



# QUARTERLY FINANCIAL MANAGEMENT REPORT No. 6

**30 September 2006**

**Multi Donor Fund Secretariat  
Jakarta, Indonesia**



## CONTRIBUTIONS

The Multi Donor Fund has signed agreements valued at over \$500 million. Only one agreement is outstanding and this will be finalized by early 2007. As of September 30, 2006, the Fund has received \$286.85 million from its contributors. Many donors have chosen to pay their contributions in several instalments according to the cash needs of the Fund. The liquidity situation is monitored regularly to ensure that sufficient funds are always available to ensure operations are not interrupted.

<b>Table 1. Pledges and contributions and cash paid into the Multi Donor Fund as of 30 September 2006</b>			
<b>Source</b>	<b>Pledge amount in \$ million</b>	<b>Contribution Agreements signed \$ Million</b>	<b>Cash Received \$ Million</b>
European Commission*	254.17	254.17	53.27
Government of Netherlands	100.00	100.00	100.00
Government of United Kingdom*	48.25	10.00	10.00
World Bank	25.00	25.00	25.00
Government of Denmark	18.03	18.03	18.03
Government of Norway	17.96	17.96	17.96
Government of Canada	11.04	11.04	11.04
Government of Sweden	10.44	10.44	10.44
Asian Development Bank	10.00	10.00	10.00
Government of Germany	10.00	10.00	7.40
Government of United States	10.00	10.00	10.00
Government of Finland*	10.16	10.16	5.56
Government of Belgium*	10.16	10.16	2.55
Government of New Zealand	8.80	8.80	4.40
Government of Ireland	1.20	1.20	1.20
<b>Total Contributions</b>	<b>545.20</b>	<b>506.95</b>	<b>286.85</b>

\* Exchange rate as at 30 September 2006; Source: World Bank

**MULTI DONOR FUND PROJECTS****A. APPROVED PROJECTS AND CONCEPTS**

<b>Table 2: Multi Donor Fund Projects and Concepts as of 30 September 2006</b>				
	<b>Partner Agency</b>	<b>Budget \$ million</b>	<b>Actual \$ million</b>	<b>%</b>
<b>Total Pledges/Receipts</b>		<b>545.20</b>	<b>293.15</b>	<b>54%</b>
<b>Projects</b>				
Reconstruction of Aceh Land Administration System Project	World Bank	28.50	11.70	41%
Community Recovery Through The Kecamatan Development Project (KDP)	World Bank	64.70	60.60	94%
Community Recovery Through the Urban Poverty Program (UPP)	World Bank	17.96	9.80	55%
Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias	World Bank	85.00	33.46	39%
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	UNDP	14.74	11.00	75%
Tsunami Recovery Waste Management Program	UNDP	14.43	11.00	76%
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	UNDP	6.00	3.00	50%
Labor-based Rural Road Rehabilitation in Aceh	UNDP	6.42	2.42	38%
WFP Shipping Service	WFP	24.70	24.70	100%
Reconstruction and Rehabilitation of Ports	UNDP	3.58	1.60	45%
Aceh Forest and Environment Project	World Bank	17.53	3.58	20%
Flood Mitigation Program for Banda Aceh	World Bank	4.50	0.40	9%
Infrastructure Reconstruction Enabling Program	World Bank	42.00	0.00	
Nias Kecamatan-Based Recovery and Planning Project	World Bank	25.75	0.00	
Support for Poor and Disadvantaged Areas	World Bank	25.00	0.00	
<b>Total Projects</b>		<b>380.81</b>	<b>173.26</b>	<b>45%</b>
<b>Concepts</b>				
Road and Bridge Repair Lamno-Calang**	UNDP	1.25	0.00	
Infrastructure Reconstruction Enabling Financing Facility	World Bank	100.00	0.00	
<b>Total Concepts</b>		<b>101.25</b>		
<b>Total Allocations to Projects and Concepts</b>		<b>482.06</b>	<b>173.26</b>	
Estimated Investment Income		14.46	14.46	100%
Estimated Administration, Appraisal and Supervision Costs		12.08	12.08	100%
<b>Total Unallocated Funds*/Cash Remaining</b>		<b>65.52</b>	<b>122.26</b>	

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

\*\* The value of the Lamno-Calang Road Repair project changed from \$11.5 million to \$1.25 million on 5 October 2006.

