

# STRATEGY FOR A SOCIAL CITY IN INDONESIA

Case studies in Malang, Cirebon, and Jakarta

Elisa Sutanudjaja, Marco Kusumawijaya, M. Zul Qisthi  
and Inten Gumilang



FRIEDRICH  
EBERT  
STIFTUNG

**RUJAK**  
CENTER FOR URBAN STUDIES





# **STRATEGY FOR A SOCIAL CITY IN INDONESIA**

Case studies in Malang, Cirebon, and Jakarta

August 2018

## Contents

<b>Glossary</b> .....	<b>v</b>
<b>List of Tables</b> .....	<b>vi</b>
<b>List of Abbreviations</b> .....	<b>vii</b>
<b>Foreword</b> .....	<b>viii</b>
<b>1. Overview of Indonesia</b> .....	<b>1</b>
1.1 Gini Ratio .....	1
1.2 Population Growth .....	2
1.3 Housing Stock .....	3
1.4 Economic Growth .....	4
<b>2. The Indonesian Context: Economic Growth/Urban Crisis</b> .....	<b>5</b>
<b>3. Asset-Based Development: The Needs for Mapping and Proactive Anticipation</b> .....	<b>6</b>
<b>4. Examining Current Indonesian Urban Policies</b> .....	<b>8</b>
4.1 Housing Conditions and Housing Programmes .....	9
4.2 Urban Mobility .....	10
4.3 Participation and Civic Engagement .....	12
<b>5. Available Solutions and Further Recommendations</b> .....	<b>13</b>
5.1 A Thematic Kampung in Malang .....	13
5.2 Inclusive Development in Kelurahan Semanggi, Solo City .....	14
5.3 Affordable Housing .....	15
5.4 The Kampung Improvement Programme .....	16
5.5 Mobility/Transport .....	17
5.6 Participation and Civic Engagement .....	18
5.7 Political Contracts & the Future for Indonesia's Urban Poor .....	20
<b>Notes</b> .....	<b>21</b>
<b>Bibliography</b> .....	<b>22</b>
<b>About</b> .....	<b>22</b>
<b>Authors</b> .....	<b>22</b>

## Glossary

**Disadvantaged neighbourhoods:**

includes the neighbourhood environment and the community of people who live within it.

**Musyawarah Rencana Pembangunan (Musrenbang) (Deliberation of Development Plans):**

One of the government's programmes to involve citizen participation in a development involves people from the smallest level neighbourhood group of RT/RW up to the top levels of city government. The system replaced the old top-down 'participatory' system, in which people only are assisted to physically enact development agendas without the need for government to engage them in decision-making about short-term and mid-term development processes.

## List of Tables

<b>Table 1.1</b>	<b>Gini Ratio in Indonesia .....</b>	<b>2</b>
<b>Table 1.2</b>	<b>Human Population in Indonesia 1971-2015 .....</b>	<b>2</b>
<b>Table 1.3</b>	<b>Housing Stock in Indonesia .....</b>	<b>3</b>
<b>Table 1.4</b>	<b>Indonesia Rapid Growth Presentation 1971-2015 .....</b>	<b>4</b>
<b>Table 1.5</b>	<b>Indonesia Economic Growth Presentation 1997-2016 .....</b>	<b>4</b>
<b>Table 1.6</b>	<b>Seven Commodities Contributing to the Non-Food Poverty Line .....</b>	<b>7</b>

## List of Abbreviations

APBD	Anggaran Pendapatan Belanja Daerah ( <i>Local Government Budget</i> )
APBN	Anggaran Pendapatan Belanja Negara ( <i>Central Government Budget</i> )
ACORN	Association of Community Organizations for Reform Now
BPS	Badan Pusat Statistik ( <i>Central Bureau of Statistics</i> )
BUM	Down Payment Subsidy ( <i>Bantuan Uang Muka</i> )
BUMN	Badan Usaha Milik Negara ( <i>State Owned Enterprises</i> )
BUMD	Badan Usaha Milik Daerah ( <i>Regional Owned Enterprises</i> )
BRT	Bus Rapid Transportation
BKM	Badan Keswadayaan Masyarakat ( <i>Community Self-Help Organization</i> )
DED	Detail of Engineering Drawing
FLPP	Fasilitas Likuiditas Pembiayaan Perumahan ( <i>Housing Financing Liquidity Facility</i> )
GDP	Gross Domestic Product
JRMK	Jaringan Rakyat Miskin Kota ( <i>Urban Poor Network Organization</i> )
KPRS	Kredit Pemilikan Rumah Subsidi ( <i>Subsidized Housing Credit</i> )
KIP	Kampung Improvement Programme
LBH	Lembaga Bantuan Hukum ( <i>Legal Aid</i> )
LPM	Lembaga Pemberdayaan Masyarakat ( <i>Community Empowerment Institution</i> )
LRT	Light Rapid Transit
MUSRENBANG	Musyawaharah Rencana Pembangunan ( <i>National Coordination Meeting</i> )
NPV	Net Present Value
NMT	Non-Motorised Transit
PUPR	Kementerian Pekerjaan Umum dan Perumahan Rakyat ( <i>Ministry of Public Works and People's Housing</i> )
RPJMN	Rencana Pembangunan Jangka Menengah Nasional ( <i>National Medium Term Development Plan</i> )
PDB	Product Domestic Bruto
P2LPK	Pusat Pengkajian Lingkungan, Perikanan dan Kelautan ( <i>Centre for Environmental, Fisheries and Marine Assessment</i> )
SDG	Sustainable Development Goals
TNI	Tentara Nasional Indonesia ( <i>Indonesian National Army</i> )
TDM	Transport Demand Management
TOD	Transit-Oriented Development
UPC	Urban Poor Consortium
SSB	Subsidy of Interest Difference ( <i>Subsidi Selisih Bunga</i> )
SSA	Subsidy of Installment ( <i>Subsidi Selisih Angsuran</i> )

## Foreword

Population growth and urbanization are projected to add 2.5 billion people to the world's urban population by 2050, with nearly 90 per cent of this increase occurring in Asia and Africa. Indonesia has also faced a high increase in the production of urban land between 2000 and 2010, with a total of 1,100 km<sup>2</sup> urbanized during this period.

Cities will always be shaped by changing social, economic and environmental contexts. After the 1997 Asian Financial Crisis, Indonesia has enjoyed high economic growth over the last decade, which has nevertheless worsened income inequality in most urban areas, where growth is concentrated. To make sure that future Indonesian cities provide opportunities for all and reduce inequality, it is essential to understand that the concept of inclusiveness involves multiple spatial, social and economic factors, including housing and infrastructure development. Understanding that cities do not exist in isolation, this focus on urban issues does not exclude the importance of rural and regional areas for sustainability.

This study is structured as follows: firstly, we will explore the Indonesian context and the crises and challenges currently facing Indonesian cities. This involves zooming in on housing affordability, forced evictions, mobility and ecological issues. Secondly, we will explore asset-based development, highlighting the importance of participatory actions and proactive anticipation of future challenges. The third section identifies and reviews current urban policy at the national and local government level, focussing on the topics of housing, mobility and social participation. Finally, the report identifies available instruments and solutions for socially inclusive city-making and provides some policy recommendations for national and city governments. The report also presents case studies from several Indonesian cities to further these recommendations.

## 1. Overview of Indonesia

Just and sustainable development is the ideal of every city leader. Creating a prosperous life for the citizens, is the main mission. However, meeting these goals is often challenging. Efforts are made through policy-making, to resolve every challenge. From each policy made, new challenges arise that demand to be addressed immediately.

According to a national survey by the Ministry of Agriculture (Kementerian Pertanian) in 2014, the population of Indonesia is about 254.862.910 million people. This number continues to grow every year. Most of the population live in urban areas, which are considered by many to provide greater opportunities to generate a livelihood and to improve one's living conditions. The current speed of urbanization is not being matched by growth in urban infrastructure, social services and housing compounding. This condition has caused existing social and economic inequalities of economy, mobility and access to the benefits provided by an urban environment.

Economic growth in Indonesia is considered quite stable, and the rate of extreme poverty has been reduced by 8 per cent since 2014 according to the World Bank. However, this achievement of economic stability is not matched by an equal distribution of wealth. Additionally, equality of access to opportunities and community involvement is still minimal in Indonesia. The government's goals to make policy decisions more participatory have not been fully implemented.

The government's efforts to increase civic engagement in the process of national development take the form of "socialization" projects, where government projects are introduced to the broader community through public meetings and more dialogue focused community meetings where community input is sought. For example, 'Deliberation of Development

Plans', conducted from the neighbourhood level to the ministry, became a participatory tool to form new agendas. However, these efforts are still considered inadequate and need to be improved. Often, the awareness and understanding of the process by the participating community is minimal, limiting their capacity to participate. Thus, in the space of socialization and participatory planning, society is only the object of development, rather than active participants who determine its course. This is considered to be the basis of inequality which continues to impact on other sectors.

