11th MDF Steering Committee meeting.

October:

- LCRMP project starts.

November:

- KRRP project starts.

February:

- SPADA project starts.
- 12th MDF Steering Committee meeting.

March:

- IRFF project starts.

July:

- 13th MDF Steering Committee meeting.

September:

- 14th MDF Steering Committee meeting.

December:

- LCRMP and TRPRP projects close.
- 15th MDF Steering Committee meeting.
- 16th MDF Steering Committee meeting.



2009



2011



2010



2012

2008

July:

- AGTP project starts.
- MDF closing date extended to December 2012.

September:

- 17th MDF Steering Committee meeting.

November:

- DRR-A project starts.

December:

- 18th MDF Steering Committee meeting.

2009

March:

- EDFF project starts.

April:

- NITP project starts.
- 19th MDF Steering Committee meeting.
- BRR closes.

June:

- RALAS project closes.

October:

- RACBP project starts.

November:

- 20th MDF Steering Committee meeting.

December:

- BAFMP, KDP, and UPP projects close.

2010

April:

- Rekompak project closes.

May:

- CSO project closes.

September:

- 21st MDF Steering Committee meeting.

October:

- LEDP project starts.

2011

March:

- 22nd MDF Steering Committee meeting.

June:

- KRRP project closes.

December:

- IREP, IRFF, and SPADA close.

2012

May:

- DRR-A project closes.

June:

- 23rd MDF Steering Committee meeting.
- AGTP, NITP, and SDLP projects close.

November:

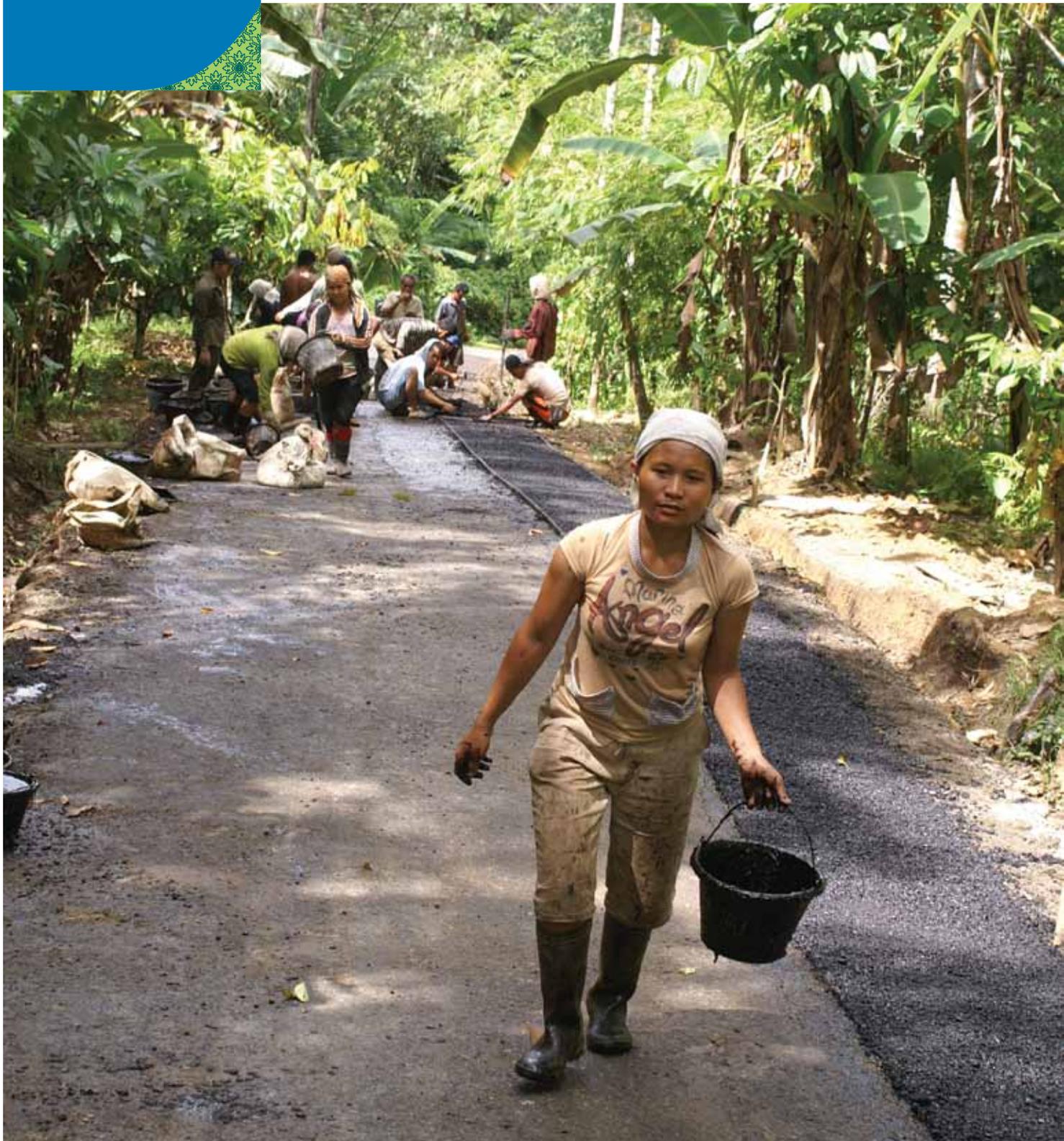
- International conference marks closing of the MDF and JRF.
- EDFF and CBLR3 projects close.

December:

- IRFF-AF, TRWMP, RACBP, TA to BRR and Bappenas, AFEP, and LEDP projects close.
- MDF program closes on December 31.

Executive Summary

The MDF at Conclusion



The Rural Access and Capacity Building Project (RACBP), implemented by ILO, improves access - trails, roads and bridges - in rural areas of Nias. The project coordinated closely with another project in Nias, the Livelihoods and Economic Development Project (LEDP), which provides support to improve farmers' livelihoods.

Photo:
MDF Secretariat

The Multi-Donor Fund for Aceh and Nias (MDF) successfully completed its mandate on December 31, 2012. It contributed significantly to the recovery of Aceh and Nias following the earthquakes and tsunami in December 2004 and March 2005 by providing grants that restored communities, rebuilt critical infrastructure, and laid the foundation for economic growth. It did so by building effective working partnerships between governments, international agencies, NGOs and communities, and combining global experience with local knowledge to deliver solid results on the ground. As a result of the MDF's work, its beneficiaries in Aceh and Nias today live in improved housing, enjoy the benefits of modern infrastructure, and have a stronger voice and more sustainable opportunities in planning for their futures.

MDF OPERATIONS AND COMMUNICATIONS

A key factor in the MDF's success has been the leadership of the Government of Indonesia and the partnership of stakeholders to support the government's agenda. The MDF proved itself to be an effective post-crisis funding mechanism, harmonizing donor efforts with government strategy and increasing the effectiveness and efficiency of the reconstruction effort. It was set up at the request of the Government of Indonesia (GoI) to support implementation of the government's reconstruction and rehabilitation program after the December 2004 earthquake and tsunami and subsequent March 2005 earthquake. The fund pooled about US\$655 million grant resources provided by 15 donors: the European Commission, the Netherlands, the United Kingdom, the World Bank, Sweden, Canada, Norway, Denmark, Germany, Belgium, Finland, the Asian Development Bank, the United States of America, New Zealand and Ireland.

The MDF's inclusive and effective governance structure also contributed to its success. It was governed by a Steering Committee comprised of donors, representatives of national and provincial government, and civil society representatives. The Steering Committee was co-chaired by the national government, represented by the head of the Agency for the Reconstruction of Aceh and Nias (BRR) until it closed in 2009 and after that by the National Planning Agency, Bappenas. Other co-chairs were the Government of Aceh, the European Union representing the donors,



and the World Bank as trustee of the fund. A Secretariat supported the Steering Committee and was responsible for coordinating the overall work program of the MDF.

The MDF drew on a mix of agencies and programs for implementing and supervising its program, making use of different organizations' strengths and comparative advantages. Projects were implemented by government line agencies, multilateral organizations, and NGOs. Four major multilateral organizations provided oversight and supervision of projects as partner agencies: the World Bank, the United Nations Development Programme (UNDP), the World Food Programme (WFP), and the International Labour Organisation (ILO).

Strategic communications and strong results monitoring were also essential to the MDF's success. The MDF provided a platform for coordination between various stakeholders in the reconstruction effort, bringing together key players from different levels of government, donors, and civil society. The MDF's timely, open and strategic communications with stakeholders enhanced their engagement and contributed to transparency and accountability in program and project implementation. A multi-layered system of results monitoring and quality assurance supported more effective project implementation and enhanced results.

As the program neared completion, the MDF increased its emphasis on assessing overall outcomes and documenting its experiences and lessons learned.

The MDF has become a valuable source of knowledge and information for post-disaster reconstruction and recovery programs. The MDF and its projects provide models and approaches for best practices and lessons learned. During its final year of operation, the MDF served as a knowledge sharing hub, giving access to its knowledge and experience. It used a number of communications measures to collect and disseminate these experiences, including publications, seminars, conferences, its web site, and relations with the media. To ensure access to its information and experience, the MDF published materials on the overall program, specific projects, and lessons learned from experiences in specific sectors and along cross-cutting themes such as capacity building and gender mainstreaming. These materials have been shared with its partners and will be available long after the MDF program ends.

An international conference for the closing of the MDF program, *Lessons from Indonesia's Experiences in Disaster Reconstruction and Preparedness*, highlighted Indonesia's post-disaster reconstruction experience. The disasters in 2004 and 2005, as well as subsequent



The MDF has worked in six outcome areas; (from left to right) Recovery of Communities; Reconstruction and Rehabilitation of Large Infrastructure and Transport; Strengthening Governance and Capacity Building; Enhancing the Recovery Process; Sustaining the Environment; Economic Development and Livelihoods.

disasters elsewhere in the country, reshaped Indonesia's approach to disaster response and preparedness. The conference was attended by over 500 participants including dignitaries from disaster-prone countries such as Japan, Pakistan, and Haiti. It covered many aspects of post-disaster reconstruction and preparedness, including the community-led approach to housing reconstruction, post-disaster livelihoods recovery, gender and capacity development, mainstreaming disaster risk reduction, and knowledge sharing. Indonesian President Susilo Bambang Yudhoyono, Minister for National Development Planning Armida S. Alisjahbana, Governor Zaini Abdullah of Aceh, World Bank Regional Vice President Pamela Cox, representatives of the MDF's 15 donors, and other dignitaries attended to help mark the closing of the MDF program. They each commended the MDF on its important contributions to the recovery of Aceh and Nias, and the success of the partnerships it has built during its operations.

PORTFOLIO ACHIEVEMENTS

The MDF funded 23 projects in six outcome areas. MDF funds supported projects in the areas of community recovery, reconstruction of large infrastructure and transport, strengthening governance and capacity building, sustaining the environment, enhancing the overall recovery process, and economic development and livelihoods.

The MDF's phased approach to recovery and reconstruction has proven successful. Over its lifetime, the MDF followed a phased strategy. The first phase met urgent needs for recovery of communities and rehabilitation of vital transportation networks. The second phase focused on rebuilding large infrastructure, mitigating the impacts of reconstruction on the environment, and support for capacity building. The third phase centered on economic development and continued strengthening of local capacity. A notable element of this strategy was to incorporate key cross-cutting areas across the portfolio, including gender and conflict sensitivity, protecting the environment, and a focus on disaster risk management. This strategy allowed critical needs to be met urgently and quickly, while more complex investments requiring deeper quality and capacity could be delivered over a longer time horizon.

MDF projects have responded effectively to the priorities and needs identified by the GoI and met critical needs. The MDF's contributions were equal to about ten percent of the overall reconstruction funds. However, the MDF played a critical gap-filling role in the overall reconstruction effort that was coordinated by the BRR, Bappenas and local government, to provide support in areas where other partners were absent. The MDF also provided technical support to the BRR and Bappenas, and capacity



Vital transportation links were restored and improved with MDF grant funds. This photo shows the foundation being laid for the Kuala Bubon bridge, which forms a key part of the west coast highway and links the districts of Aceh Jaya and Aceh Barat.

Photo:
Akil Abduljalil

building for local governments, to support them in their coordination roles. As such, the MDF’s support had a huge multiplier effect, and its impact has been able to far exceed its contributions.

The physical achievements of the MDF’s contribution to reconstruction have improved the quality life of the people in Aceh and Nias. Nearly 20,000 houses were reconstructed or rehabilitated to seismic resistant standards, with the active involvement of beneficiaries. Vital transportation links were restored and improved with MDF grant funds, linking communities in Aceh and Nias with each other and to other parts of the country. These included

five ports and designs for the reconstruction of several others; over 600 kilometers of national and provincial roads; more than 250 kilometers of district roads and more than 3,000 kilometers of village roads. Agricultural production was supported through construction of over 1,600 kilometers of irrigation and drainage channels. Educational opportunities increased with 677 schools reconstructed or rehabilitated. Local governments and communities now use more than 500 local government offices or village/town halls that the MDF has built or rehabilitated. Public health is improved with better water and sanitation infrastructure that includes nearly 8,000 wells or other sources of clean water, 1,220 sanitation units, and 72 clinics.

The MDF's results include many intangible outcomes. These include increased community involvement in planning and decision-making; increased productivity and incomes in agriculture and other livelihood activities; increased local government capacity to deliver a range of services from distribution of land titles to solid waste management; strengthened civil society capacity to support reconstruction and economic development; improved private sector capacity in marketing key agricultural commodities and in recycling solid waste; improved legal rights to land for women; empowering women to play a greater role in community decision-making; and greater awareness and skills for addressing environmental issues and preparing for and responding to disasters. Livelihood opportunities for both men and women have been improved in agriculture and fisheries – key production sectors in Aceh and Nias – through the MDF's last set of projects.

The people of Aceh and Nias are better prepared for future disasters. Disaster risk reduction and sustainable management of the environment were embedded in the MDF's work and have been mainstreamed in the development agendas of Aceh and Nias. This included rebuilding of houses, buildings and infrastructure that meet earthquake resistant standards, training officials, communities and schoolchildren in disaster response and preparedness, and improving local government's capacity to manage disaster situations. The knowledge and skills developed have left communities more resilient and better able to respond to future disasters.

FINANCES

The MDF received a total of US\$654.7 million in commitments from 15 donors. All commitments were received by the fund. Investment income earned by the Trustee on funds contributed by donors amounted to US\$31.2 million in total over the life of the MDF. This investment income



Livelihood opportunities for both men and women have been improved in agriculture and fisheries – key production sectors in Aceh and Nias – through the MDF's last set of projects.

was added to the MDF funds and was available for program use.

The MDF committed and allocated US\$630 to its portfolio of 23 projects. Most of the allocated funds were disbursed and had been spent on project implementation by the program's close. The costs of administration, appraisal, and supervision were largely covered by investment income, allowing virtually all donor contributions to be targeted to reconstruction efforts. The MDF cumulative disbursements to projects were recorded at US\$604.2 million or 96% of funds allocated as of September 30, 2012, and of this, US\$584.9 million had been spent by projects as of end-September.

Unspent funds from projects will be returned to donors after the administrative closure of the MDF in June 2013. Remaining unspent funds are currently expected to be US\$23.2 million at program end in December 2012. This is likely to increase with the return of some additional unspent funds after projects close. Unspent residual funds will be returned to the donors for their decision on disposition.

THE MDF AT CONCLUSION

As the Multi Donor Fund concludes its eight years of operation in reconstructing Aceh and



District government officials join farmers in Nias with their first rice harvest under the Nias Livelihoods and Economic Development Project (LEDP). The project provided technical inputs and training to improve productivity in key agricultural commodities: rice, cacao, and rubber. Rice farmers reported increased yields of up to 50 percent greater than their previous harvests.

Photo:
LEDP collection

Nias, all stakeholders can take pride in a job well done. The generous contributions Indonesia received from all over the world to assist with the reconstruction – including from the ordinary citizens of the countries represented by the MDF donors – have made a real difference in the lives of the people of Aceh and Nias. Through the MDF, remarkable results have been achieved in all six outcome areas. Implementation has been effective and efficient, and results are sustainable. Funds have been well managed and used for the purposes intended, with a high degree of transparency and accountability. The MDF has fully accomplished what it was established to do.

The MDF’s success was based on a strategic framework of three inter-related factors. Strong government leadership of inclusive partnerships was the first and most important factor in the MDF’s success. A second factor driving the MDF’s success was its phased implementation strategy that allowed it to meet evolving needs and balance the tradeoffs between the need for speedy delivery and the need for quality. A third factor of success was the attention given by the MDF to cross cutting elements, including gender inclusiveness, environmental management, disaster risk reduction, and building capacity. Attention to these cross-cutting issues



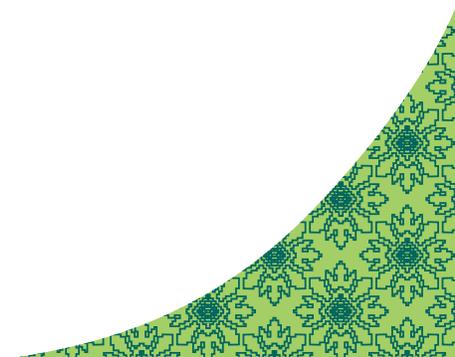
Indonesia's experiences in disaster response and preparedness, to which the MDF has been an important contributor, provide a legacy of lessons for the future of disaster management in Indonesia and around the world.

deepened the quality of the MDF's results. This strategic framework was supported by a system for ensuring accountability and open communications. Accountability in the use and management of funds both at portfolio and project level, and robust reporting of results, gave confidence to all stakeholders that the funds were used efficiently and effectively for the intended purposes.

The MDF provides a model that can be replicated or adapted in other post-conflict or post-disaster reconstruction scenarios. This has been demonstrated through the successful work of the Java Reconstruction Fund (JRF), adapted from the MDF model in response to subsequent disasters in Java. The experience successfully demonstrated the flexibility of the model in responding to multiple disasters of earthquakes, tsunamis, landslides, and volcanic eruptions. The Rekompak approach to housing reconstruction, first started in Aceh and later adapted for use in multiple disasters in Java under the JRF, has also proven its adaptability to different contexts.

Most importantly, Indonesia has emerged from its experience in Aceh and Nias in a much stronger position to cope with future disasters. New institutions and models are in place, construction is more resistant to disasters, and communities are better prepared. Through the experiences of the disasters in Aceh and

Nias, and later in Java and other locations, the Indonesian Government adopted policies to improve disaster management, preparedness and response. This led to the establishment of a new agency, the National Disaster Management Agency (*Badan Nasional Penanggulangan Bencana* or BNPB), tasked with coordinating preparedness and response in the case of future disasters. The Government also established the Indonesia Disaster Fund (IDF), modeled after the MDF, as a mechanism to more quickly and efficiently channel donor financing to disaster recovery and preparedness in the future. Indonesia's experiences in disaster response and preparedness, to which the MDF has been an important contributor, provide a legacy of lessons for the future of disaster management in Indonesia and around the world.



Chapter 1

Effective and Efficient Multi Donor Fund Operations



Indonesian President Susilo Bambang Yudhoyono being presented with the MDF photo book, *The Power of Partnerships*, by World Bank Regional Vice President Pamela Cox at the closing ceremony of the MDF in Jakarta in November 2012. World Bank Indonesia Country Director Stefan Koeberle looks on.

