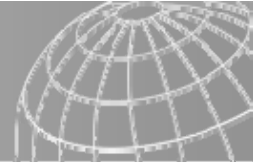


Back to Business in a Conducive Environment

GTZ-supported Economic Reconstruction in Aceh in the Frame of German Development Cooperation

Presented at
International Forum on
Tsunami and Earthquake
Kobe
15 - 16 January 2007





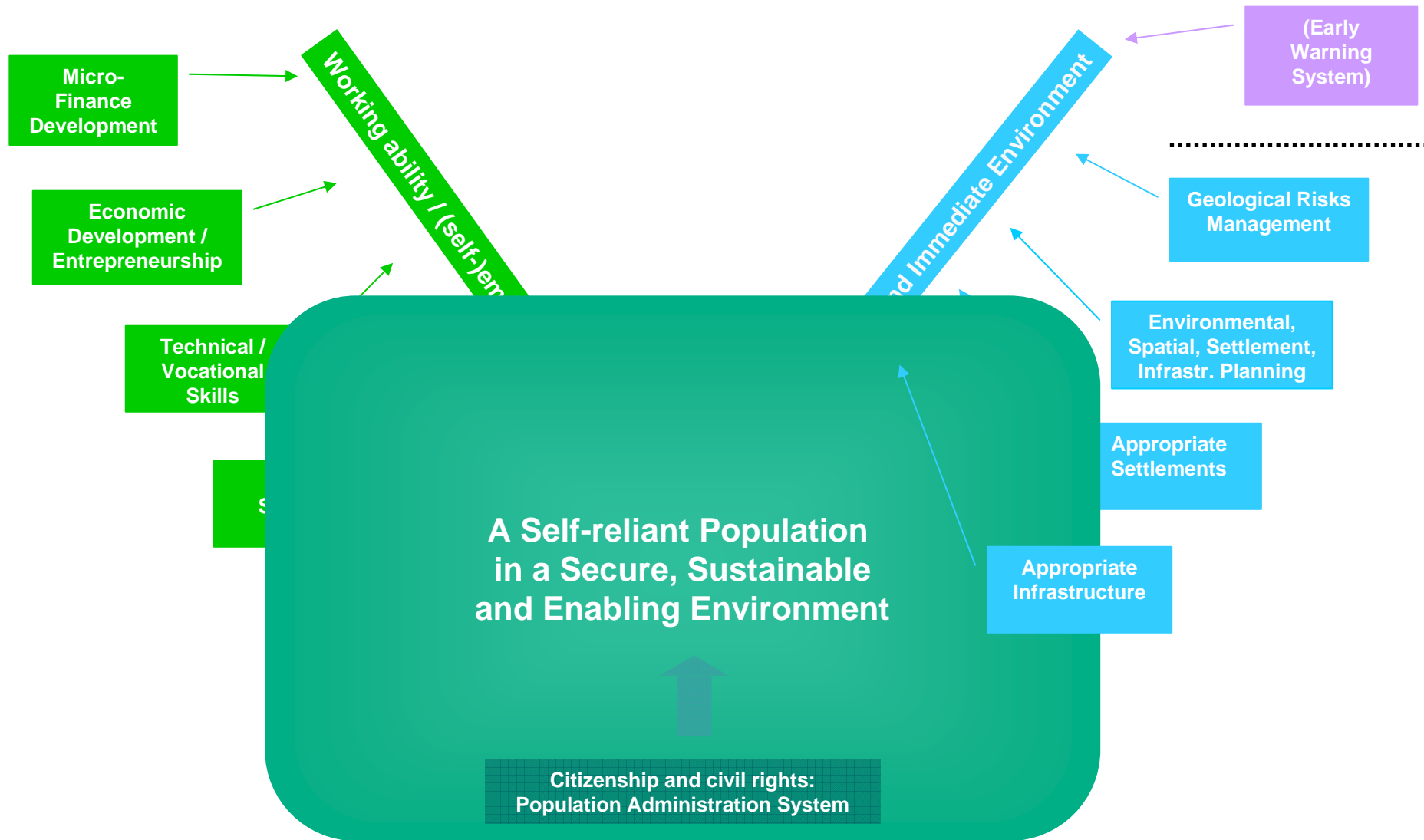
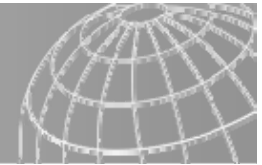
Liabilities and Challenges:

