

THE SPATIAL ECONOMY IN THE URBAN INFORMAL SETTLEMENT

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THE SPATIAL ECONOMY IN THE URBAN INFORMAL SETTLEMENT

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"Unlike plagues of the dark ages or contemporary diseases we do not understand, the modern plague of overpopulation is soluble by means we have discovered and with resources we possess.

What is lacking is not sufficient knowledge of the solution but universal consciousness of the gravity of the problem and education of the billions who are its victim."

Martin Luther King, Jr., civil rights leader and Nobel laureate

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## CHAPTER 1 | INTRODUCTION



## CHAPTER 1 | INTRODUCTION

### 1.1. The Problem Statement

In the rapidly urbanizing world, the informal settlement has been forming a significant part of the common urban scene in many cities in the developing countries. It holds a particular role in the city as it houses millions of urban poor who has no access to the formal housing market. Habitat estimates that 23% of world urban populations live in the informal settlements, whether in *Favela*, *pueblo jóvenes*, *gecekondu* and *kampong*. Around twenty-eight percent in South-East Asia, 78% in sub-Saharan Africa and 39 percent in Latin America. It is estimated that there would be 1.5 billion people live in the informal settlement by 2020.

Due to lack of the financial means and know-how, the city authorities tend to close their eyes on the existence of the informal settlement. Establishing a low-cost public housing scheme is a long and complicated process that needs careful planning, large investment and dedication, not to mention the difficulty in gathering different actors and stakeholders who have different agenda and interest. It is often more convenient to just let the people live in the informal settlement, as long as they do not come in the way of the modern development.

The topic of informal settlement is not at all new; there are

many researches done surrounding the issue, from the point of view of urban planning, architecture, sociology, history and anthropology. However, what is new in this research is that it offers a more comprehensive approach towards the problem by relating it with the Dual City theory. By doing so it is expected that the forces that contribute to the creation of the informal settlement would be accentuated. Moreover the research is also emphasizing on the significance of the notion of space and location on the process of survival in the informal settlement by analysing the way the space is organized as one of the most important tool of production and the place of production. Moreover, apart from the looking at the actual and the localized problem of the informal settlement, it will also look at the roots of the problem by relating it to its past and the major economic forces behind it; in order to have a deeper understanding of the problem.

The research also recognizes the complexity of describing the term **informal settlement**. Here the term refers to the **non formally-planned** urban settlement that houses the urban under-class which has poor state of infrastructures, facility and spatial quality.

The research realises that the study of informal settlement

is a wide issue therefore there is a need to narrow down the scope of research. This research aims to investigate the three aspects of the informal settlements; first; the roots of the problem, second; its interaction with the city and third; its dynamic of survivability.

The research is addressing particularly the following three research questions:

*I. What is the position of informal settlement in the city?*

*II. What is the dynamic of interaction between the informal settlement and the city?*

*III. What is the socio-spatial dynamic of the livelihood in the informal settlement?*

To narrow down the topic further, this thesis focuses on the case of *kampong*; the informal settlement in the city of Jakarta, Indonesia. The research acknowledges the existence of the numerous former studies about *kampong* from many different disciplines. The topic has attracted a great number of interest and curiosity; it is therefore not by all mean a fresh topic. However, despite the existence of the numerous former researches, the problem still persists; therefore it indicates that there is a great need for further studies which could offer more innovative ideas and solutions.

There are many different types of *kampong* exist in the urban setting; these *kampong*s are completely different from one another. Each *kampong* has different characteristics in term of its spatial, economy, social and cultural setting. Furthermore, not all *kampong*s are informal in term of its legal status, some of them are eventually granted legal recognition through a long and complicated process of land titling. However many more are still illegally occupied and have unclear land status.

Some categorised the *kampong*s based on the forces that created them, some others on its location, its density, and others on its age. The issue of *kampong* bears a high degree of complexity, it requires a multidisciplinary approach to analyse the problem. Based on this consideration the thesis focuses only on one type of *kampong*; the *old kampong*.

The *old kampong*s or commonly called the former colonial *kampong*s emerged during the colonial time in Jakarta. Public housing provision in the colonial time was mostly oriented toward the European group, only later after the Ethic Policy was issued (1901) that the colonial authority started to pay

attention to the native inhabitants. The native inhabitants normally lived in the *kampong* (which in local Malay term means native settlement) that were scattered all over the city. In this settlement, many were still living the agricultural way of life. They grew crops and fruits. They also domesticated animals like cows, goats and chickens. They usually sold the produces to the nearby markets or in the surrounding neighbourhood. The others worked as domestic helpers in the surrounding white neighbourhood. Others were working in the colonial offices as driver, porter, cleaner and etc. Being not formally planned, the emerging of this type of *kampong* was mostly spontaneous.

After the independence, many of these *kampong*s were swallowed by new urban development. However some survive and are trapped in between modern urban fabrics. Many of the inhabitants are the offspring of the former inhabitants, many are newcomers. Many *kampong*s nowadays become the safe haven for the urban poor who do not have access to or could not afford the limited low-cost public housing scheme.

Being centrally located in the city nowadays, in many occasions literally side by side by the city's most important and prestigious business districts, the *kampong*s are facing particular challenges. In one hand, they are gaining the economic opportunities created from this situation, on the other hand their existence are threatened by it. The strategic location is simply too attractive for the land speculators or business investor. With unclear land-ownership, they are vulnerable to land speculation and eviction.

*Kampong* as a legacy of the colonial urban development that still exists in the modern urban landscape, brings forward another contradicting situation. Located in the city's most expensive and sought after site, the *kampong* economy is still relatively low key. Its level of production is so low. Though rapidly changing, many of the inhabitants are still earning money in the informal sector that in many occasions has low productivity and low added value.

## **1.2. The Approaches to the Research Questions and the Preliminary Hypothesis**

In the quest to address **the Research Question 1**: What is the position of *kampong* in the city?, the research performs two tiers of investigations, first in relation with the city's colonial past and second in relation with the current trend of socio-spatial polarization. By analysing the problem at its root, it is

expected that it could provide a greater understanding of the conditions that lead to its conception and hopefully creating possibilities to solve the problem before it materializes.

The first investigation starts with a string of analyses on the urban development of Jakarta that emphasizes on its context as a city with colonial past. It attempts to relate the problem of the burgeoning informal settlement with the imbalanced process of development between cities and regions in the countries with colonial past. For this, the research employs the theories related to the (post) colonial urban development (King, 1976, Drakakis-Smith, 2000, Yeoh, 2003) and the World System theory (Gunder-Frank, 1991, Wallerstein, 1974, Prebisch, 1983).

For the second investigation, the research will look into the Dual City theory by Castells (1996) in the attempt to understand the phenomenon of informal settlement. Based on the theory, the case of the *kampong* seemingly indicates the emerging of the urban socio-spatial polarization as it is indicated in the theory. The theory argues that with the diminishing of manufacturing industries in the post-industrial era, the service sector increases in the city. As a result of the shift, there is a significant societal transformation which is characterized by the diminishing of the middle class due to the uneven employment opportunities and income distribution. As an outcome of this "hour-glass" social profile, there is an emerging socio-spatial polarization in the city; which marks the rise of the dual city.

To many extents the existence of informal settlement in the city indicates the phenomenon of a dual city. However, it is questionable in the case of a developing country that has a colonial past whether the existence of such settlement is really an expression of such processes, due to a number of reasons.

Firstly, the country has undergone a different process of economic transformation. While indeed the city is steadily embracing servitization, it has not finished with the industrialization yet. The earlier process of industrialization that took place during the turn of the century was carried out under the colonial framework, therefore it could not be considered as the true process of industrialization that is normally accompanied by the emerging of the welfare society. Only after the independent, the true process of industrialization started, it went hand-in-hand with raise of the export-substitution agriculture production. Soon after,

the country joined the global economic arena, where it holds a peripheral role, as the supplier of cheap labours. However inside the country it self there is a shift of production sites from the bigger cities to the other cities or provinces, which to some extents mirrors the shift of production from the post-industrialized countries to the developing countries, that could offers lower cost of production. To some extents this helps to distribute the opportunity of development to the other areas. However it also has a downside. The process is followed by rapid flow of rural-urban migration to the city due to the diminishing of the agriculture sector, adding up to the total number of the reserve labour army who could not find employment in the service sector. This had lead to burgeoning of urban poverty and urban informal settlements. Therefore in this sense, the socio-spatial fragmentation is more related to the diminishing of the agricultural sector, not only by the diminishing of the manufacturing sectors.

Secondly, it is also questionable whether the rise of the service sector in Jakarta city has lead to the decline of the urban middle class, as there was no strong middle class to start with in the first place.

The research will examine a number of elements to see whether there is a trend of dualism in the city, based on the existing sets of statistic data and the spatial analysis based on own mapping. It will examine the trend of the economic transformation in Jakarta, starting from the colonial economy to recent shift to the service economy, and how it influences the trend of employment and the socio-economic grouping in the city. Then it will examine how the aforementioned societal changes are influencing the spatial transformation and restructuring of the city and the metropolitan level, and whether it does reflect a phenomenon of a dual city.

**The Research Question 2:** What is the dynamic of interaction between the *kampong* and the city?, is actually an attempt to investigate the interaction between the *kampong* with the city. Here the term dynamic, refers to the interactive process between the two. Different *kampong* has different type of relationship in term of spatial and social; some are isolated while others are more integrated to the city. In either case, it reflects the phenomenon of urban socio-spatial polarization. Investigating the nature of interaction of the *kampong* and the city is important to understand the dynamic of the two, in order to be able to create a strategy that could promote a better integration between the two.

The research takes a number of parameters which are based on the Dual city thesis that signify the notion of integration which are political, physical, and socio-economic integration. The analysis will be based on the existing sets of statistic data and other official information.

On the political level, it analyses whether the kampong is formally accepted and acknowledged as part of the official urban territory, and whether the inhabitants are registered as the legal citizens and have access to claim their rights as the rightful citizen.

On the physical level, it analyses whether the kampong area is integrated to the city physical infrastructure network (water, electricity, sewage, communication and so forth) and the provision of public/social facilities (health, education, and also public transportations).

On the socio-economic level, it analyses the level of access the kampong inhabitants have to the formal employment market. It looks into the level of the participation in the formal economic as opposed to the informal economic activities.

The integration of the three levels is argued to be the crucial steps in addressing the problem of the informal settlement.

Despite of the common beliefs that an informal settlement is paralysed by poverty and deprived by misery, kampong is a dynamic urban entity that is far from the aforementioned qualities. Yes, they are poor and disadvantaged, yet they possess a remarkable mechanism of survival; they employ any kind of resources that they have to gain access to get out of absolute poverty. The research attempts to understand the dynamic of the survivability, in particular the way the spaces are used and negotiated as a place of production, as a quest to discover its potentialities. The research tends to show that despite of all the negative account and propaganda of the informal settlements, there are opportunities that could be developed as a strategy to solve the issue. In the attempt to address **the Research Question 3**: What is the socio-spatial dynamic of the local livelihood in the kampong? The research looks into the mechanism of survivability by employing the Life-Chances theory (Dahrendorf, 1979) which looks into the type of opportunities (*options and ligatures*) that is available in the kampong; and the Social Capital theory, which looks into the available social network in the area that enable the inhabitants to survive. It will also analyse the type of resources exist to obtain accesses to the Bases of the Social

Power (Friedmans, 1992) that could empower them to get out of absolute poverty and survive.

The particularities of the kampong in term of its location, spatial characteristics and social structure, have made its inhabitants to cope in a particular ways to embrace the current urban economic challenges and to become a part of it in order to survive. They have to make-do and improvise with the limited resources; the low financial, physical and human capital.

The main key of survival in the kampong is the notion of flexibility and informality, the two elements that give them space to manoeuvre amidst the limited resources that they possess. The notion of flexibility in this sense refers to the flexible way of production in term of the spatial and time occupation. The informality refers to the informal way of production in the sense that it evades taxes and also engages an informal division of labours, also the informal spatial occupation.

As much as the two elements enabling the kampong to survive, it also poses as the main threat of its livelihood as it does not guarantee security and continuity. The continuity of the informal economy as the main mode of livelihood is very much determined by existing social network in the area. The mechanism of its survival is determined by the type of the social relation that the inhabitants have. The inhabitants have to invest time and effort to nurture this relationship.

Its central location and its proximity to city's most important CBD (Central Business District) and other amenities have made it a lucrative breeding ground for the informal economic sector. By providing employment to the reserve working forces that are not able to join the formal sector, the role of kampong in the city economy could not be undermined, as it is not only accommodating the urban poor, but also offering a kind of informal social security, an alternative way of employment that the city could not offer in the formal sector.

The research attempts to investigate the extent the existing limited resources and capital, enabling and constraining the inhabitants to survive. It focuses on the determinants of the type of the economic activities in the kampong (The IBEs *Informal Business Enterprises*). Firstly, it will look at spatial related elements such as the spatial characteristics, the pattern of spatial occupations and the existing infrastructure network. And secondly, it will look at the social determinants.

Bourdieu (1993), Dahrendof (1979), Putnam (1986) and Friedman (1992) all had emphasized on the importance of social network in a community, through which individuals could gain access to resources that are important for survival and enabling them get out of the circle of absolute poverty. In relation with the aforementioned theories, the research attempts to look at the social dimensions of the spatial occupation. The local informal economic activities rely on the flexible use of the informal spaces; the spaces that are not designated for economic-oriented activities such as the public or private space, which allows and enables them to perform their economic activity in flexible manners. The use of these spaces depends heavily on their (social) negotiation with the local society. The flexible appropriation and occupation of these spaces is determined by quality of the local social network and affiliation. The research investigates the extent of the local social network enabling them to survive. It looks into the type of the existing social network and investigates how it is related to the spatial occupation.

Then the research moves on to the issue of the empowerment of the kampong. Based on the previous analyses, concerning the root of the problem, the role of the kampong in the city and its spatial dynamic of survivability, eventually it will address **the last question**: In what way the informal settlement could be empowered through the spatial intervention? This question looks for the possible approach for addressing the problem of kampong through the specific spatial intervention, which emphasizes on the flexible use of space in the kampong as a place of production. This flexibility is deemed important to be the main key of its survival.

Based on the conclusions of the four research questions, the research would discuss the possible solutions to the issue of the urban kampong; and eventually offering guidelines (and some generic design solutions).

### 1.3. The Methodology of the Research

#### a. The Selection of the Study Case and the Limitation of the Research

Jakarta is chosen as the study case as it is an excellent example of a city in developing country that is facing an enormous socio-economic transformation. It displays emblematic characters of urban problems in developing countries such as; population explosions due to unremitting rural-urban migration, rapid urbanization, infrastructural break-downs,

urban planning-and-governance failure, and the burgeoning of urban informal settlement. As a city in a relatively young nation, it is still yet to mature and grow, however with the rapid global economic changes and the growing global competition between cities and regions, the city has not only to catch up and gear it self up to its own development challenges but also answer to the global ones.

The city of Jakarta is a breeding ground for the urban informal settlement, or commonly known as the kampongs. A good percentage of the city's total population lives in these kampongs. The research recognises that there are different types of kampong exist in the city. Due to its complexity and character individuality, it is impossible to simplify and generalize the case of kampong based on a single study case. Each case deserves an individual approach that best suited its character and particular situation.

However as the research focuses on the producing a set of guidelines or recommendation that could help urban planner or decision makers to tackle the problem of urban kampong, that could be adapted and tailored to different individual case, without disregarding the complexities and the divergences of different urban kampongs, the research will only focus on one study case to illustrate the thesis. By limiting to one case only, it is expected that research could perform analyses of greater details and deeper focuses.

The research opts for the case of *Kampong Kebon Kacang*, which is a former colonial kampong, in Jakarta based on certain grounds:

[1] Kampong Kebon Kacang, as a former colonial kampong that has been existed since the turn of the 19<sup>th</sup> century, it has reached a certain degree of maturity as a social, cultural and economical entity. It possesses therefore certain qualities that best signify the dynamic character of an urban kampong.

[2] Kampong Kebon Kacang is located right in the heart of the city's most important and prestigious business district; a modest informal settlement side by side to the city's most fashionable district. Therefore it best signifies a seemingly clear case of an urban socio-spatial polarization. It also relates to the typical case of an urban kampong that is challenged by the contemporary economic pressures, where the social interest is challenged by the capitalistic interest.

[3] The configuration of function in Kampong Kebon Kacang,

reflects the type of activities commonly found in every urban kampong in the city, which is characterised by a large percentage of economic activities in the informal sector.

[4] The research recognizes that Kampong Kebon Kacang is not a homogenous entity on its own. It is simply impossible to generalize the situation in this kampong. It has different characters in its different parts, in term of its spatial, social, cultural and economic setting. The research opts to focus on the part of the kampong that still maintains its relatively traditional kampong characters; low income, high density and relatively less modernized, since it aims to focus on the issue of the urban socio-spatial polarization in the city.

## b. The Method of Empirical Research

After an extensive literature study in order to have a profound background understanding of the study case area in the local libraries in Jakarta, KITLV Leiden and KIT Amsterdam, a field work consisted of field documentation/mapping, questionnaire distribution and in-depth interviews were carried out. These activities could be best described as follows:

### [1] Field Documentation and Mapping

In both study case areas, a thorough field observation had been carried out in year 2004, 2005 and 2006. The field observation involved a detail mapping of functions, photographic and video documentation in the area. This work was done with the collaboration of local research assistant, William Sebastian, who was a student in the Faculty of Architecture in the University of Tarumanagara.

### [2] Questionnaire Distribution

In year 2006, a set of questionnaires were distributed to 120 correspondents in the kampong area, which consisted of 40 inhabitants, 40 business owners and 40 business clients. The questionnaires were done with the collaboration of a group of student from the Faculty of Sociology, University of Indonesia.

(See appendix for the content of the questionnaires).

The results of the questionnaires are complementary to the data acquired from the official Jakarta Statistic Report.

### [3] In Depth Interview

The in-depth interviews were also performed on several

selected correspondents in the study case area. Contacts with these correspondents were mostly made with the help of the local community leader.

## 1.4. The Research Objectives

By starting the investigation from the root of the problems, the research aims to offer a different level of understanding the problem behind the burgeoning urban kampong. It hopes to shed more light on the actual cause of the problem, therefore offering possibility to cut the problem from the roots.

By investigating the dynamic of urban kampong in term of its interaction with the city and mechanism of survival, the research aims to reveal its opportunities and potentialities towards its empowerment. The research intends to produce a set of guidelines and suggestion that could be used by urban planners, local authority and other decision makers, to formulate the strategies to solve the problem of informal settlements.

## 1.5. The Related Researches

As it was mentioned previously, there are many research done surrounding the issue of kampong. Kampong Kebon Kacang it self has been subjected to many researches. Two of the most prominent previous researches are the one carried out by French sociologist Bernard Dorlean, *Etude Geographic de Trois Kampongs a Djakarta* and Australian anthropologist, Lea Jellinek, *The Wheel of Fortune*.

The research of Dorlean presents a comparative study of three different kampongs in Jakarta in the year 70s, one of them is Kebon Kacang. Dorleans recognized the different type of kampong, the old kampong (Kebon Kacang) that already existed since the colonial time which possesses a certain degree of maturity, the new kampongs that are in the process of forming in the new urban area, and the extremely poor kampongs in the marginal area like riverside, wastelands and so forth. This study showed that different kampongs display completely different characteristics, in term of spatial morphology, social structures, cultural construction and economic livelihood. This research is particularly valuable as it has well documented the social setting of many kampongs in the 70s, when the city just started to grow extensively.

The research of Jellinek focuses on societal transformation of Kebon Kacang area until the year 80s. She closely followed the social transformation that took place in the area after the social housing project started. Her study shows the manner

the kampong inhabitant survived in the city, amidst the enormous economic and social pressure. This research has documented the decline of the particular kampong in the 80s. This anthropological research showed the manner the inhabitants reacted towards the new social housing scheme that was introduced by the government at the time; and it also showed why the scheme could not work in the particular circumstances.

The results of these two studies provided a rich source of data about the kampong's situation in year 70s and 80s. It is not only helpful in building the historical time line of the case study and but also give a good overview about the processes around the implementation of the first social housing project.

What this research offers differently than the two aforementioned studies; is a more in-depth analysis of the root of the problems, its interaction with the city and the mechanism of survivability in the kampong, which could give a deeper understanding on the problems and the potentialities of the kampong.

## 1.6. The Research Structure

The research consists mainly of three parts (see Figure 1-1); the first part presents the relevant theoretical discussion. This part consists of the four basic theories that underlie the arguments and the analysis of the research. It discusses the theories about the urban development in the developing countries and the impacts of its colonial past; the theories of the urban socio-spatial fragmentation in particular the Dual City theory as an outcome of the recent socio-economic transformation, the theories of informal economy which served as the base of the local economy in the urban informal settlement and eventually it discuss the theories about empowerment and sustainability in urban informal settlement.

The second part of the thesis presents the empirical part. This part discusses the case of city of Jakarta; its contextual background as a city in the developing country with a colonial past. It describes how the city develops into its current condition; a socially and spatially fragmented city. Then the research zooms in to the case of Kampong Kebon Kacang, where the issue of the spatial economy in the informal settlement will be further illustrated, discussed and analysed.

The third part proposes the recommendations and possible solution of the problems; based on the result of the previous

analysis and discussions.

The detail of the organization of the research is shown in the following figure:

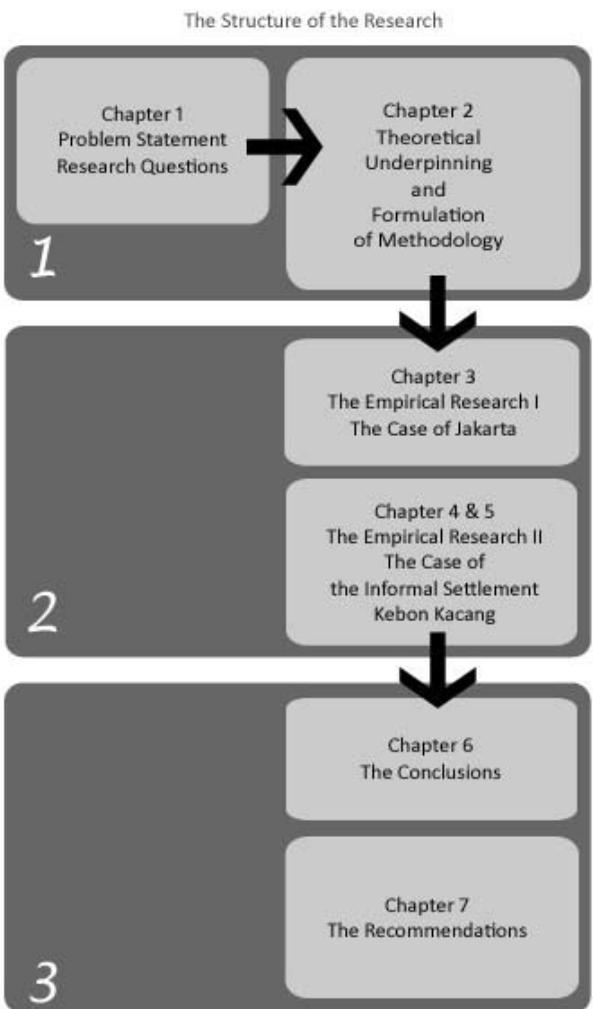


Figure 1-1. The Structure of the Research

## 1.7. The Research Terminology

There is a number of basic terms that are continuously used through out the book. Here are the brief description of the meaning of the terms. A more detailed explanation related to the terms is discussed in the Chapter 2: the Theoretical Discussion.

*Informal settlement* : the non formally-planned urban settlement that houses the urban under-class which has poor state of infrastructures, facility and spatial quality.

*Kampong*: The word originated from a Malay Indonesian word *Kampung* which literally means a rural settlement or a village. However nowadays in term of urban planning the kampong has been largely equated with slums, *favelas* or squatter settlements. In general it is could be defined as *poor and informal settlements with mostly low income class, which most of the time have poor infrastructures, services provision and environmental conditions*.

*Informal economy*: Black market economy that is done in a way that it evades tax and national security contribution.

*Social capital*: The resources that could be obtained through the social relations and networks.

*Life chances*: The opportunities that the society could offer to its member based on one's particular position in the social structure. It includes choices and linkages or structurally speaking options and ligatures. *Options* are possibilities of choices or alternative of action that are available in social structure. *Ligatures* are the alliances or bonds or linkages where a person is placed in depending on his social position and role.

*Spatial occupation*: The process of occupying and claiming a space for certain functions or activities.

## CHAPTER 2 | THEORETICAL DISCUSSION



## CHAPTER 2 | THEORETICAL DISCUSSION

Understanding the problem of the informal settlement is a layered process. Due to the complexity of the issue, it is impossible to look into it based on one particular discipline. The problem of informal settlement is not only a problem about the living space; either the lack of it or the poor quality of it. More importantly it is related with the processes that takes place behind it; both the driving forces behind its formation and also the conditions that make it possible to take place.

It is therefore indispensable to set some distance to be able to look at the problem as a whole. It is also important to get out of the boundary of a single discipline, to be able to understand its complexity.

This chapter discusses the four main pillars of the theoretical framework that underlies this thesis. Though this thesis is carried out in the department of Urbanism, in the faculty of Architecture, it attempts to go beyond the boundary of the former discipline, with the argumentation that the issue of the informal settlement requires a multidisciplinary approach. Though it is too ambitious to state that thesis aims to approach the problem in that great complexity and scrutiny, it is safe to say that to be able to create a sound

spatially oriented solutions, any single urban planner has to be able to understand the social, cultural and economical condition in stakes. Only that way, they could be deemed socially responsible.

The first pillar explores the paradigm of urban development in the developing countries as a condition that leads to the creation of the informal settlement.

The issue of the informal settlement has been an important part of the recent discourses around the theory of the urban development in the developing countries; in particular among scholars from a number of Latin American and South Asian countries. It is hard not to notice that these countries are actually sharing a similar experience; most of them have a long history of colonial past. This part attempts to argue that there is strong correlation between the colonial past and the present urban condition; in the sense that the colonial experience had shaped the trend of its current situation and continues to influence its future development. This chapter attempts to look back to the history of the colonial urban development and tries to analyse in what way it influences the present urban development. It explores a number of urban development theories from Rostow (1990), Gunther-Frank

(1991), Arruda (1980), Drakakis Smith (2000), King (1976), Yeoh (2003), Vance (1970) and McGee (1991).

While the first pillars tries to analyse the history in order to understand the present, the second aims to analyse the recent major economic-social forces as the driving force of the current transformation. It explores the phenomenon of the socio-spatial urban fragmentation as result of the major economic transformation. It aims to reflect the problem of the informal settlement to the existing theories around the Dual City discourse. It looks into the process of the dualism under the process of economic liberalization in the developed country and tries to reflect the situation in the case of cities in the developing countries and also discusses the indicators of the fragmentation. It discusses among others the theories of Castells (1996, 2000), Sassen (1998,2001), Kempen (1994), Chakravorty (2005), Graham and Marvin (2003).

The third pillar explores the issues of livelihood in the informal settlement in order to give a better understanding of its mechanism of survival. It looks in particular into the issue of the informal economy as the main mode of production in the informal settlement. It aims to explore the concept of the informal economy, the related actors, the mechanism and its limitation. Eventually it attempts to analyze the spatial elements of the informal economy; in the sense how the production process materializes in the spatial organization of the informal settlement. It discusses among others the theories of Castells (1977,2000), Soto (1989,2000,2001), Putnam (1986), Bordieu (1993), Dahrendorf (1979), Gershuny (1979) and Pahl (1984).

And eventually the fourth pillar explores the issue of the empowerment of the informal settlement as an approach towards its sustainability. It investigates the elements that are important for its continuity. It discusses the shift of the policies in tackling the problem, the discourse around of the issue of the security of tenure, the importance of its integration in various levels and the improvement of social capital.

## 2.1. The Urban Development in the Developing Countries

### Introduction

The chapter gives a theoretical overview about the urban development in the cities in the developing countries, in particular the ones with colonial past.

It aims to argue that the paradigm of urban development in the developing countries is different from the developed (industrialized) countries and. As many, (but not all), developing countries have colonial pasts, for example countries in South/Southeast Asia, Africa and South America; it will emphasise on the discussion how the colonial experience influenced the current urban development in those countries.

On the global level, it argues that the incorporation of these countries to the global economy, have put them in some particular positions in the global periphery which reflects the earlier *World System* created during the imperialist period.

On the city level, it argues that colonial city was organized in a particular way to support the process of colonial production; therefore the paradigm of its urban development is specifically oriented toward the colonial interest. As a result, the trend of its contemporary urban development and transformation is characterized by the conflict of interest between the colonial and the modern demands.

This chapter starts with the explanation about the logic of the colonial urban development, the different periodization, the morphologies, the impact of the foreign influences, the socio-cultural fragmentation in a colonial city, and it ends with the discussion around the current urban development of a post-colonial city by emphasizing on the issue of the informal settlement as one of the most important characteristics.

### 2.1.1. The Different Pace and Paradigm of the Urban Development in Cities in the Developing Countries

The theory of the stages of economical growth from Rostow, postulated that economic modernization in each countries would go through five stages of economic growth linearly; traditional society, precondition for take-off, take-off, drive to maturity and age of high mass consumption (Rostow, 1990). These five stages comprised the different phases of modernization started from the subsistence economic in

the primitive society who had no skill to create any tools of production, to the era of the high consumption of durable goods, where the society has varied concerns of non subsistence matter. The developing countries have to reach first the take off stage before it could become self sustained economically; a stage that had been reached by Britain between 1783-1900, USA in 1843-1860, Japan in 1878-1900 and India from 1950 (Pacione, 2005).

Rostow argued that each country or region would have naturally different timing of transition and varied length of stage, but eventually everything is going to the same direction. This theory that was written in the year 60s did not take into account the existence of the process of globalization, which would change the way of production and transform the relationship between countries, regions and cities. As a result of this transformation, not only the whole stages are overlapping with one another.

Many (but not all) developing countries have colonial pasts, for example countries in South/Southeast Asia, Africa and South America. Many of these countries had late independence after the year 1940s, except the ones in South America which gained their independence during the turn of the 20<sup>th</sup> century. The influence of the colonial past in the developing countries is very apparent in its present development.

The previous colonial experience has often resulted in the under-development state of the related countries, as it was stated by the Dependency theorists (Frank, 1991, Baran, 1957, Prebisch, 1983, Sweezy, 1970). They stated that the process of colonization does not stop at the time of the independence. It is on the contrary, an extended process; it continues to materialize in the modern day setting as a form of neo-colonization through the major dominating economic forces that take place in the global arena. This thesis is also supported by the World System theory (Wallerstein, 1974). These theories argued that the global power structure is an implication of the perpetual global relation formed during the earlier European expansion, which had set the blueprint of the unequal relation between the Centres-(Semi-peripheries)-Peripheries; with the former colonial powers as the centres and the former colonies as the peripheries. This extended process of colonial exploitation has lead to the delay in development and growth with is resulting in the process of the under-development.

This delay of development has proven to be difficult to be caught up, especially in the era of globalization; the economic liberalization, where the competition between regions and cities are escalating. Not being ready to embrace the competition, the underdog countries continue to be subjected to domination and deemed to be the losers.

Different stages of economic development indicate the different level of economic maturity of each region; it also indicates the varied level of readiness of these regions to embrace global competitions, in term of the level of technology, financial and human capital. This contributes to the fact that some regions (and their cities) are lagged behind in this global pursuit and increasingly become isolated.

The colonial past did not only influence the current state of the country economic development but also on the city level. Colonial city is heavily rendered by colonial interest; it was built under different circumstances. To start with, colonial city was developed in a particular way to suit the colonial interest. According to Hamilton (1948), a colony has to fulfil its primary function which is to produce commercial surplus for the international market for the interest of the *metropole*, in order to serve as market for products from the *metropole*, and to accommodate the mercantile bourgeoisie.

Therefore for those purposes, the colony has to be structured accordingly so it could ensure an efficient flow of the given economic activities, which were crucial to the entire colonial economy (Yeoh, 2003). The colonial economic exploitation it self would be impossible without certain degree of development such as bureaucracy, infrastructure networks (i.e. ports and roads) and internal/external defence force, and certain number of supporting population (Arruda, 1980).

The array of infrastructures needed to support the colonial economy is not only physical but also social. Social infrastructure is actually a key issue in colonial policy. As it is important to increase the population in the colony, in the same time it also created risk for it generated tension, conflict and resistance (Arruda, 1980). Therefore a particular modification on the social setting is indispensable to be established to ensure the continuity of colonial exploitation. This modified social setting is particularly important to avoid social unrest or revolts in the colony that would only put the process of production into halt. To some extent this situation also reflects the concept of Marx, which emphasizes on the

importance of the creation of the reserve army as a condition that supports the process of production. It is important to maintain the state of the reserve army under certain conditions that would not encourage the sense of solidarity and union. This is also apparent in the case of the Dutch colonialism in Indonesia which adapted the Roman concept of *Divide et Impera* or to divide and conquer.

One tool to generate this is through particular spatial arrangement that involved socio-cultural separation and isolation in the colony; for examples by the creation of particular ethnic ghettos. These types of policies often lead to an institutionalized socio-cultural fragmentation that persists until the modern day.

The colonial city therefore manifest both physical and social arrangements that ensure the continuity of the whole colonial production process. Colonial city therefore is a spatial materialization of colonial system of production, (1) which was consisted of a network of physical infrastructures that worked as an ensemble in the process of colonial production, and (2) furnished by the spatial expression of the given social infrastructure, social formation and its cultural manifestation.

### 2.1.2. The Periodization of the Colonial Urban Development

In understanding the paradigm of urban development in the developing countries, it is important to acknowledge the periodization of the colonisation. The paradigm of colonial urban development changed through times based on the evolution of the interest of the colonial power and the past global economic trend.

According to Drakakis-Smith (2000), each period of colonization in Asia is characterized by certain features of urbanisation. He classified the major features of urbanization according to several periods of colonialism as follows (see corresponding Figure 2-1)

Pre contact settlement was mostly characterized by a traditional rural settlement which was small in its scale with organic pattern. With the coming of the mercantilism around 1500, there were some changes though still limited, mostly in the port and its surrounding areas that were frequented by the merchants and actively used during that time. During the Transitional phase when the intensity of the trading activities was decreasing, there was a new trend

of urban development in accordance with the increasing industrial activities in the motherland. Colonies were to be developed as the supply of raw material. In this sense, there was a need to intensify production in large scale therefore the colonies needed to be developed accordingly to support the most efficient and optimal production. Coming into the Industrial colonialism period, the colonies were widely and more intensively developed. In the Late colonialism period, European influences were getting more apparent. Spatial segregation based on ethnic and cultural grouping was getting more evident as well in this era due to the growing rigid system of social hierarchy. The era of Early independence was characterized by the population explosion as flocks of people leaving the rural area to the city in search of a better job. In

**Figure 2-1, The Features of Colonial Urban Development,**  
Source: Drakakis-Smith (1987). *The Third World City*, London: Methuen, quoted from Pacione (2005)

Chronological Phases	Major Feature
Pre Contact	Small-scale and organically patterned settlement
1500 Mercantile Colonialism	Limited colonial presence in existing ports
1800 Transitional Phase	Reduced European interest in the overseas investments. Focus on the profit made in Industrial Revolution
1850 Industrial Colonialism	Colonies were developed to supply cheap raw materials for Industrialization in the metropolitan Europe. Colonialism took territorial form, new settlements patterns and morphology.
1920 Late Colonialism	European morphology influence intensified. System of cities was developed with smaller towns included in the hierarchy. Ethnic segregation increased.
1950 Early Independence	Rapid growth of indigenous population through urban migration in search of jobs. Slums and squatters grew rapidly.
1970 New International Division of Labour	Multinational companies started to appear. Urban migration continued to increase. Social polarization intensified.

this period, urban slums and squatters were mushrooming all across town. The spatial polarization and segregation emerged as a result of the growing social economic problem.

Even though this chronological phasing is relatively applicable to most of South East and South Asian cities, nevertheless it is also important to critically examine the origin of the Colonial power, for example, the British, the Dutch or the French, as the advance of industrialization in this colonial power was not uniform. Another issue that has to be taken into account is the type of colonial administration performed by this colonial power, particularly on the issue of decentralization of power.

It is important to notice that the process of urbanization during the phase of industrial colonialism could not be separated from the contexts of the Metropolitan core as it is a type of dependent urbanization as Castells argued. In the case of a colony, the urbanization took place without industrialization, since the industrialization took place in the Metropolitan core of colonial power (Castells, 1977). This process could be explained by the following scheme of development of colonial urban planning, see Figure 2-2 (Vance 1970). According Vance, the process could be divided in five stages. The Vance model was formulated after the American colony model, however it is also applicable to the case of Brazil, West Africa (Taffe, 1963) and also some cases South East Asia, particularly in case of Batavia.

Vance model and Castells's argumentation shows that the urban development in the colony followed a different logic than the case of non colonial cities. The urban development in the colonies was mainly oriented to support the process of colonial extraction. The transportation infrastructures were mainly design to support the collection flow of goods and commodities. The planning of urban facilities such as social housings and public services (such as health clinics or schools) are limited. Most of these facilities that were built on limited public funding were designated to the elite group (such as the European and other foreign elites) and limited native population. It was in fact important to maintain the social rest of the colonized society.

### 2.1.3. The Morphology of Colonial city

King suggests that the colonial urban form manifests the economic motivation of colonialism through three main intermediate forces; culture, technology and political structure. The elements of *culture* involved social, legal and religious

institutions that were produced by the colonial power. Technology involved mainly transportation mode. Political structure refers to the political control exercised by the colonial power (King, 1976).

Simon pointed out a number of determinants that defines urban forms, they are; the motives of the colonization (e.g. mercantilism, agricultural settlements or strategic acquisition), the relationships between the colonist and the indigenous population (e.g. extermination, assimilation or accommodation), the nature of the precolonial settlement, the structure of indigenous settlements, the nature and forms of production and the colonial policies and so forth (Simon, 1992).

The colonial urban form therefore is highly particular as it involved different determinants that would give specific imprints in each case. Singapore is a good example of colonial city that was acquired for strategic acquisition. It did not have both natural and human capital. The development of Singapore, was mainly urban in its character as it served as regional port and colonial administration. The lack of the human capital, contributed to the coming of the multicultural migrants and slaves, which prominently characterised the city with its different urban ethnic settlements such as Little India, Kampong Arabs and so forth. While Batavia (former name of Jakarta), even though it also served as trading port and colonial administration, with its rapid growth of indigenous population, the urban form was characterized with patches of native vernacular kampong all over its area as well as with modern colonial urban

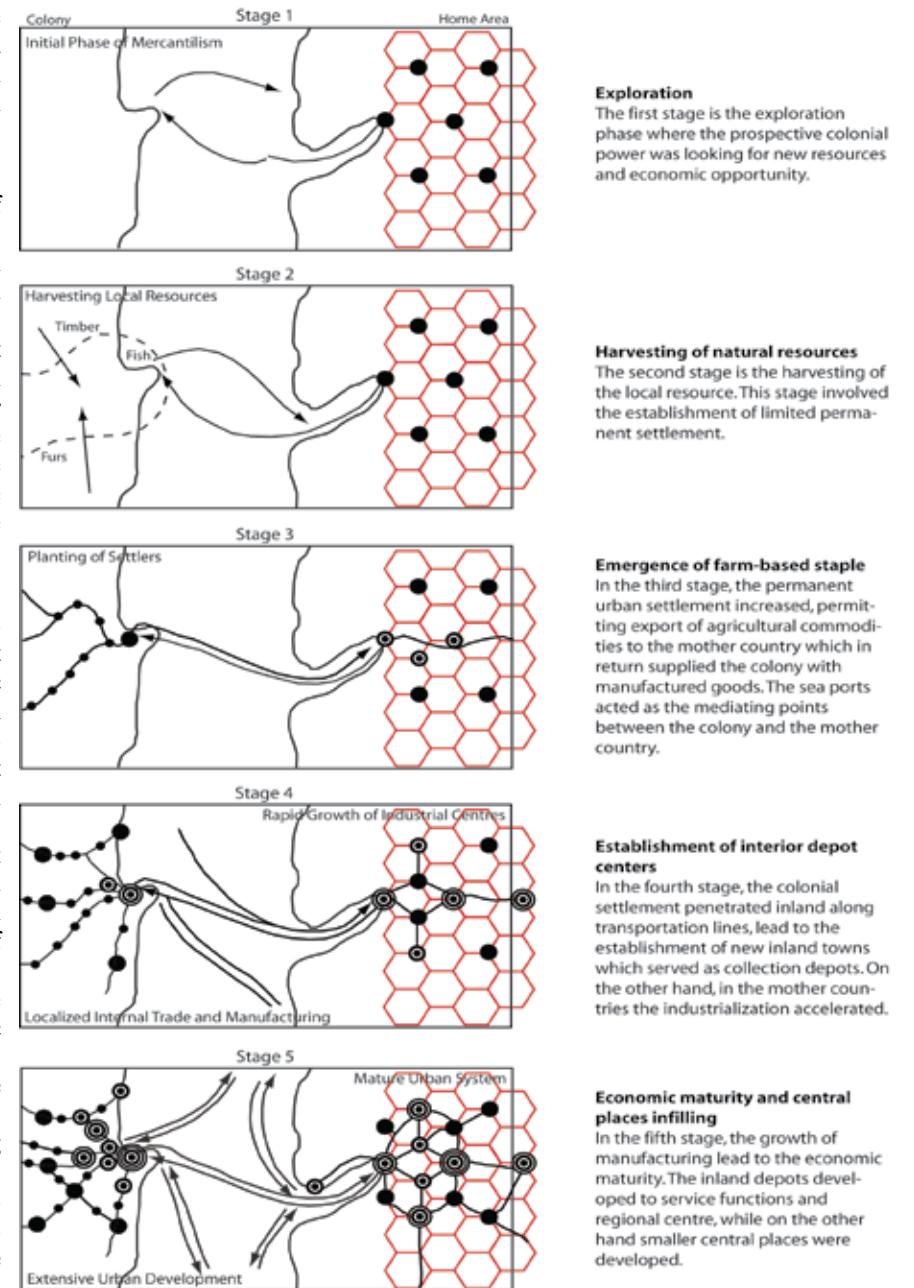


Figure 2-2, The Model of Colonial Urban Planning, Source: Vance 1970

structures. The agricultural way of life of these groups gave a distinctive rural character to some part of the city.

