

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Long-Term Economic Development Plan prescribes water resources development in Indonesia. Under the First Long-Term Economic Development Plan (1969-1993), the water resources development sector had achieved a remarkable accomplishment with the overall target of self-sufficiency in rice, the staple food of Indonesia. The direction of water resources development in the Second Plan (1994-2019) is to further increase the water resources supply capacity to fulfill demands for domestic use, agriculture, industry, tourism and hydropower, and to promote the effective allocation of water.

After the economic crisis in 1997, the Indonesian Government announced in October 1999 the Broad State Policy Guidelines (GBHN) for the five years from 1999-2004. Along with broad directions given in the GBHN, the Five-Year National Development Program (PROPENAS) 2000-2004 was prepared in August 2000. The PROPENAS focuses on two fundamental economic issues; namely, globalization and decentralization. Law No. 22, 1999 (Local Administration Law) and Government Regulation No. 25, 1999 (financial balance between central government and local government) were enacted at this time, thus Indonesia took large steps for decentralization.

With these national backgrounds, water resources management is shifting from “national and provincial initiative” to “district, city, or water corporation initiative.” Furthermore, with the understanding that basin management should be conducted under the concept of “one basin, one plan and one management,” restructuring of the organization for unified basin management is deemed urgent. Decentralization requires the officials of local governments to work on by themselves, thus the capacity building for local government staffs is the urgent need.

The Musi River Basin is in the southern part of Sumatra Island with a total river length of and a total catchment area of approximately 640 km and 60,000 km<sup>2</sup>, respectively. Most part of the basin administratively belongs to South Sumatra Province. The basin has various problems without a proper basin water management. In the recent stream of decentralization in Indonesia, South Sumatra Province and each district and city are requested to establish master plans in various fields and to promote regional development. Of these, the establishment of a master plan of comprehensive water management in the Musi River Basin is deemed urgent.

In response to the request from the Government of Indonesia, the Government of Japan dispatched through Japan International Cooperation Agency (JICA) a Study Team, on August 5, 2002, to conduct “The Study on Comprehensive Water Management of Musi River Basin” (hereinafter referred to “the JICA Study”). The Management Plan was thus formulated, as a result of the JICA Study, in close cooperation with the Directorate

General of Water Resources (hereinafter referred to “DGWR”), Ministry of Settlement and Regional Infrastructure and other relevant agencies.

## 1.2 Objectives of the Study

The objectives of the Study are:

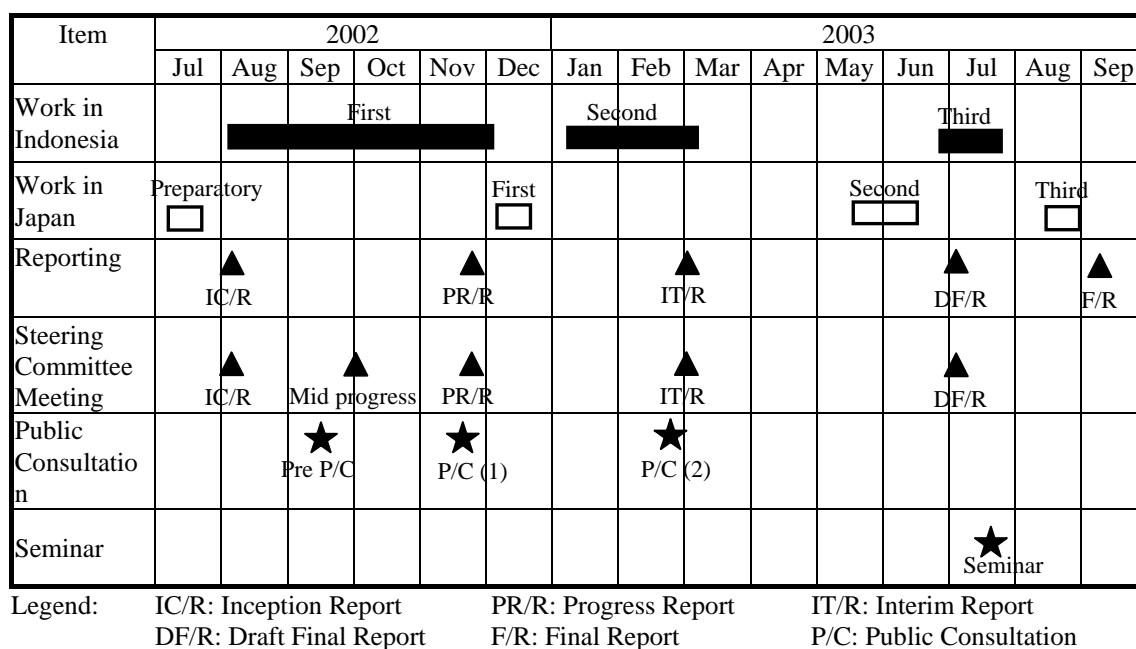
- (1) To prepare the Master Plan of Comprehensive Water Management of the Musi River Basin in Indonesia; and,
- (2) To transfer technology to counterpart personnel in the course of the Study.

## 1.3 Study Area

The Study Area is the Musi River Basin in the southern part of Sumatra Island, Indonesia (see Location Map).

## 1.4 Study Flow

The overall study flow is given in **Figure 1.4.1**.



**Figure 1.4.1 Overall Study Flow**

## 1.5 Implementation Organization of the Study

A Study Team of eleven experts organized by JICA had conducted the Study. An Advisory Committee was organized to provide technical advice to JICA. On the Indonesian side, the DGWR was the counterpart agency for the Study. DGWR established a Steering Committee, Coordinating/Supervising Team, and Counterpart Team to assist and to deliberate on various issues related to the Study and for technology transfer.