The Power to Resist: Irrigation Management Transfer in Indonesia

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ABSTRACT: In the last two decades, international donors have promoted Irrigation Management Transfer (IMT) as an international remedy to management problems in government irrigation systems in many developing countries. This article analyses the political processes that shape IMT policy formulation and implementation in Indonesia. It links IMT with the issue of bureaucratic reform and argues that its potential to address current problems in government irrigation systems cannot be achieved if the irrigation agency is not convinced about the need for management transfer. IMT’s significance cannot be measured only through IMT outcomes and impacts, without linking these with how the irrigation agency perceives the idea of management transfer in the first place, how this perception (re)defines the agency’s position in IMT, and how it shapes the agency’s action and strategy in the policy formulation and implementation. I illustrate how the irrigation agency contested the idea of management transfer by referring to IMT policy adoption in 1987 and its renewal in 1999. The article concludes that for management transfer to be meaningful it is pertinent that the issue of bureaucratic reform is incorporated into current policy discussions.

KEYWORDS: Irrigation management transfer, irrigation bureaucracy, policy reform, power struggles, Indonesia

INTRODUCTION

New challenges in water resources management require not only well-formulated reform programmes, but also bureaucracies that value these programmes and are committed to their implementation. Most reform efforts tend to disregard the interests and needs of the bureaucracies in charge of reform implementation that, in essence, are being asked to reform themselves. This article uses the case of Irrigation Management Transfer (IMT) in Indonesia to highlight the need to get buy-in from current authorities on proposed reforms if these are to be meaningful in practice. It provides empirical evidence and conceptual arguments which suggest a (re)conceptualisation of IMT policy.

Irrigation Management Transfer (IMT) became the new international policy trend in irrigation development (Vermillion, 1994) in the early 1990s. Mollinga and Bolding (2004) identify three driving forces behind the emphasis on management transfer. These forces are development and learning within the sector; external and international pressure; and domestic fiscal, economic and political concerns. Promoted by international donors (such as the World Bank and the Asian Development Bank), IMT was adopted by many developing country governments worldwide (Johnson III et al., 1994).

IMT embodies the aspiration of an international epistemic community that includes international policy makers, donor agencies, and international research institutes in their attempt to address the problem of poor performance of government-managed irrigation systems worldwide (Small and Carruthers, 1991; Svendsen, 1993). Viewing the irrigation agency as (technically and financially) inefficient in conducting overall system management (Repetto, 1986; Moore, 1989), international donors and policy makers came to believe that farmer participation would contribute to increased project effectiveness. This idea of farmer participation is derived from successful experiences in farmer-
managed irrigation systems (FMIS) (Ostrom, 1990). The FMIS-WUA analogy is indeed attractive. As stated by Hunt¹ (1989: 79): "[i]f the farmers would only participate, the thinking goes, then the ditches would be constructed, the water would be allocated, and most important of all, the maintenance would be done". Based on this belief they stressed the need for management transfer from the irrigation agency to farmer organisations, the so-called Water Users Associations (WUAs). There seemed to be a general consensus that operational costs of government irrigation systems would decrease if WUAs and farmers would collectively manage the systems; that rapid deterioration of irrigation infrastructure would cease if WUAs and farmers had a greater sense of ownership of the infrastructure; that systems maintenance would be improved if WUAs were in charge of managing operation and maintenance (O&M) funds; and that water would be used more efficiently and distributed more equally if farmers were involved in the overall system O&M.

The shaping of IMT policy as key to irrigation reform (Johnson III et al., 2004) originated from the successful management transfer in the Philippines (Korten and Siy, 1988; Oorthuizen, 2003). Later, the Mexican experience accelerated the shaping of IMT as an international policy trend in the early 1990s (Rap, 2004). IMT was adopted by the World Bank as one of the cornerstones of its water management policy (Groenfeldt and Svendsen, 2000) and it became a reform model promoted worldwide. The validity of promoting reform through a policy model has been questioned by various scholars in irrigation development. Mollinga and Bolding (2004: 4) argue that policy models in general "do not turn out to be so wonderful when practice is studied more closely". Rap (2006) highlights the fact that policy reforms cannot be 'engineered' externally, when one takes into account the importance of the cultural context and how policies are shaped by socio-economic and political factors. Nevertheless, at that time, it was believed that IMT could solve many problems in government-managed irrigation systems in developing countries (Turral, 1995; Malano and Hofweg, 1999).

Recent scholarship on IMT questions the policy’s effectiveness in addressing the above-mentioned problems (Mukherji et al., 2009; Ghazouani et al., 2012). This article attempts to contribute to the debate by bringing to light a major gap in the IMT research, which pays little attention to the irrigation agency’s perception of management transfer. I argue that IMT’s significance cannot be measured only through analysis of IMT outcomes and impacts (Vermillion et al., 2000; Theesfeld, 2008; Latif and Tariq, 2009) without linking these with how the irrigation agency perceives the idea of management transfer in the first place, how this perception (re)defines the agency’s position with regard to IMT, and how it shapes the agency’s action/strategy in the formulation and implementation of the IMT policy. My hypothesis is that unless the buy-in of current holders of authority and associated resources is secured, reform programmes are likely to be compromised by efforts to protect their interests. While derived from IMT experiences, I argue that this hypothesis applies to other water reform programmes in general, not limited to the irrigation sector. Within the context of hydropower development, for instance, any attempt to change the overall management of a dam has to go hand in hand with efforts to convince the dam management authority about the need for such change. Similarly, to be successful, policy reform to reduce groundwater extraction or improve access to clean and safe drinking water has to provide all parties involved with positive incentives.