Colonial cities often display patches of urban planning from different periods that refers to different colonial motives and policies across time. In most of them the trace of precolonial settlement is hardly noticeable, particularly in the case of the Latin American cities; former Spanish colonies which were completely destroyed upon the arrival of the colonial power. The Latin American cities are strongly characterized by the gridiron street pattern which was developed around a central plaza with all the major functions; a pattern that was mainly based on security and financial concern. The case of African cities, were more varied than the previous. African cities do not really share a general characteristic; according to O'Connor, there are at least seven different typologies, among others: Islamic city, European city and apartheid city (O'Connor, 1983). On the other hand, the South East Asian colonial city model according to McGee is mainly characterized by the configurations of different ethnic settlements and ethnically separated commercial zones (McGee, 1967). Another important feature of these cities is the formation of kampong as the form of native settlements which through times are engulfed by urban development and transforms to urban kampong like the case of Jakarta.

In all case it is evident that colonial city in term of its morphology is a spatial expression of the imposition of an foreign culture on the existing ones (Yeoh, 2003, Thorns, 2002). Colonial city therefore engenders local and foreign elements which interpolate in a particular way and produce something hybrid. Colonial city is a transition between traditional and modern (Yeoh, 2003). It underwent process of modernization in which it was designed and planned to accommodate the colonial (in this term related to modern) process of production.

#### 2.1.4. The Foreign Influences on the Colonial Urban Development

The form of colonial city was often modelled after the urban planning concept in the mother country. The paradigm of colonial urban planning naturally evolved through times following the trend in the mother country and Europe. The early colonial cities were often inspired by the Roman military establishment (Simon Stevin design) f.e like Batavia, Paramaribo, Recife and so forth. The city model was consisted of rows of canals and surrounded by thick city wall

for protection; a layout necessitated to protect the mercantile headquarters from recurring attacks from the local rulers or guerrillas.

The European impacts on the local urban development and morphology of colonial city was intensified during the industrial colonialism. During this era the system of cities was shaped due to the concentration of politic and economic power in certain cities (Pacione, 2005).

During this period the trend of urban planning shifted to the garden city<sup>1</sup> model as it was initiated in England by Ebenezer Howard circa 1898. The concept was quickly adapted all around Europe. Some examples of the Dutch adaptation; the *stedetuin* could be found in Hilversum which was designed by Dudok. The Dutch adaptation was also brought to the colony, in Indonesia alone there are a number of example like Menteng Garden City in Jakarta, also in Bandung, Surabaya, others.

It is important to note that the implementation of garden city concept in the colony is rather particular for three reasons, first; it did not happen along with the real process of industrialization as it was in Europe. Second, it was not designated to accommodate the industrial society and it was not born out of necessities from such society. Third, it was mostly not equipped with the proper social facilities and institution that were needed to make a garden city works. Therefore the garden city in the colonies could be considered as merely a “copy and paste” aesthetic concept of a popular urban planning tradition from the industrializing metropolitan Europe to the colonies which were done completely out of the context.

Furthermore the creation of the garden city in the colony also sharpened the socio-spatial polarization in the city, since it was mainly designated for the European inhabitants and the local native elites. While the poor natives still lived in the kampongs that had poor infrastructures and living conditions that were scattered all over the city.

#### 2.1.5. The Social and Cultural Fragmentation in the Colonial City

Scholars like Simon, Horvarth and Yeoh have emphasized the facts that the colonial cities have certain distinctive characters that made them different than non colonial cities. These characters are first: the plural society in term of racial, cultural, social and religion, second; the social stratification,

which was different from the class structure of a preindustrial and industrial city, and third; the concentration of social, economic and political power in the hands of the colonists.

The expression of the pluralism was clearly expressed not only in the city demographic profile but also in the spatial organization of many colonial cities. In fact one of the most prominent characteristic of a colonial city is spatial fragmentation based on different racial/ethnic group. This was made possible by functional specialization of economic activities along the racial and ethnic lines during that time, which resulted in particular zoning of settlements for different groups.

Apart from those reasons, the existence of different ethnic, racial and cultural group in a colonial city has in many occasions enforced the colonial power to decree a certain policy<sup>2</sup> to maintain social rest by separating different groups spatially. One example is the execution of *Wijkenstelsel* in Batavia which restrained Chinese population to certain ghetto in order control and limit their trading activity. The effect of this policy it self was proven very effective to maintain cultural prejudice of native population against the Chinese population. Another clear example is the *Law of the Indies* which was executed by the Spanish colonist in Latin America, which prohibited the Indians to dwell inside the city wall (the *intramuros*).

#### **2.1.6. The Contemporary Urban Development of the Post-Colonial City**

“...post-colonialism is a continuing process of resistance and reconstruction.”

(Ashcroft et al., 2006)

To discuss the contemporary urban development of a city with colonial past is not possible without discussing the transformation of its society. Post-Colonial theorists have argued that colonialism does not stop on the day of the political independence; instead it continues to take form in the present day in the active neocolonial mode that continues to influences and shapes its development. Or as Ashcroft had put it in words as follow:

*“All postcolonial societies are still subject in one way or another to overt or subtle forms of neo colonial domination, and independence has not solved this problem. The development*

*of new elites within independent societies, often buttressed by neocolonial institutions; the development of internal divisions based on racial, linguistics or religious discriminations; the continuing unequal treatment of indigenous peoples in settler/invader societies – all these testify to the fact that post-colonialism is a continuing process of resistance and reconstruction.”* (Ashcroft et al., 2006)

The term Post-Colonial should therefore refer to the totality of practice that characterizes the society from the moment of the colonization to the present day and Post-Colonial study should represent a discipline that explore the continuing process of imperial suppressions and exchanges throughout diverse range of society, in term of their institutions and discursive practices (Ashcroft et al., 2006, Gikandi, 2002).

There is a relationship between globalization and postcolonial discourse according to postcolonial theorists. They argued that one could not understand globalization without understanding the structure of global power relations that was created during European imperialism, even though one could not simply equate globalization and neocolonialism, post-colonial theories could provide a model for understanding the local communities achieve agency under the pressure of global hegemony (Ashcroft et al., 2006).

In regional and city level, the extent city's colonial past influence its contemporary urban development could only be analysed based on the manner the city embraces new role and fulfill the modern demands, amidst the existing of colonial legacies; the spatial, the social and the cultural. It is essential to observe how the aforementioned colonial legacies are hindering or supporting the current processes.

Some line of post-colonial studies tried to look at different issues to assess of colonial influences such as identity, religion, language, literature, historiography, racism and so forth, while others tried to investigate a more quantifiable parameter such as the social indicator. One example is the Grier research that examined the extent of colonial experiences influences the contemporary development by comparing the state of different colonies when the colonial power left (Grier, 1999). He looked at indicators such as; the level of educations, physical and human capital at that particular time. Grier and Barro (Barro, 1998, Barro,

1994), had agreed that the level of education is a significant determinant of the colony future development. Grier, after having compared GDP growth charts of 63 former colonies, had came to the conclusion that the former British colonies tend to develop better than the French and the Spanish due to its higher level of education or higher education participation among the natives. In short he concluded that colonies with less centralized colonial administration were more advanced in its state of development due to its flexibility in adapting to the local situation and needs.

To investigate the extent colonial continuities influences the contemporary urban development is also not possible without registering beforehand the array of the colonial continuities that could or might influence urban development. The colonial continuities still persist in the present day in the form of political, social and cultural institutions. Apart from that, of course remaining colonial physical structures such as buildings, urban fabrics and infrastructures are still visible all over the cities.

According to Simon, the post colonial urban form could be determined by the nature of the anti-colonial struggle and the manner the new leadership deals with the existing colonial continuities i.e. the existing politico-administrative centres especially in the capital city, the existing relation/conflict between various ethnic groups and social classes, the existing economic dominance of certain colonial elite groups (Simon, 1992).

In Jakarta for example, after the independence, while the politico-administrative centres were maintained in their former colonial location in the *Weltevreden* area, the economic centre was moved to the new CBD (Central Business District) location from the former location in the colonial Chinese District. The new allocation of the new CBD during the Soekarno era was mainly aimed to create an image of the modern city which is a world different from its colonial past.

Though many things were changing after the independence, certain things remained such as the racially based spatial segregation. The anti-Chinese sentiment that is already existed since the colonial times has been proven to be deep-rooted and far too complicated to solve in the post colonial era, the recent racial unrest in 1998 was the evidence of it. And the fact that the Chinese groups remains dominating the national economy does not help to ease the situation. During

the early colonial time, the Chinese were allocated in certain parts of the city as the outcome of *Wijkenstelsel* Policy. Later on after the policy was abolished they tended to live close to one another in certain specific areas due to economic reasons. Nowadays, there is still a rather clear separation of residential zone for the Chinese descents i.e. the gated communities in North part of the city. Interesting enough, the areas that have high concentration of Chinese descent population are the ones that have high concentration of economic activities, in particular trading and retails, these areas often emerge as the new economic centralities.

The separation of the residential area for the native area in the informal settlement (kampong) and for the European groups in the Garden City during the colonial time, to some extent also remains until nowadays. A number of the remaining former native settlements nowadays often become the informal settlement for the urban poor which nowadays trapped in between city's modern centralities. Some of them in fact still retain the characteristics. The European area nowadays often houses the city's upper income group, due to its good location and good spatial quality.

The ever presence of the informal settlement, that are both newly formed or exists since the colonial time, is a significant characteristic of post-colonial city in many developing countries in particular Indonesia. The existence of informal settlement could be related with a number of conditions, first; the continuous increase of urban poor, which was a result of the continuous flow of rural-urban migration after the independence and this situation was worsened by the imbalance of the urban labour market, second; the failure of the government to house the urban poor due to lack of public funding, third; the failure to tackle the chaotic land legal ownerships and acquisition (The issue of land rights will be discussed in the following chapter), which is one of the most significant legacies of colonialism. After more than half decade after the independence, it is still proven to be difficult for the government to tackle such problems. (The issue of kampong will be discussed in the following chapter.)

With large proportion of urban poor in a post-colonial city, the role of informal economic activities in such city is really important. The informal sector often becomes the only option for the urban poor who do not have sufficient skill and capital to join the formal sector. (The issue of informal economic sector in the post-colonial city will be discussed in the next

chapter.

#### **2.1.7. Conclusions**

[1] Colonialism as a form of conquest on other's territory and control of production has left a profound impact on the development and the transformation of the given territory. The impact does not stop at the time of the independence, but its legacy tends to linger and continue to influence the contemporary social, economical, cultural and spatial settings.

[2] Colonial city is a product of a particular planning logic; the colonial production logic. Therefore it was mainly designed to support the process colonial production and flow of extraction. The welfare of the population was a less important part of planning agenda, and it was mainly oriented for the specific limited group. This policy was significant in avoiding the social unrest in the colony. The mechanism of the city is often not fit for the contemporary urban processes and demands, problems such as mass transportation failure or social housing shortages are common examples.

[3] Colonial city is a spatial expression of particular society; a colonial society, a society that was moulded out of domination, alienation, adaptation and negotiation. It engenders traditional and foreign elements in the same time. It is rendered by the notion of hybridity.

[4] Colonial city is a culturally and socially fragmented city. Its spatial organization is rendered with spatial fragmentation based on racial and power lines. It is contested space, as it involves physical and symbolical appropriation.

[5] It is important to reflect this historical perspective in understanding the contemporary situation. Even though, it is not always perpetual, the contemporary global power structure to some extent is a legacy of the earlier structure formed during the Imperialism. The position of countries with colonial past and its cities in the global arena to some extent are still influenced by their former positions in the historical global power structure. The manners these actors react in the current arena of global productive processes are determined by their readiness to embrace the modern demands and needs, and their relations with the economical and the political cores.

[6] The relative delay of independence in these countries has resulted on the delay in tackling basic needs such as

infrastructures, social welfare program such as housing and education; therefore the problems are accumulated. With rampant economic and political problem after the independence it was proven difficult for many countries to catch up with the other's paces of development. Therefore while others are busy preparing to join the global competition, these countries are still busy with the basic problems and still highly dependent on aids from the other. This situation shows the perpetual global power structure, where the less advantages continuously play a peripheral role.

[7] The burgeoning of the urban poverty becomes an important characteristic of cities in the developing country. It is tricky to simplistically pointing finger at the process that is happening in global arena as the main culprit as it also involves various local causes. The inability of the local authority to provide low-cost public housing scheme, not to mention to create employment for these people, has resulted on the burgeoning of the urban informal settlement in the city. And this has created a sharp urban socio-spatial segregation which becomes a prominent characteristic of cities in the developing countries.

[8] The colonial past can not be blamed entirely for the problem of the under development, however to many extents it shapes a particular trend of contemporary urban development, as it generates particular societal processes and spatial outcomes.

## **2.2. The Discourse of the Dual City**

### **Introduction**

The contemporary economic restructuring from the Fordist to the Post-Fordist production has altered the urban socio-spatial structure according to the Dual City theory. The theory identifies a three-tier process of change: changes in economic structure, social stratification and socio-spatial structure (Kempen, 1994). It pinpoints the effect of the economic restructuring; the imbalance in the labour market, uneven employment opportunities and distribution of income as the main causes of the growing social polarization that leads to changes in the contemporary urban socio-spatial structure.

The burgeoning of urban informal settlement is one of the most prominent problems in cities in the developing country. The existence of such settlement is a palpable spatial expression of the urban social polarization; however does it relate to the spatial outcome of the duality suggested in the Dual City Theory? Does the theory of dual city apply to the case of cities in the developing countries? What is the indicator of the dualism?

This chapter will explore the Dual City theory and the discourse around it, from Castells, Mollenkopf, Sassen, and Kempen. It will serve as the base of analysis in the empirical part.

### **2.2.1. The Global Economic Restructuring and the Rise of Dual City**

#### *What is a Dual City?*

The dual city theory was first put forward by Castells (Mollenkopf and Castells, 1991). The theory is based on the two interlinked processes, one is the absolute decline of the cities of manufacturing industries in the Post-Fordist era (Holt-Jensen, 2002). As the processes of productions are relocated to other regions with cheaper production cost, manufacturing jobs in the city are lost and replaced by well-paid highly specialised jobs in the new information and service sector. The problem rises as the existing labour force do not have sufficient skill to join the new labour market. This process leads to significant structural changes towards a polarized society, an hour glass society, where the rich gets richer, the poor gets poorer and the middle class shrinks. Two is the 'rolling back of the state' (Holt-Jensen, 2002) which is

caused by the 'decreasing state expenditures' trend under the neo-liberal economic policies. As a result the public services and provisions are reduced, and labour unions lost their bargaining power.

Dual city's society therefore is characterised by the imbalance of social and economic growth and the insecurity.

The process of dualisation according to Castells is intertwined and intensified with the process of informatization. The dualisation however is not caused by the new information technology but it had already existed in most societies since the 80s capitalist restructuring. The emergence of the new information technology however enhanced the situation.

Sassen claims that the process of polarization has been intensified by the decline of middle classes (Sassen, 2001). She argues that the growing advanced service labour market also gives rise to market at the other end; namely the low waged and skilled; which responds to the demands created by the increase of jobs on the top side. However, Wilson argues that polarization actually is a result of the mismatch between the demand and the labour supply. While the market demands higher skilled labour, the existing labour supply who lives in the inner city with their lack of education could not meet the level of standard necessitated with jobs other than unskilled manufacturing works. Furthermore, they are also disadvantaged in term of spatial position since they live far way from the new location of industrial estates which could probably offer them alternatives.

The whole process of the economic restructuring leads not only to the structural social changes (the hour glass society) but also the spatial. Castells argues that the dual city is characterised by spatial segregation and segmentation; that manifests in sharp spatial differentiation between the upper class and the rest of the residents.

Castells argues that the duality is not likely to be reversed by using the promise of information technology to improve the fate of low income communities, since informational economy does not give much advantages to unskilled, uninformed population since the existing institution and social fabric gives less opportunity to overcome the vicious cycle of poverty, functional illiteracy, social/racial discrimination and so forth (Susser, 2002).

Castells claims that eventually in testing whether a city is a

dual city, is a simple matter of empirical research to answer two basic questions: (Mollenkopf and Castells, 1991)

- a. Are the top and the bottom of the social scale in a given city growing faster than the middle (with the key methodological issue being how to construct the scale to measure the social distribution)?
- b. How does such polarization, if it exists, translate into spatial distribution of the top and the bottom of the local society, and how does such specific residential location affect overall socio-spatial dynamics?

The Dual-City issue also has another dimension, namely the cultural duality. Castells claims that "there is dialectic between the social discrimination and the spatial segregation on the one hand, and the spatial clustering in patterns of symbolic identity and cultural affinity on the other" (p.407). This suggests that apart from the duality inflicted by sharp social-economical contrast, there is another layer of duality in the cultural level which is actually a consequence of the other. Urban spaces and territories become contested spaces where different cultural group claims for or confined to. However in applying this analytical dualistic approach, Castells stated that there is a risk of reducing the great variety of urban subculture to a simple dichotomy, for example like the case in New York where there is a great flow of new immigrants that creates new spatial dynamic (Mollenkopf and Castells, 1991). Therefore to reduce the risk of simplification, the analysis has to be put in context within the greater comprehension of the whole complex processes.

In order to have a clear idea of how the dual-city theory is implemented in practice, it is useful to see how Castells himself use the it to analyse the city of New York (Mollenkopf and Castells, 1991). In his methodology to examine whether the city is a Dual-City, he looked at the following indicators: 1/ the occupational and income-group profile, 2/ the cultural grouping, 3/access to the labour market; its process of inclusion and exclusion, 4/city spatial occupation and 5/ the creation of the space of globally interconnected flows and the fragmented and powerless locales of social community.

Eventually, it is concluded that New York City could not be defined as a dual-city based only on one dimensions. In term of its occupational and income-group profile, the city is not dual, as well as based on its cultural grouping profile. Both profiles manifest a complex and diverse class formation

that could not be reduced to a simple dualism. However in term of its access to labour market, it is dual based on the argumentation of the large exclusion of its working-age-population from the formal labour market which gives rise to the criminal economy, informal economy and the assisted economy in the city. In term of the city's spatial occupation, Castells claims that it is increasingly dual and plural in the same time, as there is a dual opposition between the white middle class area and ethnic minorities and immigrant areas in the city, while on the other hand there is a growing cultural mosaic in the city as well. He concluded that in the case of New York, the comprehension of dual city that best signifies it is the growing dichotomy between the space of the globally interconnected flows and the fragmented locales of social community.

#### *The Critics to Dual-City Theory*

Critic from Kempen (in the Dutch cities context) suggests that though dual city is generally regarded as the outcome of the process of economic restructuring and social polarization in the urban society, yet the relation between the economic restructuring and the social polarization, and the relation between the social polarization and the socio-spatial patterning is not clear (Kempen, 1994). Holt-Jensen also shared her view, by pointing out that based on the logic of the theory it self, the logic behind the spatial patterning is not at all clear (Holt-Jensen, 2002).

Kempen argues that dual city could not be translated as a spatial model due to a number of reasons. First the problem of scales, it is not clear whether dual city should be perceived at the city or the conurbation level.

Second, it is not clear whether dual city is an absolute or relative socio-spatial divide. Third, the presupposition of duality is based on an ambiguous social polarization.

Kempen concludes that consequences of economic restructuring for the urban social structure is inconclusive, since the concept of social polarization can not be translated clearly into social stratification model. This is caused by the inadequacy of using job and income as indicators of social position. It is in fact very difficult to find a parameter or unit of analysis to measure social polarization. Kempen argues further that preferences for and access to basic provision such as housing are not defined by income and job position alone, especially like case of the Netherlands

Castells, however has stated clearly in his book that the simple Dual City metaphor could not explain the pattern of growing inequality and worsening poverty. He admits that the mechanisms that generates inequality are simply to complex, and the resulting fragmentation too great, to be captured by any simple dichotomy (Mollenkopf and Castells, 1991).

He, nevertheless, argues that the dual city metaphor has the virtue of directing our attention to the new inequalities that define the postindustrial city. He stated further that the dual city is a useful ideological notion as it aims to denounce inequality, exploitation, and oppression in cities, breaking with the organicist and technocratic views of cities as integrated social communities. It introduces differentiation, stratification, and potential contradiction and conflict in the realm of analytic categories which otherwise tend to see the city in a functionalist framework. Castells claims that the dual-city is more relevant in analysing the role of cities the forming of social classes.

#### **2.2.2. The Other Side of the Coin: The Impact of Global Economic Restructuring in Cities in the Developing Countries**

Graham and Marvin claim that the impacts of globalization differ between the global cities like London or New York, the Mega cities in developing world cities and the cities in post communist Eastern Europe (Graham and Marvin, 2003). They claim that though the trend suggests world-wide trend of local development unevenness between city's network-integrated spaces and its peripheral spaces, there is no complete convergence between these contemporary cities.

However they argued that despite of the different states of development from the cities involved; developed, developing, newly industrializing and post-communist worlds, the changing economic geography in such cities has a parallel logic. It is becoming more defensive, self-contained, globally oriented and surrounded by disconnected social and economic spaces. This statement implies that the contemporary urban socio-spatial polarization is not exclusive to cities in the developed or post-industrial countries in the northern hemispheres.

Now it is important to put in question whether the Dual City theory applies in cities in the developing countries. In order to do so, it is necessary to try analysing the problem from the other side of the coin. If the Dual City phenomenon is an

outcome of the process of economic restructuring, namely the process of de industrialization in the developed country, it is essential to see what is the impact of this process in the other part of the world; the developing countries.

The process of de industrialization is an outcome of the New International Division of Labour (NIDL), where the process of production shifts to countries that offer cheaper production cost. While jobs in manufacturing sectors decrease in the developed countries, at the other end it logically increases. The shift is mainly made possible by 1/ the increase of the cost of production in the developed countries, 2/ the great supply of cheap labour as a result of drastic rural-urban migration in the last few decades, 3/ the large amount of the reserve army of labour keeps down the demands for wage increase, 4/ the uneven distribution of technological advances and 5/ the support of international agency to create employment in the developing country in order to maintain political stability in this countries (Pacione, 2005).

The NIDL expresses the core – periphery relationships. While the control and decision-making take places in few global cities in the developed countries; some cities in the developing countries with their devalued labour (Castells, 1996) serve as the sweatshop, hosting the Fordist production of the developed countries. The whole system is based on power of politic, the source of the financial capital and the advance/access to technology.

The NIDL brings various impacts on these cities. Only a handful of cities are able to benefit from this new investment. The new investments logically favour the regions with the best infrastructures, and disfavour the less developed ones. The government tends to equip the favoured cities with more and more infrastructure and ignored the rest. As a result it sharpens the unbalance regional growth and development and lead to a certain trend of urban primacy where the gap between the favoured and the disfavoured regions is widening.

Other impact is the continuous growth of rural-urban migration due to the uneven creation of employment creations in the regions. This has given more strains to the large cities. The surplus of labour leads to the burgeoning of the economic activities in the informal sector (Pacione, 2005).

Chakravorty (2005) claims that in cities in the developing countries particularly the ones with colonial past, the

processes are not similar and even more complex. He argues that the periodization of Fordist economy and Post-Fordist economy does not apply, as in these cities undergone the following periodization; colonial economy-post colonial economy-liberal economy and post-command or reformed economy (i.e. in the case of India). While cities in the northern hemisphere experiences de-industrialisation, many cities in the southern hemisphere just started its industrialization. The rate of industrial growth in these developing cities however is going on much a greater rate than the case of the western cities (Thorns, 2002).

In the post colonial era the main agendas of the new nation were import-inward looking import substitution industry, however the failure of the local based industry, the demand of new market and lower cost production centres in the northern cities seemed to have forced the new nation to go global. The emerging integration of the recently liberated cash-thirsty nations has brought eager new actors in NIDL. And the need of these new actors to be part of the global economy is as strong as the other countries, and the restructuring to do so has led to further problems such as social and spatial inequalities and new forms of social exclusions (Thorns, 2002).

Reflecting again to the concept of the reserve army as it was discussed in the previous sub chapter, the colonial exploitation is re-enacted in a new form. The poor developing nations now become the reserve army in the process of the global production. The existence of the reserve army that supplies cheap labour is crucial in ensuring the continuity of production.

So are these cities undergoing similar process of dualism due to the economic restructuring or adjustments undertaken to join the global economy?

The increase of investment of manufacturing has indeed altered the local economy, and it has social and spatial repercussions due to the functional and occupation changes in the city.

The pattern of this urban transformation could be identified with three linked processes; first, the increase flow of the rural-urban migration, second; the emerging of the peripheral urbanization, and third; the increase of social polarization in the city.

The growth of the new manufacturing industries as the

outcome of the NIDL, has triggered more flow of rural-urban migration. This involves a set of pull and push factors. The main pull factors are the concentration of manufacturing industry in the urban area and the bright light in the city. The push factors are the decline of the traditional agriculture sector and the extensive mechanization of the new export-oriented agriculture sector.

In the metropolitan region itself there is an emerging trend of new urbanization, i.e. like the case of Jakarta; as the property values in the city rocketed and urban pressure increases, land use in the surrounding areas transforms as large number of the manufacturing industries move out to the surrounding urban regions (Bogor, Tanggerang and Bekasi) that offers cheaper production cost.

This process of peripheral-urbanization transforms the character of the surrounding area to a mix rural and urban characteristic; a desakota (literally means village-city in Indonesian language) which is indicated by growing diversification and commercialisation of agricultural activities, increasing flow of FDI, development of infrastructures like transportation and communications (Pacione, 2005, McGee, 1967, McGee, 1991). These changes increase the intensity of the rural-urban linkages therefore blurring the traditional urban-rural linkages.

This process is followed by the trend of new town development in the urban periphery which targeted the urban middle-upper class. This results in a mass movement from the urban centre to the periphery, creating a new pattern of housing spatial occupation.

Though the production process moves out from the city, leaving the urban central spaces for the new service and information sector, the flow of the migration however do not recede; as a result there is an explosion of the reserve labour army as many of them could not be absorbed by the existing labour market in the manufacturing industries and they are not skilful enough to be employed in the service sector. This has resulted in the burgeoning of economic activities in the informal sector and the densification of the urban informal settlements or kampongs.

This situation leads to a serious social polarization in the city, not unlike the situation in cities in the post-industrial society, therefore to some extent it could be concluded there is a parallel pattern of urban transformation. However the cases

of developing country involve more complexity than in the developed ones as it takes place in a situation where the level of social welfare is much lower.

Basing on the whole argumentation, the research is going to examine further the case of Jakarta. Is Jakarta a Dual City? By employing the related theories, the research is going to examine the nature of the social polarization in Jakarta by looking at the case of the informal settlements in the city. It will look at the conditions that lead to its creation and the nature of its relationship with the city in general.

### 2.2.3 Conclusions

[1] The economic restructuring from the industrial to the post-industrial society has transformed the pattern of urban transformation extensively. The process works in a three-tier processes; first economic restructuring, second the social transformation and then the urban spatial transformation. The lost of jobs in the manufacturing industry leads to the creation of the hourglass society where the upper and lower class increase, and the middle class declines.

[2] The urban and social transformation is characterized by the imbalance of social and economic growth, and insecurity.

[3] This restructuring that initially took place in the cities in the northern hemisphere, has profound impacts on cities globally due to the NIDL (The New International Division of Labour). The new types of investments for manufacturing industries in the cities in the developing countries lead to the new pattern of urban transformation characterized by the emerging peripheral urbanization, the diversification of function in the suburbanized area and the increase of rural-urban migration. While inside the city itself, urban functions alter toward service and information, the informal urban settlements get denser and economic activities in the informal sector intensify.

[4] The Dual City phenomenon also takes place in cities in developing countries which is embracing the process industrialization and informatization in the same time. It is possible because, in a country where the regional development is imbalance, some cities are embracing informatization while others industrialization. The process of social polarization as the outcome of this processes takes place in a lower level of social welfare, therefore it is very complex.

[5] The Dual City metaphor as Castells argues, does not

attempt to reduce the societal problem to a simple dualism. It is much more complex than many scholars thought. Though the duality is meant to be an ideological position of how to view a societal problem, it is useful to perform a deeper and critical analyse of the root of the problem.

[6] To define a city as a Dual City eventually comes down to a number of indicators which are its occupational and income-group profile, its cultural grouping, its access to the labour market; its process of inclusion and exclusion, its city spatial occupation and the process of creation of the space of globally interconnected flows and the fragmented and powerless locales of social community in that city.

### 2.3. The Informal Economy in Cities in Developing Country

#### Introduction

This chapter will serve as the theoretical base of the subsequent discussion about the dynamic of the livelihood in the urban informal settlements throughout the whole book.

The informal sector is not only solely the option of the urban poor, as many who have access to the formal sector also join the arena. The significance of informal sector in the informal settlement however is indisputable. With limited resources and access, the inhabitants of the informal settlement do not have many opportunities to join the formal sector.

This chapter discusses the basic concept of informal economy, the related actors and the reasons behind it. It also discusses the different types of informal economic activities and its relation with the formal sector. It also discusses its mechanism of survivability of the by looking at the social and the spatial aspects of the informal economy.

#### 2.3.1. The Concept of Informal Economy

The concept of informal economy had came to the surface in 1973 in the International Labour Organization (ILO) study of urban labour market in Ghana (Hart, 1973). The concept was used to address the issue of *dualistic economic structure*; formal economy and an unofficial economy in developing countries (Losby, 2002).

The informal economy is generally identified as *Black Market Economy*, in which people are working off the books to avoid tax and national insurance (Pahl, 1984, Gershuny, 1983), therefore it is excluded from the national income estimates (Acharya and Chelliah, 1986).

Many scholars had made many attempts to define the informal economy. In his dissertation about the Informal Economy in the University of Amsterdam (Renooy, 1990), Renooy summarized that there are a number of keywords that were commonly used in the discourse, to define what informal economy is, they are *activities* (Macafee 1980, Feige 1981 and Gershuny 1979), *work* (de Grazia 1983, Skolka 1984), *transaction* (Rose 1983, Gutmann 1977, Feige 1979, Toffler 1980), *income* (Tanzi 1982) and *flow of goods, services and incomes* (Heertje 1982, Broesterhuizen 1983, Frey & Weck-Hanneman 1984).

From his extensive literature inquiries, Renooy came to conclusions that informal economy is the whole compilation that is formed of informal activities, payments, transactions and income (Renooy, 1990).

Regardless of the different keywords, most of the aforementioned scholars would agree that the informal economy works based on the following logic:

1. It is done in a way that it evades taxes and social security contributions.
2. It is done without any presence of work regulation, in term of labour regulation, quality control or security precaution.
3. relies on the presence of social network/capital.

#### 2.3.2. The Informal Economy in the Developed and Developing Countries

Despite of the omnipresence of the informal sector in every country, many scholars argued that informal economy is a natural stage in a country's development as an intentional low cost strategy (Losby, 2002). It was assumed that informal economy is a temporary alternative to unemployment and poverty, it will disappear along with the industrial development that absorbs more labor (Joassart and Flaming, 1999). However Castells and Portes denied that with the rationalization of industry the informal economy would disappear, they argued instead, the informal economy is still a structural feature of all advanced economy (Susser, 2002). They showed that the informal sector was growing instead of disappearing in the centres of capitalist restructuring such as New York City and Sao Paolo. The phenomena was associated with not only with the increase of immigrant labour but also the decrease in vertical integration of industry and the spreading patterns of subcontracting and horizontal production networks. This suggests that the linkage between the formal and informal sector does not only take place in the developing countries but also in the developed countries, despite the presence of a stricter control or regulation.

Referring back to the discussion in the previous chapter, the reserve army in this case is much more structural element in the city. It would not disappear with the improvement of welfare. Looking at the case of England and United States, it is obvious that the level of welfare is very fragmented and undistributed. Welfare therefore does not guarantee the end

of informal economy.

According to de Soto, the choice to work informally or formally is normally based on the cost and benefit consideration (Soto, 1989). This applies in the case when people actually have choices, to join either the formal or the informal market. However in many cases like in many cities in developing countries, it is not a matter of choice, it is a matter of survival when people do not have any access to join the formal job market.

According to the Dual Labour Market Theory (Doeringer and Piore, 1971, Saint-Paul, 1997) actually there are four types of labour markets; primary, secondary, informal and illegal; categories that manifest the class, racial and gender stratification in a given society. The primary is the formal jobs, while the second is job with less security and regulated. According to the theory, the informal embraces the people who could not enter the primary and the secondary market, it includes people who own cash-only small business or unregulated arrangement or people who works off the book for other people, while the fourth category includes all the illegal work and revenue generating criminal activities.

There are many reasons why people could not join the formal job market and enter the informal ones. Theorists suggested that the emergence of the informal sector (in the developed countries) is an implication of the process of informatization (Sassen, 1998, Mollenkopf and Castells, 1991). The process of informatization ; the shift from industrial to service based economy that is characterized by the advances of technology had increased the labour surplus through the improvement of production efficiencies (Sassen, 2001). In addition to that the existing work forces with their [manufacture] skill level could not meet the standard of demand in the informatized economy. The failure of these excess working forces to get in to the informatized arena had often left the informal sector as the only solution to generate income.

However this is not the only circumstances that results in the increase of informal sector. Sassen argues that the increase of functions in specialized services also generates demand on the lower level services end; a situation which naturally leads to the increase of income disparity. The lower level services often involve part time, temporary and contractual labour unfortunately offers low wage, low security arrangements. This increasing demands from the lower end becomes a

breeding ground for the informal arrangements (Thorn 2002)

In the case of the developing countries, the informal sector is not only characterized by the mismatch between the employment opportunity and the existing labour market. The rising of activities in the informal sector has been related to the relatively sudden acceleration of the concentrations of population in dominant cities (Lyons and Snoxell, 2004, Soto, 2000).

According to Connolly, the informal sector in the developing countries is characterized among other by the participation of the labour from the rural area, see Figure 2-3.

**Figure 2-3. Characteristic of Informal Sector in the Developing Country**

Source: Connolly (1985) in Redclift and Mingione (1985)

1. Low direct income
2. Absence of indirect income such as health, housing and social security benefits.
3. Casual labour (no contract and labour law)
4. The absence of worker organization/union
5. Non compliance with labour and other legislation (informal sector is equated with empirical observation of small unit production units with simple division of labour and technology, scarce capital investment and/or non capitalist production relation)
6. Low productivity index and highly competitive in the market
7. Low educational level or lack of institutional training
8. Predominance of rural immigrants

This is a result of the rapid movement of rural-urban migrations starting from the 60s. As million of migrants relocated to the urban area, the supply of labour becomes accumulated creating a surplus of unemployed labour.

The great number of rural-urban migration in the developing countries is an expression of human response to the geography of uneven development. The factors that contribute the process of migration could be divided into two; the 'push' and 'pull' factors (Pacione, 2005). The rate of population

growth in the rural area has created surplus labour who can not find employment in the rural agricultural sector due to the diminishing of land, the decreasing of land fertility, the inefficiency of traditional agriculture and the mechanization of modern agriculture (push factor). On the other hand the urban area are 'promising' better wage and employment, future prospect and modern life style (pull factor). However the reality in the city is not at all positive. The migrant from the rural area who by no means have proper education and financial capital often could not find proper job and accommodation.

Rural migrants are often forced to seek job in the informal sector. The informal sector offers them the flexibility of job creation, which does not require certain standard of education, financial capital and complicated administrative bureaucracy. However it is important to have the social capital to survive in the business (Kurt, 2004).

However the informal sector sometimes also acts as the pull factor, rather than simply a consequence of rural-urban migration. Research done by Mitra (Mitra, 2004) in Delhi showed that there are particular rural-urban network that disseminates information about jobs in the urban area. Many migrants actually come to the urban area with prearranged jobs in the informal sector.

According to ILO there are significant difference between the measurement of informal sector in the developed and developing countries. ILO 2002 report showed that the measures of informality in developed and developing countries are substantially different. In developed countries, the measure of informality is related to the nonstandard work that has none or little social benefit or protection; it includes part time and temporary employments in formal firms and self employments. While in the case of developing country, it comprises of wage and selfemployment in informal enterprises and outside informal enterprises, which is calculated outside the agricultural sector.

### 2.3.3. The Significance of Informal Economy in the Developing Country

There is changing of attitude towards the informal economy in the pass decades (Chen, 2004). Previous attitudes had shown quite a different understanding of the existence of the informal sector. Informal sector was mainly considered as a remnant of non agricultural traditional economy that had marginal

Informal Employment in non Agricultural Sector 1994/2000	
Region/Country	Percentage
North Africa	48%
Sub Saharan Africa	72%
Latin America	51%
Asia	65%
Specific Country: Indonesia	78%

**Table 2-1: Informal Employment in non Agricultural Sector. Source: ILO 2002**

productivity and bore no relation with the formal sector. This view suggested that the informal sector would dissolve along with economic progress and modernization. The current view on the other hand recognizes that the informal economy has much more significance in the current economic arena, it is in fact a much more structural element. Its strong relation with the formal sector and its high resilience is well recognized.

The significance of informal economy in the developing country is indeed undisputable, it gives employment to those who do not have access to the formal job market, it serves as a direct link of the formal sector to consumer, it provides mid and low income employees with goods and services that are not offered in the formal sector (Ishengoma and Kappel, 2006).

The informal economy is important for those who have low human capital. Human capital as it was stated by Becker (Becker, 1994) refers to the level of skill, training and knowledge that one earned during his life, which enables him to produce or accessing certain employment. All of which are very much influenced by his social setting; the family, the society and the environment that he lives in.

In many developing countries, most urban poor seeks their livelihood in the informal sector. Mostly came from the rural areas with little if no education at all, employment in the informal sectors is their only resort. Acknowledging the informal sector as the only source of income for the poor, in many occasions, the local authority in the developing countries tend to give a blind eye on the informal sector

which gives more space to grow for these activities. As an illustration, in Indonesia 78% of the total (non agricultural) employment are informal, while in India 83% (look at Table 2-1 to see comparison with other developing countries). In Indonesia the informal sector represents an estimated 31% of the GDP, while India 45% (ILO 2002). (See Table 2-2 for the comparison of informal sector to the total GDP in different regions)

### Contribution of Informal Sector to GDP based on regions

Region/Country	Percentage
North Africa	27%
Sub Saharan Africa	41%
Latin America	29%
Asia	31%
Specific Country: Indonesia	31%

**Table 2-2: Contribution of Informal Sector to GDP based on regions from various years. Source: ILO 2002**

However despite its importance on the livelihood of the urban poor, many are sceptic about it. Informal sector often traps the related actors in continuous poverty (Ishengoma and Kappel, 2006). There are a number of factors that hold back the growth of informal economic enterprises that are categorise in three clusters, the internal, the external and the inter-firm factors (Sethuraman, 1997, Ishengoma and Kappel, 2006). Internal factors include limited human capital, lack of working capital, low technology and poor location. The external factors include the lacks of access to financial services, access to business development services, limited market, poor supply of economic infrastructure and public services, and the complex and burdensome government regulations. The Inter-firm factors include the nature of linkage relationships, governance structures, and weak associations.

