Planning for an Extended Metropolitan Region in Asia: Jakarta, Indonesia

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Introduction

Jakarta, the capital of Indonesia, McGee (1991) argued, was in the 1980s an example of an emerging desakota region associated with rapid economic growth in the core city, dense networks of canals and roads, demand for cheap industrial and residential land, the inability of even intensive agriculture to absorb the growing labour force, diversification of the rural economy, and the lack of capacity of the administrative authorities to control patterns of urban development. This case study explains the processes at work in the metropolitan region of Jakarta, describes their outcomes in terms of physical patterns of development; assesses how the agencies responsible for planning and management have responded to the pressures for urban expansion; and suggests some appropriate approaches to planning and managing the future development of the metropolitan region.

First, the geographical context and historical background of the city and its region will be sketched. Second, the factors that have influenced metropolitan growth and restructuring will be identified. Third, the outcomes of the growth and development processes will be described and explained, with an emphasis on the forms of settlement that have been produced. Finally, some recommendations for improvements to governance, planning and land administration arrangements are made.

Background

Jakarta is a coastal city situated in the northwest of the island of Java. Although there has been settlement on the site since at least the fourth century, its modern expansion can be dated from the arrival of Dutch colonists in 1617. The Dutch established a port and developed the settlement of Batavia, based on a geometric layout of streets and canals. As economic activities expanded, the settlement grew southwards, despite the unsanitary and unhealthy conditions. Because the land was low lying and liable to flooding, settlements were scattered along the main roads and separated by rice paddies. As the population grew, low income kampungs (urban villages) built on former rice paddies gradually filled in the intermediate spaces (Steinberg, 2007). Between 1905 and 1930, the settlement's population grew at 5.5 per cent per year (Hugo, 1996, p. 143). On independence, it was designated the capital of Indonesia.

In Jakarta, President Sukarno (1949-65) "wrote the meta-narrative of a creationist myth of Indonesia with himself as the grand creator" (Lim, 2008, p. 215), scattering monuments symbolising the nation and his own power throughout the city. Following Suharto's coup that ousted Sukarno from power in 1965, revenue from Indonesia's natural resources, especially oil, enabled the government to invest in infrastructure and import substitution industrialisation, to rapidly expand the public sector and state owned enterprises, and to concentrate investment in Jakarta to realise President Suharto's vision of it as a great modern international city. By the early 1980s, as revenue from oil declined, the government shifted from import substitution industrialisation to more externally oriented policies and from public enterprise to encouragement of private sector participation. As the costs of production increased in the Asian tigers, foreign investment in labour intensive manufacturing originating in Japan, South Korea, Taiwan, Hong Kong and Singapore sought out cheaper locations in

Indonesia and other South East Asian countries. With falling revenues, public investment in improving infrastructure and social facilities in the city declined. Since the 1980s, policies have emphasised economic liberalisation, further integration into the global economy and attracting international investment in manufacturing, services and property development. Until the 1997 financial crisis, economic growth was rapid and was reflected in extensive investment in massive property developments within and around the city. The patterns of urban expansion in the last thirty years are described in more detail below.

The population of the capital city increased rapidly throughout this period. Between 1960 and 1965 its population growth was 4.57 per cent per year, 4.76 per cent per year between 1965 and 1970 and 4.2 per cent per year between 1970 and 1974 (Firman, 2003, p. 58). After 1980, however, and even more dramatically in the 1990s, its population growth rate apparently slowed significantly. In part this was because of declining fertility (national population growth was 1.35 per cent per year in the 1990s). However, it was mainly because growth spilled over into the areas outside the city boundary. As shown in Table 1, the city's population growth between 1971 and 1980 was 4.2 per cent per year, falling to 2.41 per cent between 1980 and 1990 and 0.16 per cent per year between 1990 and 2000, with Central Jakarta losing population between 1980 and 2000 and South Jakarta in the 1990s. In contrast, the population has grown at about 5 per cent per year in the surrounding areas since the 1970s (Firman, 2003; Lewis, 2007, p. 2180).

Table 1: Population of the Jakarta Metropolitan Area

	Population		**Population growth % per year**			
	1990 '000s	**2000 '000s**	**1971-80**	**1980-90**	**1990-2000**	**Difference between the 1980s and and the 1990s (%)**
DKI Jakarta	8,227.8	8,356.5	4.1	2.41	0.16	-2.25
South Jakarta				*1.92*	*-0.67*	*-2.59*
East Jakarta				*3,54*	*1.33*	*-2.21*
Central Jakarta				*-1.35*	*-2.01*	*-0.66*
West Jakarta				*3.94*	*0.49*	*-3.45*
North Jakarta				*3.39*	*0.52*	*-2.87*
Kodya. Bogor	271.3	743.1		0.94	10.98	10.03
Kab. Bogor	3,736.9	4,635.1	4.1		2.25	
Kab. Bekasi	2,104.4	3,281.9	6.3		4.70	
Kab. Tangerang	2,765.0	4,086.9	6.1		4.13	
Jabotabek	17,105.3	21,103.6			2.18	

(Source: Firman, 2003, p. 59 and 60)

While commuting to work in the central city continues, increasingly employment growth has occurred in the surrounding districts. Thus:

> *"While employment in the city of Jakarta increased by only 52 per cent between 1980 and 1990, employment in the part of Bogor-Tangerang-Bekasi that had been directly influenced by the expansion of the city rose by 425 per cent" (Firman, 2003, p. 57).*

Moreover, between 1995 and 2000, 56 per cent of the half million plus in-migrants to the surrounding districts areas came from the city of Jakarta, about 30 per cent from elsewhere in Java and only 16 per cent from other parts of Indonesia (Firman, 2003, p. 61).

Factors influencing metropolitan growth and restructuring

In this section, some of the main trends and processes that have produced contemporary settlements patterns in the Jakarta metropolitan region will be identified, including economic trends, political and administrative arrangements, planning and infrastructure development, land development and environmental factors.

Economic trends

As noted above, Indonesia's economy grew rapidly after the dramatic increase in oil prices in 1974, based on exploitation of its natural resources, including oil. Initially an import substitution industrialisation policy was adopted, led not by the existing Chinese entrepreneurial class, which was distrusted by the government, but by state-owned enterprises. As the limits of dependence on import substitution industrialisation and inefficient state-owned enterprises became apparent in the 1980s, the emphasis shifted to liberalisation in order to attract both domestic and foreign investment in export-oriented manufacturing and later services.

