

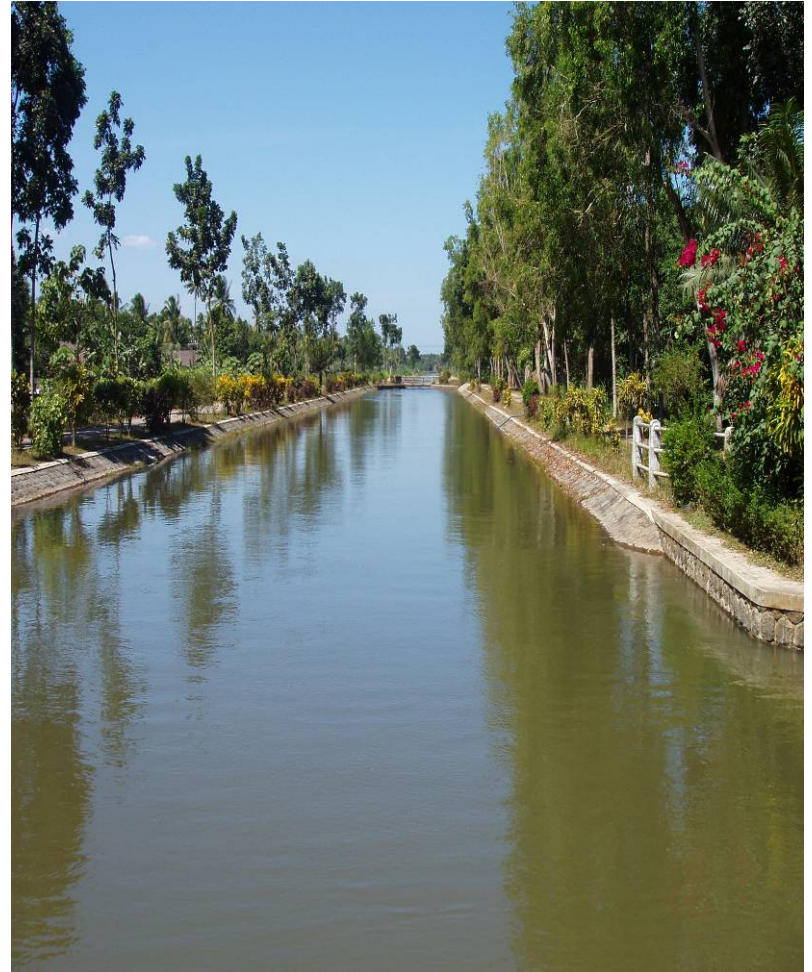
The New Water Policy in Indonesia

Directorate of Water Resources and Irrigation

*The State Ministry of National Development Planning / National
Development Planning Agency*