Referring to the politics of policy theoretical perspective (Grindle, 1990), I highlight how IMT policy formulation and implementation in Indonesia were shaped by political contestation (Hilgartner and Bosk, 1988; Rochefort and Cobb, 1993). The politics of policy perspective contests the instrumental view of policy as a rational, universal problem-solving tool. Crewe and Harrison (1998) show, for instance, how internationalisation of policy through development assistance unfolds, based primarily on donors’ perceptions, regardless of how local actors viewed the proposed policy ideas vis-à-vis their development interests and aspirations (see also Mosse, 2005, on the ethnography of policy). The

¹ See also Hunt, 1989, on the problematic translation in the promotion of farmer participation under FMIS into WUAs in government irrigation systems.
politics of policy perspective questions the validity of this hegemonic tendency in policy formulation processes (Edelman, 1998) and emphasises the need to understand how policy actually works in practice. It focuses on the policy actors’ interests, perceptions and strategies in relation to the defined policy and how these shape and reshape negotiation processes, resource allocations, and alliance formation in policy processes (Klijn, 1996).

Viewing policy as a process (Clay and Schaffer, 1984), I focus on how the irrigation agency perceives the idea of management transfer. As stated by Griffin (1975: 2):

Rather than assume that governments attempt to maximize social or national welfare but fail to do so, it might be more suitable to assume that governments have quite different objectives and generally succeed in achieving them. Rather than criticizing governments for failing to attain or offering advice on how to attain a non-goal, it would be instructive if more time were devoted to analysing what governments actually do and why.

This article analyses the IMT policy renewal in Indonesia in 1999 and the power struggles over the principle of management transfer that occurred afterwards. It illustrates how the actual meaning of management transfer is shaped through negotiation and alliance formation processes between the different government ministries, political party representatives in the parliament, academics and civil society organisations, in a power struggle that culminated during the promulgation process of the new Water Law. Furthermore, it brings to light the close linkages between IMT and the issue of bureaucratic reform. Recently, more emphasis has been given to the political aspect of IMT (Moore, 2001, 2004; Mollinga and Boldi, 2004;). However, with the exception of earlier work by Korten and Siy (1988) and Oorthuizen (2003) on the National Irrigation Administration in the Philippines, and Rap et al. (2004) on the reconstitution of the hydraulic bureaucracy in Mexico, these researches hardly link the political dimension of IMT with the potential and need for bureaucratic reform.

The IMT controversy

The IMT controversy is rooted in the way international donors and policy makers perceive the irrigation agency both as a government agent, incapable of managing the irrigation system, and as a reform agent, responsible for the formulation and implementation of IMT (Suhardiman, 2008). As an incapable government agent, the agency’s role in management has to be reduced and paralleled by the empowerment of WUAs. Yet, as a reform agent, the agency is responsible for the organisational development of WUAs. Paradoxically, IMT is to be implemented not only by the very agency whose

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2 See also Sabatier, 1988 on the analysis of belief system consisting of normative and causal values shared by the members of the alliance, and thus referred to these members as their ideological basis on which to act in concert.

3 The line of analysis in this article is derived from my PhD field research (2003-2006) on Irrigation Management Transfer (IMT) policy in Indonesia. The research was funded by Wageningen University and International Water Management Institute (IWMI). This article emphasises the irrigation agency’s role in IMT and the power struggles at national level. In conjunction with a comprehensive review of existing legal frameworks (laws, government regulations, presidential instructions, ministerial decrees, policy guidelines) on water resources management in general, and on irrigation in particular, as well as IMT policy documents formulated prior to and after 1999, I documented and analysed the struggle over management transfer that occurred from September 2003 to February 2004. Primary data collection at national level comprises of semi-structured interviews, key informant analysis, and direct observations during meetings, workshops and conferences. I conducted a total of 78 interviews with mid- and high-level government officials from the irrigation agency, Ministry of Agriculture (MoA), Ministry of Home Affairs (MoHA), and the National Development Planning Agency (NDPA), as well as parliament members, various political party representatives, non-governmental organizations (LP3ES, SKEPHI, JKII), irrigation academics from various universities in Indonesia (Gadjah Mada University, Bandung Institute of Technology, Andalas University, Padjajaran University), civil society groups, the media, and WUA representatives. In addition to these interviews, I had the opportunity to directly observe both formal and informal discussions between various parties involved in the promulgation process of the new Water Law.
power and authority will be reduced by the policy, but also by the very agency which was perceived as incapable of managing irrigation systems in the first place (Stone, 1988).

The idea of management transfer is perceived as both a solution and a problem by international donors/reformers and the irrigation agency, respectively. International donors formulate IMT policy to address the problem of poor performance of government irrigation systems in developing countries worldwide. The irrigation agency, on the other hand, perceives the proposed management transfer as a potential threat to its bureaucratic power and existence. From the agency’s perspective, farmers’ increased role and involvement in system management could potentially reduce the agency’s decision-making authority and power. In Indonesia, the irrigation agency views IMT as something that could reduce the scope and degree of infrastructure development, endanger the agency’s access to sectoral development funds, and threaten the sustenance of its bureaucratic identity (Suhardiman, 2008). In general, the agency’s position towards IMT is primarily related to its motivation to defend and protect its bureaucratic territory and interests (Oorthuizen, 2003; Rap, 2004; Wester, 2008).

Central in the IMT policy controversy is the way international donors and policy makers assume that government bureaucracy can be used as a policy instrument (Mosse, 2005) to achieve the defined policy objective. International donors perceive the idea of management transfer merely as a technical, managerial issue, rather than a political one (Mollinga and Bolding, 2003). In the international literature, the irrigation agency’s reservation or resistance towards IMT is often camouflaged in the language of ‘lack of capability’ or ‘lack of political will’ (Apthorpe, 1986). International donors explain IMT policy failure under the notion of ‘implementation barriers’ or the failure to create certain conditions required for IMT implementation. These barriers include the irrigation agency’s lack of motivation to direct the process of management transfer; the WUAs’ inability to fill in their new role in systems management; the lack of coordination between the implementing agencies; the poor organisational performance of these agencies; and uncertain fund disbursement for IMT implementation (Huppert et al., 2001). Rather than explicating the ‘why’ of these phenomena and designing subsequent policy strategies on this basis, these elements are simply ‘inversed’ and presented as preconditions required to be tackled in IMT policy implementation. Proposed remedial actions include: a clear task redefinition between government and farmers; a strong legal framework for WUAs; good condition of irrigation infrastructure; and strong support from the government (Frederiksen, 1992).