Economic growth between 1975 and 1996 concealed a number of structural problems, including an undeveloped legal system, poorly regulated banking, domestic subsidies, rent seeking by inefficient state owned enterprises and constraints on exports. Nevertheless, national economic growth was reflected in the city of Jakarta whose economy grew at between 6.0 per cent and 8.3 per cent per year between 1987 and 1997, and in whose metropolitan region about half the Indonesian investment in the manufacturing, finance, trade and services sectors was located (Firman, 2000).

Much of the population in the region in which Jakarta is located was, in the 1960s, dependent on irrigated agriculture, especially rice. Despite increased yields resulting from the adoption of Green Revolution technology, agriculture was unable to support the growing population, but poor links to local towns for marketing agricultural surplus and obtaining inputs, as well as constraints on agricultural diversification, meant that the rural population had to seek alternatives to agriculture. Investment in roads improved links to the city, enabling commuting by those living along transport corridors and circular migration by those further away. Increased incomes enabled rural residents to invest in non-farm economic activities and housing, in turn facilitating agricultural innovation (Douglass, 1991). The very high population densities in the areas surrounding the city enabled rural residents to take advantage of economic opportunities without permanent relocation and (encouraged by the difficulty of building on low-lying areas) to maintain agricultural production to meet demand from growing urban markets and maintain a safety net for themselves.

Table 2: Economic structure of the Jabotabek region (% of employment)

	1980				1990			
	DKI	**Inner ring***	**Outer ring****	**Jabo-tabek**	**DKI**	**Inner ring**	**Outer ring**	**Jabo-tabek**
Primary sector	2.6	19.7	32.2	14.7	1.7	6.7	25.1	9.7
Industry***	22.2	21.7	20.6	21.3	27.6	35.0	28.5	29.2
Services	75.2	58.6	47.2	64.0	70.7	58.3	46.4	61.1

* parts of the *kabupatens* of Bogor, Tangerang and Bekasi, plus *kotamadya* Bogor
** parts of the *kabupatens* of Bogor, Tangerang and Bekasi
*** Manufacturing, utilities and construction

Source: Jones et al (2000, p. 134)

Early investors in manufacturing outgrew their city centre sites and new investors sought cheap greenfield locations, manufacturing employment opportunities in the peripheral areas expanded and construction employment grew (see Table 2). Female employment increased by even more than male employment: 78 per cent in the city and 700 per cent in the remainder of the metropolitan area, compared to 43 per cent and 365 per cent respectively. Growth in total employment was accompanied by changes in the employment and occupational structure, with the decreased importance of agriculture, forestry and mining and the increased importance of manufacturing, especially in the outer and inner rings (Jones et al., 2000). The de-concentration of manufacturing and housing from the central areas of the city in turn provided opportunities for service sector investment and employment, both formal and informal. Continuous economic growth was therefore experienced in the metropolitan region between 1975 and 1996 despite the constraints arising from the inefficiencies of the public sector, widespread corruption, collusion between the ruling oligarchy and private companies, uneven investment in infrastructure and services, inadequate investment in education and skills training, and worsening environmental problems (Goldblum and Wong, 2000).

However, in 1997 the Indonesian economy was severely affected by the Asian financial crisis. It experienced real devaluation of the currency, flight of foreign capital and plummeting investor confidence. Reasons for the crisis included the excessive offshore bad debt of many of Indonesia's private enterprises, over-extension of the private corporate and banking sectors made possible by foreign loans advanced with minimum security, and a poorly regulated banking system. The latter overextended itself through reckless lending, especially for property, often to developers personally associated with the bank or with affiliated firms[1]. These poor financial practices were linked to chronic and entrenched cronyism and corruption (Firman, 2000).

The economic crisis coincided with a political crisis connected to bad government, involving corruption, collusion and nepotism (*Korupsi, Kolusi and Nepotisme KKN*) during the tenure of President Suharto. Public institutions were extensively used for private gain, leading to paralysis of the country's productive capacity. Following massive protests, Suharto resigned and was succeeded by President Habibie in 1998 and President Wahid in 1999. The total value of approved investments fell dramatically and the economic growth rate, which had been rapid between 1987 and 1997 (6.0-8.3 per cent per year) dropped to -2.74 per cent in 1998/9 (Jakarta Office of Central Board of Statistics, quoted in Firman, 2002), resulting in rising unemployment and increasing poverty.

Indonesia entered into an era of economic and political reforms. By 2000 the economy had started to recover, with Jakarta's economic growth rate rebounding to 3.67 per cent in

[1] Supposedly not more than 30 per cent of loans can be made by a bank to affiliated firms.

1999/2000 (Firman, 2002). Government responded to the increasing unemployment and poverty by launching a social safety net programme, although it was criticised for inefficient management, slow disbursements and corruption. Evidence of the impact of the crisis on migration was mixed – there was some evidence of increasing in-migration from rural areas, as the crisis also hit the rural economy, in part through reduced remittances, but there was also evidence of some return migration by urban residents to rural areas. As the urban economy shrank, city revenue fell, leading to a deterioration in services and reduced investment (Firman, 2002). However, political uncertainty continued to deter foreign investment. President Wahid was impeached in 2001 and replaced by President Megawati Soekarnoputri, who was in turn replaced by the first directly elected President, former security minister Susilo Bambang Yudhoyono, in 2004. Economic recovery has begun, with about a quarter of Indonesia's total approved foreign investment in the region and GDP growth about 5 per cent in both 2004 and 2005 and 6.3 per cent in 2007, but unemployment and poverty (18 per cent) remain high and corruption widespread.

Political and administrative arrangements

From 1974 to 2007 DKI Jakarta was administered by a Governor nominated by the Provincial Council and appointed by the President. Its five constituent municipalities (*Kota*) had appointed mayors (*Walikota*). The main municipal responsibilities related to service provision, under the supervision of the Governor. Management of development for the city of Jakarta is the responsibility of the regional arm of the national development planning agency (*Bapeda* – Local Development Planning Board - *Badan Perencanaan Daerah*). Management of Jakarta Metropolitan Region is coordinated by a Coordinating Board for Jakarta Metropolitan Area Development (BKSP - *Badan Koordinasi Pembangunan Jabotabekjur*), which was established in 1975. It is headed jointly by the Governors of West Java, Jakarta and Banten, and includes the heads of the district and municipal governments. It is responsible for strategic development planning (see below). Administration of the capital was characterised by constant under-performance, including under-spending of its development budget, incomplete records of and no plans for the use of public assets, poor collection rates and corruption in tax collection, and irregularities in administrative bodies and city-owned companies, with little attempt to tackle them.

