

ADB's Water Policy Implementation Review

CONSULTATION REPORT FOR THE IN-COUNTRY CONSULTATION IN INDONESIA 25 AUGUST 2005

WATER for ALL

This report reflects the views and observations of the consultation participants, not those of the Asian Development Bank or its staff. The Asian Development Bank does not guarantee the accuracy of the data presented.

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I. EXECUTIVE SUMMARY

Stakeholders from government, ADB projects, NGOs, private sector, academe, and international organizations came together in Jakarta, Indonesia on 25 August 2005 to discuss Indonesia's progress and challenges in implementing ADB's water policy. This consultation was the third of a series of in-country consultations for the comprehensive review of ADB's water policy implementation. The agenda is included in Appendix 1 and a list of the participants is included in Appendix 2. This report recaps the issues discussed, summarizes the views expressed during the consultation, and provides background information on ADB's water policy and review processes. This report will be posted on ADB's website for comment.

Forty-nine participants attended the consultation to discuss Indonesia's progress and challenges in implementing ADB's water policy in Jakarta on 25 August 2005. The consultation included project presentations, dialogue, individual and group work, including two surveys, single- and multi-stakeholder breakout group exercises, and plenary discussions.

The opening program consultation speakers included representatives from ADB's Indonesia Resident Mission (IRM), government, and NGOs. Government and NGO representatives presented three innovative water sector projects: South Java Flood Control Project, Community Water Services and Health Project, and Conflict Resolution in Water Management through the Establishment of the Ranca Salada Spring Commission. Speakers highlighted challenges in implementation, lessons learned, and good practices to inform other projects.

The outputs of the consultation included participants' assessment of ADB's water policy implementation, participants' recommendations to improve ADB's water policy implementation, and a summary report reflecting participants' views and observations. Participants' views and observations on the key questions and issues that were discussed are outlined below:

PROGRESS

1. **POLICY AND INSTITUTIONAL REFORMS:** Key initiatives have been undertaken to promote an enabling environment for the implementation of water sector and sub-sector reforms, including the enactment of new laws and regulations and the creation of an inter-departmental mechanism.

- Water as a right has been recognized and guaranteed, and the roles and responsibilities of the different agencies in the water sector have been clarified with the enactment of new laws and regulations.
- An inter-departmental coordination mechanism has been established.

2. **WATER RESOURCES MANAGEMENT:** Efforts have been made to improve water resources management in the country. Key actions include establishing several RBOs, incorporating EIA into water resources projects, and conducting public awareness programs on the importance of good quality water.

- Several RBOs have been established with the implementation of Law 7/ 2004.
- Environmental impact assessment (EIA) has been made a requirement for water resources projects.
- Government awareness of the need for public participation in water resources management has increased.

- Many communities have become aware of the meaning of good quality water.

3. **WATER SERVICES DELIVERY:** Six policies have been passed to restructure PDAMs, however, lack of funding, high connection charges, and poor water quality, defunct infrastructure and institutional constraints have stalled progress and prevented necessary improvements in water services delivery in irrigation and drainage or in water supply and sanitation.

- No significant progress has been made in increasing the coverage of water supply and sanitation services, and in improving water quality.
- Six policies have been passed to restructure PDAMs. However, issues still remain regarding the reliability, efficiency, and sustainability of existing water supply services.
- No improvements have been made in the coverage and quality of irrigation and drainage.

CHALLENGES AND CONSTRAINTS

1. **GOVERNANCE ISSUES AND INSTITUTIONAL CONSTRAINTS:** Governance issues and institutional constraints have limited progress in the water sector. Key issues include: a lack of coordination and cohesion among key actors, a lack of transparency and low commitment to water resources conservation, a lack of a central authority for irrigation and drainage, and a lack of political will to implement reforms in public regional water utilities.

- Lack of coordination and cohesion among national and regional governments as well as among the different government agencies have led to fragmented governance.
- Lack of transparency and low commitment to water resources conservation from government, the private sector, and communities have threatened the sustainability of water resources.
- Devolution and lack of central authority have contributed to government's incapacity to deal with the problems in the irrigation and drainage sub-sector.
- Government has lacked the political will to implement reforms within PDAMs (public regional water utilities) to make them more efficient.

2. **ENVIRONMENTAL AND SOCIAL ISSUES:** Complex environmental and social issues have compounded the problems in water resources development and management.

- Increasing forest loss, water scarcity, and urbanization limit efforts to expand irrigation.
- Poverty has created additional obstacles to improving water resources development and management.

3. **LACK OF CAPACITY:** Lack of human, managerial, and financial capacities have limited the ability of key institutions to improve water governance and sector interventions.

- Water user associations have remained weak and unable to influence water governance.
- Capacities of local governments have remained low, and management by the central government has not been effectual.
- Technical, financial, human resources, and business management capacities among PDAMs have been severely inadequate.

- Lack of maintenance and rehabilitation has placed the country's irrigation and drainage infrastructure in a state of continuing deterioration.
- Lack of funding has made it difficult to improve water governance and upgrade necessary infrastructure.

RECOMMENDED ACTIONS FOR INDONESIA

1. **GOVERNANCE AND INSTITUTIONAL REFORMS:** Participants highlighted the need to improve the policy, legal and institutional framework governing the water sector in Indonesia. Key recommendations include revising the current national water policy, enforcing existing environmental regulations, reconciling contradictory laws, establishing a central authority for irrigation and drainage, and improving interagency and government cooperation.

- Indonesia must revise the existing water resources policy to encompass all aspects of water resources management and adopt a more pro-poor and participatory approach.
- Indonesia must improve enforcement of existing laws and regulations and reconcile or remove contradictions between laws to ensure good governance and improve environmental conservation.
- Indonesia should strengthen the legal framework to allow for greater investment in the water sector to ensure that there is adequate revenue to support water management activities e.g. private sector participation.
- Indonesia should improve cooperation at the regional level and among local governments, government agencies and various stakeholders to effectively implement IWRM.
- Indonesia should establish a central authority to develop and implement irrigation and drainage policies and regulations, and coordinate efforts to improve water service delivery.

2. **CAPACITY DEVELOPMENT, PUBLIC AWARENESS AND PARTICIPATION:** Participants emphasized the need to build financial and managerial capacities in key water sector agencies and institutions and to inform and involve the public to improve governance and promote sustainability of local efforts.

- National and local governments should promote professionalism and build capacity within the local government and PDAMs to improve governance and water resources management.
- Local agencies should conduct community awareness and education programs to increase public participation and build knowledge in key areas like conservation and IWRM.

RECOMMENDATIONS TO ADB

Capacity Building

- ADB could support a multi-sectoral program on water resources management, including public education, capacity development, and community empowerment.

Investments

- ADB could consider providing grants to help improve the poor's access to safe drinking water.
- ADB should invest in IWRM, sanitation, and urban and rural water supply, as priority areas.
- ADB's water investment packages should cover improvements in infrastructure, institutional arrangements, regional cooperation, as well as efforts to promote better water governance.
- ADB should consider allocating funds at the sub-sovereign level for multi-sectoral projects to correct the impression that it is allocating funds only through the government.

Process to Ensure Implementation: Partnerships and Dissemination of Knowledge

- ADB should expand its efforts to work more meaningfully with all levels of government, civil society organizations, universities, and consider engaging in public-private partnerships and networks among national water apex bodies, river basin organizations, water utilities and regulatory bodies.

II. BACKGROUND ON THE COMPREHENSIVE REVIEW

In 2001, the Asian Development Bank (ADB) outlined its vision for integrated water management in the region in its "Water for All" water policy. The policy recognizes the Asia and Pacific region's need to formulate and implement integrated, cross-sectoral approaches to water management and development.

The principal goals outlined in the water policy are as follows:

- Promote a national focus on water sector reform
- Foster the integrated management of water resources
- Improve and expand the delivery of water services
- Foster the conservation of water and increase system efficiencies
- Promote regional cooperation and increase the mutually beneficial use of shared water resources within and between countries
- Facilitate the exchange of water sector information and experience through partnerships
- Improve governance and capacity building

As stipulated in ADB's water policy, an in-house review of policy implementation was undertaken in the third year in 2003 and a more extensive comprehensive review led by an external expert review panel has been launched in 2005, five years after the policy was approved.