Based on the aforementioned factors, it is suggested that unless the sector is formalized, the actor would remain trapped in poverty. There are a number of solutions that could support the formalization process (Ishengoma and Kappel, 2006), that include reformation of regulatory framework (Morrison, 1995), improving access to productive resources and the market of to informal enterprises ((Becker, 2004,

Tokman, 2001, De Soto, 2001, Morrison, 1995), promoting the informal-formal sector and multilateral linkages ((Becker, 2004, Sethuraman, 1997).

### 2.3.4. The Different Types of the Informal Economy

There are many categorizations of informal economic activities. Based on the nature of the market orientation, there are three different kind of informal economy (Gershuny, 1979);

- (1) Household economy; Activities that produce goods or services for member of the households without financial payment
- (2) The Communal economy; Activities that produce goods or services for member of community or society as a whole without financial payment or exchange.
- (3) *The underground economy*; activities that produce goods or services for financial benefit that evade taxes or other regulations.

Under the underground economy, Gershuny made a further categorization based on its relationship with the formal sector as the informal sector is often closely entangled with the formal sector, in fact the existence of many informal activities often highly dependent on the formal sector. According to Gershuny (Gershuny, 1979) there are three types of informal economy:

- (1) The linked informal activity, it refers to activities that takes place within the formal framework for the benefit of the related company but are carried out 'off the books'.
- (2) The semi-autonomous informal activity, it refers to informal production of good or services for the formal sector.
- (3) Autonomous informal activities, it refers to informal production of goods or service for direct consumers.

In 2002, ILO made the following (see Figure 2-4) informal economy typology based on the production units and employment status. ILO's chart shows the evident relationship between the formal and informal sector.

Friedmann on the other hand made a categorization of

A Conceptual Framework: The Informal Economy									
Production units by type	Jobs by status of employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperative	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises	3		4		5	6	7	8	
Households	9				10				

Dark grey cells refer to jobs that by definition do not exist in the type of production unit in question.

Light dark cells refer to jobs which exist in the type of production unit in question but which are not relevant to our concerns.

The unshaded cells are the focus of our concern - they refer to types of jobs that represent the different segments of the informal economy.

Cells 1 and 5: Contributing family workers: no contract of employment and no legal or social protection arising from the jobs, in formal enterprises (cell 1) or informal enterprises (cell 5). (Contributing family workers with a contract of employment, wage, social protection, etc. would be considered employees in formal employment)

Cells 2 and 6: Employees who have informal jobs whether employed by formal enterprises (cell 2) or informal enterprises (cell 6).

Cells 3 and 4: Own-account workers (cell 3) and employers (cell 4) who have their own informal enterprises. The informal nature of their jobs follow directly from the characteristics of the enterprise their own.

Cell 7: Employees working in informal enterprises but having formal jobs. (this may occur, for example, when enterprises are defined as informal using size as the only criterion).

Cell 8: Members of informal producers' cooperatives

Cell 9: Producers of goods for own final use by their households (e.g. subsistence farming)

Cell 10: Paid domestic workers employed by households in informal jobs.

Source: ILO, Decent Work and the Informal Economy. Report XI, International Labour Conference, 90th Session. (Geneva 2002).

**Figure 2- 4: A Conceptual Framework: The Informal Economy.** Source: ILO, Decent Work and the Informal Economy. Report XI, International Labour Conference, 90th Session. (Geneva 2002).

**informally organised market-oriented activities** (in the third world urban economy), which is comparable to Gershuny's underground economy, based on the locations where the activities take place. His categorization recognized five different types of activities; home industry, street economy, domestic service, micro enterprise and construction work (see following Table 2-3).

According to ILO, the biggest percentage of informal workforce comprised of home-based workers and street vendors. In developing countries they represent an estimated 10-25% while in developed countries only 5%.

**Types of Informally Organised Market-Oriented Activities in the Third World Urban Economy** (Source: Friedman 1992)

Activity	Examples	Customary Location	Persons per operation
<b>Home Industry</b>	Manufacture: food for vending, handicrafts, clothing Services: washing and ironing Trading: retail	Own household	Predominantly female, including unpaid family labour (1-3)
<b>Street Economy</b>	Trading: food sales, vending Services: shoeshining, portering, transport, entertainment	Street: ambulatory or fixed locations	Both men and women (1-3), including some unpaid family labour
<b>Domestic Service</b>	Maids, cooks, gardeners, nannies, chauffeurs	Employer household, including live-in arrangements for some staff	Several per high-income household, both men and women
<b>Micro Enterprise</b>	Manufacture: shoes, tailoring, metalworking Services: electrical and radio repair, plumbing, car repair	Rented space, but may also operate out of own home	Owner-manager, plus several employees (fewer than 10; average 3-5)
<b>Construction Work</b>	Day labourers, bricklayers, carpenters	On-site	Individually recruited for specific projects

**Table 2-3: Types of Informally Organized-Oriented Activities in the Third World Urban Economy.** (Source: Friedman 1992)

### **The Unit of Analysis of the Informal Economy**

The discourse about the unit of analysis of informal sector indicates that the

complexity of the issues. There is a great number of different statistical indicator. In 1993, the ICLS (the International Conference of Labour Statisticians) in Geneva, gave a statistical understanding of the term as follows (Source: ILO 2002):

The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by households that includes:

- Informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and
- Enterprises of informal employers, which employ one or more employees on a continuous basis.

### **2.3.5. The Social Aspects of Informal Economy**

The informal activities naturally comes with some cost, there are two types of cost (Cornuel and Duriez 1985); first: the cost of risk which includes the risk of suffering injuries and law penalty, second; the cost of network: *exchange or production requires structures which include neighbours, friends and families, in short, the relationships, necessary for these informal activities to take place. These relationships, which involve two or more persons and which have a certain degree of stability, form networks.* However since self-maintenance characterizes this type networks also acts as constraint as the efficiency of such network requires expenditure of time and permanence in relationship.

The significance of this network is also emphasized in the research performed by Lyons and Snoxell suggested that the tough working environment and fierce competition in the informal sector necessitates a strong social tie among the actors (Lyons and Snoxell, 2004). In this case social capital

holds an important role in such situation. The significance of social capital is widely understood among the actors, who seek to maintain their social ties to ensure their livelihood.

The issue of social capital was first introduced by Bourdieu (Bourdieu, 1986, Putnam, 1993, Putnam, 2000, Coleman, 1988). The social capital theory is thought to be able to offer a deeper analysis on the quality and the significance of the social ties or network that exist in a society.

The social capital generally refers to *resources that are accessible through social contacts, social networks, reciprocity, norms and trust* (Field, 2003, Putnam, 2000, Bourdieu, 1986, Coleman, 1988, Kleinhans et al., 2007).

The significance of social capital is recognized as the basis on which a society is able to build itself (Middleton et al., 2005). Therefore the issue becomes essential and popular in the level of policy making in urban regeneration or renewal projects. Even Portes goes as far as claiming it as something that can cure-all the problem related to communities and societies nowadays (Portes, 1998.) This issue also becomes essential in the World Bank campaign in alleviating poverty that it gave social capital the following definition *the ability of individuals to secure benefits as a result of membership in social networks or other social structure* (World-Bank, 2000).

Lin claims that social capital *works in instrumental and expressive actions not accounted for by forms of personal capital such as economic or human capital* (p.20) because of four elements: (Lin, 2001), *information*; it facilitates the flow of information, *influence*; social ties influence the decision making agents, *social credentials*; the social or the acknowledge relationship may be conceived as social credentials by these actors and *reinforcement*; social relation reinforces identity and recognition.

Basically there are three kinds of social capital that exist in a society based on the positions of the actors in the social structure (Putnam, 2000, Gittel and Vidal, 1998, World-Bank, 2000, Middleton et al., 2005)

*Bonding social capital*: Strong ties that connect individuals that has similar demographic characteristics such as family, neighbours, close friends and business associates.

Family link is considered as the most essential form of social capital (Putnam, 2000)

*Bridging social capital*: Weak ties that connect individuals that share different demographic characteristics; ethnics or occupational background. It connects individuals in a horizontal way people that have comparable economic status and political power.

*Linking social capital*: Vertical ties between poor people and the ones that have influencing position in the formal organizations such as banks, police or others.

The social capital theory could be used in different level, country, regions, city and neighbourhood. In the context of a neighbourhood, social capital could be related to *the benefits of the cursory social interactions, shared norms, trust and collection action of resident* (Kleinhans et al., 2007).

Social capital is more intense in a dense network of social ties, because the participation and the cooperation could be best observed and awarded by others, or when there is certain affection among individuals that could promote altruism and expectation of future reciprocity. It is also more apparent in a more long term relationship (Miguel et al., 2002). The dense network is mostly formed by frequent interaction, often brought about by other regular communal events.

Forest and Kerns (Forrest and Kearns, 2001) argues that neighbourhood does not only bears a spatial or territorial notion but it also bears a series of overlapping social network. These overlapping networks could be best exemplified in the case of local community association, football group, community security watch group, local religious group or women hobby group, etc. This type of linking is thought to strengthen the social ties, in which the member is thought to be willing to help and support each other in order to achieve a certain goal.

Now those types of linking are thought to help its related actor to achieve certain goal, but what is actually the resources that could be obtained from such linking? In this case it is useful to connect the theory to the *life chances theory*. According to Dahrendorf (Dahrendorf, 1979) life chances are the opportunities that a society offers to people to choose from. Life chances include choices and linkages or structurally speaking options and ligatures. Both elements which are influencing one another, construct the chances that determine people lives. Options are possibilities of choices or alternative of action that are available in social structure. Ligatures are the alliances or bonds or linkages where a person is placed in

depending on his social position and role.

The options are the product of the entitlements that people have and the provisions offered in a society. In this case the life chances that people have are composed of the provision of good or services, the access to or the rights to acquire and use them (Dahrendorf, 1979, Kempen, 1994). In gaining the life chances, people needs particular linkages that connect them with the supply of the offered goods or the services and enable them to use the right to use them.

Basing on the idea of the life chances, to ensure the continuity of a particular informal enterprise, the role of the linkage is very significant. Dahrendorf suggested that linkages is shaped by the feelings of belonging, either by family, locality or religion. In addition to the sense of belonging as a normative aspect of ligatures, according to Kempen, it also has an instrumental aspect that are social contacts and local networks.

The notion of linkages, could be best signified with the notion bonding, bridging or linking social capital as it was postulated in the social capital theory. This linkages or social capital is helping individuals to get his/her possible options.

In the informal sector, the continuity of an enterprise is often relied on this linkages or social capital; it could guarantee an entry the informal market, access to certain supply of low-cost good, services or labour that are not readily available, certain information about potential informal employment opportunities or certain kind of informal protection (f.e. the case of street mafia who "protects" the petty traders); or other things that are essential to the continuity of an informal enterprises.

### ***The Role of Women in the Informal Sector***

The urban labour market is generally segmented along gender line. Women earn mostly lower than men for the same work that they do. According to the Neoclassical economic theory, this difference of earning is based on the difference of productivity. Women are considered less productive because physically they are weaker, have limited training and limited time due to familial responsibility (Pacione, 2005); a typical socially and culturally constructed stereotype that continuously influencing the trend of the urban labour market. However, in reality the fact is very much different, in many developing countries, up to half of households have women bread winners (Moser, 1989).

The informal sector has been a large source of employment for both women and men in the developing world (ILO, 2002). The latest ILO report shows that the percentage of employment in the informal sector comprises of 77% of the women labour force and 78% of the men labour force. From the total number more women are engaged in the self employment informal sector; 70% than men which comprises only 59%.

Women however are more constrained to find employment in the neighbourhood due to their domestic responsibility of child rearing and house chores. Most of these women find employment through their informal networks such as friends or neighbour. They often end up having same jobs like their contacts thus decreasing their bargaining power (Mitra, 2005). Since specialized works with higher earning are mostly spatially concentrated in certain location in the city, it is difficult for these women to access such work. Therefore they are constrained to non specialized or casual jobs with low earnings.

The bonding social capital between female members of a community could be considered as the key issue behind the continuity of their livelihood in the informal sector. The process of bonding that results from the considerable amount of time spend together while the males are working, helps to create solidarity and tolerance between them.

Research done by Snoxel among informal traders in Nairobi shows that women develop different kind of strategy in developing social capital, in term of the depth and the frequency of the social relation (Lyons and Snoxell, 2004). The finding of the research shows that women develop different way of bonding with their fellow women. They are more likely to discuss details such as personal or business matters in depth among their circle while men are more reluctant to do so. And this makes their social relation more intense to certain extent.

From this particular relationship, women might support and help each other like for example watching each other children, helping to do the shopping and sharing information of how to get cheaper goods or where to find a job for other family members. Their bonding also helps to connect household unit together which is necessary in the setting of a poorer community

Studies done in Brazil (Corcoran-Nantes, 1990) shows that

women plays an active role in the urban social movements more than men. This is related to the sexual division of labour which mostly confines women's role as traditional housewives. With large part of times spent at home and around the neighbourhood, women become more sensitive to local problems and this makes them more willing to participate in the collective actions to overcome these problems.

**2.3.6. The Spatial Aspects of the Informal Economic**  
Referring back to Friedmann's categorisation (see Table 2-3), each type of activities mentioned in the categorization shows a high degree of flexibility in term of spatial allocation. With limited access to obtain certain spaces for production, most of these activities employ the informal spaces, namely spaces that are not intended formally for economic activities such as private spaces and public spaces. The informal space becomes one of the most important resource that could be used to exercise the process of production in the informal economic activities. In order to appropriate these informal spaces, particularly the public ones, the member of community needs to have certain implicit approval from the other members.

This indicates that there is a process communication and negotiation that the actors have to work out with other members of their community. Here is where the issue of the social capital comes again to the surface especially in term of the appropriation of the public space for individual economic oriented activities. Specific social ties that exist between members of community allow this process of negotiation to take place; where they could communicate and negotiate their certain goals. The large appropriation of the public space for individual economic oriented activities therefore shows strong ties in the local community as it requires certain degree of solidarity between the members.

The informal economic activity engages the informal production of space in which spaces for production and exchanges are created by appropriating the informal spaces.

But how actually the production of spaces takes place?

Space is a consequence of the effort of man to conquer nature in his struggle to life and for the differential appropriation of the product of his labour (Castells, 1977). This historical materialism view regards space as the "locus" and the "tool" of production and reproduction; a spatial manifestation of production processes. A space is therefore organized in a way to make all the productive processes possible to take place in

the more efficient way.

Castells argued that the theory of space has to be integral with the social theory as the forming of space can not be independent from the social processes that are contained in it. In his book the Urban Question, Castells regards space as a material product, in relation with other material elements- among others, men, who themselves enter into particular social relations, which give to space (and to the other elements of combination) a form, a function, a social signification (p.115). According to his view, the form, function and the social signification of space are defined by the material elements that are entangled in a particular social relation. Therefore through this space the societal history of a particular society could be deducted (Castells, 1977).

Since space is entangled in the process of production, it is therefore a locus of social struggle or social contest; an imagined place that is saturated with meaning, representation and symbol. This imagined space is what Soja called the Third Space refers to a space that is filled with politics, ideology, the real and the imagined intertwined, and with the capitalism, racism, patriarchy, and other material spatial practices that concretized the social relations of production, reproduction, exploitation, domination, and subjection (Soja, 1996). The concept was introduced by Soja to offer deeper exploration about the meaning and the significance of space which involves the particular manner people embrace their spatiality. For this quality, Soja keeps emphasizing that the third space has to be kept radically open for this interpretive insights and strategic power to be grasped and practiced (p.107).

Now bringing back the discussion to the informal economy, the process of the appropriation of space for informal economic-oriented activities involves the process of the attachment of social meaning through the process of negotiation and communication. The informal spaces particularly the public spaces are regarded as attainable free spaces have no legal or normative restrictions. This is made possible by several reasons; one, the lack of the authority control, two, the relatively strong social ties or linkages which create a sense of solidarity among the community to achieve certain common yet individual goals, which is to survive.

These spaces therefore are considered attainable to be claimed as a space of production and reproduction, where the local community could perform their economic oriented activities.

### 2.3.7. Conclusions

[1] The emerging of informal sector in the developed and the developing countries has different contextual background. In the developed countries it is mostly associated with the process of informatization that creates the mismatch between the demands for more specialised/skilled labour and the existing labour market. And it was also pointed out that it is strongly related with the growing demands for low-end services from the upper-end group. While in the developing countries it is mostly associated with the imbalance of job creation in general and the drastic rural-urban migration which bring continuous flow of non-skilled labour.

[2] The existence of informal sector is much more structural than it was thought. It is not going to go away readily with the improvement of welfare.

[3] The significance of informal sector in the developing country is indisputable. It gives employment to the people who could not access the formal job market; therefore to certain extent it eases the problem concerning the urban poor. However the informal-ness of this sector does not only offer flexible solution but also in the same time threaten its sustainability.

[4] The informal sector is providing low cost goods, services and labour to the formal sector, therefore it forms a kind of mutual relationship where the other is securing the market for others. However, this type of relationship also confines the actor of the informal sector to continual poverty.

[5] As the informal settlement relies on low human and financial capital; the sustainability of this sector relies very much on the social capital, namely the resources that one could obtain by being a member of certain social network. To access these resources, the member of the community has to exercise their social linking which could be done in different level, vertically and horizontally. The more social linking they have, the more access they have to obtain those resources.

[6] The life chances of the inhabitant are influenced by the type of options and ligatures they have. The life chances are the opportunities that a society offers to people to choose from. Life chances include choices and linkages or structurally speaking options and ligatures. Both elements which are influencing one another, construct the chances that determine people's lives. Options are possibilities of choices or alternative of action that are available in social structure.

Ligatures are the alliances or bonds or linkages where a person is placed in depending on his social position and role. In the case of the informal settlement, the options are the goods and service provisions that are entitled to them. The ligatures are the type of the alliances that made them possible to obtain their entitlements.

[7] The social capital to some extent is comparable to the notion of the life chances. Both notions are emphasizing on the importance of being in a certain social network to obtain resources, options and alternatives; all matters that are crucial to survival.

[8] The economic activities in informal sector require the informal way of using space as the actors do not have access to the formal space. The employment of the informal spaces; namely spaces that are not intended to be used for economic oriented activities such as private living and public spaces; become a common norm. In order to do so, it is necessary for the actor to be able to appropriate and negotiate this place with other member of community.

[7] The appropriation of space for economic-oriented activities involve a process of attachment of social meaning, where the local community regards these spaces as attainable spaces that could be claimed as a spaces of production, based on the process of negotiation and communication with the other member of the community.

## 2.4. The Empowerment of the Community in the Informal Settlements Towards Sustainable Development

### Introduction

This chapter is a quest to answer the question of the sustainable solution to the problem of the informal settlement, by focusing on the importance of social-and-economical based spatial intervention. It argues on the importance of maintaining and reinforcing the local livelihood in the informal settlement as the main strategy.

In order to support the argumentation, the chapter firstly will discuss the different policies and cases from several countries that have been undertaken to tackle the issue of the informal settlement, and analyses its efficiency and failures.

Not least important, it also tries to analyze the interests of the different stakeholders and the possibility of balancing these interests.

Then it continues the discussion with the issue of sustainability. What it is, and what the meaning of sustainability for the informal settlement and its inhabitant. This definition of the sustainability will be employed as the base of the further discussion.

### 2.4.1 The Shift of Policies in Tackling the Issue of the Informal Settlements

The burgeoning informal settlement has been widely recognized as one of the major urban problems in cities in the developing countries. This issue has generated various responses and attitudes toward it. Earlier policies such as the Slum Clearance policy tended to disadvantage the inhabitant of the informal settlements. The policy that had been implemented since the year 50s had been proven to be inefficient.

The policy that opted for the relocation of the informal settlement to other location in the urban periphery had been reputed for its high financial and social cost. It entailed expensive compensation and construction cost, the social displacement and disruption, the social political pressures experienced by the slum residents who persisted to stay on site. Instead of solving the main problems, the policy often complicated it and even created further negative impacts. Furthermore due to the high transportation cost from home

in the relocation site to work place in the city centre, and the fact that the displaced poor could not afford the rental fee many of the relocated inhabitants tended to return to the city as they could not afford the cost of living in the periphery. This situation contributed to the further densification of the other informal settlements in the city.

However there was a positive shift of approach towards the issue of informal settlement across the year (Pacione, 2005); the newer policies recognized the essentiality of letting the inhabitants stay in their initial sites and improvement their living condition through upgrading projects. Growing international recognition of this concept as it was being advocated mainly by Turner (see Box 2-1), de Soto (see Box 2-2), Habitat and many others, has contributed to these shifts. Newer approaches tend to follow the bottom-up approaches; community based alternatives which pay more attention to the need of the poor and emphasize on the necessities to empower the local community which would guarantee a long term success.

The upgrading project touches two different layers, the physical through infrastructures improvement and the social intervention by granting access to the security of tenure and social improvement program. The infrastructure improvement normally includes water, sanitation, waste collection, housing, access roads, footpaths, storm drainage, lighting, public telephones, schools, health posts and community centres. The social improvement program on the other hand deals with better provision of health and education services, day care, training and social protection program. (Field, Erica and Kremer, Michael. Impact Evaluation for Slum Upgrading Interventions. Harvard University; Brooking Institution; NBER and Centre for Global Development.)

The formalization idea was not only well received in Peru where the government launched the COFOPRI programme (Committee for the Formalization of the Private Property) in 1996; the largest ever programme to provide property titles to urban squatters, but also in other thirty countries where the programme is currently carried out (Fernandez-Maldonado, 2007, Winterberg, 2005).

The concept is also acknowledged and extensively adapted by Habitat who had launched the global campaign on secure tenure. Habitat views the security of tenure as "a fundamental requirement for the progressive integration of the urban poor

### Box 2-1: Turner and the Barriadas movement

John Turner was the initiator of the Barriadas movement in Peru. After working for several years (1957-1965) in the upgrading project of informal settlements in Peru, Turner came out with a ground breaking approach. Rather than destroying the settlements and allocate the inhabitants somewhere else, he promoted the empowerment of the inhabitants through several processes by them into the process of decision making and construction process.

He pointed out the financial means of a family changes over time, therefore the housing conditions also evolves in term of locations, status of tenure and amenities (Turner, 1967, Fernandez-Maldonado, 2007). Providing a finished dwelling would not only imply to high a cost for the poor and the government but also rendering inflexibility for the inhabitant. He argued that the poor would prefer to have large unfinished dwelling which leave them more possibility to future improvement in accordance to their need and financial means, rather than small finished unit.

This concept of progressive development which is known as the barriadas movement, was claimed to cut up to fifty percent of the housing cost.

Turner believed that when the inhabitants have active role in the decisions making, and have the flexibility to contribute on the design, construction process and the management of their housing, it would stimulate individual and social well-being. When it is otherwise, the dwelling environment becomes a barrier to personal fulfilment and economic burden (Turner, 1972).

The barriadas concept was later adapted by the Habitat in 1976, under the framework of the Self-Help approach, and became a worldwide movement. This was considered as the momentum that marked the radical shift from central housing provision to local enablement (Turner, 2002, Fernandez-Maldonado, 2007)

in the city, and one of the basic components of the rights to housing... It guarantees legal protection against forced eviction... The granting of secure tenure is one of the most important catalyst in stabilizing communities, improving shelter conditions, reducing social exclusion improving access to urban services (UN-HABITAT, 1999)."

The campaign aims to promote security of tenure for the urban poor, especially those who live in the informal settlements, with the goal to improve the living and working conditions. It discourages forced eviction through negotiation and establishing system of tenure with minimized bureaucratic lags and the displacement of urban poor by market forces.

It also aims to promote a legislative reform, sustainable and affordable shelter policies and the adoption of instruments,

which includes efficient system of land registering and property rights administration. With the security of tenure it is expected that the urban poor would benefit from the basic provisions and gain access to forms of credit and supportive financial products.

### Critic to the concept of the Security of Tenure

However this formalization policy also does not escape critics. Critics from the IRGLUS (International Research Group on Law and Urban Space) pointed out that there is too much emphasize on the limiting the extension of secure tenure to access to land ownership, which is typically characterized

### Box 2- 2: De Soto and the concept of The Security of Tenure

In the mid 80s there was a shift from the Barriada movement to the formalization campaign. Turner's concept was considered ineffective, too short-sighted and irrelevant with the general land policies and housing finance system (Fernandez-Maldonado, 2007). The new concept recognized the security of tenure as the key issue to the empowerment of the informal settlement.

Without secure tenure, the inhabitants would not be willing to invest too much on the improvement and the rebuilding of the settlements, therefore hampering the effort to improve the quality of living condition.

The security of tenure was thought to be able to guarantee a household against eviction by administrative or court decision based on the following reasons; 1/ they are not legal owner of land or house that they occupy, 2/ they do not enter formal agreement with the owner, or they do not comply with the planning or building laws and regulation (Durand-Lasserve et al., 2002).

The security of tenure was believed to have a major impact on poverty. The lack of tenure security contributes to further deterioration of economic situation of the poor and it discourages investment in home based activities which plays a major role in poverty alleviation (Durand-Lasserve et al., 2002).

The security of tenure would allow the people to use housing as collateral for investment in the dwelling unit or in economic activities, this a strategy that was popularized by Peruvian economist; Hernando de Soto (Soto, 2000, Lall et al., 2006).

De Soto argued that by legalizing the tenure by granting land title to the people, it would put the dead assets into live capital therefore people would be able to use this capital as collateral to get loans from bank which eventually would allow the people going far to improve their lives. The action is also expected to trigger a dynamic and healthy land market in the area.

many World Bank projects over the past decades and inspired by de Soto. This so called conventional approach that aims to unify land markets; guarantee investments by providing real rights; improve access to mortgage finance and develop or improve property taxation was deemed to achieve *very limited result* (Durand-Lasserve et al., 2002).

According to Durand-Lasserve, the conventional approach would require the complete establishment of unified land registration system, regulations, mortgage finance system, judicial system and political reforms. This is in reality very difficult to be achieved due to technical, administration and political, economic and cultural reasons. He concluded that actually from the perspective of the urban poor, the security of tenure through the allocation of rights and property titles is not necessarily efficient or equitable (Durand-Lasserve et al., 2002). It is important to consider the interest of the different stakeholders' needs and objectives.

Research by IRGLUS showed that the security of tenure does not depend so much on the legal statutes, but mostly on the resident's perceptions of past and present government policies. Therefore it varies between cases. Cases in South Africa, where the former government often denied the right of the people during the Apartheid era, the individual title is considered the ultimate indication of security. While in Bogota, Columbia, where even the slums areas are entitled to basic provision and public facility, the issue of tenure is not the primary concern in this case.

What becomes clear from the result of the research is that for the poorest group, having easy access the livelihood is the main priority. While for the less poor group who could spend more on the travelling cost, the longer term and formal tenure becomes the priority (Durand-Lasserve et al., 2002).

IRGLUS concluded that the tenure system should be more flexible and adapted to the particular needs of the actors. It pointed out the "intermediate" tenure system as the most appropriate approach, as it increases tenure security and facilitates livelihoods and services, without affecting the operation of the urban land markets. There are many examples of this approach such as the Certificate of Rights in Botswana, Temporary Occupation Licences and Community Land Trusts in Kenya, The "Anticretico" Tenure System in Bolivia, Temporary Land Rental in Thailand and the City Statute in Brazil. The aforementioned examples help the

urban poor to gain access to housing that ensure them easy access to livelihoods and services. They are thought to be more flexible and less complicated to manage and help to tame the land market speculation.

It strongly suggests that tenure regularization should be incorporated as part of a wider project that also involve the empowerment of local livelihood by increasing employment opportunities, provision of adequate shelters and services. This has to be done on a city-wide level to link tenure policies with other regulatory programs that could stimulate employment creation and with particular spatial planning which permits mixed uses.

From the result of its research IRGLUS proposes a number of steps that should be considered in the forming of tenure regularization policy:

- 1/Prioritizing occupancy rights and security of tenure which would put a stop of forced eviction or relocation program.
- 2/Promoting records of land rights at local level with the community participation
- 3/Develop appropriate regulatory frameworks for the regularization of existing settlements and the development of new settlements for the urban poor.
- 4/Develop a number of option tenures to meet the needs of different group
- 5/Upgrading processes should be incremental in order to limit the effect of the formal market pressure and market evictions on informal settlements.

#### **2.4.2. Is Formalization the Answer for the Problems of Informal Settlement?**

Taking a step backward from the previous discussion about de Soto's concept of formalization and the critic of IRGLUS, it is important to redefine what is actually formalization? According to Anderson and Francois, formalization involves the process of implementing rules, procedures and codified adjudication methods (Anderson and Francois, 2006).

Basing on this concept, in the case of informal settlements, formalization would not only mean formally acknowledging the existence of such settlement as part of the formal urban territory and formalizing the land titles which is inline with the de Soto's theory, but also should cover many more aspects such as:

1. Providing and granting access to the proper housing which responds to the local standard of housing.
2. Formalizing the building construction standard according the valid local building regulation.
3. Surveying the inhabitants of the informal settlement to include them in the formal population registry.
4. Integrating the informal settlement to the formal system, it would mean providing the physical infrastructures, the public and the social services while getting the inhabitants contribute to pay for the cost.
5. Integrating the local informal economic activities with the formal, it would mean getting them to pay certain amount of tax in proportion to their income and let them get the benefit from the action, such as the social welfare scheme.

It is important to really evaluate whether formalization is the ultimate key to the problem. Though it seems that certain steps of formalization such as formalizing of land tenure could guarantee long term solution, to some extent the other formalization approaches could pose burden to their subjects. There are a number of considerations that should be taken into account:

First; There are many critics to the effectiveness of granting land title to the efforts to improve the livelihood of slums dwellers. Gravois argued that granting land title could be both ineffective and harmful. The cases from Lima show that the newly possessed land title did not really open more access to credits. In most of the cases in Lima, only state banks were willing to give loans while the private banks remain reluctant to grant loans. The cases from Mexico, Turkey, Columbia and South Africa show that property titles do not trigger healthy land market, since the banks remain reluctant to purchase land in the slums area for it does not promise prospective commercial development in such deteriorated area (Gravois, 2005).

The action was also proven dangerous as the dramatic increase of land value do to the legalization of land title, would trigger illegal slums eviction by certain actors

who refused to pay a large amount of money for acquiring the land, or trigger "gold rush" among the urban poor who would be tempted to sell their property at once and loose the money instantly without careful spending planning (Gravois, 2005).

Apart from that, Granér also shows some doubt on the de Soto premise. He argues that property right does not always guarantee access to specific assets. Though it is supported by formal legislation and the power of the state to impose sanctions, it is also highly influenced and determined by the existing social network. It is in fact the social relation between the actors that help to access the assets. This social relation is derived from the existing social categories such as estate, caste, class, gender and ethnic identity (Granér, 2007).

Second; in the developed countries, where the tax payers are liable to an established social security scheme, the formalization of the informal might give benefit to those who reside in the informal sector. However, in the case of the developing countries where the social security scheme is mostly non-existent, regularizing them would mean adding the burden of tax without the real advantages, at least not in the near future.

Third; the inhabitants of the informal settlement need certain degree of flexibility in conducting their livelihood. Restrictive policies are not conducive to encourage or stimulate the development of local entrepreneurship that relies highly on the possibility to manoeuvre.

Fourth; without established and strong governance, which is mostly the case in the developing country, the implementation of the formalization is often problematic, especially in the case where the powerful local illegal institution such as urban thugs and corrupt government agents is existent.

#### **2.4.3. The Comparison of Approaches in Tackling the Issue of Informal Settlements**

After discussing the concepts that are relevant to efforts in tackling the problem of informal settlement, the following discussion compares the existing different topical treatment. But beforehand, it is useful to adapt the term; the locational targeting and socio-economic targeting, from the Global Report 2003 of Human Settlement. The locational targeting refers to efforts that are related to physical improvement of the informal settlement, while the socio economic targeting refers more to the socio-economic improvement of the inhabitants.

The following chart shows a comparison of different policy options that are relevant to the improvement of the informal settlements which are related to the locational targeting. The chart was mostly adapted from Rondinelli (1990b)

compares the delivery, the policy, the financing and the land acquisition options, from three different initiatives; the public, the private and the mixed (see Figure 2-5).

### 1. Public Initiatives

Followings are examples of common efforts based on the public initiatives:

#### i. Modifications in Land use and Building Regulations

The existing building and development regulation often hinders the efforts to empower informal settlement. The exceedingly restrictive regulation often has a too high housing quality standard, too strict density and lot coverage control, which are sometimes not suitable for the condition in the informal settlement that needs more flexibility. It also leads to higher cost of construction. Deregulation is needed to loosen up the building regulation.

Policy Options for Increasing Access of Poor to Shelters, Source: (Rondinelli, 1990b)

	Delivery Options	Policy Options	Financing Options	Land Acquisition Options
1. Public	Direct provision by national, national, municipal or local governments	<b>Land use and building regulations</b> <b>Public housing</b> <b>Supportive Financial Scheme</b>	General revenues	Eminent domain and compensation
	Provision by public corporation, enterprise or special authority		Special revenues	Advance acquisition and land banking
2. Private	Provision by private firms, individuals, cooperatives	<b>Cooperative housing and Self Help construction</b> <b>Private and Informal construction</b>	Leveraging of assets through borrowing	Government purchase
	Informal sector provision			Bartering and exchange
3. Mixed	Government assisted self-help	<b>Sites-and-Service and core unit upgrading</b>	Contributions and donations	Land use control
	Co-production		Indirect subsidies	Private purchase
	Public sector financing or subsidy of private sector provision	<b>Subsidized private housing construction</b>	Cross subsidies	Land readjustment
			Private financing	
			Mobilization of savings Co-financing	Land use controls
			Mobilization of government revenues increase access of poor	Land readjustment
				Bartering and exchange
				Gifts and donations

Figure 2-5: Policy Option for Increasing Access of Poor to Shelters.

Source: Rondinelli, 1990b.

Apart from that the government should be able to control the land uses, prices and speculation which could drive up the cost of building construction in a particular area. In many developing countries, the cost of lands is the biggest part of the public housing construction cost. Therefore the government should be able to produce policy options that could enable them to gain land for public housing, f.e by obtaining land through a number of way (Kitay, 1985, Rondinelli, 1990a): purchase and reservation of property through land banking; public acquisition of leaseholds interests and options to buy land; adoption and enforcement of appropriate land use regulations and controls to assure sufficient supply of land for housing; land readjustment programs that take a portion of property from private developers to recover costs of service provision or to use for low-cost housing and public services; land bartering or exchange with private owners of other parties to appropriate property; land confiscation through

the exercise of the right of eminent domain to acquire certain site for public housing, infrastructure and public facilities; gift, contributions and donations of land by private owners for low cost housing construction in consideration of tax advantages.

#### ii. Public Housing

The failure of slum clearance policy has motivated many governments to opt for massive public housing construction in the year 60s and 70s. This scheme is often criticized for not being able to provide sufficient of services and create employment. The cost of the constructions was often too high and the rental fee was simply unaffordable for the inhabitants who mostly did not have regular income, like in the case of Kuala Lumpur, Manila, Madras and Seoul. As a result this program benefited more the middle income group that the targeted low income group (Rondinelli, 1990b).

#### iii. Supportive Financial Schemes

It is also important for the government to be able to provide the inhabitant of the informal settlement a supporting financial scheme which is flexible enough to suit different needs. The policies and projects under this financial scheme have to be equipped with suitable housing finance system. Rondinelli suggests following steps (Rondinelli, 1986);

- Expanding general revenues for public housing and to assist self-help cooperative and private sector housing programs for the poor;
- Expanding special revenues or earmarked funds from tax generation;
- Adopting proportional user charges for urban services or infrastructure in order to generate cross-subsidy for the poorer group;
- Mobilization of government resources through loan guarantees, creation of secondary mortgage markets, or subsidized credit to extend loans to individuals and organizations for low-cost housing construction;
- Leveraging government assets through borrowing to finance housing and infrastructure in slum areas.
- Subsidizing the private sector to construct low-cost housing
- Soliciting ad hoc contributions and donations to raise funds for low-cost housing construction.

### 2. Private Initiatives

Followings are examples of efforts based on the private initiatives:

#### i. Cooperative Housing Construction

Cooperative housing construction is a scheme in which inhabitants pool their resources to buy building material and contribute labour to construct each other houses. Member of the cooperation normally help each other to build the basic (core) unit and upgrade it later on in accordance to the financial situation (Rondinelli, 1990a).

The advantages of the scheme are that it could promote an integrated urban community which might help the provision of housing, service, facilities, employment opportunities and education. It could also create a financially stable community who have collective system of finance and saving. It could also generate a sense of common belonging and responsibility that might help in the maintenance of the project. The sense of common belonging also would help to prevent speculation and illegal sale of the house to the non targeted groups.

This scheme of course requires a dedication and serious participation of all member of community other wise it would not work effectively, this could be the drawback of the scheme. Apart from willing to work together, every member of the community also has to have a certain amount of starting capital to start building their core unit.

#### ii. Private and Informal Sector Construction

Most of the houses in the developing countries were built by private and informal constructor (Rondinelli, 1990a). The informal constructor refers to the informal micro enterprises which mostly hires family members or close relatives or friends. The existence of such enterprises helps to keep the construction cost relatively lower for the poor households. One way to maintain the affordability of such mode of construction is that the government should guarantee the low cost of building construction material.

To stimulate the local economy, the government could involve these enterprises in participating in public housing construction, site-and-service projects and other projects.

The UN Centre for Human settlements suggest that in order to increase the efficiency of these enterprises the government should deregulate the standard of the building material

and construction, so it could facilitate lower cost housing construction. -And facilitates training to improve the building construction skill which could stimulate the local economy and opens access to working capital and opportunities to participate in the public housing projects.

### **3. Mixed Initiatives**

Followings are examples of efforts based on the public initiatives:

#### i. Upgrading and Site-and-Service Schemes

Upgrading and Site-and-Service Schemes are based on the concept of government assisted self-help. The idea involves the notion of progressive development where each household could upgrade or build according to their need and financial situation. This concept was adapted widely by World Bank finance projects in the 1970s such as in El Salvador, Zambia, Kenya, Tanzania, Malaysia, Indonesia, South Korea and so forth.

Upgrading involves the improvement of informal settlement through the insertion of infrastructure in the area. The program opts to maintain the inhabitants *in situ* instead of displacing them to the urban periphery, therefore maintaining their livelihood and avoiding the cost of housing improvement. One known example of this program is the KIP in Indonesia (Kampong Improvement Program). The insertion of infrastructures ignites the growing private investment in the housing improvement which leads to the increase of property value. However this program was thought to be lacked of the community participation which results in the lack of community willingness to maintain the infrastructures.

On the other hand Site-and-Service Schemes involve the provision of land and infrastructure. The lots could be either leased or sold to the inhabitants. This alternative was deemed more convenient since it also provides the security of tenure. The drawback is that most sites offered in this scheme are located in the urban periphery, therefore hindering the people access to employments as they lose the access to jobs and services that were available in the old settlement. The displacement might also destroy the already established social network on which the people often rely on to secure their livelihood (Lall et al., 2006).

This alternative also often ignites the commodification of lots,

which resulted in the take-over of property by the middle income group who is not the target of this program.

In general Rondinelli pointed out that the site-and-service and upgrading schemes are generally not successful due to a number of causes (Rondinelli, 1990b) among other; the lack of information dissemination about practical methods and techniques of self help construction which could speed up the construction process; the inability to guarantee low cost building material; the inadequate number of the skilled professional who can manage and facilitate the projects; the weak financial support that could offer low interest loans.

The implementation of the twin package of site-and-service and upgrading in Kenya Mombasa; the Second Urban Project (SUP), which introduced the formal financing system has resulted in a serious socio-economic problem (Macoloo, 1994). The formal financial scheme was proven to be too burdensome for the targeted low income group, who have no regular income. It has resulted in property black market, absentee landlord-ism, rising rents and the take over of low-income settlement by the higher income group.

Case in Rio's favella also shows that displacement of the people to the new site does not free them from the stigmatization. Residents of favella are often become subject of suspicion as, favellas is often associated with violence and criminal, this hinders them in getting employment in the formal sector. Though the site has already been upgraded the stigma lingers (Lall et al., 2006, Perlman, 2003).