Following the ousting of President Suharto in 1998, new legislation was introduced, including Law number 22/1999 (regional autonomy) and Law number 25/1999 (fiscal decentralisation)[2]. Previous attempts at decentralisation had involved decentralisation of service delivery rather than devolution of decision-making power, which was resisted by the central government (Devas, 1997). However, pressure for greater regional autonomy to avoid demands for secession by oil-rich regions and encourage local initiative was mounting. The legislation provided for decentralisation to Provinces, Districts and Municipalities, with elections for the provincial governors, mayors and legislative councils[3]. At the time that the 1999 national capital law was under review in 2006, the Governor of DKI Jakarta called for integrated regional government, but this was resisted by many of the other administrative units[4].

[2] Amended slightly as Law 34/2004 and 35/2004, which added provisions for direct elections for heads of provinces, districts and municipalities.

[3] However, elections for the Provincial Governors were not held until 2007.

[4] However, according to Firman (2008), some local governments support the idea because they feel neglected by the Provincial governments of West Java and Banten.

The current arrangements for decentralised government of the metropolitan region therefore involve three provinces, the five municipalities (now cities) within DKI Jakarta, four cities and four districts. The BKSP is still responsible for coordination, including spatial planning, housing and infrastructure; transportation, economic activities and investment; safety and security; and health and education. However, "there is a general tendency of local authority and local leaders to consider the Kabupaten and Kota as their own kingdom and behave like a 'Little King' (*Raja Kecil*) in which they can do anything… according to their own political interest…[including] exploiting natural resources more intensively ….to maximise their own income" (Firman, 2008), while the BKSP remains dependent for its staff and resources on the constituent local governments. Although Law 29/2007, which deals with the capital status of Jakarta, provides for the continuation of this or a similar body to coordinate spatial development, it gives the main responsibility for coordination to relevant central government ministries, including the National Planning Agency, and still requires agreement from all the constituent local governments (Firman, 2008).

Prior to the recent decentralisation provisions, public investment in the metropolitan region came largely from ministerial programmes and presidential grants (*inpres*), reinforcing central government control. Under the new fiscal decentralisation arrangements, local government revenue includes own revenue generation, sharing of certain central government revenues, an equalization grant (replacing *inpres*), and special grants (on the basis of need), with central government retaining under 40 per cent of the revenue it collects rather than 93 per cent as previously. Local governments have been given limited new revenue raising powers and between 70 and 80 per cent of the total revenue available to them comes from the equalisation grant and revenue sharing, favouring districts with a rich natural resource base. District and provincial governments are also to have borrowing powers. However, local revenue generation is limited, and the total revenue available to most local government units is limited given the scale of need (Firman, 2002, 2008).

Planning and infrastructure investment

After independence in 1945, an 'outline plan' for the city of Jakarta was prepared, which assumed a projected population of 4 million. "However, the years of post-Independence political turmoil and the establishment of the New Order regime produced little development on the front of urban planning despite the fact that Indonesia's (architect trained) President Sukarno occasionally intervened personally in certain prestige projects" (Steinberg, 2007, p. 355). "He cut wide boulevards through the *kampong* of Jakarta, connecting vast plazas adorned with monumental sculrues rendered in a severe Soviet style… Planning for basic needs was suspended in order to attend to symbolic spiritual and political needs" (Cowherd, 2005, p. 173).

In 1966, the earlier plans were replaced by a Master Plan for Jakarta (1965-1985). This plan proposed a regional strategy in which the urban centres of Tangerang, Serpong, Depok and Bekasi would become growth poles, reducing the pressure on the central city. By 1973 the 'Jabotabek' concept had emerged, heavily influenced by the involvement of Dutch planners. Rejecting concentric development, the lead idea was to focus development in existing north-south and east-west radial road and railway corridors, with an ultimate population of seven million in the Botabek region, while the population of the city of Jakarta itself would be limited to 6 million inhabitants (Steinberg, 2007, p. 155). It was considered important to retain open areas to the southeast and southwest to protect watersheds, permit aquifer recharge and reduce the danger of downstream flooding (Cowherd, 2005). However, continued population growth in the city led to the adoption of a 'closed city' policy in the late

1970s by the then Governor. Investment in improved arterial road connections to the proposed growth poles was accompanied by unsuccessful attempts to regulate and redirect in-migration.

With continued involvement by Dutch planners and World Bank funding, a replacement strategy was prepared. The 1981 Jabotabek Metropolitan Development Plan (MDP) continued the growth pole strategy, but warned that the so-called new towns being developed by the private sector were really just dormitory estates, worsening congestion because of the dependence of their populations on jobs and services in the city (Cowherd, 2005). The plan emphasised the need to relieve pressure on the north-south axis (Jakarta-Bogor) by diverting growth to Bekasi to the east and Tangerang to the west. Rail transport was identified as the top investment priority, although initiatives to attract private investment in toll roads were under way at the same time (Cowherd, 2005; Goldblum and Wong, 2000). Similar private sector participation in large scale infrastructure investment was arranged for the metropolitan region's water supply, through two concession contracts with Indonesian/foreign joint ventures, although limited competition, poorly designed contracts and inadequate regulatory arrangements have resulted in fewer improvements than anticipated (Iwanami and Nickson, 2008).

In 1987, within the overall framework of the MDP, the Governor of Jakarta issued a new Master Plan for the Special Capital Region (DKI) (RUTR 1985-2005). This plan tried to integrate the regional and city strategies, by addressing economic and physical issues, setting different environmental and infrastructure standards for different population groups, advocating increased participation in the Kampung Improvement Programme and suggesting a concerted effort to reduce chaotic fringe development through a Guided Land Development Programme (Marulanda and Steinberg, 1991).

> *"The idea was to reserve right-of-ways for future infrastructure prior to new kampung development….Government land assembly, preplanning of infrastructure, and mixing of parcel sizes were the key components…, aimed not only at lowering housing costs but also at fostering mixed-income communities… [and representing] the high-watermark of both Dutch influence on Indonesian planning culture and the authority granted to normative planning approaches" (Cowherd, 2005, p. 177).*

In addition, the 1980s and 1990s were characterised by an emphasis on top-down planning and infrastructure investment through the Integrated Urban Infrastructure Development Programme.