Photo:
MDF Secretariat

The MDF Mission Statement:

“The Multi-Donor Fund for Aceh and Nias is a partnership of the international community, Indonesian government and civil society to support the recovery following the earthquakes and tsunami. It contributes to the recovery process by providing grants for quality investments that are based on good practice, stakeholder participation, and coordination with others. In doing so, the Multi-Donor Fund seeks to reduce poverty, (re)build capacity, support good governance and enhance sustainable development.”¹

The Multi Donor Fund for Aceh and Nias (MDF), established to support the post-tsunami and earthquake reconstruction of Aceh and Nias, is widely considered to be one of the most successful programs of its kind. The MDF was set up at the request of the Government of Indonesia (GoI) to support implementation of the government’s rehabilitation and reconstruction program after the December 2004 earthquake and tsunami and subsequent March 2005 earthquake. The Fund pooled about US\$655 million in grant resources provided by 15 donors: the European Commission, the Netherlands, the United Kingdom, the World Bank, Sweden, Canada, Norway, Denmark, Germany, Belgium, Finland, the Asian Development Bank, the United States of America, New Zealand and Ireland.

The MDF’s contribution to the recovery and reconstruction of Aceh and Nias have been a remarkable success. In line with the Paris Declaration on Aid Effectiveness² and the OECD-DAC Principles for Good International Engagement

¹ MDF Recovery Assistance Policy (RAP), 2005.

² The Paris Declaration on Aid Effectiveness of 2005 commits all signatories to achieving aid effectiveness through the principles of (i) national ownership; (ii) alignment; (iii) harmonization; (iv) managing for results; and (v) mutual accountability. Indonesia has endorsed the Paris Declaration together with 117 other partner countries and international organizations who have committed to follow these principles.

in Fragile States and Situations³, the MDF is evidence of good practice as a post-crisis funding mechanism, harmonizing donor efforts and increasing the effectiveness and efficiency of the reconstruction effort.

The overall goal of the MDF was to contribute efficiently and effectively to the reconstruction of a “better” Aceh and Nias following the earthquakes and tsunami. Therefore the projects not only reconstructed infrastructure and created a platform for future economic development, but also addressed social and environmental concerns such as reducing poverty, improving livelihoods, enhancing gender equity and improving environmental awareness. In addition, incorporating disaster risk reduction and a conflict-sensitive approach across the portfolio was a priority concern of

both government and donors. The MDF played an important role in strengthening various levels of government, civil society organizations, and communities through capacity building components included in almost all projects.

The Multi Donor Fund brings its successful program to completion on December 31, 2012. The original closing date of the program was extended from June 2010 to December 2012. This extension was aimed at ensuring that the recovery was institutionally, financially and socially sustainable and allowed the MDF time to strengthen institutions and to ensure a smooth handover process.

GOVERNANCE AND OPERATIONS OF THE MDF

The MDF’s inclusive and effective governance structure supported the goals of the Paris

The Overall Goal of the Multi Donor Fund for Aceh and Nias

The overall goal of the Multi Donor Fund was to efficiently and effectively contribute to the reconstruction of a better Aceh and Nias following the earthquakes and tsunami. This overall goal was accomplished by:

- *Pooling donor resources to support a mutually-agreed portfolio of projects and programs;*
- *Working through and within the Government’s Master Plan for recovery;*
- *Promoting bottom-up and demand-driven development of initiatives eligible for financing;*
- *Partnering with Government and non-government agencies;*
- *Serving as a forum for donor coordination;*
- *Supporting policy dialogue between the international community, civil society and the Government on the overall recovery process;*
- *Having funds flow through the Government budget wherever effective, and outside of the budget if the Steering Committee deemed this more effective;*
- *Pursuing gender-sensitive activities;*
- *Seeking opportunities to support the peace process (conflict sensitivity); and*
- *Avoiding further increasing regional disparities.*

From: The MDF Recovery Assistance Policy (RAP) approved by the MDF Steering Committee in 2005

³ The OECD Development Assistance Committee (DAC) endorsed a set of Principles for Good International Engagement in Fragile States and Situations in 2007 that aim to complement and inform the commitments set out in the 2005 Paris Declaration on Aid Effectiveness which also notes the need to adapt and apply aid effectiveness principles to differing country situations, particularly fragile states.



MDF Steering Committee representatives meet journalists in Banda Aceh, June 2012.

Photo:
Tarmizy Harva

Declaration on Aid Effectiveness and contributed to its success. From its inception, the MDF strongly engaged its partners, stakeholders and beneficiaries through various dialogue mechanisms that contributed to the effectiveness of its operations. At the request of the GOI, the World Bank served as the trustee to administer the MDF.

The MDF was governed by a Steering Committee comprised of donors, representatives of national and provincial government, and civil society representatives. The Steering Committee met on a regular basis in Jakarta or Aceh to review and endorse project concepts and proposals for funding, and to discuss the progress of the recovery process in Aceh and Nias. The United Nations Coordinator and a representative of the international NGO community were official observers. Other key reconstruction partners including Australia and Japan were also invited to join the meetings as observers, which allowed better information

sharing on overall reconstruction efforts. A Technical Review Group carried out more detailed reviews and made recommendations to the Steering Committee, streamlining the process. The Steering Committee was co-chaired by the national government, represented first by the *Badan Rekonstruksi dan Rehabilitasi Aceh - Nias* (BRR), the GOI's Agency for Rehabilitation and Reconstruction of Aceh and Nias. This role was later taken up by Bappenas, the National Planning Agency. Other co-chairs were the Government of Aceh, the European Union representing the donors, and the World Bank as trustee of the fund.

The MDF drew on a mix of agencies for implementing and supervising its program. This provided the opportunity to use different organizations' strengths and comparative advantages. Four major multilateral organizations, the World Bank, the United Nations Development Programme (UNDP), the International Labour Organisation (ILO), and the World Food



MDF Steering Committee members and project and partner agency staff share a traditional Acehnese meal with community leaders at Gampong Baro village, the first pilot site of Rekompak, the MDF’s community-based housing project in Aceh.

Photo:
Tarmizy Harva



The Multi Donor Fund for Aceh and Nias (MDF), established to support the post-tsunami and earthquake reconstruction of Aceh and Nias, is widely considered to be one of the most successful programs of its kind.

Programme (WFP), served as partner agencies. The partner agencies were responsible for the overall oversight and supervision of the projects, applying their own fiduciary framework and governance structures. Implementing agencies were responsible for project implementation activities on the ground, bringing different strengths in terms of capacity and procedures. This arrangement led to a multi-pronged response to the government’s recovery agenda, allowing greater speed and coverage than would otherwise have been possible. The implementing agencies included government line agencies, multilateral organizations, and NGOs.

The Multi Donor Fund’s Recovery Assistance Policy (RAP) set out guiding principles for the MDF. Approved by the MDF Steering Committee in 2005, the RAP served as a framework for MDF operations and established the priority sectors and approach for funding. It also outlined a range

of quality issues and cross-cutting themes to be considered in MDF projects. These cross-cutting issues included conflict and gender sensitivity, regional equality and poverty alleviation.

The Steering Committee allocated funds to projects after reviewing proposals endorsed by the government. In the initial years of the MDF operations, proposals were submitted through the BRR, which was responsible for the overall coordination of the reconstruction effort. The BRR was well positioned to identify strategic areas of need for which the MDF could be considered as the funding partner of choice. After the closure of BRR, proposals were submitted through Bappenas, which had taken over the overall coordination role for the reconstruction. This two-tiered process resulted in strong government ownership of the MDF program and its alignment with government priorities.

Another important function of the Steering Committee was to enhance the coordination and policy dialogue for reconstruction to ensure harmonization of efforts. Steering Committee meetings presented opportunities to discuss synergies within the MDF portfolio and brought together various stakeholders to discuss the overall reconstruction agenda which helped to avoid overlaps. The MDF also organized policy dialogue meetings with key stakeholders on relevant cross-cutting issues. These discussions reinforced the alignment of the program with the government's strategic priorities. As such, the MDF served as a platform for broader policy dialogue with all stakeholders involved in the reconstruction process.

The Steering Committee and the Technical Review Group were assisted by a Secretariat, with the primary responsibility to coordinate the overall work program of the MDF. This included providing financial oversight for and enhancing visibility of the MDF program,

reviewing project proposals, and participating in and commissioning project and program evaluations. The Secretariat also convened Technical Review and Steering Committee meetings and monitored and reported to the Steering Committee regularly on project and program progress and results. The Secretariat also ensured that all administrative arrangements to implement the projects were adhered to in line with World Bank processes and procedures. The Secretariat was based at the World Bank Office in Jakarta and in Banda Aceh. The support offered by the Secretariat kept the Steering Committee up to date on all project and program developments, allowing them to make informed, timely decisions regarding the program.

SUPPORTING THE GOVERNMENT'S RECONSTRUCTION AGENDA

A key factor in the MDF's success has been the leadership of the GoI and the partnership of stakeholders to support the government's agenda. The MDF worked closely with all levels of the Indonesian Government. A close working relationship was forged with the BRR, the special national agency with ministerial-level authority which was created to manage the massive reconstruction needs in Aceh and Nias. The BRR led the overall reconstruction of Aceh and Nias until its mandate ended in April 2009, after which responsibility for coordination of the reconstruction process reverted to regular government mechanisms, led by Bappenas.

The MDF also worked closely with the provincial and local governments of Aceh, North Sumatra and Nias. By providing targeted support and prioritizing resources and capacities, it helped these institutions to take on their new roles during the transition period following the closure of BRR. The Coordinating Body for the Sustainability of Reconstruction in Aceh and Nias (BKARAN at National level, BKRA at Aceh Provincial level and BKRN covering

Nias at the North Sumatra Provincial level) was set up through Presidential Decree 3/2009 to support continued implementation of the reconstruction efforts until December 31, 2009. The MDF worked closely with these entities to facilitate the timely and smooth implementation of the portfolio.

The MDF portfolio was aligned with the Government’s Master Plan for Reconstruction and the BRR’s assessment of the most critical gaps. All projects considered for MDF funding were endorsed by the BRR, and later Bappenas, before submitting to the MDF Steering Committee for review and decision-making. The MDF used a phased strategy for implementation over time to address evolving needs. In the first phase, MDF support was focused on the recovery of communities and other logistics support

including the restoration of key transport links. In the second phase, the reconstruction of large infrastructure as well as building capacity in local government institutions was included. In its third phase, the MDF supported the sustainable recovery of the economy and the process of transfer of reconstruction assets and projects.

MANAGING FOR RESULTS

The MDF applied quality assurance measures at several levels to enhance project implementation and results. The first level of monitoring for quality was the implementing agency, which was responsible for implementing activities in the field. Activities performed by the implementing agencies were supervised by a partner agency which was responsible for the appropriate use of funds and reporting to the MDF Secretariat on project progress and results.

Rosmawar

Women’s Cooperative Offers New Opportunities



When Rosmawar was two months pregnant with her youngest child, her husband was gunned down while laboring on a farm. Since then, she’s had to provide everything for her two boys.

“I have many jobs. I wash laundry, I grow rice on a farmer’s land, and I make cakes in a bakery business. Basically, whatever people ask me to do, I’ll do it if I can,” she says.

Life improved for Rosmawar after she joined a co-op that makes *emping*, a popular snack food. The co-op,

Koperasi Wanita Serba Usaha Hareukat Poma, is supported through the MDF’s Economic Development Finance Facility. Co-op members have been trained in cooperative and financial management, as well as quality control, marketing and promotion.

Since joining the co-op Rosmawar’s income has increased. There are other benefits too. “Because of the co-op I can borrow money,” she explains. “I use it to rent some land and buy seedlings. I also bought my own *emping*-making machine. I now get a fair price— because of the co-op, I know what the right price is, and I feel more in control.”



From its inception, the MDF strongly engaged its partners, stakeholders and beneficiaries through various dialogue mechanisms that contributed to the effectiveness of its operations.

The Secretariat monitored and evaluated the overall portfolio through a streamlined reporting system, synthesizing results data from project level and supplementing this with field-level monitoring in addition to conducting portfolio level reviews and commissioning independent assessments on the performance of the portfolio. Individual donors also commissioned independent evaluations of the MDF portfolio. These combined methods of monitoring and reporting to stakeholders led to a transparent and comprehensive understanding of portfolio achievements and challenges to support decision making and quality improvements.

The MDF supported strong coordination between its portfolio and the overall reconstruction efforts, as well as between projects within the MDF portfolio. This coordination contributed to the creation of synergies and reduced duplication of efforts across the overall reconstruction. Besides joining the established reconstruction coordination forums or sectoral working groups, many MDF projects set up Project Steering Committees that brought together the most relevant stakeholders: local government and their sectoral agencies, local NGOs and universities, communities and other major players in the sector. An example of creating synergy across the reconstruction activities is the Support to Poor and Disadvantaged Areas Project (SPADA) which partnered with the USAID Local Government Support Program and The Asia Foundation to benefit from their existing experiences and capacities on the ground. As a result of synergies

such as this, the MDF interventions had a multiplier effect on the overall reconstruction impact that exceeded the financial value of its share in the reconstruction funding.

The MDF Secretariat undertook various reviews to assess portfolio performance and document lessons learned. A comprehensive Mid Term Review (MTR) was commissioned to assess the performance of the MDF at the project, portfolio and operational level. A Social Sustainability Review and an Environmental Sustainability Review were undertaken separately; these reviews provided input into the overall MTR. The MTR of the MDF found that the program was highly relevant and concluded that the MDF is a successful mechanism for post-disaster reconstruction, with many opportunities to contribute lessons to future post-disaster situations. The MDF's follow up actions on the MTR recommendations ensured that projects were strengthened by the inputs of the review. In response to the MTR recommendations, the MDF increased its emphasis in the final year on documenting its experiences and lessons learned in post-disaster recovery and reconstruction. This has generated a significant body of knowledge shared with policy makers and practitioners for future use, both nationally and internationally.

EFFECTIVE COMMUNICATIONS TO ENHANCE PROGRAM OUTCOMES

Strategic communication activities were essential to the MDF's success. The MDF's timely, open and strategic communications with



The media was an important partner to the MDF and its projects. Media outreach included online and print coverage, live radio broadcasts, media briefings and coverage of public events. Shown here, national reporters interview cacao farmers in Nias.

Photo:
Nur Raihan Lubis

stakeholders enhanced their engagement and contributed to transparency and accountability in program and project implementation. Over its lifetime the MDF conducted an extensive range of communication activities designed to improve coordination and implementation, communicate results, ensure sustainability, and disseminate best practices and lessons learned from the program's experience.

The MDF provided a platform for coordination between various stakeholders in the reconstruction and rehabilitation process. The MDF played an important coordination role in bringing together key players from different levels of government, donors, and civil society – a role which increased in prominence after the closure of the BRR. To this end, the MDF participated in special events such as program evaluations, stakeholder meetings,

exhibitions and policy dialogues conducted by government, donors and other multilateral agencies. These activities promoted the involvement of a broader audience in the reconstruction process and facilitated MDF support for government priorities.

At the project level, the MDF enabled effective dialogue between communities and government. Community-driven reconstruction was the core approach in many MDF projects, from housing and community-level infrastructure reconstruction to livelihoods recovery, and this approach contributed greatly to project outcomes and beneficiary satisfaction. Transparent and two-way communications and feedback on project implementation allowed for timely response and action to improve project effectiveness. The MDF Secretariat also organized field visits for donors and other

visiting delegations to facilitate direct contact with beneficiaries and project staff to provide first-hand understanding of their needs, implementation challenges and results.

The media was an important partner to the MDF and its projects. The Secretariat used a multi-faceted outreach approach aimed at increasing the public and beneficiaries' awareness and understanding of MDF funded activities. The Secretariat and many projects utilized formal media outlets to reach wider audiences and to increase the MDF's public profile. This included tools such as program and project websites, live radio broadcasts and regular media briefings, as well as participation in public events, all of which ensured that information about the program reached a wide audience. The MDF Secretariat monitored all media coverage for accuracy and relevance.

The MDF promoted transparency and accountability in its program and project implementation. All MDF funded projects were required to establish complaints-handling mechanisms through which feedback, queries and grievances regarding project targeting and implementation could be channeled. Nearly all complaints and queries received through these mechanisms were addressed at project level through consultations and verifications, and information on resolution was made easily available to the public. These mechanisms contributed to generally high rates of beneficiary satisfaction in MDF projects and have strengthened demand for good service delivery at the community level.

An international conference entitled *Lessons from Indonesia's Experiences in Disaster Reconstruction and Preparedness* highlighted Indonesia's post-disaster reconstruction experience. The recent experiences of the MDF and the Java Reconstruction Fund (JRF)



The MDF provided a platform for coordination between various stakeholders in the reconstruction and rehabilitation process.

in managing the disasters in Aceh, Nias and Java reshaped Indonesia's approach to disaster response and preparedness, and were discussed among policy makers and practitioners at the international conference. The conference was attended by over 500 participants including high level delegates from disaster-prone countries such as Japan, Pakistan, and Haiti. It covered many aspects of post-disaster reconstruction and preparedness, including the community-led approach to housing reconstruction, post-disaster livelihoods recovery, gender and capacity development, mainstreaming disaster risk reduction, and knowledge sharing. Indonesian President Susilo Bambang Yudhoyono, Minister for National Development Planning Armida S. Alisjahbana, Governor Zaini Abdullah of Aceh, World Bank Vice President Pamela Cox, representatives of the MDF's 15 donors, and other dignitaries were present and commended the achievements of the MDF and JRF programs.

The MDF has become a valuable source of knowledge and information for those implementing post-disaster reconstruction and recovery programs in other settings. Widely regarded as one of the most successful multi-donor trust funds for post-disaster rehabilitation and reconstruction in the world, the MDF and its projects provide models for



Sharing the Experiences of the MDF

The MDF Secretariat produced a series of publications to document and share lessons from Indonesia's experience in implementing two post-disaster reconstruction programs, the MDF and the Java Reconstruction Fund (JRF). These products are meant to be shared with policy makers and practitioners in Indonesia and globally. The products include:

- A book and video documentary on the Rekompak housing reconstruction project, documenting the approach and experience of the community-led housing and settlement reconstruction model in Aceh and Java.
- A series of five working papers and knowledge notes discussing lessons learned from key areas of the MDF's work, including:
 - o The community-driven approach to reconstruction
 - o Reconstruction of large infrastructure
 - o Capacity building in a post-disaster context
 - o Mainstreaming gender in post-disaster programs
 - o The MDF's framework for effective reconstruction.
- A photo book, *The Power of Partnerships*, documenting the MDF's work in Aceh and Nias.

These products are available in both English and Bahasa Indonesia. They are being widely shared with the MDF's partners and will continue to be available after the program closes through the MDF's website (www.multidonorfund.org) and the World Bank's website (www.worldbank.org).



The MDF is a successful mechanism for post-disaster reconstruction, with many opportunities to contribute lessons to future post-disaster situations.

best practices and lessons learned. During its final year of operation, the MDF served as a knowledge sharing hub. It used a number of tools to do this, including publications, seminars, conferences, its web page, and relations with the media. To ensure access to its information and experience, MDF published materials on the overall program, specific projects, and experiences that will be available long after its mandate is over (see box). In addition to publications produced by the Secretariat on the overall MDF program, the individual projects under the MDF have developed a wide range of publications, video documentaries, and other products for knowledge dissemination related to their program areas.