#### ii. Government Assisted Self-Help Housing Construction

The government assisted self-help housing construction is a part of the site-and-service and upgrading schemes. It aimed to help the poor to obtain and improve their shelter, by providing low cost building materials and technology. The self-help concept was deemed advantageous to the poor since it reduce the construction cost through the elimination of the labour cost. It also could help the poor to obtain building skill which could help them to find employment in the future. It could also generate local economy by stimulating local enterprise in producing low-cost and locally-produced building material (Rondinelli, 1990b).

However this concept is not lacking of drawback as well, as it relies heavily on the commitment of the local community in term of labour and time. It also requires certain knowledge of

building skill, which due to the lack of it, many construction had very low quality and slow in progress.

By 1990, there was a shift of approach. The concept of aided self-help was thought to be inefficient if implemented on its own, due to many operational difficulties which are related to poor management, lack of enthusiasm by local authority and inability to prevent the middle-class take over (Pacione, 2005). The more vocal role of the public authority is necessitated; furthermore it must involve regulatory planning and policy reform. What is also considered important is the ability to provide land supply for low-income housing, creating a supportive financial scheme, relaxing the existing restrictive regulation and cutting the bureaucracy.

The comparisons of the policies shows that the public or private initiative alone has been proven to be rather difficult to achieve success, while the mixed initiative is proven to be more effective due to more supports in finance, policies and the implementation control. It also shows in the importance of involving multidisciplinary approach, as the spatial improvement alone is not sufficient to address the problem of the informal settlements. Apart from the locational targeting, the social and economic targeting programs are crucial in the efforts to improve the quality of life of the inhabitants. The socio-economic targeting efforts involve improvement of the social and economic situation of the inhabitants through for example capacity building, financial supports and building community relation.

The social-economic targeting is going to be discussed in the next part in the framework of the empowerment of the informal settlement.

#### **2.4.4. The Empowerment of the Informal Settlement**

Notwithstanding the approach the government is going to opt for, either relocating the informal settlement or the on-site improvement. There is one important issue that should be addressed in this case; it is the empowerment of the inhabitants (and the households) as part of the socio-economic targeting efforts.

Reaching sustainability in the informal settlement would involve a program of community empowerment for the inhabitant which could support the efforts to reach fair and balance development for all. Community empowerment is mostly oriented for people who live in the distressed areas or

the disadvantaged group.

The community empowerment involves more than the empowerment of the legal status of the informal settlements by ensuring the security of tenure through the formalization of the property title/rights. However, granting property right is considered as one important step towards the economic and social empowerment of the community.

The notion of community empowerment involves a number of dimensions but it is based on the basic concept of social justice; social equity. An empowered community should have an equal opportunity in term of having access to basic provisions, proper employment, better living conditions and mobility. Community empowerment program is deemed to be indispensable in any contemporary slums upgrading project.

According to Dreier there are three distinct strategies of community empowerment; which are community organizing, community-based development and community-based service provisions (Dreier, 1996).

Community organizing involves effort to mobilize people in order to solve common problems, to give more people active role in the process of the decision making. Getting people a more active role in the process of decision making would make people more connected and responsive to a project. It would also give the sense of belonging that could lead to higher sense of responsibility. This approach is an important element in developing a more "inclusive" government.

Community-based development involves efforts to improve physical and economical condition of the community, for example through the housing betterment programs (see the previous boxes), the creation of employment and establishing micro finance.

Community-based service provision involves efforts to improve human capital which could improve people's opportunity and quality of life through certain social services, for example capacities building, health education, literacy program and so forth.

Improving the human capital would serve as a sustainable way to increase the access of the poor to proper shelter, as it would provide them opportunities to get employment that would increase their income and financial capability of obtaining housing (Rondinelli, 1990a).

Participation is another notion of empowerment. According to Imparato and Ruster, participatory project favours civic learning and people's empowerment. It creates an informed and responsible citizen (Imparato and Ruster, 2003). It improves the quality of the project and ensures the continuity of it. Participatory project according to them should be regarded as the new path of development with people oriented vision.

One aspect that is also equally important in the effort towards the empowerment of the community is the strengthening of the local social capital (see previous discussion about Social Capital). Through a strong social capital, the community would have a greater access to and be able to get benefit from the existing resources. It would also create a stronger social cohesion, therefore sense of togetherness, social responsibility and control; it could ensure a successful implementation of many social improvement programs.

According to Friedman the notion of empowerment consists of eight bases of social power (Friedmann, 1992), which enable poorer households to get out of the circle of the absolute poverty, which could be described as follows:



Figure 2-6: The Bases of Social Power. Source: J. Friedman (1992) Empowerment Oxford: Blackwell.

1/ Defensible life space refers to the territorial base of the HHE in which the household members do their daily non-market oriented activities; this includes personal space and wider neighbourhood space where socialization take place.

2/ Surplus Time, refers to extra time available outside of those needed for subsistence activities. It includes time needed for to travel to work, obtaining basic consumption item, rest, doing domestic activities and so forth

3/ Knowledge and Skills, refers to training or education that could be used to improve future long-term economic prospect.

4/ Appropriate information refers to any type of information that could be useful for gaining work opportunity, obtaining public services/provisions, or other matters that is related to household survival.

5/ Social organization, refers to any kind of organization that the household belongs to that could serve as a source of information and support, such as religious organization, micro bank, support group and so forth.

6/ Social Network, includes horizontal network that enables household to survive during difficult time, e.g. family, friends, neighbours, and vertical network that might give access to other form of powers.

7/ Instruments of work and production, includes physical strength and domestic tools or appliances that could be used for household production.

8/ Financial Resources, includes household direct income and also any form of formal or informal credit arrangements.

Figure 2-6 shows that to get out of the absolute poverty, the households have to be able to use its resources to gain greater accesses to the bases of the social power. Though the accessibility to these powers is influenced by a number of external factors namely the State; there are spaces for negotiation in which the household need to work out by exercising its social network and position in the social organization.

This theory just like the life chances and the social capital theory show the significance of the social network in the survivability of household economy. In the case of the informal economy which resides outside the boundary of the formal sector, the issue of social linkages becomes even more

crucial in order to continue and survive.

It is also emphasizes on the significance of grass root empowerment; bottom up approach, in which the residents are expected to take an active role in the whole process.

Apart from all the strategies to empower the inhabitants of the informal settlement, there is another important question; How to empower the people to be able to leave the informal settlement; and move into formal housing market?

#### Box 2-3 : The Key Policies of the United Nations Commissions of Sustainable Development

The issue of empowerment of the informal settlement has been part of the key program of the United Nations Commissions of Sustainable Development. In their thirteenth meeting session (CSD-13, April 2005) a number of key policies in the CSD-13 was introduced:

1/Creating Pro-poor policy: land-use management, provision of housing, water, sanitation, infrastructure, transportation

and other urban services. –And the development of employment and micro enterprises development.

2/Inducing full participation of all relevant stakeholders

3/Affordable housing of poor policy: it includes the acquisition of low cost land, community-based self help initiatives, empowerment of the micro finance institutions and rental housing arrangement.

4/Creating the security of tenure

To increase the security of tenure that would increase the incentive of slum dwellers to invest in their homes and community, and attract infrastructure investors.

5/Encourage entrepreneurship and employment generation

To enable all the urban resident to earn a living by creating supportive environment for new business formation and the development of small enterprises.

6/Mobilization of finance for human settlement development

Creating a financial product that is suitable to the needs of the urban poor such as community-based saving and loans; and micro finance schemes.

The aforementioned key policies involve multi disciplinary approaches, and call for active participation and collaboration from different stakeholders and actors. It necessitates a full commitment from all the relevant parties.

Many people have succeeded in moving into a better place to live in the formal housing market however many more are trapped in the informal ones for decades or even whole their lives.

Research done by Lall (2006) tried to point out the determinants of this trend based on the case of the residential mobility in Bhopal India.

The findings of the research show a number of interesting facts:

One, it indicates that the insecurity of tenure deters the mobility of people from the informal into formal housing market, as the people could not capitalize their properties in order to sell it and use the money to buy property in the formal market.

Two, it indicates that the mobility to formal housing market is determined by the saving behavior. With regular income and saving, certain households are enabled to improve their lives.

Third, migrants are proven to be more able to move into the formal housing market due to their entrepreneurial nature, which is reflected in their decision to move from one area to others in search of a better life.

Fourth, households headed by unskilled person are also not likely to move into formal housing market.

Though finding from Bhopal is probably anecdotal to its case, it is to some extent could also mirror condition in different places. It is worthy considering the importance of the determinants highlighted by that research. In short it could be said that the approach towards community empowerment should involve a multidisciplinary efforts in many different level. The efforts should involve policies concerning education improvement, access to land tenure and financial supports.

It should be both bottom-up and top-down in the same time, where the creation of community own initiatives should be encouraged and stimulated among themselves and supported by higher institution through supportive policies an regulations.

#### 2.4.5. Lessons from Various Informal Settlements Upgrading Projects

Followings are different stories from three other major metropolitans in the world; Manila, Phnom Penh and São

Paolo, which give insights to different kind of approach in tackling the issue of informal settlements. (The following description is adapted from the Global Report on Human Settlement 2003)

### **1. Case of Metro Manila, Philippines**

Manila has more or less the same context with the city of Jakarta. Manila (636 km<sup>2</sup>) and Jakarta (661,53 km<sup>2</sup>) are the two largest cities in South East Asia. Both have population surpassing nine millions and staggering population density (Manila 15617 person per km<sup>2</sup>, Jakarta 13668 person per km<sup>2</sup>). Both are also seeing the mushrooming of informal settlement in the city.

Around 2.54 million of Manila population live in slums. The city slums are located in the government and private owned lands along the rivers, the creeks, the garbage dumps area, along the railway, under the bridges and other locations. These slums consisted of different type of dwelling construction such as temporary, semi permanent and permanent shelters.

The city authority has carried out a number of efforts to tackle the problem of informal settlement, both in term of the locational Targeting and Socio-Economic Targeting.

Among the Location Targeting programs is the Zonal Improvement Program (ZIP), which is a community upgrading program (1984) whereby the government expropriates the land and resells it to the resident after equipping it with basic facilities and service.

Other program is the Unified Home Lending Program (UHLP) 1987, a financial support program that focuses on lower income groups and full cost recovery. Apart from it there was also the Community Mortgage Program (CMP) that was also launched 1987. The program that involves incremental development encouraged the formation of community association as a requirement for accessing loans.

In the side of the Socio-economic targeting program, there are the efforts to stimulate the creation of community association, such as the BATAHAI Home owner association Inc and the PAMANA, which helped the residents to organize themselves to counteract the threats of the eviction of certain informal settlement, obtaining proper land prices, and gaining more power and bargaining positions in the process of the decision making. The BATAHAI project was considered particularly successful for its organizational development. Due to the

well organized local community and strong leadership, the residents were able to cope with the external assistance and threats,

From the Manila case, there were a number of lessons that could be learned according to Ragragio, first that there should more attentions on the issue of the land speculations. The rising of land values has rendered the choices of slum dwellers unaffordable and highly limited. Second, is the unforeseen employment loss, which often left the head of the family with no choice to instead use the project money for family survival. Third, that organizational assistance was highly substantial for the success of a project, in the case of Manila, they were the utmost helpful in gaining allies in legal processes, capacity building, and interim financing.

### **2. The Case of Phnom Penh, Cambodia**

Phnom Penh is the capital city of the predominantly rural society Cambodia. The population of the city is around 1.5 million. The city had seen an increase rate of growth during its independence period during the year 1956 until 1970, when the Khmer Rouge regime eventually abandoned the city. The urban development was rather stagnant during the succeeding Vietnam occupation and the political turmoil; it was not until the year 1998, that the urban development resumed.

An average of 25% of the city population live in the low cost settlement and slums with no legal status, which are located in the public land such as along the railway, riversides, water reservoirs and etc; and also private lands, such as vacant lands, dilapidated buildings and roof tops. Most of these settlements are located in the city centre close to source of employment. These areas are mostly isolated from access to roads, water and electricity, sewage and drainage.

In year 1996, despite the fact that the government does not recognize the legal status of slum dwellers, the Municipal of Phnom Penh in collaboration with the UN-Habitat implemented a series of community-based in-situ upgrading process. In year 1999 the Urban Poverty Reduction Strategy (UPRS) was eventually carried out with the aims to improve access to basic provisions for the urban poor (by securing affordable land and housing, delivery of physical and social infrastructure), to enhance the local economic potentials (through capacity building, creation of employment and creating spaces for small enterprises), and eventually to

strengthen the participatory urban governance mechanism (by facilitating community organization and leadership, creating supportive policies and loosen up the existing restrictive policies).

Experience from Phnom Penh suggests the importance of effort to mobilize some sense of community organization among the local poor community, through the set up of federative structure in low income settlement, saving mobilization and small scale in-situ upgrading. The most stable community are more capable of preparing improvement proposals, raising funds and implementing the project.

Slingsby noticed that the poor communities in Phnom Penh can improve their living conditions and prospect for human development if 1/they have the security of tenure and know-how, 2/the restrictive policies are loosened up, 3/there is good partnership between the government, NGO and the private sector, 4/the residents is actively involved in the process of decision making (Slingsby, 2000).

### **3. The Case of São Paulo, Brazil**

With 16 millions populations, the city is the largest metropolis in South America.

There are two types of slum in the city; the favela and the cortiço. The previous is a form of illegal housing or squatter without security of tenure both in private and public lands, while the latter is a form of precarious rented housing or as it was defined by the Global Report; a type of rental accommodation in subdivided intercity tenement building. (GR, 1996). Up until the 1980 the cortiço was more dominant in the city, until the favelas mushroomed all over the city.

While cortiço is mostly located in the central and semi central districts of the city or in zones that have services and close to employment source, favela does not really follow the locational logic as it mostly sprouted anywhere in the city both in the rich and poor area, in the centre and the periphery.

According to the official report conducted by the University of São Paulo in year 1994 there are around 595 thousands cortiço dwellers (6% of total population) and 1.9 millions favela dwellers (19.8% of the population).

There were many programmes have been carried out in both the favela and corticos, under both the spatial and socio-economic targeting program, under different partnerships

and responsibilities (The Federal, the States and the municipalities).

The favela upgrading city programme, which was the first generation of such programme, was aimed to promote the physical and legal consolidation of the existing favelas. It involves infrastructures building projects, accessibilities and sanitary improvement. The program was succeeded to serve more than 40 thousands household in less than two years. However the program was short lived due to the shift of political power. Though it was hailed as successful in physically improving the quality of the living condition, it failed to secure the status of tenure for the people.

Next there were the PROVER Cingapura and Bairro Legal that are funded by the Inter-American Development Bank (IDB) have addressed more than 15 thousands favela dwellers in the past eight years and are planning to address 50 more thousands in the coming three years. These projects involve upgrading projects, land tenure regularization and different social programs. Both projects are based on site and service approach. The projects now are hindered by the lack of fund.

While the Morar Perto ("live close by") program that combined municipal, state, federal and international funds, is designated for the cortiço dwellers. The project was the first of its kind that attempts to maintain the dwellers in their place of origin, in the centre of the city. It is aimed to create social interest zones, by recycling old buildings, building new ones, rejoining plots and renovating existing cortiços. The intention was also the re-densify the central region of the city that has been losing its population. This initiative is supported by policies that sought to speed up real estate purchasing and quick distribution to homeless association.

Apart from that, the federal government with the fund from the CEF (Caixa Econômica Federal) a publicly owned bank, also launched the Residential Leasing programme (Programma de Arrendamento Residencial, PAR), has been recycling old buildings for residential purposes in downtown São Paulo. Though this program has succeeded to construct quite a considerable amount of social housing, it was highly criticized for not being able to address the lowest income group where the housing deficit is the biggest.

On the other hand there is also the Cortiço Action programme (Programma de Ação em Cortiço, PAC) which was carried out under the state government through its Housing and Urban

Development Company (CDHU). This program was aimed to build social housing for wider range of lower income group, in two stages. The first stage involves the construction of 5000 housing units.

Under the socio-economic targeting program, there were even many more programs carried out by the federal districts and financially supported by the World Bank. They are among others; the Federal program such as the school grant program (Bolsa-escola) and the community empowerment program (the Projecto Alvorada or the Dawn Project and Programa Comunidade Ativa or Active Community project) which aims to reduce regional inequalities by improving the Human Development Index (HDI) and increase the local autonomy through social and technical capacity building.

There is also the State government program such as the Renda Cidadã programme (The citizen income program), that gives a monthly allowance of 24 US\$ to 50 thousands poor households.

Recently there were new generations of social policies under the new government starting from 2001. The social projects that are carried out on the municipalities level consisted of; Renda Minima (The Minimum Family income grant) a subsidy for poor families with young dependants, Bolsa Trabalho (The working grant) which is designated from unemployed persons between 21-39 years old, Começar de Novo (New Beginning program) which is an unemployment grant for individuals above 40 years old, Economia Solidária (Solidarity Economy Program, a incubator program for small business enterprises) and Banco de Povo (A popular credit bank for the people).

Apart from the governmental projects, there are also a number of initiatives from the Non Governmental Organizations (NGO), which are mostly focusing the health improvement issue (AIDS prevention), capacity buildings, community organization, human rights and legal issues.

There are certain lessons could be learned from the case of São Paolo. Firstly, the local experience shows the importance of a political stability, especially when the government structure is multi level (The federal, state and municipality. Every shift of political power could threaten the efficacy of different projects as it could influence the implementation process.

The Cortiço upgrading projects shows that it is possible to

maintain the residents in the city centre therefore maintaining their livelihood while also incorporating the project to the general city centre re-densification program.

Another important lesson is the importance of creating a supportive socio-economic policies, which could empower the residents in addition to the physical improvement program. There are different kind of socio-economy policies could be implemented with various targets and focuses.

#### **2.4.6. The Monitoring and Evaluation**

In order to examine whether an empowerment program is successful, that it has indeed improved the life of the local community, the local government need certain set of tool to evaluate it. Research by Field and Kremer shows that there is a certain complexity of evaluating this kind of project. There is need to evaluate the situation in different level; the community, households and individual level (Field and Kremer, ?). The question needs to be address in this case is: How would individuals who participated in the program have fared in the absence of the program?

According to Field and Kremer, there are a number of indicators could be use to evaluate the success of program, they are among other:

##### **1. The completion rate**

To evaluate the completion rate of a program is not only based on the quantitative facts such as the number of the housing stocks and the improvement of the physical infrastructure, but it is also based on timing of the completion. Due to many reasons such as the difficulty of land acquisition, or the slow implementation of the infrastructure project, the financial cost tends to escalate along with the inflation. This is a serious problem since it often renders the program unaffordable for the target group. Therefore the timing of the implementation is very important to keep up.

##### **2. Equity of impact**

This is evaluated based on three evaluation strategies, first; the income decile analysis; it calculates the range of income of families involved in the project in order to check whether the project is actually implemented in the right target group. Second, the turnover analysis, it calculate the range of income of the household that drops the project off. Third, expenditure analysis, it calculates the proportion of the money invested in the project in a household and the household income, in

order to see the ability to pay.

##### **3. Socio-economic impact**

It evaluates the effect of the project participation on individual outcomes, such as the rate of participation in the employment market, the growth of the local entrepreneurship, improvement of health and education. This includes evaluation on the increase (or decrease) of per capita expenditures in basic needs such as housing, food, education, transportation and so forth.

##### **4. Community-level outcomes**

It evaluates the provision and the stock of the neighbourhood public goods and services after the project implementation. It also looks at the level of participation of a household in cooperative and neighbourhood organization. This is crucial in term of the improvement of the social capital.

##### **5. Real Estate market effects**

It evaluates the impact of the project such as slums regularization or land titling on the quality improvement and the value of the housing.

##### **6. The Cost Recovery**

The cost recovery evaluation relates to the financial sustainability of the project, involves observation on the number of participants who complete their payment of time, the delayed payment and also the owed ones. It should also analyse the reason behind the delays.

The aforementioned elements, explained what to look into when evaluating a project. But what is a sustainable project? When can a project called sustainable? According to Imparato and Ruster, a project is sustainable when it generates a permanent improvement in the quality of life of the people involved. It should be able to build physical assets and capacity that endure after the external assistance is no longer there (p.42.).

Sustainability in this case should have these two key dimensions: conservation of the benefits that derive from the project, and continuity of the development proves after the project (Imparato and Ruster 2003). Conservation of the benefits should include:

security of tenure,

clear definition of public and private spaces,

availability of the basic infrastructure and services that perform well over time, permanence of most residents in the settlements in the projects aftermaths

community knowledge of the nature and characteristics of the local infrastructures,

consciousness of the investments and operation and maintenance costs of infrastructure,

the community willingness and ability to pay taxes, service fees and consumption tariffs and to repay contracted debt.

The conservation of the benefits in this sense entails the two sides of commitment; from the government and also the community themselves. There are the commitment of the government to "support" and "provide" and of the community to "take responsibility" of the maintenance of the given provision. The sustainability of the project therefore is only possible with both side of collaboration.

While on the other hand, continuity of the development process after project completion should include:

Increased interest in achieving further benefits and in organization in order to obtain them,

Capacity to improve and gradually expand shelter units

Increased entrepreneurship and economic activities stimulated by upgrading process

Increased social mobility

Improved access to social services, a stronger solidarity networks, and strengthened connections within and among households.

The continuity of the development process in this sense requires support from the local community group, therefore requires also the collaboration of the local community, which enables the community to continue growing and developing themselves.

However, apart from the collaboration of the government and the community, the sustainability of the project is also highly influenced by external driving forces such as by the changes in the political regimes and the economic shocks (Field and Kremer, ?), which has large impact on the transferability and

the implementation of the project.

#### **2.4.7. Is there a Sustainable Informal Settlement?**

The previous discussion has touched on the issue of the measure of the sustainability of a project; however is there a sustainable informal settlement?

The first question that needs to be addressed is what sustainability means for the informal settlement; is it a quest for permanence? Acceptance? or spatial quality betterment?

But firstly what is sustainability? The issue has been widely addressed in different publications as the main mission of development, which becomes one of the main concerns of urban planners, policy makers and researchers. Despite the hype of the term it self, the meaning of sustainability is actually rather straightforward.

According to Castells, sustainability is a condition of production that does not destroy overtime the conditions of its reproduction.

Sustainability according to this concept has three dimensions; economic, social and ecological (Castells, 2000), followings are the explanation:

Economic sustainability for cities means that the city is able to generate wealth and resources. This sustainability depends on two features: connectivity which means being in the networks and able to link-up to the network.

The social sustainability involves five dimensions; the ability to acknowledge plural identities and bridge-over, to avoid social exclusions, and to make cooperation and competition compatible within society. And it also involves the existing of deliberate policy of social mobilization against structural violence and a sustainable government.

The ecological sustainability involves fight against the irreversible deterioration of the environment and the quality of life, systematic ecological filtering of all economic strategies, meaningful signs of people's life.

In line with Castell's definition of social sustainability, Beatley and Manning stated that in a community sense, it also implies a more equitable and just society. In a sustainable community, diversity should be tolerated and encouraged; there would be no sharp spatial separation or isolation of income or racial groups. There should be equal access to basic provisions and equal opportunity to every member of the community

(Beatley and Manning, 1997).

Critics to Castells point out that there is the lack of consideration on the issue of the physical sustainability in his definition. According to him, sustainability indeed involves the fulfilment of a number of conditions in which the notion of durability is not least important (Stouten, 2004). In line with this argument, a sustainable (low-cost) housing would not only imply the use of materials that are durable enough for long-term use, but also in the same time harmless to the occupant and the environment, and also economically acceptable.

Apart from having many dimensions, sustainability is also multifaceted. It means and entails different conditions for different stakeholders; the civic society, the city or the private sector. Though the key is to create a balance between the different interests, in reality there are always unfavourable inclinations towards particular interest. And the question remains; Sustainable for whom?

Starting from the point of view of the inhabitants of informal settlement, it is essential to question, What does sustainability means for the inhabitant of the informal settlement?

In line with the aforementioned concepts, in the case of the informal settlement, sustainability would involve a number of essentials issues, first; permanence, second; integration, and third; self sufficiency.

#### **1. The notion of permanence.**

The biggest problem of the informal settlement is its temporality. Temporality which entails the lack of the sense of belonging, security and stability, highly discourages the inhabitant to invest on the physical improvement therefore contributing to the low quality of the living environment. Why would the resident of such settlement invest in the physical upgrading of their dwelling, if they think they could be evicted at any given time? Without the sense of permanence which in reality could be equated to the security of tenure it is difficult to attain the sense of stability.

The sense of permanence could only be achieved by formally recognizing the existence of the informal settlement, accepting it and integrating it to the wider urban tissue. This will not only promote a better integration at city level, but also stimulates more investment on the living conditions which could improve the quality of the living environment

significantly.

#### **2. The notion of integration**

The notion of integration has been the frequent subject in the discussion surrounding the efforts to tackle the problems of the informal settlement. However little has been said about the real indicator of this so-called integration. For start, it is crucial to point out that the integration should take place on different layers namely the physical, socio-economy and political. But what are really the indicators?

##### ***Physical Integration***

Physical integration would mean the integration of the informal settlement to the city's physical infrastructure network; this would mean technical infrastructure network such as water, electricity, gas, communication, sewage, roads etc; and also the public services such as transportation.

In practice, physical integration is only possible to take place when an area is formally recognized as the part of the formal urban territory, therefore it is also related with the notion of permanence. When it is recognized as part of a certain urban territory, it means that it falls under the responsibility and jurisdiction of certain municipality which would clearly point out who is in charge of the related territory. This is essential in particular in the issue of budgeting and planning.

Physical integration requires not only the initiative but also strong commitment from the government to provide such services and facilities; as it needs a considerable amount of investment and financial support.

##### ***Socio-Economical Integration***

Socio-economical integration is much more complicated, as it would involve tangible indications. However in brief it would involve the notion of acceptance and recognition of the informal settlement as another part of the urban tissues whose residents have equal rights and positions with the other citizen, without stigmatization. In reality this level of integration is much more complicated as it entails participation from the other city residents. Cases in Brazil show that even though a favela has already been entirely formalized, it is still difficult for the residents to be accepted socially in the wider society. There is a particular social stigma against the inhabitant of favela, as they are often associated with the violence and criminality. This situation has often constrained these people

to move on and improve their life, as it restrains their access to the proper job market.

Socio-economical integration also implies securing the accessibility of the residents of the informal settlement to the formal employment market, therefore giving them possibility to have an economic betterment. Efforts related to community empowerment through capacity building are indispensable in this framework, as a starting point to enable the process of such integration.

#### ***Political Integration***

Political integration would mean the acknowledgement and acceptance of the resident of informal settlement as a legal citizen (by granting them legal identity card) who has not only rights to basic provision but also civic duties (such as participating in the election and tax duty).

Political integration would also mean to include the resident in the decision-making process of something that is relevant to their life-sake. By giving them an active role in the process, they have more power in determining their own life-sake.

And finally it is important to question what the limits of the integration. The process of integration should to some extent still give room for flexibility and informality which are the key of the survivability in the informal settlement.

#### **3. The notion of self sufficiency**

To reach sustainability the informal settlement should be self sufficient in regenerating its resources (financial, human and social capital). To achieve this, the informal settlement should be empowered, in term of increasing its capacity to be financially independent in the long run. This would involve the improvement of its level of education as a whole, which would ensure a long term skill improvement and greater access to proper employment market.

What is sustainability for the city authority and the city as a whole?

When the discussion of sustainability is brought to another level, namely on the interest of the city as a whole, it becomes dilemmatic. City authority would have different consideration and interest than the inhabitants of the informal settlement. For a start, the economic sustainability for the city as a whole would mean a sustainable economic growth and the ability to compete in sustainable way with different region. This would

imply the efficient uses of the city's lands and properties for more profitable investments which could bring in larger tax revenues.

In line with this thinking, for many city authorities a long term solution for the problem of informal settlement might imply the displacement of the inhabitants to public housings in the urban periphery, where development cost are cheaper.

Furthermore, the existence of informal settlement influences greatly the image of the city. This is particularly appalling for efforts to attract more investment in the city. It is in the interest of the government to maintain a good image of the city in the eyes of the investor.

In term of ecological sustainability, the city authority needs to ensure the notion of sustainable urban planning with less environmental risks. The informal settlement does not only face but also contribute environmental problem due to its density and badly planned and poor quality physical infrastructure. It is not only bad for it self but also for the city in general. It is the responsibility of the government to minimize the risk for the all the city inhabitants. In some cases, relocating the environmentally risky informal settlements to other location was considered a sensible option.

In term of social sustainability, it is in the responsibility of the government to ensure social balance in the city. This would not only entail efforts related to the socio-economic improvement but also efforts to ease the tendency of socio-spatial fragmentation in the city. This issue is particularly important to maintain social rest, a condition that is indispensable to run stable governance and uphold economic growth.

It remains the biggest challenge to create a balance between the interests of different stakeholders, and to create solutions that would address the different needs.

To create a bridge between this two contradicting notion of sustainability is already a big task of urban planner, government and policy makers. The complexity increases when the private investors come to the scene. The power of the private investor in transforming the trend of urban development is indisputable; cities all over the world have seen the proofs. Despite the good nature of the government, the party with the money in many occasions often wins.

Is it possible to create win-win solution for all? What is the

key to this problem?

It is difficult to create a generalized answer to this question. The answer should differ from case to case. Each case should be individually analyzed based on its own context. Despite of the different case and context, every approach should consist of two level of approach; first the topical treatment and second the long term solution.

Topical treatment would mean direct solution to the problem, either on-site improvement or relocation. Of course this highly depends on individual case, as different conditions would call for different treatment. Analyses of the different type of topical treatment is discussed in the next part.

The long-term solution would mean tackling the problem at its root. Tackling the issue of informal settlement does not only involve the topical treatment to the problem, but also the question how to evade the problem before it materializes.

This would require in-depth analyses of the root of the problems; the trend of population growth, the capability of the government to provide mass low-cost housing, the capability of the government to acquire land for that purpose, and to put into wider scale; how to create a balance regional development which would overcome the imbalance prosperity between cities that becomes the culprit of ceaseless rural-urban migration.

#### **2.4.8. Conclusions**

[1] The issue of sustainability very dilemmatic especially when dealing with the question "Sustainability for whom"? As there is no ultimate answer or solution that could address all the different interest of the related stakeholders equally, the priority should be made on finding a long-term solution that could minimize the risk to the civic society in general and tackle the problems at its roots before it materializes.

[2] Solving the problem of the informal settlement should involve two level of approach: the long term solution and the topical treatment. While long term solution seeks to find the roots of the problem, therefore tackling it before it materializes, the topical treatment deals with the existing problem.

[3] Solely spatial intervention or locational targeting is not sufficient in tackling the issue of informal settlement as it could not address the issue of poverty, which has deeper political, social, economical and cultural dimensions. Therefore there

is the need of multidisciplinary approach that combines the locational and the socio-economic targeting. Through socio-economic targeting, the inhabitants could be empowered towards self-sufficiency which enables them to gain access to the formal housing market and leave behind the informal settlement.

[4] The bottom-up approach was proven efficient in many cases, as it could rightly target the needs and the problems of the residents of the informal settlements but it still has to be supported with top-down approach through the creation of certain supportive governmental policies, which could render the project implementation possible, successful and effective.

[5] The need to formalize the informal settlement is indisputable. The formalization process does not only involve tenure regularization but it involves different levels, such as: granting access to formal low cost housing scheme, reforming the housing standard, legalizing the inhabitants, providing physical infrastructures and basic service provisions, and eventually integrating the local informal economy to the formal sphere.

[6] Another important aspect to be put in consideration is flexibility. Without the flexibility of spatial occupation and way of productions, the informal settlement residents do not have much room to manoeuvre in order to survive economically. Flexibility could be achieved by loosening up of restrictive policies and regulations.

[7] Last but not least, the importance of project monitoring and evaluation in every effort in tackling the problem of informal settlements, as it could ensure future improvements and knowledge.

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(Endnotes)

**1** Garden city concept consisted of several principles: limited 32000 population, self supporting, has diverse activities and social institutions, spacious, has a green belt, land should be owned by municipality. Source: Pacione, M. (2001)

**2** Racial spatial segregation policy was not the only expression of the organization of social infrastructure. Another infamous expression of this arrangement is the so called racial mixing, or the so called *mestisage*, that was intended to create an *ideal colonial subject* (a term borrowed from Loomba) through racial mixing; a new class ; The Colonial society; Europeanized natives or *Nativized European*. According to Loomba, this society was regarded as the strong base of colonial ruling.

CHAPTER 3 | FROM COLONIAL CITY TO DUAL CITY?



### CHAPTER 3 | FROM COLONIAL CITY TO DUAL CITY? THE URBAN TRANSFORMATION OF JAKARTA

In accordance to the preceding discussion, this chapter presents the case of Jakarta to illustrate the thesis.

**Figure 3-1: Facts about Jakarta**

**Population:** 8.9 million (2006 based on Jakarta Dalam Angka 2007)

**Population** of the Greater Jakarta Region (JABODETABEK): estimate 24 millions (BPS)

**Population growth rate:** 1.11% (BPS 2000-2006)

**Area:** 661.52 km<sup>2</sup> (Jakarta Dalam Angka 2007)

**Density:** 13,547 inhabitant (km<sup>2</sup>) (SUSENAS 2006)

**Households:** 2,242,352 (SUSENAS 2006)

**Average household member:** 4 person (SUSENAS 2006)

**Number of poor households:** 405,700 households (BPS2007)

**Number of built low cost housing:** 21,898 units (578 in kebon kacang) ( Dinas Perumahan Provinsi DKI Jakarta 2007)

Jakarta represents an example of a metropolitan in the developing country which constantly dealing with the issue of the informal settlement, just like Manila, Phnom Penh and Mumbai. The city has been a breeding ground for informal settlement since the early day of the independence. A large percentage of its population; lives in such settlement. The city authority has been in constant struggle (and losing) in the race in providing proper housing amidst the rapid growth of the population.

This chapter is divided into two main parts; the first part discusses briefly the process of urban development in Jakarta from the pre-colonial period until the contemporary era, in order to give an understanding about the city; in term of the conditions that had fashioned the city into its present circumstances. The second part discusses the contemporary social-economic transformation in the city and its spatial outcome. In this part, the discussion will be related with the discourse of the dual city theory.

### 3.1. The Urban Development of Jakarta: From Colonial City to Global City

The urban development of Jakarta is a result of a long process that involves various colonial powers, economic upheavals and global forces. The earliest record of the urban development could be dated back since the 14<sup>th</sup> century, where the specific urban spatial organization and the system of the city network started to take form. There was clear connection between the settlement that becomes the city of Jakarta with the hinterland areas, in term of production flows and distribution. However there were not too many facts and details were recorded.

The details about the urban development of the city, started to be better documented after the arrival of the Europeans. This part will briefly discuss the development of the city starting from the early colonial period or after the arrival of East India Company or the VOC until the nowadays. It is by no means intended to be an exhaustive historical story about the city; instead it is intended to give a better understanding about its reason of becoming and its context of development. The analysis in this sub chapter is based on historical data collected from various prior historical research and publications. (Gementee Batavia, 1937, Milone, 1976, Abeyasekere, 1987, Van Diessen, 1989, Voskuil, 1989, Voskuil et al., 1997, Nas, 2000, Heuken, 2000, Oers, 2000, Heuken and Pamungkas, 2001, Dick et al., 2002, Milone, 1966, Ter Weel, 1979)

#### 3.1.1. Colonial Urban Development: from VOC headquarter to the capital city of NOI

##### Pre Colonial Period [before year 1619]

According to the earliest historical record on the city, in the 14<sup>th</sup> century, on the site of Jakarta there was a port town called *Sunda Kelapa*. In this port town which belonged to the hinterland Hindu Kingdom, goods from the hinterlands and neighboring islands were traded and exchanged. Due to its strategic location, in the cross roads of the regional navigation routes, it had a global trading connection with the Europeans, Arabic, Persians, Chinese, Gujarati and so forth. When the hinterland kingdom was conquered by the Moslem Sultanate, the city was taken over and renamed Jayakarta.

##### Early Colonial Settlement VOC period [1619-1699]

In the year 1619 The Dutch trading company (VOC - Verenigde

*Oostindische Compagnie* – East Indies Trading Company) under the command of J.P. Coen came and conquered the sultanate. On the rubbles of the sultanate, a new city **Batavia**<sup>1</sup>; the headquarter of VOC was built in 1622. Nothing was left from the previous settlement.

The existing river Ciliwung played an important role in this early development of the city. The city was surrounded with the river-based canals as a manner of defense against the local kingdoms. The canal was used as well for functions such as transportation of goods such as sugar and timber from the hinterlands, drainage, sewage, household water and bathing (Milone 1970).

In this phase of development, the urban development was mainly happening in the east side of the river, while the west side; the former location of native settlement; remained relatively undeveloped.

In year 1650, the construction of the city wall was eventually completed [Gill 1989]. After that year, most of the city development actually took place outside the wall.

In the beginning of the early colonial period around 1642, there were about 6425 inhabitants in the city. At this period the indigenous population (the Javanese) was prohibited to live inside the city as a precaution against rebellions.

The lack of human resources in the city had forced the Dutch to bring in slaves from different origins; surrounding regions like Bali, Makassar, Ambon, Buton and also further regions like India and China. The arrival of the slaves had changed considerably the demographic profile of the city and increased the population drastically as well. In 1673, the population reached 27086 in intra-muros, most of whom were slaves; Batavia was known as the slave city.

The proportion of the Dutch people at that time was so insignificant in comparison with the other racial groups. The Dutch were not accompanied by their women in the beginning; as a result there were many mix marriages between them and the local women.

In 1740, a major racial unrest broke in the city. A large number of Chinese populations were killed. After that incident, the Chinese population was isolated in the Chinese *wijk* (quarter), their movements were limited by the *Wijkenstelsel* policy which forbade them to move around freely in the city for any reason.

Apart from the Chinese Quarter, there were also many different settlements based on racial groups such as the Balinese quarter (Kampong Bali), Makassar quarter (Kampong Makassar and Malay quarter (Kampong Melayu).

##### Modern Colonial period: Jakarta as the capital of NOI

After the fall of VOC 1799, the nature of colonization was altered. The Netherlands state took over the colony and named it *Nederlandse Oost Indie* (NOI). In the year 1800-1830, under the administration of Daendels and Raffles the colony was experiencing a colonial administrative reform, from the VOC-style corrupt administration to modern rational one (Dick et al 2002).

To overcome the financial problem, The NHM (*Nederlandse Handelmaatschappij*) was established in 1824 to administrate and optimize the colonial production. The *Cultuur Stelsel* (the forced cultivation policy) was implemented in 1830 to systemize the production and it was proven to be a great success. Back in the motherland, the annual profit of *Cultuur Stelsel* (which covered one third of the annual state budget from period 1833-1878) had sufficiently supported the local industrialization, the extensive construction of infrastructure including railway and shipping industry (Caldwell and Utrecht 1979). The forced cultivation policy practically lasted

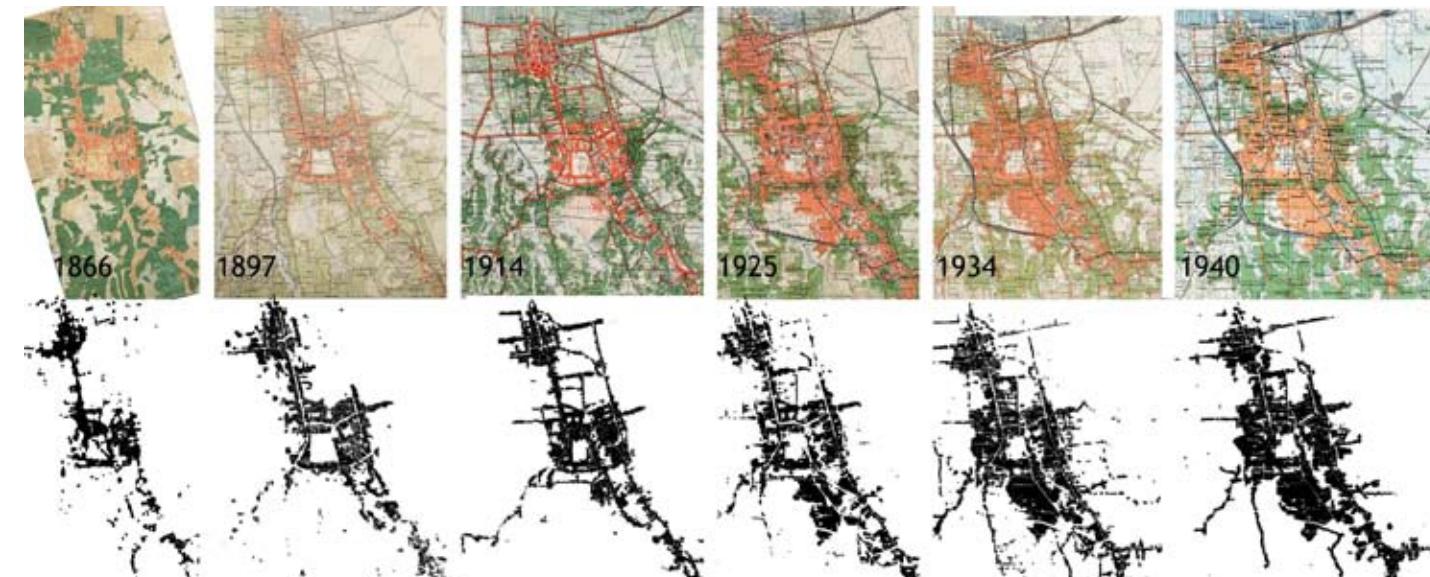
until 1910 despite its abolishment in 1901 when the *Ethical policy* was issued. The policy was issued by Queen Wilhelmina called for a more humanist Colonial administration based on the conception of Christian value and Dutch moral obligation towards Indonesian people.