> *"However, already in the 1980s and early 1990s, the nascent hopes for collective action to resolve some of Indonesia's more serious problems were already being undermined by the Suharto regime's drive toward market liberalization and regulatory flexibility. The period that followed was characterized by a decline in the resources devoted to normative planning and development approaches and a shift from strategies adapted from Dutch precedents to the wholesale importation of American approaches…. The 1993 Jabotabek Development Masterplan Review [again rejected] concentric ring roads connecting new towns …in favor of a rail-based east-west development corridor …to avoid further development on the environmentally sensitive north coast and southern hills. However, the later chapters of the plan constitute a dramatic break with this approach …in most instances without even noting the divergence. Despite its reconfirmation of the 1981 proposal for a rail-based east-west development corridor, the 1993 review*

endorsed the plan to build a series of concentric ring roads" (Cowherd, 2005, p. 178).

Cowherd attributes the shift to the President's substitution of privately financed toll roads for a railway, the influence of American transport planning, and "the fascination of an emerging consumer class for the imagery of American lifestyles and consumption patterns" (Cowherd, 2005, p. 179). Two major toll roads were built to the east and west through BOT (build-operate-transfer) contracts. In addition, proposals for an outer ring road were accepted, because

> *"the interests of the private developers within the Cendana-Cukong alliance[5] were best served by contravening established land use plans in order to increase land values along the next ring of development around Jakarta…the new Bekasi-Depok-Parung-Tangerang Development Corridor bisecting the Serpong-Depok Aquifer Recharge Zone – elsewhere identified as the region's most valuable and sensitive water resource" (Cowherd, 2005, p. 179).*

Eventually, the Jabotabek Regional Spatial Plan 1995-2015 (enacted in 1992) adopted a Ring-Radial model recognisable as the concentric model rejected in all the earlier plans.

Today, in addition to toll road connections between the main urban centres, and to the airport and port, an inner ring toll road has been completed and an outer ring road is under construction. In order to relieve rush hour congestion, a rapid transit busway system is under continuing development, with the first line opened in 2004. Construction of a planned 2-line monorail system started in 2004 but has been dogged by financial, technical and contractual problems and was abandoned in 2008.

Responsibility for strategic and detailed planning rests with Local Development Planning Boards at provincial and district/municipal levels (*Bappedas*). The legislative framework for strategic planning is provided by *Peraturan Daerah* (City Ordinance). In 1992 a spatial planning law was introduced (*Undang-Undang Tata Ruang* Law 24/1992), which provided for spatial plans (*Rencana Umum Tata Ruang*) to be prepared by districts and municipalities as a detailed basis for development control (Firman, 2004a). This law has been amended to become Law 26/2007. Planning in Indonesia is now also regulated by the National Planning System Law (*Undang-Undang Sistem Perencanaan Nasional*), promulgated in 2004 (Undang-Undang 25/2004), which establishes the procedures for and products of national, provincial and local planning. Law 26/2007 is supposed to regulate the spatial dimension of general development plans specified under Law 25/2004. However, there is confusion in integrating the application of these two laws in planning for urban and regional development, especially at the local and provincial levels.

Following the introduction of the new legislation, the strategic and city plans were revised, with effect from 2002. The central government has just promulgated a spatial plan for Jakarta Metropolitan Region through a Presidential Decree (*Peraturan Presiden* 54/2008).

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[5] Suharto's family (residents of Cendana Street) and "a cadre of Chinese family-owned conglomerates (*cukong*, meaning capitalists engaged in illegal practices) at the apex of a far-reaching pyramid of tribute and corruption. The Cendana-Cukong alliance developed into a powerful machine for extracting and accumulating the resources of the nation into a few hands. Every business dealing of any significance was linked to the pyramid of corruption" (Cowherd, 2005, p. 168).

Land development

During the Dutch colonial period, land of interest to foreigners was held under a form of the Dutch civil code, while other land, nominally under the jurisdiction of indigenous leaders, was regulated under customary (*adat*) law. In 1960, a single system of land rights was established by the enactment of the Basic Agrarian Law (Undang-Undang Pokok Agraria – UUPA) to deal essentially with agricultural land. The act is based on the constitutional principle of 'right of control by the state' (*hak menguasi dari negara*) and the National Land Agency was established to implement it (Leaf, 1994). There are three types of official land title: *hak milik* (right of ownership), *hak guna bangunan* (right to build) and *hak pakai* (right to use). These titles cover 26 per cent, 35 per cent and 13 per cent of occupied land in Jakarta DKI respectively. The remaining 26 per cent of land occupiers are without official title (Han, 2004)[6]. Titles and transactions are recorded at the local branches of the National Land Agency. Some unknown portion of those without official title possess an unofficial or customary title (*hak girik*), comprising a receipt for property tax payment and a letter from a local official. *Kelurahan* offices play important roles in maintaining unofficial registers of titles and transactions and resolving disputes (Henderson, Kuncoro, and Nasution, 1996; Leaf, 1994). Overall, property rights are considered to be weakly defined.

> *"Unofficial claims to land can represent a major impediment to urban development and occupiers without strong claims are sometimes subject to abuse. In large kampungs, for example, where possession of official titles is rare, occupiers may find it difficult to sell land. Occasionally occupiers without strong title may be forced to sell their land to government 'in the public interest' but do so at significantly discounted values" (Henderson et al., 1996).*

Steinberg estimates that only 30 per cent of land in the Jabotabek region as a whole is titled (Steinberg, 2007, p. 362).

Theoretically large subdivisions and industrial estates are governed by Keppres (Presidential Decree) 53/1989, which states that development should not take place in conservation areas or on prime and irrigated agricultural land. This has had little effect. In practice the main system revolves around land development permits. A prospective developer first applies for a request for investment clearance (*ijin prinsip*) from the Investment Coordinating Board (BKPM) and then for a land development permit (*ijin lokasi*) to the National Land Agency (Badan Pertanahan Negara, BPN), which is responsible for managing land records, processing titles and administering permits. Development permits are (in theory) issued if development is in accordance with the regional and local development plans – their official rationale is to ensure that development complies with land use plans. They are in practice a means for developers to acquire parcels that do not have official titles. Requests for areas of 5ha or less are made to a BPN District office and for areas of more than 5ha to the BPN Provincial or Central office in Jakarta. Only when in possession of a development permit can a developer negotiate with owners to buy the land, often with the help of the head of the sub-district (*Camat*). The permit is valid for a year, but is renewable provided the developer has been able to acquire at least a quarter of the area (and by the 1980s it became common practice for the permits to be renewed annually in return for the payment of unofficial 'fees' to BPN officials) (Cowherd, 2005). Landowners can only sell to the developer who has been issued with a permit, in return for compensation (*ganti rugi*) related to unexhausted improvements rather than development value/future income (Firman, 2000, 2004a). A developer thus has a monopsony (often backed by the local government), while others are not allowed to purchase or develop land within the