The MDF Secretariat served as a resource for knowledge sharing among project implementers. Governments of disaster-affected countries, prominent universities, and other development agencies have conducted dialogues, field visits and studies of the MDF to gain direct insights into successful project activities and implementation modalities. In addition, the MDF Secretariat in Aceh initiated a seminar series through which key actors from MDF funded projects could share their experiences, achievements and lessons learned. The series had wide participation and led to dialogue between local governments and communities to improve and reform local level services and programs.

The impact of the MDF Secretariat's communications work did more than contribute to the program's operational success – it also ensured that others will benefit from the MDF's experiences. Numerous organizations, including prominent development agencies and universities, governments of disaster-affected countries, and the media have sought lessons and best practices from the MDF Secretariat, the World Bank as trustee, the Government of Indonesia, the Governments of Aceh and North Sumatra, and individual project teams. The MDF's achievements have been covered in a wide range of international media including the BBC Radio and the Washington Post, in addition to extensive coverage in local media. Moreover, the MDF's experiences have been highlighted at such events as the Asian Ministerial Conference on Disaster Risk Reduction held in Yogyakarta in October 2012, and through the World Bank's website as well as through outreach channels of the Government of Indonesia and the three partner agencies under the United Nations. Through the MDF's communications efforts and publications, lessons and best practices from the MDF's reconstruction experience in Aceh and Nias have been disseminated to a broad range of stakeholders and will be available for future use in Indonesia and other disaster-prone countries around the world.



MDF Feature



1. Munandar was an illegal logger from the age of 12 but now is a Community Ranger helping to protect the forest and farmers' crops.
2. Rangers on elephant patrol. Wild elephants are scared away from farmers crops with harmless fireworks and bamboo cannons.

Photos:

1. Tarmizy Harva
2. Mosista Pambudi

Protecting Livelihoods, Protecting Forests

The 3.3 million hectare Ulu Masen and Leuser forests, in the northern part of Aceh province, are part of the largest contiguous forested area in Southeast Asia. But the forests have been at risk from illegal logging for many years.

Like many young men from his community, Munandar was an illegal logger from about the age of 12.

"I would follow older men into the forest and help out. We mainly cut down *mantuk* and *meranti*, which are hardwoods much harder than teak. I can't say how many we cut down. The government became strict in the year 2000 and we were threatened with jail so that's when many of us stopped. I now have a rubber plantation and I tend to that every day. I'm earning less, but I'd rather just do my best earning what I can without logging."

In 2009, the NGO Fauna and Flora International (FFI) established a number of Conservation Response Units (CRUs) on the

edge of the Ulu Masen forest. The CRUs are responsible for training rangers, often men recruited from local villages, many of whom have been involved in illegal logging in the past, to protect the forests and wildlife. They are also responsible for setting up a rapid response unit to reduce "human-wildlife conflicts" that affect local people's livelihood opportunities and endanger the Sumatran elephant, in particular.

The scheme is part of the Aceh Forest and Environment Project, which aims to protect the Leuser and Ulu Masen forest ecosystems from illegal logging. The project is funded by a grant from the MDF.

Finding work for ex-illegal loggers is the immediate impact, but the larger goal is



2

to encourage whole communities to stop deforestation and rely on less destructive ways of earning a living.

Located in the areas with the highest level of human-elephant “conflict,” the CRUs have established a rapid response system to incidents. Domesticated elephants have been trained by the rangers and are used in the rapid response, and are deployed to help mitigate the elephant-human encounter. In addition to this the elephant patrols and ranger teams are monitoring illegal logging and sending out warnings to would-be loggers and wildlife poachers that the forests are being guarded. *Pak Yusak*, the village head in Lujeureunge, explains the livelihoods shift that has taken place:

“There are 85 households in this village. Farming is the main source of income, growing cacao and rubber. Many of us in the village were illegal loggers in the past. We made \$10 a day. We’re making much less than that now – maybe half that.”

This shift from logger to farmer has not been an easy transition for everyone. *Ibu*

Rosa, a local rubber farmer, is frustrated not only by the threat of elephants to her crops, but also recalls the past when the family had a much larger income. “We miss having that income. But the prices of cacao and rubber are high at the moment so that makes us content for now.”

Ibu Rosa is relieved by the success of the community rangers’ program.

“Before the project was set up, we had a problem with elephants up to three times a month. One herd can have 13 elephants. We didn’t know what to do; we’d just stand back and watch them come in and destroy everything. One elephant can destroy 10 rubber or cacao small-holder plantations in a night. It’ll take five years to get the crop to that stage again, and all our work can just disappear. We were very angry and frustrated. Many elephants were killed. Now we realize it’s part of nature. The rangers now scare them away with fireworks and bamboo cannons.”

In 2011, FFI transferred responsibility for the project to the district government and



Ibu Rosa and her neighbors grow rubber, cacao, and market vegetables but their crops and livelihoods are often under threat from the wild Sumatran elephants.

Photo:
Tarmizy Harva

Ministry of Forestry. *Pak* Mukhtarudin, Head of the district government's Forestry and Plantation Crops Department in Lamno, Aceh Jaya, is very supportive of the CRU activities. "I was born and raised in this area so I know the issues well. The issue has always been based on livelihoods. The conflict between animal and human has existed for many years and has had repercussions for people's livelihoods and incomes. We see now that the conflict can be managed. The rangers went through a rigorous selection process so they have a high awareness and commitment and dedication. But most of the villages and community members are not at that level of awareness yet. We're supporting this change in attitude by paying ex-illegal loggers to plant seedlings, thereby giving them a start in cultivating rubber or cacao."

Pak Mukhtarudin explains that two hectares of rubber can support a family and allow them to buy enough food and

pay for household needs and education. In addition, other crops can be grown while they wait for the rubber trees to be big enough to tap for rubber.

However in comparison, the *meranti* tree can produce at least 10-20 cubic meters of wood and can be sold for \$400 per cubic meter. Men working in the illegal sawmills could earn enough in one month to keep their family for four months. Some women in these communities were also illegal loggers. They didn't cut down trees but as porters would carry logs and earn up to \$5 a day. Now they are farmers, and they have to work harder to reap the same kind of benefits. *Pak* Mukhtarudin understands that it is only natural that some of the former loggers preferred their old way of life.

"The process of change still has to happen. Some people are not ready to become farmers, but over time they will have a change



A community ranger uses a bamboo cannon to scare away wild elephants from farmers' precious crops.

Photo:
Abbie Trayler-Smith/
Panos/DfID

in attitude especially if their livelihood can be more profitable. We've encouraged the women to join the re-planting initiative and have paid them 500 rupiah per tree or sapling. They can plant 100 or even 200 trees a day so in fact this is better pay. These are the kind of incentives we need to make this huge behavioral change work. There is a lot of potential in this area, especially now with our new coastal highway built by the MDF. The road will bring more visitors and eco-tourism could bring great benefits to the area, and open up new livelihoods for people."

The future of these eco-systems will depend on the success of balancing the economic needs of the communities with the long term sustainability of forests and wildlife. Involving the communities is key to protecting this immense heritage for Aceh's future generations.

The Aceh Forest and Environment Project (AFEP) was established to empower and support government, civil society partners and communities to safeguard the vital ecosystem of the Leuser and Ulu Masen forest during the post-tsunami reconstruction. The project aims to protect the forest from illegal logging and promote more sustainable management of forests. Over 600 forest guards, 250 conservation/forestry officers and almost 700 community monitors have been trained. In addition, the project supports conservation awareness through schools and over 150 eco-clubs. The project is implemented by FFI and the Leuser International Foundation (LIF), with the World Bank as partner agency.

Chapter 2

MDF Portfolio Results



Coffee grader Fitra Cahyadi at the new coffee warehouse outside Takengon set up under the EDFF. The subproject, implemented by the International Organisation for Migration (IOM), aims to give small farmers more control over the quality, marketing and sale of their coffee.

Photo:
Tarmizy Harva

The Government of Indonesia has demonstrated great success in managing post-disaster reconstruction effectively and efficiently. Indonesia has been widely recognized for its achievements in rebuilding Aceh and Nias in the eight years since the devastating disasters. With total damage and need estimated at more than US\$6.2 billion,¹ the enormity of this task was unprecedented.

The Multi Donor Fund has played an important part in making the reconstruction a success. The MDF's contributions were equal to about ten percent of the overall reconstruction funds. The MDF played a critical gap-filling role in the overall reconstruction effort and provided technical support to the BRR and later, Bappenas and the local governments to strengthen their coordination roles for the overall reconstruction. As such, the MDF's support had a huge multiplier effect, and its impact has been able to far exceed its contributions. The MDF has also contributed to harmonizing donor efforts and to increasing the effectiveness and efficiency of the reconstruction process. MDF projects have responded effectively to the priorities and needs identified by the Government of Indonesia.

The MDF's overall program mandate ends on December 31, 2012. Most projects closed by June 2012 as originally scheduled, but a few projects were allowed to continue reconstruction activities up to the MDF's program closing date to allow as much time as possible to complete activities. By the program's formal closing date all program activities funded by the MDF will have come to conclusion, and all MDF projects will have closed.

OVERVIEW OF THE MDF PORTFOLIO

The MDF portfolio consisted of 23 projects in six outcome areas. MDF funds supported projects in the areas of community recovery, reconstruction of large infrastructure and transport, strengthening governance, sustaining the environment, enhancing the overall recovery process, and economic development and livelihoods.

¹ Initial damage and needs assessments estimated US\$4.9 billion, but this was later revised to US\$6.2 billion.

Impressive results have been achieved across the portfolio. MDF projects built thousands of homes, repaired and expanded infrastructure, and put in place a foundation for economic growth. The projects improved local governance, brought women into the decision-making process, and protected the environment. The MDF pioneered new approaches to disaster response by building effective partnerships and tapping into the strength of communities. The quality of the MDF's outputs has generally been high and prospects for sustainability are good. Beneficiary satisfaction with the outputs and outcomes has been high.

Partnerships were key to successful project implementation. Projects were implemented through government and non-government partners, including national government line ministries, the Governments of Aceh and North Sumatra, various agencies under the United Nations, and non-governmental organizations (NGOs).

The MDF's phased approach to recovery and reconstruction has proven successful. Over its lifetime, the MDF followed a phased strategy for prioritizing and allocating funds to projects. The first phase met urgent needs for recovery of communities and rehabilitation of vital transportation networks. The second phase focused on large infrastructure, mitigating the impacts of reconstruction on the environment, and capacity building. The third phase centered on economic development and continued strengthening of local capacity. A notable element of this strategy was to incorporate key cross-cutting areas across the portfolio, including gender and conflict sensitivity, protecting the environment, and a focus on disaster risk management. This strategy allowed critical needs to be met urgently and quickly, while more complex investments requiring deeper quality and capacity could be delivered over a longer time horizon.

Ensuring the sustainability of MDF investments was a key program focus during the final year of implementation. All MDF projects included capacity building and sound exit strategies. A special emphasis was placed on providing support to central and provincial governments to assist with the administrative and legal processes of transferring reconstruction assets so that funds can be allocated for operations and maintenance of these assets from the appropriate government budgets. Each project also incorporated capacity building components to help ensure operations and maintenance is sustainable beyond project closing so that assets transferred to government have a stronger chance for successful utilization.

The following sections report on MDF's achievements in each of the six outcome areas. For additional detail on each project, please refer to the Project Fact Sheets in Volume 2 of this report.

RECOVERY OF COMMUNITIES

Community Recovery Projects	Funds Allocated (US\$ millions)
Kecamatan Development Project (KDP)	64.7
Urban Poverty Project (UPP)	17.45
Community-based Settlement Rehabilitation and Reconstruction Project (CSRRP-Rekompak)	84.97
Nias Kecamatan-based Reconstruction and Rehabilitation Planning Project (KRRP)	20.21
Reconstruction of Aceh Land Administration Project (RALAS)	14.83
Total	202.16

The MDF supported the recovery of communities in the first phase of its reconstruction program. Following the disasters, the immediate needs of communities were for houses to be rebuilt,



Facilitators were essential to the success of all the MDF's community-driven projects. However, good local facilitators were often in high demand and short supply during the reconstruction. In this photo a facilitator works with community members to plan the reconstruction of their village.

Photo:
KDP project
collection

land ownership restored, and village-level infrastructure to be reconstructed. This first group of projects to be approved by the MDF Steering Committee contributed to community recovery through expansion and scaling up of national Community Driven Development (CDD) projects that were already in place. Leveraging the existing *Kecamatan* Development Project (KDP) and Urban Poverty Project (UPP) programs and approach, this group of five projects either scaled up existing programs in Aceh and Nias (KDP and UPP), or adapted the CDD model to deliver specific reconstruction needs such as housing (CSRRP-Rekompak and the *Kecamatan*-based Reconstruction and Rehabilitation Planning Project or KRRP) or land titling (Reconstruction of Aceh Land Administration System - RALAS). The MDF used this strategy of building on existing community-driven programs in order to speed up preparation and start up and to deliver

benefits more quickly. Three of these projects closed during 2010 (KDP, UPP, CSRRP-Rekompak). The land-titling project (RALAS) closed in June 2009, having strengthened institutional capacity on land adjudication. The Nias housing project, KRRP, completed its activities and closed in June 2011.

The MDF's Community Recovery projects achieved impressive results in rebuilding houses and infrastructure at the community level. A total of nearly 20,000 houses were reconstructed or rehabilitated under the MDF. These projects demonstrated that communities can take the lead in the decision-making role for their own recovery even in the most devastating circumstances. The MDF housing program was completed in Aceh in 2010 and in 2011 in Nias. More than 15,000 houses were reconstructed or rehabilitated in Aceh with an occupancy rate



of 97 percent, while an additional 4,500 houses were completed in Nias. The community housing approach pioneered under the Rekompak project in Aceh has also demonstrated that communities and government working in partnership can achieve results that are transparent, cost-effective, and of high quality. Beneficiary satisfaction was high under these projects as communities were directly in control of the quality of construction. The engagement of the community also allowed beneficiaries to transform immense personal loss into a positive and constructive effort to rebuild their lives.

The KDP, UPP, CSRRP-Rekompak and KRRP projects also delivered impressive results in the reconstruction of community infrastructure. These projects assisted communities to construct more than 3,000 kilometers of village roads, 18 kilometers of bridges, and nearly 1,600 kilometers of irrigation and drainage channels. In addition, 551 schools and 511 local government offices or village/town halls were built or rehabilitated.² Water

and sanitation improvements included more than 7,800 wells or other sources of clean water and 1,220 sanitation units. Beneficiary satisfaction rates for these projects were generally high, signifying the importance of ownership and empowerment to the recovery of communities.

RALAS helped to restore the land administration system in Aceh and distributed more than 220,000 land certificates. Of these, 63,000 were issued in the names of women or as joint titles. Despite some difficult management and implementation issues, the project contributed to restoring land rights and rebuilding the land administration system in Aceh. Training and capacity building in community-driven adjudication was provided to over 700 government staff and will continue to impact the government's delivery of land-titling services in the long term. Perhaps most importantly, increased public awareness and understanding of land-titling procedures and property rights of women will affect demand

² In total, 677 schools were built or rehabilitated by the MDF, including an additional 126 schools built under the SPADA project. These numbers are reported in the table of achievements under the Governance and Capacity Building outcome area. Additional government buildings were also built under SPADA, bringing the total to 515.



The MDF's Community Recovery projects achieved impressive results in constructing houses and infrastructure at community level: nearly 20,000 houses were built under the MDF.

Photos:
MDF Secretariat

for these services in the future, as well as the demand for transparent delivery of such services.

The MDF's community recovery projects have also set an enduring standard for community empowerment across Aceh and Nias. Community processes to rebuild infrastructure enjoyed high rates of participation. Results were imbued with a strong sense of ownership, and set expectations for a greater role for community members in development planning. The outcomes initiated at the community level across Aceh and Nias through these projects are expected to continue as the MDF-supported KDP, UPP and KRRP projects were merged under the national government's National Program for Community Empowerment (PNPM) Rural and Urban program.

Women's empowerment was incorporated into each of the MDF's community recovery projects, leading to increased participation and voice. A strong gender dimension ensures that women play a role in the community decision-making process. These projects piloted efforts

not only to increase women's participation in community planning activities but also to find ways to ensure that women's voices were heard. UPP developed a component to enhance women's empowerment by setting aside specific funds for activities selected by women. Both KDP and UPP also supported women's empowerment through providing microfinance opportunities specifically for women. RALAS played an important role in raising awareness of women's land rights and by supporting joint land titling. Almost 30 percent of the land titles that were issued under the project were joint titles or in women's names. Lessons from integrating gender into community-driven projects and disaster preparedness programs in Aceh and Nias have fed into the ongoing national PNPM and other programming in Aceh and Nias and across Indonesia.

The MDF's community recovery projects have demonstrated that community-driven approaches can be successful in a post-disaster situation. The efficacy of these approaches is evident as lessons learned are already being used in other national and international post-disaster

Yati Balaki Dakhi With Her Own Bare Hands



Yati's house was destroyed in the 2005 earthquake, as were about 50 others in her village of Hilimaenamolo in Nias. But an MDF funded program to rebuild damaged houses in Nias, the *Kecamatan*-Based Reconstruction and Rehabilitation Project (KRRP), gave her the resources and skills to do much of the rebuilding herself. She explains the house-building process:

"There were three groups of six families for the 18 houses that were to be built. It took two years to build because the money came in installments and everyone receiving the money all had to be at the same stage of building. I was the head of my group, which was named the "rose" group. We laughed at that—beautiful and scented but full of thorns! I was the only female group leader."

At first Yati found it difficult to instruct the men in her group on how to build a house.

"They would complain and I'd reply, 'I'm doing this for everyone's sake. You can follow me or not.' It was a burden sometimes. If I didn't look after the group carefully, there was a big chance of mismanaging the project. My leadership did make a difference, I think, and I convinced people that we could make it work and we were the first to finish. We didn't even wait for the money to come—we pre-financed things."

Yati's new house is bigger, more spacious, and the steel reinforcement to the foundation and pillars offer greater earthquake resistance. "I love it because we built it ourselves, without a contractor," she says proudly. "And I've had no issues with cracked walls or the usual contractor problems."

contexts. The Aceh housing project (CSRRP-Rekompak) became a model for the Government of Indonesia's housing reconstruction program in Java following the 2006 earthquake. More than 200,000 houses were constructed adopting this approach. This model has been further adapted in West Sumatra following the 2009 earthquake. The national government has adopted the community-based approach as part of its overall policy for post-disaster housing reconstruction. In addition, delegations from other countries, including Haiti, have visited

Aceh and Java to study the CDD post-disaster reconstruction projects, taking away impressive lessons for replication. KDP, KRRP and CSRRP-Rekompak conducted workshops at project closing to discuss lessons learned, both for future work in Aceh and Indonesia as well as for other post-disaster scenarios around the world. These workshops provided an opportunity for beneficiaries to interact closely with local and national government representatives to help define their own expectations of their government.