As of 30 September 2006, the Multi Donor Fund has allocated \$482 million to 17 projects. While no new concepts were endorsed during the third quarter of 2006, two projects were endorsed, namely, Nias Kecamatan-Based Recovery and Planning Project and Support for Poor and Disadvantaged Areas project. In September, the Implementing Agency for the Lamno-Calang Road Repair project was changed from CRS to UNDP (Partner Agency

changed from World Bank to UNDP), and the value of this project reduced from \$11.5 million to \$1.25 million due to the reduced scope of the project. Approximately \$64 million remain unallocated (depending on the strength of the euro and the pound sterling).

## B. FINANCIAL STATUS

Table 3: Financial Status of the Multi Donor Fund as at 30 September 2006		
	Quarter between 1 July and 30 September 2006 \$ million	From inception till 30 September 2006 \$ million
<b>Receipts</b>		
Total Paid in Contributions	43.48	286.85
Total Investment Income	1.96	6.29
<b>Total Receipts</b>	<b>45.44</b>	<b>293.15</b>
<b>Disbursements</b>		
<b>Disbursements to Projects</b>		
Reconstruction of Aceh Land Administration System Project	0.00	11.70
Community Recovery Through The Kecamatan Development Project (KDP)	11.60	60.60
Community Recovery Through the Urban Poverty Program (UPP)	3.25	9.80
Community-Based Settlement Rehabilitation and Reconstruction Project	12.02	33.46
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	0.00	11.00
Tsunami Recovery Waste Management Program	0.00	11.00
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	0.00	3.00
Labor-based Rural Road Rehabilitation in Aceh	0.00	2.42
Sea Delivery and Logistics Project	0.00	24.70
Reconstruction and Rehabilitation of Ports	0.00	1.60
Aceh Forest and Environment Project	0.00	3.58
Flood Mitigation Program for Banda Aceh	0.40	0.40
<b>Total Disbursements to Projects</b>	<b>27.27</b>	<b>173.26</b>
<b>Other</b>		
Administration Costs	0.15	0.71
Appraisal, Supervision and Monitoring Costs	0.33	1.61
<b>Total Administration, Appraisal and Supervision Costs</b>	<b>0.48</b>	<b>2.32</b>
<b>Total Disbursements</b>	<b>27.75</b>	<b>175.58</b>
<b>Total Cash Available</b>	<b>17.68</b>	<b>117.57</b>

The Multi Donor Fund has received \$293.15 million, consisting of \$286.85 million from contributions and \$6.29 million from investment income. In July, the Fund received \$2.2 million from New Zealand, and in August, it received \$40 million from the Netherlands and \$1.28 million from Finland.

Since July, the Fund disbursed \$28 million, consisting of \$11.6 million to KDP, \$3.25 million to UPP, \$12.02 million to the Housing and Settlements project and \$0.4 million to the Flood Mitigation Program. In total, the Fund has disbursed \$173.26 million to its projects, which represents 45% of the value of endorsed projects.

Although not shown in the above table because it represents the status as of 30 September 2006, the Multi Donor Fund has also received \$74 million from the European Commission in October 2006.