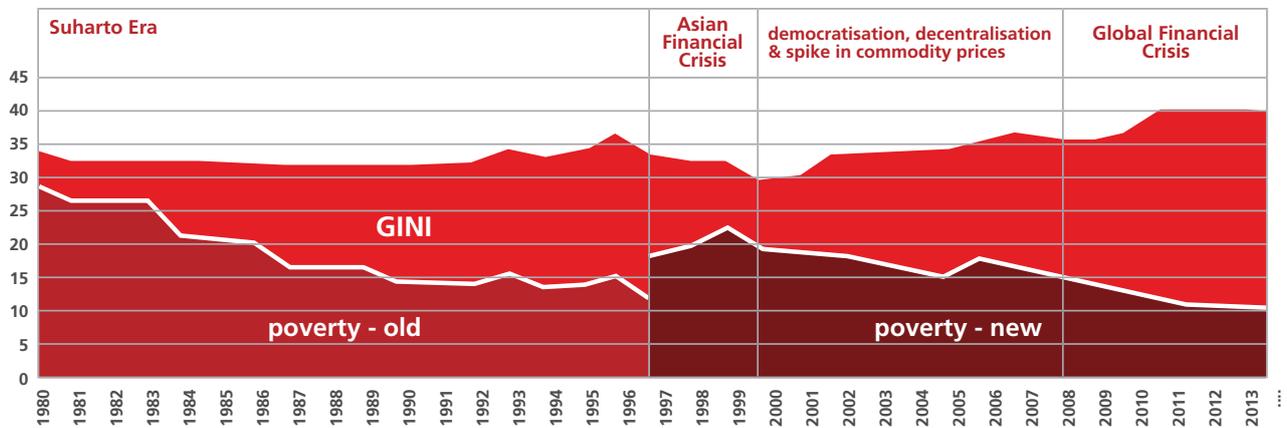
### 1.1 Gini Ratio

The benefits of economic growth have been enjoyed mainly by the growing consumer class. Between 2003 and 2010 consumption per person of the richest 10 per cent of Indonesia grew at over 6 per cent per year after adjusting for inflation. But grew at less than 2 per cent per year for the poorest 40 per cent. This contributed to a slowdown in the pace of poverty reduction with the number of poor persons falling by only 2 per cent per year since 2002, and the number of those vulnerable to poverty falling barely at all<sup>1</sup>. During the Asian financial crisis in 1997-1998, poverty increased sharply, and the Gini Ratio decreased due to capital flight from Indonesia and the sharp drop of the Indonesian rupiah. Everyone in Indonesia was affected by this crisis, especially middle- and upper-class society. Following the financial crisis, the Gini Ratio increased from 30 (in 2000) to 41 (in 2014) which is the highest ratio ever recorded in Indonesia. The level of inequality in Indonesia is currently higher and rising faster than in other East Asian countries. In 1990, inequality in Indonesia reached 29.2 per cent, rising to 35.5 per cent by 2010, making it the fourth most unequal nation in the world. Meanwhile, Indonesia's Gross National Income per capita in 1990 was US\$ 621, rising to US\$ 3582 in 2013, with average yearly growth reaching 8 per cent.<sup>2</sup>

After stabilizing for a long time, the Gini Ratio started to rise, falling during the Asian Financial Crisis, before rising sharply since recovery.

Gini Coefficient (number national poverty rate (percent) 1989-2014

Source BPS, Susenas and World Bank Calculation Gini Ratio of nominal consumption. The national poverty line was changed in 1998 and the 1996 figures were calculated using both new and old methods

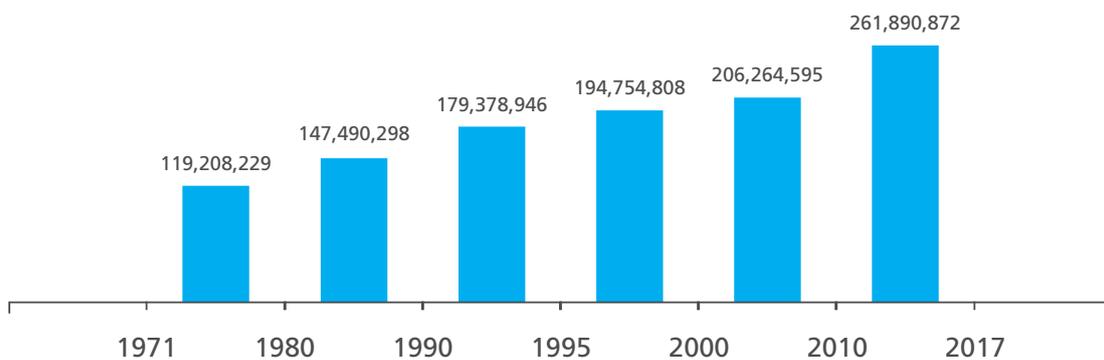


Source: World Bank and Australian Aid, *Indonesia's Rising Divide; Why Inequality is Rising; Why It Matters and What Can be Done.* (Jakarta: World Bank and Australian Aid, 2016)

Table 1.1 Gini Ratio in Indonesia

## 1.2 Population Growth

### Human Population in Indonesia (1971-2017)



Source: Central Bureau of Statistics, *Statistics of Housing and Settlement* (Jakarta: BPS, 2018)

Table 1.2 Human Population Growth in Indonesia

As evidenced in the above figures, population growth in Indonesia continues to increase at a rate of about 1.38 per cent per year. This figure is influenced by a

high birth rate as well as population migration. Looking to the immediate future, Indonesia's population is expected to grow by up to 4 million people per year.

### 1.3 Housing Stock

Year	Amount of Built -		Occupancy Status		Not Occupied
	Tower Blocks (TB)	Units	Residents	Occupied	
2010-2011	49	2.972	13.648	49	0
2012	126	6.105	29.684	53	73
2012-2013	90	3,62	29,056	36	54
2013	170	2.397	24.788	77	93
2014	408	3.122	45.896	0	408
<b>Total</b>	<b>843</b>	<b>18.216</b>	<b>143.072</b>	<b>215</b>	<b>628</b>

Source: Ministry of Public Works and People's Housing Directorate General of Housing, Annual Report Housing Stock (Jakarta: Ministry of Public Works and People's Housing, 2015)

Table 1.3 Housing Stock in Indonesia

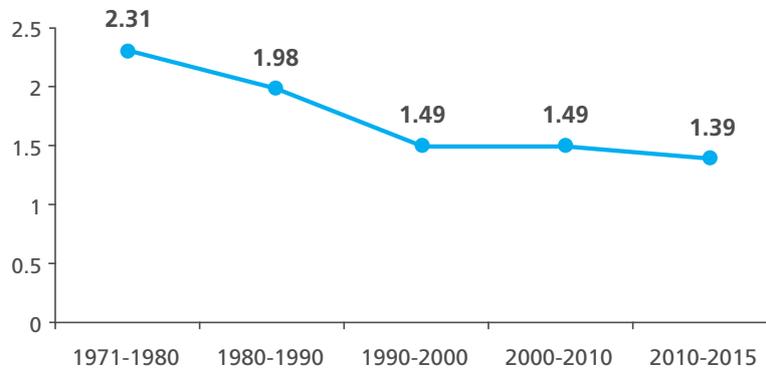
The Director General of Housing Provision for the Ministry of Public Works and Public Housing (PUPR) defines four categories of Rusunawa (social-housing) recipients. These categories are:

1. Pondok pesantren (Muslim boarding-school students).
2. Workers (including labourers).
3. Other student groups.
4. Members of the TNI (army) and Polri (police force).

Housing development needs in 2016 have integrated the category of low-income people as the government's target work (masyarakat berpenghasilan rendah, MBR) with the help of housing financing such as FLPP, SSB and BUM. The building of units for this category has increased, also the category of home absorption in 2016 for MBR by 34 per cent (2.666 units).

However, these measures have not been sufficient to close the gap between demand and supply. Also, the MBR category is pointed at low-income communities but not at the informal sector. Hence, according to the Ministry of Public Works and People's Housing Indonesia in 2016,<sup>3</sup> informal workers still do not have access to decent housing. In addition, according to the Central Bureau of Statistics (BPS) data for the 2011-2013 period, the backlog of social housing applicants continues to grow, and reached 12 million housing units. This number decreased in 2015 to about 11.4 million housing units. BPS data collection between 2010 and 2015 indicates that 400 to 500 thousand housing units are required per year in Indonesia to meet the demand. We estimate actual community housing need to be closer to 800.000 housing units per year.