After year 1870 when the *Agrarische-wet* (policy that opened doors foreign private investors in the colony) was issued, as the colony joined the world market, the urban development went into a different phase. A large number of Dutch-based and other Western foreign investor came in with 75 years *erfpacht* (Right of cultivation). The role of the state became either the entrepreneur or the facilitator (Dick et al., 2002). According to Ter Weel this could be regarded as the beginning of the new type of colonial domination in Indonesia; the capital imperialism, while the former period being the trading imperialism

The agricultural sector in other islands flourished as great numbers of new plantations were established. Until the year 20s, Indonesia led an important role in the international market, as Tropical produce such as quinine, kapok, pepper, rubber and copra were dominating the world market (Ter Weel, 1979).

Between year 1920-1950, Indonesia was caught in the between the rivalry of great industrial power United States, Japan,

**Figure 3- 2, Development of Colonial Batavia from 1866-1947. Source: Author Own Elaboration based on KIT archives.**



a number of European countries. These countries spotted opportunities to expand their investment in Indonesia, posing a serious competition for the Netherlands.

The 1930 World economic depression that was initiated by the collapse of Wall Street stock exchange had influenced greatly the economic climate in the colony. As the demand for cash crops shrank many local plantations (sugar and other cash crops) went bankrupt.

As the Dutch power over its colony weakened, the rivals saw this as a chance to expand their investments in Indonesia. After the Second World War, Indonesian exports and markets were dominated by United States. During the Japanese occupation, the situation changed as the Japanese steered the industrial orientation

When the condition of downtown Batavia was deteriorating<sup>2</sup> starting from year 1733; severe problems related with poor hygiene mounted, thousands of people had lost their lives. The Governor General *Daendels* (1808-1811) decided to move the city centre of administration 5km to the south; *Weltevreden*. The new area was oriented around two large open spaces that were used for military training, with spacious housing area in the surrounding. This was the starting of the new direction of urban development in the city.

When the market was opened to foreign investors, intensive construction of infrastructures was undertaken to support the process of colonial extraction. During several decades an elaborated network of infrastructure was constructed namely the railway (1873), the construction of new harbor *Tanjung Priok* (1877-1884), steam tram (1881) and electric tram (1897). This also brought new type of revenue (transportation tax) for the; it had contributed a great deal to the total national income.

After since industrial development accelerated in the Netherlands (1895 onward) more Dutch private capital penetrated the colony especially Batavia as the capital city (Ter Weel, 1979). It was the beginning of the export led economic expansion. The urban development of Batavia flourished as it developed to a multi function port and service city with its many banks, commercial functions, insurance, communication office, transportation office and import-export companies. (see Figure 3-3. to learn about the life in Batavia during the turn of the century, according to the testimony of a prominent Dutch author, H. Haasse)

One incident that also triggered the rapid urban development was the Decentralization Policy (*Decentralisatie Wet*) that was decreed in 1903 by the colonial government. The policy that was initially meant to take off the enormous burden of tax on the central government also gave more freedom to the provincial local government to take a more active role on its local development.

Batavia became the centre of Colonial administration; as it hosted the NHM headquarter. In the 1930s, Batavia became a vibrant world city with a long list of important foreign companies in the city: *Chartered Banks, Hong Kong and Shanghai Bank, Bank of Taiwan, Yokohama Specie Bank, Chinese Overseas Bank* and many more.

After the year 30s the urban development slowed down. However the urban population continued to rise as the employment opportunity in the rural areas decreased along with the bankruptcy of many plantations. This situation had increased the density of the colonial urban kampongs (Jellinek 1995).

According to Nas (2000), starting from this period the social hierarchy in the colony became more rigid than ever, this could be explained by the increasing arrival of Dutch women. Mixed marriage that was common in the previous periods had increasingly diminished. The situation also raised the issue of racial purity. Being pure blood was considered more respectable than being mixed blood. There were a number of Dutch origin groups in the colony the *trekkers*, the *blijvers* and the *Eurasians*. The *trekkers*<sup>3</sup> were the new comer generation who were full blooded Dutch, the *blijvers* were the full blooded who mostly were born and raised up in the colony who already adopted the local culture and lifestyle, while the *Eurasians* (The *Indos*) were the offspring of intermarriage of the local and the Dutch.

The opening of the new plantations in the colony had triggered the mass arrival of Chinese people. From 1870 and 1930, the Chinese population multiplied from around 250,000 to 1,250,000 in the colony. The Chinese played an important role in the economic life in the colony. As part of the minority groups, it could not escape from prejudice and suspicion. The Chinese groups also had particular grouping as the Dutch; The *totok*, first-generation, full-blooded emigrants, and *peranakan*, local-born Chinese who already adapted to the local culture and lifestyles.

**Figure 3-3. The Life in Batavia during the Modern Colonial Period**  
**Testimonies of Hella Haasse, a prominent Dutch Writer (Author of *Oeroeg, Sleuteloog* and *Heren van de thee* ) who was born in Batavia in 1918.**

(Based on an interview, 4th August 2006, Amsterdam)  
Haasse's parent came to Batavia in the year 1916. Her father worked for the Ministry of Finance of the Dutch East Indies. Haasse had lived in the country until she was 21 years old. The family had lived in several areas in the city, as they moved from one area to another, Menteng and Kramat. She claimed that they always moved around following the wishes of her mother who always wanted to have better houses. This indicated that the access to housing at that time was relatively easy.

In Menteng Garden City, the family lived among multicultural society, the European, the Chinese and the Indonesian which mostly belonged to the elite class. She claimed that the social relation was intimate and close, far from the outcry of racial prejudice and discrimination. The family owned several domestic helpers who lived in the house, in the service quarters. They had maids, cooks, errand boys, all of who were controlled by the head butler. According to Haasse, the relationships with those helpers were always intimate; they even considered them as part of the family. In one of her book *Sleuteloog*, which depicted many of her personal experiences, she stated the maids and the head butler were also responsible in maintaining their (the children) moral values, i.e. they made sure the children wore the proper dress and mingle with the proper friends. In many occasions, when the family moved to one place to another, they always took the domestic helpers around with them. The lavish lifestyle of the colonial society was evident; it was far more decadent than having a significant number of domestic helpers around the house. That was of course a great contrast from the kind of living they would have, had they lived in the Netherlands. The kind of living, close to nature, big house with a garden with spacious verandahs in the backside, was always desired by the colonial society, that many of them had chosen to live in the Outback where the situation was more or less similar than to choose to go back to the Netherlands when these people were forced out of Indonesia in the year 50s.

Haasse went to Carpentier Gymnasium that was located in the gang Batu around the present day Merdeka Square, a school that she claimed as the best education one could ever get, even better than the quality of education in the Netherlands. In this elite secular school, students from many different racial groups were educated. She

could mingle freely with friends from different background without problems. The only problem she experienced was she could not go swimming with her Moslem friends. However she recollects that the religious restriction in that time was not as strict as it is now in modern day Indonesia, where the number of Moslem fundamentalist is incessantly growing.

Haasse claimed that during that period, education was not exclusive for the Europeans and the elites. There were also many schools in the kampongs. This situation was triggered by the Dutch Ethic Policy 1901, which started the establishment of kampong schools starting from 1906. However, the fact indicated that the Dutch continued to favor the education of the European children. Even though the number of educated indigenous children rose, the quality of the education remain poorer than the European children education. By the year 1930, the adult indigenous literacy rate remained less than 19 percent. (Ooi Keat Gin (ed.) 2004. Southeast Asia: A Historical Encyclopedia, Santa Barbara: ABC-CLIO, 2004). This indicated that education was still no generally accessible by the indigenous.

The social life during the colonial time was considerably normal for the European family, the children roamed around the city on bicycle to go to school, to go swimming in the bath house or in the sea. This showed that the situation was considerably safe and far from dangerous as the word the colonial time suggested. There were practically no forbidden places to go, which were considered too dangerous. They often went to the China town to have particular Chinese dishes, which Haasse considered as one form of recreation.

Different racial groups had made their living according to certain specialization. Haasse recalled that her mother went to different areas to have certain necessities. This indicated that there was specified division of labor based on racial lines.

However of course there were different perspectives to view the overall situation. The Dutch group was also consisted of many groups, the *Indos* (the half bloods - Dutch-Indonesian), and the *Totoks* (the freshly arrived Dutch or the pure blood Dutch). In spite of the *Indo*'s point of view who regarded themselves as the non colonizing groups who stood in the native's side, the *Totok*'s sense of belonging to the Indies group were no less.

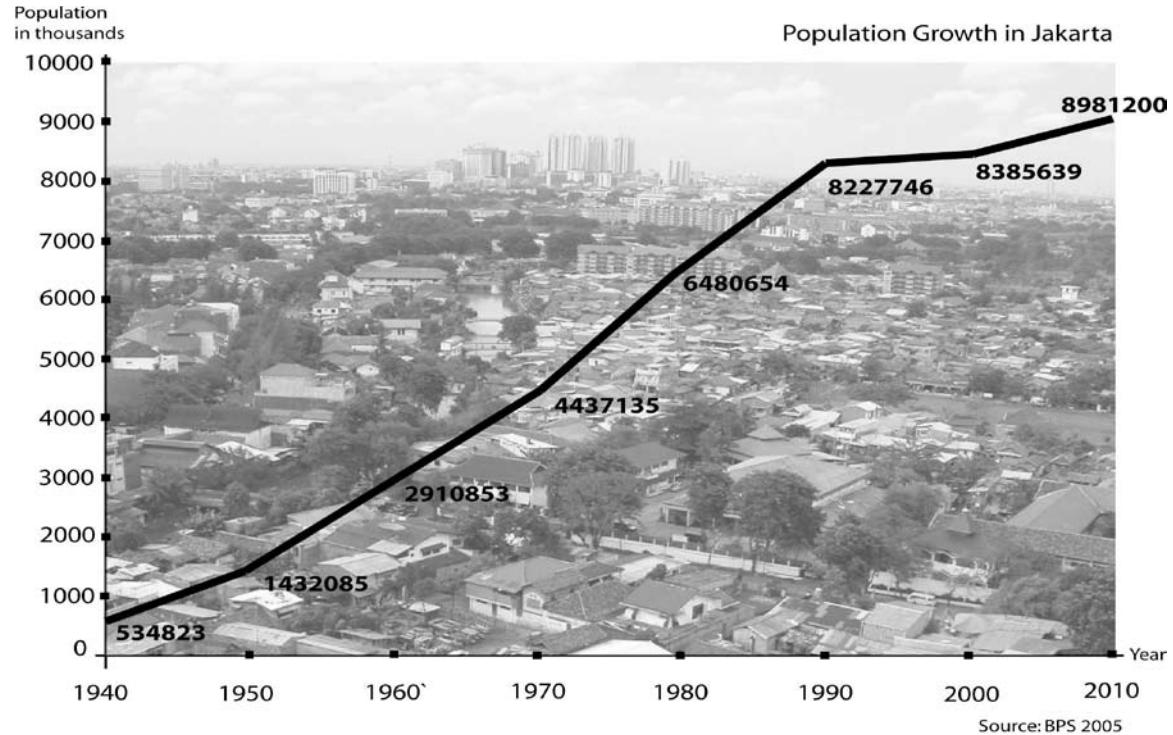
### Japanese Period 1942-1945

In year 1942 during the First World War, the Dutch alongside the city, to overcome the problem the Japanese authority encouraged people to use urban empty lands for agricultural purposes. This was done without approval or clear contract with the landowners, as a result when the Japanese left abruptly; confusions and conflict around legal landownership and titling were unavoidable. Suwirjo the city major of the following period (1945-1947 and 1950-1951) ordered land registration based on owner/users, dimensions, land function and functional/ownership chronology. It was proven to be too complicated a task that it was never completed properly. He eventually failed to establish a sound policy on land ownership and titling. The uncleanness of landownership/titling remains until nowadays and often creates problems.

In 1942, 32 municipalities were created; 19 on Java and 13 on the outer islands. One municipality had minimal 50000 inhabitants; it should have the potential to raise taxation to pay for internal service (Milone, 1966). Batavia was renamed as Jakarta became one of the municipalities.

The Japanese had encouraged the mass destruction of Dutch related monuments, i.e. the taking down of the statue of J.P. Coen and the Amsterdamse Poort.

**Figure 3- 4, The Population Growth in Jakarta, 1940-2010, Source: BPS 2005**



During 1942-1945 the great famine was overshadowing the city, to overcome the problem the Japanese authority encouraged people to use urban empty lands for agricultural purposes. This was done without approval or clear contract with the landowners, as a result when the Japanese left abruptly; confusions and conflict around legal landownership and titling were unavoidable. Suwirjo the city major of the following period (1945-1947 and 1950-1951) ordered land registration based on owner/users, dimensions, land function and functional/ownership chronology. It was proven to be too complicated a task that it was never completed properly. He eventually failed to establish a sound policy on land ownership and titling. The uncleanness of landownership/titling remains until nowadays and often creates problems.

In this period the urban development was put into halt until the Dutch retook over the colony in 1945.

This was considered as the darkest period for the Dutch population; as many as 170000 Dutch population (men, women and children) were put in to concentration camps, around 24000 in Batavia. Many of them lost their lives due to harsh condition. The concentration camps for the Dutch were scattered all over the city during that time.

However difficult time was not solely felt by the Dutch, but also for the Indonesian population that was haunted by grave hunger and fear over the Japanese ruthless occupation. Not less than 10 millions population was subjected to *Romusha*, the forced mobilization, where millions had lost their life.

During this time everything that was related to Dutch was banned. The Japanese even promoted the unified Indonesian language concession. The Indonesian language was used extensively for the first time as the Japanese authority encouraged the use of Indonesian language in all aspects of everyday life, a situation that had lead to the further rising of nationalism.

### Transition Period 1945-1950

After the independence many colonial institution were discharged. One of them was the Decentralization committee. To replace the role of decentralization office for urban development, the Central Planning Bureau was created in May 1946. Despite the declaration of independence, Dutch control in Indonesia has not completely resided. In 1948, the Town Planning Ordinance was decreed.

In the same year, to overcome the population growth, a satellite city project; *Kebayoran* (urban planner: van Romondt) which was located 45 km from the main city was re-initiated. The concept was actually first drafted in the year 1937, however during to Second World War the plan was abandoned. In 1948, an Indonesian town planner; Soesilo, took over the project which involved 15 million gulden worth of land clearance.

The 730ha new city was planned to accommodate the 100000 inhabitant with 12500 housing units; 152 ha for lower ranking public servants, 70 ha for mid ranks and 55ha for higher ranks (Voskuil 1997).

The city would be *stadsgemeenschap Kebajoran* or Kebajoran Independent Township<sup>4</sup>, however later instead it became another municipality of Jakarta when the city area was expanded.

In year 1947-1958, the gradual evacuation took place in Djakarta. Thousands of Dutch were repatriated back to the motherland, while a small number remained in Indonesia and had chosen Indonesian citizenship. The repatriation had resulted in the changes of the city demographic profile with much more less Dutch/European the city social and cultural dynamic was changing gradually. After the 60s there were only a handful of Dutch less than 3000 were registered in the city.

### 3.1.2. Post Colonial Urban Development: Soekarno and The New Emerging force

#### Early Republic 1950-1965

Indonesia officially obtained its sovereignty on 27 December 1949 with its capital city Djakarta. A year later, it was admitted to the United Nations (September 26, 1950).

Symbolical actions against the former colonial power were noted around the city. Colonial related monuments were brought down. Streets were renamed with names related to struggle against colonial power such as names of heroes from the Hindu period until the independence war. However there were many Dutch architecture firms still remained in the city during that time, many of them worked together with the team from the Ministry of Public Work in various projects.

In year 1950, Soekarno introduced the *Benteng* program, with the intention to nurture and protect the Indonesian Indigenous business class, but in the same time the cash-thirst nation could not bear to lose the existing foreign capitals including the ones of the Dutch. This gave a significant dilemma to his vision to complete the Indonesian Revolution (Linblad 2002). The program that included exclusion based on ethnic class was finally officially abolished in the 1957 after it was considered a failure. It was followed thereafter by the process of Indonesianization that involved nationalizations of Dutch remaining enterprises and assets in Indonesia. This is the beginning of the era state capitalism.

Briefly in 1950-1951 during the Korean war, the country enjoyed great revenue from the booming commodity prices especially in oil and rubber which counted 70% of the total revenue (Dick et al 2002).

In 1951-1953, Infrastructure development was the main concern of its current major Sjamsuridjal. Electric plant was

built in the north of the city (Ancol) along with water reservoir (Karet) and water piping for extra supply from the hinterland (Bogor).

After the sovereignty in the 50s, Voskuil in his book *Batavia beeld van een metamorphose*, noted that the flow of migrant from the surrounding rural area to Jakarta multiplied. Official record reported more than 100.000 migrants were coming to the city each year. In 1953, 75% of the population was born outside the city. In the same year 30 thousands illegal houses were built, while in 1957 the number rose to 70 thousands. The city was struggling with the problem of electricity and water supply, not to mention the waste problem. Public transportation was insufficient.

A team of researcher under American Kenneth Watts was appointed to investigate the city problem in 1956. The team came out with the Outline Plan, which later became the base of Master plan 1965-1985. Problems such as insufficient employment, transportation failure, housing supplies and social security were mentioned as the main problems. The team suggested that the young country should invest more in industry and supply employment for the unskilled labor. Furthermore it should invest more in housing, roads, water system, and electricity system and waste management. And some suggestion regarding land use was also presented. In 1958, the city authority approved the Outline Plan and the plan was further elaborated to be the city Master Plan.

In year 1958 The Master plan 1965-1985 was implemented with the help of United Nation and a number of foreign investments, namely Japan, United States and Soviet. The Master plan was further developed by a British urban planner, George Franklin.

The new master plan had new vision of Jakarta, where its inner city (colonial core) should have lower density with more office functions, and an outer city with suburban residential, recreation and green space. The plan that was based on upon the model of American urban development was considered a failure in year 1960 due to its discrepancy to reality; it only addressed few problems in the city. The area designated for lower density in reality was packed by kampongs that are scattered all over the city. The annual construction of 1000 houses for poorer inhabitants was simply not enough. Furthermore, Master Plan necessitated the recuperation of 5000 ha land for new developments. Since most of the area

was actually built, a great number of houses mostly kampongs has to be torn down. Thousands of kampung inhabitants with no clear land certificate were left homeless. Social unrest over shadowed the city.

1959, Jakarta became a province; it got its first governor; Soediro whose responsibility went under the ministry of internal affair. The new governor quickly addressed the health and education issues. Priority was to evict illiteracy; a problem resulted by years of war. Schools and health-care facilities were built all around the city. Soediro divided Jakarta into three municipalities: North, Centre and South. And further into smaller districts RT and RW each with their own community leaders.

In the same year [1959] Soekarno issued the *guided democracy* policy 1959-1966. For the city of Jakarta it meant that the president could directly involved the urban development of the capital city. In the following years, Soekarno implemented his own vision of city development under the theme of *Nation Building* or *Character Building* program. More colonial related monuments were brought down during this period, including monuments in Wilhelmina park, the Van Heutsz monument and a number of sculptures designed by Dudok and Van Eijnde. In place of that, nationalistic monuments were built all around the city to voice the spirit of freedom and nationalism. Together with the current Governor Soemarno (1960-1964), he started *Djakarta Baroe* (New Jakarta) project to materialize his vision of new and modern Jakarta.

The project was implemented with the construction of Grand Boulevard Soedirman Thamrin. In 1962, the new sport complex which involved the eviction of 47 thousands kampung inhabitants was built. New parliament building, the National Monument, a four-lane ring road were his following projects. Local and international architects were involved in the projects. In addition to the monumental buildings, a number of socialist inspired memorials were built around the city celebrating the free nation.

In 1960 the Government perform the Land reform by issuing the Basic Agrarian Law which officially abolished the Colonial Land Rights. With the new law, all properties most Dutch land rights were appropriated by the government; in return the right holders were granted the right of use for limited periods (20 years). The law terminated the implementation of dualistic land right system based on the customary (adapt)

law and the colonial law. However this new law was considered insufficient in tackling the land rights problems due to its ambiguous position toward existing colonial laws and *adat* law. Under the new law, no foreigner could be granted the right of property ownership, a regulation that was much later in the year 2000s regarded as a drawback to the process of integration to the global economy.

1961, Jakarta became Special Capital Great Jakarta Region, in 1964 it changed again to Special Capital Jakarta Region. The politic situation was rather unstable with eminent conflict with Malaysia and Papua. In the mean time Soekarno envisioned Jakarta as a cultural city, he appointed Henk Ngantung (1964-1965) who was a non-formally educated painter as the city governor. His governance was widely considered not effective.

In 1966, April 28, Soekarno appointed Sadikin; a former marine general as the new governor (1966-1977). In that year [1966], only 15% of the houses in the city had water and electricity. The rest had to rely of kerosene as source of lighting and on the canals for water supply and sewage [Magsaysay-Sadikin]. Sadikin had set his priority, first improving infrastructure, second: education and third; environment.

The condition of the city streets were grave, insufficiency of public transportation, holes on roads, narrow streets. Sadikin managed to persuade foreign investors to build bridges and pedestrian ways and shelters. In the first three years as governors he built 200 schools; which was much more than was built in the previous 20 years. Interesting fact is that the schools were built from gambling revenue. He permitted the activity (only for foreign tourists and Chinese) that was highly condemned by the Moslem clerics for the sake of development. In fact in the year 1968, 30% of the national revenue was collected from gaming (gambling and city lotteries).

### 3.1.3. Jakarta under Neo Liberalisation: Joining the Global Market

Starting from year 1967, the country is joining the global market. This event has greatly influenced the urban development of Jakarta as the capital of the country.

In general the flux of the flow of the foreign capitals could be defined into several periods, when the country opened and re-opened their door to the foreign investments:

i. *the first economic deregulation: The New Foreign Investment Policy in 1967*

ii. *the second economic deregulation by the end of the oil boom period in 1989*

iii. *the third economic deregulation after the great Asian crisis in year 2000*

Each of the periodization brought a massive impact on the direction of the urban transformation.

#### *i. The first economic deregulation: The New Foreign Investment Policy in 1967*

In year 1966 only 15% of the houses in the city had water and electricity. The newly appointed governor Sadikin, set his priority, first improving infrastructure, second: education and third; environment. His basic approach was *speedy economic acceleration through the management policy of implementing "proper distribution of income and thereby proper distribution of social participation and social responsibility"*.

Sadikin tried his best to build the city. The first thing that Sadikin did was to improve transportation. Sadikin managed to persuade foreign investors to build bridges and pedestrian ways and shelters. However of course the problems are much more complicated than transportation alone, furthermore the scale of the problem of the city was far greater than the country it self could handle, particularly when it lacked the financial capital.

In the year 1967, the government decided that it could not build the nation while closing it door to the foreign capital; the new foreign investment law 1967 was issued; officially it ended the closed market policy under the **Guided Democracy** era which was formed under the anti-colonialism framework. When the country opened its door to foreign investment, the configuration of its economic activities was altered. Prior to that, right after the independence, intensive agricultural production and import substitution industries had been dominating the main economic sector as part of the nation building campaign. In order to improve the country economy, the regime established the five year development program which included the development of manufacturing industries as the back bone of the country economy which was expected to generate a massive number of employments for the people. One of the strategies to develop the manufacturing sectors

was by attracting foreign investor to the local economic arena. The establishments of these industrial estates were preceded by a massive development of infrastructure, namely the regional highway to connect the city outskirt with the main port, the construction of the new modern sea haven. In addition to that to increase city attractiveness to foreign investors, The Tanjung Priok Export Processing Zone was built with guaranteed labour rest, lowered tax and low loan join venture offers. City heritage not excluding heritage of colonial origin was restored with UNESCO financial support to attract foreign tourists.

After the foreign investors stepped in the local economic arena, export oriented industries started to dominate the manufacturing sectors. In order to accommodate the growing need for spaces of production, a mass number of industrial estates were established in the city's outskirt changing the economic geography of the urban landscape.

The enormous number of job creation from these manufacturing industries served as the main pull factor of rural-urban migration. The urban population was increasing drastically, in just one decade from year 60 to 70 the population had increased from 2.9 to 4.4 million, giving more problems to the local authority which forced the government to declare Jakarta as a closed city in 1970. Naturally not all of the migrants were absorbed in the manufacturing industries, as a result the rest of the migrants were overflowing the existing urban kampong in search for safe haven, cheap accommodations and employment in the informal sectors. Description about urban kampong is presented in the next chapter.

#### ***ii. The second economic deregulation by the end of the oil boom period in 1989***

In 1973 the rise of oil prices triggered by the Arab-Israeli conflict has brought the country great wealth. Jakarta as the capital city was extensively built. A number of urban ring roads were built (Jagorawi and Tanggerang Regional Highway). New airport Cengkareng was built in the north of the city to replace the Kebajoran airport that was built in the 40s. In the same time the population grew from 4.9 mill (1973) to 7.9 mill (1986).

Amidst the economic booming, as the import of foreign automobile was reaching its peak point, the new protectionism economic policy was issued in 1974 against automotive import.

As a result to this a number of assembly manufacturing industries were built in the city collaborating with Japanese enterprises such as *Honda*, *Toyota*, *Daihatsu*, *Nissan* and so forth.

In the year 1984 the Jakarta Master Plan 1985-2005 was issued. Compared to the 1965-1985 master plan that was emphasized on the management of land use and function, the later edition focused on the urban activity management. The master plan was made based on the concept of Balance Urban development to integrate Jakarta and its surrounding town (BOTABEK), by balancing the development it was expected that the pressure/burden on Jakarta and the rural-urban migration could be greatly reduced. A number of steps were suggested such as limiting the growth of medium and large industry in the city, promoting new centralities to distribute population concentrations, developing new settlement area in the relatively cheaper East and West part of the city to accommodate future population growth especially for lower and middle income groups, decreasing activities in the densely populated north part and the south part (as the water reservoir area), improving public transportation and so forth. The plan also addressed the lower income group by implementing KIP (Kampong Improvement Program) and generating more opportunities by increasing their accessibilities to infrastructure, housing and land.

After the drop of the oil price in 1986 that greatly reduced the national revenue, new recovery policy was issued in 1989. Under the policy, a number of de-regulations which among other included market liberalization, diversification and intensification non oil-gas export, privatization, tax and labour reform were introduced. At the same time Indonesia also got a lot of pressure from the international trading institutions to open its market even more. The new economic environment was proven to be favourable; a large number of foreign investors came in to the arena, making the country one of the largest FDI receptor in South East Asian region together with Malaysia and Singapore at that time. The industrial development brought enormous revenue to the city and nationally as well.

The economic deregulation had serious spatial implication. As foreign capital investment freely penetrated, it had ignited a massive property boom in Jakarta. A number of new towns and industrial zones financed by short term foreign loans were built around the urban periphery. Mass movement of

urbanites to new housing estates in the periphery has rather significantly reduced the city population from 8.68 millions (in 1989) to 8.25 millions in (1997) (BPS, 2000).

This trend is defined as growth by dispersion by Peresthu; it is particularly ignited by the privatization of the construction of large infrastructures; the deregulation of the automotive industry which decreased the price of the automobile significantly and the economic deregulation which loosened up the complex housing-loan procedure (Peresthu, 2002). With the growing privatization of the large infrastructure construction, more and more new regional highways were constructed connecting the city with the surrounding areas within the greater Jakarta region (JABODETABEK), as a result, more new-towns were sprouting along the regional highway. With affordable automobile price, people are getting more mobile therefore they are not reluctant anymore to live in the urban periphery. In addition to that with easy access to housing loan, suddenly more people could afford to buy bigger house in the new town area.

The movement to the periphery was also followed by the increase of flow between periphery and urban core, adding an enormous burden on the regional highway (Eastward and Westward). Massive traffic jams were common scene every peak hour. The city was sprawling uncontrollably beyond its administrative boundary. In the same time in the urban core, a number of urban inner ring roads were also built with the support of foreign investments.

#### ***iii. The third economic deregulation after the great Asian crisis in year 2000***

In 1997 the great Asia monetary crisis had hit the nation at its very core. *The strong dependency on short-term foreign loan was proofed to be fatal later on when the rate of the Indonesian Rupiah dropped tremendously against the US dollar during the Great Asian monetary crisis.* As the manufacturing industries shrunk and a large number of FDI projects were put on hold, the city economy plunged rock bottom. *The property sector that relied heavily on short term foreign loan crashed.* A large number of urban projects were put on hold if not abandoned; the urban landscape resembled a giant unfinished construction site. Enormous number of working force lost their jobs, from 1997 to 1999 the city unemployment rate grew from 10.94% to 15.01% (BPS 2005).

In year 2000s, the nation slowly recovers, the GDP growth is increasing slowly from minus 14.83% (1997-1998) to 4.9% per annum in 2005 (The Economist). After the slight population decline from 1989-1997 due to the development of new housing estates in the periphery, the population growth resumed to 8.42 millions in 2001.

A number of significant urban transportation projects were resumed, the *Trans Jakarta Project* (traded Bus line that was inspired by similar project in Bogota and Curitiba) which is now close to completion, the re-initiation of *Jakarta Outer Ring Road [JORR]* project that was suspended during the 97-98 crisis and the initiation of *Jakarta monorail* project with Malaysian investment. The re-initiation of these projects was regarded as indications that the national economy is ameliorating.

However one event after another keeps slowing down the process of recovery; the terrorist bombings that literally drive out foreign investors, the Tsunami which cost US\$ 4.5 billion financial lost (The UNDP predicts that the national construction spending will reach approximately \$2bn a year from current levels of \$50m) and the possible pandemic of avian flu. In 2004 the country ironically becomes net oil importer, due to the decrease of production and new investment exploration, and this put a lot of pressure on the national annual budget.

#### **3.1.4. Conclusions**

It is impossible to understand the context and the problem of Jakarta outside its context as a post-colonial city. The current situation of Jakarta is a product of a long history. It is a result and a condition of the different period of economic transformation. History has shown the centralization of economic, political power and cultural progress in the city in the colonial time, where the city acted as the centre of the colonial administration and the main port city, where all the investment poured in and the development concentrated on. While the other regions were still lagging in development, the city had already been equipped with state of the art infrastructures and facilities.

After the independent, the city resumed its position as the capital of the country. Though many changes have taken place, with its central position, it will continue to be the centre of development. This has resulted in a serious imbalance of urban development in the region. One of the implications is



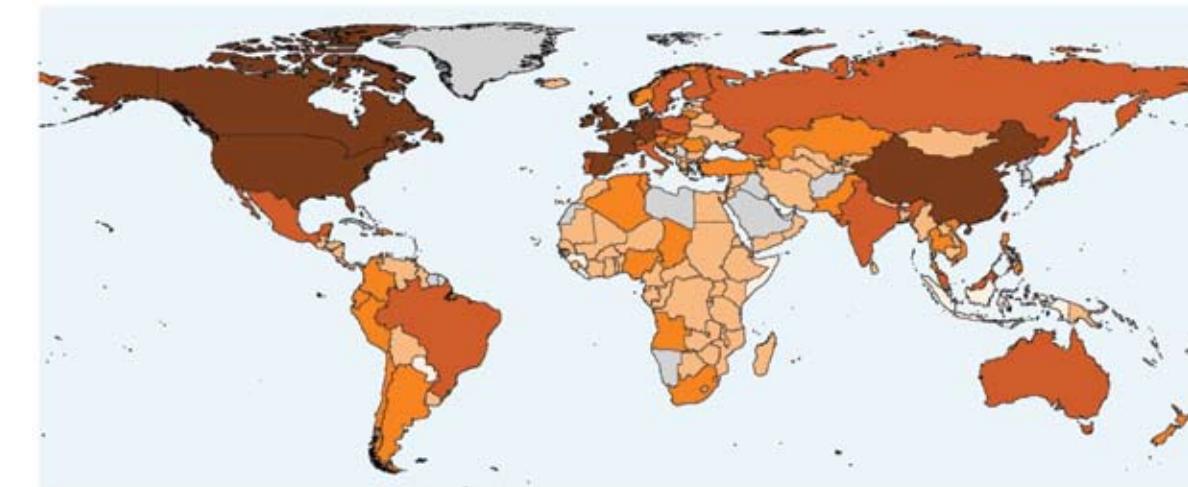
**Figure 3-5, Abandoned Construction Project in Jakarta during the Great Asian Monetary Crisis 1998, Source: TAC 2004.**

the endless flow of rural-urban migration to the city which contributes to the problem of the burgeoning urban informal settlement. Though the problem of informal settlement could not be solely related to this condition, to many extents the colonial past contributed to shape its present situation.

The condition that influences most the city current development, is the fact that it has a relatively late independence, therefore it was also late in embracing industrialization in its true term. Therefore its situation as a post-colonial city, is unique as it is embracing industrialization and tertierization in the same period. Therefore it is undergoing the impact of both economic transformation in the same time.

Its position as the capital of the national economy has also made it vulnerable to global economic changes. The trend of its urban transformation is very much influenced by the global setting. This means the life of its inhabitant, is very

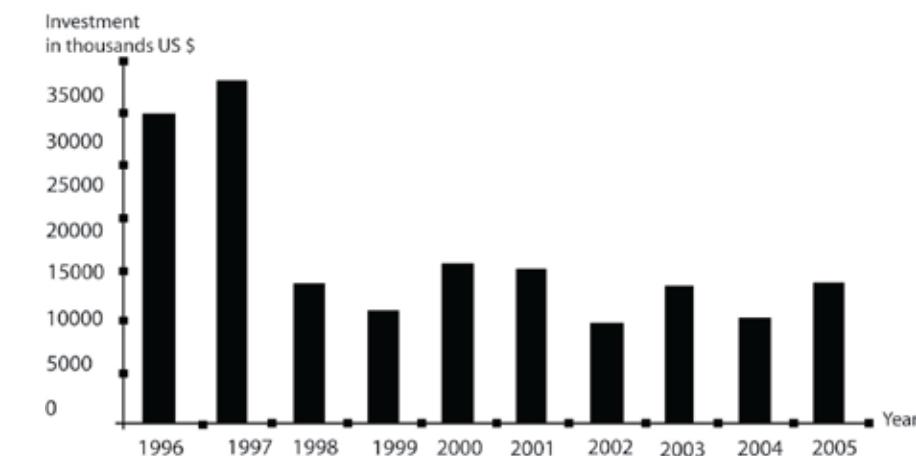
much determined by the macro economic forces. The less advantaged group; the inhabitant of the informal settlement is the most vulnerable group who suffers most from the impact.



**Figure 3-6 The Global FDI Distribution 2005. Source: WRI 2005.**

Foreign Direct Investment: Net Inflows (million current US\$)  
 Map Projection: Geographic  
 Citation: World Resources Institute, 2005  
 Source: Development Data Group, The World Bank. World Development Indicators Online. Accessed August 2004. Available online at [http://publications.worldbank.org/ecommerce/catalog/product?item\\_id=631625](http://publications.worldbank.org/ecommerce/catalog/product?item_id=631625) Washington, D.C.: The World Bank.

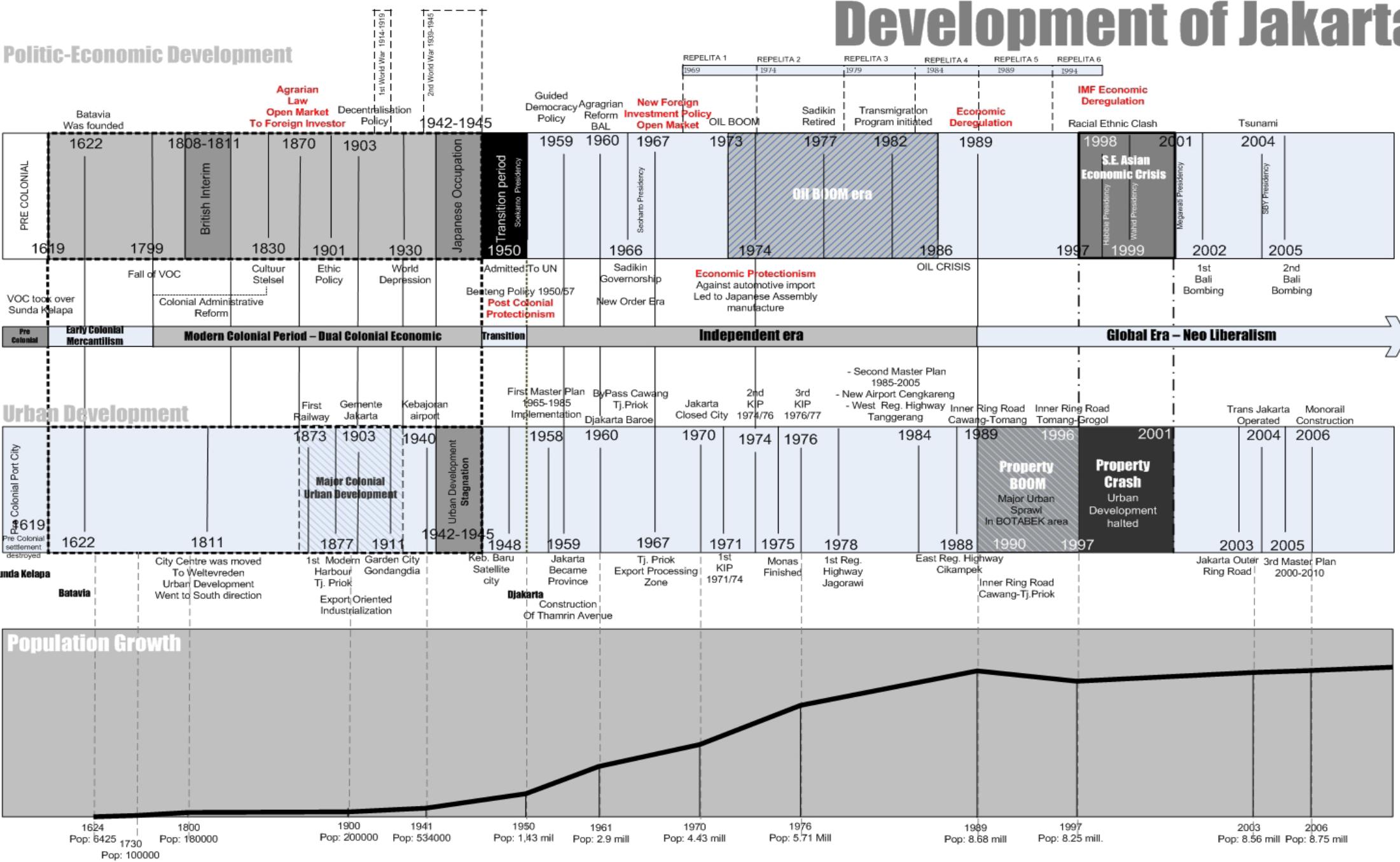
**The Fluctuation of the Flow of FDI In Indonesia 1996-2005**



**Figure 3-7, The Fluctuation of the Flow of FDI In Indonesia 1996-2005. Source: BPS 2005.**

# Development of Jakarta

## Politic-Economic Development



### **The Transformation of Employment profile**

The city of Jakarta it self has seen a simultaneous growth of GDP in both the manufacturing and the service sector. BPS indicates that the growth rate of the GDP contribution in agricultural sector is -2.54%, manufacturing 3.02% and services average 5% (BPS Jakarta 2004). This simultaneous growth indicates that the growth of the service sector is actually boosted by service activities that are related to the manufacturing industries instead of ICT services like the one in the post industrial countries. Therefore the nature of the service sector is not very much knowledge-based economy as it is happening in the developed country with its emerging ICT sector.