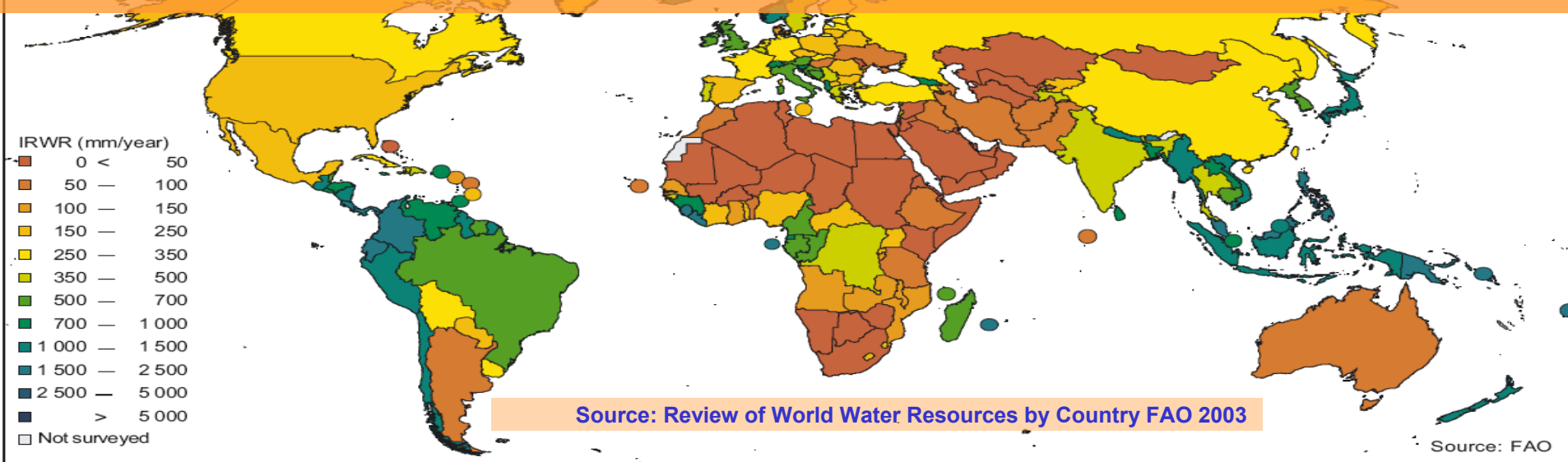
Water Resources issues in Indonesia

- The development on water resources over the past 32 years has played a critical role in stimulating **rapid growth** and reducing widespread **poverty** in Indonesia:
 - Irrigation Systems
 - Water Supply Systems in Urban Areas
 - Hydro-electric Facilities to Meet the Growing Energy Demands of the Industrial Sector