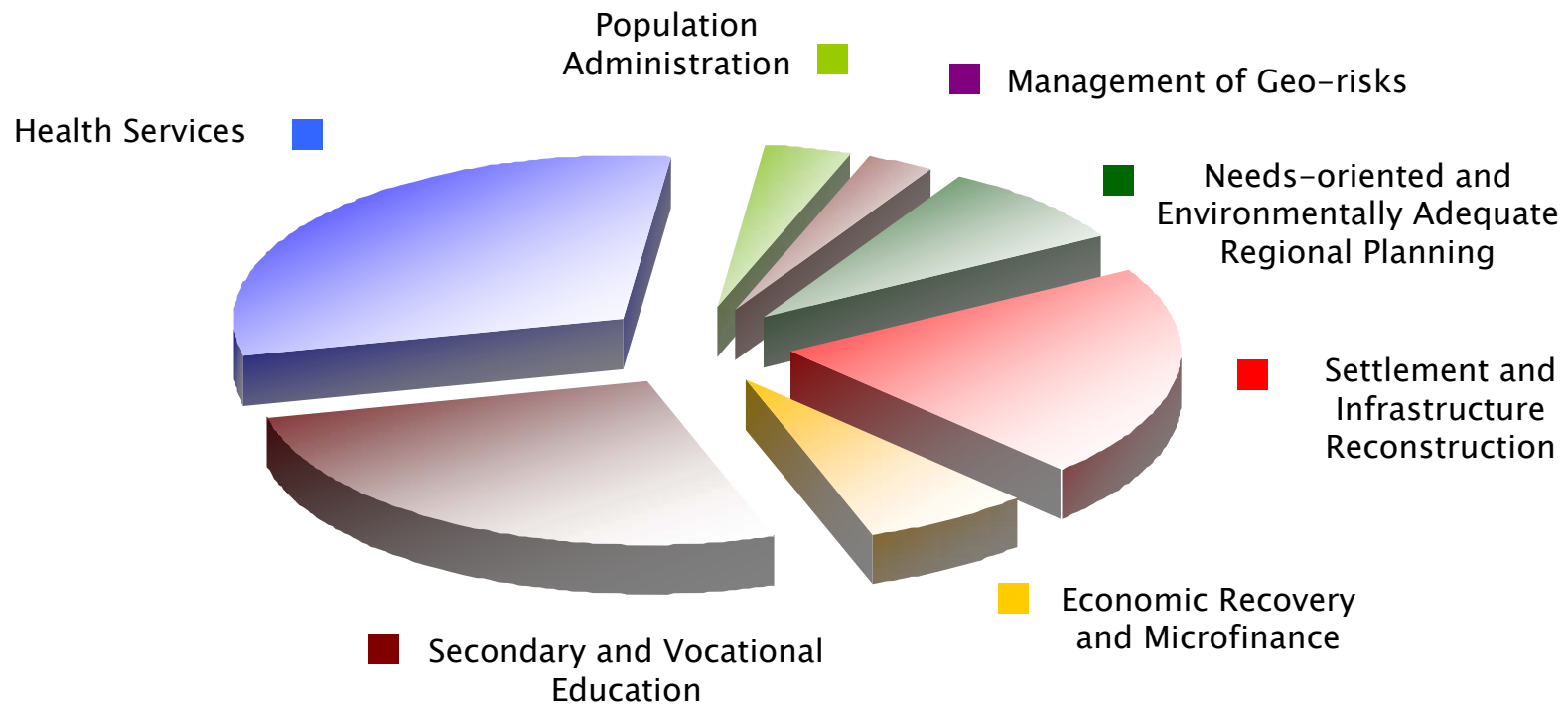
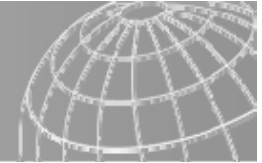
- Double trauma: Population hit by tsunami and 30 years of armed conflict
- Destroyed infrastructure and means of production
- Poor competitiveness of the private sector, due to former war economy and isolation
- Persistent poor business climate, hesitant banks and investors
- Heavily weakened partner agencies
- Specific societal conditions, especially Syariah law
- Swift impact versus sustainability

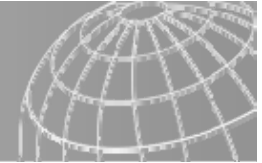


But: “Success stories come out of a national disaster.”