With the closing down of many industries in the developed countries, the flow of foreign investment in the manufacturing sector to countries like Indonesia, Thailand, Vietnam and so forth has increased since the few past decades. BPS report shows that most of these establishments are located in 'Java particularly in the Jakarta region.

However with the rocketing land prices and high labour cost (Jakarta labour wage is 30% higher than the national average,(BPS, 2000), the manufacturing industries started moving out of the city to the bigger Jakarta region or to other cities in Java.

Though the job creation in the manufacturing sector is still increasing as BPS2004 report indicates, however it could not absorb the increasing number of migrants from the rural areas and other provinces to the metropolitan area (BPS, 2004).

With the large number of low skilled labour who could not join the formal market, the growth of the informal sector is unavoidable. ILO reports show that the informal sector comprises 78% of employment (outside the agricultural sector) of the total labour forces in Indonesia (ILO, 2002). According to the national statistic report of Jakarta (2008), the formal sector absorbs 70.03% of the active working age, while the informal sector 29.97%. The informal sector holds therefore a very significant role in the economic life of the city. It serves as the safety net for the urban poor.

The informal economic activity could be found all over the city and it holds a specific role in the informal settlements for the inhabitants who have few capital and skill. Due to the central location of the kampongs, they have great access to the target

market. The natures of these activities are both isolated (local based) or integrated to the formal sector.

The city however does not only attract low skill migrants from the rural areas, but also highly skilled migrants from the surrounding towns, other provinces and regions. The other areas are experiencing brain drain as their promising skilled young population abandon their home towns and seek better opportunities in the capital city. With a great number of reserve highly skilled working force on the side, the low skilled ones are condemned to be the losers. The number of open unemployment in the city (in the formal sector) is 14.31% (BPS, 2006) while on the national level is 10.45%. Statistics shows that from the unemployment group around 93.4% is those who had lower education or only graduated from high school (BPS, 2005).

On the other hand the city also lacking the highly skilled labor that are indispensable to support the growth of the service economy. According to Statistic report, from around the 3.5 millions of the active working force group, only 7.4% is university graduate, 28% is high school graduate and 21% elementary school graduates, while the rest has never gone to elementary school. This indicates that even though the city has seen a tremendous growth of the service sector, the condition of the labor market has not yet supported it. In a city that is supposedly embracing tertierization, the statistic fact suggested that there is a serious shortage of skilled labor in the employment market.

The emerging service sector in Jakarta has created many employment opportunities which are not well distributed as it only favours those who have the proper skill and education. Those who have all what it takes are likely to earn higher income and enjoy comfortable life. Those who have less skill are more likely to be excluded from the main labour market and forced to join the informal sector.

**Table 3-1: The Composition of Employment Sector in Jakarta**  
**Source: BPS2008**

The Composition of Employment Sector in Jakarta	
Sector	Percentage %
Primary	0.78
Secondary	22.16
Tertiary	77.06

Note:  
Primary: Agriculture and Mining  
Secondary: Manufacture, Construction, Infrastructure  
Tertiary: Trade, Hotel, Restaurants, Transportation, Communication, Finance, Services, and Public services.

However the shift has also created an enormous amount of employment opportunities in the low end service sector in the formal sector just as Sassen said (Sassen, 1998). However the opportunity for this type of activity still could catch up with the ever increasing amount of labour supply who mostly came from the rural area. While many non educated labour force get formal employment in the business districts as cleaners, drivers and so forth, many more are engaged in the informal economic activities like photocopy service, food preparations, laundry and so forth, which are mushrooming throughout the city. In the same time, the low income employees from the formal sector also create economic opportunities for the others as they need goods and services which they could not afford in the formal sector. The complex interdependency, created a multi -tier relationships between the formal and the informal sector. However it is indisputable that the relationship is not balanced, as the productivity level and the added value in the lower end is very little. Even though income in the lower end would not be enough to create surplus for life improvement, nevertheless it gives employment for the unfortunate urban poor whom otherwise could not fulfil the basic needs.

#### **3.2.2. The Restructuring of the Housing market**

The housing market in Jakarta is mainly dominated by the private sector. The public sector holds remarkably small role in providing housing for the people, from year 1989-2006 it had built 68996 unit of housing only. A remarkably small number compared to the actual demands of housing in the city with population exceeding 8 millions. This situation is mainly caused by the weak financial support and (therefore) the inability of the government to acquire land for public uses.

The role of the private sector or the private developer in this sense is very significant, as it directs the trend of the housing market. It does not only "decide" where the housing could be located, thanks to the second economic deregulation that makes it possible, but also it controls the configuration of the social composition its development area through its highly elitist target group. This was made possible by the lack of control and regulation from the government.

Spatially speaking, there is a tendency social polarization on the metropolitan and city scale. And the role of the private sectors is apparent in both levels.

**On the metropolitan level.** As it was already previously discussed in the preceding chapter, the emerging new town development that was initiated after the second economic deregulation had triggered the urban sprawling and out-migration trend (see Table 3-2 and Figure 3-9). It has created an unbalance situation on the metropolitan level.

The number of out migration increases as the middle and middle-upper income group gradually move out to the suburb; to live in the new town developments that promise certain life style and better living environment (see Figure 3-9). As a result of this contra movement, Jakarta is becoming a city of migrants. The following Table 3-2 shows a sharp increase of out migration and an increase of in migration.

The new town developments, has reinforced the spatial segregation in the metropolitan area (Firman, 2004) in three manners; *first*, it polarised the middle and the upper income group into the suburb, *second*; in the new development it self, these groups were isolated further in the heavily gated areas, *third*; the management of these new town developments are controlled by the private sector outside the boundary of the local authority. Firman called this phenomenon a *voluntary segregation* or *self segregation*.

**On the city level**, the growing importance of the service sector has intensified the development and the densification of the new business district, commercial areas and luxury apartments and town-house compound. This development has put high importance on specific limited areas. While those areas are equipped with state of the art infrastructures and services provisions, the other parts of the city are increasingly abandoned or de-linked. Here again the role of the private sectors is apparent. (See the concentration of the new centralities in Figure 3-10.)

With no access to proper housing, the urban disadvantaged group; the ever growing urban poor seek accommodation in the informal settlements; the kampongs. As a result, the kampung density is increasing by the year. The burgeoning urban informal settlements (kampong) that are scattered throughout the city created an urban patchwork of poverty in the city (see figure 3-11). Poverty pockets with poor infrastructures and no service provisions are literally located side by side with the city's most fashionable business districts or residential areas (see Figure 3-12).

The emergence of the super luxurious inner city dwellings which targets the upper income groups and the burgeoning urban informal settlements has resulted in a stark social contrast in the inner city.

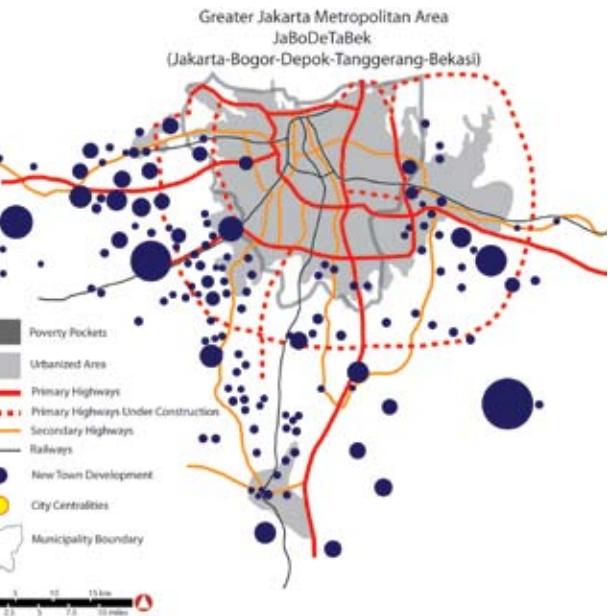
### 3.2.3. Conclusions

The socio-economic transformation of Jakarta is accented by the mismatch of the labour supply and the demand of the labour in two manners. *First*, the growth of the manufacturing sector has increased the flow of in-migration from the rural area to the metropolitan area; it greatly contributes to the continuous flow of unemployed low-skill labours to the city. Only limited number of them could be absorbed by the formal employment market. This situation leads to the burgeoning of the urban poor and the urban informal settlement that sharpens the social segregation in the city. The reserve supply of skilled labour from the other regions coming to the city, also worsen the situation as the unskilled ones are deemed to be losers. *Second*, the emerging service sector is not supported by the level of the skill of the existing labour market. Though the city's service economy is growing, it is not by far a knowledge society yet.

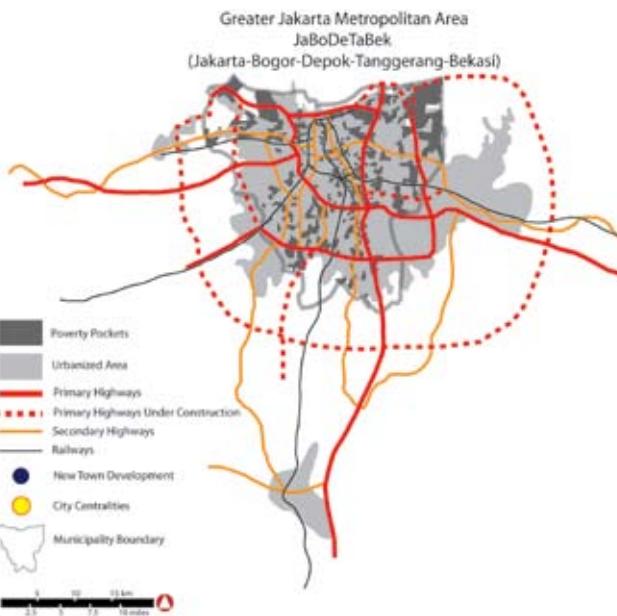
The city employment profile therefore is not a reflection of dualism as it is described in the dual city theory. It is far more complicated than the hour glass society as it is suggested in the theory. While indeed in the proportion of the urban under class is continuously increasing, what is happening on the over all situation is different. Though the higher paid labour on the top of the social ladder is also growing, they only represent the small percentage of the whole society. This is mainly caused the existing labour market is not ready to support the demand of higher skilled labour that is necessitated to support the development of the knowledge society. Therefore there is no sharp dualism between the poor and the rich.

**Table 3-2: The Trend of Migration in Jakarta**  
Source: BPS 2000

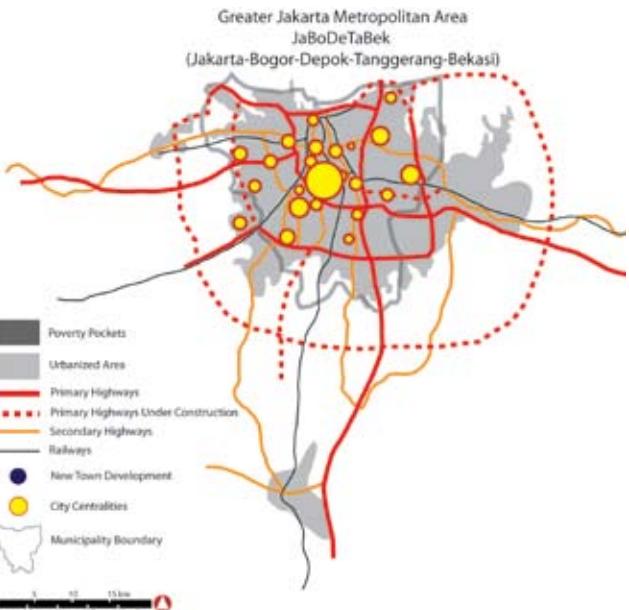
	1971	1980	1990	1995
In migration DKI Jakarta	1,791,635	2,565,158	3,141,214	3,371,384
Out Migration DKI Jakarta	132,215	400,767	1,052,234	1,589,285
Net Migration DKI Jakarta	1,659,420	2,164,391	2,088,980	1,782,099



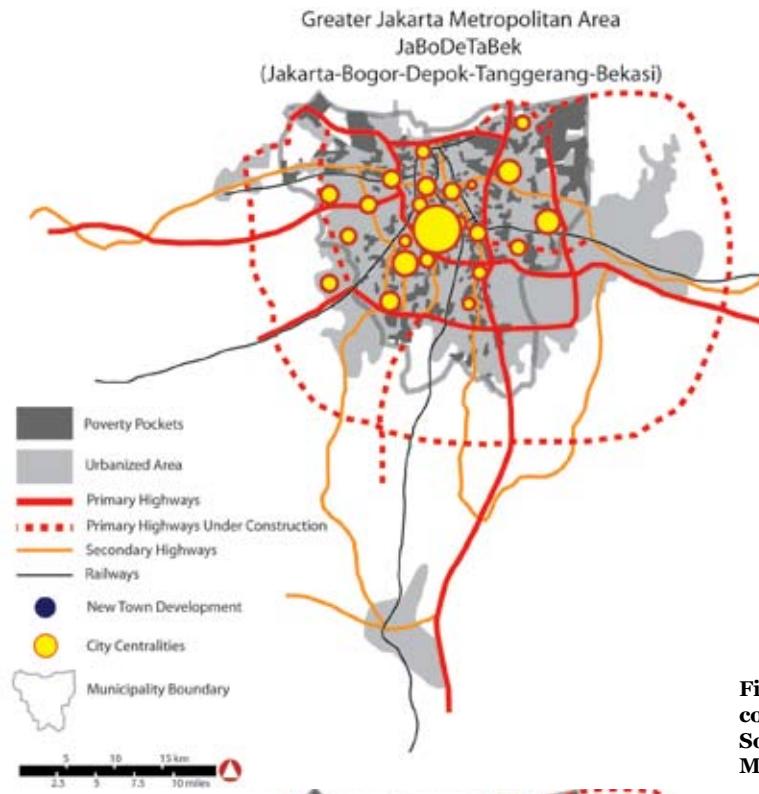
**Figure 3-9: The Greater Jakarta Regions with the New Town Developments.** Source: Own Elaboration 2007 based on Municipality Plan and Firman 2004



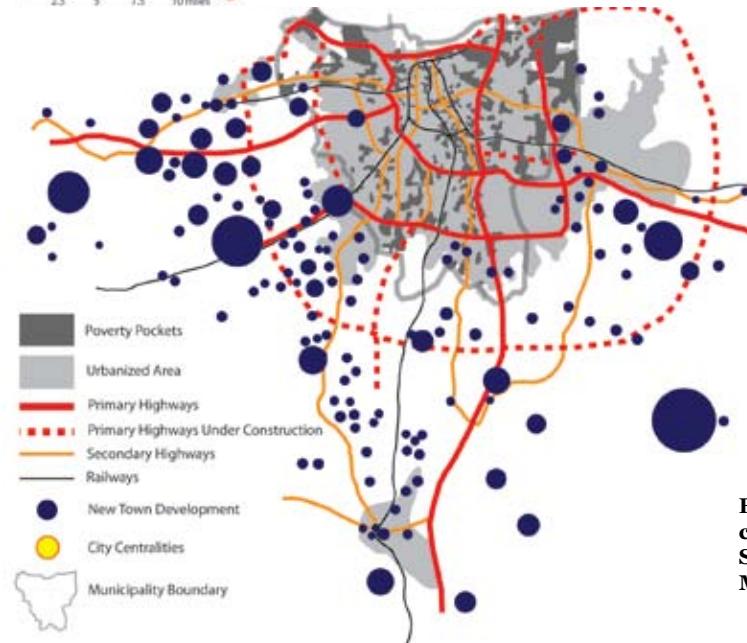
**Figure 3-11: The Location of the Impoverished Settlements.** Source: Own Elaboration 2007 based on Municipality Map.



**Figure 3-10: The Location of the City Centralities.** Source: Own Elaboration 2007 based on Municipality Map



**Figure 3-12: The Location of the Impoverished Settlements compared to the New Town Developments.**  
Source: Own Elaboration 2007 based on Municipality Map.



**Figure 3-13: The Location of the Impoverished Settlements compared to the City Centralities**  
Source: Own Elaboration 2007 based on Municipality Map.

Spatially speaking, though the situation of Jakarta indicates the trend of dualism, it is problematic to relate this phenomenon uniquely to the process of servitization since it is also a product of different conditions and processes.

There is a growing process of socio-spatial polarization as a result of the inequality of access to the housing market. However these trends are not new. The existence of poverty pocket in the city could be related to its colonial origin, when native kampongs were scattered all over the city in between built structures. The problem complicates through times due to the incapability and failure of the government to provide proper housing for the poor, especially during the early phase of independent where the flow of rural-urban migration dramatically increased.

The situation is worsened by the emerging new town developments that displaced the urban middle and middle-upper class to the peripheries; leaving the city for the poor and the super-rich. The trend that is very much directed by the private sector has sharpened the social segregation in the city.

However it is undisputable that the whole polarization process is augmented by the growing servitization in the city. With the emerging service sector, the city needs to build state of the art infrastructures and facilities. This development mostly take place in the specific areas in the city, leaving the others deteriorating and delinked; hence the increasing spatial segregation.

### 3.3. The Hidden Parts of the City: The Informal Settlement

#### Introduction

This sub chapter discusses the issue of *kampong* as one form of informal settlement. It will discuss the processes behind its formation and transformation; its origin, legal status and typology. It also presents the discussion surrounding the handling of the kampong problem and the related policies in the city of Jakarta.

#### 3.3.1. The Geography of Urban Poverty in Jakarta: The Kampongs

What is *Kampong*? The word originated from a Malay Indonesian word *Kampung* which literally means a rural settlement or a village. However nowadays in term of urban planning the kampong has been largely equated with slums, *favelas* or squatter settlements. In general it is could be defined as *poor and informal settlements with mostly low income class, which most of the time have poor infrastructures, services provision and environmental conditions*.

Kampong however is not equal to slums since many kampongs actually accommodate a mix of lower and lower-middle class, or even in many cases the upper middle class (McCarthy, 2003). Kampong by it self also could not be placed in a solid category, since there are different types of kampong exist in the city (see the typology of kampong, Table 3-3).

The problem of kampong started to come to the surface in Jakarta right after the independence. Shortly after the independence, the urban population in Jakarta increased drastically from year 60s to 70s the population had increased from 2.9 to 4.4 million. The population explosion both caused by natural growth and rapid flow of rural-urban migration; the rural people who comes to the city to look for better jobs and evade poverty, has put the enormous pressure to the city's.

The enormous number of job creation from the booming manufacturing industries in the 1960s was the main pull factor of rural-urban migration however only small proportion of the migrants were absorbed in the

manufacturing industries. The rest were left unemployed.

Not being able to afford proper housing, many migrants overflowed the urban kampong in search of safe haven and alternative employment. In 1969, 75% of the Jakarta total populations lived in kampong. The government was facing a big social and economic problem. The city was simply not able to provide sufficient basic infrastructures, public facilities and adequate housings. The local authority was forced to declare Jakarta as a closed city in 1970.

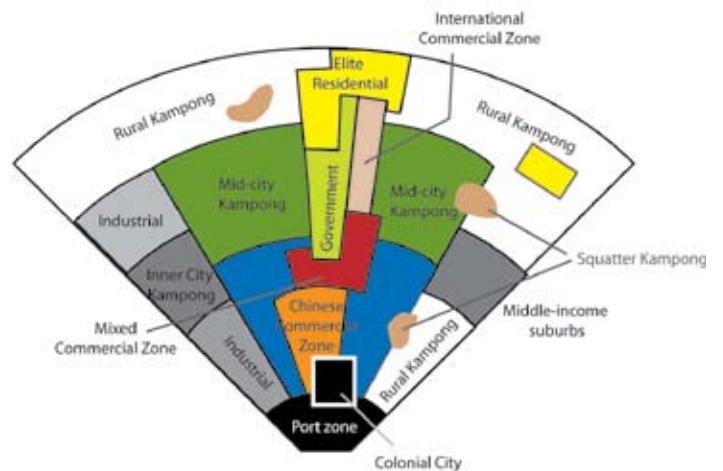
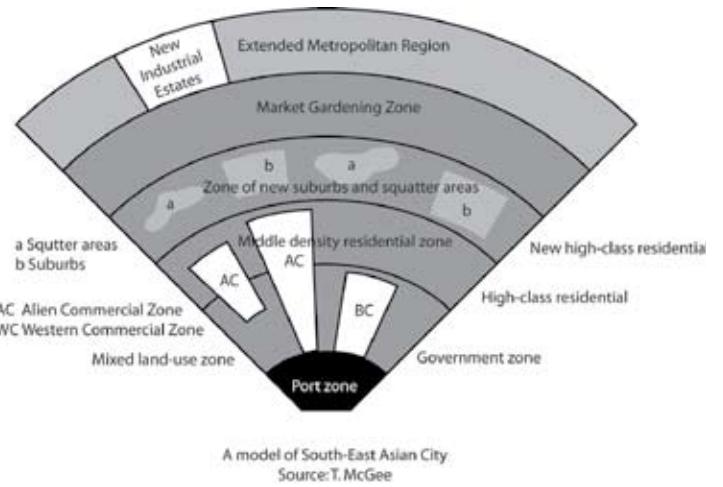


Figure 3-14, The Model of Urban Development of South East Asian Cities and Indonesian Cities, Source: McGee 1967, Ford (1993).

Low cost housing provision in Jakarta is simply not adequate, according the BPS only 21,898 units have been built so far. Many of those units are now occupied by the middle income group. The financial scheme is deemed to burdensome for the targeted low-income group who mostly do not have regular income.

Not being able to afford the formal housing scheme, those who has no access to the formal housing market started occupying the available spaces such as the coastal areas, swamp lands; subdividing unused lots or staking plots in the public spaces along the railways tracks, canals, rivers, roads and under bridges (Abeyasekere, 1987).

According the UPC (Urban Poor Consortium, [www.upc.org](http://www.upc.org)) report there are around 20-25% of Jakarta's population live in the kampong, with additional 4-5% live illegally on riverbanks, empty lots and flood plains. In fact it is very difficult to obtain an exact number of populations that lives in the informal settlement due to the complexity of survey. As many of the inhabitants live in the city illegally, they tend

to avoid the formal survey or the population registry *just because*.

The profile of the inhabitant changes from time to time; depending on the trend of the urban development in its surrounding therefore the pattern of the transformation differs between one kampong to another. The inhabitants could be migrants from the rural areas and the existing urban under class.

According to Mc. Carthy, though the kampongs in general accommodate predominantly poor households, not everybody is poor. This depends on the definition of the poverty being used.

Under the National Statistic Bureau, a household could be classified as poor if it had at least three out of the following characteristics:

Table 3-3: Table of Kampong Typologies according to Ford

Types	Location	Characteristic
Inner-city Kampong	In between colonial structures and new centres	-High Density 100 thousand per square km. -Severe environmental problems
Mid-City Kampong	Close to fashionable residential districts and the commercial spines.	-Main attraction: Access to employment -Density 20-40 thousand per square km -Better environmental conditions -Benefit from urban services provision
Rural Kampong	Rural area but slowly engulfed by the city	-Good Employment opportunities -Essentially agricultural -Lower density -Almost no infrastructures and service provision -Less transient population -No legal tenure
Temporary Squatter Kampong	Scattered throughout the metropolitan area. -Sites without amenities -Transition areas	-Severe environmental and hygienic condition

Source: FORD, L. (1993) A Model of The Indonesian City Structure. *Geographical Review*, 83, 374-96.

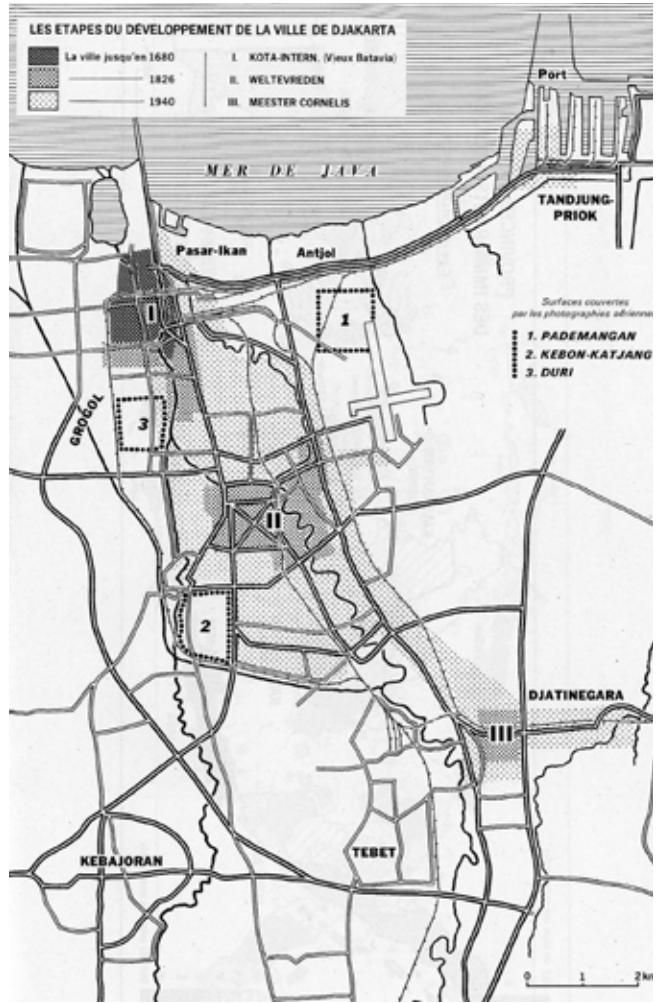


Figure 3-15: Map of the Different Locations of Dorleans's Study Case. Source: Dorleans, 1977

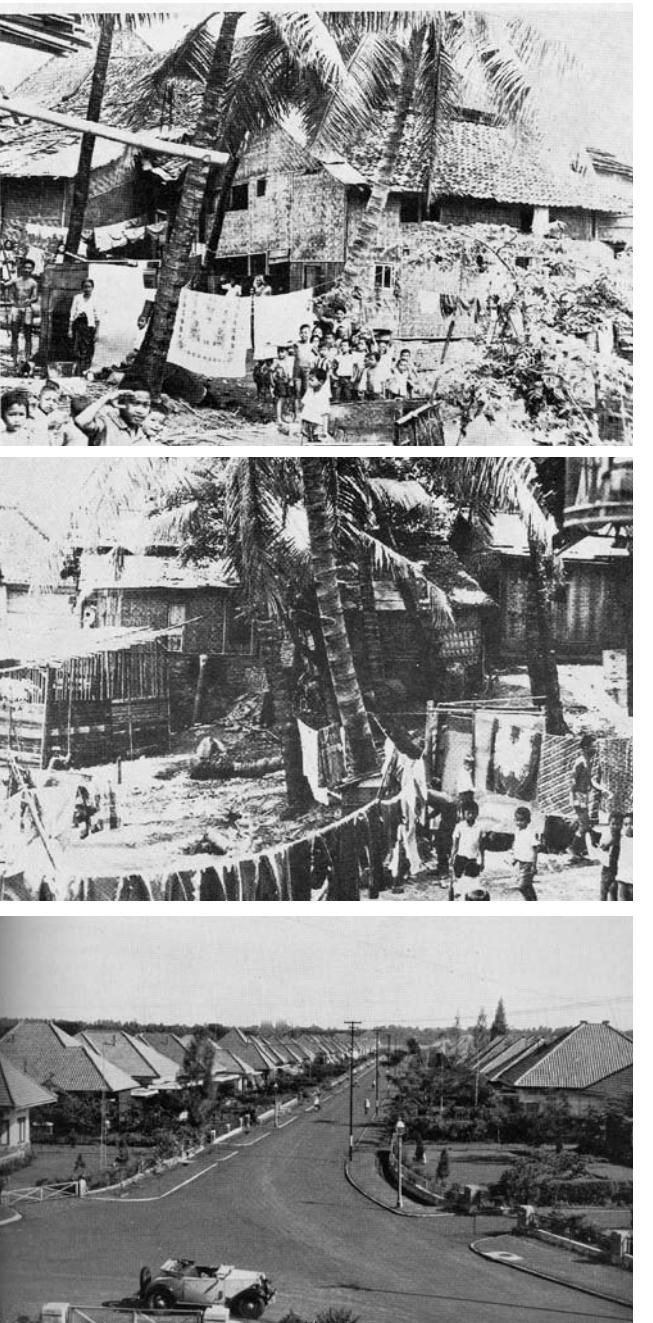


Figure 3-17: The contrast between kampong, where the natives lived and the garden city, where the Europeans lived in Jakarta. Source: Dorleans, 1977 and Voskuil, 1997.



Figure 3-16 (this page and next page): Pictures of the Different Types and Situations of Kampong in Jakarta . Source: F. Surya, W. Sebastian, D. Tunas (2007)



- 1/The dwelling floor area is not more than 8m<sup>2</sup> per household member
- 2/ The dwelling floor is unpaved
- 3/ No private or communal sanitation facilities accessible
- 4/ Very limited variation of daily nutrition
- 5/ Each household member could not afford to purchase more than one set of clothing per year.
- 7/ No possession of physical assets such as property ownership, agricultural land ownership, shop, workshop, motor vehicle or jewellery.

Though there is a clear definition of the issue, the registration and survey of both poor households and poor people remains problematic due to the difficulty of the implementation of the survey it self, many have escaped the census.

### 3.3.2. The Typology of Kampong

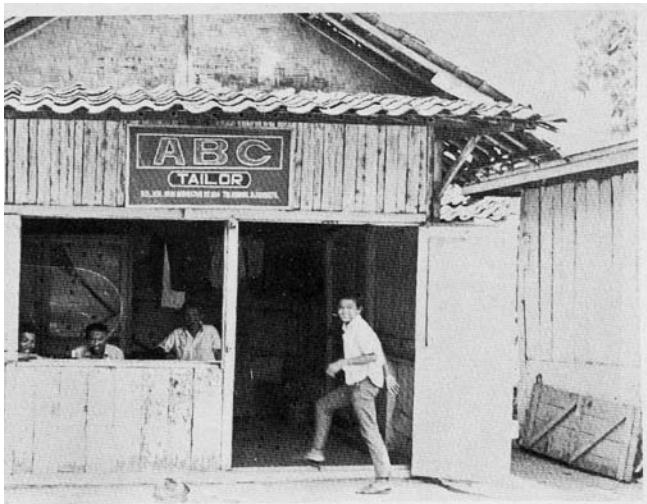
The existence of kampong in the city has become one of the main characteristics of cities in Indonesia as it is indicated in the Ford's Indonesian city model (see Figure 3-14).

For a start it is important to acknowledge that there are different types of kampong exist in the urban setting. Some scholars categorised it based on the forces that created them, some other on its location, and others on its age.

According to the Ford model of Indonesian city which was a refined adaptation from the South East Asian city model (see corresponding map), there are four types of kampong (Ford, 1993) which are; *the inner-city*, *the mid-city*, *the rural* and *the temporary squatter* kampongs (see Table 3-3). The inner-city kampong is originated from the colonial kampong, it is mostly located in between colonial structures and the new city centres. Due to its central location, it has great access to employment. This type of kampong typically has a high density.

The mid-city kampong is mostly located in between the fashionable residential areas or the commercial functions. It has substantially lower density than the previous type of kampong.

The rural kampong, is actually a former settlement in the rural area which is gradually engulfed by urban development. It has much lower density and no infrastructures or service provision. What is particular in this kampong is the predominantly agricultural life style.



See Figure 3-18: The Different Types of Economic Activities in the Kampong.  
Source: Dorleans 1977.



The temporary squatter kampong is scattered throughout the metropolitan area. It has the worst condition of all; no infrastructure, service and legal tenure.

In *Étude Géographique de Trois Kampung a Djakarta*, Dorleans recognised several different types of kampong, the old kampongs that already existed since the colonial time which posses a certain degree of maturity, the new



Figure 3-19: (this page and next page) Images of the Disappearing Kampong. Source: D. Tunas, F. Surya, 2006.

kampongs that are in the process of forming in the new urban area, and the extremely poor kampongs in the marginal area like riverside, wastelands and so forth. This study showed that different kampongs display completely different characteristics, in term of spatial morphology, social structures, cultural construction and types of livelihood. (See the locations of Dorlean's study cases, Figure 3-15).

Considering the sheer complexity of kampong, this chapter focuses its discussion solely on the type of kampong in question, the *inner city kampong* which could also be equated to Dorlean' notion of *old kampong*.

The history of the inner city kampongs could be traced back to the 19th century. Public housing provision in the colonial time was mostly oriented toward the European groups and the civil servants. Throughout the colonial period, the native inhabitants normally lived in the kampongs that are scattered throughout the city, since the available public housing was simply too expensive for the low income group, not to mention it was simply insufficient in term of supply.

In this settlement, people lived an agricultural way of life. They grew crops and fruits. They also domesticated animals like cows, sheep and chickens. They usually sold the produce to the nearby market or in the surrounding neighbourhood.



Thomas Karsten a leading Dutch architect, who had worked widely in Indonesia described the kampong as: 'De kampongs strekten zich ver uit, de huizen erin waren primitief en lagen verspreid, en meestal werden groenten verbouwd op de ruime erven. Het karakter van de kampongs in de stad was dan ook, met enkele uitzondering daargelaten, nog volledig agrarisch' (Karsten, 1916).

The others worked as domestic helper in the surrounding white neighbourhood or in the colonial offices as driver, porter, cleaner etc.

Apart from that, informal commercial functions could also be found in the kampong. (see Figure 3-18). Most of them were low skilled, low cost and also low technology.

Across the years, these kampongs were swallowed by the urban development. However some survives until the present days trapped in between city commercial functions. Some of the inhabitants are the offspring of the former inhabitant, but many more are newcomers. Many kampongs become the contemporary safe haven for the urban poor as the available public housing for the lower income group in many occasion are not insufficient or unaffordable for these people.

Being centrally located in the city nowadays, in many occasions literally side by side by the city most important business districts, the urban kampongs are facing particular challenges. In one hand, they are gaining the economic opportunities created from this situation, on the other hand their existence are threatened by it. The strategic location is simply too attractive for the land speculators or business investor. With unclear land-ownership, they are vulnerable to land eviction. See images of the disappearing kampongs Figure 3-19.

### 3.3.3. The Legal Status of Kampong

The legal status of kampong is defined by two indicators, first; its acknowledgement as part of the formal urban territory or sub districts, and second; the possession of tenureship.

The first indicator suggests that kampong should be located in a legal urban territory or a designated dwelling area to be considered legal. The second indicator actually comes afterward, it suggests that the kampong inhabitants should have the possession of a legal property and/or land title to be considered legal.

Some kampong inhabitants are actually (semi) legal, since they have some sort of property title. The most common title that the inhabitants hold is *hak girik* (land tribal right), which a kind of land certification that is acknowledged by the National Land Agency but does not entitle them the rightful ownership of the property. Though the status of *girik* rights is often unclear there are markets for this especially for those who are not well informed about the obscurity of the status of these rights, many were passed over to different hands across the years. This practice takes place in the informal land market. This has lead to the chaos of land market, and on top of all it often leads to complicated land disputes since there are many cases of *girik* falsification in the city.

Adding up to the complexity, the Japanese occupation that lasted a little more than three years has given significant contribution to the chaotic land issue. During the great famine, the Japanese encouraged the natives to cultivate vacant urban lands without prior notification to the rightful owners. As a result, kampongs were sprouting all over the city in the vacant urban lands as people started to settle in those lands. This has resulted confusions in nowadays land titling. Many families just took over the property from their parents-grandparents who often did not have legal land rights.

The same situation happened during the Independent Revolution (1945-1950) when the nationalist took over the urban lands to convey their resistance to the Dutch power. When the colonial power eventually ended, the land ownership status was completely a chaos as nobody knew exactly the legal owners of the lands. Many people even took advantages of this situation by claiming their ownerships over some lands (Jellinek, 1995).

Some other kampongs are purely illegal; as they are often occupying illegal urban territory. Therefore, kampongs are often subjected to forced eviction; thousands of kampong inhabitants are displaced every year. The eviction does not only uproot them from their living environment but also disrupt their livelihood and the schooling of the children. Evictions are mostly done with little or no warning at all, confusing messages. The eviction often involves violence where women, elderly and children become the most vulnerable party; it is mainly carried out by polices, military and thugs (or gang). Evictions are rarely followed with adequate compensation, leaving the objects homeless and vulnerable.

The local authority justify the evictions by a number of reason such as land acquisition for development and infrastructure projects, urban redevelopment, public order concerns, property market forces and risk of natural hazards such as flood or land slide.

Though many of kampong households do not have legal rights, however through the year they acquire a sense of ownership or legitimations due to a number of reasons; *the inhabitants pay the local official regularly for permission to live at the site, living in the same site for decades with no contestation from public or private entities, receiving public provisions such as electricity, water, telephone line, and paying land taxes to the government* (HRW). Some of the kampongs were also subjected to the KIP program (Kampong Improvement Program, see explanation about the KIP) which confirm even more their sense of security, though many of KIP recipient kampongs were also evicted. Many of these acts however turn out to be false indicator of legitimations.

Though the issue of land right and the security of tenure is already acknowledged as being crucial to the empowerment of the urban kampong. The effort to regularize the land tenure has been proven to be very complicated if not impossible.

Indonesian land right system in general is particularly complicated and blurry as a result of the changes of different system through the years. *"The flaws in Indonesia's legal system for land administration, poor administration in the government offices, corruption, lack of transparency and pervasive violation human rights of the urban poor"*, have been pin pointed as the reasons behind the insecurity of tenure in Jakarta by HRW. (see box: The Land Right Issue)

According to the report of the human right watch only 1% of the land in country has freehold ownership (*hak milik*) while the rests are owned by the state. The state produced different types of rights to use, which unfortunately is not very well registered and documented that there are many overlapping rights. As a result 65% of law suit cases in court are related to land disputes (HRW).

Land registration and rights clarification are costly and time consuming. The Indonesian legal system is very complicated and bureaucratic. A study by Zaman, showed that there are 17 complicated steps in the land registration process in Jakarta; and this involve 18 different agency. The process will take at least 2-3 years to be completed. This process would cost

considerable amount of money which would be too expensive for the kampong household. The goal to regularize the kampong land titling seems to be to far fetch to be carried out.

However oddly enough, despite all the chaotic regulation and its implementation, the complexity of the situation has benefited the urban poor to certain extent. Acknowledging the complexity of the procedures, city authority tends to give a blind eye to the informal property market. This has made the property accessible to the urban poor without further formalities (The-World-Bank, 2003). This situation leads to the further insecurity of the urban poor, as it would not guarantee the lawful right to pass the property to third party, in case they want to sell it in the future. Furthermore those practices hinder private investments that the government needed so badly to invest in the infrastructure development project in the area.

### 3.3.4. The Handling of the Housing Problems

Since 1974 the Indonesian government has carried out a number of programs under the campaign "Providing Adequate Shelter for All" to tackle the issue of human settlement, which involves the settlement in the urban and the rural area. In the rural area, the Organized Resettlement Program (Transmigration) that mobilizes people inter island in Indonesia (particularly from the overpopulated Java Island to other Indonesian islands) was particularly renown. It provides not only shelter but also a piece of agricultural land in the new place where the new inhabitant could start their new life. And there were also the rural settlement upgrading and development program which aims to counterpart the rapid continuous flow of rural-urban migration.

In the urban area, there are a number policies and projects that deal with the problem of the low-cost housing provision. They involved private, public initiatives and also the local inhabitant participation. Among them are the KIP (Kampong Improvement Program), the Public Sector Housing, the Private Sector Housing and the Slum and Kampong Clearance Policies.

#### 1. KIP

KIP (kampong Improvement Project) was based on the "Site and Service" concept. It dealt only with provision of land and minimum level or basic services without providing complete

### Box 3- 1: The Land Right in Indonesia

During the late colonial period, the colonial authority had established different system of land rights from which the most important are the *Agrarische Wet* (The Agrarian Act) 1870, the *Domein Verklaaring* (State Land right) 1872 and the *Agrarische Eigendom* (Agrarian Property Rights) (Wright 1999). At that time, the land right system was dualistic in its nature, as it recognized land rights based on the colonial law and the *Adat* law (traditional indigenous land regulation).

Those land rights were issued at the time when the colonial government opened the door to foreign investors. By granting the right of use, it was expected that the colony would be more lucrative for new investors. One of the most important rights was the *Erfpact* which offered 75 years right of use to the holder. This right enabled investor to develop certain piece of land for cultivation use and benefited from the harvest over sufficient period of time.