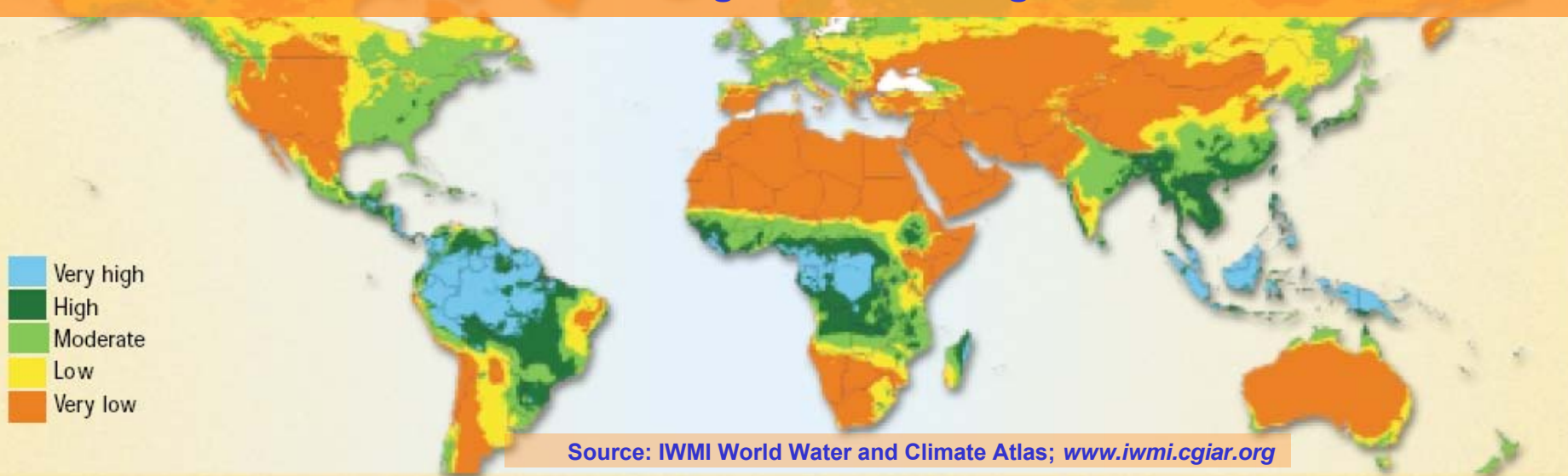


Indonesia Water Resources at a glance

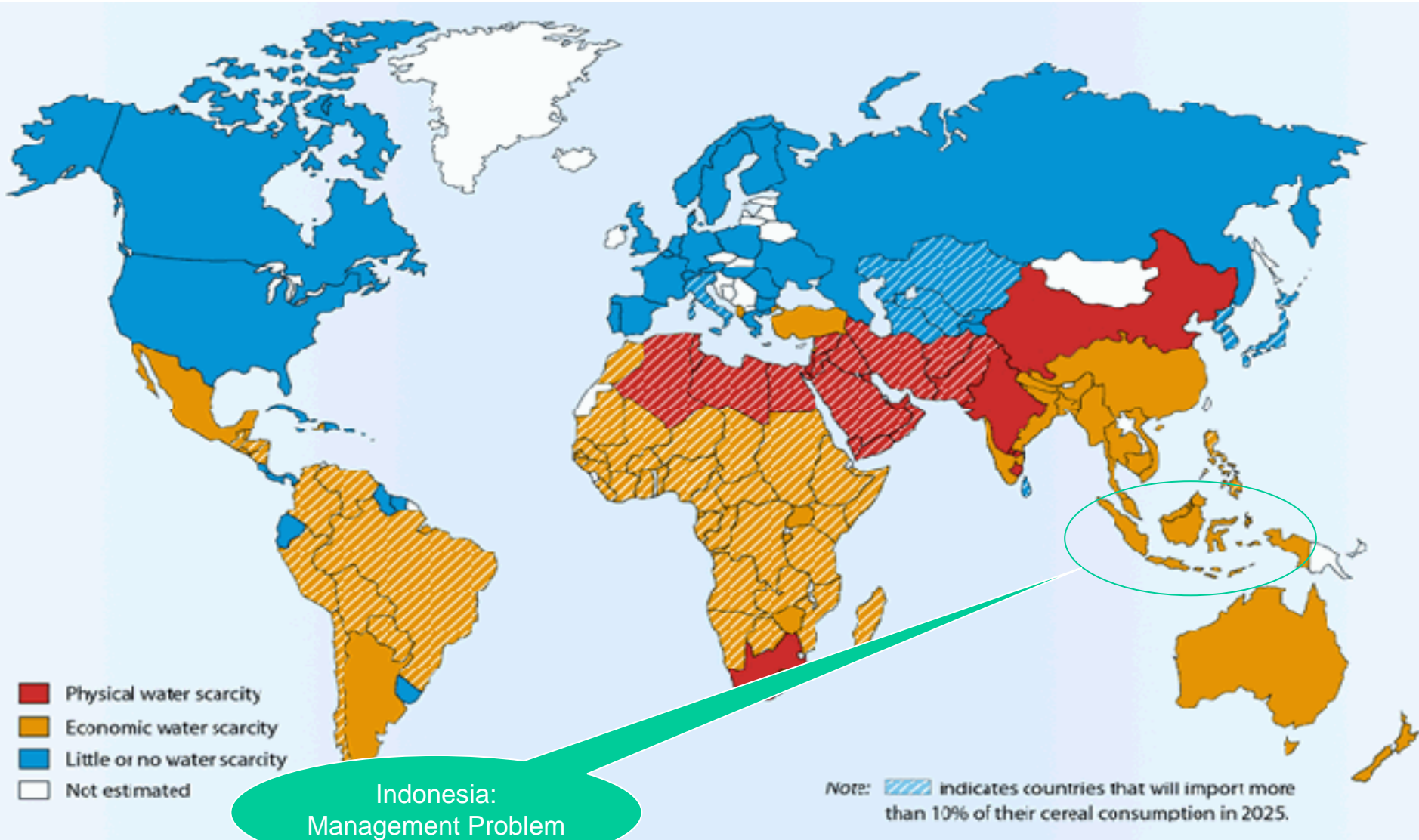
World map of internal renewable water resources (IRWR), per country



Potential for rainfed agriculture on a global scale



World's Water Resources Problem



Source: Projected Water Scarcity in 2025;
<http://www.iwmi.cgiar.org/home/wsmmap.htm>