Key Results: Recovery of Communities

The following key outputs and accomplishments under this outcome area have been achieved by MDF projects:

- Housing:
 - 12,455 houses reconstructed
 - 6,999 houses rehabilitated
- Community Planning process and Community Infrastructure:
 - 290,000 participants in the community planning process (33% women)
 - More than 3,000 km roads constructed and/ or repaired
 - More than 18,850 m bridges constructed and/or repaired
 - 1,600 km irrigation and drainage channels reconstructed and/ or rehabilitated
 - Nearly 8,000 clean water supply sources reconstructed and/ or rehabilitated
- Land Titling:
 - 223,000 land titles distributed
 - 63,000 land titles issued to women/ with women as joint title holders

RECONSTRUCTION AND REHABILITATION OF LARGE INFRASTRUCTURE AND TRANSPORT

Large Infrastructure and Transport Projects	Funds Allocated (US\$ millions)
Banda Aceh Flood Mitigation Project (BAFMP)	6.27
Infrastructure Reconstruction Enabling Program (IREP)	35.66
Infrastructure Reconstruction Financing Facility (IRFF)	128.70
Lamno-Calang Road Maintenance Project	1.46
Sea Delivery and Logistics Programme (SDLP)	25.03
Tsunami Recovery Ports Redevelopment Programme (TRPRP)	3.78
Nias Rural Access and Capacity Building Project (RACBP)	16.00
Total	216.90

In partnership with the Government of Indonesia, the MDF was a major contributor to the reconstruction and rehabilitation of large infrastructure in Aceh and Nias. Given the scale and extensive nature of the damage resulting from the tsunami and earthquakes, the reconstruction of large infrastructure was a critical priority of the government. In line with these priorities, the MDF made considerable investments in infrastructure reconstruction and rehabilitation and allocated approximately 35 percent of MDF funds to this sector. In addition, significant contributions were also made to community-level infrastructure through the MDF's community recovery programs.

The MDF responded comprehensively and strategically to the recovery of infrastructure and transport after the tsunami. The MDF's initial infrastructure investments focused on addressing logistics needs and restoring vital transport links to provide access to affected areas, thereby supporting urgent community recovery processes. After the initial response



The Infrastructure Reconstruction Financing Facility (IRFF) provided funds for key infrastructure reconstruction projects in Aceh and Nias.

Photo:
Mosista Pambudi

stage, the MDF redirected attention to large scale infrastructure reconstruction. This phased approach allowed more time to be spent on design and preparation of the larger infrastructure construction activities. Investments in large infrastructure have critical quality and ownership requirements which may supersede speed considerations, and care needed to be taken to balance the cost of speed and the cost of delay. MDF funds were allocated through various projects for the reconstruction of large infrastructure, which included ports, national, provincial and district roads, water supply and treatment systems, drainage systems, sanitary landfills and coastal protection systems. In the MDF's final phase, the focus expanded to include increasing the capacity of agencies to manage the newly created assets. This phased approach has been one of the key factors of success for the MDF program. Capacity building

and attention to the needs of marginalized groups, including women, have been strong elements present in all the MDF's work in the large infrastructure and transport outcome area.

An initial wave of infrastructure projects had effectively restored quality transport links and critical infrastructure. The Sea Delivery and Logistics Program (SDLP) provided a shipping service from 2005 to 2007, enabling a wide range of agencies involved in the recovery and reconstruction to move cargo to the west coast of Aceh and remote landing sites on the islands of Nias and Simeulue. The Tsunami Recovery Ports Redevelopment Programme (TRPRP) helped to restore essential transportation networks by providing physical designs and technical support for the reconstruction of major seaports and a river port. The redevelopment of these ports ensured that equipment and materials could be

delivered to isolated areas in order to rebuild communities and livelihoods during the early reconstruction phase. The Lamno-Calang Road maintenance project allowed the major west coast corridor to remain functional in the first two years following the tsunami. The project closed in December 2007 after other donors took over the reconstruction of the west coast corridor road. These transport projects multiplied the impact of the MDF's investments by providing a range of reconstruction actors, including GoI, NGOs, CSOs, and multilateral and bilateral donors, access to affected areas. The Banda Aceh Flood Mitigation Project (BAFMP), completed in 2009, protects the central business area of Aceh's capital against flooding and will be of lasting importance in any future disaster. This project provides important lessons for other areas, especially as other countries in the region face severe flooding.

The MDF's principal contribution to the reconstruction of large infrastructure was through the Infrastructure Reconstruction Enabling Program (IREP), and its companion funding facility project, the Infrastructure Reconstruction Financing Facility (IRFF). These two projects were allocated a combined total of almost US\$165 million by MDF. The IRFF project, with an allocation of US\$129 million, was the largest single project in the MDF portfolio. When combined with the GoI's cofinancing of over US\$100 million, the total amount invested in the reconstruction of large infrastructure through IRFF came to almost US\$230 million. IREP and IRFF worked in tandem to support the design, finance and implementation of 56 separate infrastructure subprojects implemented by the Government of Indonesia. This co-financing arrangement facilitated the integration of donor and government support for reconstruction of infrastructure with positive outcomes. Through the MDF's substantial investments in these two projects, approximately 620 kilometers



Through the MDF's substantial investments in IREP and IRFF approximately 620 kilometers of national and provincial roads, over 100 kilometers of district roads, five ports and 11 water supply and coastal protection systems were build.

of national and provincial roads, over 100 kilometers of district roads, five ports and 11 water supply and coastal protection systems were constructed. Among the national roads constructed, one of the most important includes a strategic portion of road which completes the transport link along the west coast of Aceh, significantly decreasing the travel time between Calang and Meulaboh. This road provides livelihood benefits and access to basic services for more than 900,000 inhabitants, reducing transport costs and increasing economic opportunities.

The local resource-based (LRB) approach for the construction of rural roads introduced by the ILO has proven well-suited to the operating conditions in Aceh and Nias. The Rural Access and Capacity Building Project (RACBP) implemented by the ILO focused on the cost effective and durable improvement of the rural transport network in Nias. Local resource-based approaches were employed to build all-weather trails, bridges and roads, using environmentally friendly construction approaches that require minimal maintenance. The project also utilized a South-South exchange in technical assistance, bringing engineers from Nepal experienced in suspension bridge design and construction to assist with constructing trail bridges under very

Key Results: Recovery of Large Infrastructure and Transport

The following key outputs and accomplishments under this outcome were achieved by MDF projects:

- Under initial emergency response:
 - 1 provincial road (52 km) resurfaced and maintained, including bridges
 - 132 km of road side drainage completed
 - 2 temporary wharves constructed
 - 21 bridge decks repaired
 - 4 Bailey bridges installed
- Logistics support:
 - 98,000 metric tons of reconstruction materials transported
 - 1.2 million metric tons of commercial cargo goods transported
- Technical designs/ contract volume (in US\$) for infrastructure reconstruction prepared:
 - 8 national roads (US\$37 million)
 - 9 provincial roads (US\$67 million)
 - 23 district roads (US\$40 million)
 - 5 ports (US\$44 million)
 - 11 water systems (US\$31 million)
 - 8 permanent sanitary landfills
- Infrastructure reconstructed:
 - 8 national roads (304 km)
 - 9 provincial roads (317 km)
 - 21 district roads (102 km)(IRFF) and an additional 140 km (CBLR3)
 - 11 water and coastal protection systems
 - 5 ports
 - 3 pumping stations
 - 17 km of drainage constructed and rehabilitated
 - 5 permanent sanitary landfills

similar conditions in Nias. A similar project, Capacity Building for Local Resource-based Rural Roads (CBLR3), applied the local resource-based approach in several districts in Aceh and Nias, with good results.

The implementation of the MDF infrastructure portfolio has been highly successful and is an example of good practice. This is evident in the consistently high quality of the roads constructed and positive economic benefits attributable to these projects. Strong coordination between different development partners strengthened

the overall impact of the reconstructed transportation network, which has increased access to isolated areas, as well as broader markets and social services. The close working relationships with the relevant GoI agencies and the emphasis on increased capacity for operating and maintaining the assets created has, in general, resulted in a high sense of ownership by the GoI of the newly created assets. The ports projects funded by the MDF are technically sound, and strong emphasis was placed on increasing the capacity of port staff to adequately operate the improved facilities

Suwandi New Roads, New Opportunities



Roads do more than make travel easier—they also create economic magnets where small businesses have a chance to thrive.

Take the new road in the Batoh area, in the south of Banda Aceh, completed in 2009 by the MDF's Infrastructure Reconstruction Financing Facility (IRFF). Suwandi, an entrepreneur, chose this site for his new business, a motorcycle accessories and seat repair shop, which he opened in 2010. The road lies en route from central Banda Aceh to the main highway to Medan, Indonesia's second-largest city, and gets plenty of traffic.

Suwandi had been looking for the right spot for his business for a long time, and jumped at the opportunity to lease space on a bustling road full of shops and restaurants. "Because of this road, I now have new opportunities to work," he says. "Hopefully I will be busy with customers for years to come."

and equipment. Drainage and flood control, and urban water supply projects under the MDF were mostly implemented well, given that, particularly in these sectors, the lack of accurate geological data available had hampered the preparation of suitable designs to address the needs of end users. The infrastructure projects also took into account solutions employing suitable technology against the backdrop of limited capacity and resources available.

The MDF played a key role in creating infrastructure networks throughout Aceh and Nias, providing a springboard for future economic growth and development. International ports were constructed at Lhokseumawe and Kuala Langsa in Aceh, providing gateways to international markets. In Gunung Sitoli on the island of Nias, and Sinabang on the island of Simeulue, the domestic ports reconstructed have improved inter-island connectivity for these remote districts. The

second phase of the SDLP project invested in the human resources and management systems to improve the efficiency, safety and capacity to administer these and 18 other ports across Aceh and Nias. The extensive national, provincial and district roads constructed through IRFF, ILO roads projects in Aceh and Nias (CBLR3, RACBP) and the MDF's community recovery projects are contributing to a transportation network which opened up areas that were previously difficult to reach. The implementation of nearly all projects in the roads sub-sector was fully satisfactory, with positive economic benefits attributable to the various projects. The construction of numerous small rural roads, trails, and bridges contributes to the long-term economic development of remote areas, especially in Nias where development had been hampered by extreme accessibility challenges. The use of local labor and local procurement of materials has generated economic benefits at community level.

Several technical innovations were introduced through the MDF portfolio, with some of these being mainstreamed into government procedures. These include new types of one-way valves for drainage introduced through the Banda Aceh Flood Mitigation Project (BAFMP); the introduction of the Contractor Environmental Action Plan (CEAP), which was required of contractors for each of the projects implemented under IRFF and now the Department of Public Works is considering adopting; and improved technologies for the construction of rural roads, trails and bridges introduced through the CBLR3 and RACBP projects. The infrastructure projects also took into account solutions employing suitable technology against the backdrop of limited capacity and resources available.

Ensuring the long term sustainability of the assets created has been an important objective for the MDF. Local government capacities for the operations and maintenance of local infrastructure networks were enhanced through project activities, so that the benefits of the MDF’s investments in infrastructure and transport will continue long beyond the close of the program. This was particularly important for Nias, given topographic, geographic and capacity building challenges. Enhancing sustainability also required a clear framework for transferring ownership of physical infrastructure created and the allocation of sufficient resources for the continued operation and maintenance of the assets after the program ends. Working in partnership with the appropriate levels of local government during the reconstruction process helped to create a strong sense of ownership over the assets generated and facilitated the smooth transfer of assets to the relevant government authorities and allocation of local government budgets for operations and maintenance.

STRENGTHENING GOVERNANCE AND CAPACITY BUILDING

Strengthening Governance and Capacity Building Projects	Funds Allocated (US\$ millions)
Capacity Building for Local Resource-based Rural Roads (CBLR3)	13.90
Support for Poor and Disadvantaged Areas (SPADA)	19.72
Support to Strengthen the Role and Capacity of CSOs	6.00
Total	39.62

A key component of the MDF’s post-disaster strategy was to leave behind governments, institutions and communities with the knowledge, skills and ability to address their own development needs and function effectively in future disaster situations. Capacity building, incorporated into nearly all MDF projects, was deemed crucial for the sustainability of investments made in infrastructure, service provision and economic development. Three projects in the MDF’s portfolio focused on promoting good governance through capacity building for civil society (the CSO project), district government (SPADA), and district Public Works Departments and local road contractors (CBLR3). Three other projects—AGTP, NITP, and TA to BRR and Bappenas—improved the ability of local governments to manage the overall recovery process by building their capacity and strengthening their governance. In addition to these specific projects for capacity building, all projects included components to improve institutional and technical capacity of the relevant agencies and individuals. As a result of these projects, governments, civil society, institutions and communities are better prepared to tackle future development and disaster reconstruction challenges.

Key Results: Strengthening Governance and Capacity Building

The following key outputs and accomplishments under this outcome were achieved by MDF projects:

- Restoring basic social services, women’s empowerment and income generation:
 - 142 grants to CSOs, reaching 33,000 beneficiaries (approximately 50% women)
- Capacity Building:
 - 200 CSOs trained in key strategic competence, organizational development and project management
 - 125,000 (20% women) CSO and CBO participants/members trained
 - local contractors trained in local resource based approach to road maintenance and construction
 - Nearly 10,000 (18% women) government officers trained
 - 13,600 (37% women) teachers trained
- Public assets restored:
 - 515 government facilities³ (offices, village halls, etc) reconstructed and/ or rehabilitated
 - 72 health centers reconstructed and/ or rehabilitated
 - 677 schools⁴ reconstructed and/or rehabilitated and/or equipped
- Community Empowerment:
 - Nearly 290,000 people participated in community planning processes

the SPADA project used a bottom-up planning approach to implement nearly 700 community infrastructure subprojects. This approach both addressed local priority infrastructure needs, such as water supply, village roads and bridges, and built local governance capacity. The project also encouraged public-private dialogue. Business-government forums in five districts addressed obstacles to local private sector development, which led to an increase in new business registrations. SPADA block grants connected previously isolated villages, improved opportunities to start small businesses, and improved access to health and education services in disadvantaged communities. SPADA completed its activities and closed in December 2011.

The CBLR3 project constructed local roads in Aceh and Nias using local resources and labor, thereby developing skills and building capacity at the district and community levels.

The project, implemented by the ILO (it is also known as the ILO Rural Roads project), was successful at applying the local resource-based (LRB) approach in district road reconstruction and maintenance. It rebuilt more than 150 kilometers of district and subdistrict roads, bridges as well as culvert and irrigation works, and conducted maintenance work on 230 kilometers of rural roads. It also built the capacity of district governments and contractors to implement the LRB approach and manage road assets. Community members developed new skills and benefitted from

³ This figure includes government facilities reconstructed or rehabilitated under the MDF’s Community Recovery projects.

⁴ This figure includes 551 schools reconstructed or rehabilitated under the MDF’s Community Recovery projects.



The Support for Poor and Disadvantaged Areas (SPADA) project provided funds for rehabilitating and reconstructing schools, as well as providing equipment for classrooms and training for teachers. Through this and the Community Recovery set of projects, more than 670 schools in Aceh and Nias were reconstructed or rehabilitated.

Photo:
Akil Abduljalil

income earning opportunities; significantly, men and women earned equal pay for equal work. The project's impacts include improved road transportation infrastructure, better connectivity among communities, greater opportunities for local economic development, technical skills and local governments better able to build and maintain local infrastructure. The ILO successfully used the same approach in Nias under the RACBP project. Additional financing of US\$2.1 million was approved by the MDF Steering Committee for a Phase 3 of the CBLR3 in late 2011. This final phase focused on an exit strategy to ensure that the LRB approach is mainstreamed and will continue to be used by local governments after the project closes. The project completed all activities and closed in November 2012.

Several important lessons were learned through the MDF's support for capacity building in the reconstruction context in Indonesia. A key lesson that emerged is the importance of including capacity building needs for the reconstruction in the initial post-disaster needs assessment, even if this is a limited or rapid assessment. Clearly, post-disaster reconstruction programs should develop a capacity building strategy, with clear objectives, guidelines, and indicators. If resources are sufficient, post-disaster reconstruction programs should include support for both physical infrastructure and enhanced governance capacity. Finally, an important lesson to highlight is that capacity building is a long-term process and may require more time than the reconstruction



Project staff explain to visitors about the system of the Blang Bintang Regional Landfill. The landfill is the first sanitary landfill in Aceh and one of only a handful of similar facilities across Indonesia that meet international landfill standards. Completed near the end of 2012, it will service the Banda Aceh and Aceh Besar Districts.

Photo:
Mosista
Pambudi

timeframe allows. Expectations regarding capacity development needs to be managed in the context of these lessons.

Well-designed capacity building is an important way to address longer term governance challenges and should remain an important part of the development agendas of Aceh and Nias. Although the MDF made substantial contributions to the capacity of local governments, institutions and communities, significant needs remain in this area. As a reconstruction program, the MDF cannot address the longer-term capacity building and governance needs in Aceh and Nias. Capacity building gaps remain, but the experience in reconstruction has left local governments, civil society, and communities better positioned to address development challenges, including natural disasters, in the future.

SUSTAINING THE ENVIRONMENT

Sustaining the Environment Projects	Funds Allocated (US\$ millions)
Aceh Forest and Environment Project (AFEP)	17.53 ⁵
Tsunami Recovery Waste Management Programme (TRWMP)	39.40
Total	56.93

The MDF was committed to protecting the environment of Aceh and Nias in all its projects, and was one of few reconstruction programs that committed funds specifically for that purpose. Due to the extensive forest resources and biodiversity in Aceh, there was a great concern for safeguarding these resources during the reconstruction. Environmental sustainability was a cross-cutting theme across the MDF portfolio and was the primary focus

⁵ After the end of this reporting period on September 30, a small amount of additional funds (US\$0.09 million) was provided to the project to finalize asset transfer, bringing the final allocation for this project to US\$17.53 million.

of two specific projects. The Aceh Forest and Environment Project (AFEP) was created specifically to mitigate the potential negative impact that reconstruction might have on Aceh's vital forest ecosystems. The Tsunami Recovery Waste Management Programme (TRWMP) was initially designed to assist with the cleanup after the tsunami, which left behind huge amounts of debris. It later made an important contribution to long-term environmental sustainability for Aceh and Nias by creating sustainable solid waste management systems using international best practices.

The key objective of AFEP was to protect Aceh's forest resources by enabling both government and communities to sustainably manage them.

