

# Progress Report

## Rejoso Institutional Watershed

### Background

The Rejoso watershed is very important for food security and the economy of Pasuruan Regency. This watershed provides water for agricultural land, plantations, and community livestock and of course water needs for daily life. Umbulan spring, one of the springs in the Rejoso watershed, supports the supply of drinking water to cities around Pasuruan, Sidoarjo and Surabaya. Changes in the landscape due to growth population and urban development have caused the Rejoso watershed to be threatened. Hard efforts are needed to improve environmental conditions along the Rejoso watershed to increase water availability to support life and prevent natural disasters such as floods and landslides. Land use change of practices along the watershed are needed and must be supported by incentive mechanisms all users of water resources and participation among stakeholder.

One important factor for improving natural conditions throughout the Rejoso watershed is the availability of strong institutions and supported by adequate funding throughout the years.

### Watershed Management

Based on Indonesia regulation, the authority that managing watersheds and rivers where the area pass-through different jurisdiction will be under the Provincial Government. In the case of Rejoso watersheds, the Provincial Government of East Java as the legitimate authority assigned the management of the Rejoso watershed to the Provincial Office of Environment and Forestry (Dinas LHK) and the Public Water Resources (Dinas PU-SDA). At the technical matter, the management of the Rejoso watershed is in the management area of the Lumajang Forestry Service Branch. Meanwhile the Rejoso Watershed is also part of the Welang Rejoso River Basin which is managed by the Welang-Kepalen Water Resources Management Technical Implementation Unit (UPT PSDA) under the Provincial Office of Public Water Resources (Dinas PU-SDA).

Based on governor regulation no 49/2018, The Rejoso watershed under the management of the Welang Kepalen UPT has a large working area including: Pasuruan Regency; Probolinggo Regency; Pasuruan City; Probolinggo City; and part of Malang Regency. The tasks of the Office are in the technical areas of operational management of water resources, administration, and provide services to community.

### Financing Scheme

To manage water resources including the Rejoso watershed requires a large funding. The government mechanism that allow sources from different funding scheme is Badan Layanan Umum Daerah (BLUD or Regional Public Service Institution) mechanism. Through BLUD the agency could reaching out other funding sources beside government budget allocation. Some of the identified schemes that possible to finance, in this case, the management of the Rejoso are as follows:

Financing Scheme	Types
<b>1. Direct revenue from services/tariff</b>	<ul style="list-style-type: none"><li>• Revenue from Water Supply Services</li><li>• Other income such as utilization of infrastructure facilities for tourism activities.</li></ul>
<b>2. Water Resources Management Services Costs (BJPSDA)</b>	

3. Payments for Environmental Services from regions/district that benefitted the Rejoso watershed	
4. Environmental Funding Instruments	<ul style="list-style-type: none"> <li>• Environmental Recovery Guarantee Fund</li> <li>• Pollution and / or Environmental Damage and Recovery Management Funds</li> <li>• Trust Funds / Conservation Assistance</li> </ul>
5. Environmental Economic Instruments (Incentives / Disincentives)	<ul style="list-style-type: none"> <li>• Application of Environmental Tax, Retribution and Subsidies</li> </ul>
6. Others	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility (CSR) funding</li> <li>• Corporate donations/contributions</li> <li>• Joint program between the BLUD agency and corporations</li> </ul>

**Process to Establish Watershed Management Institution**

**Institutional Strengthening Framework for Watershed Management**



**Watershed Situation Analysis**

- Regional Profile
- Changes in the watershed landscape over a certain period
- Hydrological & geohydrological and social economy studies
- Stakeholder mapping & analysis
- Types of watershed utilization
- Challenges faced by the watershed

**Institution Watershed Management**

What is the institutional model can be developed and the stages need to be carried out to make it happen?

**Current Institutions**

- Mandate
- Opportunity
- Capacity
- Development Options
- Challenge

**Business Model**

- Case studies of similar businesses
- Align with the ecological and socio-economic characteristics of the watershed
- Business model selection
- Capacity building needed

**Financing Scheme**

- Opportunities and challenges in implementing various schemes
- The right scheme selection
- Identification of enabling conditions for implementation

**Road Map Institution Watershed Management**

**1 Capacity Building**

- Establish internal organizational rules (SOP for management and operations)
- Improvement individual capacity in management and operations
- Technical and operational support

**2 Institutional Process**

- Support from regional leaders
- Designing the organizational structure
- Strengthen mandates and legitimacy

**3 Building Understanding Among Stakeholders**

- The importance of watershed management
- Institutional suitability of watershed management
- Potential business that can be applied and sustainable funding schemes
- Watershed management scheme (type of service)