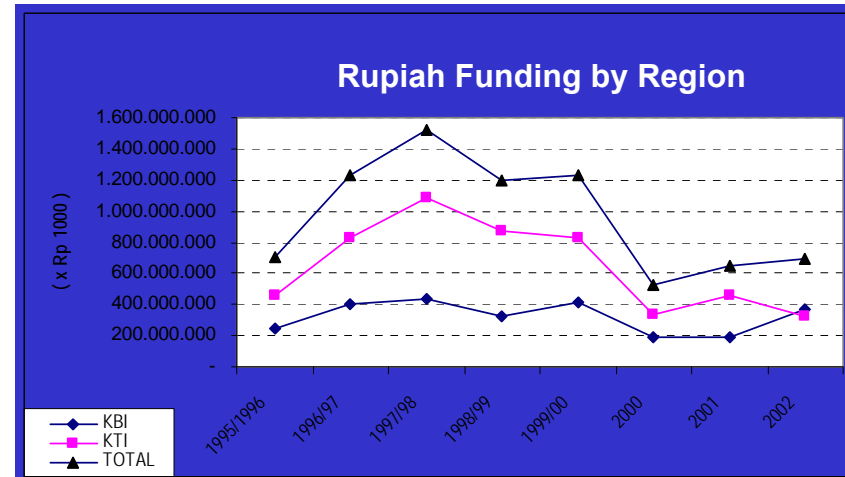
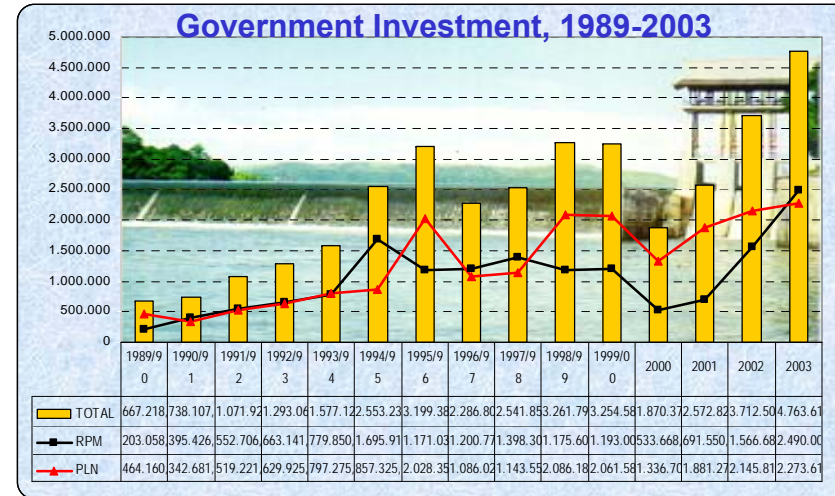
Water Resources issues in Indonesia

- Degradation of water resources, both quantity and quality;
- Increase of sedimentation rate;
- Poor performance of water resources and irrigation infrastructures;
- Increase of flood and drought intensities;
- Lack of beneficiaries role and community participation;
- Suspiciously low effectiveness of government investment on water resources infrastructures due to supply-side approach of investment.

Government Investment

During 1989-2003, the development of water and irrigation sector has been funded by government investment. Dependence on external loans are high (55,6%) while the rest (44,4%) were financed by state budget (APBN).

Eastern Indonesia has been the region that received the greatest part of the government funding (67%), including O&M and construction. The rest (33%) were distributed to western part of Indonesia.

