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MINISTER OF PUBLIC WORKS
REPUBLIC OF INDONESIA

Cities in Transition: Challenges for Indonesian Cities Toward Sustainable Urban Development¹

**Keynote Speech, delivered by:
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**His Excellency Mr. Jiang Weixin, Minister of Housing and Urban-Rural
Development, People's Republic of China,
Madame Anna Tibaijuka, Executive Director UN-HABITAT,
Mr. Luo Zhi Jun, Governor of Jiangsu Province,
Mr. Jiang Hongkun, Mayor of Nanjing**

**Distinguished guests and participants of the Fourth World urban Forum in
Nanjing, China
Ladies and Gentlemen,
Good morning to all of you.**

It is both profound honor and great pleasure for me to join and participate in the one of the most prestigious urban forum worldwide, namely the Fourth World Urban Forum. It is also a pleasure for me to represent my country as one of the members of United Nation HABITAT.

First of all, I would like to say express my appreciation to the UN-HABITAT for allowing me to speak in this keynote session. I would also like to congratulate the Government of the People's Republic of China and the organizing committee who have been very successful in organizing this world class event in this beautiful city of Nanjing.

My following speech will highlight some facts and current status of the urban development in Indonesia and its condition. I will also explain some of the strategic policies in regional autonomy, spatial planning, and disaster management taken by the Indonesian government, and followed by some pre-requisites for the successful transition towards sustainable urban development. Finally, I would like to share some of our experiences in dealing with various urban

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issues and some important agendas needed to be addressed in the future as part of our efforts in achieving our **objectives in developing harmonious cities**.

Distinguished guests and participants,

Indonesia is an archipelagic country located between Asia and Australia, and between Pacific and Indian oceans, composes of more than 17,500 islands, which only around 6000 are inhabited. The total land area is around 1.9 million square kilometers, out of this, only 700 thousands square kilometers (38 percent of all the land) is habitable area.

Demographically, Indonesia is the world's fourth most populous country after China, India, and the United States of America, with population of more than 224 million people, composed of more than 300 ethnic groups scattered throughout the regions. Almost 60 percent of the population resides in the island of Java which only accounts for 7 percent of the area.

In 2008, for the first time in Indonesia's history half of the country's population resides in urban areas. By 2025 it is estimated that about 65 percent of Indonesia's population or 180 million people will occupy urban areas, primarily in 16 large and metropolitan cities.

Regrettably, such urbanization creates severe environmental degradation in urban areas, particularly in large cities and their surroundings. The needs of space for shelters has led to substantial loss of green open space and been generating unwanted development of slums area in every corners of the city. In addition, the excessive demand for transport that grows beyond the existing network capacity, has caused severe traffic congestion, loss of productivity, and inefficiency of energy. Severe air pollution and water contamination from domestic and industrial waste are also common in our cities.

This environmental degradation is compounded by the fact that millions of country's population are still in acute poverty with great deficit of basic infrastructure. Urban poverty remains a big issue for many developing countries; they mostly live under substandard facilities without sufficient access to sanitation and clean water infrastructure.

In terms of productivity, we know that global economy is experiencing a huge stress at the moment and there is no single city in the world that is not linked to global economy. So do our cities. Major economy capitals have, to some extent, marginalized the local economy, creating greater gaps between various groups of community in our cities. Whereas, the small-medium enterprises (SMEs) and the informal sector, account for almost 70% of city productivity, are left behind and tend to be marginalized.

In terms of global warming, climate change issue will certainly amount to further stress to our cities. Poor communities will be hit first and hardest by climate change. Worse still, should the sea level increase by 30 centimeters by 2030,

Indonesia is threatened to lose more than 2000 islands including some of its coastal cities and most outer islands.

Politically speaking, since 1998, autonomy in the development policies has been transferred from central government to local governments. The central government is no longer responsible for aspects other than foreign policy; defense and security; religion; fiscal and monetary; as well as law and justice. These political reforms led to major changes in the decision making process, not only from central to local, but also from previously executive heavy to legislative, from government to community and followed by liberalization of all aspects in the administration system including the spatial development planning system.

Honored guests, participants, ladies and gentlemen,

We clearly need a set of clear policies and programs if we wish to put urban development path into the sustainability. This consideration brings us to consider a legal basis as top priority of our responses to deal more effectively with rapid urban development.