Andrew Maskrey, UNDP executive, at the International Forum on Tsunami and Earthquake, Kobe, 15 January 2006

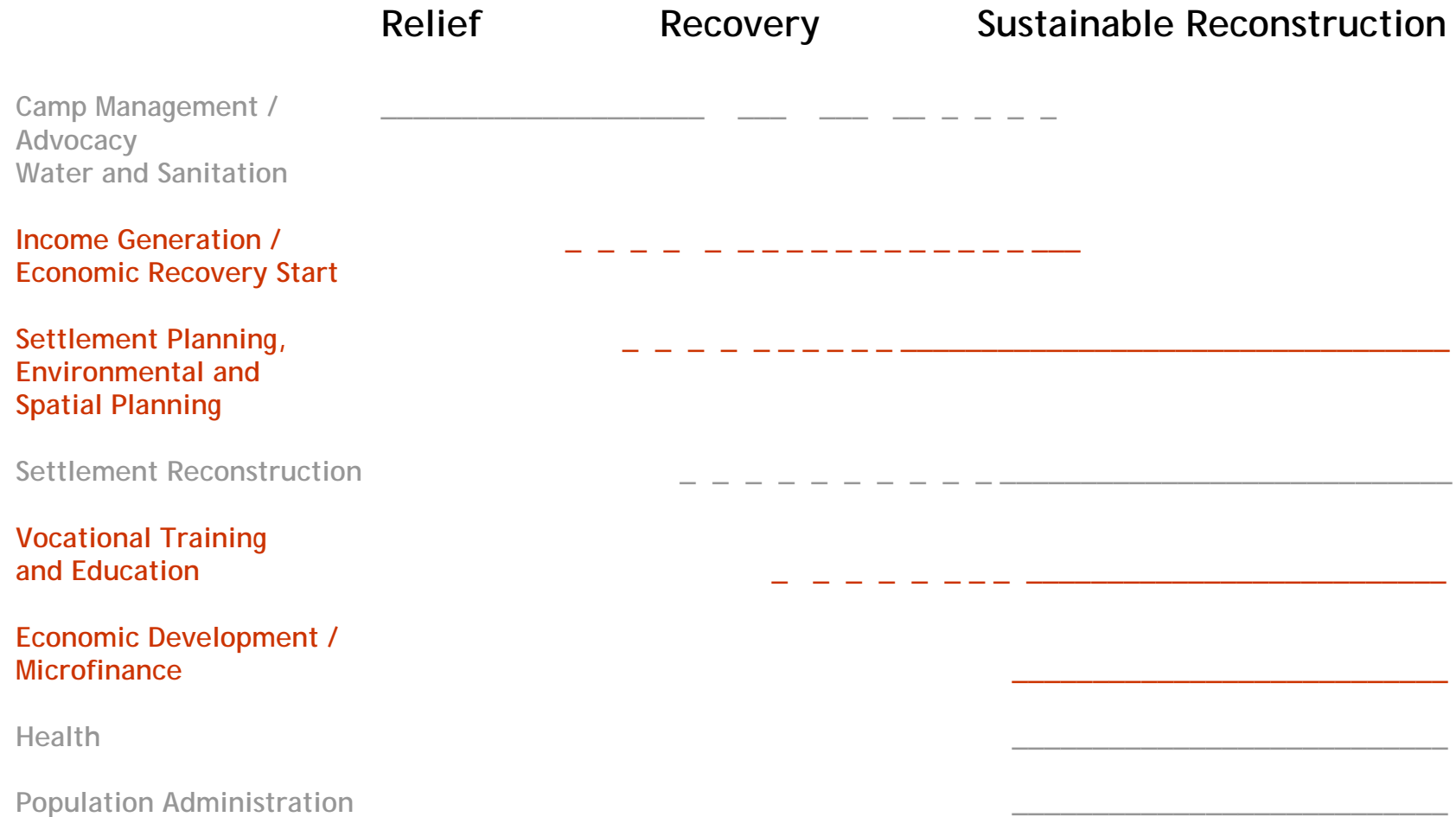
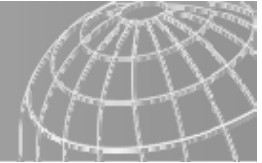