In Indonesia the IMT policy controversy was hidden under international donors’ tendency to promote IMT and the irrigation agency’s strategy to camouflage its resistance in order to secure donor funds.

THE WORLD BANK AND IMT POLICY IN INDONESIA

International donors like the World Bank and the Asian Development Bank were among the major financial supporters for IMT adoption by developing country governments worldwide. In Indonesia, the World Bank was instrumental in promoting IMT policy adoption in 1987 and its renewal in 1999. The IMT policy was first adopted under the Irrigation Operation and Maintenance Project (IOMP) 1987 statement, which was essentially an agreement between the irrigation agency in the Ministry of Public Works (MPW) and the World Bank as the main funder. Apart from this statement, the government did not issue any further official regulation or decree as a means of providing a legal framework for IMT.

The irrigation agency’s reservation to IMT under the IOMP 1987 statement was evident in two ways. First, the agency focused the implementation of IMT on small-scale irrigation systems (under 150 ha), which were farmer-managed even prior to management transfer. Second, the agency extended the size of irrigation systems to be transferred to 500 ha in the early 1990s (Bruns, 2004). However, IMT implementation was limited only to a few irrigation systems classified as the pilot projects of the Java
Irrigation and Water Resources Management Project—Irrigation Development Turnover (JIWMP-IDTO) component (JIWMP-IDTO report). Furthermore, the irrigation agency agreed to adopt IMT as part of the Bank’s preconditions to continue loan-funded projects, as it lacked any other funding resources (see IOMP, 1987 statement: Policy statement 6).

The way the irrigation agency perceived IMT primarily as a policy tool to mobilise development funds (Vermillion et al., 2000) was evident in the way IMT was later transformed into a construction programme. Bruns and Atmanto (1992) illustrate how the agency shifted the emphasis from management transfer to construction works by strategically redefining the system classification for transfer. Based on the formally defined system classification, construction works were to be done only in irrigation systems which had government-built infrastructure, and which needed physical improvement before transfer. Systems with no government-built infrastructure were supposed to be directly transferred once the necessary organisational structure of the relevant WUA was put in place. However, in the end, an assessment conducted by the irrigation agency revealed that construction was required for all schemes.

In 1999, the IMT policy was renewed and the degree and scope of management transfer were redefined. Under the World Bank-funded Water Sector Adjustment Loan, or WATSAL, the degree of management transfer was increased (up to the main system level) and IMT was implemented on an unprecedented scale. The scope of the IMT programme was extended to all irrigation systems in Indonesia, regardless of their size and location, and thus not limited to any pilot project. The WATSAL IMT programme was spread throughout all four Java provinces (covering 40 districts with six irrigation systems in each district to undergo IMT) and in all eight off-Java provinces (including 16 districts with two irrigation systems in each district to undergo IMT) (Suhardiman, 2008). In addition, WUAs were authorised to manage Irrigation Service Fees (ISFs) and were allowed to decide on the allocation of development funds for irrigation system improvement (Government Regulation number 77 of 2001 on irrigation). This was possible because IMT was linked to the overall application of regional autonomy (Aspinall and Fealy, 2003) following the country’s political reform in 1998. Here, IMT became part of the wider reform programmes, and not just part of the irrigation agency’s sectoral development programme. This linkage not only increased the IMT policy profile, but also positioned the Ministry of Home Affairs (MoHA) as a potential key player in the WATSAL IMT programme, next to the irrigation agency, and enabled district governments to partially decide on IMT implementation. Unlike in IOMP 1987 where the irrigation agency decided on the sites of IMT implementation, in the WATSAL IMT programme district governments can decide whether or not they are interested in implementing IMT policy for irrigation systems in their districts and play a greater role in the overall IMT implementation.

Referring to the overall application of regional autonomy, the World Bank manoeuvred the process of IMT policy renewal through strategic legal, institutional, and financial measures. First, the Bank increased the IMT policy profile through the formulation of a legal framework. The completion of adequate legal regulations was identified as one of WATSAL’s policy objectives and milestones, and thus as one of the requirements for loan disbursement to the irrigation agency (Letter of Sector Policy of 1999). In 2001, IMT policy was legally backed up by a presidential instruction (Presidential Instruction number 3 of April 1999 on IMT), two ministerial decrees (on IMT and WUAs empowerment guideline), and a government regulation (Government Regulation number 77 of 2001 on irrigation). The government regulation acted as the legal umbrella for these two ministerial decrees.
Table 1. Comparison of IMT under the IOMP 1987 statement and WATSAL 1999.