After the Independence, the Indonesian Government has gradually reformed the land rights system. In 1960, the government issued the Basic Agrarian Law 5/1960 [BAL1960] that officially terminated the Colonial land regulation; the new law suggests strict State control of land. The new law was based on the following principles: just division of land resources (especially for the farmers), social functions of the lands ("land for the farmer" not for exploitations and speculations), limited land ownerships (The abolition of landlord system) and the improvement of national productions. The principles were closely linked to the nation history in its struggle against the foreign domination (Wright 1999).

The most important colonial land regulation that was abolished by the execution of BAL was the dualistic land rights system based on the customary (*adat* or *tribal*) law and colonial law. The BAL imposed that all rights should be converted to the new system based on the customary law. The process of conversion was proven to be complicated that many legal conflicts around land disputes continue arising until nowadays.

However The BAL 1960 it self still adapted a lot of Colonial land regulation such as the *Agrarische Wet* 1870, *Domeinverklaaring* in *Agrarisch Besluit* 1870 and *Agrarisch Eigendom* 1872 [Wright et al 1999]. Therefore the colonial legacies in the contemporary land rights system are still apparent. World Bank report stated the BAL is far from capable in tackling the complexity of the modern land market system.

Nowadays according to the BAL the Government acknowledges two main types of land rights; first; the rights that are granted by the government which includes *Right of ownership, Right of Exploitation/Cultivation, Right of Building, Right of use and Right of Management*. The right of ownership and the right of exploitation are more or less the close derivation of the former colonial rights

*erfpacht* and *opstal*. Second, the rights that are given by the primary holder to another party, which includes *Right of Building, Right of Use, Right to Rent, Right of Pawning, Right of Product Sharing Exploitation* and *Right of Taking Advantage*. These rights are managed by the BNP (National Land Agency).

Less than 10% of the land parcel in Indonesia is recorded in the cadastral system; only 20% are registered in national land registry. This is caused by a number of reasons such as the complexity of the landownership system, weak local institutions, poor documentations, land disputes, the complexity of land registry process, expensive land registration costs, and so forth (WORLD Bank report 2003).

From the total land titles in Jakarta, the Right of Ownership comprises 26%, while the right of building 35% and the right of use 13%. The remaining 26% is without official/legal land title (Han, 2004).

In year 1994, the government issued the Land Administration Program (LAP) with the support of world bank, with the aim to accelerate the land registration process, improving the current land administration system, and developing future land policy. It planned to register around 75 million land parcels by year 2020.

According the research done by Wright and TA Land Law Adviser on the Basic Agrarian Law Review in 1999, there were several issues that lead to the confusion and chaos in the existing land regulation. The BAL did not terminate the implementation of the previous colonial law. It suggested that the regulation that is not contrary to the new law is still applicable. However, there was no clear legal definition of the whole issue; this was the major source of land regulation confusion in Indonesia [Wright 1999].

The uncleanness of the land registry system has serious implication on the process of the public housing development because it discourages private investments, increases the risk of social and legal disputes, increased the land prices and there building construction; the whole things therefore hampering the process of land acquisition for public housing uses.

Land acquisition is legally acknowledged in Indonesia, it was stated in BAL article 6 &18 (Reerink, 2007). Land acquisition is justified by law in the framework of the social function of the land and public interest. This regulation was further elaborated in the Presidential Decree 55/1993. This justifies the acquisition for the purpose of the development of public infrastructures and facilities; and it also regulates the procedure of land acquisition. This regulations have been widely misused in many occasion in the late New Order regime (under Soeharto presidency) and in the Post New Order Era. Millions of urban poor have lost their dwellings for urban development project that do not necessarily have public-interest characters (Reerink, 2007). And furthermore though there is regulation about the compensation scheme decreed by National Land Agency (Decision of the Head of NLA No.1/1994), the implementation is often different.

houses. By eliminating the construction cost, it was expected that the programme could address twice as many problematic households.

In 1972, the Kampong Improvement project that was referred as the *Muhammad Husni Thamrin MHT Program* (initiated in 1969) was eventually put into action under *Sadikin* governance in Jakarta. In year 1973-1994, the program was eventually adopted by the national government.

The program was part of the UNDP/World Bank Urban Development Project in Indonesia; it aimed to deal with *the upgrading of squatter housing to ensure retention and improvement of existing housing stock and the provision of serviced sites on which lower-income families may construct new housing for themselves by self-help methods* (Housing Sector Policy Paper, 1975). It was partly financed by World Bank which explained the heavy foreign influences on the implementation of the project (Ter Weel, p.43, 1979).

KIP aimed to improve poverty-stricken high-density kampongs by providing basic infrastructures and facilities. The inhabitants of the kampong were expected to collaborate in the program under the guidance of the local committee to determine their urgent needs and priorities. The content of the program therefore may diver between different kampongs. The program mostly includes the improvement of roadway, pathway, drainage, sanitation, solid waste management and water supply. It also includes the building of school and local health clinic.

The KIP was often regarded as the continuation of the similar program carried out during the colonial period in 1919. But the colonial KIP was principally different with the after independent one. The colonial one was carried out under the implementation of the Ethic Policy which was decreed by Queen Juliana in 1901. The former one focused only on the betterment of the sanitary condition to protect the surrounding white neighbourhood from the wide-spread epidemic. The latter has more far-reaching goals; not only improving the infrastructures and the living conditions, it also aims to improve the local economic and social improvement (Silas, 1996), or as Darrundono the former secretary director of the KIP, put it; *an investment for humanity* (Darrundono, 2007). The new comprehensive KIP (KIPK) consisted of three programs (the TRIDAYA approach); physical quality betterment (Bina Lingkungan), quality of life betterment



**Figure 3-20 (above and below): Different Types of KIP Works.** Source: D. Tunas and W. Sebastian



(Bina Manusia), and economic betterment (Bina Usaha).

The Implementation of KIP was carried out by the Ministry of Public Work (Departemen Pekerjaan Umum RI). It was carried out under the national five-year development planning (REPELITA Rencana Pembangunan Lima Tahun). During the first phase 1969-1974, 2400 ha kampong were improved. In the second (1974-1976); 2115 ha, and the third phase (1976-1977) 900 ha (Sumintardja).

The different phase of KIP involved different emphasizes, the first one (under Repelita 1) on infrastructure improvement, the following second and third (under the Repelita 2 with funding from United Nation) on services and community



**Figure 3-21: The existing social housings are simply too expensive and not sufficients.** Source: Tunas, William (2006).

facilities improvement. So far KIP has already covered more than 85000 hectares slum areas, helped 36 million people in 2000 locations all over Indonesia (Human Settlements Report 1994) and 5.5 million in Jakarta alone (Darrundono, 2007).

The KIP program has not escaped critics, World Bank report pointed out several points; first that the program is focused only on limited components of housing improvement, second; it does not guarantee security of tenure, third; the lack of good project and skilled project facilitator, fourth; the lack of balance between the local and the greater city scale infrastructure network, fifth; the lack of attention on the issue of Organization and Management, and sixth; the lack

of integration between the project and city development in general (The-World-Bank, 2003).

## **2. Perum Perumnas (Public Sector Housing)**

The Perum Perumnas is a low cost housing scheme that was initiated in the year 1974. The program was initially designated for civil servants, but now it is targeted for the lower income group who earns less than 125€ per month (1.5 million Rupiah, 1€=12000 Rp). The program is supported and subsidized by the State Mortgage Bank (BTN Bank Tabungan Nasional), it offers long term loans (max 20 years) with low interest rates (8.5-14%) for low and middle income households, with 10% initial payment in the beginning.

The program is offering different sizes of small housing unit; Modest House and Very Modest House Unit (*Rumah Sederhana RS* and *Rumah Sangat Sederhana RSS*), ranging from 18, 21, 27 and 36m<sup>2</sup>. The dimension of the house is based on the basic need of good lighting, air circulation and minimum individual space. It is consisted of two types of housing: Healthy Modest House (*Rumah Sederhana Sehat RS-S*) and Growing Core-House (*Rumah Inti Tumbuh RIT*), which is designed to be extended and built gradually.

It also offers the ready to build land parcel (*Kavling Siap Bangun KSB*), which ranges from 54, 60 and 72m<sup>2</sup> (DPU, 1999), for those who opt to build the house on their own term.

Critics has said that the program has simply delivered too little amount of low-cost public housing compared to the stark ever-increasing demands. In year 1999, there were 51500 units being built, 2000, 97000 units, 2001, 39600 units, 2002, 25900 units and eventually 2003, 32500 units. The annual production was far below the annual average demands which reach the staggering amount of 800 thousands unit (Hernowo, 2005).

More over the house price that ranges from 250 – 2000 € per unit was still considered too expensive to many urban poor.

The national investment for public housing in Indonesia comprises only 1.5% from the total national spending, and that is substantially lower compared to other countries that would spend 2-8% from their total budget. Investments allocated for the mortgage financing is also so low, 3.1% from the total budget, while other country like Malaysia 23% and Thailand 13% (The-World-Bank, 2003).

## **3. The Million House National Program (*Gerakan Nasional Pengembangan Sejuta Rumah GN PSR 1994*)**

The Million house program was initiated in October 1993 by the former president Megawati during her rule in power and later was also supported by the current RI president Soesilo Bambang Yhudoyono. It was designated for the low income group who earns less than 125€ per month (1.5 million Rupiah, 1€=12000 Rp). The program is supported and subsidized by the State Mortgage Bank (BTN Bank Tabungan Nasional), it offers long term loans (max 20 years) with low interest rates (8.5-14%) for low and middle income households, with 10% initial payment in the beginning.

The projects involve different kind of action, environment betterment, resettlement of slums dweller, site-and-service projects, and construction of new low-income housing units. It claims that it takes the issues of security of tenure, infrastructure provision, employment opportunities, and financial support through micro credit, as the main considerations.

Until the year 2020, this ambitious project plans to address 1.014.480 unit of house, which comprise of the construction of Healthy Modest House (200 thousands unit), Low income flats (14480 units), self-help housing (600 thousands unit), and slums upgrading (200 thousands unit); with the support of public and private sectors, local community and NGO (DPU, 2004). The program was also expected to stimulate the national economy, through the generation of enormous demands for locally produced housing materials and labours.

So far, the implementation of the project was rather problematic, it falls far behind its schedule, due to a number of reasons, such as the difficulty to provide infrastructure particularly the electricity network, high bank interest due to inflations, complicated process the land title certification and the construction permission (Jan, 2004).

According to the former Minister of Public Housing and Infrastructure, Soenarso (28 Januari 2004) (Soenarso, 2005), the followings are the main problems that hinders the implementation of the program:

Lack of decentralization in term of financial distribution, (the complexity to liquidate the budget from the central government)

The limited financial capital of the State Mortgage Bank (Bank Tabungan Negara BTN)

The minimal proportion of national budget for housing and infrastructures

The difficulty of the land acquisition process

Limited long term and low interest credit available for the urban poor

The complexity of loan procedure in the bank especially

The difficulty to pay mortgage with irregular income or employment in the informal sector

The people do not posses any collateral to get loans

The Lack of interest from the private sector to get involved in the social housing project, since it is not profitable.

Difficulty to get the construction credit for the developer

The program that was implemented out by the Minister of public housing and infrastructure, instead of the usual Department of Public Work who has more intensive links with the regional authorities, was criticized for being not able to coordinate the program and not transparent enough in term of project tender process with their regional counterpart (PR, 2007).

## **4. Private Sector Housing**

The government has been trying to encourage the development of a more social integrated development through mixed income residential areas and cross-subsidy. In 1974, the 1:3:6 regulation was issued. Every new residential development by private developer should be built based on the 1:3:6 ratio schemes (1 high-income, 3 middle-income and 6 low-income units). This regulation is applicable to the development of more than 100 high-income housing units.

Critic however has said that the implementation is far from perfect. Many private developers are reluctant to create a mix neighbourhood fearing the low market value; therefore the 6 low-income units are often built somewhere else or simply disregarded the regulation.

Even when the regulation is implemented, in many occasion the overall cost is proven to be way too expensive for the designated low income group (Hernowo, 2005). The low-income unit price becomes too expensive far exceeding the official standard price, thanks to the large proportion of the land value variable since the site is mostly located in expensive

## **Box 3-2: The Development of the Low-Cost Tzu Chi high-rise apartment**

The Tzu Chi high rise low-cost apartments was initiated in July 2003. It was designated for the former squatter residents along the Angke river. It is a public and private initiative as it was built on the land owned by the National Housing Agency, with the financial support from the charity fund of Tzu Chi Buddhist Foundation.

The apartment unit is sold between five to twelve million Indonesian rupiah or between €385 to €922 (with the rate of €1=13000 Indonesian Rp, 19Sept 2007), with a mortgage of €6.9 per month. Though it sounds like a relatively small amount of money, 40% of the tenants are still not able to fulfil the monthly payment (Darrundono, 2007).

The construction of the apartment is also supported by socio-economic targeting program, such as employment creation for the local housewives. It is also supported by strict policy which implies only private use of the unit in which the people is not allowed to sell the unit to other people in order to avoid property speculation.

The project is consisted of 1100 unit, with 55 towers. However four years on, only less than 900 household live there (Nicolash, 2004). Apparently, the problem is not only related to the lack of financial capability to pay the mortgage but also culturally related. The former inhabitants of the crowded squatter are not adapted to the way of living in high rise building which entails different way of socialization and sanitation/hygienic standard. Apart from that, there is no possibility to use their living space as the production space, where people could do their economic activities.

Critics has said it, including from Darrundono, that the project has failed to focus on the issue of the socio-economic-cultural problem. It has evaded entirely the significance of maintaining the local social capital. He said that the problem could be solved by incorporating the inhabitants in the design and the decision making process.

urban areas.

See Box 3-2, for another example of privately developed social housing developed by a religious institution.

## **5. Slum and Kampong Clearance Policy**

The policy that was decreed by Presidential Instruction No. 5, 1990 (INPRES No.5, 1990) involves a demolition and rebuilding of deteriorating kampong in government owned lands with new housing with proper infrastructures. This policy is supported by the State Mortgage Bank (BTN) which offers loans for mortgages and construction with low rate interests.

### 3.3.5. Conclusions

[1] In the contemporary term, the word Kampong refers to the *non-formally-planned settlements that is normally inhabited by the urban under class, which most of the time have poor state of infrastructures, services provision and environmental conditions.*

[2] There are many different type of kampong. Each case differs from one another in term of its creation process, context, legal status, social and spatial conditions. Therefore the case of kampong could not be generalized in any manner.

[3] The most significant problems of kampong is its security of tenure, without which, it could not reach stability and sustainability. Being in a temporary situation does not encourage the inhabitants to improve their life and living conditions. The chaotic land registry system in Indonesia contributes significantly to this problem.

[4] Kampong will continue to be the integral part of cities in the developing countries. Its problem will escalate along with the growth of the population and density. Therefore it necessitates a long term solutions based on a long term vision.

[5] The problem of kampong is not only a spatially related problem, but it is intricately intertwined with political, social and economical problems.

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(Endnotes)

**1** It is often suggested that the new layout was designed after *ideal scheme for a city* of Simon Stevin, with its network of canals and *castrum* (pre-medieval Roman army encampment in Europe) like ground layout. Simon Stevin was a military engineer who had often appointed by Prince Maurits of Nassau to build a number of military facilities. The Ideal Scheme for a city involved a careful calculation of optimized production process. The canals were carefully positioned to generate greater accessibility and also more revenues from tolls and tax from passing barges or ships. The ground layout was designed to optimize the distribution of people and good.

**2** The deterioration of the city was often related with the silting up of the coast, which resulted the irrigation system to fail thus polluting the city canals heavily. Other opinion put the blame on the pollution from the poorly irrigated sugar cultivation in the city, the cutting of the surrounding jungle and the construction of the water way around the city (Van Der Brug 2000).

**3** This group was also often referred as the *Totok*

CHAPTER 4 | A KAMPONG IN THE HEART OF THE CITY: KEBON KACANG



## CHAPTER 4 | A KAMPONG IN THE HEART OF THE CITY

This chapter focuses on the analysis of the level of integration of the kampong with the city by investigating the existing conditions and the resources that it has. To illustrate the discussion, it uses the case of kampong *Kebon Kacang* in Jakarta, Indonesia.

This chapter consists of several parts; first part; the introduction, describes the historical background and the general description of the current situation of the kampong; its population profile and the spatial characteristics.

The second part analyses the resources that are available for the kampong inhabitants, in term of social, financial, human and physical capital. It discusses the extents these capitals are enabling the kampong to survive or how the lack of it, is threatening the continuity of the kampong.

The third part analyses the level of integration of the kampong with the city, in term of its political, physical and socio-economic integration, and tries discussed the extents the level of the integration influencing its sustainability.

The data presented in this chapter were obtained from field observation and questionnaire that involved in total 120 respondents in year 2006 including inhabitants, business

enterprises owner and clients. The survey was done in collaboration with the students from the Faculty of Sociology, University of Indonesia. (See annex for the example of the questionnaires)

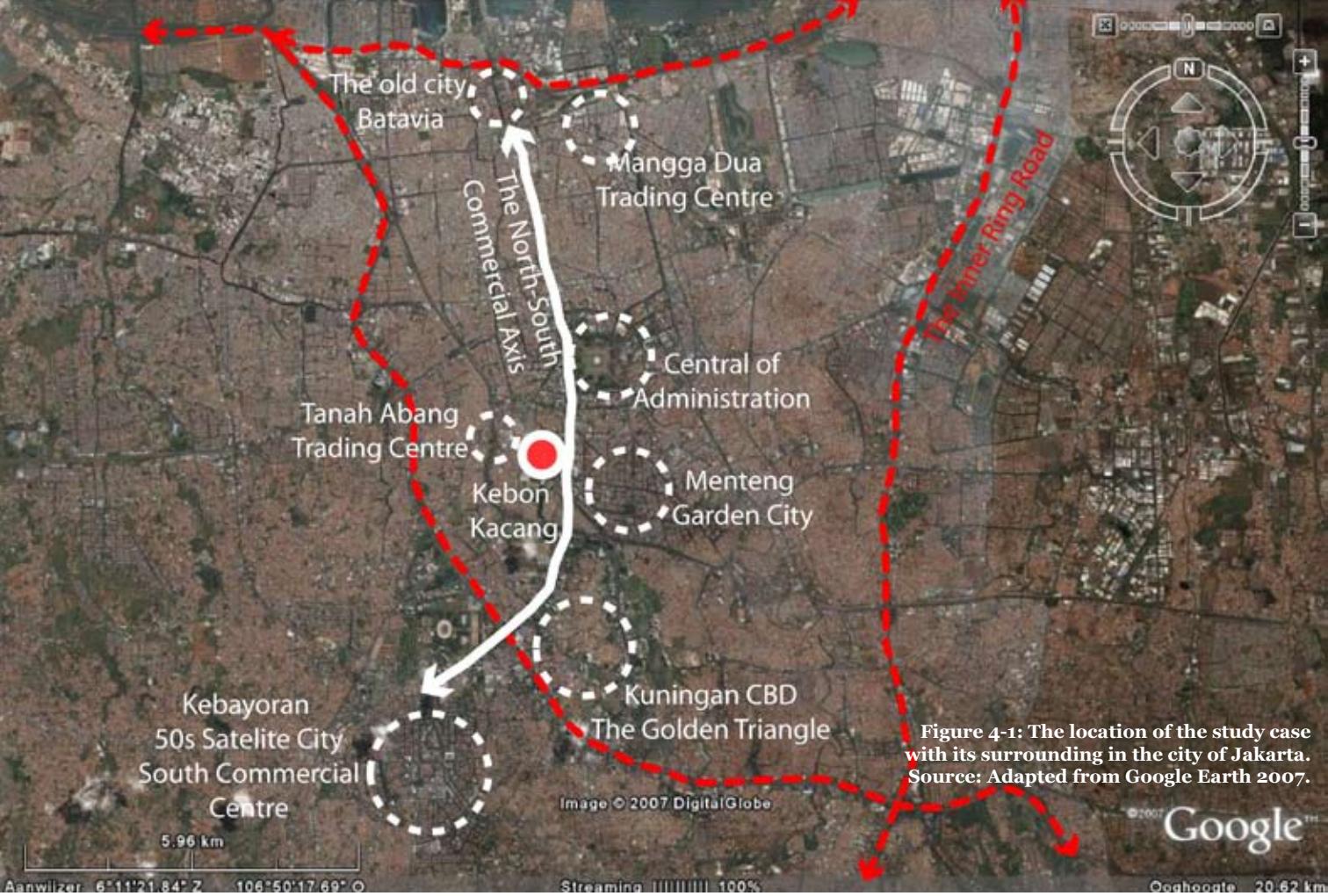
### 4.1. Introduction of Kampong Kebon Kacang

#### 4.1.1. The Location

Kebon Kacang area is part of the Central Jakarta Municipality and Tanah Abang Sub Municipality. It has the coverage of 0.71 kilometres square or 71 hectares (BPS 2004).

The kampong is located right in the heart of Jakarta's most important Central Business District (CBD), the Golden Triangle; that houses the city's most important and prestigious commercial and services function.

It is situated right behind the row of skyscrapers along the Thamrin Boulevard. Among its direct neighbours are the Grand Hyatt hotel, the Japanese Embassy, the UN headquarter, and Plaza Indonesia, one of the most luxurious shopping mall in the city. See the location of the study case in Figure 4-1.



**Figure 4-1: The location of the study case with its surrounding in the city of Jakarta. Source: Adapted from Google Earth 2007.**

### 4.1.2. The History

The history of Kebon Kacang could be traced back to the turn of the 20<sup>th</sup> century. It was a native settlement during the colonial time. The name of Kebon Kacang literally means peanuts or bean field, which just like any other kampong' names often referred to its former function. See the situation of the kampong in Figure 4-2.

The following historical description of Kebon Kacang refers to Jellinek and Dorléans (Jellinek, 1995, Dorléans, 1976). The historical maps and photos were taken from KIT and KITLV archive and Dorléans report.

Jellinek study showed that the inhabitants still lived a rural way of life, they cultivated their land with vegetables and fruit. Apart from that, they also domesticated animals such as chickens, geese, goats, and fishes. They consumed the produce and then sold the surplus in the city market places such as *Tanah Abang*, *Senen* and *Kota*. Apart from that, they also sold the harvest door to door around the white residential area *Menteng Garden City*.

Some of the inhabitants also worked as domestic helpers (maid, cook, laundry women, gardener, etc.) in some residential areas. Others worked for the colonial authority as handyman, horsemen, harbour and industrial workers, etc.

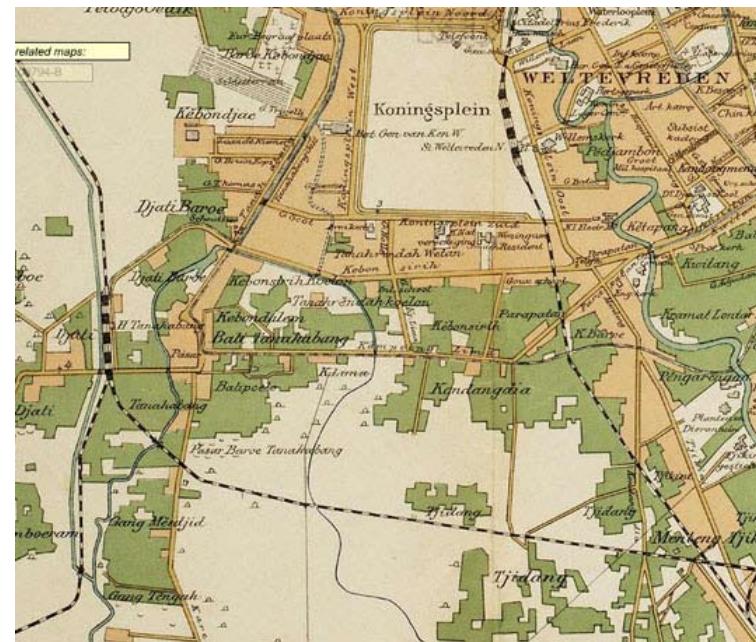
The inhabitants of *Kebon Kacang* were originated from the surrounding villages around Batavia such as *Banten*, *Tangerang* and *Bogor*. Much later, newcomers from other parts of Java Island started arriving and inhabiting this area as well.

Some of the inhabitants there claimed to have a legal ownership of the land granted from the Colonial authority. These legal owners had to pay tax for cultivating their lands. The colonial authority also leased the lands to the natives for cultivation. In this case, the users whom were granted the right of usage were only allowed to build a shed to store their necessities but not living on it. But since many of these people did not have place to stay, they often had to live inside those sheds illegally. Later on when the control loosened they started building huts on the plots contributing the complexity of the ownership system.

When cultivation lands expanded, these families started to invite their families from back home to come and help them. Gradually, more huts were built and the area became denser and denser each time. The lack of cultivation lands in the surrounding areas of Jakarta also highly influenced the flow of migration to the city. More families migrated to the city in search of better luck. They came to work as domestic helpers, harbour and industrial workers. During the 20s when the Chinese and Dutch population increased, opportunity for work in the service sector increased as well, it attracted more migration to the city. The kampongs as the few if not the only available living were getting denser every year. As the city grew, eventually the kampongs merged with the main city. See Figure 4-3, for Aerial photo of Kebon Kacang circa year 70s)

In the following historical map (Figure 4-4) from the year 1911, the structure of the long alleys was already apparent (seen as the dotted line). Parts of the area were still swamps or rice field.

The morphology of these kampongs is not very well defined. There are no common morphological patterns shared among many kampongs in Jakarta, as it was mostly formed rather spontaneously. The area is mostly consisted of rows of small non-permanent, often vernacular houses. These houses could be accessed by long and narrow alleys sometimes not more than 1 meter wide. So narrow is the alley that the inhabitants do not have much of privacy. Some mosques and small open



**Figure 4-2: Map of Batavia from year 1906 shows the early settlement on the site of Kebon Kacang. Source: Platte Grond van Batavia, G. Kolf and co., KIT archive.**

spaces could be found in close proximity inside the kampong. In the earlier day, before the kampong gets densely populated, more fruit orchard and vegetable field could be found as well inside the area.

There were hardly any infrastructures inside the kampongs. The pathways were made of mud. There was no gutters and sewage system. Garbage and human waste went into the river or canals. The level of hygiene was grave. Drinking water was obtained from shallow self-dug well that was often contaminated.

The Kebon Kacang area with the nearby *Krukut* River was notoriously well known for its annual flooding during the monsoon period.

Social cohesion was strong in most kampongs since many inhabitants were originated from the same village if not coming from the same extended family. Social interactions mostly take place on the street. The house is mostly too small for doing any kind of daily activities thus a lot of activities is



Figure 4-3: Aerial Photograph of Kebon Kacang Area in the Year 70s. The density was already high. The void in the lower right side was the cemetery site. The massive structure in the north part is the Tanah Abang market. Source: Dorleans, B. 1976.



Figure 4-4, Kebon Kacang Area around 1911. Source: Batavia Topographisch Bureau, KIT archive.

done on the street. Therefore social control is strong.

During the Japanese occupation [1942-1945], food was scarce; a great famine was overshadowing the city. To overcome this problem, the Japanese urged the native people to cultivate vacant lands that were available inside the city. When the Japanese left the country and the Dutch returned, the revolution activists encouraged people to continue this land-cultivation to avoid Dutch occupation in the city. As people settled in the area to cultivate the lands, they also occupied the areas by building houses. The legal status of kampung lands became complicated during these periods.

Soon after the independence [1950] the city was still overshadowed by poverty. The scarcity of cultivation lands in the rural area and job opportunities from the eagerly industrializing new nation, encouraged people to keep

pouring into the city. City development projects initiated by the government to build Jakarta as the new modern cities had attracted enormous amount of job seekers from the rural area. The urban kampongs were yet again getting denser each time. From 1930-1980, the population of Kebon Kacang has risen from 50 to 3500 [Jellinek].

The development of the area was greatly influenced by a number of events; the development of Thamrin Boulevard [1959], the *Kampong Improvement Program* [1977/78] and the construction of the *Kebon Kacang Social Housing* [1983].

The *Boulevard Thamrin* (see Figure 4-7) that was built in the 1959 in the East border of the area, was part of the *Djakarta*



**Figure 4-5: (Left)** The Situation of Kebon Kacang in the year 70s. The picture shows the modest way of living of the inhabitants during that time. Source: Dorleans, B.



**Figure 4-6: (above and below)** The types of informal commercial activities that could be found in the area during the 70s: Tailors and Hairdressers. Source: Dorleans, B. 1976



Baroe (the New Jakarta) Project that was initiated by President Soekarno. The project was aimed to build the new image of Jakarta as a modern city after the Independence. The construction of the Boulevard could be regarded as one of the first event that brought about significant social and spatial changes in the area. The construction involved resettlement



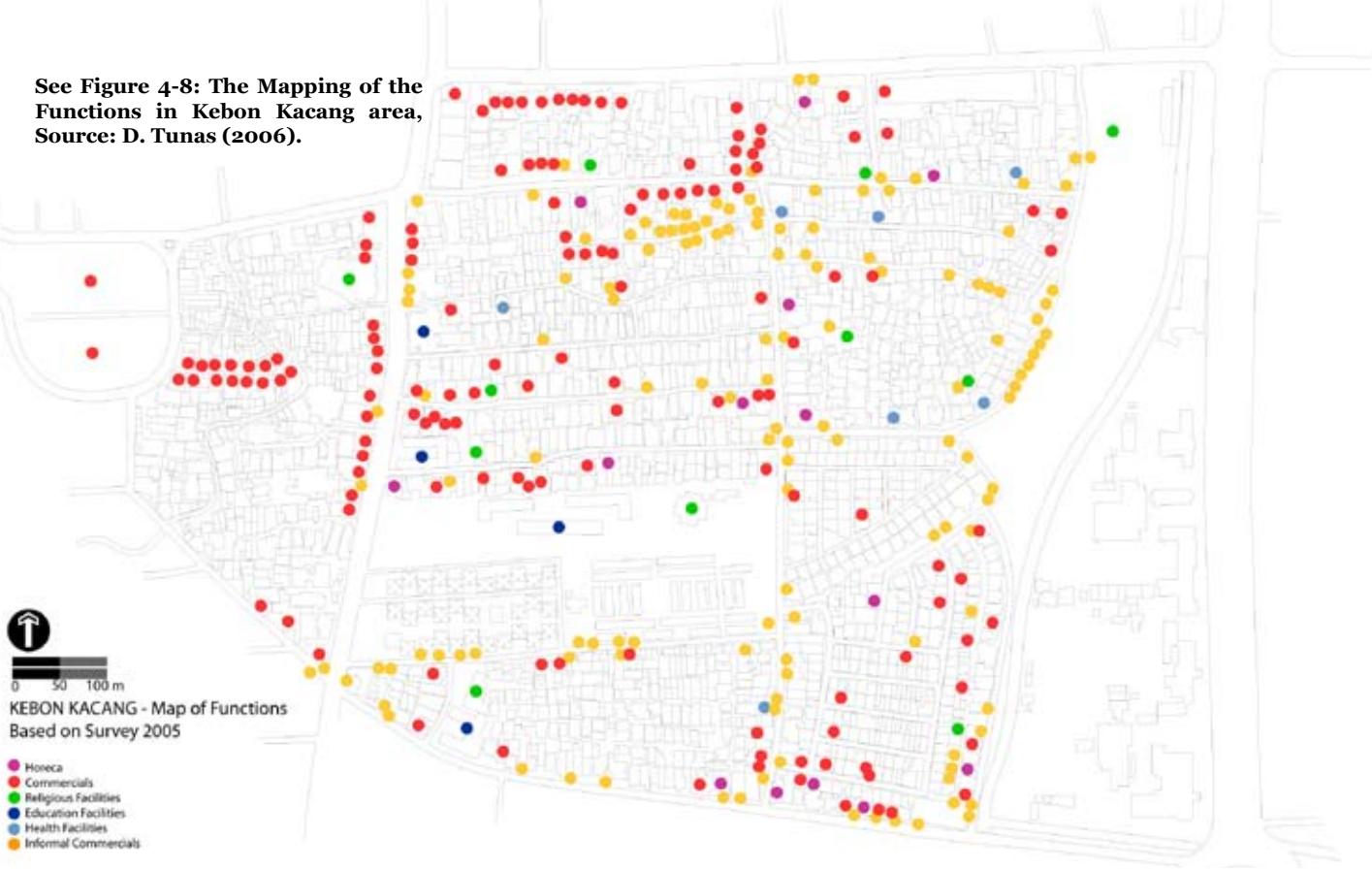
**Figure 4-7: The Boulevard Thamrin-Soedirman in year 70s (below) and 2006 (top), Source: S. Abeyasekere, D. Tunas (2006).**

of kampong dwellers with and without compensation. Some of the evicted inhabitants who received proper financial compensation became rich all of sudden, while the unfortunate others simply being displaced without any benefit.

The boulevard and the surrounding areas now are becoming the city's most important CBD areas. It accommodates a large number of offices from national/international big corporation, luxuries hotels and shopping centres. It also generates employment, mobility of people and capital. As a result of this dramatic changes, the kampong area experiences dramatic functional transformation, from mostly residential to commercial. The property values also increase dramatically. As the land became more lucrative for investments, big investors and land speculators started to swarm into the area. The chaotic property ownership system, a legacy from the colonial period, posed the inhabitants on a weak position to claim their right to the lands. A large number of dwellers lost



See Figure 4-8: The Mapping of the Functions in Kebon Kacang area, Source: D. Tunas (2006).



their dwellings, when big investor came in and claimed the land.

On the other hand, the low-income kampong dwellers who mostly have unsteady employment also enjoy advantages from the new development through the economic opportunity that it offers. Constrained by their low level of skill and education, they could only get employment in the lower level services; such as cleaning, etc. However, the boulevard has fostered a growing number of informal economic activities in the surrounding area, such as food stalls, copy/print shops, laundry services, telecommunication/internet shops and so forth. (See the mapping of the functions in the study area. Figure 4-8)

The KIP (Kampong Improvement Program, see explanation about KIP in the previous chapter) was initiated in Kebon Kacang in 1977/78. Jellinek report however showed that from the limited number of inhabitants that took the mortgage for buying the units, only a handful of

complexity in the implementation of the project. Some of the main reasons were the extreme density of the area, the resistance of the inhabitants due to miscommunication and/or lack of information, lack of public trust and the conflict of interests. Apart from limited number of pathways and sewage improvements which helped a handful of inhabitants forthcoming the annual flooding, the program could not be considered as successful (see previous chapter).

The *Kebon Kacang Social Housing* project created much controversy due to the large number of kampong dweller being evicted in 1981. (see explanation about national social housing scheme and concept in the previous chapter). The evicted inhabitants were offered some limited financial compensation and social housing units. Jellinek report however showed that from the limited number of inhabitants that took the mortgage for buying the units, only a handful of

them were able to complete the paying scheme. Many of them bailed out of the scheme because they simply did not have enough income to pay for it. As a result, the intended target market for the housing was not reached. More and more middle income group bought and lived in the units.

The rest of the evicted inhabitants, who could not afford the units, opted for a cheaper housing scheme in the urban periphery where lands were still cheap. However this alternative came with big consequences. The displacement of dwelling for most of these people implied the lost of their livelihood, since most of them worked or owned businesses in the kampong area. Moving to the periphery would mean a total rebuilding of their lives. The social housing program eventually implied a serious social implication on the inhabitants. (See the image of the social housing, Figure 4-9)

Apart from the aforementioned events, there is another major driving force that influences the development of the area; the existence of *Tanah Abang* market that sells various commodities, ranging from vegetables to textile on the northwest part of the area. The market is considered as the most important textile trading centre nationally and also internationally. A great number of foreign buyer and middlemen from African countries frequent the market. The market that was dated since late 19<sup>th</sup> century [see Map 1] shapes the trend of urban development and functions in the area. A great number of commercial activities in the area are related to the market. One of the most important activities is the clothing related home-industry. Traditional cloths artisans could be found all over the area, mostly the ones specialized in Sumatra's traditional cloths referred as *Songket*. Apart from that, a great number of Moslem clothing artisans could be found in the area as well. The textile/clothing production comprises a significant percentage from the over all number of home industries existing in the area.

#### 4.1.3. The Current Situations of Kampong Kebon Kacang

More than sixty years after the independence the area has been altered extensively. Kebon Kacang is no longer native settlement with rural characteristics. Now strategically located in the heart of the city's most important Central Business Districts, the area is greatly transformed.

Inner-city kampong as a legacy of the colonial urban development that still exist in the modern urban landscape,



Figure 4-9, The Kebon Kacang Social Housing, Source: W. Sebastian (2005)

bring forward another contradicting situation. Located in the city most expensive and sought after site, the kampong economic production is relatively low key. The production of the informal economic activity mostly has low productivity and low added value.

Despite the conflicting relationship, the kampong and the city have dynamic interaction. The dependency between the two is really very strong. The city is providing many economic opportunities to the kampong inhabitants, by creating demands for services in the lower end. The kampong becomes a lucrative breeding ground for the informal economic activities.

Nowadays the area is dominated by commercial activities

ranging from small scale retailers, home industries, shops, restaurants and services such as fax-phone shops, internet-cafes, copy-printing services and laundries. Basically all types of functions display a set of characteristics; low capital, low skill and minimal use of technology, and also the use of informal spaces.

Many of the kampong houses have been brought to the ground to make space for the new developments. Thousands were torn down, during the construction of the social housings; others were replaced by new commercial blocks.

The kampong area is not all homogenous; in fact it shows a sharp contrast. Some parts have been transformed to the middle to middle upper class residential, while in the other part there is a large concentration of poorer households. (see following photos) The condition of the housing is also very much diverse. In the better off area, most of the houses are constructed of permanent building materials, while in the poorer areas; a number of houses are constructed of cheaper building materials which in many occasion non-permanent. However both areas show gradual development characteristics with collages of house extensions from different periods. See the various situation of the different areas in Kebon Kacang, Figure 4-10.

Only little has remained of the original native built structures. However to many extents, the spatial morphology of the area still replicates the former characteristic with series of long narrow alleys and tiny building parcels. The sizes of the block as it is shown in the map are various. There are bigger parcels and smaller ones as well. There are two different phenomenon commonly take place in the area; the merging of smaller parcels and the division of larger ones to a number of smaller ones. This process is mostly related to family inheritance division.

Due to the small building parcels and the narrow alleys, there are social consequences. Privacy is almost non existent, the poor quality of partition walls are not helping either. People literally see, hear and smell their neighbour. Nevertheless, this feeling of "intimacy" to some extents also helps to bring people together and stimulate a stronger social relation.

#### 4.1.4. Population and Density

The area accommodates 22751 inhabitants, 7577 households with an average of 3.39 members per household. It is



Figure 4-10, The various situations of different areas in Kebon Kacang.  
Source: W. Sebastian (2006).

divided into 11 RW (*Rukun Warga* or community unit group) and further divided in to 151 RT (*Rukun Tetangga* or neighbourhood unit group). The area has a staggering density of 441 population per hectare, which is really high in comparison with the city average density of 137 population per hectare (BPS, 2006).

The profile of the inhabitants of Kebon Kacang has transformed through time. Previously the area is mostly inhabited by the descendants of the former inhabitants; however nowadays as new comers swarm in the demographic textures slowly diversifies. There are a number of factors that influence that transformation of the profile, first; the increase of the economic pressure in the area due to the densification of the surrounding CBD during the period of the economic booming and second; the mushrooming of the lodging business in the area.

With the densification of the surrounding CBD, the economic pressure in the area grows; the land value has rocketed ever since. More and more inhabitants find it impossible to afford the living cost; the need for quick cash has motivated them to sell their house to big developers and moved to the urban periphery.

The densification of the CBD area also creates new demands especially in term of accommodations, goods and services for the workers. Affordable prices and good location in proximity with the working place are the main criteria of favoured accommodation. The urban kampongs offer both qualities. The lodging business has become so lucrative in the urban kampung, that many inhabitants were tempted to rent out their houses and move out to the urban periphery. With only relatively little money to transform their houses to decent accommodations, they are on with their business.

As more white-collar workers; young educated people with middle income, and the pink-collar workers with low income from the surrounding CBD come to stay in these lodgings, the socio-economic profile of the area gradually changes.

Around 82% of the respondents were born in Jakarta (see corresponding table). This indicates that Kebon Kacang is not so much of a receiver of the flow of the rural-urban migrant, as most the inhabitants are actually born in the city. It suggests that the area is also attractive for the Jakarta people it self, most probably because of its great location and accessibilities to source of employment. This fact is also confirmed by the

large number of the local business owner who actually resides somewhere else in the city (see corresponding table 4-1).