The comprehensive review has four core objectives:

1. To assess performance or progress in the 7 key areas of the water policy
2. To identify challenges, investment requirements, and opportunities
3. To determine capacities and constraints in ADB and the DMCs (institutional, financial, human)
4. To advise ADB's management if the policy needs to be revised or supplemented

The comprehensive review will focus on the three key areas highlighted in ADB's water policy (water sector reforms, water resource management, and water service delivery), and the four cross-cutting issues (resource conservation, regional cooperation, partnerships, and governance). In addition to the seven key areas outlined in ADB's water policy, the comprehensive review will also consider a

number of key internal and external issues and drivers relevant to implementing ADB's water policy and strengthening efforts to address the region's water sector needs.¹

The review will be conducted in a manner that ensures broad stakeholder participation, transparent proceedings and reporting, and wide dissemination of the policy and the results and recommendations of the review. As outlined in the policy, an external expert review panel will lead the review and be informed by feedback gathered at in-country consultations, regional workshops, water-related conferences, ADB staff workshops and surveys, and comments gathered on ADB's water website. Additional modalities may include interviews, case studies, desk study of loan, project and agreement documents, and involvement in external research studies relevant to the review.²

III. IN-COUNTRY CONSULTATIONS

A. Objectives and Process

ADB expects to conduct five in-country consultations for the comprehensive review. The consultations involve stakeholders from national and sub-national levels of government, elected representatives, civil society including NGOs and academe, private sector, the media, and other institutions involved in water sector related work. In selecting participants and outlining the agenda, ADB will strive for a balanced representation across stakeholder group, geography, ethnicity, gender, and the main subsector and thematic areas outlined in ADB's work.

The consultations are designed to generate feedback on policy implementation and other inputs to improve water operations, considering:

- experience in implementing the water policy
- achievements and lessons learned
- challenges and investment requirements
- opportunities and areas for improvement
- issues specific to the country and region that require attention

B. Timeline and Expected Outputs

The consultations are expected to take place during the months of June to November 2005. The schedule listed below has been coordinated with the Resident Missions, related regional events, and other ADB policy reviews planned for 2005. The consultations have been scheduled in countries representing the five regions ADB serves.

Table 1: Tentative Schedule for Regional and In-country Consultations

Country	Regional Department	Proposed Dates
<i>In-country</i>		
Cambodia (Phnom Penh)	Mekong	23-24 June 2005
Fiji (Suva)	Pacific	9-10 August 2005
Indonesia (Jakarta)	SERD	25/ 27 August 2005
Kazakhstan (Almaty)	ECRD	15-16 September 2005

¹ Please refer to Appendix 7 for a complete list of the 26 areas covered in the scope of the comprehensive review.

² A timeline for major activities for the review is provided in Appendix 3 and an update of progress to date for each review modality is provided in Appendix 4. Regular updates are posted on ADB's website at <http://www.adb.org/water>.

India (New Delhi)	SARD	28-29 September
<i>Regional Events</i>		
ADB HQ (Manila)	Private Sector Consultation	18 October 2005 (TBD)
ADB HQ (Manila)	Civil Society Consultation	18 November 2005 (TBD)

Each consultation is expected to produce the following outputs:

- Participants' assessment of ADB's water policy implementation and progress
- Participants' identification of key challenges, constraints, investment and capacity building requirements, and new opportunities that ADB should pursue in the short and medium term
- A summary report of the consultation reflecting participants' views and comments

IV. SUMMARY OF INDONESIA'S CONSULTATION

A. Participants and Process

Forty-nine participants attended the consultation to discuss Indonesia's progress and challenges in implementing ADB's water policy. As outlined in the table below, participants represented the diversity of Indonesia's water sector across key stakeholder groups.

Breakdown of Participants by Major Stakeholder Group and Gender

Stakeholder Group	Number
Government	20 (18 men/ 2 women)
NGO	16 (9 men/ 7 women)
Academe	6 (2 men/ 4 women)
International Organizations	6 (4 men/ 2 women)
Private Sector	1 woman
TOTAL	49 (33 men/ 16 women)

The consultation included project presentations, multi-stakeholder dialogue, individual and group work, and site visits for the Review Panel.³ Individual and group exercises during the consultation included two surveys, single- and multi-stakeholder breakout group exercises, and plenary discussions. Participants were also given the opportunity to provide feedback on pressing concerns not covered in the consultation exercises.

B. Presentations

The opening program consultation speakers included representatives from ADB's Indonesia Resident Mission (IRM), government, and NGOs.

Stephen Curry, Officer-in-Charge of the Indonesia Resident Mission, welcomed the participants and outlined ADB's involvement in Indonesia. He encouraged the participants to make use of the consultation to align ADB's investments with the water sector development priorities of Indonesia.

³ The entire review panel, and staff and consultants for ADB's water policy implementation review from ADB Headquarters, visited the West Java Urban Development (Sector) Project. The site visit included a meeting with water utility staff in Bekasi, a visit to the water treatment facility, and discussions with project beneficiaries.

Anton Soedjarwo, Executive Director, Dian Desa Foundation, shared NGO and civil society's role in the water sector, and contributions to conserving Indonesia's natural resource endowments. He reiterated the need to strengthen NGO and government cooperation.

Pak Siswoko, Director General of Water Resources, Ministry of Public Works, delivered the keynote speech, highlighting the challenges faced by Indonesia's water sector and the efforts undertaken by government to address these challenges. He expressed hope that the review of ADB's water policy implementation would help the Indonesian government to improve its water policy and strategy.

Government and NGO representatives presented three innovative water sector projects: South Java Flood Control Project, Community Water Services and Health Project, and Conflict Resolution in Water Management through the Establishment of the Ranca Salada Spring Commission. Speakers highlighted challenges in implementation, lessons learned, and good practices to inform other projects.

Pak Siswoko outlined the contributions made by the South Java Flood Control Project to reduce the vulnerability of the project localities to flood, and to rehabilitate the damages wrought by previous massive floods. He stressed the need to combine non-structural approaches with infrastructure development to develop long-term capabilities in flood management.

Djoko Wartono, Head of the Project Management Unit of the Community Water Services and Health Project, highlighted how the project will establish sustainable safe drinking water supply and sanitation services in about 1,000 poor villages in the provinces of Jambi, Bengkulu, West Kalimantan, and Central Kalimantan. He presented the innovative features of combining local government capacity building, community empowerment, physical infrastructure investment, and sanitation and hygiene programs to ensure sustainability of the facilities provided.

Safril Salim, Team Leader of the Institute for Economic and Social Research, Education, and Communication, Lembaga Penelitian, Pendidikan, dan Penerangan Ekonomi dan Sosial (L.P.3ES), provided an overview of initiatives led by the Ranca Salada Spring Commission in managing conflicts arising from competing water uses. He stressed that community awareness and recognition of water as a shared resource, and appropriate stakeholder representation in the Spring Commission are the key components to the project's success.

C. Key Questions and Issues Discussed

Through individual and group work, participants were asked to provide their assessment of ADB's water policy implementation, highlighting progress, challenges and constraints, and required actions to improve performance in key areas outlined in the policy: national water policies and water sector and subsector reforms, integrated water resources management, and water services delivery (both in irrigation and drainage and in water supply and sanitation). Participants were also asked to recommend necessary investments and new opportunities that ADB should pursue in the short and medium-term to improve water sector operations. Questions focused on issues of coverage, efficiency, and sustainability, as well as capacity, participatory practices, and social and environmental concerns. Participants' key observations and views are summarized below⁴.

⁴ Initial tabulations of survey responses are provided in Appendices 3a and 3b, and a summary of group and individual responses in the single- and multi-stakeholder breakout group exercises are included in Appendices 4a and 4b.

PROGRESS

1. **POLICY AND INSTITUTIONAL REFORMS:** Key initiatives have been undertaken to promote an enabling environment for the implementation of water sector and sub-sector reforms, including the enactment of new laws and regulations and the creation of an inter-departmental mechanism.

- Water as a right has been recognized and guaranteed, and the roles and responsibilities of the different agencies in the water sector have been clarified with the enactment of new laws and regulations.

Participants maintained that the passage of Law 7/2004 and government regulation number 16/2005 on drinking water supply has provided the legal basis for the promotion of water as a right. Law 7/2004 has also clarified the roles and responsibilities of the different agencies in the water sector, and resulted in the formation of Badan Pendukung Pengembangan Sistem Penyediaan Air Minum (BPPSMAM), a quasi-regulatory agency with the Ministry of Public Works, through a ministerial decree. However, many implementing guidelines for the new law have yet to be drafted.

- An inter-departmental coordination mechanism has been established.

Participants indicated that an inter-departmental coordinating mechanism for the water sector has been established, however, its effectiveness will still have to be assessed. They also suggested that institutions are generally too weak to implement the new laws and policies, and consumers as well as society have little bargaining power to assert their right to water.