<table>
<thead>
<tr>
<th>Implementing agent</th>
<th>IOMP 1987 statement</th>
<th>WATSAL 1999</th>
<th>New policy elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>National irrigation agency and its representatives at provincial level</td>
<td>National irrigation agency and MoHA together with district irrigation agency, which acts under the authority of district government</td>
<td>-Decentralisation of authority to district level. IMT as sectoral reform, part of regional autonomy</td>
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<tr>
<td>Development funds channelling</td>
<td>Centralised</td>
<td>Directly to district government</td>
<td>District Irrigation Improvement Fund (DIIF) as additional shortcut in disbursement of development funds</td>
</tr>
<tr>
<td>Focus on IMT</td>
<td>-WUA formation</td>
<td>-Actual management transfer</td>
<td>The role of WUAs as the main agent in the proposed fiscal decentralisation.</td>
</tr>
<tr>
<td>-Participatory design and construction</td>
<td>-WUA’s role in system O&amp;M through its direct access to O&amp;M funds</td>
<td></td>
<td></td>
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<tr>
<td>-ISF collection</td>
<td></td>
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<tr>
<td>Degree of transfer</td>
<td>Limited to the tertiary level (during ISSP I and ISSP II) and later tested at secondary level (during JIWMP)</td>
<td>Flexible, up to system level</td>
<td>The principle of one irrigation system-one management</td>
</tr>
<tr>
<td>Scope of IMT implementation</td>
<td>Limited to irrigation systems smaller than 500 ha, located in the pilot sites</td>
<td>Widespread, based mainly on district government’s willingness to implement IMT</td>
<td>Sectoral reform as part of regional autonomy</td>
</tr>
<tr>
<td>The role of farmers/WUAs as projected in IMT</td>
<td>As government instrument to improve system cost recovery</td>
<td>As government agent for reform</td>
<td>WUAs is equipped with some decision-making authority</td>
</tr>
<tr>
<td>WUA’s main activities</td>
<td>-ISF collection</td>
<td>-ISF collection</td>
<td>-WUAs are authorized to manage ISF</td>
</tr>
<tr>
<td>-Participatory design and construction</td>
<td>-O&amp;M training</td>
<td>-WUAs have access to propose the allocation of development funds (O&amp;M)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Suhardiman, 2008.
These IMT legal frameworks were formulated prior to the promulgation of the new water law. As these frameworks embodied the idea of management transfer from the irrigation agency to WUAs, they were, in theory, contradicting the Water Law number 11 of 1974, which was still in force in 1999. Unlike the presidential instruction and the government regulation, the water law positioned the irrigation agency as the central authority in irrigation system management. Technically, to remove this legal contradiction, the government regulation should only be formulated after the promulgation of the new water law. However, bearing in mind that the promulgation process of the new law would definitely take more time than the government regulation (due to longer and more extensive consultation and approval processes at the parliament, involving all relevant ministries and the wider public), the Bank decided to use both the presidential instruction and the government regulation as a short cut to accelerate the speed of policy reform. The Bank’s decision was also based on definite concerns among key staff in the National Development Planning Agency (NDPA) that they might lose the momentum of reform if they had to start with the law renewal process first.

Second, the Bank broadened the overall process of IMT policy formulation from a sectoral to an inter-ministerial decision-making platform through the formation of the WATSAL coordinating team, steering committee, and task force. This platform comprised 11 line ministries and was led by the Coordinating Minister of Economy-Finance-Industry (Menko Ekuin), the minister of the Ministry of Settlement and Regional Development (Kimbangwil), and the head of the NDPA. As a result of the political reform in 1998, the NDPA’s formal status was reduced from a government ministry to a mere planning agency.

Furthermore, the World Bank appointed the Directorate General of Rural Development (DGRD) in the Ministry of Home Affairs (MoHA) as the second government agency in charge of IMT implementation. Though this appointment appears logical, given the fact that the WATSAL IMT programme was linked to the overall application of regional autonomy, which the MoHA is in charge of, the exact reasons behind this appointment were not formally stated or publicly presented (T. Herman, informal communication, 2003). From my interviews with some government officials and World Bank senior officials (2003), I learned that it was made mainly to limit the irrigation agency’s ability to divert the actual implementation of IMT towards construction-based development (as in the IOMP), simply by reducing its access to project funds. This appointment consequently divided the cash flow between the irrigation agency and the DGRD in MoHA. Unlike the irrigation agency, which continued to reduce the WATSAL IMT programme implementation to construction and rehabilitation activities (Suhardiman, 2008), the DGRD used the money mainly to increase the speed of management transfer through the formation of a Federation of WUAs and system-level WUAs at the secondary and main system levels, respectively. Selecting the MoHA as the second implementing government agency turned out to be a very strategic choice, especially in the later stage of the WATSAL IMT programme, when the irrigation agency attempted to halt the programme implementation. MoHA’s interest in sustaining its role in the development of the irrigation sector vis-à-vis the irrigation agency’s effort to halt the WATSAL IMT programme was altogether manifest in the bureaucratic struggles that occurred in 2003.

The Bank’s successful attempt to reconfigure the post-reform political context in Indonesian is linked to the fact that the Ministry of Public Works (MPW) under which the irrigation agency was formerly located was abolished at the very moment the IMT renewal was started. The MPW was abolished in 1999 following the anti-corruption movement in Abdurrachman Wahid’s presidency. Following this abolition, the irrigation agency was placed under the new Ministry of Settlement and Regional Development (Kimbangwil). Unlike the former MPW minister who was a top-level bureaucrat with a civil engineering background, the new Kimbangwil minister came from an NGO with a strong environmental background. Under Kimbangwil the irrigation agency’s bureaucratic importance was

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4 The new Water Law was promulgated in February 2004.

5 See Suhardiman, 2008 for detailed information on the MPW abolition and processes that followed it.
reduced. The former Department of Irrigation was reduced to a mere irrigation unit incorporated into the Department of Rural Development (DRD). Following the abolition of the MPW, senior officials in the irrigation agency, the so-called core policy actors (Sabatier and Hunter, 1988), did not join Kimbangwil but instead formed the State Ministry of Public Works (Meneg PU) as a bureaucratic counterforce to Kimbangwil. Unlike Kimbangwil, which was run by a new minister, Meneg PU consisted primarily of the 'one hundred brightest officials' selected by high officials from the former MPW. In practice, however, Meneg PU lacked any decision-making power with regard to sector development, as all development funds for irrigation were allocated to Kimbangwil. Apart from its function to shelter the 'core policy actors' in the irrigation agency, Meneg PU did not play any role in irrigation sector development. Consequently, as core policy actors in the irrigation agency were excluded from the overall decision-making process, their influence in directing the sector development diminished. This resulted in a temporary decision-making vacuum in irrigation development. Later, the Bank and mid-level officials from NDPA used this decision-making vacuum as their starting point to push for IMT renewal. Yet, the irrigation agency regained its prominence in 2003 following the formation of the Ministry of Settlement and Regional Infrastructure (Kimpraswil), which organisational structure and development focus resemble those of the former MPW. At present, Kimpraswil’s name is changed back to MPW.