The project showed strong results in many areas essential for effective forest management. These included monitoring illegal logging, supporting law enforcement, mitigating human-wildlife conflicts, mapping forest resources, developing local forest management plans, and building public awareness. Most of AFEP's field activities concluded in 2011. One of AFEP's most successful initiatives, the Community Rangers program which recruits former illegal loggers, poachers,

Key Results: Sustaining the Environment

The following key outputs and accomplishments under this outcome have been achieved by MDF projects:

- Forest Management and Monitoring:
 - 1 provincial and 7 district spatial plans drafted with environmental and conservation inputs
 - Local level agreements on forest management and conservation developed in 27 villages and 14 *mukim* (traditional village grouping)
 - Regular community participation in joint monitoring of forests in 74 villages and 15 *mukim*
 - 228 agroforestry nurseries established
- Sustainable Waste Management:
 - 126 subdistricts in 13 districts covered by municipal waste collection (103% increase over pre-tsunami levels)
 - 44,276 households involved in pilot cost-recovery waste collection schemes
 - 1,122 government staff trained in solid waste management
 - 260 small/micro enterprises with sustainable livelihoods created in waste management sector
 - 13 interim sanitary landfills created
 - Detailed engineering designs prepared for 1 regional and 8 district permanent landfills
 - 1,100 ha of agricultural land cleared and rehabilitated, allowing 1,771 households to restart cultivation
- Environmental Awareness Building:
 - 1,000 teachers trained in conservation awareness
 - 34,800 students trained in waste management awareness and 286 teachers and students trained in recycling and benefits of solid waste management
 - 8 schools participating in garbage bank recycling program
 - High school level curriculum on environmental conservation developed
 - Elementary level textbooks on environmental conservation developed



The MDF demonstrated that post-disaster reconstruction activities can be implemented in an environmentally sustainable way.

and ex-combatants to monitor forests for illegal activities, continues with support from other donors and local government. This and other AFEP activities have transformed the relationship between communities and the forests in the project areas. The project has put in place forest management frameworks and spatial plans incorporating environmental concerns, and supported the creation of protocols for addressing human-wildlife conflicts designed to protect both wildlife and the livelihoods of farmers.

After its initial post-tsunami cleanup activities, the TRWMP focused on solid waste management to protect the environment in Aceh and Nias. The project supported capacity building activities to ensure that sustainable solid waste management infrastructure and services were in place and positioned to operate long after the project closed. The project financed the design and construction of modern, permanent landfills – one regional landfill, a modern transfer station, and three district landfills have been constructed, and designs have been handed over to the government for four additional district landfills.⁶ Local government staff in two districts were provided with the necessary skills and resources to prepare district regulations on solid waste management which were later approved by their respective district parliaments. These laws set an example for Aceh, Nias, and other parts of Indonesia, demonstrating that international

practices in solid waste management can be successfully applied locally. TRWMP worked closely with the Ministry of Public Works and district-level Public Works departments to ensure that the project's achievements are sustainable.

TRWMP also demonstrated success in helping recover and improve livelihoods for farmers and small and medium enterprises. The project built capacity in the private sector for recycling of solid waste. Its activities promoted sustainable income generation and raised awareness among communities on the need and benefits of good solid waste management, while diverting plastics and other recyclables from district landfills. The project also worked in partnership with affected communities to clear tsunami sediment from agricultural land. More than 1,000 hectares of farmland was cleared of debris and sedimentation and was put back into production.

The MDF demonstrated that post-disaster reconstruction activities can be executed in an environmentally sustainable way, and that global best practices can be successfully applied locally. Government and communities in Aceh and Nias now have the knowledge and capability to include environmental sustainability objectives in future development and disaster management plans. Models and approaches have been developed, that can be replicated; these include environmental awareness curricula that were developed for use in Aceh's schools under AFEP, and a series of training modules for capacity building for local government staff in solid waste management developed by TRWMP. The MDF's experience in promoting good environmental management during reconstruction can offer many useful lessons for other post-disaster situations.

⁶ See the project fact sheet in Volume 2 of this report for more details on the new landfills.



Tsunami and earthquake drills, such as this one in an elementary school in Banda Aceh, are now a common practice. The MDF's DRR-A project mainstreamed disaster risk reduction into the core functions of local government agencies. Photo: Tarmizy Harva

ENHANCING THE RECOVERY PROCESS

Enhancing the Recovery Process Projects	Funds Allocated (US\$ millions)
Technical Assistance to BRR and Bappenas Project (R2C3)	24.78
Disaster Risk Reduction-Aceh (DRR-A)	9.87
Aceh Government Transformation Programme (AGTP)	16.98
Nias Islands Transformation Programme (NITP)	4.59
Total	56.22

The MDF played a strategic role to enhance the effectiveness and efficiency of the overall recovery and reconstruction process by providing technical assistance and operational

support to national and provincial government agencies. Initially, the MDF's support helped the BRR in its role as coordinator of the nearly US\$7 billion reconstruction program to achieve its mandate in a timely and transparent manner. The MDF helped BRR develop policies, strategies, legal frameworks, projects and programs, as well as systems and monitoring tools for the overall reconstruction process. After the closure of BRR, the MDF continued to support the overall coordination of reconstruction through assistance to national and local government agencies that assumed responsibility for reconstruction. Three projects, Technical Assistance (TA) to BRR and Bappenas Project (R2C3),⁷ the Aceh Government Transformation Programme (AGTP) and the Nias Island Transformation Programme (NITP), enhanced the overall effectiveness and efficiency of the

⁷ After the BRR closed the TA to BRR and Bappenas project also became known as the Rehabilitation and Reconstruction Completion and Continued Coordination (R2C3) Project.

Key Results: Enhancing the Recovery Process

The following key outputs and accomplishments under this outcome were achieved by MDF projects:

- Enhanced capacities of BRR and Bappenas for coordination and implementation of reconstruction:
 - Supported the development of 217 strategies/policies/guidelines, reviewed 192 proposals and monitored 284 projects
 - Developed and maintained 3 key management information systems for (1) monitoring reconstruction activities; (2) knowledge management on lessons learned; and (3) asset management
- Disaster Risk Reduction mainstreamed into local development process in Aceh and Nias:
 - Local laws (*Qanun*) developed and approved for establishment of Aceh's Disaster Management Agency (BPBA) and other local regulations enacted
 - Tsunami and Disaster Mitigation Research Center strengthened to provide information services to local government
 - Public awareness and capacity building in DRR increased through curriculum development, publications and events
- Strengthening government capacity to manage assets and the asset transfer process:
 - TA to BRR & Bappenas, AGTP, and NITP projects worked together to support the national, provincial, and district governments to complete the asset transfer cycle

reconstruction and recovery process at national, provincial and district levels of government.

The TA to BRR and Bappenas project supported the government's coordination of reconstruction and rehabilitation activities. The TA to BRR project was designed to provide BRR with support for its technical and operational needs from July 2005 to April 2009, when its mandate ended. After BRR closed, responsibility for coordinating the overall reconstruction was handed over to the National Planning Agency, Bappenas. The project thus changed its focus to supporting Bappenas at the national level and Bappeda Aceh and North Sumatra at the provincial level. The project was extended so that it could continue to support final rehabilitation and reconstruction efforts through the end of the MDF's mandate in December 2012, including coordination, monitoring, implementation and execution of exit strategies.

The AGTP and NITP provided support at the provincial and district level respectively to enhance the efficient and effective recovery in Aceh and Nias. Complementing the TA to BRR and Bappenas project, AGTP and NITP worked closely with all levels of government, including line ministries, to support the transfer of rehabilitation assets from BRR. AGTP and NITP also ensured that provincial governments had the necessary capacity and institutional strength to take on the responsibilities and functions of ongoing projects and to continue development activities after their closure. AGTP built capacity and synergy by linking its efforts with the Government of Aceh's development cycle in planning, budgeting, monitoring and evaluation. NITP initiated a stakeholder coordination forum to accelerate the asset transfer process in the Nias islands. Both projects helped implement standards for recruiting qualified government staff, leaving the

provincial governments in both Aceh and Nias better prepared to take on responsibility for their own development in the long term. Both AGTP and NITP completed their activities and closed in June 2012.

The MDF supported disaster risk reduction (DRR) and preparedness through the DRR-A project in Aceh. DRR was an important cross-cutting component of the MDF's work, and was incorporated into many of its projects. The DRR-A project was designed to institutionalize and mainstream DRR in long-term, local-level development processes, and worked on DRR from the community to the provincial levels. One approach was to build capacity and sustainability for DRR through support to local institutions, including the Tsunami and Disaster Mitigation Research Center (TDMRC) of Syiah Kuala University in Banda Aceh and several local NGOs in various districts of the province. The project was also instrumental in helping

to establish the Aceh Disaster Management Agency (BPBA). To ensure continued DRR benefits beyond the MDF's mandate, the project fostered ownership of the DRR agenda within a partnership between government, media, NGOs and academia. As a result, DRR will remain an important component of the development agenda in Aceh. The DRR-A project completed its activities and closed in May 2012.

The MDF's work to enhance government capacity for managing disaster reconstruction leave central government and provincial governments of Aceh and Nias better prepared for planning and executing future disaster response and development efforts. With greater experience, knowledge, systems and frameworks in place, government agencies will realize benefits that extend beyond the end of the MDF's mandate in 2012, contributing to the MDF's long-term legacy.

Preparing Schoolchildren for Disaster



In one part of Banda Aceh, the impact of the tsunami was so great that today one school is enough to accommodate the local children in an area which had been served by three schools before. The school's principal, Nani Irawati, was understandably concerned about disaster preparedness and agreed to pilot an MDF funded program to introduce Disaster Risk Reduction (DRR) to her school.

Implemented by the Tsunami Disaster Mitigation Research Center, the project taught children what to do in the event of disasters, including earthquakes, floods, and fires. The children learned the new drills quickly and practice them regularly.

Many Acehese schools have integrated DRR into their operating procedures so that generations of schoolchildren will know what to do in the face of natural disasters, potentially saving many lives. "The school has integrated disaster knowledge in all subjects at school," says Principal Nani. "Students now understand the potential for disaster in their areas and how to respond."



Cooperative members at the rice processing unit of *Koperasi Pemasaran Masyarakat Aceh (KOPEMAS Aceh)* in Pidie. The processing unit was funded by the Aceh Economic Development Financing Facility (EDFF), which helped to build the skills of thousands of farmers, fisherman, cooperative members and small entrepreneurs.

Photo:
Vicki Peterson

ECONOMIC DEVELOPMENT AND LIVELIHOODS

Economic Development and Livelihood Projects	Funds Allocated (US\$ millions)
Aceh Economic Development Financing Facility (EDFF)	50.00
Nias Livelihoods and Economic Development Project (LEDP)	8.20
Total	58.20

The MDF’s support for livelihoods recovery and economic development followed a phased strategy. The phased approach provided support for filling gaps in community recovery and infrastructure in the early and middle stages, with support for economic development and livelihoods planned for a later stage in the MDF reconstruction process. Two of the MDF’s last projects, the Aceh Economic Development Financing Facility (EDFF) and the Nias Livelihoods

and Economic Development Project (LEDP), directly address improvements in livelihoods and economic development. These projects are intended to smooth the transition from reconstruction to development in Aceh and the Nias islands and build a foundation for future economic growth.

The MDF’s early support for livelihood recovery focused primarily on employment generation through reconstruction activities. Millions of days of paid work opportunities were created for both men and women through housing and community infrastructure activities of Rekompak, KRRP, UPP, and KDP; clean up and waste management activities under the TRWMP; and road repair and construction through the ILO’s local resource-based approach. These work opportunities provided a much-needed cash infusion to affected families during recovery and reconstruction. In addition, three projects

provided microfinance or social funds to meet cash needs of affected households (CSO, KDP and UPP), and support to small businesses related to recycling and waste management was provided by the TRWMP. Women have been able to benefit from the MDF's efforts to ensure they had access to these new and increased employment opportunities.

The MDF's two key projects focused on economic development and livelihoods generated impressive results. Both the EDFFF and Nias LEDP experienced delays in startup that resulted in less time for implementation than was originally planned. The MDF Steering Committee allowed both projects to extend their closing dates in order to give them the maximum time possible to achieve their objectives. With this additional time, both projects were able to meet most of their objectives and with measurable impacts on productivity and income for farmers and other project beneficiaries. The EDFFF project closed in November and the LEDP closed in December 2012.

The EDFFF has helped to strengthen capacity for sustainable economic development in

Aceh. This US\$50 million project funded eight subprojects selected through a transparent process to support development in Aceh's key economic sectors of agriculture and fisheries, with a special emphasis on two important export crops, coffee and cacao. The EDFFF contributed to economic recovery in areas affected both directly and indirectly by the tsunami and earthquake. Subprojects were implemented in almost every district, covering activities which included the provision of agricultural tools and inputs, development of cooperatives, quality enhancement and better packaging, improved access to markets, access to finance, and women's empowerment, among others.

The EDFFF also helped position farmers and the private sector for future economic growth. More than 36,500 primary producers were supported by the project, nearly 30 percent of them women. This support indirectly impacted more than 100,000 household members. The support to primary producers resulted in increased productivity and improved quality of various commodities. Farmers received higher commodity prices and the collectors and wholesalers also benefitted from higher quality

Key Results: Economic Development and Livelihoods

The following key outputs and accomplishments under this outcome were achieved by MDF projects:

- Improved business environment facilitated:
 - 5 district-level sector development master plans for cocoa developed
 - 4 public-private dialogues created (such as Aceh Cocoa Forum) for cocoa, coffee, patchouli oil and fish
- Private sector support:
 - Nearly 40,000 farmers and fishermen receive livelihood improvement support
 - Nearly 900 producer groups supported
 - 13,800 primary producers linked to markets
 - 14.1 million workdays have been created through the MDF projects
 - 60 new cooperatives formed in key production sectors
 - Nearly 1.2 million additional days of employment per year generated



These women, members of a rice farmers group benefitting from the Nias LEDP, are proud that they could go “back to school” for technical training provided through the project. LEDP provided extensive training in improved practices such as making compost and provided seeds, fertilizers, hand tractors and other equipment.

Photo:
MDF
collection

products and more consistent supply from farmers. The project contributed to employment creation through the establishment of new formal jobs, as well as through the introduction of more labor intensive agricultural production methods. It is estimated that this has resulted in about 1.2 million additional person days of employment per year, or approximately 4,400 full time jobs.

Marketing opportunities and the general business environment for key commodities were improved through several EDF subprojects. Five district master plans were developed for the cacao sector, and forums for business development were established or strengthened in the cacao, coffee, fisheries and patchouli sectors. Through improved linkages to markets and related support for small enterprises, more efficient marketing and higher prices through value-added processing for certain commodities

were evident. Innovations in marketing of coffee under the IOM-implemented subproject include an auction market and warehouse receipt system and setting up an on-line marketing system. While the project has clearly laid the foundation for economic development, continued attention from government, NGOs and the private sector is needed to ensure that the gains made can be sustained.

The Nias LEDP has also shown good results in improving livelihoods in the Nias Islands. The project provided technical assistance and inputs to 100 farmers groups in a range of rural livelihood activities with a focus on rice and the key cash crops of cacao and rubber. The project directly benefited more than 3,700 farmers, 37 percent of whom are women, and worked in 92 villages in all five districts in Nias. Through technical training, business



The MDF has promoted gender equality and women's empowerment across the portfolio. The program has exhibited significant success in enhancing the role of women in reconstruction. Gains have been made in women's empowerment, decision making, strengthening of women's legal rights and land ownership, and enhanced resilience and disaster preparedness for women.

management training, and distribution of inputs, the project has been successful in making dramatic improvements in the skills and productivity of farmers. These included the distribution of seeds and seedlings (rice, cacao and rubber), agricultural tools and machinery such as rice hullers and hand tractors, and fertilizers, in addition to community block grants. The LEDP linked with another project in Nias, the RACBP (implemented by ILO), which provides improved access in rural areas. RACBP provided improved trails, roads and bridges to three economic cluster areas targeted by LEDP. In this way, agricultural improvements made under LEDP could be complemented by increased access to markets and services, thereby improving livelihood opportunities and economic development in Nias.

CHALLENGES AND CROSS-CUTTING ISSUES

The MDF successfully faced a broad range of challenges within the complex context in which it operated. Post-disaster situations are always challenging, but Aceh presented a unique set of challenges as a post-disaster recovery situation embedded in a post-conflict environment. As such, it required a reconstruction approach that was sensitive and mindful of this context. Local government and civil society capacity was low as a result of the years of conflict. Transport, infrastructure, the economy and social services had also been severely impacted. Layered on this context was the extreme loss of life, morale and capacity in the many communities that were

destroyed by the earthquakes and tsunami. The MDF was effective in addressing this context by incorporating a conflict sensitive approach into its post-disaster programming across Aceh and Nias.

The difficult environment for project implementation has been even more challenging in extremely remote Nias. Poor transportation networks, a long rainy season, lack of access to quality materials, and difficulty in recruiting and retaining qualified field staff contributed to implementation delays for all projects there. These physical difficulties were compounded by the political subdivision of the island from just two districts into four districts and one municipality. This subdivision during the reconstruction period placed a further strain on available local government capacity for effective project implementation and stretched an already small budget even further.

The transition of responsibility for the reconstruction to regular government agencies at national, provincial and district levels following the closure of BRR created a new set of challenges. Putting new institutional arrangements in place and the return to regular government processes resulted in delayed startup and implementation for several key projects. The transition to regular government budget processes for the disbursement of funds, in particular, was a challenge. Delays in approval of the central government's annual



A woman participates in the construction of a village road in Nias. The two projects implemented by ILO, RACBP and CBLR3, used a local resource-based approach that provided women with opportunities to learn new skills and engage in paid work that had not been open to women before.

Photo:
MDF Secretariat

budget (DIPA) once the BRR's special mandate ended resulted in implementation delays for a number of MDF projects. These delays and other implementation issues led to significantly shortened implementation times for some projects that ultimately impacted the ability to fully meet project objectives in some cases.

Capacity building was a critical challenge, and was designed as a key component of all MDF projects. Local capacity in both Aceh and Nias were weak not only due to the disasters, but also as a result of the years of internal conflict in

Aceh and the extreme remoteness and isolation of Nias. The MDF's Mid-Term Review identified this broad-based capacity strengthening as one of the MDF's most significant contributions to the overall reconstruction. Capacity building needs reach far beyond the reconstruction, however, and will extend beyond the mandate of the MDF. One of the key lessons learned from the MDF experience in this regard is that capacity building needs assessments should be included as part of the initial damage and needs assessments in any post-disaster situation, and appropriate strategies for addressing these

capacity building needs should be put in place right from the start.

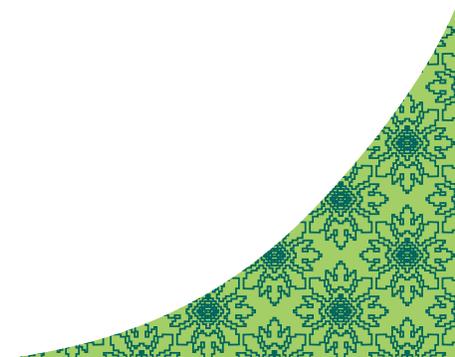
The transfer of reconstruction assets to the relevant authorities was one of the biggest challenges as the reconstruction neared completion. Arrangements for proper transfer of assets created under the MDF projects were made by the respective projects. In addition, the MDF supported national and provincial governments in the process of verification and transfer of overall reconstruction assets to local authorities through the AGTP, NITP and TA to BRR and Bappenas projects. The need for making arrangements for proper transfer of assets as part of project designs and exit strategies is an important lesson learned from the reconstruction experience in Aceh and Nias.

The MDF has consistently promoted gender equality and women's empowerment across the portfolio. The MDF program has exhibited significant success in enhancing the role of women in reconstruction. Gains have been made in women's empowerment, more representative decision making, strengthening of women's legal rights and land ownership, enhanced resilience and disaster preparedness. Women also benefitted economically from the MDF program. MDF projects promoted women's

access to employment in the reconstruction that have opened up new opportunities for women's participation in the labor market in non-traditional areas such as construction. Women have also benefitted from MDF livelihood support in their roles as farmers, traders and small entrepreneurs, and from capacity building and training across a range of sectors.

Sustainability of MDF investments is an important concern for all stakeholders.