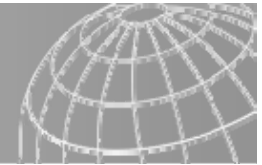




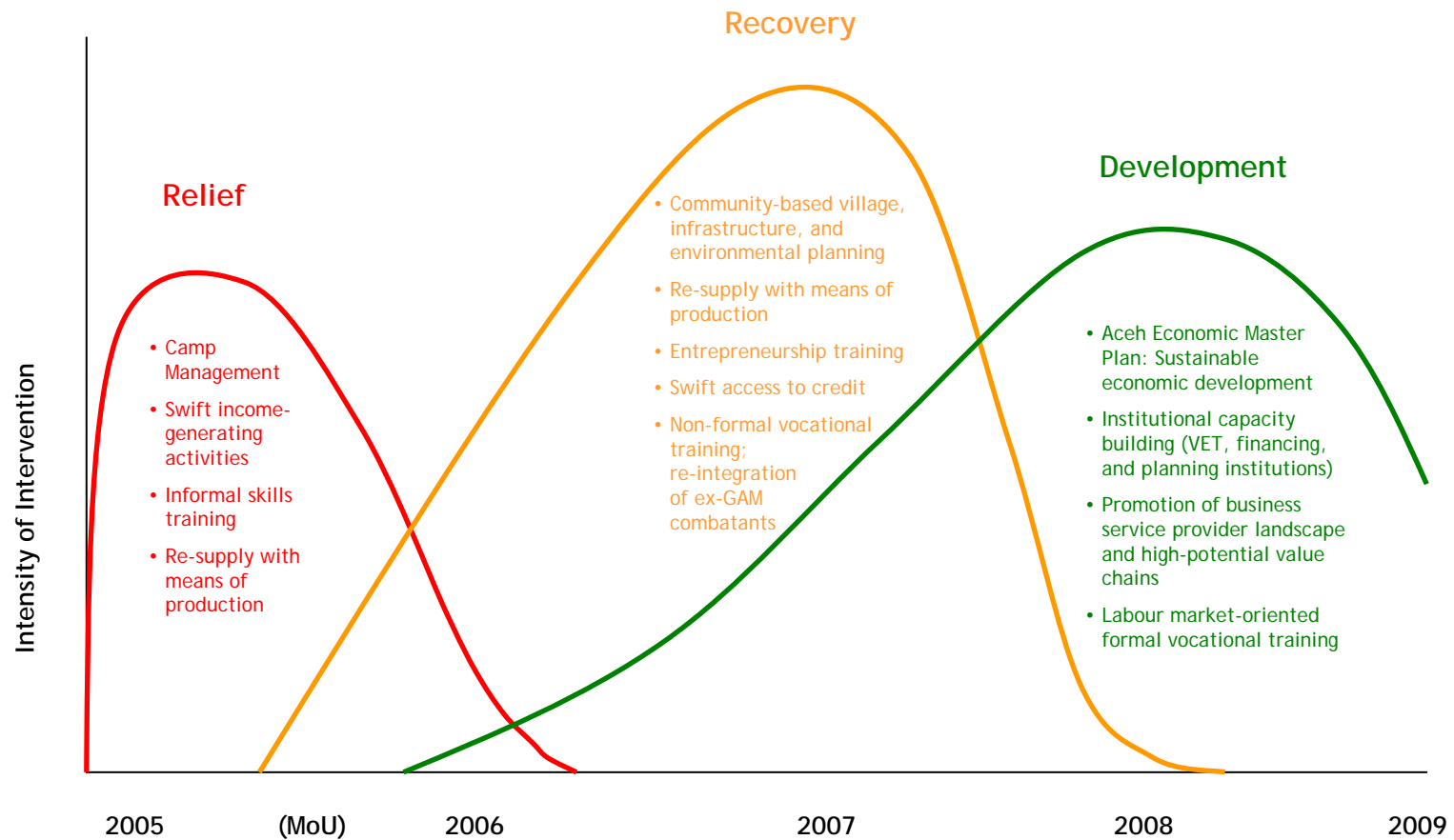
In order to achieve swift impact when needed, significant outreach, and sustainable structural improvements, GTZ approaches are:

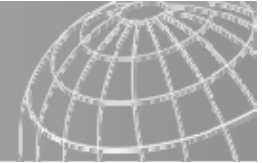
- **Multi-phased and situation-responsive:** Relief >> Recovery >> Economic Development, including peace process support
- **Multi-sectoral:** Conducive environment, vocational training, microfinance, entrepreneurship development with a focus on high-potential sectors
- **Multi-level:** Immediate beneficiaries, institutions at (sub-)district levels, provincial level and beyond
- **Multi-stakeholder-oriented:** Strong cooperation and coordination with Indonesian, international, and other German organizations
- **Conflict- and gender-sensitive, participatory:** Consequent application of Do-No-Harm principles and involvement of communities, especially women





A highly dynamic situation as the one in Aceh requires different interventions in different situations - and at the same time.





Sustainable economic development needs an array of opportunities and assets to be generated and valorized.