2. **WATER RESOURCES MANAGEMENT:** Efforts have been made to improve water resources management in the country. Key actions include establishing several RBOs, incorporating EIA into water resources projects, and conducting public awareness programs on the importance of good quality water.

- Several RBOs have been established with the implementation of Law 7/ 2004.

Participants indicated that, in accordance with the stipulation of RBOs under Law 7/ 2004, several RBOs have been established. However, they emphasized that more RBOs have to be established to fully operationalize a river basin approach in Indonesia.

- Environmental impact assessment (EIA) has been made a requirement for water resources projects.

Participants observed that EIA has been required for water resources projects, which ensures that social and environmental concerns are addressed in water resource management and sector development. However, government participants noted that despite the new requirement, efforts to stop deforestation have been inadequate. Participants from international organizations and academe suggested that a special body involving different sectors might be needed to handle flood management.

- Government awareness of the need for public participation in water resources management has increased.

Participants acknowledged that government at the central and regional levels has increasingly recognized the importance of public participation in water resources management. Government participants also agreed that transparency and coordination among the different stakeholders are essential elements for maintaining public participation and improving water resources management.

- Many communities have become aware of the meaning of good quality water.

Participants observed that many communities have realized the importance of good quality water. However, government participants indicated that efforts to monitor water quality in the rivers have not been sufficient. Participants from international organizations and academe underscored the need for education in water resources management among stakeholders.

3. **WATER SERVICES DELIVERY:** Six policies have been passed to restructure PDAMs, however, lack of funding, high connection charges, and poor water quality, defunct infrastructure and institutional constraints have stalled progress and prevented necessary improvements in water services delivery in irrigation and drainage or in water supply and sanitation.

- No significant progress has been made in increasing the coverage of water supply and sanitation services, or in improving water quality.

Participants maintained that urban coverage in water supply and sanitation has increased by only 3% in the last decade. They cited lack of government funding as the primary reason for the narrow increase in water supply and sanitation coverage. Participants also observed that high connection charges have prevented the poor from having access to piped water supply in areas where it is provided. Water quality has remained poor as participants estimated that 90% of the existing water supply is still unsafe for drinking.

- Six policies have been passed to restructure PDAMs. However, issues still remain regarding the reliability, efficiency, and sustainability of existing water supply services.

PDAMs are regional water supply enterprises tasked with providing basic water services to urban dwellers. Many of the more than 300 PDAMs in Indonesia are barely able to provide minimum services to consumers, and have connected only about 39% of the urban population to water supply. Participants noted that six policies were passed in March 2003 to restructure and strengthen PDAMs. However, these efforts have not led to greater efficiency and sustainability of water supply services. Participants observed that inconsistent water supply has remained a problem in many urban areas. They suggested that the lack of efficiency and sustainability of water supply services are due to the inadequate management capacity and low productivity of PDAM employees.

- No improvements have been made in the coverage and quality of irrigation and drainage.

Participants emphasized that irrigation and drainage services have not improved despite the passage of new laws and regulations in the water sector. They maintained that in fact Indonesia used to have very good irrigation and drainage systems. However, many of these irrigation systems have become defunct due to the changes in land use patterns specifically the conversion of paddies to settlement areas. Farmers who used to benefit from the country's well-developed irrigation systems have also neglected the maintenance of many of these systems, resulting in irreparable damage and deterioration. Civil society participants observed that no progress has been made at the policy level because sector ministries have worked alone in dealing with the problems in irrigation and drainage.

CHALLENGES AND CONSTRAINTS

1. **GOVERNANCE ISSUES AND INSTITUTIONAL CONSTRAINTS:** Governance issues and institutional constraints have hampered improvements in the water sector, including lack of coordination and cohesion among key actors, lack of transparency and low commitment to water

resources conservation, lack of a central authority for irrigation and drainage, and lack of political will to implement reforms in public regional water utilities.

- Lack of coordination and cohesion among national and regional governments as well as among the different government agencies have fragmented efforts to improve governance, water resources management and service delivery.

Participants noted that while a national water resources policy has been put in place in 2001, the national and regional governments as well as the various government agencies have continued to pursue their own agendas, and have implemented incompatible regulations. They maintained that coordination among departments and within departments continues to be weak, despite the fact that an inter-departmental coordination mechanism has been established.

Moreover, government participants observed that the authority of BAPPENAS as program coordinator has remained weak, contributing to ongoing discord and lack of coordination in the water sector. One participant suggested that problems in governance and coordination have also caused the RBOs to operate under differing guidelines and principles, compromising the potential of RBOs to effectively implement IWRM.

- Lack of transparency and low commitment to water resources conservation from government, the private sector, and communities have threatened the sustainability of water resources.

Participants observed that commitment to water resources conservation by government, the private sector, and communities has remained low, as evidenced by the continuing deforestation, over-exploitation of fishery resources, and the persistent high levels of air and water pollution, and sedimentation. Lack of transparency in government projects has concealed the lack of commitment by different stakeholders, exacerbating associated management and environmental problems.

- Devolution and lack of central authority have contributed to government's incapacity to deal with problems in the irrigation and drainage sub-sector.

Participants maintained that the devolution of responsibility for irrigation to local governments, coupled with regional autonomy, have muddled the institutional framework for service delivery in irrigation and drainage. In the context of government's limited institutional and fiscal capacities, the lack of a central authority and national coordination has stalled progress.

Participants also noted that since a number of the issues associated with the expansion of irrigation are trans-boundary in nature, e.g., increasing forest loss, water scarcity, and damaged river systems, the absence of a central authority has limited government's capacity to address the emergence of water-related trans-boundary conflicts.

- Government has lacked the political will to implement reforms within PDAMs (public regional water utilities) to make them more efficient.

Participants observed that both national and regional governments have failed to address system inefficiencies and widespread corruption in PDAMs. In fact, many local governments are at least partly responsible for the PDAM failure as they continue to use the PDAMs as 'cash cows,' regardless of whether the PDAM is profitable or not. As a result, there are virtually no incentives for PDAM management to improve services, as increased revenues cannot be reinvested and might just be appropriated by the local governments. The lack of political will by the local governments to restructure PDAM ownership and PDAM management is one of the reasons why PDAM reforms over the last decade have been fruitless.

2. ENVIRONMENTAL AND SOCIAL ISSUES: Complex environmental and social issues have compounded the problems in water resources development and management.

- Increasing forest loss, water scarcity, and urbanization limit efforts to expand irrigation.

Participants observed that unabated forest loss and water scarcity have restricted government options to expand the coverage of irrigation. Rapid urbanization has compounded the problem of water scarcity; contributed to the rise of water quality issues, e.g., water pollution and contamination; and, exerted pressure on the existing drainage systems. A reversal of the trends toward increasing forest loss and water scarcity, and deteriorating urban drainage systems has to be addressed to improve irrigation and drainage service delivery.

- Poverty has created additional obstacles to improving water resources development and management.

Participants maintained that poverty has undermined current efforts to improve water resources development and management. Government participants cited that illegal tree cutting is rampant among poor farmers, and a lack of capacity in the regulatory framework as well as commitment to enforce forestry laws has exacerbated the problem. Participants also acknowledged that government has been generally lax in dealing with the problems of illegal logging and littering of the rivers among poor communities.

3. LACK OF CAPACITY: Lack of human, managerial, and financial capacities have limited the ability of key institutions to improve water governance and sector interventions.

- Water user associations have remained weak and unable to influence water governance.

Participants indicated that due to a lack of capacity, water user associations continue to be weak and unable to influence water governance, so their interests have not been fully considered in existing policies and legislation.

- Capacities of local governments have remained low, and management by the central government has not been effectual.

Participants identified a lack of capacity among local governments, coupled with ineffectual management at the central government level, as key obstacles to improving governance in the water sector.

- Technical, financial, human resources, and business management capacities among PDAMs have been severely inadequate.

Participants acknowledged that most of the PDAMs are currently heavily indebted, with many of the loans in arrears. They maintained that corruption has persisted, aggravating the financial problems faced by PDAMs for even the operation and maintenance (O&M) of current water supply provision.

- Lack of maintenance and rehabilitation has placed the country's irrigation and drainage infrastructure in a state of continuing deterioration.

Participants indicated that the country's irrigation and drainage infrastructure has continually deteriorated because of lack of maintenance and rehabilitation. Government participants noted that rapid urbanization has outpaced the development of drainage infrastructure (new and rehabilitation), causing system inefficiencies and damage to existing networks. Participants also voiced concerns that small dams and rivers have become insufficient to meet the country's irrigation needs, and nobody is taking responsibility to repair or replace the damaged irrigation networks.