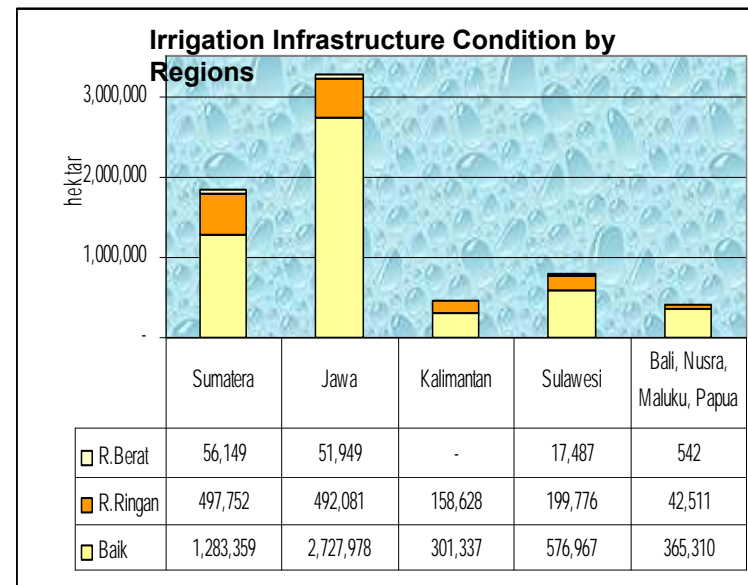


Current Condition

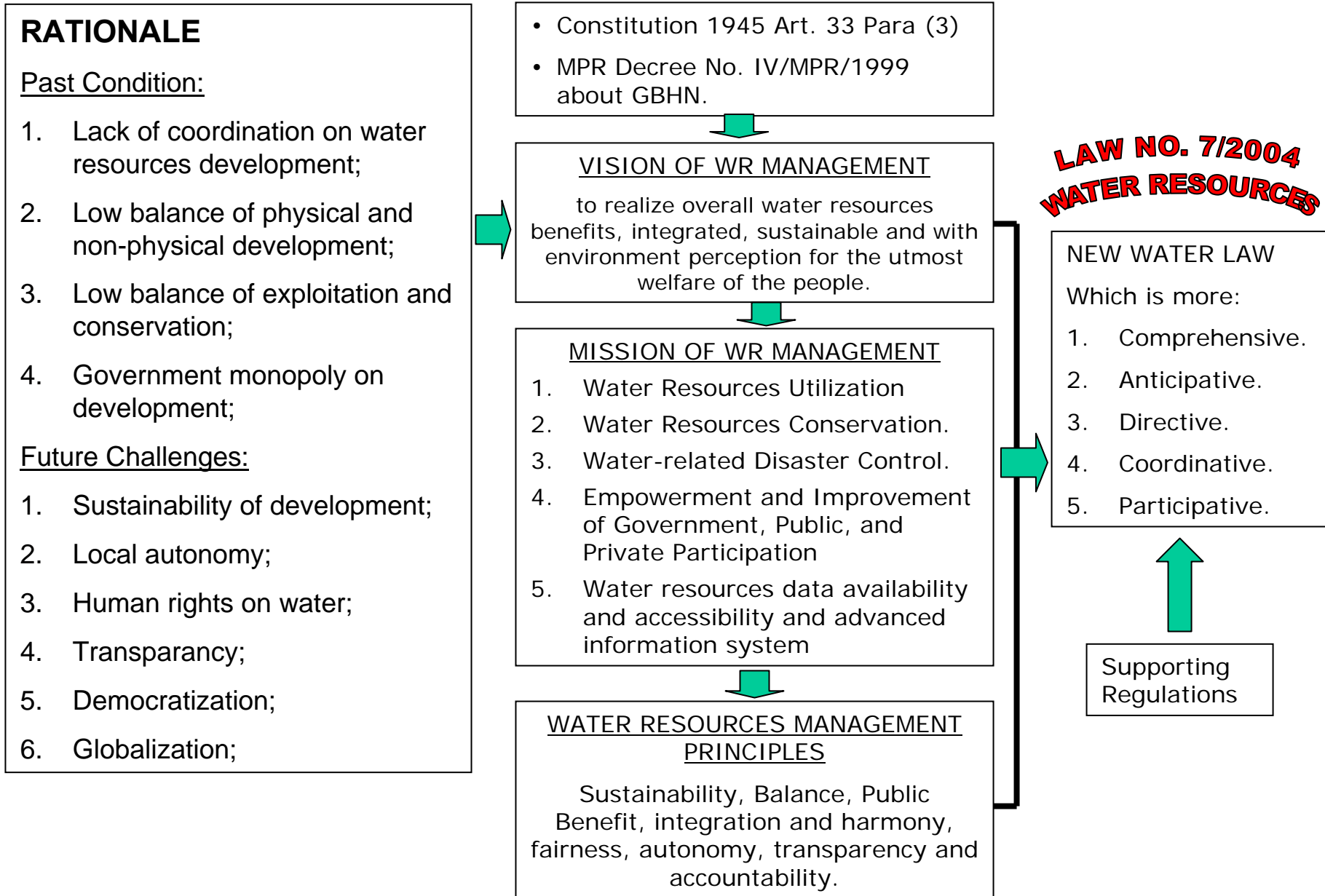


- Total value of Water resources infrastructures asset in 2002 approximately Rp 346,000 billion; Rp 273.460 billion (irrigation infrastructures), Rp 63.480 billion (reservoirs, rubber dams, ponds, Rp 9.210 billion (flood control and coastal protection infrastructures, and Rp 340 billion (raw water infrastructures).