[6] Leaf estimated in the early 1990s that 70 per cent of residential land in the city was unregistered (Leaf, 1994).

permit area, except with the permit-holder's consent. Transactions usually involve brokers (*calo tanah*), who pressurise landowners to sell for low prices, extract a commission and make the process more complicated – a study in Jakarta in the early 1990s showed that they could charge 10 per cent for smaller and 5 per cent for larger deals (Firman, 2000). Location Permits therefore became a powerful land speculation tool, and a secondary market in them emerged. An additional incentive to apply for a permit without any (immediate) intention of developing the site was provided by the banking industry, which was prepared to make loans to holders of permits (Cowherd, 2005). Moreover, the acquisition of full title is a lengthy process, taking more than 30 months and adding between 10 and 30 per cent to the cost of land (Firman, 2004a).

Eventually, reforms in 1999 restricted land acquisition by developers for residential and industrial use to 400 ha in any one province, and a maximum of 4000 ha in the entire country (less for tourist developments), and restricted the validity of permits to 1 year for <25 ha, 2 years for 25-50 ha and 3 years for >50 ha (renewable for a year if at least half the site has been acquired). They also devolved the power to issue permits to the heads of districts (*kabupatens)* and municipalities (*kota*) (Firman, 2000, p. 18). Nevertheless, the system of development permits has continued to be a huge source of corruption and abuse, with low-income groups being forced to sell their land (or occupancy rights) to developers without proper compensation. As noted later, it is one of the main drivers behind the haphazard land development system. Land and building taxes (*Pajak Bumi dan Bangunan – PBB*) are amongst the main taxes on property. They are designed to raise revenue rather than assist in the implementation of spatial plans, although valuation is not kept up to date, so rates fail to reflect increases in property values and the yield is low (Firman, 2004a).

Environmental factors

Jakarta is built on a coastal plain, with upland to the south. 40 per cent of the city region is below sea level, with major rivers draining through it from south to north (especially the Ciliwung, which divides the city in two), so drainage, wastewater and flooding are and always have been major problems. Seasonal floods affect some areas every year, while major floods typically occur every five years, with particularly severe floods in 2002 and 2007, a result of heavy monsoon rains and failure to implement flood control measures. The flood control canal system has never been completed, existing canals are encroached on by illegal development and their capacity is reduced by solid waste dumping in the absence of adequate solid waste collection. In addition, water absorption (for example in the Puncak water recharge conservation area in south Jakarta) is reduced by both legal and illegal urban development and deforestation (Steinberg, 2007). Despite some recent improvements in piped water supply, many residents rely on ground water. However, as the ground water is depleted, seawater intrusion is leading to deteriorating water quality in North Jakarta. In addition, the sewerage system is inadequate and much waste water is handled by septic systems, with the result that both surface and ground water is increasingly polluted. Already, in addition to regular floods, the city has been threatened by subsidence and seawater intrusion and these problems are likely to worsen with predicted sea level rise.

Changing patterns of urban development

In this section, some of the patterns of land and property development that have resulted from the factors discussed above are described, including patterns of development on the urban periphery, new towns, restructuring of the central city, the effects of the 1997/8 economic crisis and the outcomes of recent political reforms.

Processes and patterns of peripheral development

During the 1960s and 1970s, Jakarta expanded from the central city along the main roads, especially to the south towards Bandung. Excluded from the planned areas by high prices, low (and many middle) income people settled on publicly owned land or acquired rights to subdivided portions of agricultural land in the interstices of the formal city, which were gradually infilled and settled. The most accessible and suitable areas near the CBD were settled first and, although there were occasional evictions, became consolidated largely single storey residential areas following the gradual improvement of basic infrastructure through the Kampung Improvement Programme, which started in 1969 and was expanded in the 1980s as part of the Integrated Urban Infrastructure Programme (IUIDP). More peripheral areas, especially those in the coastal areas to the north of the city that were more liable to flooding, accommodated lower income people, but were also eventually provided with basic infrastructure. Those who acquired farmland subdivided by peasant producers and provided with basic infrastructure by the government considered that they had sufficient security of tenure to invest in house improvements when they could afford to do so.

The patterns of urban development that resulted were characterised by mixed urban and rural uses, and mixed residential, small scale industrial and commercial development. The widespread unregulated subdivision of land by peripheral farmers has continued, fuelling concerns about the loss of prime agricultural land and conflict over which areas are to be upgraded and which relocated because they have developed on unsuitable sites or are in demand for large scale developments. In addition, in many areas it is difficult to improve access and provide social services because the development is unplanned and no undeveloped land for roads and facilities remains. Nonetheless, informal land and housing development has provided large numbers of affordable houses for low and middle income people and today approximately 60 per cent of the population live in *kampungs.* A 1990 household sample survey in three unplanned newly urbanised sites 10-20 Km to the south of the central city found that 94 per cent of the households had moved to the areas from within the region, half from the central city; hardly any were working in agriculture; two thirds of men and just under half of women were in formal sector employment; about a quarter of working men and 16 per cent of working women were employed in the public sector; a quarter to a third of those working were commuting to the central city; and almost all reported that their household incomes were adequate to meet their expenses and even to save. These households, therefore, were not recent rural migrants, the lowest income people, or primarily engaged in informal sector activities (Browder, Bohland, and Scarpaci, 1995).

By the 1980s, industrialisation, rising incomes and the relatively low density of much development in the city area led to increased demand for suburban and periurban land for industry and housing (and later retail and recreational activities and offices). New actors entered the land development process and pressure on peripheral land increased. Lewis's analysis of 1997 data from the Directorate General of Tax of the Ministry of Finance showed that in Jakarta itself, at a distance of between one and 15 Km from the CBD (mean 5.23 Km), plot sizes were relatively large, ranging from 100-2000 sq m with an average of 503 sq m and 76 per cent of plot holders had registered title (Lewis, 2007, p. 2179).