### The Rate of Population Growth Over Time (Rapid Growth)



Source: Central Bureau of Statistics, Statistics of Housing and Settlement (Jakarta: BPS, 2018)

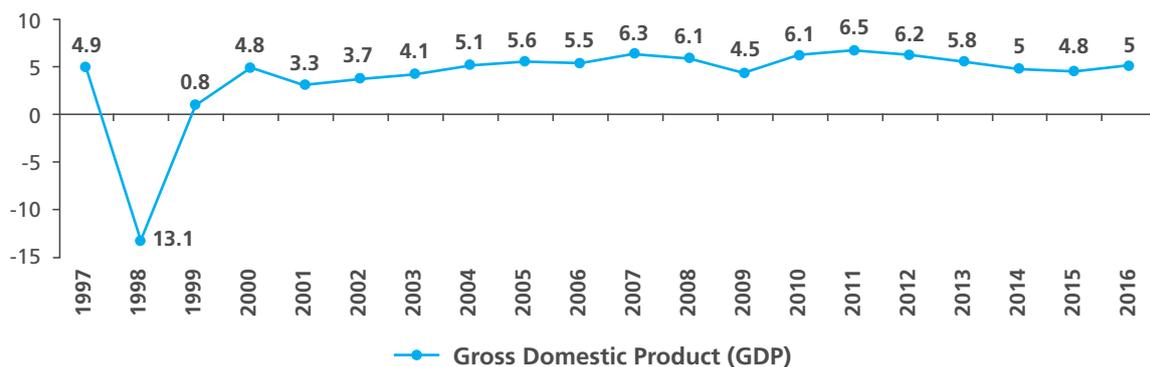
Table 1.4 Rapid Human Population Growth in Indonesia

The population growth rate above shows that between 2000 and 2015 the percentage has declined to 1.4. This is a significant decrease compared to the 1971-1980 growth rate of 2.31 per cent (BPS). The implementation of the Indonesian government's

family planning programme (KB) has minimized the population growth rate, and it continues to decline. The present rate of 1.4 per cent is still considered to be high however and places a burden on Indonesia's infrastructure and housing capacities.

## 1.4 Economic Growth

### Indonesian Economic Growth (%)



Source: Bank of Indonesia Directorate of Economic Research and Monetary Policy, Compilation of Annual Report from 1998 – 2017 (Jakarta: Bank of Indonesia, 2017)

Table 1.5 Indonesian Economic Growth

The above Bank of Indonesia graph indicates that during the peak of the economic crisis growth

slumped to -13 per cent, and subsequent growth since recovery averages around 5 per cent.

## 2. The Indonesian Context: Economic Growth/ Urban Crisis

Economic growth in Indonesia is centred around its cities. Unsurprisingly, as of September 2016 the average poverty rate in urban areas (7.73 per cent) was noticeably lower than in rural areas (13.96 per cent). The World Bank estimates that by 2025, 68 per cent of Indonesia's population will live in cities due to this uneven development. According to the World Bank, this is the highest urbanization rate in Asia. Ironically, however, Indonesian cities are experiencing worsening poverty conditions despite steady economic growth. Between September 2014 and March 2015, the population of the urban poor increased from 10.36 million to 10.65 million. This worsening problem is evidenced by the increasing visibility of disadvantaged neighbourhoods. With numbers rising every year, disadvantaged neighbourhoods in Indonesia currently occupy 59 hectares. The growing number of urbanites living in poverty is just one of several crises being experienced by Indonesian cities.

Home ownership in Indonesian cities is becoming increasingly unaffordable, with residents being forced to the outskirts of cities to purchase a home. This is the result of land ownership in urban centres being controlled by a handful of property developers, who are driving up land prices because their developments predominantly cater to upper-middle class living or will be used for commercial and industrial purposes. Concurrently, slum areas are expanding because of this monopolization of land. To varying degrees, this is typical of what is happening in Jakarta, Surabaya, Semarang, Yogyakarta, Solo, Makassar, Bandung and Medan. Notable examples include land prices in central Surabaya increasing by 60 to 100 per cent, rampant hotel development in Yogyakarta, and the significant percentage of Makassar's residents living in slum areas (approximately 28.5 per cent).

With the continued development of cities and concentration of economic growth there, the irony is that urban disadvantaged neighbourhoods have also increased rapidly. This is a predictable result of

market-driven urbanization which is exclusive and has led to an increasing number of forced evictions of poor residents as it intensifies. Forced evictions have occurred for different reasons in different cities, yet these acts have similarly negative results of separating communities and individuals from their livelihoods. In many instances the role of carrying out these evictions has been outsourced to private entities or even local thugs (preman). Many of these evictions have become violent. Forced evictions have become the most prominent human rights issue in Jakarta. In the past two years (2015 and 2016), Jakarta Legal Aid (LBH Jakarta) recorded 306 forced eviction cases with 13,871 families and 11,662 small enterprises being evicted. Outside of the capital, evictions have occurred in Surabaya, Semarang, Yogyakarta, Solo, Makassar and Potianak for reasons ranging from public works development and urban revitalization to beautification.

The rapid growth of Indonesia's urban areas also presents a grave ecological danger, with climate change phenomena threatening the health and safety of urbanites. A disproportionately high rate of those affected are poor. Areas of concern include dwindling open green space, a limited supply of clean water, the impact of various land reclamation projects and the increasingly severe effects of climate change. The Greater Jakarta area, Semarang, Solo, Makassar and Bandung are some of the worst cities for open green space, as poor urban planning has reduced such areas to only a small fraction of each city's total area. Relatedly, the 'concrete jungle' characteristic of these cities means that they are inefficient at capturing rainwater to replenish aquifers, yet paradoxically flood prone due to poor drainage systems and lack of water absorption. The long-term ramification of this has been water supply crises in several cities as groundwater becomes depleted. Such problems are compounded in coastal cities such as Jakarta, Surabaya, Semarang, Denpasar and Makassar, where questionable land reclamation projects are taking place in fragile coastal ecosystems while sea levels

continue to rise. Other climate change-induced phenomena such as droughts, subsidence, flooding and landslides already are and are likely to become even more prominent dangers in cities.

On a more positive note, with the new presidency in 2014, transportation issues and infrastructure investments have gained greater attention and resources. The country's present National Medium-Term Development Plan 2015–2019 (RPJMN 2015–2019) highlights infrastructure development for connectivity and accessibility. The plan focuses on enhancing the maritime sector, integrating remote and frontier regions, shifting transport from road to rail and shipping, and tackling urban mobility. Most of Indonesia's larger cities face transport-related problems, including low rates of public transport availability and accessibility, a high growth rate of car and motorcycle use leading to worsening congestion, increased air pollution and high levels of greenhouse gas emissions. The result is not only health risks for residents but also the degradation of public spaces such as sidewalks, which become unusable for pedestrians. Cities such as Surabaya with 3 million residents, do not have a properly connected public transit system and rely heavily on private vehicles.

### **3. Asset-Based Development: The Needs for Mapping and Proactive Anticipation**

Indonesia's current development trajectory is very much driven by private investment. Regional and national governments continue to invite investors by providing an attractive pro-market regulatory environment. Heads of regional government sometimes take this submission to the market to extreme lengths, inviting architects, marketers and others to design iconic buildings and landmarks to attract footloose investment.

There are no cities devoid of cultural, social and ecological assets and values. As John Friedmann states, cities and rural regions are not some empty vessels for capital insertion and extraction.<sup>3</sup> Cities

with hundreds or thousands of years of history have cultivated complex cultural and social assets, in addition to the natural assets which attracted initial settlement.

Genuine investment in a city's cultural, social, and ecological assets is a very different matter to short-term investments which are quickly and profitably extracted and re-invested in the next available city or region.

Private-sector development tends to be intimately related to exploitative natural resource extraction. Professor Dr. Setyawan Sunito, director of Center for Agrarian Studies-Bogor Agricultural University (IPB),<sup>4</sup> claims that large-scale extractive industries tend to be neo-colonial in nature and have three predominant adverse effects. Firstly, these industries tend to lower local people's capacities. For example, if a local was formerly an asset owner (e.g. of farmland or adat [traditional] land), that person then becomes an asset-less worker, or might be marginalized towards their region's peripheries. Secondly, the industry radically alters the landscape to the degree that it loses species diversity. Thirdly, private-sector development corrupts a local government's capacities to operate in accordance with the needs of its local citizenry and their creative capacities. Ecological assets are extracted to the detriment of the region, while social, cultural and creative assets are neglected.

An alternative development approach was created by the late professor John Friedmann. He called his work: Endogenous Development, otherwise known as Local Asset-Based Development. As the name suggests, this is development based on local assets and capabilities.

Local assets are defined by Friedmann as follows:

1. Human beings; the citizens and their quality of life.
2. Organized civil society; various self-organized communities.
3. The spirit of cultural and environmental heritage, including local peoples' unique and dynamic cultural life.

4. Creative and intellectual assets; the quality of universities and research institutions, and what the Japanese call “living human treasures”: artisans, artists, intellectuals, scientists, musicians, writers, poets, filmmakers, actors, and dancers, who are the highest realization of locals’ creative capacities.
5. The gift of natural assets: agricultural land, water catchment areas, lake edges, ocean fronts, beautiful landscapes, forests, and fisheries, are all integral to human livelihoods and flourishing.
6. Urban infrastructure qualities, such as facilities and equipment for transportation, energy, communications, water supplies, liquid and solid waste disposal systems.

