

SECTOR K

***ORGANIZATION,
INSTITUTION AND
LEGAL SYSTEMS***

**THE STUDY ON COMPREHENSIVE WATER MANAGEMENT
OF MUSI RIVER BASIN IN THE REPUBLIC OF INDONESIA**

FINAL REPORT

SECTOR K

ORGANIZATOIN, INSTITUTION AND LEGAL SYSTEMS

TABLE OF CONTENTS

1.	EXISTING INSTITUTIONS AND ORGANIZATIONAL SETUP FOR THE BASIN WATER MANAGEMENT	K-1
1.1	Regional Government System in Indonesia	K-1
1.2	Related Organization in National Level	K-4
1.2.1	Directorate General of Water Resources in Ministry of Settlement and Regional Infrastructure (<i>KIMPRASWIL</i>)	K-4
1.2.2	National Development Planning Agency (<i>BAPPENAS</i>)	K-5
1.3	Regional Level	K-5
1.3.1	Water Resources Service of South Sumatra Province	K-5
1.3.2	Water Resources Management Unit (<i>Balai PSDA</i>) for Musi River Basin	K-6
1.3.3	Forestry Service of South Sumatra Province	K-7
1.3.4	Regional Development Planning Agency (<i>BAPPEDA</i>) of South Sumatra Province	K-8
1.3.5	Settlement and Regional Infrastructure Service of Palembang Municipality	K-8
1.4	Other Related Organizations	K-9
2.	LAWS AND REGULATIONS ON WATER MANAGEMENT	K-11
2.1	Introduction	K-11
2.2	Laws and Regulations on Water Resource	K-11
2.2.1	Law No. 11/1974 (Water Resources)	K-11
2.2.2	Government Regulation No. 22/1982 (Water Management).....	K-13
2.2.3	Government Regulation No. 6/1981 (Irrigation Infrastructure Maintenance and Exploitation Fee)	K-14
2.2.4	Government Regulation No. 27/1991 (Swamps).....	K-15
2.2.5	Government Regulation No. 35/1991 (Rivers).....	K-16
2.2.6	Government Regulation No. 77/2001 (Irrigation)	K-17

2.2.7	Presidential Instruction No. 3/1999 (Irrigation Management Policy Reform, PKPI: Pembaharuan Kebijakan Pengelolaan Irigasi)	K-19
2.2.8	Ministerial Regulation of Ministry of Public Works No. 63/PRT/1993 (River Channel, River Usage and Non-usage Areas, Old Unfunctional Rivers).....	K-21
2.2.9	Ministerial Letter of KIMPRASWIL No. 529/KPTS/M/2001 (Procedure for Irrigation Management Authority Transfer to Water Users' Association)	K-22
2.2.10	Ministerial Letter of Home Affairs No. 179/1996 (Organization Guidelines of Basin Water Resources Management Unit (Balai PSDA)	K-23
2.2.11	Ministerial Letter of Home Affairs No. 50/2001 (Guidelines for Empowerment of Water Users' Associations).....	K-25
2.3	Laws and Regulations on Spatial and Environmental Management	K-27
2.3.1	Law No. 5/1990 (Conservation of Bio-natural Resource and Its Ecosystem)	K-27
2.3.2	Law No. 24/1992 (Spatial Management)	K-28
2.3.3	Law No. 23/1997 (Environmental Management)	K-30
2.3.4	Law No. 41/1999 (Forestry).....	K-31
2.3.5	Presidential Letter No. 32/1990 (Protected Area Management) ...	K-33
2.3.6	Government Regulation No. 69/1996 (Implementation of Rights, Obligation, and Procedure of People's Participation in Spatial Management).....	K-34
2.3.7	Government Regulation No.47/1997 (National Spatial Planning)	K-35
2.3.8	Government Regulation No. 82/2001 (Water Quality Management and Pollution Control).....	K-36
3.	WATSAL AND ITS RELATED PROGRAMS	K-39
3.1	Introduction	K-39
3.2	Programs Already Implemented	K-41
3.3	Present Status of WATSAL	K-43
3.4	Balai PSDA	K-43
3.5	Related Programs	K-44
3.5.1	Indonesia Water Resources and Irrigation Reform Implementation Program (IWIRIP)	K-44
3.5.2	Water Resources and Irrigation Sector Management Programs (WISMP)	K-47
4.	FINANCIAL STATUS IN VARIOUS ORGANIZATIONS RELATED TO WATER MANEGEMENT.....	K-51
4.1	Fiscal Decentralization.....	K-51