POWER STRUGGLES: THE IRRIGATION AGENCY STRIKES BACK

As stated by Patashnik (2008: 161) "the enactment of a policy reform... signals not the end of the political story, only the start of a new chapter". Across the globe the irrigation agencies have resisted IMT in different ways, relying primarily on their sectoral decision-making authority as well as on their role in irrigation system management (Velde and Panella, 2004; van der Velde and Tirmizi, 2004). In Indonesia, the irrigation agency’s resistance was manifest in intense bureaucratic struggles over the principles of management transfer.

Bureaucratic struggles at inter-ministerial level

Between 1999 and 2003, the implementation of the WATSAL IMT programme was focused on the formulation of IMT legal frameworks, drafted by the WATSAL Task Forces (WTF) as well as on strengthening of WUAs and actual management transfer in the field. While the irrigation agency continued to shape the programme implementation with a strong emphasis on construction and rehabilitation of irrigation physical infrastructure, the agency did not show any attempt to halt the overall WATSAL IMT programme through its representatives in the WTF. The irrigation agency’s 'cooperative' policy behaviour was related to the fact that at that time the core policy actors from the irrigation agency were excluded from the overall decision-making processes. The irrigation agency’s representatives in the WTF came from Kimbangwil and not from Meneg PU.

Bureaucratic struggles at inter-ministerial level began with the amalgamation of both Kimbangwil and Meneg PU into Kimpraswil in 2001, following the presidential change from Abdurrachman Wahid to Megawati Soekarnoputri. Formally, the lack of bureaucratic experience of Kimbangwil’s new staff and its broad development coverage were mentioned as the main reasons behind the decision to unite the two ministries. According to my informants, however, the main reason behind the unification rested on the change of the president. In Indonesia, each new president would appoint his/her new cabinet ministers, based mainly on their political loyalty towards the ruling political party. With the appointment of Soenarno, a senior official at the former MPW, as the new Kimpraswil minister, the core actors in Meneg PU regained their decision-making authority and the irrigation agency’s importance was re-established.

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6 These core policy actors comprise of both active and retired high officials close to the former MPW minister.
Following the unification, Kimpraswil withdrew from the formulation process of a joint Ministerial Decree on the District Irrigation Improvement Fund (DIIF), which was to be issued by Kimpraswil, the MoHA, and the Ministry of Finance as one of the legal requirements for the third tranche of WATSAL funds disbursement in December 2003. Theoretically, the DIIF would enable the World Bank to directly channel O&M funds to district governments. Consequently, Kimpraswil perceived DIIF application as a threat that would reduce their access to sectoral development funds. Kimpraswil’s decision to withdraw originated from a letter written by a retired high official from the irrigation agency, addressed to Kimpraswil minister in mid-2003. At that time, the draft water law had entered parliament and this official was appointed as one of Kimpraswil’s representatives in parliament. While reading the draft law, he discovered that the former government regulation on irrigation (Government Regulation number 23 of 1984) was replaced with a new one (Government Regulation number 77 of 2001). Reading the new regulation for the first time, he realised the potential dangers of IMT under WATSAL and decided to alert the Kimpraswil minister. The minister called a closed-door staff meeting, which included only high officials in the irrigation agency to discuss alternative strategies to halt the WATSAL IMT programme.

In September 2003, the irrigation agency launched a moratorium to halt the WATSAL IMT programme. This moratorium marked the beginning of the bureaucratic struggles between the irrigation agency and the DGRD in MoHA. According to the moratorium, IMT policy under WATSAL would be substantially changed. The principle of ‘one irrigation system-one management’ would be cancelled and farmer involvement in irrigation system management would be limited to the tertiary level (Moratorium letter, 3 September 2003). The idea to proclaim a moratorium was to send a message to other government ministries, but especially to the NDPA and the DGRD in MoHA, that the irrigation agency had regained its sectoral decision-making authority (interviews with senior officials from the irrigation agency, 2003). In addition, the moratorium manifested the irrigation agency’s demand for bureaucratic loyalty from all his staff at different administrative levels. It conveyed the agency’s order to its staff to take a united stand against the WATSAL IMT programme.

In 2003, however, IMT policy was not just a policy statement or agreement between the irrigation agency and the World Bank. Basic principles of management transfer in the WATSAL IMT programme were legally backed up by the Government Regulation number 77 of 2001 on irrigation. Hence, in order to halt the WATSAL IMT programme, the irrigation agency needed a legal back-up with a higher legal status than the government regulation. The draft Water Law which at that time had already entered the parliament served as a perfect instrument to defend the agency’s bureaucratic interests and halt the WATSAL IMT programme.