Through the MDF, huge investments have been made in Aceh and Nias. These have not only supported recovery from the disasters, but also helped to lay the foundation for longer term development through better infrastructure, improved governance and capacity, protection of natural resources, and increased agricultural activity and a better business environment. All projects implemented exit strategies in the final months of implementation. The results of the MDF portfolio have been impressive with strong foundations for sustainability put in place. The transition from reconstruction has largely taken place in Aceh and Nias, and regular government institutions at central, provincial and local levels will be the primary drivers for continued peaceful development and economic growth in the future.



MDF Feature



1. Heavy equipment scoops out dirt and clay to expand the landfill site in Bireuen
2. Fithri, 22 years old, is one of nine women and 21 men sharing the workload at TRWMP's Bireuen landfill site.

Photo:
UNDP collection

Women in Reconstruction: Breaking Barriers to Women's Participation in the Labor Force

Reconstruction processes in the wake of a disaster provide a window of opportunity to address gender and other social inequalities. Disasters create legitimate reasons to do things differently, including opportunities for women to take on new roles in their communities. Three projects funded by the MDF—the Tsunami Recovery Waste Management Program (TRMWP) implemented by the UNDP and the Capacity Building for Local Resource Based Roads (CBLR3) and the Nias Rural Access and Capacity Building Project (RACBP) implemented by the ILO—used the post-disaster reconstruction program to actively open up opportunities for women to work in non-traditional wage based jobs in the construction sector. These projects offer an interesting model of how greater equality in labor force participation can be encouraged through reconstruction programs such as the MDF.

SHARING THE LOAD: WOMEN WORK ALONGSIDE MEN TO CONSTRUCT THE NEW LANDFILL IN BIREUEN

The sun beats down on a group of construction workers in Bireuen, Aceh. Workers sling bags of concrete over their shoulders, dig out hard

clay by shovel, and tie iron rods together for the steady foundation of the future landfill. Occasionally they stop for water, take their hats off and wipe the sweat from their brows. “Indeed this is a tough job,” says Fithri, a 22-year old university student who landed a



2

job on the site for her summer break. “We work in the hot sun. But we are glad to work because we need the income.”

She is one of nine women working to build Bireuen’s new landfill, which is one of four landfills being constructed as part of the TRWMP. But Bireuen’s construction site differs from the other three sites, because these nine women are working in jobs traditionally filled by men. The women in Bireuen are breaking trends.

“We do all parts of work as well as they do,” says 35-year old Kasmiasi, referring to the men on site. “We dig the fence foundation, tie iron for molding, carry bricks, and dig ditches for the pipes.”

Like the other women, Kasmiasi doesn’t shy away from hard work to support her family. Martin, the site’s foreman, notes, “Everyone works together without problems.” He explains how unusual it is for women to do these jobs: “In my experience of seven years in post-earthquake and tsunami reconstruction projects in Aceh, this type of

participation of women in terms of actual “getting-their-hands-dirty” construction work is minimal if non-existent.” He notes that women do manual labor in other fields, such as agricultural fieldwork, or as cleaners or scavengers, but seldom in construction.

Most of the women use the income to help support their families, paying for household expenses and education. Kasmiasi, who has six children, four of whom are in school, puts her paycheck toward her children’s school fees.

The current landfill serving Bireuen sees on average 2,300 cubic meters of waste disposed each month, but it’s running out of room. This new landfill will provide the district with a cleaner disposal site complete with an upgraded leachate treatment system that will process landfill liquid to remove toxic metals and chemicals.

Fithri lives near the landfill in Cot Buket village and like the other local women who work with her, will directly benefit from the MDF’s investment in two ways – first



Women and men work together at TRWMP's Bireuen landfill construction site.

Photo:
UNDP Collection

as a construction worker on the landfill, and then again by having a modern and environmentally-sustainable system for disposing of her household's garbage.

BREAKING THROUGH THE GLASS CEILING: TWO NIAS WOMEN BECOME SITE SUPERVISORS

Construction work has traditionally been thought of as "male territory," so it never crossed the minds of Kiki and Lisna, two young women from the island of Nias, that they would someday work on a road construction project. But thanks to the opportunities offered by the ILO's Nias RACBP project, these two women have been trained and now work as site supervisors. In fact, this initiative has opened up career opportunities in the construction sector for many young women on Nias.

An energetic 25-year-old from Gunung Sitoli, Aries Eki Trisanti, better known as Kiki, says,

"I feel empowered now that I have been trained as a site supervisor. I also feel that this is a good opportunity for me to do something for my community—to be part of the effort to improve access for the people of Nias." Kiki now works for a local contractor.

Twenty three-year-old Meslina Gea or Lisna, as she is usually called, from Siwalobanua Dua, Nias, works as a site supervisor for another local contractor in Tuhemberua Subdistrict. She recalls, "It was difficult to convince my family that I could not only do construction work, but also the site management. Now I have proved to them that I can do both, and they are very proud."

For Kiki, the greatest challenge is doing the real work of building a road. "I'm responsible for making the concrete mix and stone masonry, while at the same time supervising the pilot rural road project. I was not so sure of myself at first, but my self-confidence has



Training for both male and female site supervisors who will oversee trail and road building in Nias. Capacity building and training in the local resource-based approach are key elements of the RACBP project.

Photo:
ILO projects
collection

grown and my male colleagues have praised my performance. I'm proud of myself and of what I have achieved. There are still many remote, isolated villages on Nias, and by increasing access, the people here will be able to improve their standard of living."

Both Kiki and Lisna want to set an example for others. "I hope that more young women on Nias will see that they too are capable of doing many things and contributing to society," says Kiki.

According to Lisna, better access on Nias will mean more opportunities for the people of the island, particularly for women. The RACBP project has provided a start: there are five women among the 16 trainees who successfully passed the ILO site supervisor training and are now working as site supervisors in Nias.



I feel empowered now that I have been trained as a site supervisor. I also feel that this is a good opportunity for me to do something for my community—to be part of the effort to improve access for the people of Nias.

Chapter 3

MDF Finances: Managing Resources for Quality Results



Rice farmers harvesting in Jeoram, Nagan Raya District. The Economic Development Financing Facility (EDFF) provided grants to eight selected NGOs to carry out activities that addressed critical issues affecting economic development. Here the Canadian Co-operative Association worked with local co-ops to improve the technical and business skills of local farmers.

Photo:
Mosista Pambudi

The MDF pooled grant funds contributed by 15 donors in order to respond effectively and efficiently to the post-tsunami and earthquake reconstruction needs in Aceh and Nias. Fiduciary oversight and management of the finances is provided by the World Bank as Trustee of the MDF.

PLEDGES

As of September 2012,¹ the MDF had received a total of US\$654.7 million in pledges from its 15 donors. These pledges were formalized through contribution agreements. Two donors reduced their commitments from initial pledges, and all contributions have now been received in cash. During the program lifetime, the value of the total pledges was projected in US dollars according to the exchange rate current at the time the funds were made available to the MDF. All contributions have now been converted into US dollars, and no further changes will occur to total contributions described in Table 3.1 below.

Table 3.1: Pledges and Contributions as of September 30, 2012

Source	Contribution Agreements Signed US\$ million	Cash Received US\$ million
European Union	271.30	271.30
Government of the Netherlands	146.20	146.20
Government of United Kingdom	68.50	68.50
World Bank	25.00	25.00
Government of Sweden	20.72	20.72
Government of Canada	20.22	20.22
Government of Norway	19.57	19.57
Government of Denmark	18.03	18.03
Government of Germany	13.93	13.93
Government of Belgium	11.05	11.05
Government of Finland	10.13	10.13
Asian Development Bank	10.00	10.00
Government of United States	10.00	10.00
Government of New Zealand	8.80	8.80
Government of Ireland	1.20	1.20
Total Contributions	654.66	654.66

¹ All financial data in this chapter is based on accounts as of September 30, 2012, unless otherwise indicated.

Reconnecting Aceh and Nias to the World



The five ports rebuilt under the MDF are helping reconnect Aceh and Nias to the outside world. To upgrade the skills needed to operate them, the MDF's Sea Delivery and Logistics Program (SDLP), implemented by the World Food Programme, provided port management training.

More than 230 staff from 18 ports in Aceh and Nias participated in in-depth training in port administration and support. "We learned about port management, which is both useful and important," says Teuku Naziruddin, a technical officer at Banda Aceh's Ulee Lheue port. "This knowledge can be put to direct use in managing the port."

Shortly after the tsunami, the SDLP shipped in materials urgently needed for reconstruction to the affected areas, including hard-to-reach parts of the islands of Nias and Simeulue. To ensure a supply of trained port managers and operators in the future, port training modules from SDLP have been incorporated into the business programs of the University of Syiah Kuala in Banda Aceh.

CASH RECEIVED

MDF had received US\$685.9 million in total as of September 30, 2012. Funds were received from three sources: donor contributions, investment income from funds management, and interest from projects. Cash received from donors amounted to US\$654.7 million. Investment income earned from contributions amounted to US\$30.6 million. Projects also earned interest income, and utilized this

towards project activities – a balance of US\$0.6 million of unused interest was refunded to the MDF. As such, US\$31.2 million of cash received by the program came from investing the donor's contributions.

ALLOCATIONS

The Steering Committee of the MDF originally allocated US\$659.4 million through grants to 23 projects.² Throughout program implementation,

² Allocations to specific projects appear in Chapter 2 and the project fact sheets in Volume 2.

some projects have had cancellation of funds or closed with unspent balances. As such, the actual project financing which amounts to US\$630 million in total appears lower than original grant allocations. Cancelled amounts and unspent balances from closed projects have been returned back to the MDF. To the extent possible these returned unspent funds were reprogrammed to other MDF projects. Some projects are expected to close out with unspent balances in December 2012 when the MDF program ends.

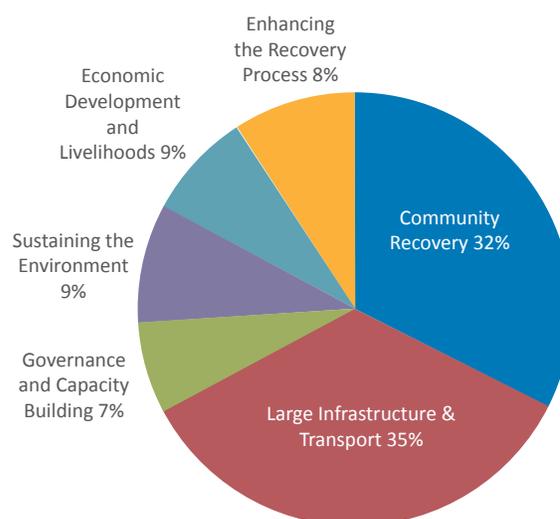
Donor contributions have been fully utilized to support projects. The donor contributions of US\$654.7 million were used to fully finance the MDF portfolio of 23 projects, with total allocations amounting to US\$630 million as of September 30, 2012. Donor contributions were also used towards partially funding program costs. The remaining program costs were financed out of the investment and interest income earned.

The remaining balance stands at US\$23.2 million. The MDF expects that this amount and any further residuals from projects closing at the end of December 2012 will remain unspent. The remaining balance of US\$23.2 million derives from the investment and interest income earned by the program and projects.

The MDF made significant investments in its six targeted outcome areas, as prioritized by the Government of Indonesia. Approximately one-third of the portfolio was allocated to large infrastructure and transport. Another one-third was allocated to community recovery, including housing and community-level infrastructure. Projects in the four other outcome areas made up the remaining one-third of allocations, with funds divided more or less equally amongst environment, economic development, enhanced recovery and capacity building/governance

projects. Each of these outcome areas received allocations totaling between seven and nine percent of the total portfolio. Please refer to Figure 3.1 below.

Figure 3.1: Allocation of MDF Funds by Outcome Area



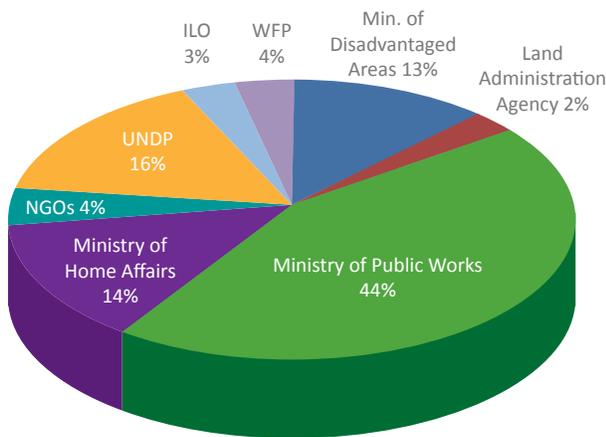
The Government of Indonesia led the reconstruction effort, coordinating and implementing most MDF projects. The MDF provided the government flexibility in the use of MDF resources to implement projects through a mix of implementation modalities that included government line ministries, NGOs, UNDP, ILO and WFP. About 73 percent of MDF funds were channeled through the national budget of the government, with the bulk of these funds executed by the BRR and later by the Ministry of Public Works (MPW). Approximately 23 percent of MDF funds were managed in partnership with three United Nations agencies (UNDP, WFP and ILO), and the remaining four percent were implemented by NGOs (Figure 3-2). The Indonesian Government provided strong coordination and leadership during the reconstruction efforts, greatly contributing to widely recognized



The Indonesian Government provided strong coordination and leadership during the reconstruction efforts, greatly contributing to widely recognized achievements that have led the reconstruction of Aceh and Nias to become an international model for post-disaster response.

achievements that have led the reconstruction of Aceh and Nias to become an international model for post-disaster response.

Figure 3.2: Implementing Agencies for MDF Projects.



DISBURSEMENTS AND EXPENDITURES

About US\$604.2 million had been disbursed to projects in the MDF portfolio as of September 30, 2012. Total disbursements represent 95 percent of the allocated amount, as compared to 91 percent of disbursements at the same point in the last reporting period. Four outcome areas had achieved 100 percent disbursement: Recovery of Communities; Sustaining the Environment;³ Enhancing the Recovery Process; and Capacity Building and Governance.

The remaining two outcome areas – Large Infrastructure and Transport, and Economic Development and Livelihoods – had disbursed 85 percent or more of their allocations as of September 30, 2012 (see Graph 3.1).

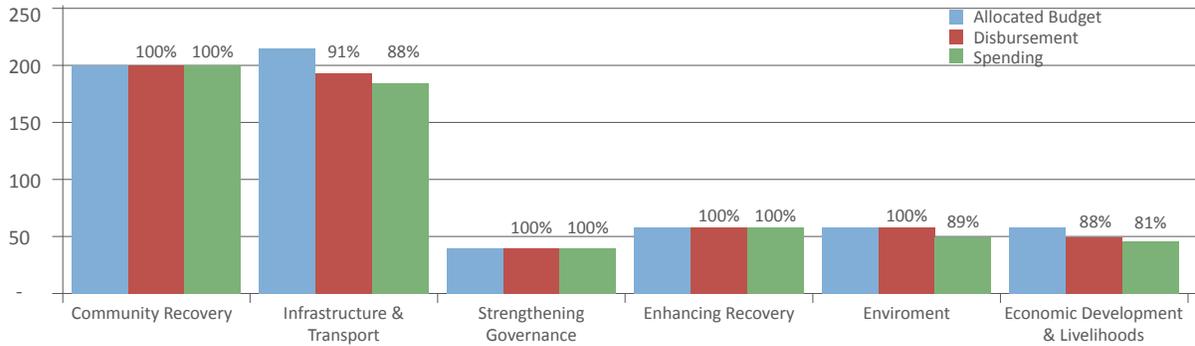
Annual disbursements to projects decreased to \$15.7 million this reporting period, compared to \$88.9 million during the last reporting period as the MDF program neared completion. The disbursement rate is expected to continue to decline as the remaining projects complete their activities and close. No further disbursements to projects will be made beyond December 31, 2012.

About \$584.9 million had been spent on project activities, representing 96 percent of total disbursements, as of September 30, 2012. All projects expenditures must be incurred by December 31, 2012. Any funds unspent at program closing will be returned to the MDF (see Graph 3.1).

Closing dates were extended to December 31, 2012 for some projects with physical infrastructure components and late start up. This provided key infrastructure projects with physical activities an increase in time for implementation, and correspondingly for disbursements and spending. Projects in the

³ Additional financing of US\$88,370 was disbursed to the Aceh Forest and Environment Project after September 30, 2012.

Graph 3.1. Allocations, Disbursement and Spending per Outcome Area as of September 30, 2012 (in US\$ million)



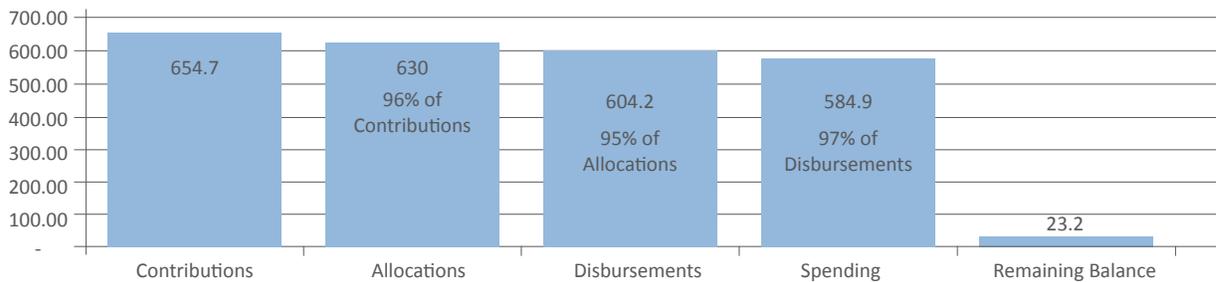
economic development and livelihoods outcome area which started late also had an opportunity to increase implementation time, disbursement and spending to December 31, 2012.

FINANCIAL SUMMARY AT PROGRAM CLOSING

Overall, the MDF financial status at closing is robust and the MDF is considered to have been well managed. The MDF received contributions from donors amounting to US\$654.7 million and these were fully programmed. Donor contributions were fully utilized for intended

purposes. The remaining balance of US\$23.2 million, which derives from the investment and interest income earned by the program and projects, and any additional unspent funds returned from the final projects closing in December, will be returned to donors for final disposition after the program closes and final accounts are settled. The funds are considered to have been well managed by the Trustee and the Secretariat, with significant results, transparent accounting and timely reporting on funds use.

Graph 3.2: Financial Summary as of September 30, 2012



MDF Feature



1. Before the road was built, *Pak Idris* ran a small *warung*. Now he is a wholesaler who supplies to 50 *warungs* and employs four people.
2. IRFF rehabilitated the national road running 26 kilometres across the length of the island of Pulau Weh. The road allowed goods to be transported to support the reconstruction and recovery of tsunami-affected areas and lays the foundation for future economic growth in the island.

Photos:
Tarmizy Harva

Better Roads and Water Service Create New Opportunities for Sabang

The former vice mayor of Sabang is a man with a mission. *Pak Islamuddin* and his colleagues in local government have spent the last couple of years working to change the image of Sabang and promote the island as an attractive place for business, investment and leisure.

“People have always had the perception of Sabang as a place with very bad roads because it’s one of the most outlying islands in Indonesia,” he says. “And that was true. But the new road built by the MDF has changed that perception.”

