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Highlights

Highlights of [GAO-06-488](#), a report to congressional committees

Why GAO Did This Study

In December 2004, an earthquake off the coast of Indonesia caused a tsunami that left more than 230,000 people killed or missing and presumed dead and an estimated \$10 billion in damage in 12 countries. In May 2005, Congress appropriated \$908 million for relief and reconstruction. U.S. emergency relief efforts budgeted at \$327 million were nearly completed in December 2005. The U.S. Agency for International Development (USAID) plans to spend \$496 million on longer-term reconstruction, focusing on Indonesia and Sri Lanka, with the remaining \$85 million allocated to other U.S. agencies. GAO has been mandated to monitor USAID's reconstruction efforts. In this report, GAO describes USAID's (1) progress in Indonesia and Sri Lanka, (2) financial and technical oversight measures, and (3) implementation challenges.

What GAO Recommends

GAO recommends that the Secretary of State, in the department's semiannual report due to Congress in June 2006, provide updated cost estimates and schedules. If the updated information differs substantially from initial projections, the report should also include alternative project scopes and the need for additional sources of funding, if necessary. The Department of State agreed to fully implement this recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-06-488.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

FOREIGN ASSISTANCE

USAID Has Begun Tsunami Reconstruction in Indonesia and Sri Lanka, but Key Projects May Exceed Initial Cost and Schedule Estimates

What GAO Found

USAID has begun a number of reconstruction activities in Indonesia and Sri Lanka. As of January 31, 2006, approximately 8 months after Congress appropriated funding, USAID had obligated \$111 million (32 percent) and expended \$9 million (3 percent) of the \$349 million budgeted for reconstruction in Indonesia, and it had obligated all and expended \$2 million (2 percent) of the \$85 million budgeted for reconstruction in Sri Lanka. However, rising prices of materials and labor in both countries may increase costs for many construction efforts, including USAID's "signature" projects, which are intended to generate greater visibility for U.S. assistance. In addition, revisions to initial assessments of site conditions may challenge USAID's ability to finish its signature project in Indonesia—a 150-mile road in Aceh Province—by September 2009, the estimated completion date. In Sri Lanka, the time needed to complete designs and plans may make it difficult to finish one part of USAID's signature project—a bridge at Arugam Bay—by March 2008, although this project is currently slightly ahead of schedule. USAID plans to complete most of its other reconstruction projects, such as building schools and restoring livelihoods, by September 2007.

USAID has established financial and technical oversight for its tsunami recovery programs in Indonesia and Sri Lanka. For financial oversight, USAID plans to arrange a concurrent audit of the signature road project in Indonesia and strengthen Indonesian and Sri Lankan audit capacities. For technical oversight, USAID has begun to add staff to oversee its signature construction projects and has acquired additional construction engineering expertise from another U.S. agency. An additional engineer will start work in Indonesia in May 2006. In Sri Lanka, USAID has added two engineers to its staff and plans to hire an additional construction oversight engineer in April 2006, prior to beginning construction.

In implementing its Indonesian and Sri Lankan reconstruction programs, USAID faces several broad challenges. These include working in regions with long-standing conflicts, coordinating with host governments and nongovernmental organizations, and ensuring that non-tsunami-related development assistance activities are not neglected. To address these challenges, USAID has taken actions such as engaging in peace-building initiatives, participating in regularly scheduled coordination meetings, and hiring and reassigning staff to assist with increased workloads.

Tsunami-Damaged Road (left) and USAID-Funded Maintenance Work in Indonesia



Source: GAO.