Supported by its role as the formally appointed government agency responsible for monitoring the promulgation process of the Water Law, the irrigation agency revised three clauses (clauses 43, 68 and 81) in the draft law, in line with its moratorium letter. The first revision concerned the re-instalment of government’s decision-making authority in irrigation system management (draft Water Law, 20 September 2003 version). The second revision concerned the rejection of the one irrigation system-one management principle in the WATSAL IMT programme. Through this principle, the WATSAL IMT programme gave farmers and WUAs the opportunity to propose for management transfer from secondary up to the irrigation system level. In the revised clause, WUAs’ role in irrigation management was limited to the tertiary level. As stated in the revised version: “O&M for main system networks is the responsibility of central government and regional government. O&M for tertiary networks is the responsibility of WUAs” (draft Water Law, 20 September 2003 version). This was in contrast to farmers’ involvement as promoted under WATSAL. As stated in the earlier version: “[a]s far as it is possible, the community can be involved in the implementation of O&M” (draft Water Law, 27 August 2001 version). The third revision concerned the elimination of the possibility for WUAs to access and manage O&M funds under the District Irrigation Improvement Funds (DIIF). According to the revised version, all financial responsibility for system management was to be assumed by the government.
Unlike the irrigation agency, officials in the DGRD/MoHA could not change the revised version of the draft Water Law without consultation with, and permission from, the irrigation agency. Nevertheless, on 8 September 2003, five days after the announcement of the moratorium, the Minister of Home Affairs sent a letter of concern to the Commission IV, responsible for the promulgation of the Water Law in parliament, requesting the incorporation of IMT principles established under WATSAL (as stated in Government Regulation number 77 of 2001 on irrigation) into the to-be-promulgated Water Law (letter from MoHA to Commission IV, 8 September 2003). With reference to MoHA’s letter, the Commission IV at parliament decided to postpone the promulgation process of the Water Law until the bureaucratic disagreement between the irrigation agency under Kimpraswil and MoHA was resolved (Working Committee meeting, 8 September 2003). MoHA’s motive to challenge Kimpraswil’s strategies to halt the WATSAL IMT programme was driven by its interests in sustaining its access to project funds for IMT implementation and its role in irrigation sector development.

On 2 October 2003, Kimpraswil minister wrote a letter to the President, seeking her support to proceed with the promulgation process of the Water Law (letter from Kimpraswil minister to the President, 2 October 2003). Similarly, on 13 October 2003, the MoHA minister sent a letter to the President insisting on incorporating IMT principles under WATSAL into the to-be-promulgated Water Law (letter from MoHA minister to the President, 13 October 2003). Theoretically, a formal letter from the President to either Kimpraswil or MoHA would end the bureaucratic struggles between the two ministries. In practice, presidential support was given to neither Kimpraswil nor MoHA. While there was no formal statement with regard to this absence of presidential support, many assumed that President Megawati Soekarnoputri did not want to get involved in the bureaucratic power struggles between MoHA and Kimpraswil, as she and her political party might have to rely on both ministries’ support for the upcoming national election. In Indonesia, government ministries often function as the President’s financial resource to sustain and reproduce his/her political power (personal communications with various officials from NDPA, MoA and former MPW, December 2003) (see also Suhardiman and Mollinga, forthcoming).

On 16 October 2003 the irrigation agency initiated an informal meeting with MoHA to reconcile their bureaucratic disputes on IMT and speed up the promulgation of the draft Water Law. Both parties agreed that the irrigation agency’s access to the sectoral development funds would be ensured through its role in managing large-scale irrigation systems (larger than 4000 ha). Parallel to this, MoHA was granted access to sectoral development funds through its role in the management of small (between 600 and 1000 ha) and medium-scale (between 1000 and 4000 ha) irrigation systems. With the resolving of the bureaucratic dispute the promulgation process of the Water Law was resumed in December 2003.

The irrigation agency’s strategic alliance in the parliament

In the aftermath of the bureaucratic reconciliation with the DGRD of MoHA, the irrigation agency shaped the outcome of the power struggles in the parliament, relying on its alliance with the ruling political party at that time, PDI-P. The Kimpraswil-PDI-P coalition was apparent during the entire promulgation process of the draft Water Law. Being the political party that held the majority of seats in parliament, PDI-P’s vote to either postpone or proceed with the promulgation of the Water Law was crucial in ensuring the irrigation agency’s ability to retract the WATSAL IMT programme. As the government ministry assigned with the task to lead the promulgation process of the Law, Kimpraswil was already in close connection with PDI-P. In Indonesia, the general political rule applies that key positions in government ministries are often held by officials with direct connection to the ruling

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7 PDI stands for Indonesian Democratic Party (one of the three political parties during Suharto’s presidency). In 1998, PDI-P was formed as a political party independent of PDI, following Suharto’s resignation and the lifting of the New Order’s restriction to three political parties. Initially, PDI-P represented the political movement that opposed Suharto’s regime. The latest P stands for ‘perjuangan’ literally meaning struggle.
political party. Soenarno, Kimpraswil minister at that time was a PDI-P cadre having close connection with the party leadership. Later, through its relationship with PDI-P, Kimpraswil extended its network of alliances to other political party representatives, mainly through the practice of money politics and pork barrel deals (Suhardiman, 2008). According to some members of Commission IV, a considerable amount of money was involved in the promulgation process of the new Water Law. The amount of money mentioned (US$150 million) coincided with the exact amount of the third tranche of WATSAL funds disbursement. At parliament the struggles about the principles of management transfer included concerted efforts of various parties and actors, including prominent academics, civil society leaders, and mid-level officials from NDPA, MoHA, and the MoA, which were informally grouped under the umbrella of a consortium of NGOs and universities, to counterforce the Kimpraswil-PDI-P alliance.

Notwithstanding these debates, the Water Law was promulgated in February 2004. This promulgation legally backed the irrigation agency’s attempt to recentralise irrigation sector development and halt the implementation of the WATSAL IMT programme. In the aftermath of these power struggles, the irrigation agency introduced its own participatory irrigation management programme, which limits farmers’/WUAs’ involvement at the tertiary level.

The overview of coalition and counter-coalition formations during the promulgation process of the new Water Law at parliament from December 2003 until February 2004 is illustrated in Figure 1.

Figure 1. Coalition formation at parliament.8

![Coalition formation at parliament](image)

Source: Suhardiman, 2008.