As noted above, developers responded to the increased demand for housing by obtaining development permits that gave them the sole rights to negotiate for the purchase of tracts of land of varying size (often from multiple owners). Between 1972 and 1989, the area covered by permits reached 6,100 ha in Jakarta DKI (Leaf, 1994, p. 18). When the Suharto regime further weakened development permit and banking regulations in 1993, the amount of land held under Location Permits in the Jabotabek region as a whole more than doubled in the subsequent three years to 121,000 ha, estimated to be sufficient land to satisfy private sector housing development needs for some 120 years (Cowherd, 2005). Permits for almost 72,000 ha were issued between November 1993 and July 1998 in Bogor, Tangerang and Bekasi, sufficient land to house 8.5 million people or nearly double the population of the city itself and more than sufficient to meet the need for land for low income housing up to 2018 (Firman, 2000, p. 16).

By the mid-1990s there were 25 large subdivision projects of between 500 and 30,000 ha in area and hundreds of smaller ones in the metropolitan region (Firman, 2002). Low density single family houses were built for middle and upper income families, often in gated communities, and increasing numbers of people moved out to peripheral areas from the central parts of the city. Large scale recreational and retail investments to meet the increased demand followed, the latter threatening small retailers. The weak planning system and fragmented land administration provided inadequate mechanisms for the regulation of development (Firman, 2000, 2002, 2004a; Lewis, 2007; Steinberg, 2007). In 1991/2 alone, there were 235 private housing projects under way or planned in Bekasi: 500,000 units in an area of over 8,000 ha (Goldblum and Wong, 2000). The issue of development permits was regarded as a means of raising revenue and ensuring that investment targets were reached rather than a tool for planning; developers were issued with permits for large areas without any assessment of their intention or ability to purchase and develop the land; and the exercise of influence or corruption led to many violations of plan provisions. As a result, many areas that developers could not afford (or borrow) to buy were blighted by their possession of a permit, land ownership became concentrated in the hands of a relatively small number of developers and large areas that they had purchased lay idle (*tanah tidur* or sleeping land) because developers lacked the resources to develop them. A rough estimate in the early 1990s showed that about half the area for which development permits had been issued was not being developed (Leaf, 1993).

The 1993 attempts to simplify and decentralise the process in order to reduce deterrents to investment may have increased the pressure, as both local governments and local National Land Agency offices had weak capacity for land management. Nevertheless, increased demand for periurban land led to rising prices that benefited speculators and developers rather than the original landowners. In October 1996 the land agency froze the issue of permits, but in early 1997 it "relaxed this decree by granting the permits to selected developers for unclear reasons, … most likely because of pressures from several parties connected to large-scale housing development in the area, most notably the developers themselves" (Firman, 2000, p. 16).

Land use plans were prepared at too large a scale to be useful in regulating land use ….by underpaid private consultants…, whose primary incentive was often that they were also hired to plan projects under the plan's jurisdiction…[and] Land use plans were not referred to in the processing" of development permits (Cowherd, 2005, p. 183). At the same time, land designated for development for low and middle income housing under the Guided Land Development Plan (41 per cent of the housing need) was instead released to private developers. Although they were officially supposed to include some affordable houses in each development, this requirement was rarely enforced. Moreover, while subsidised mortgage interest rates and rapid house prices increases made house purchase a popular investment for wealthy Indonesians, many were second or third houses and many were bought for investment and speculative purposes. Combined with the lag of incomes behind house price rises, the result was that 20-50 per cent of units in luxury housing estates were unoccupied by the mid-1990s (Cowherd, 2005).

In the late 1980s, the government began to permit the development and management of industrial estates by private companies and by the end of 1998 there were 25 industrial estates in suburban areas of the Jakarta metropolitan region, as well as many light industries developed on individual sites outside the estates (Firman, 2000, 2002; Lewis, 2007). By 2005, they occupied a total area of 11,000 ha, three quarters in Bekasi and Karawang districts (Firman, 2009). Despite the provisions of Keppres (Presidential Decree) 53/1989, which states that large scale housing and industrial development should not take place in conservation areas or on prime and irrigated agricultural land, in the absence of detailed regulations and enforcement capacity, there were many violations.

> *"Through a series of presidential decrees, Suharto exempted the megaprojects of his family, friends, and business partners from both planning controls and free-market competition. [For example] The 8,000-hectare (20,000-acre) Kapuknaga Beach Tourism Development undertaken by Suharto's primary business partner was approved by presidential decree in 1985, against the objections of local authorities and several ministers. Half of the development area was to be reclaimed from the sea without sufficiently mitigating the resulting increased flooding of the already-flood-prone area…. Most of the other half consisted of irrigated rice fields, ostensibly protected from land use changes by Indonesian law…. By the last years of his presidency, Suharto had directly intervened in the fate of more than 80,000 hectares (200,000 acres) in Jabotabek alone—accounting for two-thirds of the entire area held under Location Permits and an area larger than Jakarta itself" (Cowherd, 2005, p. 183-4).*

Unsurprisingly, local officials emulated the practices of the President and his associates, facilitating the private real estate sector, taking kickbacks in the process, and hiring local village heads to assist developers and convince local communities that it was in the interests of the national development project to sell their land at below market prices (Cowherd, 2005).

Private sector development therefore occurred in an unplanned and inefficient leapfrog pattern that contributed to urban sprawl. Although as noted above, there was growth in employment in the peripheral areas, many residential areas were mere dormitories, residents had to travel to work in the central city and, as traffic congestion worsened, a solution was sought in the construction of toll roads. Such large public-private projects provided yet more opportunities for rent-seeking. For example, a taxi company known as 'Steady Safe' went public in 1993, with Suharto's eldest daughter on the board. The new company rapidly developed plans to turn the taxi company into an integrated transport enterprise involving toll roads, car ferries and the construction of a light rail system. By 1996, facilitated by the Indonesian President, a Hong Kong investment bank, Peregrine Investments, had underwritten a bridging loan of US$260m to the company (Logan, 2002).

New towns

On an even larger scale than many of the housing and industrial estates described above are a series of new town projects. The original new towns around Jakarta were built by the Dutch colonial government in the early 19th century, followed by Kebayoran Baru by the Indonesian government in the 1950s and Pondok Indah by a developer in the early 1970s, both in south Jakarta. However, private sector led new town projects proliferated in the early 1980s, with 23 projects occupying 500 – 6,000ha each under way or proposed in 1995. Of these, ten were in Tangerang to the west, for example Serpong (6,000 ha) and Tigaraksa (3,100 ha); four in Bekasi to the east, for example Cikarang Baru (5,400 ha) and Bekasi (2,000 ha); one in Jakarta and eight in Bogor (Firman, 2004b). They are aimed at middle-upper income groups, are often located adjacent to industrial estates, and contain hotels, offices and leisure facilities (e.g. golf courses) (Goldblum and Wong, 2000, p. 32).