Clean water was also a problem in Sabang, says the former vice mayor. “The new water supply built by the MDF for PDAM (the local water utility) has made a huge impact. Water access has always been difficult in Sabang, and in particular the distribution to individual households. The new water supply was built to help those relocated because of the tsunami. The system covers 6,000 families and now the local government has plans to cover the whole island.”

Sabang is known for its natural beauty. One of the most attractive tourist places on the island is the village of Iboih. This area, however, was hard to reach and the poor quality roads meant only a few visitors would make the journey.

But now, according to *Danil Faldillah*, owner of the Sabang Merauke Inn, the road has transformed the tourism potential for that part of the island.

“The Indian ocean is my backyard. The village here is well-known among backpackers. People come for diving and snorkelling, and diving instructors were here since before the tsunami. We opened the inn about 40 years ago. The roads were really bad then. But now,



with a good road, visitors are happy, excited, and spend more time visiting Sabang. Now we have more income.” Danil has seen other benefits for the community as a result of the road. As access has improved, supplies have become more affordable.

In another village 20 kilometres from Sabang city, store-owner *Pak Idris* describes how business has changed over the last few years. “I’ve been running a store beside the road for the last 12 years. Before the road was built, I had just a small *warung*. I had a small amount of stock and just ran a retail business. As the road was being built, I began to expand. I started out with only one employee, and now I employ four people. Now, I’m also a wholesaler and sell to 50 *warungs* within a 10 kilometer radius. Before this the *warung*-owners had to go to the city 20 kilometres away to buy their produce, and spend a lot of money on public transport. It also meant they couldn’t carry very much produce on the bus. Now their costs are lower.”

Pak Idris’ customers have also benefitted from the new water system. Before the



“Because of the improved infrastructure, we can attract investors. But this was just the first step. These are exciting times and we have big plans for Sabang.”

PDAM system was installed, one household spent 200,000 *rupiah* (US\$22) on a tank of water for one month whereas now, with PDAM, their water bill is between 50,000 and 60,000 *rupiah* (around US\$6) per month. “The road and water have changed people’s lives,” says *Pak Idris*.

At the *puskesmas* (community health clinic) in Sukakarya, the acting clinic head, *Ibu Poppy*, midwife *Ibu Radiah*, and head nurse *Ibu Hanum* describe the improvements in public health access over the last couple of years as a result of the new road:

“The *puskesmas* has been here since 1973. We have seen a significant increase in our



The new road has brought more tourists and other visitors such as divers to the beautiful Iboih area, resulting in jobs in tourism.

Photo:
Tarmizy Harva



Our midwives here at the *puskesmas* have a motorbike and are on standby, so we can get to women more quickly now that the road has been built.

visitors since the new road was built. Before we only had between eight and fifteen patients a day, now we treat between 30 and 60 a day,” explains *Ibu Poppy*.

Ibu Hanum agrees. “Before the road, we had 20 staff, now the number has increased to 40. Our midwives here at the *puskesmas* have a motorbike and are on standby, so we can get

to women more quickly now that the road has been built. In fact, the system wouldn’t work if the roads had not been improved.”

In order to further improve the clinic’s service, water pipes from PDAM have recently been installed in the inpatient ward. “With the clean water access, we no longer have to worry that we’ll run out of water in the dry season. This way we can better serve our patients,” says *Ibu Hanum*.

“We’re happy that we have an increase in visitors to the clinic. Of course this doesn’t mean that people are getting sick more often!” laughs *Ibu Poppy*. “We’ve noticed that people now come for more general health issues—check-ups, getting advice on healthy diet, having blood pressure checked, so awareness about health has



Because of the improved road, midwife *Ibu Popi* can now get from the *puskesmas* (community health clinic) to expectant mothers in rural areas by motorbike.

Photo:
Tarmizy Harva

increased. The improved access of the new road combined with the free health service in Aceh has definitely changed things for the better.”

Islamuddin feels that these are exciting times for Sabang.

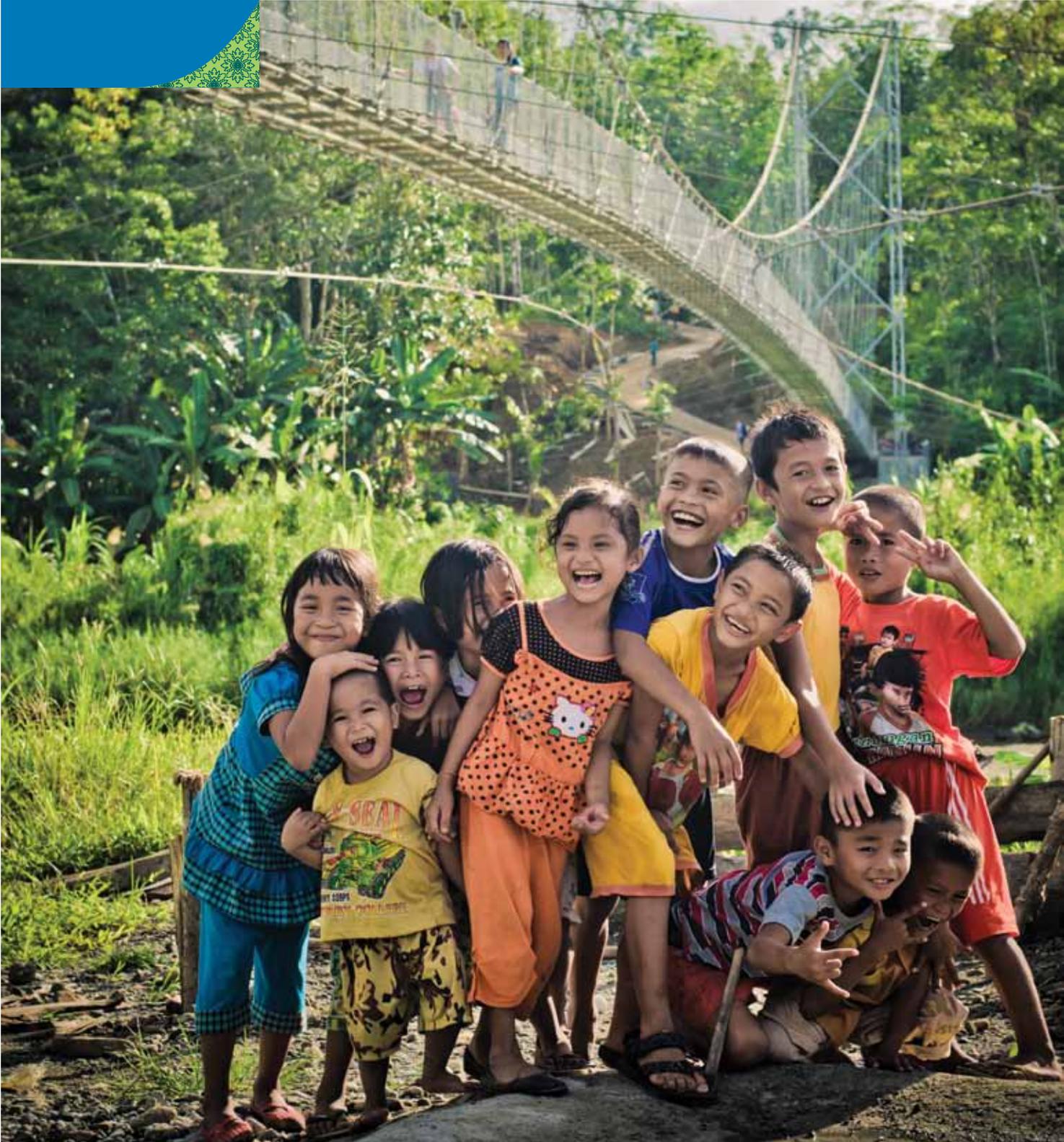
“Infrastructure is not the only thing that attracts investors,” he says. “We’ve had to think of new ways to encourage people to come to Sabang. Last year we hosted an International Regatta which was a great success, and the participants were surprised that Sabang had better facilities than they had anticipated.”

“We have big plans for Sabang,” he says eagerly. “This was just the first step.”

Out on the farthest-most western point of Indonesia is the City of Sabang on the island of Pulau Weh. Here, the MDF’s twin infrastructure projects, the Infrastructure Reconstruction Enabling Program (IREP) and the Infrastructure Reconstruction Financing Facility (IRFF) worked together with the BRR and the Ministry of Public Works to rebuild critical infrastructure. IRFF rehabilitated the national road running 26 kilometres across the length of the island. The road allowed goods to be transported to support the reconstruction and recovery of tsunami-affected areas and is currently helping to lay the foundation for future economic growth in the island. IRFF also reconstructed a water supply system on the island, providing clean water to 6,000 households, including many tsunami-affected families who were relocated after their homes were destroyed.

Chapter 4

The MDF at Conclusion: A Legacy of Successful Reconstruction



Local children at the Oyo bridge which connects the villages of Lahagu and Taraha in Nias Selatan. The bridge now provides year-round accessibility to schools, health services and markets.

Photo:
ILO projects
collection

The Multi Donor Fund for Aceh and Nias concludes its program of reconstruction on December 31, 2012. The MDF is widely considered to be one of the most successful post-disaster reconstruction programs of its kind. Looking back at the eight years of experience of the MDF, it is possible to identify some key factors for its success that can be utilized and adapted by other programs in the future. It is also useful at program closing to reflect upon the MDF's key indicators of success, which can be measures that other programs could employ to track their own implementation success. As such, this chapter addresses two basic questions about the MDF: (1) What are some of the main factors that led to a successful program? and (2) How can we tell that the program was successful? The chapter concludes by considering the legacy that the MDF leaves behind.

THE MDF'S FACTORS FOR SUCCESS

The MDF's success was based on a strategic framework of three inter-related pillars of strong partnerships, phased implementation and attention to cross cutting, qualitative elements. This combination of interconnected institutional and implementation strategies contribute to a replicable model for post-disaster reconstruction that can be adapted for a range of disasters and other fragile situations. If these factors are not fully present at the initial stages of reconstruction, alternative mechanisms can be put in place as long as they adhere to the key principles of local leadership and decision making, support from stakeholders, strategic implementation, and quality at entry and exit.

Strong government leadership of inclusive partnerships was the first and most important factor of the MDF's success. The Government of Indonesia's leadership in providing a *clear reconstruction strategy*, its *strong coordination* of reconstruction efforts, and the early *establishment of institutions* which fit the nature and scope of different disasters allowed the MDF to bring together many partners to deliver reconstruction in a flexible and effective way. With the government's leadership of the reconstruction agenda, other partners were able to align their support under one framework. Pooling of donor

Ainal Mardhiah Spinning Garbage into Gold



When Ainal Mardhiah was teaching English at the Lamjabat Foundation, a local NGO, she never imagined that she would become a recycling expert. But when the foundation began working with the Tsunami Recovery Waste Management Programme (TRWMP), she discovered she had a knack for making household items and handicrafts from discarded materials.

TRWMP initially focused on clearing tsunami waste, but later introduced modern solid waste management systems to Aceh. It also set up women's groups and provided coaching on producing and selling crafts made from recycled waste.

"There is a market for handicrafts such as bags, wallets, tissue boxes, flowers, and other household items," says Ainal, a mother of four. The women can now contribute to their families' incomes without having to leave home or their children.

And there's another big plus: the supply of raw material is practically endless.

resources provided an effective and efficient way to coordinate efforts and support the government's reconstruction strategy. Mixing the unique expertise, capacities, and procedures of different partner agencies and implementing agencies led to a multi-pronged response to the government's recovery agenda.

The MDF success was also driven by adopting a phased strategy for reconstruction to meet evolving needs of affected people. This phased approach first supported the *most urgent recovery needs*, such as housing, small infrastructure, logistics and restoring critical transportation links. The second phase was for *more complex needs* of infrastructure reconstruction, such as roads, bridges, and ports, and environment and capacity building. The third phase focused on *transition to*

sustainability through laying the foundation for economic development and livelihoods and targeted capacity building. This phased approach significantly contributed to the MDF success by helping to balance the competing needs of speed, quality, ownership and sustainability and thereby to manage expectations of the many different stakeholders throughout reconstruction.

A third critical factor for success of the MDF was the support to address cross-cutting elements in reconstruction. These elements included gender inclusiveness, environment management, disaster risk reduction, and capacity building which deepened the quality of the reconstruction results. An important lesson from the MDF's experience is that attention to these cross-cutting elements is needed



“The success of the program can be measured on three fronts: the strength and effectiveness of the partnerships it has fostered, the results it has achieved, and the body of knowledge that has been created from its experiences.”

right from the start, at early assessment and design stage so that appropriate baselines and strategies can be developed and integrated into project implementation plans. All MDF projects included an exit strategy to put in place arrangements for continued management of the investments, which helps to ensure that the impact of the MDF investments will continue into the future within the proper institutions. In the case of Aceh, there was an additional concern over conflict issues to which the program remained sensitive in its activities.

This strategic framework was supported by a system to ensure accountability and open communications. Accountability in the use and management of funds, as well as robust reporting of results, was critical to the success of the program, to give confidence to all stakeholders that funds were used efficiently and effectively for intended purposes. Constant, timely and two way communication was critical to keep all stakeholders informed and involved, and to manage expectations throughout the process.

THE MDF’S INDICATORS OF SUCCESS

The MDF’s claims to success are based on widely recognized outcomes and clearly measurable results of its investments in reconstruction. The success of the program can be measured on three fronts: the strength and effectiveness of the partnerships it has fostered, the physical and intangible results it has achieved, and the body of knowledge that has been created from its experiences. These indicators could also be

adapted by other programs for reconstruction in fragile situations to measure results. The basic questions remain the same – how well have partnerships been utilized; how well have results been achieved; and what are the lessons that others can use.

Firstly, the MDF started as a strong government-led partnership, which it then transformed into a highly effective mechanism for disaster reconstruction. The MDF successfully managed partnerships with national and local government, donors, international development agencies, national and international NGOs, civil society, and most importantly, local communities. The MDF supported the government’s reconstruction agenda by playing a flexible, gap-filling role to address needs not met by other reconstruction actors. Donor resources were used efficiently and managed transparently with a single set of financial management, monitoring and reporting requirements. The MDF was able to draw on the expertise and resources of all its partners and channel these to address reconstruction challenges, and it enabled greater speed and coverage than would otherwise have been possible. And community-driven reconstruction ensured that the needs of the beneficiaries themselves were central to the reconstruction, generating high levels of satisfaction and transparency. The MDF program implementation has exemplified the Paris Declaration in action.

Secondly, the most significant indicator of the MDF’s success is the remarkable results it has



President Susilo Bambang Yudhoyono expresses appreciation for the role of the international community in responding to the Aceh and Nias disasters during the closing ceremony of the MDF in Jakarta in November 2012.

Photo:
MDF Secretariat

achieved in reconstruction. These results can be seen both in terms of the physical assets created and the impact it had on people and institutions. The MDF rebuilt thousands of homes, roads, bridges, ports, schools and public buildings. It re-established livelihoods and strengthened key sectors in local economies. It did this in an open, transparent way that gave people new skills, enhanced social cohesion by including communities in decision-making, and gave voice to all members of society, including women. Moreover, the MDF's support to the overall reconstruction has had a multiplier effect, far exceeding the value of its contributions.

The MDF's physical achievements are easily measurable: nearly 20,000 houses have been reconstructed or rehabilitated and nearly 1,200 public buildings, including 670 schools have been constructed or repaired. Nearly 3,700 kilometers of national, provincial, district and

village roads have been repaired or rebuilt. Five ports have been reconstructed and are in use; four sanitary landfills have been built; and over 10,000 local infrastructure projects have been completed.

The MDF's results go far beyond its physical outputs, with many intangible impacts now evident as the program draws to a close. Some of these non-physical impacts include increased community involvement in planning and decision-making; increased productivity and incomes in agriculture and other livelihood activities; increased local government capacity to deliver a range of services from distribution of land titles to solid waste management; strengthened civil society capacity to support reconstruction and economic development; improved private sector capacity in marketing key agricultural commodities and in recycling solid waste; improved legal rights to land for

women; and greater awareness and skills for addressing environmental issues and preparing for and responding to disasters.

A final indicator to measure the MDF's success is the strong body of knowledge and lessons learned that has been generated. Several policies and models from the MDF have been adopted by national and local governments, and hold the potential to improve the effectiveness of responses to future disasters.

The MDF provides a model that can be replicated or adapted in other post-conflict or post-disaster reconstruction scenarios. The knowledge that has been developed from experiences and lessons learned is robust enough to be adapted to new situations. This has already been proved through the Java Reconstruction Fund (JRF), set up in 2006 to respond to another set of disasters in Indonesia. Based on the MDF experience, the GoI requested the World Bank and donors to establish the JRF, adapting the MDF model to local needs. The experience has successfully demonstrated the flexibility of the model in responding to multiple disasters of earthquakes, tsunamis, landslides, and the volcanic eruptions of Mount Merapi in 2010. The Rekompak approach to housing reconstruction, first started in Aceh and later adapted for use in multiple disasters in Java under the JRF, has also proven its adaptability to different contexts.

The Government of Indonesia has emerged from the Aceh and Nias experience and other recent disasters in a much stronger position to manage future disaster response programs. The institutions and models are in place, construction is more resistant to disasters, and communities are better prepared. The GoI has established the National Disaster Management Agency (BNPB) in recognition of the need for managing response and preparedness in a continuous and proactive manner. It has

also established the Indonesia Disaster Fund, modeled after the MDF, as a mechanism for more efficiently and quickly channeling donor financing of disaster prevention and response in the future. Indonesia has not only learned lessons from its experience in post-disaster recovery and reconstruction, it has also become a source of knowledge and expertise for others around the world. Indonesia is now in a position to give something back to the global community through this body of knowledge on effective post-disaster response and reconstruction.

CONCLUSIONS

As the Multi Donor Fund concludes its eight years of operation in reconstructing Aceh and Nias, all stakeholders can take pride in a job well done. Indonesia received contributions from all over the world to assist with the reconstruction – including from the ordinary citizens of the countries represented by the MDF donors. These generous contributions have made a real difference in the lives of the people of Aceh and Nias as they have shown remarkable resilience in rebuilding their homes, schools, communities, institutions, and livelihoods – and in the process, rebuilding their shattered lives. Through the MDF, remarkable results have been achieved in all outcome areas. Implementation has been effective and efficient, and results are sustainable. Funds have been well managed and used for the purposes intended.

The MDF has fully accomplished what it was established to do. The program's mandate was post-disaster reconstruction – this has been achieved and a strong foundation for future development was also put in place through the MDF's interventions and exit strategies. The longer term needs of Aceh and Nias cannot be addressed through the MDF. As the post-tsunami reconstruction of Aceh and Nias is closing, the regular institutions of the national and provincial governments have taken up the

Niva Aldillah Connected to Her Past, Planning for Her Future



Niva Aldillah was just three years old when the December 2004 tsunami swept away her family's house in Meulaboh, Aceh Barat. Three months later when her family searched for her grandmother in Jeulingke, Banda Aceh, they found that her home had been destroyed in the disaster as well. They learned that Niva's grandmother and aunt perished in the tsunami, and her uncle was still missing.

In 2005, the MDF's Rekompak project helped the family build a house on the plot of land where her grandmother's house once stood. Niva's mother inherited the land and right to a house, and now Niva and her parents live there. After the tsunami they decided to stay in Jeulingke.