According to Friedmann, sustainable development is one that continually nurtures or improves qualities rather than eradicating existing assets. Thus, the development resembles the fruit of pre-existing assets, and not the gouging out and fragmentation of these assets to be processed into something else. City assets are inevitably embedded in their distinctive locations and tied to all the historical relations that produce the contemporary character of a place. Each region has differently intersecting histories, and those differences combined constitute the region’s uniqueness. This uniqueness, if maintained correctly, would prevent the city or region from entering the trap of competing for status in a global index of ‘world-class’ cities.

Approaches introduced by Friedmann can be applied in Indonesia on various scales. His approaches emphasize the city and surrounding region as a unified entity. In Indonesia, this unity partly exists on an administrative level in some cities that encompass surrounding districts, or in districts that contain cities within them. Ecological unities such as water catchment areas, watershed units, and bio-regions tend to be criss-crossed by administrative boundaries (both inside countries and between countries). The social city programme of the German Friedrich-Ebert-Stiftung, a political foundation committed to the values of social

democracy, attempts to apply Friedmann’s unified approach at a village scale (neighbourhood, quartier), whilst thinking this scale in relation to the whole city. Improving villages by improving local assets can suppress the symptoms of gentrification by working for residents themselves.<sup>5</sup>

The first important step in this approach is the mapping of local assets. Without a well-planned and collaborative process, local assets can be overlooked. Within a collaborative and locally-driven process, the chance of local assets being overlooked is minimized. The collaborative process also creates other benefits for residents, enabling them to represent themselves, and enhancing their sense of self-belonging. Workable solutions, if collaboratively strived for, can allow for more diverse outcomes which are based on the detailed collective knowledge of residents themselves.

In many cities where we have conducted Social City research, such as Jakarta, Cirebon and Malang, research indicated an absence of a sense of community belonging. This absence of belonging is a significant obstacle to engaging citizens in behaviour-changing processes or development projects. There are no simple antidotes to these conditions, and work must be patiently conducted to encourage citizens to understand their own place and its intricate relationship to their collected knowledge and local practices.

In Indonesian cities there are many people who recognize the huge potential their cities have, and this potential is imagined by residents in several different registers. In the city of Malang, where we have conducted research, university admission data indicates that the numbers of students arriving from other parts of the archipelago are rising. If anticipated by local government, this increase can have a positive impact on the creativity and social inclusiveness of the city. If it is not anticipated, it may well have negative effects. Malang City faces a considerable spike in housing prices as well as unmanageably high

occupancy rates, in addition to urban sprawl and spatial violation issues that are endangering the local environment.

Obviously, the government could and should be able to develop proactive policies against these symptoms by utilising existing local assets. In reality, there are few policies that are formulated to manage local assets as potentials and utilize them as stimulus for quality, inclusive development.

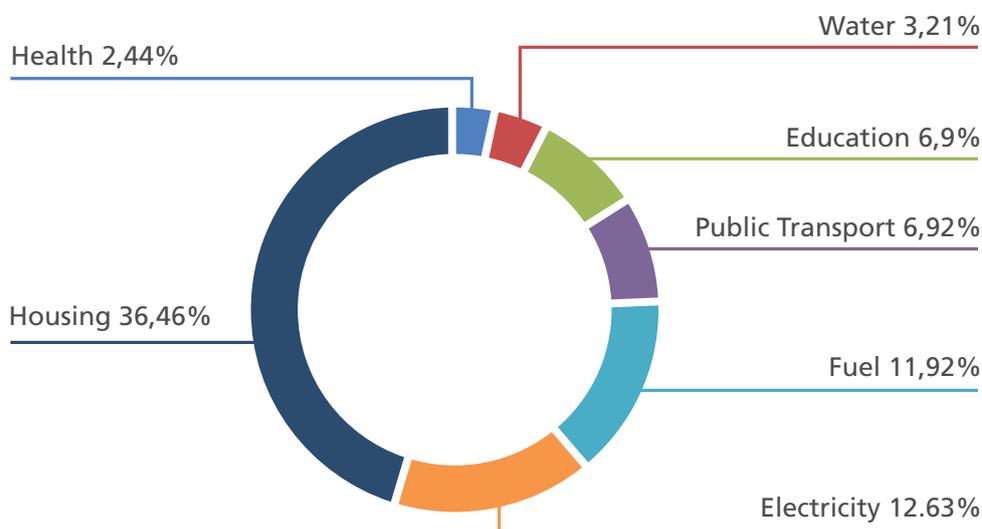
Solutions to the above-mentioned issues would be vastly more effective if locals were included in planning processes and their knowledge and practices utilised. This would have the added benefits of encouraging local self-esteem and self-belonging to contribute to a common political will.

#### 4. Examining Current Indonesian Urban Policies: Housing, Mobility and Social Participation

If handled properly, urbanization processes can create opportunities for a better life for all citizens, as well as provide pathways out of poverty. We suggest that a way of responsibly managing complex urbanization processes is to rigorously implement the Sustainable Development Goals (SDG) which aim to make cities and human settlements inclusive, safe, resilient and socially and ecologically sustainable.

According to data from the Central Bureau of Statistics (BPS), housing and transportation costs are significant costs to be met in rising above the non-food poverty line. The data for Jakarta is as follows:

**Seven Commodities Contributing to The Non-Food Poverty Line (%) in March 2017**



Source: Ministry of Public Works and People's Housing. *Housing Development Needs for the Low-Income People Based on Employment Report (Jakarta: of Public Works and People's Housing, 2018)*

Table 1.6 Seven Commodities Contributing to the Non-Food Poverty Line

To ensure that Indonesian cities provide opportunities and adequate living conditions for all, it is essential to examine the multiple dimensions of the concept of inclusiveness in current urban policies. These policies are shaped by a complex web of multiple spatial, social, economic and ecological factors including political will and citizen participation.

Urban spatial inclusion requires providing affordable and adequate housing and basic infrastructure services such as water and sanitation. Social inclusion must guarantee equal rights and participation for all, including the most marginalized such as the urban poor. Inaccessibility to essential goods and services, as well as ostracization from planning and decision-making processes, leads to long-lasting civic disenfranchisement among poor communities. Social inclusiveness should address adequate access to transport as a core issue enabling mobility as a prerequisite for equality of opportunities.

#### **4.1 Housing Conditions and Housing Programmes in Indonesia**

As noted earlier, there is a substantial demand for affordable housing in Indonesia. While estimates of the housing deficit vary widely (due to conflicting definitions of the term), all official metrics indicate a substantial housing deficit. Based on the 2015 National Household Survey undertaken by the BPS Ministry of Public Works and People's Housing is suffering a housing backlog of 11.4 million units. However, this estimate is likely to be significantly overstated as it is based on home ownership information and fails to take into account renters or lessees who do not own the housing they are living in. Using the alternative definition of 'overcrowding', the number of substandard units was estimated at 7.5 million in 2013. Lastly, a further quantification of substandard housing estimates that 45 per cent of all units are substandard by some measure, i.e. overcrowding, poor quality construction materials, or lacking access to basic services.

Despite 71 per cent of Indonesia's housing stock being incremental, self-built housing, the government is heavily focussed on marketized, mortgage-backed housing. After the 1997 Asian Financial Crisis, the housing subsidy disappeared from the national budget for at least 2 years. In 2005, President Susilo Bambang Yudhoyono signed a Presidential Decree to develop an institutional mechanism to print bonds and attract investors to finance housing using the secondary mortgage market. In order to make this new mechanism sustainable, the market needs an optimum rate of housing supply and demand. In 2005, the Ministry of Public Housing established this institutional mechanism based on the belief that mortgage-backed security would be attractive to investors due to the large housing backlog. The key aspects of this institutional mechanism to provide mortgage-backed security are:

1. The KPRS/KPRS Micro Subsidy provides fixed and non-fixed low-income people with a mortgage subsidy for home improvements or development, and a mortgage interest rate down-payment.
2. FLPP for affordable mortgage finance provides concessional funds to lenders, who provide mortgages at fixed interest rates to end-users at 5 per cent p.a. for 20 years. Liquidity is 90 per cent funded by the Indonesian government (at 0.30 per cent for 20 years) and 10 per cent by participating banks. Between 2011 and 2014, FLPP has served an average of 68,000 households per year. FLPP is characterized by high per-unit fiscal and economic costs in NPV terms.

Subsidy of Interest difference (subsidi selisih bunga, SSB)/ Subsidy of Installment (subsidi selisih angsuran, SSA) mortgage interest rate down-payment. Introduced in 2015, SSA subsidizes the interest rate paid by consumers on eligible mortgages, enabling households to pay a flat rate of 5 per cent for the duration of the loan tenure. The product functions by reimbursing participating lenders, who must

provide 100 per cent of the capital. Capital funding is the primary difference between FLPP and SSA. The SSA functions as an unfunded future liability: only the current years' subsidy has to be budgeted and contingent liabilities for future years are not subject to budgetary approval.

These products are only available to bankable applicants, and not available for informal sector workers who do not have stable incomes. As informal sector workers frequently live in circumstances of precarious tenure, these products only contribute to their precarity in that their land is subject to 'land grabs' by developers or the state in order to increase the formal, mortgage-backed land supply (see below for information on evictions).