4.2	Development Expenditure	K-52
4.2.1	South Sumatra Province.....	K-52
4.2.2	Water Resources Service (<i>Dinas PU Pengairan</i>), South Sumatra Province	K-53
4.2.3	Water Resources Management Unit for Musi river Basin (<i>Musi Balai PSDA</i>)	K-54
4.2.4	Forestry Service (<i>Dinas Kehutanan</i>), South Sumatra Province ...	K-54
4.2.5	Other Sectors Relating to Water Management, South Sumatra Province	K-55
4.3	Development Budget of Districts/Municipalities	K-55
4.3.1	Palembang Municipality	K-55
4.3.2	Kab. Ogan Komering Ulu	K-56
4.3.3	Kab. Ogan Komering Ilir	K-56
4.3.4	Kab. Muaraenim	K-57
4.3.5	Kab. Lahat.....	K-58
4.3.6	Kab. Musirawas	K-58
4.3.7	Kab. Musibanyuasin	K-59
4.3.8	Procedure of Implementation of Large-scale Projects.....	K-59
5.	INSTITUTIONAL STRENGTHENING PROGRAMS (MASTER PLAN COMPONENT 6)	K-60
5.1	Objectives of the Programs.....	K-60
5.2	New Governmental Regulation on Water Resources Management (Draft)	K-60
5.3	Institutional Development Programs	K-69
5.3.1	Introduction of Incentive Mechanism (6-1).....	K-69
5.3.2	Promotion of Transparency with Public Relations (6-2).....	K-71
5.3.3	Promotion of Participation with Public Consultation (6-3).....	K-72
5.3.4	Establishment of Disclosure System (6-4).....	K-73
5.4	Organizational Enhancement (6-5).....	K-74
5.4.1	Balai PSDA.....	K-74
5.4.2	PTPA/PPTPA.....	K-75
5.4.3	Water Users Association (WUA)	K-76
5.4.4	Coordination among Related Organizations.....	K-77
5.5	Human Resources Development Programs (6-6)	K-78
5.5.1	Training Programs for Government Employees.....	K-78
5.5.2	Training Programs for Non-Government People.....	K-79
5.6	Action Plan for the Proposed Programs	K-80
5.6.1	Objectives and Relations of Proposed Programs.....	K-80
5.6.2	Implementation Authorities and Schedule.....	K-81

6.	PRIORITY PROGRAMS.....	K-85
6.1	Selection Method	K-85
6.2	Results of Priority Evaluation	K-85
6.3	Implementation Schedule.....	K-86
6.4	Cost Estimate	K-87
6.4.1	Program 6-2-3: Official Web Site of Water Resources Management	K-87
6.4.2	Program 6-5-1: Establishment of Water Resources Data and Information Unit in Balai PSDA	K-87
6.4.3	Program 6-5-3: Activation of PTPA/PPTPA	K-88
6.4.4	Program 6-6-1: Training for Operating Techniques for Government Employees of Balai PSDA	K-88
6.4.5	Program 6-6-2: Training for Management and Planning for Related Government Employees.....	K-88
6.4.6	Program 6-6-3: Training for Operation & Maintenance of Irrigation System.....	K-88
6.4.7	Program 6-6-4: Joint Training with NGOs to Informal Leaders and Selected People.....	K-88
7.	ECONOMIC EFFECT AND FINACING SOURCES FOR PRIORITY PROGRAMS	K-89
7.1	Financing Program Costs	K-89
7.1.1	Water Use Management (Component 1).....	K-89
7.1.2	Floodplain Management (Component 2)	K-92
7.1.3	Watershed Rehabilitation and Conservation (Component 3).....	K-93
7.1.4	Urban Water Environment Improvement (Component 4)	K-96
7.1.5	Monitoring Network Establishment (Component 5).....	K-98
7.1.6	Institutional Strengthening (Component 6).....	K-100
7.2	Water-Related Charges	K-104
8.	PRELIMINARY STUDY ON INSTITUTIONAL ARRANGEMENTS FOR THE RIVER BASIN WATER MANAGEMENT.....	K-105
8.1	Objective of the Preliminary Study	K-105
8.2	Primer on Institutional Arrangements.....	K-105
8.3	Review on PJT I (Jasa Tirta Public Corporation) of the Brantas River Basin.....	K-107
8.3.1	Outline of Institutional Setup in Comprehensive Management Plan for the Water Resources of the Brantas River Basin.....	K-107
8.3.2	Conditions of PJT I of the Brantas River Basin	K-107
8.4	Some Issues on Institutional Arrangements with Private Participation.....	K-108