The promulgation of the Water Law did not stop the widespread criticism of its controversial contents. On the same date the draft Water Law was approved in the plenary meeting, the Irrigation Communication Network of Indonesia, a network comprising irrigation academics and retired senior officials from the irrigation agency, and civil society, delivered a legal appeal to charge members of Commission IV. This appeal was addressed to the public court in Jakarta. Sixteen NGOs proposed a judicial review of the new Water Law (see KOMPAS newspaper, 8 March 2004). These efforts, however, did not lead to the reformulation of the promulgated Water Law. The irrigation agency used the

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8 During Suharto’s presidency Golkar (Party for Functional Groups) was the ruling political party at that time; PDI (Indonesian Democratic Party); and P3 (United Development Party). All other parties were formed after the fall of Suharto’s New Order in 1998. PKB stands for National Awakening Party; Reformasi faction comprised PAN (National Mandate Party) and PKS (Prosperous Justice Party); PBB stands for Crescent Star Party and PDU for Sovereign People Party, and TNI for the Indonesian military. The military faction has a certain amount of reserved seats within the parliament.
promulgated Water Law as its legal means to justify the agency’s attempt to recentralise irrigation sector development and halt implementation of the WATSAL IMT programme.

**THE IRRIGATION AGENCY AND ITS PARTICIPATORY IRRIGATION PROGRAMME**

In the aftermath of the IMT policy struggles at the national level, the irrigation agency informed the representatives of the regional governments about the recent promulgation of the Water Law, and thus the need to halt the WATSAL IMT implementation in the field. At the national level, two workshops were held at the NDPA office. Present during these workshops were officials from the irrigation agency, the NDPA, MoHA and regional government (provincial and district) representatives from the 29 provinces of Indonesia.

Following the overall application of regional autonomy in 2001 (Aspinall and Fealy, 2003), provincial and district governments were authorised to define their own development programmes. In theory, the irrigation agency lacked any legal power to enforce direct policy translation from the national to the regional level. Formally, the irrigation agency was no longer ‘represented’ at the regional level. The sectoral command line in irrigation which ran from the national irrigation agency down to its representative at the field level was cut as a direct consequence of regional autonomy. Following the regional autonomy, irrigation agency staff at district and provincial levels were incorporated into the district and provincial governments.

In practice, however, the implementation of the WATSAL IMT programme through the project structure preserved the irrigation agency’s power to direct the sector’s development. Implemented through a project development approach relying on an ad hoc project structure and mechanisms, the WATSAL IMT programme was run through provincial irrigation projects as its management units. The head of the provincial irrigation project (PIP) became the irrigation agency’s new ‘representative’ at the provincial level, as project funds for IMT implementation were disbursed directly from the national irrigation agency to the project head, partially bypassing the provincial and district governments.

The irrigation agency used its access to project funds to force regional governments’ compliance in relation to halting the WATSAL IMT implementation. The irrigation agency successfully halted IMT implementation in several districts by temporarily ‘freezing’ fund disbursement to the regional governments shortly after the promulgation of the new Water Law. Development activities related to the WATSAL IMT programme in the PIP were given ‘non-budgetary’ status, meaning that no budget would be given to these activities until further notice. The promulgation of the new Water Law provided the irrigation agency with the legal back-up to recentralise the sector’s development. The irrigation agency’s power to decide on the actual disbursement of project funds halted the implementation of the WATSAL IMT programme in the field.

**THE IRRIGATION AGENCY AND THE WORLD BANK**

The promulgation of the controversial Water Law highlights the irrigation agency’s indisputable position as the holder of authority in irrigation sector development in relation to other government ministries and the agency’s relationship with the World Bank. The irrigation agency was aware of the consequences of its resistance towards IMT with regard to the World Bank’s decision to either delay or cancel disbursement of funds to the agency. The occurrence of the power struggle coincided with the World Bank’s third tranche of the WATSAL IMT programme for disbursement of funds. Nonetheless, this did not make the irrigation agency try to hide its opposition to the IMT promoted by the Bank.

The World Bank was fully informed of the irrigation agency’s attempt to redirect the policy path in the WATSAL IMT programme. In its draft aide memoire in June 2003, the World Bank had already advised the Government of Indonesia (GoI) to avoid any revision of the two key outputs in WATSAL (the Ministerial Decrees on the District Irrigation Improvement Fund or DIIF and the Government Regulation
on irrigation) (the letter from the World Bank to the NDPA, 3 June, 2003). Later, with reference to the irrigation agency’s moratorium, the Bank wrote a letter to the NDPA demanding the GoI’s confirmation of its position with regard to the continuation of the WATSAL IMT programme (letter from the World Bank to the NDPA, 19 November 2003). As stated in the letter: "[t]he Bank would greatly appreciate to receive confirmation of the government’s commitment to its irrigation policy reform, and to the regulations it already has issued". Further, the Bank recommended the GoI to "ensure that it has a unified and consistent position on its sector policy, particularly where it concerns irrigation management". The letter signals the Bank’s strategy to use its role as provider of development funds as a means to keep the irrigation agency on the track of its irrigation policy reform as agreed under the WATSAL IMT programme.

In May 2004, however, the NDPA wrote back to the World Bank, stating that the irrigation agency under Kimpraswil, the NDPA and the MoHA had reached an agreement on the key principles of irrigation management transfer, as stated under the new Water Law (letter from the NDPA to the World Bank, 28 May 2004). Indirectly, in this letter, both MoHA and the NDPA declared their agreement with the irrigation agency’s position on IMT as this was legally backed up by the promulgation of the new Water Law. The World Bank cancelled the third tranche of WATSAL funds disbursement in late 2003 (T. Herman: personal communication, see also The Jakarta Post, 27 November 2003). In late 2005, however, the World Bank started a new programme called the Water Resources and Irrigation Sector Management Programme, or WISMP (Ministry of Public Works, 2005). Originally, the WISMP was designed as a follow-up to WATSAL to ensure that institutional strengthening of WUAs would continue even after management transfer. Following the promulgation of the new Water Law, WISMP funds were partially used to support the irrigation agency’s development activities under its PIP. The fact that the World Bank decided to provide a new loan, despite its earlier decision to cancel the third tranche of WATSAL for disbursement of funds, shows the Bank’s blurred roles both as international development agency which is supposed to promote high development standards and as international financial institution, which depends on funds disbursement for its overall functioning. In 2010 the Government of Indonesia received another loan from the World Bank, European Union and the Government of Netherlands to continue with the second phase of WISMP (WISMP, 2010).