Despite these initiatives, government spending on housing has historically been too low to have a significant impact on overall housing quality and quantity. For example, in 2013 the Indonesian government committed just 0.4 per cent of the federal budget to housing expenditure. This represented 0.06 per cent of GDP, significantly less than housing budgets of Indonesia's regional peers (e.g. Thailand at 2.15 per cent and Philippines at 0.3 per cent of GDP respectively).

Although housing is one of the main causes of poverty in Jakarta, the national (APBN) and provincial (APBD) budget allocation for housing needs is extremely minimal. In 2013, the Ministry for Public Works and People's Housing constructed only 113,442 housing units for the poor. This contrasts with 586,578 units constructed by commercial developers over the same period. A significant factor in the lack of availability of affordable housing is the difficulty of land acquisition, particularly in dense urban areas. There is now a total of 48 public housing blocks throughout the Jakarta region. This includes 7,586 units in 10 sub-districts in Central Jakarta, 7,472 units in North Jakarta spread over 11 sub-districts, 4,522 units in 7 sub-districts in West Jakarta, 550 units in South Jakarta spread

over 2 sub-districts, and about 3,672 units in 18 sub-districts of East Jakarta according to the Jakarta of Government.<sup>6</sup> These units come with leases and property rights, but the housing programme still has the problem of building new housing units in accordance with the existing demand for low-income housing.

In 2012, the Jakarta government still fell well below the goals it had set for the construction of new low-income housing in the city. For this reason, the national government stepped in to try and meet the allocated target through several programmes. These included the construction of horizontal houses/landed houses (60 per cent of the units needed in this bracket; 42,000 units per year) through private market mechanisms. Secondly, the programmes included the construction of flats (40 per cent of units needed; 28,000 units per year) and the procurement of luxury flats (apartments/condominiums) for high income people (20 per cent of units needed; 5,600 units per year). The procurement of medium-sized flats for middle-income households was partly fulfilled by private developers (40 per cent of units needed in this bracket; 11,200 units per year). Only 40 per cent of the government target for low-rise apartments for low income people (11,200 units per year) was constructed during this year. As noted above, a significant obstacle to the construction of low-income housing is the high price of land in urban Jakarta, which can cause intended low-income housing to quickly become prohibitively expensive for the poor.

## 4.2 Urban Mobility

The 2015-2019 National Medium Term Development Plan (RPJMN) for the first time emphasizes urban transport as one of the infrastructure priorities during this 5-year period. Development of public transport in urban areas (such as MRT, BRT, transit systems, feeder buses, private transport services), transport-demand management measures (such as parking management, traffic calming, road pricing, and reducing—or even eliminating—subsidies, and higher

taxation for private vehicles) and non-motorized transport (walking and biking) has not kept pace with the high rate of urbanization in Indonesia. Over 55 per cent of Indonesians are living in some 300 cities, of which six urban agglomeration centres (Jakarta, Medan, Bandung, Surabaya, Makassar dan Denpasar) suffer the severest transportation problems.<sup>7</sup> These problems are the result of insufficient public transport with very low intermodal connectivity; limited urban commuter rail systems; only one sub-optimal BRT (bus rapid transit) system in Jakarta, with 16 other cities having an immature semi-BRT; and the remaining major cities left to rely on private transport services for public transport. Vast urban sprawl and the loss of public space, particularly in the six agglomeration centres mentioned above, cause over-saturated occupation of limited city space by private vehicles, environmental degradation (heavy air pollution), and lost productivity and leisure in traffic jams and gridlock.

The Indonesian government's stated urban development goal is to realize sustainable and economically competitive cities through equitable development. Government planning should develop liveable, green, smart, and climate- and disaster-resilient cities, utilising existing physical characteristics, economic potential, and local cultures. To this end, the strategy for urban development over the 2015–2019 period should be to:

1. Strengthen governance in urban development by: (i) developing new laws and regulations related to urban services standards (Standar Pelayanan Perkotaan, SPP) in order to establish sustainable cities; (ii) develop a system of control and facilitation management and fulfilment of SPP in order to establish sustainable cities; (iii) conduct socialization, education, and training in managing sustainable cities; (iv) enhancing institutional capacity at the urban provincial and district/city level; and (v) involve the private sector, community organizations, and professional organizations in policy formulation, planning, and development of sustainable cities.
2. Strengthen regional development by: (i) developing, revitalizing, and strengthening urban and larger metropolitan areas by using forms of SPP, developing intelligent cities through information and communications technology, and developing easily accessible database information and integrated urban maps; (ii) developing small and medium urban areas through the development of transportation nodes between economic growth areas, providing public transport, using forms of SPP and building the capacity of communities that are innovative, creative, and productive; and (iii) developing urban areas in districts using forms of SPP, integrating public transport between regions, cities and districts, and developing new public towns independent from other cities or urban metropolitan areas.

The focus in urban transportation in the RPJMN 2015–2019 is directed towards five principal government strategies:

1. Urban transport development to improve interaction between mobility and land use (cross departmental);
2. Mobility improvements for the public transport system and the transportation of goods;
3. Congestion alleviation—reducing the level of congestion and optimizing Transport Demand Management (TDM) measures;
4. Environment impact controls, cutting the burden of air and noise pollution, including global CO<sub>2</sub> emissions; and
5. Urban safety and the improvement of all aspect of traffic safety.

In the past 4 years, Indonesian cities have also witnessed the rapid development of online ride-hailing modes of transport (such as Go-Jek, Grab and Uber) which evidently answer the daily mobility needs of a significant portion of Indonesia's urban population.

These ride-hailing applications have quickly become embedded in Indonesia's transport cultures and shape the way urban residents use and move about their cities. Greater government intervention is required, however, to properly integrate these new ways of organizing mobility within holistic city planning schemes.

In 2016, Jakarta developed its first Transit Oriented Development (TOD) policy, with the current construction of Mass Rapid Transit and Light Rapid Transit rail systems in the Jabodetabek area serving as the first results of this policy. In the same year, the Ministry of Land and Spatial Planning started to develop a TOD policy for cities such as Medan, Surabaya, and Makassar. Unfortunately, the TOD focussed development policy produced by both the Jakarta government and the national government does not adequately address affordable housing and the promotion of non-motorised forms of transport.

### 4.3 Participation and Civic Engagement

Participatory budgeting, known in Indonesia as Musrenbang, began in the country in 2000, though it was only legally formalised in 2004 in Law 25 / 2004. The word Musrenbang combines the Indonesian words for musyawarah (a community consensus-building meeting), perencanaan (planning, but understood to include budgeting) and pembangunan (development). Community gatherings and collective discussions are a common practice in Indonesian society, where community members frequently collaborate to work towards a shared goal. This practice, referred to as gotong-royong, stems from a cultural preference for building consensus on community issues. The musrenbang process allows citizens, at the neighbourhood, district and city level, to express their priorities for development projects. Other than voting for their political leaders every five years, musrenbang is a rare opportunity for many citizens to express their needs and desires for the communities in which they live. It has great potential but is often treated as a sort of nonbinding wish list.

At the smallest scale, the Musrenbang is carried out by a neighbourhood and its appointed leader (RT/RW). More commonly Musrenbang is applied at kelurahan/kecamatan (sub-district and district) levels. Musrenbang as it is currently carried out contains some obvious deficiencies and shows an unwillingness on the government's part to truly let go of a top-down approach. The only participants in the process of establishing consensus towards development goals are community representatives invited by the government. We consider this minimal form of representation to be insufficient and ineffective, because the information delivered is not comprehensive enough and does not accurately reflect local epistemologies or desires for the future.

Lack of knowledge about Musrenbang among community members also inhibits the effectiveness of the policy. Community members do not seem to understand the purpose and the role of Musrenbang, and this results in community members passively attending meetings without feeling sufficiently informed to actively contribute to decision-making processes. This knowledge gap is also effecting what kinds of suggestions arise from the community as the Musrenbang meetings only discuss built development.

In line with the rising popularity of smart city initiatives, since 2009 Musrenbang programmes in Surabaya have gradually shifted to online platforms for community consultation and advice. All community input at the RT/RW level now occurs through online platforms. The stated primary purpose of online Musrenbang in Surabaya is to facilitate and document community aspirations and increase transparency. It could be argued that this indicates an increasingly tokenistic approach to participatory planning.

To strengthen and revitalize Musrenbang so that it can operate as a meaningful and effective tool for inclusive citizen engagement and participatory planning, we suggest the following improvements need to be made by those running the Musrenbang programme:

1. Increase and strengthen the capacity of Musrenbang facilitators.
2. Use collaborative methods to engage the community actively.
3. Streamline the process on the neighbourhood level and conduct the process more regularly
4. Better preparation and researching into the specific needs and interests of the communities, preferably before the formal Musrenbang sessions begin.
5. Improve access to Musrenbang information, including the use of appropriate technology to distribute information.
6. Encourage wider participation beyond RT and RW leaders, especially among young people, women and office workers.