**C. SPENDING BY PROJECTS**

<b>Table 4: Project Spending as of 30 September 2006</b>			
	<b>Grant Amount \$ million</b>	<b>Spending by Projects as of 30 Sept 2006 \$ million</b>	<b>% of Grants Spent</b>
<b>On-budget Projects*</b>			
Reconstruction of Aceh Land Administration System Project	28,500,000	3,621,106	13%
Community Recovery Through The Kecamatan Development Project (KDP)	64,700,000	49,995,189	77%
Community Recovery Through the Urban Poverty Program (UPP)	17,960,000	8,535,347	48%
Community-Based Settlement Rehabilitation and Reconstruction Project for NAD and Nias	85,000,000	31,169,811	37%
<b>Total On-Budget Projects</b>	<b>196,160,000</b>	<b>93,321,454</b>	<b>48%</b>
<b>Off-budget Projects</b>			
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	14,736,650	8,216,678	56%
Tsunami Recovery Waste Management Program	14,431,105	6,119,444	42%
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	5,996,500	130,695	2%
Labor-based Rural Road Rehabilitation in Aceh	6,420,000	670,430	10%
WFP Shipping Service	24,700,000	12,036,660	49%
Aceh Forest and Environment Project	3,580,000	1,050,000	34%
Reconstruction and Rehabilitation of Ports	17,533,000	1,207,281	7%
Flood Mitigation Program for Banda Aceh**	4,500,000	372,794	8%
<b>Total Off-Budget Projects</b>	<b>91,897,255</b>	<b>29,803,983</b>	<b>32%</b>
<b>Total</b>	<b>288,057,255</b>	<b>123,125,436</b>	<b>43%</b>

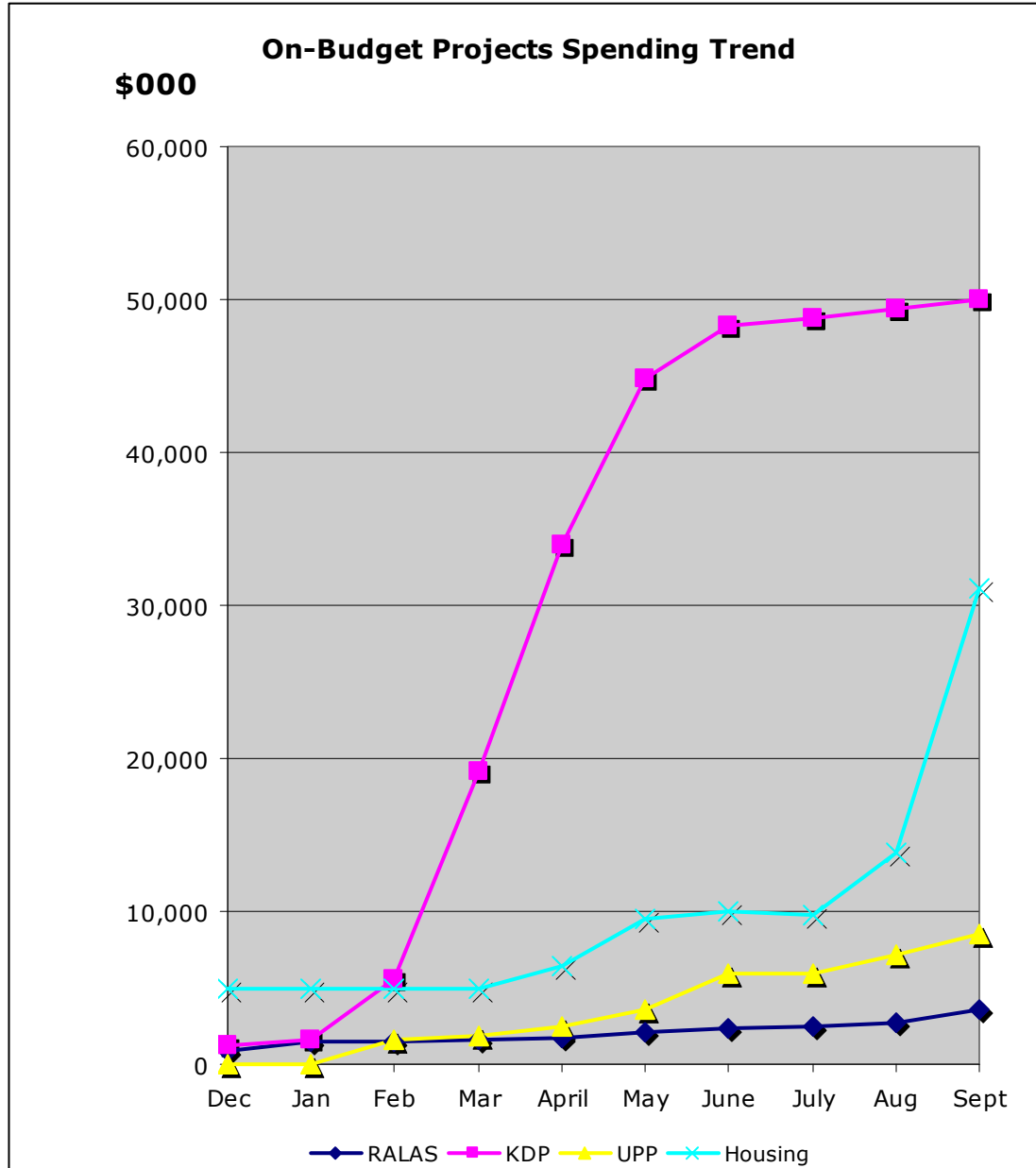
\* All on-budget project spending figures assumes that funds are immediately spent when they are withdrawn from the project bank account. Spending figure derived from balance of the project bank account.

