



PRESS RELEASE

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Managing Transition and Resources: Key to Ensure Sustainability of Reconstruction and Development of Aceh

World Bank Group CFO highlights Multi Donor Fund support for Aceh Government in run-up to handover

Banda Aceh, 20 May 2008: Mr Vincenzo La Via, World Bank Group Chief Financial Officer today said that peace has certainly been a key factor in the success of post-tsunami rehabilitation and reconstruction. Nevertheless, it is time to focus on managing the transition of the Government's reconstruction programs from the Agency for Reconstruction and Rehabilitation (BRR) to local governments and relevant agencies. The statement was made as Mr. La Via completed a two-day visit to Aceh, visiting areas affected by both the conflict and tsunami.

"I would like to show my highest respect to both the Indonesian Government and the Acehnese for building and maintaining the peace crucial to Aceh's development," said Mr. La Via after meeting with Irwandy Yusuf, Governor of Aceh. "Soon, the Aceh Provincial Government will face the challenge of managing the investments made under BRR and ensuring sustainability. The province also has increasing fiscal resources that provide opportunities for longer term development through improved public services and increased competitiveness; areas where the World Bank and IFC could support the Aceh Provincial Government in its effort to effectively utilize its resources."

The Multi Donor Fund is providing assistance to both the outgoing and receiving ends to ensure a smooth transition of infrastructure and public facility assets in Aceh, and greater development overall. Joachim von Amsberg, World Bank, Indonesia Country Director said, "The Multi Donor Fund is supporting BRR with technical assistance for the transition, and simultaneously working on the Aceh Government Transformation project to prepare the Aceh Provincial Government to receive the transfer of assets."

The International Finance Corporation (IFC), the World Bank Group's private sector arm, is also providing vital support to the transition by facilitating public-private dialogue and attracting investors through a special outreach office. "Over the past two years, focused promotional activities on Aceh's business opportunities have managed to attract 40 investors from Indonesia, Malaysia, Singapore, Canada and Australia," said Adam Sack, IFC Indonesia, Country Manager. "More recently, IFC has helped establish a platform for ongoing dialogue between the Aceh Government and private sector, which will help unlock Aceh's full economic potential."

After the tsunami, the World Bank administered one of the largest trust-funds in the world under the Multi Donor Fund. By leveraging funds from 15 bilateral and multilateral donors, the Fund pooled approximately US\$ 673 million in pledges and is now managing 17 projects in Aceh and Nias in the areas of: recovery of communities, reconstruction of large infrastructure, rebuilding governance and sustaining the environment. More projects are currently under preparation, among others to recover livelihoods and support for transition in both Aceh and the remote island of Nias.

The period of reconstruction and rehabilitation in Aceh as a Central Government program is ending with the closing of the Agency for Rehabilitation and Reconstruction (BRR) in April 2009. Meanwhile, the Multi Donor Fund will continue its mandate for the recovery of Aceh and Nias until 2012.

For more information about World Bank's program in Indonesia, please visit www.worldbank.org/id

For more information on the Multi Donor Fund, please visit www.multidonorfund.org