As part of the Open Government Initiative developed in 2012, both the national government and Indonesian city councils operating on smaller scales have developed various additional policies and platforms to enrich and increase the quality of public participation. Among these are open data platforms, Lapor and Qlue. Lapor and Qlue are tools for residents at a community level to report and monitor infrastructural failures (such as broken canal walls) or natural hazards (such as rising flood waters).

In 2014, the Jakarta government launched its Smart City programme and associated platforms. Smartcity.jakarta.go.id is a website which uses Google Maps and data from the traffic-monitoring application Waze. The website also integrates data from the government developed applications Qlue and CROP Jakarta.

Qlue is a crowd-sourcing smartphone application which allows users to report various incidents such as floods, crime, fire or waste. Once a report is made, city officials will respond through the CROP Jakarta smartphone application. Related civil servants and officials nearest to the reported incidents will be detected through their smartphones and must respond to the report.

Alongside Jakarta and Surabaya, the Smart City Initiative has also been implemented in Banda Aceh, Bogor, Bandung and Makassar.

## 5. Available Solutions and Further Recommendations

We have discussed a number of government-led programmes in the fields of housing, mobility and public participation. Below are some alternative community or student-led examples of good practices of promoting inclusiveness in Indonesian cities.

### 5.1 A Thematic Kampung in Malang

In Indonesia, Kampung is the name for a type of neighbourhood mainly populated by residents with low income. The Thematic Kampung programme in Malang is a city government and local citizen effort to improve kampung conditions by working from their existing social and locational assets. The community (now popularly known as Kampung Warna-Warni), in partnership with a local university, was given the freedom to design and implement their own proposal for kampung improvement. The successful proposal, (which was still assessed by the city government) was awarded funding from the Detail Engineering Design (DED) Implementation Fund. We highlight the Thematic Kampung programme as a successful initiative due to the broad range of its positive impacts on kampung Warna-Warni, improving not only the physical environment of the village, but also reversing the stigma previously attached to the neighbourhood and thus contributing positively to a diversified local economy.

Kampung Warna-Warni (literally translating as 'colourful neighbourhood'), is one of the most famous thematic kampungs in Malang. This neighbourhood renovation project arose from a Malang university community engagement programme. Students and community members proposed to repaint the entire kampung in visually striking colours, making use of the kampung's location in a deep gorge clearly visible from an adjacent road and from the inter-Java

trainline to create a local tourism icon. This kampung was given a touch of colour, its multicoloured houses becoming a visually striking addition to the Malang streetscape. Making use of the kampung's proximity to the Malang central train station, the rainbow paint job led to an increase in visitors to the kampung. The kampung community was then able to generate income from independently managing village tours, as well as other tourist-gear activities such as producing souvenirs and selling craft products made from recycled plastic. In this way, a local market was produced for existing kampung practices of recycling and up-cycling. These existing practices of environmental sustainability were strengthened by outside recognition of the community's unique relationship to the city's river, from which materials to be recycled or up-cycled are frequently scavenged.

This kampung's success in transforming their environment influenced other neighbouring kampungs, and the concept of thematic kampungs achieved recognition at a national and international scale. This success encouraged the Malang city government to continue to fund Thematic Kampung programmes.

Thematic Kampungs also increase and improve economic opportunities in kampungs. This programme could be carried out between actively participating kampung residents and the city government, who are responsible for creating programmes to support citizen's creativity. In this instance, it was acknowledged that citizens already possess an understanding of how to manage their urban environment, and that this can form a basis for community action. Government has a role to play in facilitating active resident participation in the making of their city. The dialogue fostered through the Thematic Kampung programme also encourages residents to think boldly on a city-wide scale, and grapple with their city's complexity.

## **5.2 Inclusive Development in Kelurahan Semanggi, Solo City**

Kelurahan Semanggi is located on the banks of the Bengawan river in Solo, Surakarta. During the New Order period, this area was relatively untouched by development and as a result of deteriorating infrastructure and overcrowding became a slum. Residents of this area are stigmatised by outsiders due to the poor condition of their neighbourhood.

Presently, Kelurahan Semanggi is the area with the highest population within the district of Pasar Kliwon. The population is 34.4 thousand; more than one-third of the total population of Pasar Kliwon district, (90.4 thousand). Population density is very high, evidenced by houses jostling up against the banks of the river, and resident activities such as cooking and cleaning taking place on the riverbanks.

The government programme to improve local housing received consent from local residents. This involved the relocation of those living closest to the riverbank in a bid to improve river conditions and reduce the risk of flooding. The relocation of these residents was conducted between 2008-2014. Residents received compensation of 12 million Rupiah (US\$ 871) per family unit for the purchase of land elsewhere in the city and 8.5 million Rupiah (US\$ 620) per family unit to go towards housing construction. Those with proven titles to land were reimbursed at a rate of 495 thousand Rupiah per square meter. Those residents displaced from the riverbank were given the option of buying flats with social housing blocks to be built in the area or utilising their compensation to purchase land and build homes in new areas of the city. For those residents whose homes were not located on the riverbank, house upgrading programmes continue to be made available, with funds allocated for building improvement. The government has built new shared infrastructure such as public toilets, managed by the community with a small fee charged to generate money for maintenance costs.

Social housing apartments were also built for residents of the Semanggi area, both on- and off-site. Where possible, towers were built in the area so that residents did not need to move from their neighbourhood and complex social networks and livelihoods were not severed. Apartments within these 4 storey buildings are rented at the cost of 1 million rupiah (73 USD) per month and are only available for people whose government-administered ID cards indicate they are Solo residents. Residents of the apartments are in the process of forming community organizations to organize and manage community life in the apartments.

In this case study, multifaceted government kampung improvement efforts received a positive response from residents and became a stimulus for citizens to improve their quality of life. This has broader impacts for the city, particularly as improved waste disposal facilities provided as part of the kampung improvement programme give residents other viable and affordable options for waste disposal than throwing their rubbish in the river.

### 5.3 Affordable Housing

It is critical to continue to support inclusive and well-planned urban development and increase the supply of adequate housing in well-serviced and connected neighbourhoods to enhance living standards. Empirical evidence shows that urbanization only supports growth and poverty reduction in Indonesia when adequate infrastructure, including safe and affordable housing, is available.<sup>8</sup> Current data suggests that informal, self-built housing continues to be the major form of shelter in Indonesia, with a recent survey estimating that 71 per cent of the housing stock in the county is self-built.<sup>9</sup>

With self-built housing, people find their own diverse solutions to the need for shelter and develop their own ways to make vibrant and varied habitats. Currently, there are plenty of creative and innovative urban communities in Indonesia, especially those

built by the urban poor in Jakarta, Surabaya, Kendari, Makassar, Yogyakarta, and many other cities. The issue of adequate and affordable housing and self-built housing was also highlighted in the latest global commitment to housing and sustainable urban development, known as The New Urban Agenda and signed in October 2016 by 167 countries. The agenda frames global policy for cities and urban settlements for the next 20 years. The phenomenon of self-built housing is referred to within the New Urban Agenda agreement as a form of 'social habitat production'. Social habitat production is defined as a non-market process carried out by inhabitants, whose initiatives and innovations produce dynamic physical environments and social relations. The agenda recognises that urban kampungs in big cities like Jakarta, Surabaya, and Makassar provide not only a social habitat but also what is often the only available affordable housing for the urban poor.

Social habitat production is a user-driven and participatory project for building more sustainable and inclusive cities by meeting the housing needs of many of the most vulnerable urban residents. This includes models such as housing cooperatives, community land-trusts and co-housing, as well as all other modes of housing production where civil society is recognised as a partner in urban planning and development.

Most of the tools provided by the government are focused on mortgage-backed private home buying and rental apartment construction, with limited support given to the dominant housing form of self-built shelter and social habitat production. In order to promote and protect social habitat production, the following measures are recommended:

1. Urban redevelopment and zoning reform, including: a) Increasing Floor Area Ratio (FAR) for lower density areas of big cities like Jakarta and Surabaya, which would provide more efficient land utilization; b) Introducing mandatory inclusionary housing in high-density areas and those close

to transit routes; c) Utilising government assets and under-utilised land through a land-banking programme; d) Identifying existing urban kampungs and adopting zoning regulations to protect urban kampungs from gentrification and forced evictions.

2. Developing alternative housing solutions, such as community housing through mentoring and empowerment of low-income communities, as well as members of the middle-income community who wish to develop co-housing together.
3. Urban agrarian reform to address communal rights and communal land-trusts, especially for urban kampungs.
4. Community Action Planning as a road map for implementing community change by identifying and specifying what will be done, who will do it and how it will be done. In other words, these action plans should describe what communities want to accomplish, what activities are required during a specified timeline and what resources are needed.
5. A direct subsidy programme for the urban poor. This involves the channelling of government (and non-market) funds through a participatory process, in the form of infrastructure upgrading subsidies and soft housing and land loans. These go directly to urban poor and lower middle-class communities, who carry out improvements to their houses and environment, and upgrade basic services and tenure security while managing their budgets independently.
6. Resettlement. This involves resettling communities currently located in disaster-prone areas in ways that are humane and fair, through proper public consultation and collaborative planning. Resettlement, however, should always be treated as a last option, and ways of mitigating disaster vulnerability should be considered first.

