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PRESS RELEASE

NIAS MOVING TOWARDS SUSTAINABLE DEVELOPMENT: GOVERNMENT OF INDONESIA LAUNCHES STRATEGIC RECONSTRUCTION PROJECTS

NIAS (JOINT RELEASE): The Government of Indonesia launched three strategic projects on Nias Islands of North Sumatra Province as part of its Nias Continuation of Post-tsunami Reconstruction to 2012 Programme. The launch, hosted by the Government of North Sumatra, took place at 9:00 hour on Friday, the 30th of July 2010 at the Office of the District Head of Nias District in Gunungsitoli.

Representatives of the Government of Indonesia at the national level, the Government of North Sumatra and all five local governments on Nias islands attended the launch. Joining them were representatives from the European Union, the Multi Donor Fund for Aceh and Nias (MDF), the World Bank, UNDP and ILO.

Nias Islands faced extensive damages from the Tsunami caused by the 8.2 Richter scale earthquakes on December 24, 2004 and an 8.8 Richter scale earthquake on March 28, 2005. The total estimated damage from the combined catastrophes was approximately US\$ 392 million. The Multi Donor Fund for Aceh and Nias (MDF) was established to support the Government of Indonesia's rehabilitation and reconstruction programme. "Total MDF commitment to Nias is more than USD \$115 million, which is provided through 14 projects. This means that the MDF contribution provides funding to support approximately 30 per cent of total estimated loss and damage from the disaster," stated MDF Manager, Ms Shamima Khan.

The Government of Indonesia also contributed nearly US\$ 2 billion to the recovery and reconstruction activities on Nias Islands. Much progress has been made - yet - numerous development challenges remain, including high poverty rates and low levels of public service delivery on the Islands. The funds have increased the Islands' financial resources for rebuilding as well as creating an opportunity to address poverty, human development issues and capacity building of local governments.

In late 2008, the administration of Nias Islands was re-zoned from two to five autonomous local governments under the North Sumatra Province, namely Nias, Nias Barat, Nias Utara, Nias Selatan, and Gunungsitoli Municipality. "One of the strategic approaches of the Action Plan for the Continuation of Reconstruction in Nias Island is to enhance the capacity of local government in Nias Islands so that they are capable and responsible in managing the reconstruction transition from central government to local governments of Nias Islands," stated Dr Max H. Pohan, Deputy Minister of Regional Development and Local Autonomy, Bappenas.

The three projects launched today represent the strategic contribution of the MDF to the implementation of the post-Tsunami reconstruction plan. This support is also consistent with the

Government of Indonesia's Medium-Term Development Plan, which seeks to accelerate development in poor and disadvantaged regions through revitalizing agriculture, creating employment and supporting decentralization.

UNDP with the Ministry of Home Affairs is implementing the Nias Island Transition Programme (NITP). In his speech, Mr Sonni Sumarsono, Director of Local Government and Special Autonomy, Ministry of Home Affairs highlighted, "Creating local capacity to address development challenges is a critical condition for sustainable development on Nias Island. Assets that were generated during the post-tsunami recovery and reconstruction over the past 4 years have to be successfully maintained." The NITP enhances local government capacity for successful completion of the recovery process and supports development of pro-active disaster risk reduction (DRR) plans through adopting best practices and improving governance. "The NITP is part of UNDP's global efforts to support formulation and implementation of disaster-risk reduction plans," stated Ms Beate Trankmann, UNDP Country Director.

ILO and the World Bank are assisting the Ministry of Disadvantaged Regions to support livelihood and economic development through two projects on Nias Islands. "The integrated package of these two projects captures the immediate developmental needs of local communities. Through joint implementation and joint monitoring we should see substantial gains in poverty reduction," stated Mr Siswa Trihadi, Assistant to Deputy Minister for Investment, Ministry of Disadvantaged Regions.

The "Nias Islands Rural Access and Capacity Building Project" (Nias-RACBP) jointly executed by ILO and the Ministry of Disadvantaged Regions, seeks to support local governments to improve rural transport networks through training programmes for local contractors and communities in the rehabilitation of 100 kms of all-weather roads and motorcycle trails, 25 bridges and 47 cultural heritage sites in 20 sub-districts.

"The ILO has supported rural transport infrastructure rehabilitation and improvement over the last five years in Nias because good roads are needed for local economic development. The ILO does this by focusing on using local resources as much as possible, notably through employment creation. In addition, we aim for quality infrastructure to maintain good access for people to the places where they live and work, including markets," said Mr Peter van Rooij, ILO representative.

The World Bank is assisting the Ministry of Disadvantaged Regions to implement the Nias Livelihoods and Economic Development Programme (Nias-LEDP). The Nias-LEDP aims to strengthen local government capacity and support Livelihood Improvement Groups that include men and women in 20 sub-districts with productive, administrative and financial skills and effecting gender equity in community process. The economic clusters of focus are cocoa, rubber, rice, vegetable and livestock. According to Mr Khairy Al-Jamal, the World Bank Team Leader for Nias-LEDP, "There has been a large spending on agriculture, but productivity improvement has been slow. We hope to create a demonstration effect from the Nias-LEDP for sustainable results."

"The Government of North Sumatra is pleased to see these projects taking off and appreciates the good coordination of governments at all levels, the UN and the international organizations. For sustainability, these projects must build the capacity of local governments, solicit active involvement of local people and provide support for the operations and maintenance of assets that have been created," said Mr R.E. Nainggolan, Regional Secretary of North Sumatra Province.

Mr Erik Habers, Head of Operations of EU Delegation stated "We look forward to the continued support of the local government and communities in Nias Islands so that these last three projects can be successfully implemented within the limited time frame of June 2012 and bring benefits to the people of Nias Islands." The European Union and its Member States contributed 90 per cent of the total USD \$683 million that was pooled under the MDF for the reconstruction and recovery of Aceh and Nias.

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