The projects were initiated and constructed by developers, mostly belonging to Real Estate Indonesia (REI), an association of corporate housing developers, some of which are part of conglomerates backed by Indonesian-Chinese capital. Most of the projects were on greenfield sites, but some were economically dependent on the main city, so they operated as dormitory towns, exacerbating traffic problems. Not all had good transport links and some, with local government agreement, violated urban plans. In particular, by building on the water catchment areas south of Jakarta, they greatly increased the risk of flooding – something that the Jabotabek plan had sought to prevent. Many led to large-scale displacement of farmers and existing residents. For example, the development of Bekasi new town and the adjacent industrial estate led to the removal of 16,500 residents and 12,000 farmers (Goldblum and Wong, 2000), while during the development of Tigaraksa about 1,400 land-owning agricultural households were evicted (Firman, 2004b). The new towns use American-influenced design concepts; aim at high quality, often luxury, houses and surroundings; often seek to be self-sufficient for utilities; and attract prosperous families in search of security and improved lifestyles, many of Indonesian-Chinese descent. Some of the largest new towns are managed by the private developers (independently of the local government) and use of their facilities is restricted to residents. Although government regulations in theory require developers to build three modest and six low cost houses for every luxury house built, the construction of low cost houses is relegated to poor locations or postponed indefinitely. As a result, not only do the new towns segregate middle and upper income people from most of the metropolitan region's population, there is also segregation between middle and upper income areas within the towns, produced by differences in quality, price and level of security and reinforced by internal controls on movement between neighbourhoods (Firman, 2004b).

Central city restructuring

Since the 1980s, especially under Governor Wiyogo (1987-2002), Indonesia opted for globalisation and development in Jakarta's central area was no longer determined mainly by local needs, but by the desire to transform the city into a global financial and business services city (Goldblum and Wong, 2000). Increasing commercial development, especially for the (finance and business) service sectors, replaced manufacturing and residential uses in the city centre to a large extent. In addition, within the remaining residential sector, high-end complexes have replaced traditional urban communities (*kampungs*). For example, in the early 1990s, extension along the Jalan Thamrin corridor southwards to Kuningan was driven mainly by international investment, leading to a surge in land prices. About half of the Kuningan area was previously occupied by *kampungs* that had been upgraded since the 1970s, but these were mostly swallowed up by large scale redevelopment. Whereas earlier, land could be found relatively close by for those living in affected *kampungs*, by the 1980s this was no longer the case and their residents relocated to peripheral zones. Their houses were replaced by offices, hotels, malls and condominiums (Goldblum and Wong, 2000). By 2004, there were 73 large shopping malls within Jakarta city, giving rise to concerns not just that the market was saturated but also congestion and shortfalls in car parking. Although local development plans were approved to permit development, rather than an overall vision of the future central city, particular 'flagship' modern developments are backed by the government, including port expansion, waterfront real estate and leisure development, urban heritage rehabilitation, and completion of the ring road (Steinberg, 2007). In the process of realising Suharto's vision of a modern city that symbolised prosperity and economic development and asserting the authority of the state and the corporate economy over civic space, civil society was left with no autonomous space (Lim, 2008).

The effects of the economic crisis

> *"During the economic crisis at the end of the 1990s, urban economic activities in major cities in Java decreased significantly. Many manufacturing and service firms in large cities, including those in the property sector – which had been an engine for urban economic development during the 1980s and early 1990s – closed down. Jabotabek (the Jakarta metropolitan region), which contains the biggest concentration of manufacturing, finance, services, property, banking and public sectors in Indonesia, was hit hardest and experienced a significant contraction in its economic growth" (Firman, 2003, p. 57).*

The oversupply of new property and the general economic crisis hit the property sector particularly hard, resulting in an immediate slow down in large scale housing and industrial estate development. Between 1993 and 1998 only about half the land for which permits had been issued in Indonesia had been acquired by developers and only half of this had been developed. It was estimated that 30 per cent of the land that had been purchased but was still lying idle had been bought with loans from both overseas and national banks (the latter at 20 per cent per year interest). It was estimated about three quarters of the property-related loans by domestic financial institutions were non-performing by the end of 1998; with the result that hundreds of developers went bankrupt and unemployment rose as the construction sector shrank. The result was falling land and property prices, while some undeveloped areas were re-occupied by people claiming to be previous residents or farmers. Legislation (*Peraturan Pemerintah)* no. 36 issued in 1998 permitted the city government to acquire idle land at the original developer's acquisition price for land banking and cultivation and some land was planted with food crops to provide employment, although progress was limited by the time taken to acquire the land and limited availability of funds, especially during the economic crisis (Firman, 2000). Some property development schemes collapsed - by 2001 only 15 new town projects survived, while the number of developers in Real Estate Indonesia dropped from 736 in 1996 to 260 in 2001 – more than 450 developers went out of business during the period (Firman, 2004b). Within about eight months of the massive Peregrine Investments loan to Steady Safe described above, the rupiah began to collapse, the company could not service its debt, which greatly exceeded its market capitalisation, and the massive non-performing loan caused the collapse of Peregrine, the largest investment bank in the region outside Japan (Logan, 2002). Also in 1997/8, riots occurred in some of the new towns and shopping centres, where houses belonging to people of Indonesian-Chinese descent were looted or set on fire, leading to an exodus of such families from the country and exacerbating falls in property prices (Firman, 2004b). Many developments and properties lay unfinished and unoccupied until about 2002, when economic recovery resulted in renewed demand and construction activity, including houses for middle-upper income groups. One large and several smaller new town projects were launched in 2002 (Firman, 2004b). In addition, many large apartment and condominium developments are currently under way in the centre of the city.

In addition, the decline in foreign direct investment limited progress with public-private partnerships for large scale infrastructure investment, and the Integrated Urban Infrastructure Development Programme came to a halt during the crisis. Unemployment increased and informal economic activities proliferated throughout the city: in the CBD (where no new office building was built between 1998 and 2003), in every public space and in middle class residential areas, where poor and middle class entrepreneurs competed with each other.

Governor Sutiyoso, who took office during the crisis in 1997, nevertheless sought to pursue the grand nationalist vision for the city and used many urban management techniques associated with the previous regime, including grand urban projects with national significance and the demolition of *kampungs* (Kusno, 2004, p. 2381). During the crisis, civic spaces were used for massive public demonstrations. Subsequently, the government has tried to re-capture them, by increasing physical controls over major public spaces in the name of 'renovation' and controlling street vending (Lim, 2008). Although by 2003 there were reported to be signs of greater tolerance, a new law introduced in September 2007 aimed to clamp down on a range of so-called 'public order' offences such as street trading and begging, as well as providing for eviction of squatter settlements located alongside rivers and roads.