#### **5.4 The Kampung Improvement Programme**

The Kampung Improvement Programme (KIP) is the world's first slum-upgrading programme. It was launched by the Jakarta government as a response to statistics that indicated that 65 per cent of urban settlements did not have their own lavatories, 80 per cent had no access to electricity, and 90 per cent had no access to water supply. It was, and continues to be, a more humane and innovative alternative to frequent government policies of eviction.

The pilot project of the Kampung Improvement Programme was implemented in Jakarta, Bandung, and Surabaya. The KIP worked to improve environmental quality standards through:

1. Procurement of clean water, where possible connected with the city's mains distribution network, with 1 hydrant for 4 Ha range of environmental services.
2. Environmental drainage to prevent floods, and secondary drainage following the existing street pattern and urban drainage.
3. Public Lavatories: 12 toilets for every 3500 people.
4. Hardened roads made from asphalt or concrete cement as is suitable for the context with widths ranging from 3-8 meters.
4. 1.5 meters wide pedestrian paths made of concrete with sewerage channels.
5. Garbage dumps with volumes of 12 m<sup>2</sup>, and truck disposal services to deliver the waste into Final Waste Disposal Unit.

The KIP programme has been supplemented by a Human Development and Business Development Project, as well as an Urban Housing Infrastructure Improvement Project (P2LPK). These projects have been conducted in 2,493 urban locations with an area of 125,946 ha. 40.4 million people have received support through these projects. The

P2LPK programme includes an Urban Settlements Rehabilitation and House Rental Programme which is currently implemented by 15 provinces that each handle 16 urban areas of 2 ha. each.

There are other notable programmes to improve kampung living environments. The Solo city government's programme is one such example, with legalization of residents' land and houses occurring alongside grants to upgrade them. The Solo city government conducted data collection and mapping which defined which areas should be relocated due to high environmental vulnerability and other conditions, and which areas were to be legalized. Those settlements which were not evicted were then recognised by law through the land legalization programme. Comprehensive negotiation and socialization was carried out by the city government with those residents who were asked to relocate. This involved transparently discussing with residents the city assets which the government was trying to protect. Relocation settlements are made with residents facing eviction, and those residents who were unable, or did not wish to, relocate to government-built public housing were offered assistance in purchasing land elsewhere in the city. This included a site verification and planning survey carried out by the government, and registration of the land in the resident's name.

To support the relocation process, the Solo government provided support in the form of land purchasing, subsidies for community-level developments and infrastructure improvements, and an accessible process for legalizing land ownership. Funding provided by the government was distributed as follows:

1. A land price of up to Rp. 400.000,00/meter
2. Development stimulant support of Rp. 15,000,000
3. Infrastructure support of Rp. 3,200,000,00

This programme has been in operation since 2005 and is funded through the national government's APBD fund. The city government has shown a commitment to a fair and positive resettlement process by giving assets to its citizens so that they can have greater financial and tenure security. The limited financial means available through the APBD fund have limited the Solo Government's capacity to carry out the programme in full. Rather than diminish the quality of the programme by attempting more than is possible with the available funds, the city government has implemented the upgrading programme gradually as each allotment of funding has been made available. To date, more than 1500 families have been successfully resettled by the Solo city government.

## **5.5 Mobility/Transport**

To build liveable and inclusive cities, affordable housing must be coupled with sustainable transportation and mobility infrastructure. Government-planned improvements and investments for bus-based mass transit include:

1. Improving and adding to Bus Rapid Transit (BRT) integrated services in major cities.
2. Legislating provision for Non-Motorised Transit (NMT) components in transport master plans for all major cities and prioritising transport infrastructure investments for NMT, including wide-scale improvements to pedestrian and bicycle facilities, the development of facilities for intermodal connectivity and the adoption of complete street design standards, wherever feasible.
3. Implementing congestion tolls for private vehicles using urban streets in peak hours.
4. Creating preventative urban traffic management plans for small and medium cities.

Transportation is the source of 70 to 80 per cent of total outdoor air pollutants, including destructive particulate matter. Motorized transport also contributes 23 per cent of Indonesia's greenhouse gas emissions. It is crucial to have a mobility and transportation strategy which addresses the damage caused by excessive private motorized vehicle use whilst ensuring minimum disruption to the everyday running of cities. In furthering this aim, we recommend that city governments should:

1. Formally integrate land-use and transport-planning processes with related institutional arrangements at the local, regional and national levels.
2. Plan for mixed-use, medium to-high density developments along key corridors within cities, through appropriate zoning policies.
3. Provide pedestrian-oriented access to transport corridors and actively promote public transport-oriented development when introducing new public transport infrastructure.
4. Reduce private motorised vehicles' percentage share of total urban transport use by using Transport Demand Management measures, including pricing measures that account for congestion, safety and pollution costs.
5. Create intermodal transport hubs, easily accessed by users of all forms of transport – urban and inter-urban, road and rail, public and private.
6. Increase accessibility between residential areas and urban facilities and amenities, such as education and health facilities and shopping centres.
7. Improve sidewalks and increase the amount of pedestrian infrastructure such as pedestrian overpasses.

There is an increasingly urgent need to address the density of urban centres, which are currently at a level that exceeds the capacity of urban infrastructure and roadways. Decentralisation of large cities such as

Jakarta is required. To accomplish this decentralization, the central government and local government need to have good inter-governmental coordination when they create a comprehensive master planning process, and work towards constructing new urban centres in regions surrounding large cities to act as a counter magnet or pull factor for urban and peri-urban populations.

In recent decades Indonesia has had a pattern of urbanization where new migrants to the city from rural areas are often unable to afford the high costs of urban housing so they instead occupy vacant land and build new informal settlements. This unofficial housing is often not accounted for within urban master plans, and its population not accounted for when providing urban infrastructure.

Private developers have recently made additional proposals to simplify administrative licensing procedures for urban land management. To prevent this simplification further skewing the availability of urban land towards private interests, a city housing development institution consisting of elements of the Ministry of Public Works and People's Housing and local government should be developed to continue to regulate access to land concessions. A mortgage bank capable of financing the development of urban housing in Indonesia with low interest, long term loans accessible to low income earners would also need to be established.

## 5.6 Participation and Civic Engagement

As discussed above, a major government initiative designed to facilitate resident participation in developments that directly affect them is Musrenbang. This programme creates a conversation across the layers of governance, from the smallest community group like RT/RW to the city government itself using the online platform, SIMRENDAs. The goal of Musrenbang is not only citizen participation in the budgeting process but also the ongoing monitoring of progress made by government. However, the

inadequacy of knowledge about Musrenbang by resident participants is an obstacle to its effectiveness. We have argued that unless more effort is made to ensure the community fully understand the purpose and meaning of Musrenbang and their role within it, they are unable to participate at more than a superficial and tokenistic level and tend to only give suggestions relating to build (hard) development within their environment.

Currently, the government relies on Musrenbang as its main participatory design mechanism at both city and regional levels. However, several ministries, such as the Ministry of Public Works and Housing and the Ministry of Agrarian and Spatial Planning have also developed sector-based public participation programmes, such as the Green Cities Network, Heritage Cities Network and Spatial Planning Watch Programme. Several municipalities, such as Solo and Yogyakarta have also developed Integrated Community Action Planning mechanisms for neighbourhood and resettlement programme.

Civil society groups, under the Open Government Indonesia initiative, also team up with local governments to promote and support participatory budgeting (Bojonegoro), open data platforms (Bandung, Banda Aceh, and Jakarta) and various crowdsourcing monitoring and reporting applications. The emergence of artist collectives (particularly in Yogyakarta and Jakarta) and independent libraries (Bandung, Surabaya, Kendari) often equipped with co-working space also provide a space for collaboration and learning between non-state groups around urban issues. These independent initiatives are important counterpoints to government community engagement programmes and can foster critical debate on what genuine participatory processes could look like. Throughout Indonesia there are numerous communities active in forms of environmental planning that acknowledges communities' pre-existing social and cultural assets. These include the Jagakali Art Festival initiated by

Sinau Art, and Lifepatch citizen science initiatives, both of which work with riverbank communities to develop and share situated environmental knowledge. These groups use art and culture as a way of encouraging environmental stewardship.

These creative communities are variously concerned with urban issues, vernacular culture, and the valuing of local or marginalised forms of environmental knowledge. Many of them base their artistic production on a process of collaborative research within particular communities, which is itself valued as a way of contributing to an internal cultural ecosystem that sits outside the gallery art world. These communities see art as being embedded within and responsible to a broader social, political and environmental situation. They often approach art making as a method for intervening in these broader social structures to encourage new perspectives or challenge existing hierarchies of power and knowledge. Creative communities in Indonesia are well connected and often collaborate with activists and researchers to address complex urban issues from multiple angles. They extend artistic methods of juxtaposition and rearrangement traditionally applied to physical material to create new forms in the realm of the social.