For this purpose, several laws have been promulgated: the Building Law (28/2002); the Regional Autonomy Law (32/2004); the Spatial Planning Law (26/2007); and the Disaster Management Law (24/2007). But, apart from these laws, there are newly established sectoral laws, such as law on Water Resources Management (7/2004), Road Development (38/2004), and Solid Waste Management (2007). In terms of strategic urban policies, the Ministry of Public Works has also passed a National Policy and Strategy for the Urban Development (KSNPP) in order to provide operational and sectoral basis for urban related improvement and development programs.

These strategic laws and policies are mutually complementary, and evidently signify important steps in urban policy reform in Indonesia. However, solid regulations and strict law enforcement are further necessary in order to maintain urban development in the right direction.

The strategic vision of the policies in general is to achieve safe, comfortable, productive and sustainable regional and urban development. Productive and sustainable means that development should provide effective and efficient infrastructure to facilitate the production and distribution process of the economy to increase added value, achieve community welfare and enhance competitiveness; while at the same time provide better quality of environment not only for current generation but also for the future generation.

Distinguished guests and participants,

Facing these clear challenges, today is timely for us to rethink and reshape our urban development policies and programs, taking into account as much lessons as possible from the past and the demand of the future. Hence, to gear the path towards sustainable urban development through balancing economic, social-

cultural and environmental dimensions, we will emphasize our efforts on several elements as follows:

- First, **capacity building for key stakeholders** must be enhanced. By this, we mean to improve key stakeholders awareness, education and training in the development, use, operation and maintenance of the infrastructure and its related services.
- Second, we firmly believe in **active public participation** since the initial stage of the urban development process. Through this principle, urban development will not solely be measured by its product, but also by its process from the early stage of urban planning.
- Third, the solution for urbanization and poverty alleviation should also address its main source namely the rural area. Rural areas, as the last resort in this urban decades, must be protected from continuous massive conversion for the reason of urban sustainability.
- Fourth, **strong leadership and clear urban development policies** are key to successful urban development. Within the urban policy framework, the global issues like poverty alleviation must be appropriately addressed. Therefore, local governments should have a clear policy to protect the poor and local informal economy.
- Fifth, **climate change** should be put in the mainstream of development policies, since it is no longer be sufficiently driven by environmental concern alone. Instead, we need positive actions based on **comprehensive and mutually-beneficial cooperation** between developed and developing countries, like Indonesia.
- Sixth, in compliance to the sustainability commitment, **cities should be obliged to provide enough open spaces in urbanized area, as key element of green infrastructure, with minimum proportion of 30 per cent of urban areas.**
- Seventh, a full-fledged sustainable urban development plan should seek to engage multiple actors from industrial, institutional and non-governmental sectors and provide opportunities to make them **grow in harmony**. Urban community should therefore be empowered to **promote community reliance** to reduce vulnerability and mitigate natural hazards in the disaster prone area.
- Last but not least, we firmly believe that the future of urban development policies must also consider the **disaster mitigation and vulnerability reduction at the top agenda**. This brings us to realize the importance of a disaster-mitigation protocol which should be adopted by all cities in order to create more safer and prepared cities.

Honored guests, participants, ladies and gentlemen,

Apart from the constraints and limitations, Indonesia has always been part of **early adopter countries for many global initiatives** with regard to achieving urban productivity and sustainable development objectives.

In the recent decentralizations era, we have managed to perform local government elections for 33 provinces and more than 400 local governments, making us one of the largest democratic countries in the world. We are also very successful in achieving peace in Aceh, Ambon and Papua during the last 5 years or so.

Our local city governments, such as the city of **Surakarta**, in Java, has been very successful in developing a pro-poor and informal sector protection policies. In the housing sector, we are trying to change the slums into more civilized shelters by developing “1000 tower policy” for what we called RUSUNAWA (rented flat unit) and RUSUNAMI (owned flat unit). A housing finance policy has been formulated to increase the urban poor’s affordability in the form of housing subsidy through banking and non banking institutions. On top of this, since 2004 Indonesian Government has successfully managed to facilitate the development of more than 360 thousands subsidized housing units that particularly targetted to the low-income households in the urban area.

In terms of harmony with nature and environment, we have developed more parks and pedestrian friendly environment in our cities like Jakarta and managed to preserve historical roots and soul of the cities in the old town centre like in Semarang, Sawahlunto and Sunda Kelapa (old Jakarta).