Reshaping the environment:
Geo-risk-reduced,
environmentally sound,
conducive to business



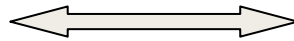
Entrepreneurial skills:
Planning the future business



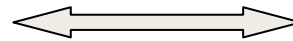
Making the right use of
resources: Technical skills
development

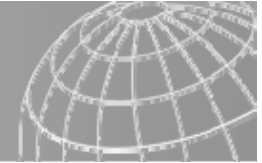


Appropriate access to capital
and other business services



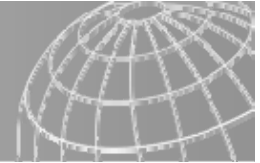
**Sustainable
Economic
Development**





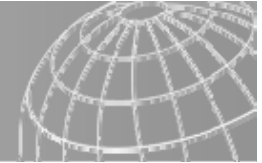
Sustainable economic development needs a competitive enterprise structure, competent institutions, and the right political decisions.





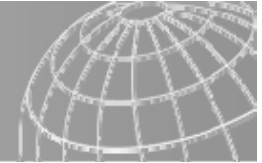
- TEWS establishment: Capacity building and local awareness creation has started. (Pilot areas for last-mile management: Sumatra, Java, Bali)
- Site recommendations based on earthquake risks and substratum data are at hand for planning purposes. A 3-D model of Banda Aceh's bedrock exists.
- A geo-risk module is ready for use in environment, housing, and infrastructure planning.
- Some 10,000 participants took part in more than 50 Community Action Plan (CAP) processes. Recipe: Local knowledge and aspirations + external expertise + local administration's requirements = Adequate settlement construction based on informed choice.
- Participation of citizens in decision-making: More than 30% of investment decisions regarding local budget allocations follow the suggestions of the end-users.
- Infrastructure plans for 21 locations covering some 6,000 houses are finished.
- Local agencies start using improved tools for environmental impact analysis and spatial planning.





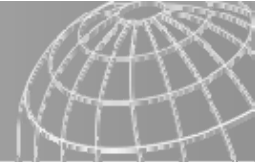
- In 60 villages 4,200 households received new means of production.
- 1,900 start-ups completed business training courses.
- 165 ha of brackishwater ponds for 180 families rehabilitated.
- 300 farmers growing organic cocoa were supported in establishing a cooperative.
- The Provincial Development Planning Board is designing a master plan 'Economic Recovery of Aceh'. First result: 'Economic Atlas'
- 5 People's Credit Banks (BPR/S) granted 150 loans to micro and small entrepreneurs. At the same time, they strongly enhanced their economic viability.
- 2 new Islamic Saving and Credit Unions with 1,500 members were founded, the foundation of 6 more is underway.
- Improved coordination of local, national and international actors in the development of Aceh's microfinance sector





- Establishment of Five-Year Vocational Education Strategic Plan for Aceh is underway.
- 9 vocational training schools (6,900 students) are establishing school development plans for improved operation.
- Support to 2 vocational schools in Nias has started.
- 600 students attend classes in the provisionally rehabilitated Vocational Training Centre at Banda Aceh, awaiting the completion of the new training centre.
- Training of the schools' management staff and the Provincial Education Service
- Training of 120 new vocational teachers
- 800 former GAM combatants and relatives have completed non-formal training courses.

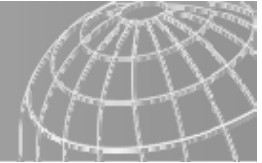




Major Intended Achievements until 2009

- Generally: Effective and competent agencies at provincial and (sub-)district levels are able to cope with future challenges.
- TEWS last-mile management and capacity building: Geo-risks awareness and disaster preparedness are common sense among citizens.
- German ODA-funded reconstruction of 45 settlements is generally based on community aspirations, and adequate environmental and safety standards.
- 10,000 micro and small entrepreneurs have started or improved their businesses.
- Enhanced value chains in high-potential sectors
- 8 GTZ-supported People's Credit Banks double the number of their clients, reaching 40,000.
- 18 GTZ-supported Islamic Savings and Credit Unions serve appr. 20,000 members.
- 15,000 students are attending labour market-adequate vocational training courses.
- GTZ-supported former GAM combatants are successfully reintegrated in local communities and economic life.
- Local economic cycles are functioning again in a peaceful environment.
- Productive employment is and remains higher than in 2004.



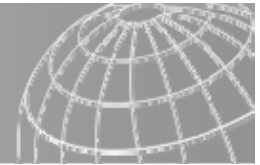


Assets and Opportunitites :

- Improving coordination between relevant stakeholders, not the least thanks to RAN Data Base System and decentralization of BRR
- Local administration is willing to cope with present and future challenges
- Integration of post-tsunami *and* post-conflict reconstruction
- Common dedication to further pursue and consolidate the peace process
- Establishment of democratic conditions, e. g. , recent successful local elections
- Forward-looking, development-oriented people, especially women



Build back better: There's a very good chance - not to be missed.



Thank you
Arigato Gozaimasita



German ODA in Aceh and Nias - December 2006

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