- Lack of funding has made it difficult to improve water governance and upgrade necessary infrastructure.

Participants maintained that funding problems have remained because of the lack of priority given to the sector, unclear policies, and lack of funding sources. They emphasized that the lack of funds has stalled the necessary development of water supply infrastructure, and there are many signs that existing infrastructure has deteriorated over the last 5-7 years.

RECOMMENDED ACTIONS FOR INDONESIA

1. **GOVERNANCE AND INSTITUTIONAL REFORMS:** Participants highlighted the need to improve the policy, legal and institutional framework governing the water sector in Indonesia. Key recommendations include revising the current national water policy, enforcing existing environmental regulations, reconciling contradictory laws, establishing a central authority for irrigation and drainage, and improving interagency and government cooperation.

- Indonesia must revise the existing water resources policy to encompass all aspects of water resources management and adopt a more pro-poor and participatory approach.

Participants maintained that an integrated comprehensive water resources policy still has yet to be developed. They urged government to enhance the existing policy to include a participatory and pro-poor approach to strengthen public participation and improve interagency coordination in water resources and services delivery.

- Indonesia must improve enforcement of existing laws and regulations and reconcile or remove contradictions between laws to ensure good governance and improve environmental conservation.

Participants indicated that restrictions under the new Water Resources Law (Law 7/ 2004) contradicted the Law on Regional Autonomy (Law 32/ 2004). They requested that current laws be reviewed and reconciled to improve water governance. Guidelines to implement the new laws and regulations should be developed. Participants also cited the need to better enforce forestry laws and regulations to halt illegal logging and protect the watersheds and land resources.

- Indonesia should strengthen the legal framework to allow for greater investment in the water sector to ensure that there is adequate revenue to support water management activities e.g. private sector participation.

Participants urged government to explore and develop alternative modalities to generate revenues for water resources management activities, highlighting the need to strengthen the legal framework to promote private sector participation and support greater investment in the water sector.

- Indonesia should improve cooperation at the regional level and among local governments, government agencies and various stakeholders to effectively implement IWRM.

Participants observed that it is necessary to improve regional cooperation and strengthen cooperation among local governments, government agencies, and various stakeholders to improve water resources development and management in Indonesia. They recommended strengthening multi-sectoral coordination frameworks at various levels, and suggested that local government partner with industries to improve water supply and sanitation.

- Indonesia should establish a central authority to develop and implement irrigation and drainage policies and regulations, and coordinate efforts to improve water service delivery.

Participants suggested that it would be necessary to establish a central authority to develop and implement sub-sector policies, and harmonize and coordinate existing efforts to improve irrigation and drainage. They indicated that this central authority could as well be tasked with: 1) removing the inconsistencies and conflicts in existing laws and regulations that affect irrigation and drainage; 2) facilitating the development of participatory approaches to involve the communities in water use and demand management; and, 3) managing irrigation and drainage systems toward sustainability.

2. **CAPACITY DEVELOPMENT, PUBLIC AWARENESS AND PARTICIPATION:** Participants emphasized the need to build financial and managerial capacities in key water sector agencies and institutions and to inform and involve the public to improve governance and promote sustainability of local efforts.

- National and local governments should promote professionalism and build capacity within the local government and PDAMs to improve governance and water resources management.

Participants highlighted the need to improve the quality and capacity of human resources involved in water governance at all levels. Emphasizing the link between good governance and good water supply and sanitation services, participants called on government to promote professionalism and improve the management systems and capacities of PDAMs. They also recommended establishing a performance-based system of reward and punishment for PDAMs to increase system efficiencies. One participant proposed rescheduling of PDAM debts as a form of support to placing PDAMs in a better position to achieve financial and economic viability.

- Local agencies should conduct community awareness and education programs to increase public participation and build knowledge in key areas like conservation and IWRM.

Participants recommended that local agencies conduct community awareness and education programs to involve communities in rehabilitation of land and forest resources and environmental resource conservation, and to improve understanding and implementation of IWRM. They requested that participatory mechanisms and processes be developed to better involve the various stakeholder groups in water governance and management of local resources.

RECOMMENDATIONS TO ADB

Capacity Building

- ADB could support a multi-sectoral program on water resources management, including public education, capacity development, and community empowerment.

Participants proposed that ADB support a multi-sectoral program on water resources management, including public education, capacity development, and community empowerment. Participants from international organizations and academe suggested that ADB could invest in the development of “viable uses management institutions”, and underscored the need for investment in flood management with multi-sectoral participation.

Investments

- ADB could consider providing grants to help improve the poor’s access to safe drinking water.

Participants indicated that ADB should provide grants to improve the poor's access to safe drinking water. Government and private sector participants emphasized the need to invest in developing house connections and piped distribution among the poor, developing water supply in small and medium cities particularly in the rural areas of the eastern region as well as in fisheries and agriculture. Civil society participants proposed that ADB should consider investing in poverty alleviation in dry areas, drought management in the eastern region, and in mainstreaming appropriate and workable innovations piloted by NGOs, CBOs and academe.

- ADB should invest in IWRM, sanitation, and urban and rural water supply, as priority areas.

When asked, participants identified the following key areas where ADB should focus its investments in Indonesia in the short term: IWRM, sanitation, and urban and rural water supply, and investment opportunities related to flood management.

- ADB's water investment packages should cover improvements in infrastructure, institutional arrangements, regional cooperation, as well as efforts to promote better water governance.

Participants underscored the need to invest in efforts to improve infrastructure, institutional arrangements, regional cooperation, and water governance that include: promoting water sector reforms; enhancing coordination among stakeholders; supporting the development of water and wastewater regulations, capacity building, public awareness campaigns, community education, development partnerships, knowledge and data base building, information exchange, national and regional policy dialogue, regional exchange, sector assessments, and promoting community and users participation.

- ADB should consider allocating funds at the sub-sovereign level for multi-sectoral projects to correct the impression that it is allocating funds only through the government.

ADB should increase soft loan investments in the water sector and provide technical assistance for water sector reforms. Initiatives should include public participation, public-partnerships, pro-poor incentives, and multi-sector coordination. Participants also recommended that ADB fund multi-sector analyses in the preparation of new water projects.

Process to Ensure Implementation: Partnerships and Dissemination of Knowledge

- ADB should expand its efforts to work more meaningfully with all levels of government, civil society organizations, universities, and consider engaging in public-private partnerships and networks among national water apex bodies, river basin organizations, water utilities and regulatory bodies.

Participants emphasized the importance of establishing partnerships not only with the national government agencies but also with the national and local parliament, local government units and other sectors to broaden the coverage and impact of ADB's water sector efforts. In sum, participants proposed that ADB work with government, civil society and private sector at the national, regional and local levels, specifically recommending partnership with the following groups focused on key concerns: civil society organizations for advocacy; public-private partnerships for co-financing; universities and institutes for knowledge; and, networks among national water apex bodies, river basin organizations, water utilities, and regulatory bodies for capacity building.

V. FOR MORE INFORMATION ABOUT THE REVIEW AND THIS REPORT:

Throughout the course of the review, the Lead Facilitator, ADB Water Policy Implementation Review, managed all activities to monitor progress and to ensure that the review was completed on schedule. A Meeting Facilitator was also enlisted to help organize and conduct the in-country consultations. Their contact information is as follows:

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Throughout the review process, regular updates will be posted on ADB's website for comment:
at <http://www.adb.org/water>

Appendix 1: Agenda for the In-country Consultation

**ADB's WATER POLICY IMPLEMENTATION REVIEW
IN-COUNTRY CONSULTATION FOR INDONESIA**

Shangri-la Hotel, Jakarta, Indonesia
25 August 2005

Final Agenda

Introductions and Overviews

- 8:00 – 8:30 Coffee and Registration
- 8:30 – 9:30 Welcome and Opening Remarks
Stephen Curry
Officer in Charge (OIC), Indonesian Resident Mission (IRM ADB)
- Anton Soedjarwo, Executive Director, Dian Desa Foundation*
- Keynote Speech
Siswoko, Director General of Water Resources, Ministry of Public Works
- 9:30 – 9:45 Introduction of ADB's Water Policy: (film viewing)
Water for All: The Power to Change People's Lives
- 9:45 – 10:00 Overview of Comprehensive Review of ADB's Water Policy Implementation
Kathryn E. Nelson, Lead Facilitator, Water Policy Implementation Review, ADB
- Introduction of Consultation Agenda, Ground Rules, and Participants
Jean C. Laguerder, Meeting Facilitator, Water Policy Implementation Review, ADB
- 10:00 - 10:15 Questions
- 10:15 - 10:30 TEA BREAK
- 10:30 – 10:45 Overview of ADB's Water Policy
Wouter Lincklaen Arriens, Lead Water Resources Specialist, ADB
- 10:45 – 11:30 Indonesia's Water Sector and Innovative Water Projects
Introduced by Almud Weitz, Water Sector Specialist, IRM ADB
- South Java Flood Control Project
Siswoko, Director General of Water Resources, Ministry of Public Works
- Community Water Services and Health Program
Djoko Wartono, Project Director
- Conflict Resolution in Water Management through the Establishment of the Ranca Salada Spring Commission
Safril Salim, Team Leader, L.P.3ES