LIST OF TABLES

Table K1.1.1	Sub-Regional Governments	K-2
Table K1.4.1	Other Related Authorities on Water Resources Management .	K-10
Table K3.1.1	Loan Summary of WATSAL	K-39
Table K3.5.1	Project Component of WISMP 1	K-49
Table K3.5.2	Responsibilities and Involvement of Agencies in Components	K-50
Table K4.1.1	Law Revenue Sharing Rates (%)	K-51
Table K4.1.2	Rates of General and Specific Allocation Funds (%)	K-52
Table K4.2.1	Actual Expenditure of South Sumatra Province	K-52
Table K4.2.2	Development Expenditure of Water Resources Service (Rp.million).....	K-54
Table K4.2.3	Expenditure of Musi Balai PSDA (Rp. million).....	K-54
Table K4.2.4	Actual Expenditure of Forestry Service – South Sumatra in FY2001	K-55
Table K4.3.1	Actual Revenue and Expenditure of Palembang (Rp. billion)..	K-56
Table K4.3.2	Actual Revenue and Expenditure of OKU (Rp. billion).....	K-56
Table K4.3.3	Actual Revenue and Expenditure of OKI (Rp. billion)	K-57
Table K4.3.4	Actual Revenue and Expenditure of Muaraenim (Rp. billion).	K-57
Table K4.3.5	Actual Revenue and Expenditure of Lahat (Rp. billion)	K-58
Table K4.3.6	Actual Revenue and Expenditure of Musirawas (Rp. billion)..	K-58
Table K4.3.7	Actual Revenue and Expenditure of Musibanyuasin (Rp. billion).....	K-59
Table K7.1.1	Comparison of Program Cost and Development Expenditure (Program 1-2).....	K-90
Table K7.1.2	Comparison of Program Cost and Development Expenditure (Program 1-3).....	K-90
Table K7.1.3	Comparison of Program Cost and Development Expenditure (Program 1-4).....	K-91
Table K7.1.4	Comparison of Program Cost and Development Expenditure (Program 1-6).....	K-92
Table K7.1.5	Comparison of Program Cost and Development Expenditure (Program 2-1).....	K-92
Table K7.1.6	Comparison of Program Cost and Development Expenditure (Program 3-1).....	K-93
Table K7.1.7	Comparison of Program Cost and Development Expenditure (Program 3-3).....	K-94

Table K7.1.8	Comparison of Program Cost and Development Expenditure (Program 3-4)	K-95
Table K7.1.9	Comparison of Program Cost and Development Expenditure (Program 4-1)	K-97
Table K7.1.10	Comparison of Program Cost and Development Expenditure (Program 4-3)	K-98
Table K7.1.11	Comparison of Program Cost and Development Expenditure (Program 5-1)	K-98
Table K7.1.12	Comparison of Program Cost and Development Expenditure (Program 5-2)	K-99
Table K7.1.13	Comparison of Program Cost and Development Expenditure (Program 5-4)	K-100
Table K7.1.14	Comparison of Program Cost and Development Expenditure (Program 6-2-3).....	K-100
Table K7.1.15	Comparison of Program Cost and Development Expenditure (Program 6-6-1).....	K-102
Table K7.1.16	Comparison of Program Cost and Development Expenditure (Program 6-6-2).....	K-102
Table K7.1.17	Comparison of Program Cost and Development Expenditure (Program 6-6-3).....	K-103
Table K7.1.18	Comparison of Program Cost and Development Expenditure (Program 6-6-4).....	K-104
Table K7.2.1	Water-Related Charges	K-104
Table K8.2.1	Types of Institutional Arrangements by Degree of Public and Private Sector Responsibility	K-105

LIST OF FIGURES

Figure K4.2.1	Expenditure for Water Resources & Irrigation in South Sumatra Province	K-53
Figure K5.4.1	Structure of Water Resources Management Authorities	K-76
Figure K5.6.1	Structure of Proposed Programs	K-81
Figure K5.6.2	Program Implementation Schedule	K-84

LIST OF ANNEXES

Annex K1.1.1	Structure of the Regional Government	KA-1
Annex K1.1.2	Government Organization Structure in Water Sector	KA-2

Annex K1.2.1	Organization Chart, Directorate General of Water Resources, Ministry of Settlement and Regional Infrastructure	KA-3
Annex K1.2.2	Organization Chart, <i>BAPPENAS</i>	KA-4
Annex K1.3.1	Organization Chart, Provincial Water Resources (<i>Dinas</i>), Public Works of South Sumatra	KA-5
Annex K1.3.2	Organization Chart, Water Resources Management Unit (<i>Balai PSDA</i>)	KA-7
Annex K1.3.3	Organization Chart, Office of Forestry Service (<i>Dinas</i>), South Sumatra.....	KA-9
Annex K1.3.4	Organization Chart, <i>BAPPEDA</i> , South Sumatra	KA-10
Annex K1.3.5	Organization Chart, Settlement and Regional Infrastructure Service, Palembang Municipality	KA-11
Annex K2.1.1	Structure of Laws and Regulations on Water Management	KA-12
Annex K4.2.1	Actual Expenditure of Major Sectors Related to Water Resources management in South Sumatra Province.....	KA-13