In order to improve urban mobility and accessibility of the public and to discourage the use of private cars, we have supported local governments to improve the public transport facilities such as busway in Jakarta and Bus Rapid Transit in Yogyakarta.

In rural areas, since 2002 we have introduced several pilot projects of **agropolitan** to promote rural productivity and reduce its dependency to our cities. Here, we borrow the basic ideas of ‘central-place’ and ‘urban – rural linkages’ in order to develop our rural areas more progressively, while maintaining their special socio-cultural and environmental characteristics.

With regards to **poverty reduction and alleviation**, Indonesia is always committed to achieving the Millennium Development Goals (MDGs). Under this agenda, we have launched the first nationwide poverty reduction program, consisting of three clusters: (1) the social protection system program, primarily through the conditional cash transfer system targeted to the poor communities; (2) the National Community Empowerment Program (PNPM) with specific objective to create synergy amongst the various community empowerment programs and initiatives within the government; and finally, (3) the Micro Credit Program with focus on promoting pro-growth strategy for the small and medium enterprises.

A preliminary economic assessment indicated that the PNPM could benefit nearly 14 million families and increase their income by 11 per cent on average by providing about 60 days of work. Approximately, 7 to 9 million families would be pulled out from poverty.

Distinguished Guests, Ladies and Gentlemen,

It has never been easy to wipe away our memory on the **tsunami disaster in Aceh** in 2004 which had been followed by several other natural disasters afterwards. **But fortunately, we are blessed with strong people's resilient and social solidarity.** We are also grateful for the solidarity shown by international community. **The last earthquake disaster in Yogyakarta in 2006 is probably the best example** on how recovery and reconstruction program can be both accomplished within a relatively short period through community-based approach. Thanks to the global humanitarian aids that have helped us went through the difficult times during rehabilitation and reconstruction programs of our devastated cities.

Nevertheless, we still face in most cases, particularly at the earlier stage of the disaster relieve program that there is no clear definition and criteria for the so-called "a global disaster" that needs other countries or foreign humanitarian institutions to take part in the aftermath relieve programs.

In terms of balanced development between man-made and natural environment, we are always committed to modernize our cities hand-in-hand with the preservation of local culture and environment, such as what we did in Bali and Yogyakarta among others, where quality improvement of the built urban environment, such as infrastructure, have been done in harmony with the natural environment.

Ladies and Gentlemen,

In order to be able to respond to this big challenge, we underline that reliable government, strong and clear urban development policies, capacity building for key stakeholders and active public participation are crucial elements that must be put in place.

In the future, these require more creative and innovative urban development practices towards sustainability, then it is time to move onto implementation side of our urban development agendas.

I therefore suggest in this opportunity to consider several points to be included in this Forum resolutions as part of our efforts to materialize the harmonious urbanization:

- Firstly, national government should improve local governments' capacity to increase capability and quality of urban development, which may be achieved through technical assistance from the developed countries.
- Secondly, cities governments should promote public participation to increase transparency and accountability in development policies implementation.

- Thirdly, national and regional governments should promote rural area development to reduce stress to the cities due to the excessive urbanization.
- Fourthly, cities governments should develop policies to protect small-medium enterprises and other local economies from financially driven global capitalism.
- Fifthly, cities governments should promote environmentally friendly planning approach by providing sufficient green open space (30% of the area).
- Sixthly, cities governments should promote balanced development and harmony between various parts of its regions, development sectors, and community groups or ethnics within the city.
- Seventhly, cities should promote community reliance to reduce vulnerability and mitigate natural hazards in the disaster prone area.
- Lastly, international protocol should be developed to facilitate foreign-aid involvement in disaster rescue and relieve programs.

Your Excellencies, ministerial colleagues, honored guests and participants,

I am very happy to announce that Indonesia has recently established a National Secretariate for Habitat, which is the first in Asia. We also remain a focal point for housing and regional research development of the UN-ESCAP through our Regional Centre for Research on Human Settlement in Bandung to provide training and knowledge sharing in appropriate technology in housing.

Finally, I am very honoured to welcome all of the Asia Pacific Housing and Urban Development Ministers to the 3rd Asia Pacific Ministerial Conference of Housing and Urban Development (APMCHUD) in Indonesia in 2010.

I wish that we could have productive dialogues and discussion in this forum to better improve our urban condition.

Thank you.

**Minister,
Ministry of Public Works**

DJOKO KIRMANTO