11:30 – 11:45	Questions
11:45 – 12:15	Surveys: Performance, Investment Priorities, and Partnerships
12:15 – 1:30	LUNCH

Facilitated Exercises and Discussions to Secure Feedback on Water Policy Implementation

1:30 – 2:30	Single-stakeholder Breakout Groups: Discussion of Survey Responses Investment Priorities, Community Ownership, and Partnerships Group 1: Government and Private Sector Group 2: NGOs and Academe Group 3: International Organizations and Project Resource Persons
2:30 – 3:00	Report Out from Breakout Groups and Discussion
3:00 – 3:15	TEA BREAK
3:15 – 4:15	Multi-stakeholder Breakout Groups: Innovations and Progress, Challenges and Constraints, Required Actions and Opportunities Group 1: Water Sector Reforms Group 2: Water Resource Management Group 3: Water Service Delivery (Irrigation and Drainage) Group 4: Water Service Delivery (Water Supply and Sanitation)
4:15 – 5:00	Report Out from Breakout Groups and Discussion
5:00 – 5:30	Participants' Reflections and Closing Remarks
5:00 – 5:30	Wrap up and Next Steps <i>Kathryn E. Nelson</i>
6:00 – 8:00	DRINKS AND DINNER <i>Hosted by ADB's Indonesian Resident Mission (ADB IRM): Stephen Curry, OIC, IRM Ramesh Subramaniam, Principal Economist, IRM</i>

Appendix 2: List of Participants

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Shangri-la Hotel, Jakarta, Indonesia
25 August 2005

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Appendix 3a: Summary of Survey Responses

ADB Water Policy Implementation Review Client and Stakeholder Survey Initial Tabulations

Number of Total Respondents: 39

<i>Date</i>	25 August 2005				
<i>Name (optional)</i>		<i>Age</i>		<i>Gender</i>	Male 24 Female 11
<i>Position</i>		<i>Organization</i>			
<i>Country</i>		<i>Email Address</i>			

My Organization:

- Central Government=10
- Sub-National Government (Region/State/District/Local)
- International NGO/Civil Society Organization
- National NGO/Civil Society Organization=7
- Local NGO/Civil Society Organization
- Trade Union
- Private Sector/Business Association
- Private Citizen
- Multilateral/Intergovernmental Agency =3
- University/Educational Institution=5
- Research Institute/"Think Tank" =5
- Other (specify): =2

My Work:

- Water resources management=9
- Urban water supply & sanitation=9
- Rural water supply & sanitation =10
- Bulk water supply=3
- Irrigation & drainage=5
- Hydropower
- Flood management & urban drainage=6
- Disaster response & mitigation=3
- Watershed management=3
- Environment improvement=8
- Wastewater control & treatment=5
- Marine & coastal management=1
- Others (specify: related field in health, education, environment, public governance) =13

Please take 10 minutes to answer the following 7 questions. Your response refers to:

- Asia Pacific Region, OR
- Specific Country: _____ Indonesia _____

1. ADB's water policy aims to support its clients in the Asia Pacific region in the following seven areas. In which of these has progress been highest? Please select up to 3 areas where progress has been highest.

- | | |
|--|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> National water sector reforms=9 <input type="checkbox"/> Integrated water resources management=10 <input type="checkbox"/> Expansion and improvement of water services=11 <input type="checkbox"/> Water conservation and water use efficiency=7 | <ul style="list-style-type: none"> <input type="checkbox"/> Regional cooperation=2 <input type="checkbox"/> Stakeholder consultation and participation=16 <input type="checkbox"/> Good governance and capacity building=8 |
|--|---|

2. **Where should ADB concentrate its water investments over the next 5 years (through 2010)?**

Please select up to 3 areas for priority investments.

- Urban water supply=10
- Rural water supply=9
- Sanitation=17
- Wastewater management=5
- Integrated water resources management in river basins (IWRM)=24
- Irrigation and drainage=8
- Flood management=9
- Hydropower=2
- Transboundary rivers management=3
- Regional exchange of experience=6
- Regional networking for capacity development=13
- Other: Database building=1 Water conservation=4

3. **What should ADB include in its water investment packages?** *Please select up to 3 options to be included.*

- Sector assessments and analyses of issues=14
- Policy dialogue =16
- Technical assistance = 13
- Infrastructure (new and rehabilitation) =18
- Capacity development =20
- Development partnerships =9
- Regional cooperation =10
- Other: 2

4. **How could ADB become more responsive to client needs and increase its water investments?** *Please select up to 3 approaches to increase investments.*

- Program approach (multi-donor budget support to government) =26
- Sector approach (financing subprojects selected by government) =12
- Project approach (financing of projects designed in advance) =10
- Lending to national ministries and agencies =5
- Lending to local government =13
- Private sector participation (without government guarantees) =13
- Other: =4

5. **Which of these changes (suggested by participants of ADB's Water Week 2004) are the most important?** *Please select up to 3 changes.*

- Working more selectively with the right information, organizations, and leaders =20
- Empowering civil society organizations as catalysts for water sector reform =22
- Promoting credible water regulatory bodies for water services =15
- Linking formal and informal water service providers =9
- Catalyzing water investments to the rural poor =12
- Investing more in nonstructural interventions =10
- Lending more to subsovereign partners =3
- Other: =2

6. **Which of the following options would be most effective in promoting community ownership of water infrastructure and services in poor rural areas?** *Please select up to 3 options.*

- Small private water networks =3
- Community-managed water networks =27
- Handover of management to water user organizations =10
- Service agreements between water providers and water user organizations =11
- Participation of NGOs/CBOs in projects implemented by local government =15
- Water awareness campaigns by local government and service providers =12
- Water education in schools =19

7. **Which of the following groups or organizations could be the most effective partners for ADB over the next 5 years?** *Please select up to 3 partners or partnerships that ADB should pursue.*

Advocacy:

- Media and journalists =8
- Civil society organizations =26
- International advocacy NGOs =6
- United Nations organizations =3
- World Water Council = 2

Co-financing:

- Public-private partnerships =17
- Bilateral funding agencies =10

Knowledge:

- Universities and institutes =17
- Multilateral development banks =2
- Global Water Partnership =9
- International organizations e.g. IWMI, IFPRI, IUCN, WWF =6

- International professional associations=7

Capacity:

- Networks among national water apex bodies, river basin organizations, water utilities, and regulatory bodies =14
- Regional water partnerships =5
- Country water partnerships =8
- Professional associations =8
- Research organizations =9

Other:

- Other:

Please submit your completed survey to ADB staff at the event you are attending. You may also fax your responses to ADB's Water Team at +63 2 636 2381/2356 or visit ADB's water website at <http://www.adb.org/water> to complete this survey online.

Thank you for your time and interest! Visit our website for regular updates on the review process

Appendix 3b: Summary of Survey Responses

ADB Water Policy Implementation Review NGO Center Questionnaire Initial Tabulations August 2005

Number of Total Respondents: 6

1. Are you familiar with *ADB-Government-NGO Cooperation: A Framework for Action, 2003-2005*? (If not, please check "No" and skip to question 6).

0 Yes, I know something about *the Framework*

6 No, I do not know anything about *the Framework*

2. In which of the following five areas has the greatest progress been made since 2003 in improving ADB-Government-NGO cooperation? (Check up to three).

0 Strengthening NGO participation in ADB-supported activities

0 Enhancing transparency and accountability through access to information

0 Developing ADB's capacity for NGO cooperation

0 Building NGO capacity and providing institutional support

0 Strengthening Government-NGO cooperation and collaboration

3. What have been the most significant contributions by ADB to implementing *the Framework* and strengthening ADB-Government-NGO cooperation over the past two years?