\*\* All expenditure for the Flood Mitigation Program for Banda Aceh has been pre-financed by Muslim Aid. This amount will be reimbursed to Muslim Aid once MDF transfers the first tranche of the grant.

Overall, Multi Donor Fund projects have spent \$122 million. Approximately 76% (or \$93 million) of total spending is attributed to on-budget projects. Strong spending by on-budget projects is partly because of the strong performance of three of the four projects and because total value of on-budget projects is large (approximately 70% of the value of projects) and because these were the first four projects of the Multi Donor Fund.

The disbursement rate for off-budget projects varies considerably between projects. Of the eight projects that have received money from the Multi Donor Fund, three projects are spending quickly, three projects have picked up speed during the last three months, and another two are still experiencing delays in its implementation and spending.

While strong spending does not necessarily mean that the project is performing well, low spending often indicates that the project has been delayed and encountering problems. The sections below provide a brief analysis on general trends in project spending.

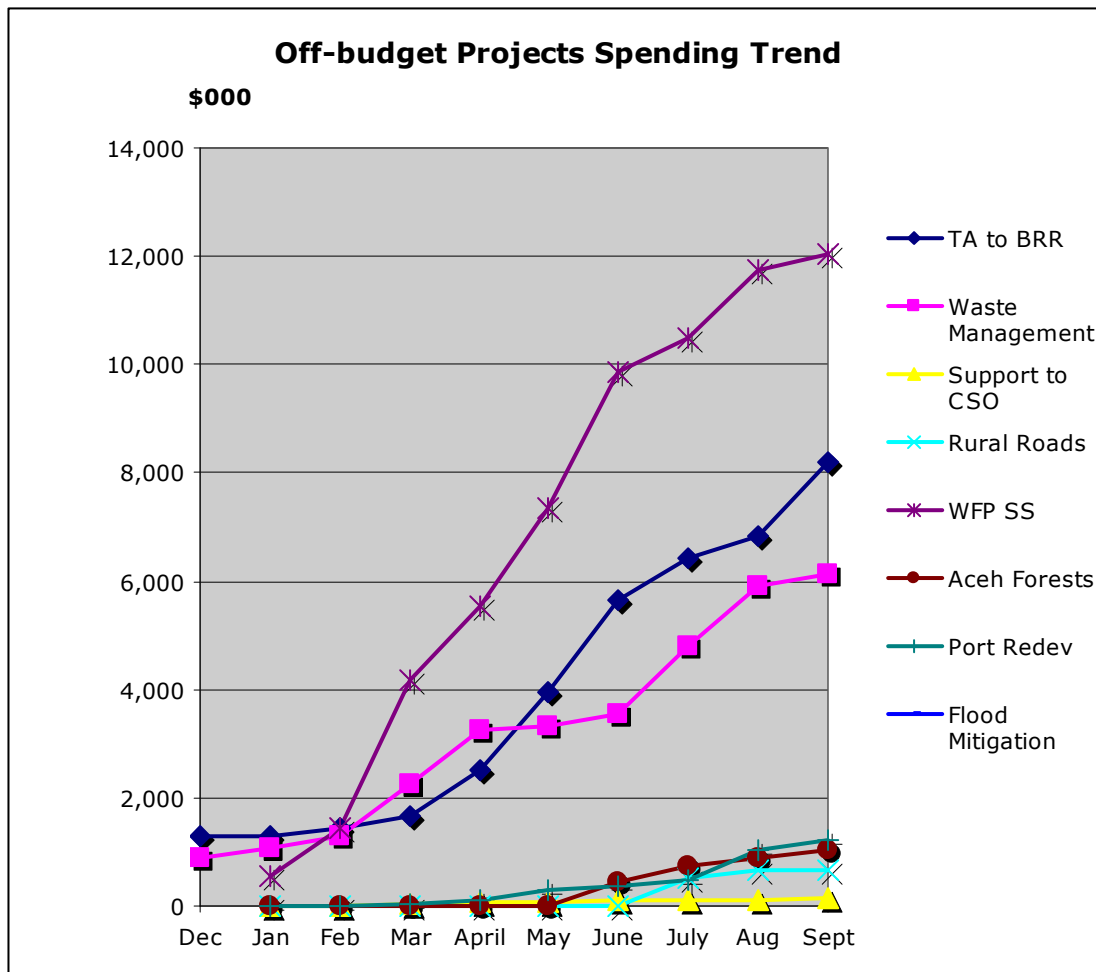
On-budget projects

On-budget projects have spent \$93 million of the \$123 million spent by Multi Donor Fund projects. All four on-budget projects use the community-driven development (CDD) approach. Overall, these projects show that the CDD mechanism has been relatively quick in both spending of funds and achieving results.

- From March to June 2006, the **Kecamatan Development Project** spent \$42 million, mostly towards block grants. From July to September 2006, spending was reduced to only \$2 million, reflecting that most block grants had already been distributed to villages which are using the funds to finance their chosen initiatives. Spending for KDP is expected to largely finish by the end of 2006, and the majority of building activities is also to be completed by December 2006.

- The last quarter was a significant period for the **Housing and Settlements Project**, which spent over \$20 million during these three months. This reflects the result that over 4,000 households have received at least one tranche of their grants to rebuild their houses. The spending will continue to accelerate during the forthcoming months, as all block grants are expected to be disbursed by March 2007.
