



Multi Donor Fund for Aceh and Nias (MDF)

Starting date: May 2005

Final Date of Implementation: 31 December 2012

Objective: To respond effectively and efficiently to the immediate and longer-term needs of the population in Aceh and Nias affected by the tsunami and earthquakes that have been identified through the Government of Indonesia and the population.

Specific objectives: (a) pool donor resources to support a mutually-agreed portfolios of projects and programs; (b) work through and within the Government of Indonesia's master plan for recovery; (c) promote bottom-up and demand-driven development of initiatives; (d) partner with government and non-government agencies; (e) serve as a forum for donor coordination; (f) support policy dialogue among international community, civil society and Government of Indonesia on progress in the recovery process; (g) have funds flow through the Government of Indonesia's budget wherever effective; (h) pursue gender-sensitive activities; (i) implement activities in a conflict-sensitive mode; (j) avoid worsening regional disparities in all MDF-funded projects.

Administrator: World Bank

Governance Structure: The MDF is governed by the following governance structure: (i) Trustee; (ii) Steering Committee, (iii) Partner Agency and (iv) Secretariat:

- The Trustee (World Bank) is in charge of managing the contributions, making commitments from the contributions, and to document receipt and disbursement of funds.
- The Steering Committee (SC) is responsible for strategic guidance, progress review, coherence and collaboration with other reconstruction efforts, and endorsing projects and programs.
- The Steering Committee is co-chaired by the representative from Government of Indonesia (Bappenas), the European Commission as the largest contributor, the World Bank as Trustee, and the Governor of Aceh as representative of the Local Government.
- Partner Agencies (World Bank and others appointed by the Trustee) manage MDF projects according to the rules and regulations of the respective agency.
- The Secretariat coordinates all activities of the MDF with all parties, supports the administration of funds, and facilitates the screening and approval process for investments and reports on progress to Steering Committee.



Activities are implemented by Implementing Agencies (government agencies, NGOs, UN agencies) which will follow the frameworks as agreed with the respective Partner Agency.

Total Budget: As of December 2009 the MDF has received a total of USD 676.08 million (€480.9 million) in commitment through Administration Agreements from the 15 donors. Of these commitments, USD 620.2 million (€ 415 million) has been paid in cash to the fund.

Name of Donors : European Commission, Netherlands, United Kingdom, World Bank, Sweden, Denmark, Norway, Germany, Canada, Finland, Belgium, Asian Development Bank, United States, New Zealand and Ireland.

Committed Amounts: EC Commitment to MDF: €203.5 (incl. funds for evaluation) - EC Disbursement to MDF: €182.7

The MDF portfolio is composed of 21 projects worth a total of approximately €400 million (US\$601) in 5 sectors.

Main achievements as per December 2009: The majority of the projects in the MDF portfolio are in full implementation phase, achieving their targets and moving towards completion.

1. Recovery of Communities: Community recovery projects have proved particularly successful in their approach as well as meeting their objectives. Notable results have been achieved in rebuilding physical assets at the community level. Housing targets have been reached in Aceh and good progress is being made in Nias, with a total of 19,112 houses completed, rehabilitated, or under construction as of September 30, 2009. Community Recovery projects have assisted communities to reconstruct vital community infrastructure, including 1,473 kilometers of village roads, 936 bridges, 1,473 kilometres of irrigation and drainage channels, and 5,750 village water distribution points. Utilization rates for infrastructure and occupancy rates for housing are high, and surveys indicate that beneficiaries are well satisfied with what these projects have delivered. In addition, community empowerment is an important outcome of the MDF's community recovery projects that will have lasting impact.

2. Reconstruction of larger infrastructure: Investments in the recovery of large infrastructure and transport have made a significant contribution to the overall reconstruction process. 41 of 53 sub-projects under Infrastructure Financing Facility (IRFF) project are now completed and the remainder is underway. These investments have provided the people of Aceh and Nias with about 290 kilometers of new and rehabilitated roads, 9 municipal water systems, and have rehabilitated three vital ports. The Banda Aceh Flood Mitigation project (BAFM) and the Sea Delivery and Logistics Project (SDLP) are also winding down.



3. Restoration of public administration and local governance: Capacity building and governance have become an increasing focus as the MDF portfolio matures. The Aceh Government Transformation Programme (AGTP) and the Nias Islands Transition Project (NITP) are designed specifically to build capacity of local governments to complete the reconstruction and recovery efforts, manage assets and strengthen the institutions to continue on-going government functions in Aceh and Nias post-BRR. The Technical Assistance to BRR project was extended and renamed TA to BRR and BAPPENAS in May 2009. The project supports BAPPENAS in its new coordination role after the BRR closed. In addition, almost all MDF projects include some project-specific capacity building elements as a means for ensuring sustainability of the project after the reconstruction ends. The MDF's Mid Term Review highlighted that this broad-scale capacity building had been one of the biggest achievements of the MDF.

4. Sustaining the environment: The MDF's early support for the environment is showing positive results. The MTR noted that the MDF's two environment projects, the Aceh Forest and Environment Project and the Waste Management Programme, are important because they are among the few in the overall reconstruction that have the environment as an explicit focus. Both of these projects are now mature and showing results in the areas of environmental awareness, training and capacity building for forest monitoring and resource management, and building sustainable waste management systems, and supporting sustainable livelihoods.

5. Economic recovery: As the reconstruction winds down, the MDF is targeting support for economic recovery. Two projects aimed at strengthening economic recovery in key sectors of the economy are moving towards implementation. The Aceh Economic Development Financing Facility (EDFF) has been launched and Nias Livelihoods and Economic Development Project (LEDP) is at final preparation stage.