- Capacity building and strengthening cooperation and coordination
- Inclusion of NGOs in project design and implementation
- Demonstrating willingness to engage in cooperation in public forums. Unfortunately this has rarely been followed up with actual implementation of strategies. Transparency of information has been most significant, but this really has only begun to improve in the past year.
- ADB has worked well in partnership to improve water supply and sanitation and drainage for our province or district and share techniques for water supply in villages
- Disseminating project information and outcomes

4. What have been the most significant contributions of NGOs and other civil society organizations in implementing *the Framework* and strengthening ADB-Government-NGO cooperation over the past two years?

- Partnership and assistance
- Providing greater focus on poverty in project implementation targets
- Willingness to participate in and contribute to processes when invited. In many cases, this contribution has been abused to suggest endorsement. With the exception of only a few, this involvement is at implementation and not the planning stage.
- Attend consultation activities and give "voice" to communities; disseminate information back to communities

5. What have been the most significant contributions of ADB member governments in implementing *the Framework* and strengthening ADB-Government-NGO cooperation since 2003?

- Assistance and coordination
- Working with NGOs at the local government level
- Involvement in and support for inter-agency consultations and forum
- Ensuring NGO participation in designing water policy and legislation
- Progress in water supply: Prek Phnov
- Funding, and overview and evidence feeding into policy development

6. A new action plan for ADB-government-NGO cooperation (2006-2010) should give greatest attention to the following priorities (check up to three).

- 2 Strengthening NGO participation in ADB-supported activities
- 4 Enhancing transparency and accountability through access to information
- 0 Developing ADB's capacity for NGO cooperation
- 2 Building NGO capacity and providing institutional support
- 1 Strengthening Government-NGO cooperation and collaboration

7. What are the most significant obstacles to strengthening ADB-Government-NGO cooperation?

- Differing attitudes toward democracy as well as some NGOs
- Continuing pursuit of top-down approach in development
- Communication gap
- Reluctance of government to cooperate with NGOs
- Gaps in perceptions between ADB, government and NGOs
- Forcing of policies on one another
- Disrespect for the other's standpoint
- Some NGOs are not qualified enough to achieve shared goals
- Stigma that NGOs tend to oppose whatever policy is developed and implemented by government

**Appendix 4a: Summary of Outputs
Single Stakeholder Breakout Groups**

**ADB's WATER POLICY IMPLEMENTATION REVIEW
IN-COUNTRY CONSULTATION FOR INDONESIA**

Shangri-la Hotel, Jakarta, Indonesia
25 August 2005

Question 1. INVESTMENT PRIORITIES

Where should ADB concentrate its water investments over the next 5 years in Indonesia? What should be included in ADB's water investments in Indonesia?

STAKEHOLDER GROUP RESPONSES

Group 1: Government and Private Sector

COLLECTIVE RESPONSES:

- Institutional development including:
 - *improving coordination among stakeholders*
 - *raising public/ community awareness of water issues*
 - *promoting regional networking*
 - *developing water and wastewater regulations*
 - *capacity building*
- Infrastructure development including:
 - *rehabilitation of existing water infrastructures, urban and rural*
 - *expansion of water supply and sanitation and irrigation and drainage coverage*
 - *flood control*
 - *utilization of PDAM (water utilities) assets*
 - *improving water quality and domestic usage*
- Water resources management - Sumber Daya Air (SDA)
 - *water resource management including water conservation and protection, improving raw water quality and improving water for irrigation*
 - *water allocation*

INDIVIDUAL RESPONSES:

- Rural water infrastructure and supply for irrigation and drinking water (2x)
- Rehabilitation of water infrastructure in irrigation and water supply and sanitation
- Enhancing community involvement
- New water infrastructure for irrigation purposes
- New water supply and sanitation infrastructure (2x)
- Inventory of water infrastructure.
- Development of house connection and piped distribution, using community based approaches
- Water conservation and protection: regulatory framework, institutional development, promotion and facilitation, and monitoring and evaluation
- Water resource protection and rehabilitation especially in river basins, lakes and reservoirs, and recharge areas
- Water resource management in lakes, rivers and ground water

- Development of water resources
- Protection of catchments area
- Reduce leakages in PDAM
- Human resources development in PDAM (3x)
- Capacity development for government, private sector and NGOs in water resource management specifically through education and training
- Water supply and sanitation including public campaign, community education and awareness building, maintenance and further development of water supply and wastewater infrastructures, and database building
- Capacity building for private sector and regional government in water resources project management
- Development of wastewater regulations including wastewater law, and recrimination and promotion regulations
- ADB should provide finances not only to government but also to the private sector and communities for water resources management projects
- Drinking water services in urban and rural areas particularly in isolated/ unreachable areas
- Flood management
- Focus on urban areas specifically on improving the quality of water supply and sanitation
- Resolution of conflicts in water uses through IWRM, giving priority to the allocation of water for drinking purposes
- Focus on agriculture and fisheries, and on increasing household coverage of water services
- Irrigation and drainage to promote food security
- Optimization of PDAM assets in small and medium cities to improve PDAM balance sheet and ultimately to help PDAM gain access to external funding
- Water supply in medium and small cities and in rural areas particularly in the eastern region at Mamena
- Regional networking for capacity development (2x)
- Human resources development in regional public works office
- Involvement of other ministries aside from the ministry of public works in IWRM specifically the ministries of forestry, agriculture, marines and fisheries, transmigration

Group 2: NGOs

COLLECTIVE RESPONSES:

- Rural water supply for the poor
- IWRM
- Water education

INDIVIDUAL RESPONSES:

- Sanitation investment package should include technical assistance
- Urban poor communities without access to safe drinking water
- Integrated water resources management in river basins; investment package should include development partnership
- Wastewater management including infrastructure, technical assistance and capacity development (2x)
- Trans-boundary rivers management including development partnerships and conflict resolution
- Regional networking for capacity development; the investment package should include capacity development and development partnership (2x)
- Capacity building among different sectors in all levels (4x)
- Promoting users participation in water resources management policy
- Promoting public awareness

- Community-based rural water supply (2x)
- IWRM in river basins (3x)
- Poverty alleviation in dry areas
- Community development and support for community organizations
- Policy dialogue
- Education and knowledge
- Knowledge base building, knowledge and information exchange and strategic mainstreaming of appropriate and workable innovations initiated by NGOs, CBOs, academe and others (3x)
- Drought management in the eastern region
- Flood management
- IWRM: upstream – downstream; quantity – quality; government – private – public; irrigation – DMI
- Detailed and accurate water resources database

Group 3: International Agencies and Academe

COLLECTIVE RESPONSES:

- Urban water supply and sanitation
- Flood management with multi-sectoral involvement and participation
- Institutional development and capacity building
- Infrastructure development
- Service delivery to urban poor communities

INDIVIDUAL RESPONSES:

- Sanitation (5x)
- Improving and expanding the capacity of water service providers to act not only nationally but also at local levels
- Technical assistances to better manage service delivery (4x)
- Institutional capacity building and mechanism to involve the different stakeholders including the poor in the management of water service delivery
- Promoting water sector reforms in DMCs at national and local levels either comprehensively or as piecemeal reforms (2x)
- Investment packages could include assisting and empowering the government to conduct comprehensive water assessment that should cover the various water sub-sectors
- Support national and regional policy dialogue (2x)
- Water infrastructure (2x)
- Development of viable uses management institutions
- Urban water supply (3x)
- Wastewater management
- Flood control and management (3x)
- Infrastructure development, promotion of and capacity building to improve sanitation in urban poor communities (based on city sanitation plan and strategy)
- Regional exchange of experience
- Regional networking for capacity development
- Sector assessment
- IWRM (2x)
- Improved access to clean water especially for the poor in urban areas
- Capacity development
- Regional cooperation
- Water education in school
- Information dissemination using electronic media and others
- Legalization of community involvement in water resources management

- Promote awareness of the importance of water resource management in livelihood development and sustenance
- Community-based water networks
- Public awareness

Question 2. COMMUNITY OWNERSHIP AND SUSTAINABILITY

What strategies would be most effective in promoting community ownership of water infrastructure and services in poor rural areas in Indonesia?