- But our irrigation system is now in serious problem. From about 6.7 million hectare irrigated ricefield, 1.5 million hectares are not optimal.
- About 23% of national irrigation system are in poor and bad condition, out of which 73% are located in Java and Sumatera.
- About 18,4% monitored reservoir are in below-average condition;
- Almost of irrigation groundwater tubewell in Java are in lack of maintenance.
- Land conversion-from fertile irrigated areas into human settlement, industrial areas, and roads, have been occurring in the rate 15.000-20.000 hectares per year, especially in Java Island.
- Steady and consistent degradation of 62 out of 470 river basins.
- Rampant deforestation and illegal logging in the upstream.



Water Resources Law Formulation's Framework



WATER RESOURCES AUTHORITY AND RESPONSIBILITY

Based on Water Resources Law:

CENTRAL GOVERNMENT	PROVINCIAL GOVERNMENT	DISTRICT GOVERNMENT
<p>Water Resources Management in River Basins:</p> <ul style="list-style-type: none"> ■ Cross Provincial Boundaries ■ Cross Country Boundaries ■ Nationally Strategic <p style="text-align: center; font-size: small;">Articles 14</p>	<p>Water Resources Management in River Basins:</p> <ul style="list-style-type: none"> ■ Cross District Boundaries <p style="text-align: center; font-size: small;">Articles 15</p>	<p>Water Resources Management in River Basins:</p> <ul style="list-style-type: none"> ■ Within one district <p style="text-align: center; font-size: small;">Articles 16</p>
<p>Irrigation management in schemes above 3.000 ha or cross province boundaries, nationally strategic, and cross country boundaries</p> <p style="text-align: center; font-size: small;"><i>Explanation of Articles 41 Para (2)</i></p>	<p>Irrigation management in schemes between 1.000 ha and 3.000 ha or cross district boundaries</p> <p style="text-align: center; font-size: small;"><i>Explanation of Articles 41 Para (2)</i></p>	<p>Irrigation management in schemes under 1.000 ha within one district</p> <p style="text-align: center; font-size: small;"><i>Explanation of Articles 41 Para (2)</i></p>

Some of Central Government authorities can be implemented by Regional Government in accordance with prevailing laws and regulations

Articles 18

Water Resources Management Target

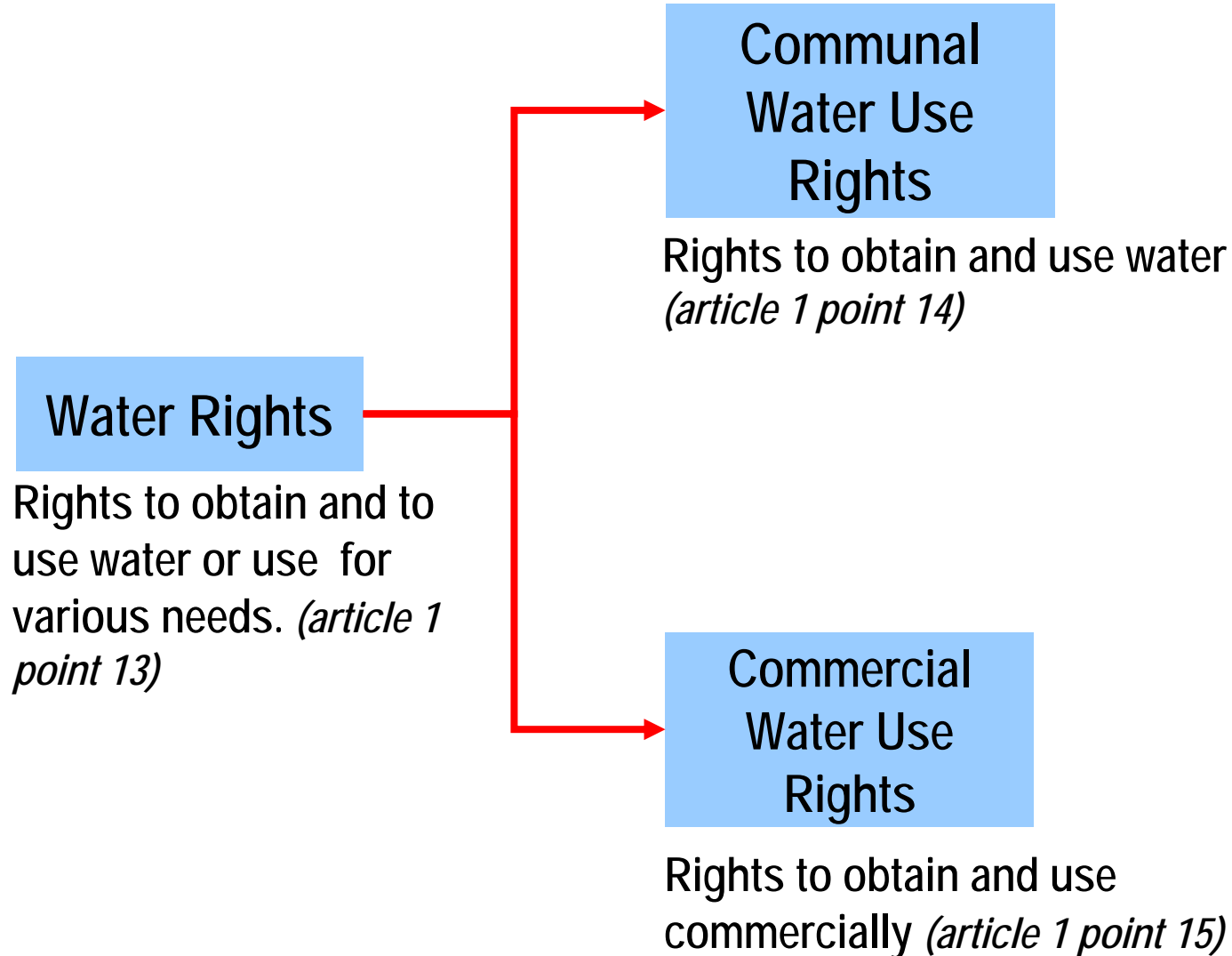
(Mid-Term Development Plan [RPJM]; President Regulation No. 7 Year 2005)