- During the last three months, the **Urban Poverty Program** has spent \$2.5 million on its project activities, with total spending now at \$8.5 million. Spending has been quite steady since April 2006.
- Although the **RALAS** project has still only spent \$3.6 million, it did increase its spending by \$1.3 million between July and September 2006. This slight increase in speed of spending reflects the increased number of adjudication teams in the field (from 10 to 30 teams). At the Steering Committee meeting held in September, the RALAS team presented an action plan with relevant milestones to get the project back on track.
- Both the **KRRP** and the **SPADA** projects have started initial activities using pre-financing from the national loan. The Fund expects to disburse both a

**Off-budget projects**



From July to September 2006, off-budget projects have spent approximately \$10 million, reaching a total spending of \$30 million. As the above graph shows, of the eight off-budget projects, three are spending much more quickly than the others. These are:

- The **Technical Support for BRR** project, which has spent \$8.2 million of the \$14.7 million grant from the Multi Donor Fund. This project has also committed another \$5.7 million to contracts and with only \$860,822 remaining unearmarked. Commitments have not increased during the last quarter but this project is on-track to spend the grant by June 2007.
- The **Tsunami Waste Management** program has spent \$6.1 million on its activities. A further \$4.3 million is committed to contracts. While the municipal waste component of the project is progressing well, it has taken the project longer than expected to procure contracting partners for their livelihoods and interim landfills components of the project.
- The **Sea Delivery and Logistics Program** received a \$24.7 million grant from the Multi Donor Fund, which financed the program from December 2006. As of September 2006, the project has spent \$12 million, and has committed another \$5 million in contracts. It was expected that the grant would be spent by May 2006. Due to an initially smaller than anticipated demand for the service, the funds are expected to last until January 2007.