STAKEHOLDER GROUP RESPONSES

Group 1: Government and Private Sector

COLLECTIVE RESPONSES:

- Community involvement
- Government facilitation
- Community education
- Transparency and accountability
- Full cost recovery
- Community capacity building
- Promotion of socialized and community responsibility for water resources operation and maintenance
- Community facilitation
- Public awareness campaigns
- Setting up of water user associations

INDIVIDUAL RESPONSES:

- Community education (3x)
- Community development and empowerment, using community-based approaches (3x)
- Public awareness campaigns (3x)
- Community involvement in water resources projects and services (4x)
- Promotion of community contribution as vehicle to encourage community ownership
- Socialize the risk and benefit of water infrastructure projects and services
- Set-up and develop community water user associations in irrigation and water supply and sanitation
- Water education in schools
- Informal education
- Encourage people and communities to invest in water infrastructure (2x)
- Government facilitation
- Promote transparency and accountability
- Develop and implement full cost recovery scheme
- Water resources management - Sumber Daya Air (SDA)

Group 2: NGOs

COLLECTIVE RESPONSES:

- Community capacity building
- Public participation in the entire project cycle including decision-making
- Tripartite involvement in water resources management

INDIVIDUAL RESPONSES:

- Direct financing
- Water awareness campaigns by local government and services providers
- Participation of NGOs and CBOs in projects implemented by local governments
- Public participation in the entire project cycle
- Community managed water networks
- Socialization and consultation
- Learning process
- Capacity building
- Formation of water resources management institutions at the village, district, and national levels
- ADB should explain what it seeks to accomplish and expects from community ownership
- Community involvement should be early and throughout the process
- Clear authority in water resources management

Group 3: International Organizations and Academe

COLLECTIVE RESPONSES:

- Collaboration/ cooperation between water providers and water users
- Integration of formal and informal
- Enhancement of the role of water user organizations in setting priorities
- Empowerment of community members in managing facilities
- Increase community awareness and community ownership

INDIVIDUAL RESPONSES:

- Enhancement of the capacities of CBOs and NGOs, specifically, they may need to learn to work at larger scale
- Community empowerment including the promotion of community understanding of options and the importance of hygiene promotion (e.g. CLTS: Community Led Total Sanitation)
- Enhancement of the capacities of small scale private sector service providers
- Develop and support community managed WATSAN systems
- Capacity building of local government (2x)
- Strengthen local NGOs
- Water education in schools (2x)
- Small private water networks
- Community managed water networks (3x)
- Service agreements between water providers and water user organizations (2x)
- Resource provision for local government to support community based water systems
- Promote understanding of water resource issues in communities (2x)
- Put in place national and local government policies to support investments in community-owned and managed water infrastructures
- Capacity building and institutional arrangements that are in accordance with existing local conditions and capacities
- Attune facilities to the needs and requirements of communities
- Handover of management to water user organizations
- Community ownership is key to sustainability
- Water awareness campaign. From both top down – shows communities that it is a priority. Grass-roots levels – gives people ownership.
- NGO participation in government projects
- Cooperation between water providers and water user organizations
- Participation of NGOs and CBOs in projects implemented by local government

- Community managed water networks
- People empowerment
- Good governance
- Enactment of good laws
- Allow the community to take their own decisions
- Involve the community in every step of the development of water infrastructures and services

Question 3: PARTNERSHIPS

Which groups or organizations should ADB partner with in the next 5 years in Indonesia? (advocacy and reform, co-financing, knowledge sharing, capacity-building, others)

.STAKEHOLDER GROUP RESPONSES

Group 1: Government

COLLECTIVE RESPONSES:

- Government institutions
- PDAM association
- Regulatory body
- Advocacy and reform: NGOs and parliament
- Co-financing: private sector
- Knowledge sharing: education institutes
- Capacity building: NGOs

INDIVIDUAL RESPONSES:

- Advocacy and reform: government (2x)
- Co-financing: private sector (2x)
- Knowledge sharing: United Nations Development Programme (UNDP)
- Advocacy and reform: local and national parliament: Dewan Perwakilan Rakyat (DPR)
- Co-financing: Bilateral funding agencies
- Knowledge sharing: international institutions doing work in water resources management
- Advocacy and reform: NGOs
- Co-financing: government and private sector (2x)
- Knowledge sharing: universities, institutes, research organizations
- Capacity building: international partnerships to share the lessons learned
- Knowledge sharing: related with informed choice has to be delivered to the community
- Capacity building to enhance water uses capability and capacity: BP2 SPAM
- Public / private partnerships
- To deal with government funding constraints, PPP is one alternative
- Co-financing: Chamber of Commerce
- Directorate General for Human Settlements
- Advocacy and reform: legislative bodies (2x)
- Capacity building: NGOs
- Knowledge sharing: all stakeholders (2x)
- Reforms: all stakeholders
- Co-financing: government
- Knowledge sharing: education institutes
- Ministries of Public Works, Environment, Agriculture, Finance, and Coordinating Ministry of the Economy
- Community organizations
- Bilateral funding agencies

- Universities and institutes
- National Partnership for Water Organization
- Professional associations
- Perpamsi (national association of PDAMs)

Group 2: NGOs

COLLECTIVE RESPONSES:

- Advocacy and reform: CBOs and NGOs
- Knowledge sharing: United Nations agencies and universities
- Universities for knowledge sharing
- Capacity building: country partnerships

INDIVIDUAL RESPONSES:

- Advocacy and reform: media and journalists (2x)
- Public-to-public partnership with support from bond/ stock market
- ADB should develop innovative funding mechanisms to enable NGOs to be more actively involved in ADB projects
- Direct financing to eligible NGOs in the water sector
- Advocacy and reform: civil society groups (2x)
- Co-financing: public-private partnership (3x)
- Knowledge: universities and institutes (2x)
- Capacity: networks among national water apex bodies, rivers basic organization, water utilities, and regulatory bodies (2x)
- Knowledge: international professional associations
- Capacity: country water partnership
- Capacity building: academe
- Advocacy and reform: NGOs
- Co-financing: bilateral funding agencies
- Networks among national water apex bodies, river basin organizations, water utilities, and regulatory bodies
- National and local governments
- Civil society organizations
- Private sector
- Networks of organizations

Group 3: International Organizations and Academe

COLLECTIVE RESPONSES:

- Knowledge sharing: research institutes, universities, schools
- Co-financing: other financial institutions
- Advocacy: media, NGOs
- Legislation: parliament, local government

INDIVIDUAL RESPONSES:

- International knowledge centers, NGOs
- Other financing organizations (bilateral, multilateral)
- Civil society organizations
- Public-private partnership

- Research organizations (2x)
- National government
- Local government
- Training institutions
- Professional associations (2x)
- Advocacy: NGOs (3x)
- Local water partnerships (Indonesia is too big to leave this responsibility at national level)
- Media and journalists (2x)
- Universities and research institutes (3x)
- Knowledge sharing: universities and research institutes
- Community organizations
- Water organization partnerships
- River basin organizations
- Bilateral funding agencies
- International organizations
- Parliamentarians
- Integrated water resources management in river basins

**Appendix 4b: Summary of Outputs
Multi-stakeholder Breakout Groups**

**ADB's WATER POLICY IMPLEMENTATION REVIEW
IN-COUNTRY CONSULTATION FOR INDONESIA**

Shangri-la Hotel, Jakarta, Indonesia
25 August 2005

GROUP 1: NATIONAL POLICIES AND WATER SECTOR AND SUB-SECTOR REFORMS

Question 1. PROGRESS: *What key improvements have resulted from the implementation of national water policy, legal, and institutional reforms in your country? What progress has been made to strengthen the coordination, institutional capacities, and participatory practices of the agencies and institutions charged with governance of the water sector in your country?*

COLLECTIVE RESPONSES

Policy, legal and institutional reforms:

- New laws and regulations have been developed but some are conflicting, e.g. Law 7/2004 versus Law 32/2004
- Law 7/2004 has clarified the roles and responsibilities of the different agencies in the sector
- Implementing/operational guidelines have not yet been developed
- Water as a right has been recognized and is guaranteed

Coordination, institutional capacities, and participatory approaches:

- Inter-departmental coordination mechanism now exists but its effectiveness has yet to be assessed
- Institutions are generally weak to implement the new policies
- Consumers as well as the whole society have little bargaining power

INDIVIDUAL RESPONSES

Government Participants:

- Enactment of Law 7/2004
- New regulation has been issued: government regulation number 16 / 2005 on drinking water supply
- Formation of BP2 SPAM

Question 2. CHALLENGES AND CONSTRAINTS: *What challenges or constraints remain in the way of improving water governance at the national, sector and sub-sector levels?*