CONCLUSIONS

In promoting reform programmes in the irrigation sector in particular and in water resources management in general, international donors and policy makers should specifically look at how the current holders of authority perceive the proposed reform in relation to their interest and associated resources. The Indonesian case shows that for better or for worse, the irrigation sector’s development could not be directed without the leadership of the irrigation agency. The fact that the World Bank’s strategy to accelerate the process of IMT policy renewal (by sidelining the irrigation agency’s role in the sector development) backfired highlights not only the Bank’s limited ability in directing IMT policy outcomes, but also brings to light the irrigation agency’s indisputable position as the agency in charge of the sector’s development.

IMT should be promoted as a development option rather than a policy prescription. At the irrigation system level, the essence of IMT should lie in farmers’ and the agency’s ability to choose their own development paths and thus to decide whether or not they can benefit from management transfer. The effectiveness of management transfer to address current problems in government irrigation systems is defined by how farmers and the irrigation agency perceive the idea of change, how these (different) perceptions evolve over time, and whether common objectives can be drawn from them9 (Clay and Schaffer, 1984). 'Successful' management transfer depends on the ability of both farmers and the

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9 This article discusses mainly the irrigation agency’s perception on IMT.
Irrigation agency to complement and fine-tune their management role in the irrigation systems, rather than replacing one’s role with another’s, and on the capacity of international donors to facilitate this process of fine-tuning.

IMT policy could not be implemented in line with global policy trends in irrigation development as long as the irrigation agency was not convinced of the need for management transfer. Like any other organisation, government bureaucracy has an identity of its own (Moe, 1989). As stated by van Ufford: "[b]ureaucracy is an independent generator of ideas, goals, and interests" (van Ufford, 1988 cited in Mosse, 2005: 103). See also Heidenheimer, 1970, Johnston, 1979, Eisenstadt and Roniger, 1984, and Vatikiotis, 1998, on how this bureaucratic identity is shaped and reshaped by wider political patronages and client-based networks embedded in the country’s political systems and governance structure. The irrigation agency’s partial initiative in IMT policy formulation and implementation is rooted in the fact that the irrigation agency’s development interests and perceptions were never part of the IMT policy discourse. In Indonesia, IMT policy conflicted with the irrigation agency’s bureaucratic interests to sustain infrastructure-oriented development and access to sectoral development funds (Suhardiman, 2008). Hence, unless IMT policy controversy is addressed, the irrigation agency would continue to reshape IMT implementation primarily to fit their interests.

For IMT to be meaningful, current policy discussions need to incorporate the issue of bureaucratic reform. At present, there is a tendency from international donors and policy makers to assume that the irrigation bureaucracy will be reformed if only they could correctly implement the proposed policy reform. In reality, bureaucratic reform is far more difficult to be conducted than policy reform, resulting in the unfortunate tendency to promote bureaucratic reform through policy reform. In Indonesia, the issue of bureaucratic reform was never formally mentioned during IMT policy formulation, negotiations, or discussion, and remained unaddressed in both IOMP 1987 and the WATSAL IMT programme.

Incorporating the issue of bureaucratic reform as an integral part of IMT policy discourse can be an important first step to change the rules of the game with regard to IMT implementation in particular, and the way development assistance is shaped by donors and government agencies in general. The issue of bureaucratic reform remains uncovered in IMT policy discussions primarily because the irrigation agency and international donors share common interests to direct IMT policy formulation and implementation following a ‘business-as-usual’ mode of operation (Araral, 2008), which highlights the mutual relationship between the irrigation agency and international donors in the sector development. It is derived from the irrigation agency’s interests to obtain foreign loans to fund the sector development and international donors’ interests to meet their development portfolios through fund disbursement. In this context, donor funds become a double-edged sword. While the funds can be used to promote the adoption of international policy trends by developing country governments, the way funds disbursement is currently presented as one of the key indicators to measure donors’ performance hampers donors’ ability to stick to their development and policy agenda. Put differently, despite donors’ ability to impose international policy trends to developing country governments, funding conditionalities do not automatically serve as donors’ means to direct the irrigation agency’s policy conducts. Aware of donors’ limitations with regard to disbursement of funds, the irrigation agency lacks any incentive to follow donors’ policy guideline, apart from its interests in mobilising funds for the sector development.

The Indonesian case study illustrates this business-as-usual mode of operation, deriving from the mutual relationship between government agencies and international donors in the irrigation sector development. In the aftermath of the IMT policy struggles, the World Bank halted the third tranche of WATSAL funds disbursement but continued with WISMP in less than a year’s time, indirectly supporting the irrigation agency’s decision to limit IMT to tertiary and secondary levels of the irrigation systems.

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10 See also Molle, 2008, on the confluence of interests in water resources management in general.
While the Bank’s country officers and representative were aware of the policy implications of WISMP (especially in its early phase of implementation), they were also facing pressures to release development funds within the given time frame, so as to meet their development portfolios and performance standards. This confirms the irrigation agency’s confidence that international donors would continue to provide financial supports for the sector development, regardless of how the agency shapes the actual policy formulation and implementation. The case study illustrates how the irrigation agency could transform IMT into a construction programme, transfer irrigation systems that were already farmer-managed to WUAs, add farmers’ tasks list to collect ISFs and arrange WUA meetings and activities, regardless of donors’ funding requirements.

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