Out of the other five projects which were identified to have slow spending in the June Quarterly Financial Report, three projects have picked up pace in their implementation and spending patterns have followed that trend. These projects are:

- Although **Tsunami Recovery Ports Redevelopment Programme** experienced an initial slow start due to 1) funds not being available until March 2006; and 2) problems experienced with identifying locations for ports facilities and coordination with BRR and local government, the project is progressing well. Between July and September 2006, the project has spent approximately \$800,000. The project has almost completed designs of the Calang and Sinabang Ports and the temporary wharves are close to completion.
- Since an initial tranche of \$1.4 million was made available to ILO in June 2006, the **Rehabilitation of Rural Roads** project team has made very steady progress by mobilizing teams into 5 districts in Aceh and Nias. By September, they have started training potential contractors and rehabilitating approximately 18 km of roads. To date, the project has spent approximately \$670,000 on its activities. A potential bottleneck in the future is that the interim approval from Bappenas for this project is only for \$1.4 million. UNDP, as Partner Agency, is still waiting for government approval for the remaining amounts. If more funds are not made available in a timely manner, ILO may be forced to de-mobilize their implementation team.
- Since July, the **Aceh Forest and Environment Project** has spent an additional \$500,000. While the project is slightly behind schedule, it is starting to increase the rate of its spending and implementation.

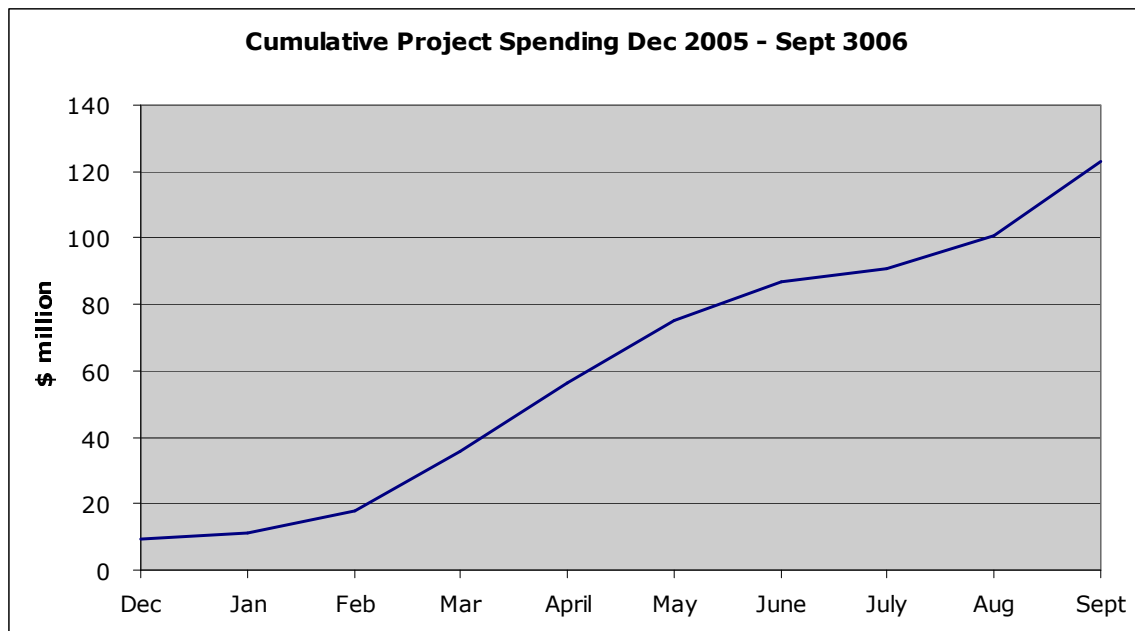
There are still two off-budget projects that are spending slowly. These are:

- As of 30 September 2006, the **Support to Strengthen CSOs** has only spent \$130,000. The majority (\$110,000) of this is on project support/administration costs. The project has experienced a variety of delays, the latest in procuring training partners. At the Steering Committee meeting in September, the project team was

requested to provide an action plan with milestones that could be tracked to ensure that the project gets back on schedule. The next three months will be crucial to monitoring whether this project is back on track.