- a) To achieve water resources management pattern in integrated and sustainable manner
- b) To Control the potential of water conflict
- c) To control groundwater usage
- d) To improve the water capacity to fulfill the needs for household, settlement, agriculture, and industry with the priority for domestic use and traditional agriculture
- e) To reduce the impact of flood and drought
- f) To control water pollution
- g) To protect coastal areas from abrasion especially in remote islands, strategic areas, and international boundary regions
- h) To enhance public participation
- i) To improve the quality of coordination and cooperation among stakeholders
- j) To establish sustainable mechanism for water resources financing
- k) To develop data and information system which is accurate, actual, and accessible.
- l) To revitalize water sources and water infrastructures conditions
- m) To ensure the bulk water availability for public needs
- n) To control flood particularly in urban areas

COMPARATION OF OLD AND NEW REGULATION FOR WATER COMMERCIAL USE

ISSUES	LAW No. 11/1974	LAW No. 7/2004
Private Involvement Constraints	Government License based on cooperation and mutual principles (Articles 11)	<ol style="list-style-type: none"> 1. License from Central, Provincial or District Government (Article 46); 2. The control of whole river basin is prohibited (Articles 46); 3. Based on Water Allocation decided by government (Articles 47); 4. Proposed through public consultation (Articles 48); 5. The service given to another river basin is prohibited except water allocation is sufficient for the stated basin.
Private Responsibilities	No arrangement	<ol style="list-style-type: none"> 1. Ensure the social function and preservation (Article 46); 2. Responsible for conservation activities and the improvement of regional welfare (Article 48); 3. Promote the involvement of small and medium enterprises (Articles 48).
Government Responsibilities	No arrangement	<ol style="list-style-type: none"> 1. Monitor commercial service quality (Article 48); 2. Facilitate public complaints for water commercial use (Article 48).

WATER RIGHT: GENERAL PROVISION



WATER RIGHTS & LICENSING

Type of Rights	Method to Obtain	Target	Purpose	Requirements
Communal Water Use Rights	Without License Article 8 verse 1 (≤ 2 litter/sec)	Individual	Basic Daily Needs	No change in water conditions
		Individual or Group	Community agriculture in existing irrigation scheme	
	With License Article 8 verse 2	Individual	Basic Daily Needs	Change water conditions
		Individual or Group	Agriculture outside existing irrigation scheme	
			Group	
		Commercial Water Use Rights	With License	Individual/ Group, or organization