One noteworthy example is the Hysteria Collective in Semarang. In collaboration with the Rujak Center for Urban Studies and other partners, Hysteria created the event series 'Unidentified Group Discussion' which later transformed into 'Peka Kota', a performative discussion series with a focus on community-led forms of urbanism, which they termed 'Urbanisme Warga' (Citizen Urbanism).

Hysteria also facilitated the creation of a kampung network in Semarang, connecting the kampungs of Bustaman, Malang, Petemesan, Nongkosawit, Karang Sari, Krapyak, Kemijen, and Sendangguwo through regular meetings and social media networks where they were able to discuss shared concerns. This

building of social relationships is key to creating trust between residents of different neighbourhoods to encourage mutual understanding and collaboration on broader urban issues. Hysteria believes that the necessity of building social dimensions is often undervalued in projects of urban development.

### **5.7 Political Contracts & the Future for Indonesia's Urban Poor**

Political contracts between certain communities and elected leaders have also been used as mechanism for civic engagement in recent years, notably in Makassar and Jakarta. The 2017 gubernatorial elections in Jakarta presented an unprecedented opportunity for poor communities to figure prominently in mainstream political debates and ensure kampung residents' demands were heard. During the lead-up to the election, the Urban Poor Consortium (UPC) and Jaringan Rakyat Miskin Kota (JRMK) organised a 'political contract' with one of the candidate teams running for election, Anies Rasyid Baswedan and Sandiaga Salahuddin Uno (Anies-Sandi). Their campaign was inspired by the work of ACORN in the USA in negotiating political contracts with Barack Obama. The political contract they created, which circulated widely through social and mainstream media, articulated five key demands:

1. Change the city masterplans to include kampungs;
2. Legalization of kampungs;
3. Institute an affordable housing programme for the poor;
4. Provide business licensing for hawkers;
5. Support pedi-cab drivers to transition into new professions.

JRMK-UPC made a binding agreement with Anies-Sandi, where they promised a majority vote for Anies-Sandi in 125 polling stations. If the Anies-Sandi candidate team lost in any of these 125 polling stations, then the agreement would be void. They were successful in ensuring that Anies-Sandi, did win in all 125 polling stations, and the new governor is now legally bound to facilitate their demands.

What was politically ground-breaking about this successful political contract process was that it offered communities of urban poor people across Jakarta an opportunity to organise en masse and use their sheer numbers to place themselves in a strong bargaining position to demand their rights as urban citizens. By mobilising their votes and organising their communities during the elections to enter into political contracts, Jakarta's urban poor became visible, and are acknowledged as important actors within the city. Using this approach, they can leverage governments to guarantee their basic rights-if the candidates they support win.

This final case study of the political contract brokered by UPC/JRMK demonstrates the extent to which urban poor communities can not only participate in but set the agenda for urban development when they self-organise to form a united political front. This explicitly political approach enables a risky but potentially more meaningful and effective form of citizen engagement in shaping urban futures than those offered by government channels in which poor residents are at best a client of a predefined procedure that may be merely tokenistic. Strategies such as political contracts thus act as an important counterpoint to established top-down government participatory planning initiatives such as *Musrenbang*.

## Notes

- 1 Indonesia's Rising Divide. 2016, Why Inequality Is Rising, Why It Matters And What Can Be Done. The World Bank and Australian Aid
- 2 Article Index GNI Per Capita [http://www.fiskal.kemenkeu.go.id/ojs\\_bkf/index.php/kek/article/view/184](http://www.fiskal.kemenkeu.go.id/ojs_bkf/index.php/kek/article/view/184)
- 3 John, Friedmann. (2007), The Wealth of Cities: Towards and Asset-Based Development of newly urbanizing regions, UN-Habitat Lecture Award Series, No, 1, United Nations Human Settlements Programme (UN-HABITAT) Nairobi.
- 4 Scientific Oration Prof. Dr. Setyawan Sunito "Defending Farmer kendeng." Director of Center for Agrarian Studies, Bogor Agricultural University (IPB). <https://www.voaindonesia.com/a/konsesi-sumber-daya-agraria-rugikan-penduduk-lokal-/4025572.htm>
- 5 The Social City Programme. (2016). Wise urban Development for the future of our cities. A Publication of the Division for Economics and Social Policy of the Friedrich-Ebert-Stiftung-Foundation. Germany. <http://library.fes.de/pdf-files/bueros/indonesien/12540.pdf>
- 6 List of low income apartment in Jakarta <https://data.go.id/dataset/daftar-rumah-susun-sederhana-di-dki-jakarta>
- 7 Leung, K. H. (2016), 'Indonesia's Summary Transport Assessment', ADB Papers on Indonesia, No.15, pp. 5
- 8 Lewis, B. D. (2014). Urbanization and Economic Growth in Indonesia: Good News, Bad News and (Possible) Lo-cal Government Mitigation. *Regional Studies*, Vol. 41(1), 192-207
- 9 Statistics of Housing and Settlement, (2013), BPS.

## Bibliography

Leung, K. H. *Indonesia's Summary Transport Assessment*, ADB Papers on Indonesia, No.15, 2016.

Lewis, B. D. "Urbanization and Economic Growth in Indonesia: Good News, Bad News and (Possible) Local Government Mitigation." *Regional Studies*, Vol. 41, no.1 (2014).

Friedmann, John. *The Wealth of Cities: To-wards and Asset-Based Development of newly urbanizing regions*, UN-Habitat Lecture Award Series, No. 1, United Nations Human Settlements Programme (UN-HABITAT). Nairobi: 2007.

World Bank and Australian Aid. *Indonesia's Rising Divide. Why Inequality Is Rising, Why It Matters and What Can Be Done*. 2016.

Ministry of Agriculture. General Secretariat for Data Center and Agriculture Information System. *Annual Report Statistic Population 1971-2015*. 2014.

Bank of Indonesia. *Annual Report Indonesian Economic. List Economic Growth 1998-2017*. <http://www.bi.go.id/id/publikasi/laporan-tahunan/perekonomian/Default.aspx>

Badan Pusat Statistik. *Statistics of Housing and Settlement*. 2018.

Ministry of Public Works and People's Housing. Directorate General of Housing. *Annual Report Housing Stock*. 2015.

Ministry of Public Works and People's Housing. Directorate General of Housing. *Annual Report Housing Development Needs for Low-Income Peoplein 2016*. 2016.

Friedrich-Ebert-Stiftung, *The Social City Programme. Wise urban development for the future of our cities*. 2016.

Ministry of Public Works and People's Housing. *Housing Development Needs for the low-income people based on Employment Report*. 2018.

## About

Rujak Center for Urban Studies (RCUS) is a think-tank founded on May 1st, 2010 to assist the necessary transition process into ecological age. RCUS wishes to work together with communities to generate innovative knowledge and practices to form sustainable cities and regions.

RCUS is shaped by the different experiences and backgrounds of its co-founders who have been doing a multitude of research, capacity building and policy advocacy in more than three decades. They have some professional working experiences in the fields of good governance, arts and culture, heritage, development strategy, and post-disaster reconstruction.

Through practices, RCUS realize that changes require designed steps, bigger magnitude and collaboration, long-term commitments, perseverance, and hence serious organising. Therefore, RCUS wish to combine research, capacity building and policy advocacy to make our efforts more effective.

## Authors

Elisa Sutanudjaja  
Marco Kusumawijaya  
Muhammad Zul Qisthi  
Inten Gumilang

## Editor

Famega Syafira  
Jorgen Doyle

## Contributors

Rizky Pujianto  
Qatrunnada Salsabila  
Vidia Adianti  
Bela Ukhoyya  
Bardha Gemilang



The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung.

## Imprint

© 2018  
Friedrich-Ebert-Stiftung | Indonesia Office  
Jl. Kemang Selatan II No. 2A Jakarta 12730  
Indonesia

Responsible:  
Sergio Grassi | Country Director

Phone: +62 21 719 37 11  
Fax: +62 21 717 913 58  
Email: [info@fes.or.id](mailto:info@fes.or.id)  
Website: [www.fes-indonesia.org](http://www.fes-indonesia.org)

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES.

Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany. Founded in 1925, FES is named after Friedrich Ebert, the first democratically elected president of Germany. With an international network of more than 100 offices worldwide, it contributes to fostering the core values of social democracy - freedom, solidarity and social justice.

FES established its Indonesia Representative Office in 1968 and since 2012 has been in cooperation with the Coordinating Ministry of Human Development and Culture (Kemenko PMK) Republic of Indonesia. In order to pursue social justice in politics, the economy and in the society as one of FES leading principles worldwide, FES Indonesia has been conducting various activities in recent years to support the Social Security Reform, Welfare State, and Social Economic Development in Indonesia as well as promoting Indonesia as a reference to other countries in the region and at international level for democratization, socio-economic and peaceful development.

Studies and publications under the topic of Social City is part of the regional project Economy of Tomorrow by FES in Asia.