- While the pilot phase of the **Flood Mitigation Program for Banda Aceh** project went well, the process of designing the pumping stations was slightly delayed because the flow capacity of all sluice gates had to be recalculated and technical adjustments to the design had to be made. Designs for the three pumping stations have been completed and the project team is in the middle of procuring contractors to commence works. The project expects spending to increase significantly in December 2006 and January 2007, as works on the stations begins.

### Overall Trends



The graph above shows that spending increased significantly in February 2006, but experienced a slow month in July but picked up speed again in August and September. Rate of overall MDF spending is largely driven on the on-budget projects and in July, there were no large transfers to KDP, UPP and Housing projects. The influence of these three CDD projects reflects both the size of the projects (represents approximately 44% of the entire portfolio), as well as the fact that CDD projects have proven to be a very effective spending mechanism.

In the next three months, with KDP starting to wind down its MDF activities, and UPP steadying, overall spending will be driven by the Housing and Settlements project, because of the large number of tranches expected to be disbursed to households. The Muslim Aid project is also expected to increase its spending, and if RALAS and the Support for CSO projects meet the objectives set at the September Steering Committee, their spending rate should also increase.

## OUTLOOK

The cash forecast presented in Table 5 shows expected cash receipts and disbursements for the current portfolio of concepts and projects. As shown below, the Fund expects to disburse another \$47 million to project accounts in 2006. The Fund currently has \$118 million remaining.

	Actuals	Projected Disbursements to Projects				
	Until 30/9/2005	2006	2007	2008	2009	2010
	USD million	USD million	USD million	USD million	USD million	USD million
<b>Expected Receipts</b>						
Cash remaining from prior period	0.00	117.57	151.09	140.59	58.55	0.92
Cash receipts during current period	286.85	77.19	138.82	42.34	0.00	0.00
Investment Income	6.29	2.99	2.30	1.73	1.15	0.00
<b>Expected Cash Available to MDF</b>	<b>293.15</b>	<b>197.74</b>	<b>292.22</b>	<b>184.66</b>	<b>59.70</b>	<b>0.92</b>
<b>Disbursements</b>						
<b>Disbursements to Projects</b>						
Reconstruction of Aceh Land Administration System Project	11.70		8.31	8.50		
Community Recovery Through The Kecamatan Development Project (KDP)	60.60		4.10			
Community Recovery Through the Urban Poverty Program (UPP)	9.80		7.00	1.16		
Community-Based Settlement Rehabilitation and Reconstruction Project	33.46	35.00	16.54			
Technical Support for Badan Rehabilitasi Rekonstruksi (BRR) NAD-Nias	11.00	3.74				
Tsunami Recovery Waste Management Program	11.00		3.43			
Support to Strengthen the Role and Capacity of CSOs in the Recovery of Aceh	3.00		3.00			
Labor-based Rural Road Rehabilitation in Aceh	2.42		4.00			
World Food Programme Shipping Service	24.70					
Reconstruction and Rehabilitation of Ports	3.58					
Aceh Forest and Environment Project	1.60	0.50	7.00	6.00	2.43	
Flood Mitigation Program for Banda Aceh	0.40		4.10			
Road and Bridge Repair Lamno-Calang		1.25				
Infrastructure Reconstruction Enabling Program			14.00	25.00	3.00	
Nias Kecamatan-Based Recovery and Planning Project			8.58	8.58	8.58	
Support for Poor and Disadvantaged Areas			8.33	8.33	8.33	
Infrastructure Reconstruction Financing Facility			25.00	50.00	25.00	
<i>Other projects</i>		5.00	35.00	16.00	9.51	
<b>Other</b>						
Administration Costs	0.71	0.35	0.90	0.85	0.90	0.47
Appraisal, Supervision and Monitoring Costs	1.61	0.81	2.33	1.68	1.02	0.45
<b>Expected Total Expenditure</b>	<b>175.58</b>	<b>46.65</b>	<b>151.62</b>	<b>126.11</b>	<b>58.78</b>	<b>0.92</b>
<b>Total Cash Available for subsequent year(s)*</b>	<b>117.57</b>	<b>151.09</b>	<b>140.59</b>	<b>58.55</b>	<b>0.92</b>	<b>0.00</b>