"I love living here because I know it is where my grandmother used to live," says Niva.

Three years ago Niva, now age 11, opened a library for the children in her neighborhood. She named it '*Pustaka Niva*,' or Niva's Books. "It's my and mama's idea. I own lots of books and magazines, so I thought it would be good if we opened a library," says Niva.

Now children in the neighborhood can read books for free at her home library. They pay a small fee to take the books home, and the young librarian uses the money collected to buy new books and magazines. "Sometimes I don't have quite enough money to buy new books, so I ask for mama and papa's help," Niva continues with a smile.

Niva does not remember much about the tsunami. Her parents told her everything she knows about it: that the tsunami had killed many members of her family, while many others have gone missing.

"We always go to the mass grave for tsunami victims to pray for my grandmother and our other relatives," says Niva.

Life in Jeulingke has long returned to normal. Niva says people have more awareness about earthquakes and tsunamis, and know what to do when disasters strike.

"When there's a strong quake, we quickly leave the house. When the tsunami warning ends, we go back home. Everyone who lives in Jeulingke does this. This way everybody will be safe and there will be no more victims, dead or lost," she says.

Now a sixth grader at a public elementary school in Banda Aceh, Niva looks to the future with plans to become a pediatrician. "I want to help children with illnesses so that all children can be healthy!" she pronounces confidently.



Farmers in Nias celebrate their first rice harvest under the Nias Livelihoods and Economic Development Project (LEDP). The project worked in 92 villages and directly benefitted more than 3,700 farmers, 37 percent of whom are women.

Photo:
LEDP Collection

agenda for the future growth and development of the regions. The models and pilots developed under the MDF can provide opportunities for scaling up of successful programs in the future.

Most importantly, Indonesia is now better equipped to face disasters. The numerous disasters since 2004 are a stark reminder that Indonesia is highly prone to natural hazards. Sitting at the intersection of three crustal plates in the Ring of Fire, at least five earthquakes occur daily in Indonesia. Disaster is not just a possibility for Indonesia, it is inevitable and sound disaster response and preparedness is imperative to mitigate damages and losses.

While the risk of disaster is high, the population's vulnerability need not be and prior action can significantly reduce the impact of disasters. As a result of the recovery and reconstruction process, communities across Aceh and Nias are more resilient to face future disasters, local governments are better prepared to manage reconstruction and national institutions and systems have been put in place for disaster risk reduction. Indonesia's experiences in disaster response and preparedness, to which the MDF has been an important contributor, provide a legacy of lessons for the future of disaster management in Indonesia and around the world.

MDF Feature



1. Villagers at Bawomataluo in Nias Selatan perform a dance during a welcoming ceremony for visitors. Under the MDF's Rural Access and Capacity Building Project, the ILO helped repair and preserve 79 traditional houses such as these houses lining the village square.
2. Local historian and educationalist Sitasi Zagota has produced the first heritage education material on South Nias for teachers and children. It is her bequest to future generations she says.

Photo:

1. MDF Secretariat
2. Tarmizy Harva

Preserving a Unique Cultural Heritage in Nias

Visiting Bawomataluo village in Nias Selatan (South Nias) is like stepping back in time. Over 120 traditional houses cluster around a wide plaza where young village men display their physical prowess by jumping over megalithic stones. As part of an MDF project promoting the preservation of cultural heritage in Nias, 79 traditional houses are being renovated and preserved across Nias by the International Labour Organisation (ILO)'s Rural Access and Capacity Building Project (RACBP), with funding from the MDF.

Pak Hikmat, who lives in his 167 year-old family house, says this is the first time proper restoration work is taking place. During the 2005 earthquake parts of the house were destroyed and repaired with concrete. But now with funding from the MDF, the front is being restored with traditional materials.

“The renovation of the house is a sacred process for us,” Hikmat explains. “We draw from many of our traditions when we are restoring and building. For example we work on each room from left to right, and by the time we get to the right side, we have a big feast for the construction workers. This dates

back to the time when construction workers weren't paid, so it was a marker that it was time to stop and pay them with a feast.”

Pak Hikmat is keenly aware of the potential of cultural heritage in Nias' future development, particularly in tourism.

“I'm a craftsman. I carved some of the wood from earthquake-affected areas into statues. I've also been a tour guide in this area and I understand tourists' needs. Tourism has been declining here for a few years now. I'm not sure why, maybe because we're just not being promoted enough. In the past some surfers



would come by, but they just think about waves. We need to be marketed as a cultural heritage destination.”

For generations Nias culture was an oral one; no written record existed. There were real fears that the unique nature of the culture of the island would be lost to future generations.

Under the *Kecamatan*-based Reconstruction and Rehabilitation Planning Project in Nias (KRRP), implemented by the Ministry of Home Affairs with funding from the MDF, a support scheme was integrated into the school improvement program to promote Nias’ unique culture and heritage. More than 360 children were taught cultural heritage studies, and hundreds of others participated in field trips to traditional villages. Heritage comics were developed, as well as a Nias encyclopedia.

Sitasi Zagoto and her husband authored much of this education material. Sitasi has a theory about why Nias culture is at risk of being lost to younger generations.

“‘Seniority’ is a very strong part of Nias culture, so children and young people are often not prioritized or consulted,” she said.

“Before, young people did not consciously learn any of their culture; they just copied their elders without understanding it or learning why it is this way. We’ve tried to address that in the work we do by getting children more involved in their culture at every level, and by producing engaging material for them such as the heritage comics.”

Sitasi also sees the importance of cultural heritage to tourism.

“Since the earthquake, fewer people come now, even though the roads have been restored and are even better than before the earthquake. We need to be promoted more, and we need to train young people in tourism management. We’d like to see young people going to Tana Toraja and Bali to see how homestays are managed. We had a homestay project here some years ago, but without promotion, and without visitors, people lost motivation.”

Cultural heritage is well preserved by the impressive Nias Museum in Gunung Sitoli, which was supported by the KRRP. The Director of the *Museum Pusaka Nias*, Nata’alui Duha, has been involved in its development since he was in junior high school. The museum was established and initially funded by Pastor Johannes Hammerle, who also donated the vast majority of artifacts. The Museum now gets 4,000 visitors a month, mostly people from across Nias itself. But very few visitors come from outside Nias, despite the high quality of this museum, one of the best in Indonesia.

“The first mission of the museum is to build curiosity,” Nata’alui Duha explains. “Though we get many student visitors already, we still want to improve their experience here - to improve how they use the material, how to learn to see things differently, how to read the



Outside a newly restored building at the *Museum Pusaka Nias* in Gunung Sitoli, children participate in heritage activities using engaging new learning materials. Nowadays, the museum receives 1,400 visitors a month, and many of these are children and students.

Photo:
Tarmizy Harva



“The renovation of the house is a sacred process for us,” Hikmat explains. “We draw from many of our traditions when we are restoring and building.”

artifact. That’s the most important goal for us now – how students ‘use’ the museum.”

Part of the MDF funding through the KRRP was used to train 250 teachers in how to teach cultural history as well as to improve their own knowledge of traditional instruments, herbal medicines, and flora, all unique to Nias.

During the 2005 earthquake, over one hundred of the museum’s artifacts were destroyed, as were several of the traditional

buildings on the grounds of the museum. The restoration of these buildings is part of the same ILO project in Bawomataluo village.

The road around the museum has been repaired now, which has really improved access for museum visitors, says Nata’alui Duha. “We now rent out some of these on-site traditional houses to heritage tourists. But to get more visitors, and to improve our heritage industry, we need to improve accommodation. Water and sanitation is the key to this. It improves the health of the family, the quality of the house and eventually encourages visitors. Some people have been trained in running homestays but until the water supply in the villages improves, this won’t be effective.” In Bawomataluo residents have to queue for hours to fill their buckets with water for household use. The RACBP

A Monumental Heritage: Temanasekhi's Childhood Megaliths and Memories

Temanasekhi Gulo's recollections of childhood include running happily among the ancient megaliths in the sweet potato field next to his house. However, these memories were shattered when he saw that some of the once-intact megalithic rocks no longer stand in those fields: they have been stolen.

The megaliths, or *menhir* as they are called in the local language of Nias, are large standing stones, decorated with carvings of faces—usually the face of a king, complete with the clothes he wore—which symbolize social status. The taller the stone, the higher the status it represents. Temanasekhi is proud of the megaliths, and for him, looking after them means preserving the priceless ancestral heritage of the Nias islands.

The Sisarahili village chief witnessed an attempt to steal one of the ancient stones. "It was by the river bank, but the villagers managed to save it."

According to Temanasekhi, the theft was just one of many similar occurrences that took place before the ILO built and renovated traditional houses in Nias.

"By restoring the traditional houses, we hope to preserve the cultural heritage of our ancestors, including the megaliths," says Temanasekhi, pointing at the round-shaped houses, known as Omohada, that the ILO has just finished rehabilitating. "So the treasures our ancestors left us, which we can no longer make, are now properly looked after. As their descendants, we can't even shape a small stone in the way they used to."

Now the responsibility for maintenance of the megaliths has been handed over to the village. "We can no longer say that this megalith belongs to this descendant and that megalith belongs to another. Now they are all one, and they are everyone's responsibility."

project is constructing a new spring-fed water system in the village that will help to address the water problem there.

Meanwhile the director continues campaigning and fundraising for the museum. "We have achieved so much with this funding but cultural education needs to be continuously funded," he says, "because there are always new children coming along needing to learn about their own identity. As soon as one class has been taught, there's another class behind them!"

Someday soon, the villagers hope, all these investments will again attract visitors to learn the village's unique culture, and preserve their own identity among the young people of Nias.

Because of the cultural importance and potential contribution to the island's economic development, cultural preservation and restoration was a component included under two of the MDF's projects in Nias, the RACBP and the KRRP. The RACBP focused on the improvement of the rural transport network and other small infrastructure in the islands, with an emphasis on all-weather trails and bridges connecting remote areas to the main transport links. The KRRP helped rehabilitate 100 schools and 100 village office buildings in Nias in addition to reconstructing nearly 4,500 houses damaged by the earthquake. Both projects used community-based approaches that provided labor opportunities and developed local skills in construction in this remote rural area. The MDF contributed approximately US\$121 million, or about 18 percent of its total funds, for reconstruction activities in the Nias islands.

Aceh and Nias - Before and After



The tsunami and earthquake changed the coastline in many places such as this shoreline, 64 kilometres south of Banda Aceh along the west coast, pictured before (left) and after (right) the disasters. The tsunami destroyed several villages, killing over 1,000 people in this one area.

Photos: UNDP



After the surge of water from the tsunami receded, coastal areas were littered with boats like the one seen above that came to rest at the front door of Hotel Medan (left). Today, the hotel hosts many of the tourists that visit Banda Aceh.

Photos: UNDP



Mesjid Raya is an iconic symbol of not only Banda Aceh, but the province as a whole. During the tsunami, the Grand Mosque served as a refuge for many residents fleeing the rushing waters. The adjacent park, Taman Sari is shown in the foreground covered with debris (left) and after rehabilitation (right).

Photos: UNDP



The village of Lambung, in Banda Aceh, was completely devastated by the tsunami (left). Three years later, survivors had rebuilt their homes and related infrastructure with the help of the Rekompak project.

Photos: Rekompak team



The MDF's Tsunami Recovery Waste Management Project (TRWMP) cleared over 1.3 million cubic meters of tsunami debris. In the emergency response, TRWMP focused mainly on Banda Aceh but expanded its scope to include other affected areas such as Meulaboh, Calang and Bireuen. The photos above show the Governor's Office in Banda Aceh immediately after the tsunami (left) and after debris clearing and reconstruction (right). Photos: UNDP



Mesjid Al Makmur in Banda Aceh was badly damaged in the quake (left). UNDP's Tsunami Recovery Waste Management Programme demolished the damaged structure and today, a new mosque takes its place (right). Photos: UNDP



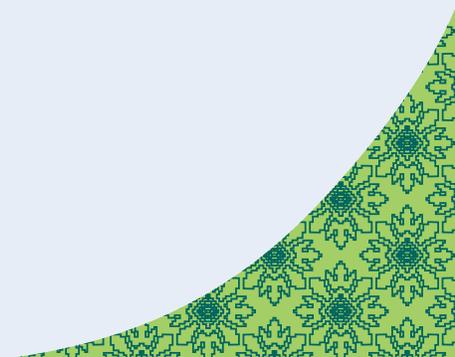
A district road in Aceh Besar District before (left) and after (right) reconstruction. The IRFF project funded the reconstruction of large infrastructure including roads, ports and coastal protection barriers.

Photos: Kris Hedi



River crossings in Nias were often precarious (left) and these conditions were exacerbated by the earthquake in Nias. Under the RACBP almost 2,000 meters of bridges were constructed, providing safe river crossings for many rural inhabitants.

Photos: RACBP Project



Acronyms and Abbreviations

AAA	: Action Aid Australia
ADF	: Aceh Development Fund
AF	: Additional Financing
AFEP	: Aceh Forest and Environment Project
AGTP	: Aceh Government Transformation Programme
BAFMP	: Banda Aceh Flood Mitigation Project
Bappeda	: <i>Badan Perencanaan Pembangunan Daerah</i> (Regional Development Planning Agency)
Bappenas	: <i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BKPP	: <i>Badan Kepegawaian Pendidikan dan Pelatihan</i> (Provincial Training and Human Resource Agency)
BKRA	: <i>Badan Kestinambungan Rekonstruksi Aceh</i> (Aceh Sustainable Reconstruction Agency)
BKRAN	: <i>Badan Kestinambungan Rekonstruksi Aceh dan Nias</i> (Sustainable Reconstruction Agency for Aceh and Nias)
BKRN	: <i>Badan Kestinambungan Rekonstruksi Nias</i> (Nias Sustainable Reconstruction Agency)
BNPB	: <i>Badan Nasional Penanggulangan Bencana</i> (National Disaster Management Agency)
BPBA	: <i>Badan Penanggulangan Bencana Aceh</i> (Aceh Provincial Disaster Management Agency)
BPBD	: <i>Badan Penanggulangan Bencana Daerah</i> (Regional Disaster Management Agency)
BPN	: <i>Badan Pertanahan Nasional</i> (National Land Agency)
BRR	: <i>Badan Rehabilitasi dan Rekonstruksi Aceh-Nias</i> (Aceh-Nias Reconstruction and Rehabilitation Agency)
CBO	: Community Based Organization
CCA	: Canadian Co-operative Association
CDA	: Community Driven Adjudication
CDD	: Community Driven Development
CBLR3	: Capacity Building for Local Resource Based Rural Roads
CEAP	: Contractor's Environmental Action Plan
CPDA	: Consolidating Peaceful Development in Aceh
CRU	: Conservation Response Unit
CSO	: Civil Society Organization
CSP	: Community Settlement Plan
CSRC	: Civil Society Resource Center
CSRRP	: Community Based Settlement Rehabilitation and Reconstruction Project
DAC	: Development Assistance Committee
DFID	: Department for International Development of the United Kingdom

DIPA	: <i>Daftar Isian Pelaksanaan Anggaran</i> (State Budget Execution Document)
DRR	: Disaster Risk Reduction
DRR-A	: Disaster Risk Reduction-Aceh Project
EDFF	: Economic Development Financing Facility
EGA	: Economic Governance in Aceh
EIA	: Environmental Impact Assessment
FFI	: Fauna and Flora International
FORNIHA	: <i>Forum Peduli Tano Niha</i> (Nias Land Forum)
GAM	: <i>Gerakan Aceh Merdeka</i> (Free Aceh Movement)
Gol	: Government of Indonesia
IDP	: Internally Displaced Person
ILO	: International Labour Organization
IMPACT	: Inspiration for Managing People’s Actions
IOM	: International Organization for Migration
IREP	: Infrastructure Reconstruction Enabling Program
IRFF	: Infrastructure Reconstruction Financing Facility
JRF	: Java Reconstruction Fund
KDP	: <i>Kecamatan</i> Development Program
KNOW	: Knowledge Management Center
KPDT	: <i>Kementerian Pembangunan Daerah Tertinggal</i> (Ministry for the Development of Disadvantaged Areas)
KRRP	: <i>Kecamatan</i> Based Reconstruction and Recovery Planning Project (Nias)
LAN	: <i>Lembaga Administrasi Negara</i> (National Administration Bureau)
LAP	: Local Action Plan
LCRMP	: Lamo-Calang Road Maintenance Project
LEDP	: Livelihoods and Economic Development Project (Nias)
LGSP	: Local Governance Support Project
LIF	: Leuser International Foundation
LoGA	: Laws of the Governing of Aceh
LRB	: Local resource-based
MCK	: <i>Mandi, cuci, kakus</i> (Bathing, washing and toilet facilities)
MDF	: Multi Donor Fund
M&E	: Monitoring and Evaluation
Migas	: <i>Minyak dan Gas</i> (Oil and Gas)

Acronyms and Abbreviations

MIS	: Management Information System
MSW	: Municipal Solid Waste
MTR	: Midterm Review
NGO	: Nongovernmental Organization
NITP	: Nias Islands Transition Programme
OECD	: Organisation for Economic Co-operation and Development
O&M	: Operations and Maintenance
Otsus	: <i>Otonomi Khusus</i> (Special Autonomy)
PACC	: Public Awareness Coordinating Committee
PDAM	: <i>Perusahaan Daerah Air Minum</i> (Regional Clean Water Company)
PEKA	: <i>Peningkatan Ekonomi Kakao Aceh</i> (Aceh Cacao Economy Improvement)
Pergub	: <i>Peraturan Gubernur</i> (Governor's Regulation)
PNPM	: <i>Program Nasional Pemberdayaan Masyarakat</i> (National Community Empowerment Program)
R2C3	: Rehabilitation and Reconstruction Completion and Continued Coordination
RACBP	: Rural Access and Capacity Building Project (Nias)
RALAS	: Reconstruction of Aceh Land Administration System
RAND	: Recovery of Aceh-Nias Database
RAP	: Recovery Assistance Policy
Rekompak	: <i>Rehabilitasi dan Rekonstruksi Masyarakat dan Permukiman Berbasis Komunitas</i> (Community Based Settlement Rehabilitation and Reconstruction Project)
RMIS	: Road Management Information System
SDLP	: Sea Delivery and Logistics Program (Aceh)
SIMBADA	: <i>Sistem Informasi Barang dan Aset Daerah</i> (Regional Assets and Equipment Information System)
SIPKD	: <i>Sistem Informasi Pengelolaan Keuangan Daerah</i> (Regional Financial Management Information System)
SKPA	: <i>Satuan Kerja Perangkat Aceh</i> (Aceh Provincial Executive and Line Agencies)
SME	: Small and Medium Enterprises
SPADA	: Support for Poor and Disadvantaged Areas
SKPD	: <i>Satuan Kerja Perangkat Daerah</i> (Regional Working Unit)
TA	: Technical Assistance

TBSU	:	Trail Bridge Support Unit (Nepal)
TDMRC	:	Tsunami and Disaster Mitigation Research Center
TEWS	:	Tsunami Early Warning System
TRPRP	:	Tsunami Recovery Port Redevelopment Programme
TRWMP	:	Tsunami Recovery Waste Management Programme
UN	:	United Nations
UNDP	:	United Nations Development Programme
UPP	:	Urban Poverty Project
USAID	:	United States Agency for International Development
WFP	:	World Food Programme







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