None of the Presidents who succeeded Suharto "have proven capable of dislodging either the Cendana-Cukong growth coalition from its commanding position or displacing Suharto's vision and culture of 'development' from the mind-set and core values of the Indonesian population, no matter how discredited the New Order regime itself has become…. The main players of the property game have survived… The institutions of planning show only minor signs of attempts to counter or correct the manipulations, circumventions, and excesses permitted during the 1980s and 1990s" (Cowherd, 2005, p. 191). Between 2000 and 2004, over half of all the approved direct foreign investment and a third of the domestic investment in Indonesia continued to be in the Jabotabek region. Industrial estate occupancy had reached 70 per cent by 2005, but international industrial investors are still holding back because of the political and socioeconomic uncertainty, uncompetitive taxes and difficult labour relations (Firman, 2009).

Current approaches to governance, planning and land management: ways forward

Today, the approaches to governance, planning and land management that have produced the ineffective governance, unplanned urban development and mixture of formal and informal land administration that have characterised Jakarta for the last fifty years persist, despite some attempts at reform. It is clear that a number of further changes to structures and practices are necessary. It is too early to tell whether decentralisation and democratisation of local government will produce more effective and responsive governance. However, given the largely unbroken hold of powerful political and business interests, a prevalent governance culture that privileges public-private deals over either planning goals or distributional policy objectives, and the failure to tackle local finance or problems of land tenure and registration, radical changes seem unlikely. Nevertheless, some of the main reforms that are still required are identified in this section:

- *Metropolitan governance*: the inability of the BKSP to coordinate the fragmented and competitive local governments between whom responsibilities for planning and management of Jakarta Metropolitan Region's development are divided has been identified above. Without a legal mandate, its own staff and adequate financial resources, the BKSP cannot hope to address the major problems of regional spatial development faced by the metropolis. While Firman acknowledges that the provincial and local governments are unlikely to yield any of the powers they have recently been given, the BKSP must, he suggests, be strengthened (Firman, 2008). Arguably, the remit of such a metropolitan planning body should be extended to cover Bandung and its surrounding areas as well as Jabotabek.
- *Land rights registration*: as noted above, owners of about a quarter of the land in Jakarta itself and a higher proportion in the metropolitan region as a whole do not have

official land rights, and not all official rights have been registered by the National Land Agency. Not only does this increase uncertainty for formal developers, it has also made owners vulnerable to the actions of developers, brokers and local officials and prevented them from obtaining loans to develop their own land. Firman urges that the national land registration programme that is currently (and slowly) under way be extended to urban and peri-urban land as a matter of urgency, to overcome these problems (Firman, 1998).

- *Location or development permits*: The location permit system has been used to generate revenue, transfer land from communities to developers, sometimes under duress and at less than market prices, and enable developers to acquire land in fragmented ownership with rights short of formal title. Rather than abandoning it, however, Firman recommends that it should be reviewed, to protect landowning communities from pressure to sell at disadvantageous prices and enable them to enter into partnerships with developers and local governments, thus gaining from the development of their land (perhaps through land pooling arrangements). In addition, the requirement that developers must acquire and develop land for which they have obtained a permit within a limited time period should be enforced, and permits should include provision for land to be reserved for public purposes (Firman, 1998).
- *Urban spatial planning*: at present plans are either regional strategies or detailed land use plans. While the former are needed to provide a framework for major investment in infrastructure and protect environmentally sensitive areas, the latter are both inflexible and too detailed for weak local governments to enforce. A more strategic, transparent and participatory approach to local planning is needed, to provide a framework for detailed regulation and develop public awareness and support for it. The capacity of district and municipal planning boards (*bappedas*) should be strengthened to enable them to perform this function (Firman, 1998).
- *Property taxation*: the analysis above shows the shortcomings of the property taxation system. Firman recommends that it be reformed to increase its effectiveness both as a revenue raising tax for local government (through regular re-valuations, appropriate rates and improvements to collection) and as a tool to ensure that land is developed in accordance with urban plans (through rates related to the expected market value at the use for which the land is zoned and a premium on undeveloped land that is ripe for development). In addition, he suggests that mechanisms for taxing increases in property values are investigated (Firman, 1998).

Conclusion

Patterns of development in Jakarta metropolitan region have been driven by patterns of land ownership, intensive agriculture and high rural population densities; fragmented and ineffectual planning and land management systems; concentration of investment in the city in the pursuit of export-oriented industrialisation and, more recently, attempts to position the capital as a global business and financial services city; and private-sector led investment in large scale property development financed by poorly regulated lending. The contradictions in the economic and political system came to a head during the 1997/8 economic and political crisis, and attempts have been made at economic and political reform. However, the city is experiencing difficulty in progressing from attracting investment in un- and semi-skilled manufacturing and property development, because of the lack of attention to developing the education and skill levels of the city’s workforce and greater caution on the part of international investors (Goldblum and Wong, 2000). In addition, and despite attempts to decentralise responsibility for local development and land management, continued lack of capacity to implement plan proposals, failure to ensure complementarity between planning and land laws, a market-oriented approach to urban development, and a lack of public consultation during plan preparation mean that most urban growth has continued to be poorly planned (Browder et al., 1995; Firman, 2004a; Steinberg, 2007)

There is little sign of any departure from earlier visions for and approaches to development of the metropolitan region. However, Kusno argues, the collapse of the ideology of centralised government, the capitalist economic crisis, increased poverty and unemployment, the deepening culture of corruption and the prevailing sense of lawlessness and proliferation of violence mean that the prospects of sustaining ambitious approaches to the creation of a national and world city are even less than before. The lack of governing capacity has instead led both to greater real and perceived insecurity and increased resort to individualised and privatised strategies for economic advancement and ensuring security. New Towns, gated communities and shopping malls linked by toll roads have been reinforced as ways of escaping the increased middle and upper class sense of insecurity and disorder in the post-1998 city, while many low income residents have little choice but to seek out plots in informally subdivided agricultural land.

Although it is possible to identify a range of reforms to governance, planning and land management that could begin to address the current problems and future needs of the metropolitan area, it is difficult to hope for dramatic changes, given the prevailing cultures of governance, planning and land administration, the persistence of patrimonial politics and business, the compliance of most residents and the continued weakness of civil society organisations.

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