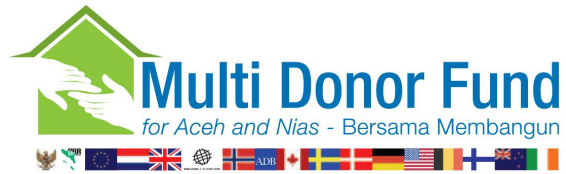
\*Assumption that total allocations will be \$545 million but will change depending on exchange rate.

ANNEX 1		
MULTI-DONOR TRUST FUND FOR ACEH AND NORTH SUMATRA (TF054838)		
Unaudited Statement of Receipts, Disbursements and Fund Balance as at 30 September 2006 (Expressed in USD)		
	Quarter ending 30 September 2006	Inception to 30 September 2006
<b>Receipts (Note 1)</b>		
<i><b>Cash Contributions</b></i>		
European Commission		53,268,716.31
Government of Netherlands	39,999,970.00	99,999,940.00
Government of United Kingdom		10,000,194.42
International Development Association		25,000,000.00
Government of Denmark		18,033,865.72
Government of Norway		17,957,215.37
Government of Canada		11,042,215.24
Government of Sweden		10,441,206.22
Asian Development Bank		10,000,000.00
Government of Germany		7,397,875.00
Government of United States		10,000,000.00
Government of Finland	1,276,600.00	5,559,848.80
Government of Belgium		2,551,600.00
Government of New Zealand	2,200,375.00	4,400,750.00
Government of Ireland		1,198,700.00
<b>Total Contributions</b>	<b>43,476,945.00</b>	<b>286,852,127.08</b>
<b>Investment Income (Note 2)</b>	<b>1,959,394.99</b>	<b>6,294,929.01</b>
<b>Total Receipts</b>	<b>45,436,339.99</b>	<b>293,147,056.09</b>
<b>Disbursements</b>		
<b>Disbursement to Grantee</b>	<b>(27,272,237.46)</b>	<b>(173,259,706.25)</b>
<i><b>Direct Costs Disbursed by WBG</b></i>		
Staff Costs	(175,475.45)	(759,795.62)
Consultant Fees	(190,771.31)	(1,008,614.50)
Associated Overhead Costs	(5,576.96)	(16,665.90)
Travel Expenses	(81,180.10)	(390,136.66)
Airfare Rebate	997.44	5,991.64
Equipment Costs	(9,101.73)	(14,719.98)
Media Workshop	(9,037.33)	(95,652.51)
Contractual Services	(9,861.10)	(40,160.35)
<b>Total Direct Costs Disbursed by WBG</b>	<b>(480,006.54)</b>	<b>(2,319,753.88)</b>
<b>Total Disbursements</b>	<b>(27,752,244.00)</b>	<b>(175,579,460.13)</b>
Fund balance, beginning of period	99,883,499.96	
<b>Fund balance (Cash and Investment)</b>	<b>117,567,595.95</b>	<b>117,567,595.95</b>
<b>Commitments Outstanding as of 11/13/2006 (Note 3)</b>		<b>226,894.72</b>

\* Source: SAP as of 13 November 2006

NOTES:

- 1 - This statement is prepared on the basis of cash accounting. Transactions subsequent to this statement date are recorded in the period in which they occur
- 2 - Investment income is not credited to any trust fund where the daily balance is less than USD equivalent \$5,000.
- 3 - Commitments relate to bank executed trust funds only. This amount reflects open purchase orders as of 8/7/2006 which may or may not result in actual expenditures to the TF. Non-holding currency commitments have been translated to holding currency for reporting purposes.



For further information about this report, please contact:

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