COLLECTIVE RESPONSES

- Delivery and access: lack of multi-institution coordination
- Funding: lack of priority given to the sector, unclear policies (DAK and DAU), and lack of funding sources
- Empowerment of users: water user associations continue to be weak and have to be strengthened
- Capacity at local levels remain low; supervision and guidance from central government are not very effective

INDIVIDUAL RESPONSES

Government Participants:

- No coordination among the different sectors involved in water
- Coordination among departments and within departments is still weak (2x)
- Lack of funds for the development of water supply infrastructure

Question 3. REQUIRED ACTIONS: *What water sector reforms are still necessary to build capacities, address constraints, and improve governance in your country? What should ADB do to help?*

COLLECTIVE RESPONSES

Sector Reforms:

- Real integrated water sector policy (service, delivery, resource management, coordination)
- Pro-poor policy
- Incentives for the poor
- Policy for P.P.D.
- Human resource capacity building in water sector

What ADB Should Do:

- Increase soft loan investments in water sector
- Provide TA for water sector reforms including developing public participation, pro-poor policy, public-private partnership
- Assist in multi-sector analysis in preparing new water projects

INDIVIDUAL RESPONSES

Government Participants:

- Explore water resources for livelihood
- Improve the quality of human resources involved in water resources management.
- Strengthen legal framework for private sector participation
- Develop public private partnerships

GROUP 2: WATER RESOURCES MANAGEMENT

Question 1. PROGRESS: *What progress has been made to develop river basin organizations (RBOs) and to pilot a river basin approach to implementing integrated water resources management (IWRM) in your country? What improvements have been made (good practices) to acknowledge social and environmental concerns in water resources projects in your country?*

COLLECTIVE RESPONSES

- Enactment of Law 7/2004 covers the establishment of RBOs
- Coordination among stakeholders
- Establishment of several RBOs
- Requirement of environment impact assessment for projects
- Greater awareness of the need for public participation in water resources management

INDIVIDUAL RESPONSES

Government Participants:

- Coordination among stakeholders
- Program should be transparent for all stakeholders
- Stop deforestation by illegal loggers and farmers
- Create more river basin organizations
- Monitor water quality in the river

International Agency Participants and Project Resource Persons:

- To handle flood management, special body needs to be created involving many sectors
- Education in water resources management

Question 2. CHALLENGES AND CONSTRAINTS: *What challenges or constraints remain in the way of improving water resources development and management, and addressing social and environmental concerns in water resource projects in your country?*

COLLECTIVE RESPONSES

- Low commitments from government, private sector and communities to water resources conservation
- Differing objectives and regulations between national and regional governments, and between the government sectors have resulted in fragmented governance
- Lack of transparency in programs
- Poverty in communities

INDIVIDUAL RESPONSES

Government Participants:

- Role of BAPPENAS as program coordinator is weak and has to be strengthened
- Sector Ego is still big
- Coordination among stakeholders continues to be weak

International Organization Participant/ Project Resource Person:

- Regional disparities in income have created disparities in quality of water services

Academe Participant:

- All RBOs need to operate under the same guidelines / principles

Question 3. *What actions must be taken in the next five years to improve water resources development and management (including addressing social and environmental concerns) in your country and what can ADB do to help?*

COLLECTIVE RESPONSES

- Accelerate cooperation among local governments, government agencies and the different sectors
- Enhance public participation
- Assure revenue for water management activities
- Partner with industries and local governments for water supply and sanitation
- ADB could support a multi sectoral program on water resources management, and public education/community empowerment

INDIVIDUAL RESPONSES

Government Participants:

- Funds should be allocated for all sectors (there is an impression that ADB is allocating funds for only one sector)
- Coordination between all stakeholders

Unidentified Participant:

- Strengthen public participation

GROUP 3: WATER SERVICE DELIVERY (IRRIGATION AND DRAINAGE)

Question 1. PROGRESS: What progress has been made to improve coverage and increase efficiencies in water service delivery in your country? What reforms have been implemented to improve the quality and sustainability of water service delivery in your country? What progress has been made to address affordability and access?

COLLECTIVE RESPONSES

- Two regulations have been enacted: Law 7/2004 and GR number 16/2005
- No improvements have been achieved in coverage and quality of water services

INDIVIDUAL RESPONSES

Government Participants:

- Community participation is absolutely critical.
- Two regulations have been created: Law 7/2004 and GR number 16/2005

NGO and Academe Participants:

- No progress at the policy level
- Sector ministries work alone

Question 2. CHALLENGES AND CONSTRAINTS: What challenges or constraints remain in the way of improving water service delivery in your country?

COLLECTIVE RESPONSES

- Poor condition of irrigation and drainage infrastructures
- Lack of central authority and coordination on irrigation and drainage
- Increasing forest loss, land use changes, water scarcity, rapid urbanization

INDIVIDUAL RESPONSES

Government Participants:

- Scarcity of water has made conservation and efficiency very important
- Regional autonomy makes regulatory framework confusing for this sector
- Poor conditions of irrigation infrastructure
- Rapid urbanization has caused problems for drainage systems

Unidentified:

- Unequal distribution of water has created conflicts.
- Forests are damaged
- Small dams and rivers cannot are insufficient to meet irrigation needs
- Nobody is taking responsibility for the damaged irrigation network

Question 3. *What actions must be taken in the next five years to expand and improve water service delivery in your country and what can ADB do to help?*

COLLECTIVE RESPONSES

- Establishment of an irrigation and drainage authority
- Immediate rehabilitation of lands and forests, involving communities
- Community awareness and education on resource conservation

INDIVIDUAL RESPONSES

Government Participants:

- Support development and control of water resources management
- Strengthen regulatory framework by reviewing inconsistent or conflicting regulations

Unidentified:

- Establish clear rules for the production, distribution, and usage of water services

GROUP 4: WATER SERVICE DELIVERY (WATER SUPPLY AND SANITATION)

Question 1. PROGRESS: *What progress has been made to improve coverage and increase efficiencies in water service delivery in your country? What reforms have been implemented to improve the quality and sustainability of water service delivery in your country? What progress has been made to address affordability and access?*

COLLECTIVE RESPONSES

- Coverage: no progress in some or most of the regions
- Development of National Action Plan
- Efficiency: smaller PDAMs are more efficient (BP2SPAM)
- Quality: lack of management; outdated regulations, i.e., Law 7/ 2004, PP number16/ 2005); 90% unhealthy water supply
- Sustainability: decentralization of water conservation
- Affordability: more expensive and dangerous to the poor
- Access: more difficult to access for the poor

INDIVIDUAL RESPONSES

Government Participants:

- National Action Plan for Water Supply and Sanitation has been prepared
- Regulations have been developed: Law 7/2004 and Government Regulation number16 /2005

Unidentified:

- Give longer period of installment for poor people trying to get water connection
- Funds allocated from government are too small to increase coverage
- Connection charges are still high for most people
- In March 2003, 6 policies on PDAM restructuring have been issued, covering the urban areas
- No concrete progress
- Low service coverage
- Inconsistent water supply
- Productivity of PDAM employees needs improvement
- Access to clean water is still difficult, especially for poor people
- Community pays 10 % for water resources management
- Government has not been optimal in improving quality and sustainability of water provision

Question 2. CHALLENGES AND CONSTRAINTS: *What challenges or constraints remain in the way of improving water service delivery in your country?*

COLLECTIVE RESPONSES

- PDAM management has to be improved
- Local regulations need to be updated to meet the needs of the people and certain groups
- Tariffs should cover water conservation
- Decentralization has caused trans-boundary water conflicts
- Government lacks political will in decision-making
- Privatization is the only solution: public-private partnership
- Providing water for the poor remains a challenge

INDIVIDUAL RESPONSES

Unidentified:

- Limited funds (2x)
- Debt in PDAM is due to corruption
- Decreasing availability of ground water
- Regional cooperation
- Implementing rules and regulations for Law 7/2004 have not been issued
- Limited funds
- Water resource management has been made the responsibility of regional governments under Law 32/ 2004 on regional governance

Question 3. *What actions must be taken in the next five years to expand and improve water service delivery in your country and what can ADB do to help?*

COLLECTIVE RESPONSES

- Provide grants not loans
- Develop good governance within national and local government
- Develop reward and punishment mechanism for PDAM

INDIVIDUAL RESPONSES

Unidentified Participants:

- Improve the professionalism of water services operators
- Delineate between policy makers, regulators and operators in water services delivery
- Develop regional cooperation in water resources management
- Investments in water resources management must involve both government and community
- Improve and restructure the management of PDAM
- Reschedule PDAM debt
- Provide subsidies for the poor
- Improve access to clean, healthy, and affordable water