

MINUTES OF DISCUSSIONS
ON
THE PREPARATORY STUDY
ON
THE PROJECT FOR EAST JAVA SMALL PONDS CONSTRUCTION
FOR RURAL WATER SUPPLY
IN
THE REPUBLIC OF INDONESIA


In response to a request from the Government of the Republic of Indonesia (hereinafter referred to as "Indonesia"), the Government of Japan decided to conduct a Preparatory Study (hereinafter referred to as "the Study") on the Project for East Java Small Ponds Construction for Rural Water Supply (hereinafter referred to as "the Project") and entrusted the study to the Japan International Cooperation Agency (hereinafter referred to as "JICA").

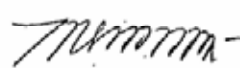
JICA sent to Indonesia the Preparatory Study Team (hereinafter referred to as "the Team"), which is headed by Dr. Makoto INABA, Group Director, Administration and Coordination Group, Grant Aid Management Department, JICA and is scheduled to stay in the country from 29 November to 27 December, 2004.

The Team held a series of discussions with the officials concerned of the Government of Indonesia and conducted a field survey at the study area.

As a result of the discussions and field survey, both parties confirmed the main items described in the attached sheets.

Jakarta, 17 December, 2004


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Leader
Preparatory Study Team
Japan International Cooperation Agency
Japan


M. Basuki Hadimuljono
Director General of Water Resources
Ministry of Public Works
The Republic of Indonesia

ATTACHMENT

1. Objective of the requested Project

The objective of the requested Project is to construct water supply system for securing water resources in the said rural area in drought period through small pond development. The water resources are utilized primarily for domestic purpose and secondly for irrigation.

2. Project Sites

The ten (10) requested sites are in Probolinggo, Malang, Kediri, Nganjuk, Trenggalek and Pacitan, East Java Province, as shown in Annex-1. Director General of Water Resources of PU strongly requested to add one small pond in Kwangan, Pacitan because its water shortage is serious.

3. Responsible and Implementing Agencies

3-1 The Responsible Agency is Ministry of Public Works (hereinafter referred to as "PU") and its organization chart is shown in Annex-2.

3-2 The Implementing Agency is Brantas River Basin Development Project, as shown in Annex-3, in collaboration with PU and local government, as shown in Annex-4.

4. Requested items by the Government of Indonesia

After discussions with the Team, the items described in Annex-5 were finally requested by Indonesian side. JICA will carefully assess the appropriateness and the feasibility of the requested Project and will report the findings to the Government of Japan.

5. Japan's Grant Aid System

5-1 The Indonesian side has understood the Japan's grant aid scheme explained by the Team, as described in Annex-6.

5-2 The Indonesian side will take the necessary measures, as described in Annex-7, for smooth implementation of the Project, as a condition for the Japanese Grant Aid to be implemented.

6. Operation and Maintenance

6-1. The Team reported that the water quality of the rivers the Team observed didn't satisfy the WHO standard of drinking water since river water was turbid in a rainy season, so that some kinds of the water purification countermeasures were necessary by filter treatment, chlorination, boiling and so on. The Team also explained that the water quality shall be carried out in the course of the Study.

6-2. The Team explained that, as a result of site survey on target rivers and existing small ponds, the amount of sedimentation in the requested small ponds might be large. The Team also explained that a rough estimate of sedimentation should be made in the course of the Study.

6-3. The Team pointed out that the burden by operation/maintenance cost might be high because the continuous water purification and dredging works might be costly. The Team also explained that the cost shall be roughly estimated in the course of the Study.

6-4. The Indonesian side explained that the operation and maintenance plan for the Project including its budget/personnel plan and the role of each organization concerned is shown in Annex-8. The budget for operation and maintenance of the Project shall be borne not by beneficiaries but by the central government for around two years until the small ponds are handed over from the

central government to the local governments. And after the hand-over, the operation/maintenance shall be conducted by the local governments and beneficiaries (villagers) which it could be arranged and established together.

- 6-5. To get the water quality which fulfill the health requirements, the Indonesian side suggested the simple water treatment system with low cost and easy to operated by beneficiaries.
- 6-6. The Team emphasized the importance that beneficiary burden was important to cover the operation/maintenance cost partially and promote efficient water utilization. The Team also explained that the both side should work in collaboration to promote beneficiaries' participation in the Project if the Government of Japan accepts the appropriateness of the Project. Without the enhancement of beneficiaries' ownership of the Project, sustainable rural development can not be expected.
- 6-7. Indonesian side explained that the Water Users Associations (hereinafter referred to as "the WUAs") of each site by beneficiaries would be institutionalized or strengthened for the daily operation/maintenance and collecting the water tariff if the Government of Japan accepts the appropriateness of the Project. The Team recommended that Indonesia side should make the institutionalization/strengthening plan of the each WUAs including its budget/personnel plan and the role of each organization concern is shown.

7. Irrigation

- 7-1. The Team explained that, as a result of evaluation of past irrigation projects by Japan's Grant Aid, the following conditions were important to make successful results.
 - Capacity of operation/maintenance for irrigation system
 - Experience of irrigation farming in project area
 - Cropping pattern
 - Capacity of technical and financial support for the farmers
 - Access to the market

8. Alternatives / Environmental and Social Impacts

- 8-1. The Team confirmed that the existing farmland and roads shall be partially submerged by construction of the small ponds and that it was necessary to complete the land acquisition with proper compensation to the land owners.
- 8-2. Both side agreed that it was necessary to consider the alternatives of a small pond to mitigate the burden of operation/maintenance cost on beneficiaries, land acquisition and so on. The Team suggested that a deep well might be one of the alternatives because the requested sites are located in the foot of mountainous area with relatively much precipitation.
- 8-3. The Indonesian side still suggested the construct of the said small ponds because it was a cheaper alternative and could be multi-purpose facility, such as groundwater recharge facility. And the Indonesian side also explained that the groundwater constitutes one of the water resources with limited existence, which damages may result in an extensive impact with difficult recovery and that surface water should be primarily developed in principle. The Team replied that it shall be carefully assessed based on Indonesian law/standard related with environment and JICA Guideline for Environmental and Social Consideration.
- 8-4. Both side recognized that the rural water supply in the drought period was one of the important issues in the sustainable rural development in the said area and that integrated survey of the followings was necessary to consider and compare the alternatives.
 - Balance between water demand and supply
 - Capacity of operation and maintenance of the governments and beneficiaries

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- Plan on cropping pattern which directly influences the capacity of operation/maintenance and the income of beneficiaries
- Balance between cost and benefit
- Potential of underground water development
- Impact on environment and society
- Potential of sediment
- Water quality and qualification methods

9. Policy of the Government of Indonesia

9-1 The Indonesian side explained that the draft of the five years plan (2005-09) of the Government of Indonesia stated the promotion of small pond construction. The Project suits very much with the policy direction of the Government of Indonesia.

10. Other Relevant Issues

10-1 The Indonesian side promised to hand in the all answers for the questionnaire of the Study to the Team by 24 December, 2004.