**Table 4-1**  
**The Place of Birth of Inhabitants of Kebon Kacang.**  
**Source: Own Survey 2005.**

The Place of Birth of Inhabitants in Kebon Kacang	
Place of Birth	Percentage
Jakarta	82%
Greater Jakarta Region	2%
Other Provinces in Java Island	4%
Others	12%

In order to show the diversity of the inhabitant of the area, following is a closer look at the selected profiles of some inhabitants in Kebon Kacang. The description was based on the result of series of interview carried out in December 2005.

1. Mr. Ewan (40s),  
Community Leader in Kebon Kacang.  
Ewan was born, grown up and has lived in the area all his life. He lives with his wife and one son in a house that once belonged to his parents. He claimed himself as the real native inhabitants of Jakarta; an Orang Betawi (Betawi person) who has no other hometown than Jakarta. That is to say that he is a Jakartans who were born in Jakarta as opposed to Orang Jakarta (Jakarta person), which refers to non Jakartans persons who were born in Jakarta).

He used to work in an office before he lost his job during the 1998 Monetary Crisis (KrisMon: Krisis Moneter) in the popular Indonesian term). Nowadays, he sells fried chicken in a little kiosk just behind Plaza Indonesia (PI) Shopping Mall just around the corner of his block. His clients are mostly PI employees who go to Kebon Kacang looking for cheaper lunch menus.

Ewan has inherited the house he is living in from his father. Large Betawi families often do not allow property to be passed from one generation to other generation easily. Many families sold their property to get the money so they can divide the inheritance equally. However if it was possible, some would literally cut their properties into a number of smaller parcels according to the number of the beneficiaries.

Apart from running his food stall, he also dedicates some of his time to work as community leader. He is responsible for some logistic issue the area, such as inhabitant registries and

collecting monthly contributions (for example for "security and management" or solid waste collection). He also manages the local youth activities which is oriented to maintain security and order in the area.

2. Muchlis Nuh (60s),  
a retired public servant in Kebon Kacang.  
He has lived in the area for 45 years. He is originally from West Sumatera. He came to Jakarta to pursue his study in University Indonesia in the Faculty of Economy in the 60s, where he had met his wife. He had one son who now works in Bali. His family is one rare example of family with higher education in the area.

Mr. Muchlis used to work in the municipal office of Kebon Kacang before he retired. He was a former community leader just like Ewan. Now to earn his living, he runs a business of wood trading from Sumatera. He also modified his house to accommodate 8 rooms, which he rents to CBD's worker. The rent ranges from 300 thousands to 1 million rupiah (25-85€, rate 1€ = 11.700 IND Rp) depends on the supplied amenities such as private bathroom, laundry service or Air Conditioning. He likes to live in the area would never move out for its central location; make him easy to travel anywhere despite of his old age.

3. Mrs. Omi (70s),  
Restaurant owner in Kebon Kacang.  
Mrs Omi was born, grown up, grown old in Kebon Kacang. She lives in a house together with her siblings and her daughter family. In total there were 15 people living in the house. She and her daughter run a small restaurant in the front part of their house; where they sell traditional Jakarta food for the CBD workers. She has around 20-30 visitors per day. She closes her business at 4 o'clock everyday when all her food normally sells out. In addition to this family business, her son in law runs one small kiosk just across the street selling phone cards. According to her, there are few native inhabitants in the area nowadays. The newcomers are replacing the original inhabitants. They mostly come from Centre and East Java. Many food stalls in Kebon Kacang are owned by these people. Mrs. Omi's son in law claimed that the social relation in the area is relatively good, all the neighbours know and help each other, except for some Chinese families whose social relation is often more exclusive.

4. Citra, 35,  
inhabitant of a Lodging in Kebon Kacang  
Citra works in Plaza Indonesia Shopping Mall in the management office. She has a bachelor degree from the local university. She originally lives in Salemba, East of Jakarta. Tired of commuting each day through traffic jam, she decided to rent a room in Kebon Kacang seven months ago. She lives with 20 others occupants in one the lodging. Her room which is equipped with private bath room costs her 1 million rupiah (85€) per month. The owner of the house moves to Bekasi, leaving his son stays behind in Kebon Kacang to manage and control the lodging. Citra said that relationship between occupants is very close, where most people takes of each other. Women and men are separated by floor. The house has some sort of a curfew which suggests everybody to come home before 21 pm. While working in the mall, sometimes she still prefers to eat in Kebon Kacang area to have cheaper alternatives. Escaping the air conditioned mall and braving the glaring sun, she often goes to eat there with her colleagues. Citra just like many others lodging inhabitants goes back to her home every weekend to meet her family.

5. Babe Rasyid, 57,  
Food stall owner.  
Rasyid was born and grown up in Kebon Kacang. He has 7 children, from which 4 had moved out several years ago. Now he lives with his wife, his three other children and their grand children. Rasyid runs a food stall in front of his house. He claims that his clients not only came from nearby offices but also from all over Jakarta. Many people from other municipalities also come there to enjoy his well known coconut rice. He says that his income is enough to feed his extended family. He bought his raw material from the nearby market (Pasar Gandaria) by foot, he prefers to shop there instead of the other market in the area so he could save transportation cost. He and his family live in a dwelling compound, which he shares with three other households. With whom he often shares the leftovers from his stall. He claims that the relationship with those other occupants is very close; he treats them just like his own families. He was the community leader in the area for 35 years. He owns his little house, but rents his stall from other family.

6. Ncim, born 1937.

neighbour of Babe Rasyid who lives in the same compound.

She is one of a number of Chinese descents Indonesians who lives in the area. She is actually a proof a demystified urban legend which leads common people to believe that the Chinese descent Indonesian is all about wealth and comfortable life. There are actually a number of this groups who live under the poverty level.

She and her husband had fled to Jakarta from Krawang, a small provincial town next to Jakarta, with her children in 1967, when many Chinese were killed in the suburb during the racial unrest.

Encim has two children. Her husband had died a long time ago, she now lives with her son who works in a local tire shop. She relies herself financially on her son.

Despite the common prejudice of Chinese people in the city, she said that her relationship with the neighbours is smooth.

7. Ibu Haji, 60 years,

a Food stall owner and the head of local religious group  
Ibu Haji was born, grown up, worked all her life in Kebon Kacang. She had two children, all of whom study in university. She has another house in Kebon Kacang that she modified into a lodging and rents it out to G CBD workers.

She took over the business from her father who used to vend cooked food around the neighbourhood, before ran his own foods stall. Her business is going very well, her clients come not only from nearby area but also from all over Jakarta. She also takes catering order for many events around the city. Her food stall now is consisted of 5 tables, with a small kitchen in front. She has several people helping her to cook and serve customers. In addition, she placed a small kiosk selling cigarette and phone cards in one corner of her establishment.

Apart from her businesses, Omi who has completed her Hajj pilgrimage in Mecca also organizes regular religious meetings among Moslems native inhabitants in the area. She says that it is one way to maintain the bond/social cohesion among the disappearing and increasingly isolated Betawi people.

[D. Tunas, 2005]

Basing on the previous description of the inhabitants, it could be concluded that the profile of the inhabitant was rather diverse in term of age group, social-economic and cultural background. However they are sharing a common feature; they are all involved with the informal sector, either directly

working in it, or benefiting from it.

#### 4.2. Assets and Potentialities in the Kampong

Followings are the description and analysis of the assets and potentialities of the kampong Kebon Kacang. It is classified based on several indicators; human capital, social capital, physical capital and financial capital (for definitions see the previous chapter for the theoretical discussion). The following displayed data was obtained from the result of the questionnaires that were distributed in the field with the help of a group of student from the faculty of Sociology (Univ. Indonesia) which targeted around 120 respondents in the area in year 2005.

##### 4.2.1. Human Capital

The human capital here is based on the Becker's theory refers to the level of skill, training and knowledge that one has that enable him to produce. All of which are very much influenced by one's social setting.

##### The Education Level

The profile of the education level in the kampong shows a polarization between the high educated (40%) and the low educated group (51%); while the mid group with professional/technical education comprises only 9%. The number of the highly educated group is surprisingly high. This could be related to two factors; first, the increasing number of the lodging for white collars workers who came to live in the area, who changed the demographic profile in the area, and second, the coming of the new residents in the area as the original kampong inhabitants move out to other areas.

**Table 4-2**  
**The Education Level of Inhabitants of Kebon Kacang.**  
Source: Own Survey 2005.

The Education Level of the Inhabitants in Kebon Kacang

Level of Education	Percentage
Bachelor degree or higher	40%
Professional/Technical education	9%
High school or lower	51%

The profile indicates a polarization in the local kampong level in term of access to formal employment market, for the lower half of the kampong population who has only high school diplomas or even lower, it is much more difficult to get descent formal job.

#### The Active Working-age group

The majority of the inhabitant of Kebon Kacang (78%) is in the active working-age group; which is officially defined by the BPS between 15 to 65 years old. The biggest group is the ones who have 20 to 34 years of age. Around 10.8% from the active working-age group is openly (or formally) unemployed.

The result of the site observation shows that even though many people are formally unemployed, they are engaged in the informal sector. To some extents it shows that the participation in the formal sector is not the only way of surviving in the kampong.

Furthermore the actors engaged in the informal sector are often exceeding the official active working-age limit; as they could be both younger and older. This indicates that the economic condition in the kampong necessitates the inhabitants to start working at early age and continue doing so until their old age.

##### 4.2.2. Social Capital

The evaluation of social capital in the area would be based on the observation of the existing social networks (bonding, bridging and linking, see previous chapter for theoretical definition). It is argued that the existing social capitals help to strengthen the relationship between the inhabitants; which is beneficial in term of access to employment, information distribution, lending financial and non-financial support, building solidarity and tolerance among neighbours. All of those conditions that are important in the continuity of the informal economy.

In general, there are a number of existing social networks and organizations in the Kebon Kacang area, these area the religious (Moslems) group, the community (Rukun Tetangga and Rukun Warga) group, the family link, and the ethnic group. Other important existing group that is not less important is the women group. The inventory is based on the various interviews carried out in site in year 2006.

#### The religious link

As a predominantly Moslem country, the religious activity and networks in the city is very significant. In the Kebon Kacang area alone there are more than ten mosques (see corresponding Figure 4-11 and 4-12). This number indicates the significance of religious institution in the community



**Figure 4-11: The Location of the Mosques in Kebon Kacang.**  
Source: Own Elaboration (2006).



**Figure 4-12: Different Mosques in the Kebon Kacang Area. Source: W. Sebastian (2006).**

living. Each mosque has its own community which mostly divided based on the neighbourhood location. Apart from the Friday praying, there are other types of activities that involve community participation for example Quran study groups, Moslem youth activities and so forth. These different groups form an overlapping social network in the area it self.

The religious solidarity could be considered as one of the most important base of this society that “glues” them together. Based on the notion of virtue and moral, the member of the same religious group might support and help one another in their daily lives.

On the same time, the religious solidarity also means a very binding social control, in which the members might control each other conducts in the daily lives. In this manner, the absent of formal regulation which is necessitated to maintain order in the kampong area is often replaced by this binding social-religious norms.

#### ***The RT-RW group (Rukun Tetangga and Rukun Warga group, The local community group)***

There are 11 RW and 151 RT in Kebon Kacang area (1 RW consists of an average of 13 RT, while 1 RT consists of an average of 50 households). Each RT/RW is headed by an elected community leader. The households of alley no.2 are parts of RT 006 and also RW 05.



The system of RT and RW is very efficient in organizing the community, not only in term of information distribution but also in logistics such as organizing the population registration, the garbage collection, the night watch program, the regular women meeting (*arisan*: an event where the women collect money in one pot and regularly draw lottery on it), the electoral committee in case of political election, and so forth.

The regular events such as the night watch program which requires adult male member of the community to take turn to guard the security in the neighbourhood, and the *arisan*; have been proven to be highly efficient in stimulating the social cohesion in each sex group. Communal meeting that is regularly held to discuss and decide communal issues also help to strengthen the local social cohesion.

More than that, this self-organizing group is a very important social infrastructure in the kampong which could enable the implementation of a social improvement program. The community leaders themselves could act as a good contact and mediator between the different parties, which could guarantee a good participation of the inhabitants in the planning and decision making process.

#### ***Old community network***

Some of the inhabitants are the offspring of the former inhabitants. Around 39% of the household respondents have been living there for 20 years, meaning that their family has lived there for almost one generation (22 years = 1 generation, according to Strauss and Howe standard), while 8% even had stayed longer for two generations (see related Table 4-3). These old-timers tend to have deeper feeling of responsibility and belonging with the place.

The fact that a great number of households have been living in the area for certain period of time, indicates that there is a significant social cohesion; social bonding between the members of the local community, it could be particularly stronger among people who come from the same ethnic background.

**Table 4-3: The Duration of Living of the Households in Kebon Kacang.**  
Source: Own Survey 2005.

The Duration of Living of the Households in Kebon Kacang	
Duration of Living in Kebon Kacang	Percentage
5 years>	15%
5-10 years	5%
11-20 years	26%
21-30 years (1 generation)	26%
31-40 years	13%
41-50 years (almost 2 generation)	8%

#### ***The family link***

The role of family member in the local livelihood is important. There are a number of big families living in the Kebon Kacang area. They have mostly living there since some decades. Though many of the children have already left the house and form their own family somewhere else, some remain living in the area and in many occasions in their parent's house. Around 40% of the business owner respondents employ family member in their informal business enterprises. It is cheaper and much more reliable for them. Family members are important part of their human capital, especially when there is not much financial capital.

#### ***Number of available labour force in the family***

Pahl indicates that the prosperity level of the population should be indicated not by the level of income but the number of the working household member. In accordance to his theory, the more working household member would mean higher income contribution; the more human capital (in term of more labour force) means more financial capital (income). However it should also be related to the level of education the household member has. Based on result of the survey, the education level of the community is not particularly high (see related table)

In this area 46% of household has only 1 working member of household, while 53% has 2 or more working household member in either the formal or informal sector. This indicates a rather productive society. (see Table 4-4)

**Table 4-4: The Number of Working Household Member in Kebon Kacang.**  
**Source: Own Survey 2005.**

The Number of working Household member in Kebon Kacang

No. working HH member per household	Percentage
1 person	46%
2 person	36%
3 person	10%
4 person	5%
5 person	2%

#### **The ethnic link**

The dominant ethnic group in Kebon Kacang is the native Jakarta ethnic group: The Betawi people, whose lineage could be traced to many centuries back in history, their predecessors have already lived in Jakarta since the early 17th century. They have their own distinctive culture, a mixture of Arabic, Malay and Chinese culture. Normally being devout Moslems, the religion is the element that unifies the whole Betawi society.

Most of the Betawi people have been driven out of the city centre to the urban periphery due to enormous economic in the South of the city, like Depok and Condet area. However, still a great number of them remain in Kebon Kacang area and form the dominant group that comprises almost one-third of the population (31.5%), this group is followed by the Javanese (28.2%), the Sundanese (14.2%), the Minang (8.3%), the Chinese descents (3.8%), the Batak (2%) and other ethnic groups.

Though it is not really apparent in the case of alley No.2, fellowship among people from the same ethnic background is often very strong. Especially in term of giving access to employment, the solidarity between these people could be highly influential and deterministic. Division of labour based on ethnic lines often take place.

#### **The women link**

The role of women in the kampong is very significant. During the field observation, during the day time it is



**Figure 4-13, Various Economic Activities operated by women, Source: D. Tunas and W. Sebastian 2006)**

very difficult to find male respondents in the area. Many of the interviews were done with female respondent. While the male inhabitants work during the day time to surrounding area or somewhere else, the female inhabitant generally stay home with the young children. Many of them are doing their own economic activities at home sparingly with their house chores. Though these activities are generally small scale and low income in its nature, somehow it shows the active role of women in the kampong. (see Figure 4-13)

While doing these activities, they generally do it in a group with other women in the neighbourhood. They chat with each other while cooking or washing the laundry. Other event that is important that stimulate women social cohesion is the regular *arisan* meeting.

To some extent this informal socialization could be regarded as a process of social bonding between female member of the society which strengthens the linkages, the social network as well as the social control. With this type of social control, implicit rule about social conduct is negotiated.

Looking at the profile of the social capital, the community seems to posses a rather strong bonding and bridging social network, which is expressed in the strong relation between the familial, neighbourhood or community, religious and women link. However, the linking social network seems to be lacking due to the scale of the social relation which is mostly built on the local scale with people with more or less similar socio-economic background. Result from the interviews also indicates that though people say that they have good relation with their neighbours or other member of the community, the relation is mostly limited with people who come from similar socio-economic background.

Though there are people who has better linking social network, it does not indicate that the majority could benefit from this link if they are coming from different position in the social structure.

#### 4.2.3. Financial Capital

##### The Level of Income

Basing on the information concerning the income acquired by the survey (from 120 respondent), most of the households (74%) have higher total income than the national minimal wage standard (UMR *Upah Minimum Regional*) of €57.3 per month. Half of the households (51%) generate income from

€80.6 to €241.5 per month, while 23% earns starting from €241.6 to €402.5. Only 5% of the inhabitant earns less than the minimal wage standard.

(The national minimal wage standard is calculated based on survey of the KHL (*Kebutuhan Hidup Layak* or the proper living cost. The level is different between regions. Jakarta holds the highest UMR level in the country due to its proportionally higher living cost.)

Around 78% of the respondent answered the income inquiry; the data of the rest is not applicable. Reasons such maintaining private information, avoiding tax, or simply too embarrassed to share this kind of information is very common. From those who answered the question, there is no guarantee that it is the truthful number. Unfortunately the information published from the national statistic bureau (Badan Pusat Statistic) in this case is also not reliable. In reality it is very difficult to get an exact data of the income in the city.

**Table 4-5: The Level of Household Income in Kebon Kacang.**

Source: Own Survey 2005.

##### The Level of Household Income in Kebon Kacang

Level of Income per month	Percentage
Less than €57.3 (Rp 712000)	5%
€57.4-80.5 (Rp 712000-1million)	na
€80.6-241.5 (Rp 1-3 million)	51%
€241.6-402.5 (Rp 3-5million)	23%

Rate 1 = 12,438 Rupiah, Rate July 2007

Rest = n.a.

Official Minimum Wage (OMW) 2005 = €57.3 (71200 Rupiah)  
Based on Governor Decree No. 2515/2004

##### The Employment Sector

The trading sector is very important for the livelihood of the local inhabitant. Half of the kampong inhabitants (51%) work in the small-scale trading sector, while 21% in low-end services (low skilled service activities) such as laundry, telecommunication shops, motor vehicle workshops etc. The other 15% is in mid size or home industry which mostly deals with cooked-food business, textile production, and etc. (see related table) The overall profile shows that most of the kampong inhabitants are involved in economic activities that require low skill. (See Table 4-6)



**Figure 4-14, Zoning of the Function,**  
Source: Own Elaboration

**Table 4-6: The Employment Sector of the Inhabitants Kebon Kacang.**

Source: Own Survey 2005.

Employment Sector	Percentage
(Small-Scale) Trading	51%
(Low-end) Service	21%
(Midsize or Home) Industry	15%
Others	13%

The following map (Figure 4-14) depicts the configuration of functions in the area at present times. The uncoloured area represents the residential functions. The yellow spots depict the informal street economies such as food stalls, motor/bicycle repair and convenient kiosks.

The clustering of the commercial functions is distributed in several points depending on the type of activities and the target markets. The most significant concentration points are around the *Tanah Abang* Market, behind the *Plaza Indonesia* Shopping Mall and along the northern *Wahid Hasyim* Boulevard, which are saturated with many larger scale commercial activities. This indicates that many of these

business activities in Kebon Kacang is actually targeting other commercial functions and/or their clients as their target market.

#### **The Informal Economic Activities**

The survey result indicates that 70% of the business enterprises in the kampung are informal. Large part of IBEs (*Informal Business Enterprises*) is dealing with the small to medium scale trading (44%), and the service sector (40%) which is mostly lower-end services with requires low skills like laundry, see following table.

**Table 4-7: The Types of Informal Business Enterprises in Kebon Kacang.**  
**Source: Own Survey 2005.**

The Types of Informal Business Enterprises in Kebon Kacang	
Business types	Percentage
Small scale tradings	44%
Services (Laundry, Telecommunication, Printing, Delivery, Beauty and Health)	40%
Home Industry	3%
Lodging	6%
Others	7%

By looking at the scope of the target market, it is estimated that 53% is related to the formal sector; the offices or other commercial functions in the neighbouring CBD area (*Thamrin-Soedirman Business District*). These enterprises offer services or goods for the formal target market (the formal offices and their workers) for example in the form of low cost copy or printing works, food catering or lodging service for the workers. While the rests 40% fall under the isolated informal economy category, meaning that the target market is the local bound.

The survey indicates that 65% of the owners of the IBEs have low education (high school graduates or lower). Around 17% of them have professional or technical education, and 22% are university graduates. The university graduates mostly deals with businesses that provide services that require higher capitals like telecommunication shops and medium scale trading.

**Table 4-8: The Education Background of the Informal Business Enterprises Owner in Kebon Kacang.**  
**Source: Own Survey 2005.**

The Education background of the Informal Business enterprises owner

Level of Education	Percentage
Bachelor degree or higher	22%
Professional/Technical education	17%
High School or lower education	65%

Around 70% of the informal business enterprises were established less than 5 years ago. This might indicate lack of sustainability, as they easily come and go. Around 18% was established during the midst of the monetary crisis. During that time the poverty rate raised from 11.3% to 27% (BPS2003). It might indicate that the mass job loss has resulted in the increase of the informal activities. (see following table)

**Table 4-9: The Duration of Informal Business Enterprises in Kebon Kacang**  
**Source: Own Survey 2005.**

The Duration of Informal Business Enterprises in Kebon Kacang

Number of Years	Percentage
5 years >	70%
5-10 years	18%
(After the monetary crisis)	
11-20 years	5%
>20 years	5%

Most informal business enterprises in the area employ informal labours except the 13% that are self-operated. Around 40% of these IBEs employ family members who are mostly work with little or no financial compensation. This situation indicates a strong familial linkage in the local society.

**Table 4-10: The Number of employees in the Informal Business Enterprises in Kebon Kacang**

Source: Own Survey 2005.

The Number of employees in the Informal Business Enterprises in Kebon Kacang

Number of Employees	Percentage
0	13%
1	45%
2-5	33%
>5	5%

#### **The Place of Production**

Most of the inhabitant of Kebon Kacang work not far away from their living environment. Half of the inhabitants (54%) work in the area proximity; they are either working at home (36%), in the neighbourhood (11%) and the direct surrounding/same sub municipality (7%). Around 32% works in the same municipality (Central Jakarta) and the rest (14%) work in other locations.

**Table 4-11: The Place of Works of the Inhabitants in Kebon Kacang**  
**Source: Own Survey 2005.**

The Place of Works of the Inhabitants in Kebon Kacang

Location	Percentage
Home	36%
Kebon Kacang Neighbourhood	11%
(but not at home)	
Same sub Municipality (surrounding area)	7%
Same municipality	32%
Other location	14%

The high numbers of inhabitant who works at home and the local neighbourhood (47%) indicate there is a strong relation between the local livelihood and the local space.

With limited means to join the formal job market, they have to rely on their own initiatives in the informal sector to survive. By working informally at home or in its close surrounding, production cost could be greatly reduced. Working at home also offers them great flexibility in term of time and labour arrangement. They still could do their own house chores and looking after the children while doing their economic activities in the same time.

The “local” nature of the type of economic activities also shows the low scale of the activities as it is mostly locally bound and targeted for the local market.

Result from the interview shows that many inhabitants are content to live in the area for its central location with great access to the city as the source of employment. Though not all of them are able to get their employment there, there are many economic opportunities to be capture from the city.

#### **4.2.4. Physical capital**

##### **The Living Space**

Based on the official statistic report there are 137 poor households (1.8%) and 607 poor populations (2.7%) in Kebon Kacang area(BPS, 2004).The number already shows a relative increase from the year 2000, with 128 poor households and 445 poor populations. This number is calculated by a set of criteria that was set by the statistic bureau (BPS *Biro Pusat Statistik Indonesia*). According to BPS, a household is considered poor if it has at least three out of the following seven characteristics that cover the issue of spatial quality, access to basic provision, health and possession of collateral as follow:

1. The dwelling floor area is not more than 8m<sup>2</sup> per household member
2. The dwelling floor is unpaved
3. No private or communal sanitation facilities accessible
4. Very limited variation of daily nutrition
5. Each household member could not afford to purchase more than one set of clothing per year.
6. No possession of physical assets such as property ownership, agricultural land ownership, shop, workshop, motor vehicle or jewellery.

More than half of the household (56.9%) floor area up to 49m<sup>2</sup>. The average number of household member of the inhabitant is 3.39. If we calculate the average poor house area, it should be 27.12 m<sup>2</sup>, meanwhile the actual average floor area is 64.3 m<sup>2</sup>. It indicates that the area is predominant non-poor household. However considering the fact that there are more than half of the household with much smaller floor area indicates that the area is far from homogenous.

**Table 4-12: The Composition of Floor Area per Household (m<sup>2</sup>)**  
**Source: BPS 2005.**

Floor Area(m <sup>2</sup> )	The Composition of Floor Area per Household (m <sup>2</sup> )					Total
	<20	20-49	50-99	100-149	150+	
%	8.4	48.5	21.3	10.5	11.3	100

In reality, it is very difficult to get the real number of the poor households and population in the area, as many have escaped the census. Based on the field observation, it is assumed that

the number is actually much higher than it is indicated in the BPS 2007 report.

The criterion of poverty is rather dilemmatic due to the existing of many different standards and of course local context. The World Bank categorizes a person as moderately poor when he/she lives on less than 2\$ a day and extremely poor on 1\$(World-Bank, 2000). In accordance with the standard we have to observe the level of daily consumption which in the case of Kebon Kacang is difficult to achieve since the data is unavailable.

Despite the obscurity of the legal status of the living space, this space is one of the most significant parts of the physical capital of the kampong inhabitants, which commonly being appropriated as economic spaces which is flexible enough to be adapted to their own need and term, it is therefore it is an important tool of production for the local community.

#### **The Public Space**

Another important physical capital of the kampong inhabitants are actually the public spaces. A great number of the informal economic activities in the kampong area are taking place in the public spaces. Though the appropriation of such spaces could be legitimized, it is commonly done through particular negotiation process which could only take place in a community that has a strong social cohesion.

Spaces such as street spaces, pedestrian walks, and spaces on top of gutters, are the most common public spaces that are being appropriated for economic activities. And these spaces constitute the important part of the physical capital for the local community, since access to formal spaces is difficult due to financial constrain.

#### **Security of Tenure**

Most of the inhabitants in Kebon Kacang do not have a legal right of ownership of their properties. Most of them hold a *girik* right (land tribal right), which a kind of land certification that is acknowledged by the National Land Agency but does not entitle them the rightful ownership of the property. Though the status of *girik* rights is often unclear there are markets for this especially for those who are not well informed about the obscurity of the status of these rights, many were passed over to different hands across the years. This practice takes place in the informal land market. This has lead to the chaos of land market, and on top of all it often leads to complicated

land disputes since there are many cases of *girik* falsification in the city.

Many properties were inherited from one generation to another without official documentations. Based on the questionnaires with it was revealed that around 26% of the respondent inherited the property from their predecessors, from grand parents to parents and to children. Many families have to divide their property into several smaller parcels according to the number of their children. Consequently the size of the property units is literally getting smaller across the years. This phenomenon to some extent contributes to the unclear land ownership status in the area which often leads to land disputes. Being denser by the year, the long narrow alleys also create other problem such as lack of day light exposure inside the houses. Many household are subject to humidity problem, creating a less than healthy living condition.

From the 137 registered poor households in the area, 49% (68 households) claims to own the property, while 45% (62 households) are tenants, the rest of the group are unclear. From those who claim ownership, most of them only have *girik* rights. The most significant problem arises from the insecurity of tenure is that the inhabitants could not use their property as collateral, their property therefore as de Soto called it; dead capital. It is very difficult for them to sell it in the formal land market, and it is also problematic for them to claim their ownership in case of forced eviction or land acquisition.

#### **4.3. The Level of Integration between the Kampong and the City**

As it was already discussed in the previous chapter, the integration between the kampong and the city is argued as one of the important step towards its sustainability. The following part is analysing the level of integration between the area and the city; measured by a number of aspects; the political, physical and socio-economic integration (for definitions: see previous chapter).

##### **4.3.1. The Political Integration**

###### **The Governance Structure**

In term of spatial territory, the area is officially politically integrated to the city. It is recognized as formal urban territory of Special district Jakarta Capital (DKI Jakarta). It is a part of the Centre Jakarta Municipality, Tanah Abang

submunicipality and Kebon Kacang district.

As it was recognized as the official spatial territory, the local community groupings in the area such as the RT and RWs are also formally acknowledged as the sub part of the city governance. This legal acknowledgement has given the area a much stronger bargaining position with its own sub authority.

Theoretically through this acknowledgement the kampong also obtains the rights to have basic infrastructure provisions and the public facilities in its area; however the reality does not always convey the theory. The implementations of this provision is a different story, see the next discussion about the physical integration.

###### **The Legal Status of the Inhabitants**

Though the area is formally recognized as a part of the urban territory, the legal status of the inhabitants is more problematic. BPS report shows that 23.8% of the kampong Kebon Kacang inhabitants are illegal, meaning that they do not have any legal paper. These are mostly the newly arrived rural migrants. Only 0.8% of the new comers is legally registered; they are those who hold the temporary inhabitant identification (KIPEM Kartu Identitas Penduduk Musiman). The other 5.4% of the new comers do not bother to legally register themselves; they only hold the other city's identification card which actually does not permit them to stay in other city than their own. The majority of the inhabitants 70% is legally registered in the municipality.

**Table 4-13: The Status of Legality of the Inhabitants**

**Source: BPS 2005.**

The Status of Legality of the Inhabitants	
Type of Legal Identification (ID)	Percentage
Jakarta ID	70%
Other City ID	5.4%
Temporary Inhabitant ID	0.8%
No ID	23.8%

In reality the number of people who do not hold the legal identification is much more than the figure showed by BPS. Though the population registration is done on the RT/RW level, it remains difficult to have an exact number of the population. The control over the inhabitants has increasingly been stricter every year due to the increase of criminality in

the urban area. In Kebon Kacang area in particular, they are constantly dealing with a number of drug dealers from foreign nationalities. Though all new comers and even temporary visitors have to report themselves to community leader, some of them still escape the registry.

#### **The Security of Tenure**

The political integration on the level of the security of tenure is very problematic. As it was already mentioned previously, due to the chaos in the land registry, most of the inhabitants of the area posses the *girik* right does not fully guarantee the security of tenure. Therefore though the area is formally recognized as the formal urban territory, the inhabitants are still at peril to losing their homes.

#### **4.3.2. The Physical Integration**

The indication of the physical integration of the area with the city is measured based on the existence and the adequacy of different technical networks such as clean water, sanitation (sewage and garbage collection), electricity and communication, public services/facilities and transportation. Recognized as the formal urban territory, the Kebon Kacang area is relatively connected to the city infrastructure networks; however the distribution is far from even, see the following descriptions.

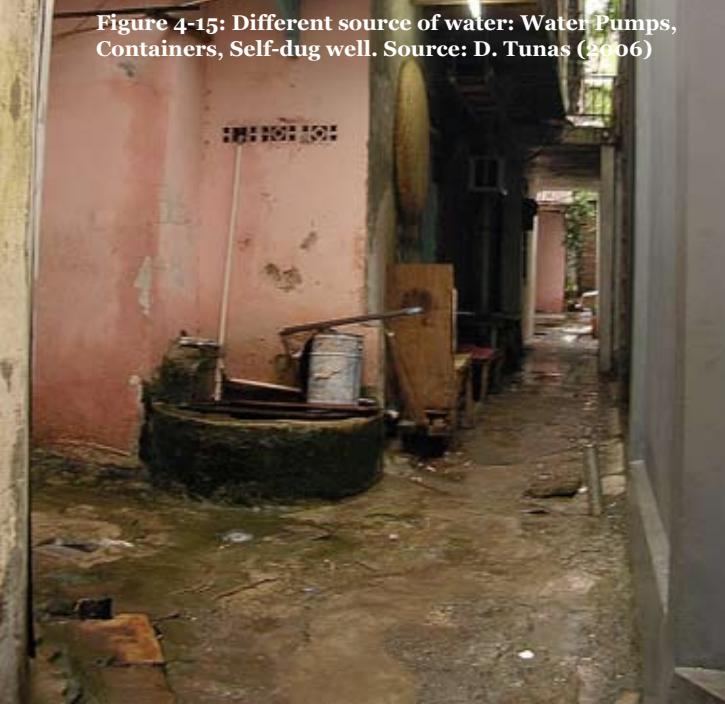
##### **Access to water**

Clean water network is one of the most significant infrastructure provisions. Though the area has already been connected to the city clean water system (PAM, Perusahaan Air Minum), in many part of the kampong especially the smaller size blocks in the narrow alleys, many households still have to rely on self-dug well, hand water pumps, and water vendors (see pictures above). This indicates that the area is still not sufficiently and evenly connected to water network. From the 137 poor households, 31% (43 units) have their own source of water (mainly self-dug well), 19% (26 units) rely on communal water source, and 50% (68 units) have not access to water at all (BPS, 2004). (See different sources of water, Figure 4-15).

This problem however is not only evident in the kampong area. It is also evident on the city level as many households in better-off areas also still rely on their own source of water, in particularly the self-dug well, in addition to the water they get from the PAM. With 39.5% (BPS, 2006) f the total



Figure 4-15: Different source of water: Water Pumps, Containers, Self-dug well. Source: D. Tunas (2006)



Jakarta households pumping water directly from the ground, the city is facing an enormous environmental pressure, as the city water level continuously decreasing while the sea water coming farther hinterland.

The insufficiency of infrastructure also often leads to economic opportunities for other. In the kampong area, the insufficiency of clean water supply, lead to the mushrooming of laundry services in the area, in particular for the lower-middle income household or the white-collar workers who could spend an extra money to get their dirty laundry done. There are two type of laundry services, the manual washing which is mostly done by housewives at home (or next to any public water source) or the commissioned laundry service, which is further distributed to other bigger laundry services in the neighbourhood.

#### Access to sanitation

Each household in the area normally has a privately built garbage container in front of the house (see photos). The

garbage is normally collected in daily basis under the coordination of the local RT. From there the garbage is pooled in the neighbourhood garbage stations.

Based on BPS report, it is indicated that the Kebon Kacang area produces 9 ton of litter per day, all of which are collected in 4 different garbage stations. Based on the report it is said that 96% of the waste are managed to be collected (BPS, 2005). However pictures from the site show otherwise, mountains of uncollected garbage could be found in many corners of the area. Scenes such as garbage burning are normal to be found in the area. (See Figure 4-16).

Around 73.1% of the household has private sanitation facilities (toilet/bathroom), while 24.5% has access to communal facility and 2.4% has only access to public facility (BPS, 2000).

#### Access to electricity and communication network

Though the National Electric Company (PLN – Perusahaan Listrik Negara) has been providing its service in the area for some good decades, judging from the common sighting of electricity pole hacking, many of the households still get their electricity illegally. Even though officers from the company from time always come to the site to control the energy consumption per household through the individual meter box, the illegal energy stealing practice is still rampant the area. The practice could not be explained by the bad network, since it is actually already existing in the neighbourhood, the only explanation is that some of the people simply do not want or could not afford to pay for it. (See Figure 4-17).

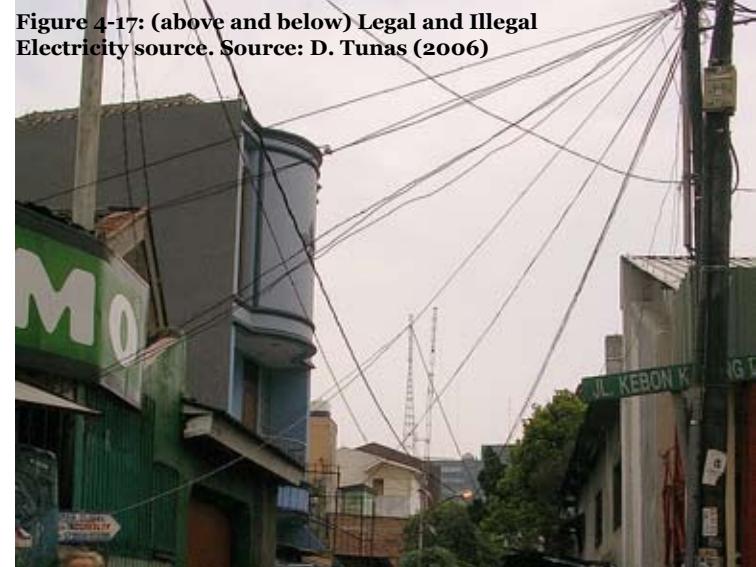
Telecommunication network in the area is also available though many poorer households do not have it at home. The absence of communication means at home, gives economic opportunities for other who could get hold of the network. Phone shops are sprouting all over the kampong area, offering pay-phones and fax services, and occasionally also internet services. However communication is not all that difficult in general, as the possession of mobile phone (though mostly second-hand one) is increasingly common among the kampong inhabitants as the pre-paid mobile card is readily available. From the 120 respondent, more than half has mobile phones. It is important to notice that the “texting” culture or SMS (Short Message Service) in Indonesia is very popular, exceeding the regular phone conversation whose rates are far more expensive than a simple SMS.

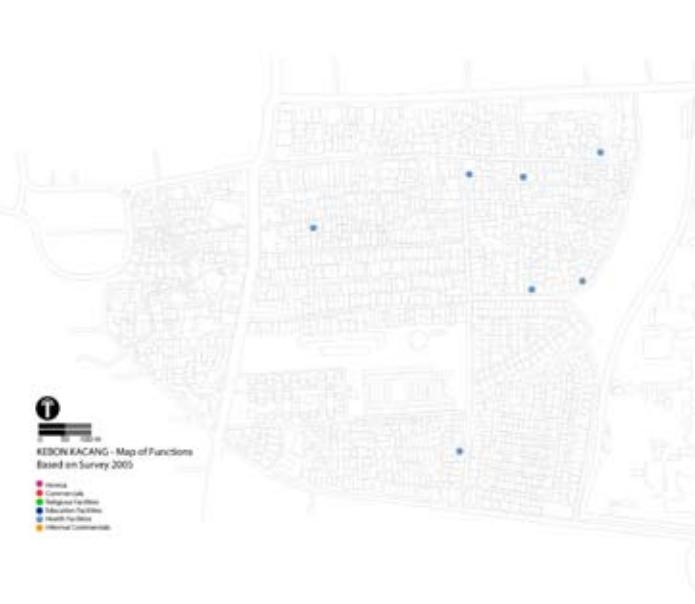


Figure 4-16: The mismanagement of trash collection: The pooling of household trash in one part of area. (Source: D. Tunas)



Figure 4-17: (above and below) Legal and Illegal Electricity source. Source: D. Tunas (2006)





**Figure 4-18: The Location of Health Facility in Kebon Kacang Area.** Source: Own Elaboration.

In Kebon Kacang area, it is recorded that there are 24 public phones, 18 telecommunication shop and 4 Internet shop (BPS, 2004) which is not really sufficient for an area that covers 71 hectare with a density of 441 person per hectare.

#### **Access to health care and public services**

Though the Ministry of Health provides the public health services through PUSKESMAS (Pusat Kesehatan Masyarakat, Community Health Centre), many Indonesian citizens still rely on private health services.

The PUSKESMAS service is provided in the sub-municipality (Kecamatan) level, there are 334 of them in the city which is distributed in 43 sub-municipalities and 110 villages (DEPKES-RI, 2007). It means 1 PUSKESMAS for every 30 thousands population; judging from the mostly small scale and modest facilities of this type of health facilities, the number is hardly sufficient. Furthermore, it is not very well distributed. There are six PUSKESMAS in the Tanah Abang sub municipality, and only one in the village (also called Tanah Abang) where the kampong is located and where the population density is among the highest in the city.

Though the PUSKESMAS is subsidized by the government, health costs are still considered too expensive for many urban poor also those who live in Kebon Kacang.



**Figure 4-19: Self Initiated Sport Facility,**  
Source: W. Sebastian (2004)

Apart from that, there are 8 units of private health facilities, which are consisted of a number of general practitioners and dentists. (See the location in Figure 4-18) However these practices mostly targeted the middle and middle-upper income group, who could pay more for the service.



**Figure 4-20: The Hierarchy of the Accessibility.**  
Source: Own Elaboration based on Google Earth.



### Access to transport and mobility

The Kebon Kacang area in general could be reached by a number of public transportation means; the formal (the buses and the mini-buses which are ran by private companies) and the informal public transportation such as the motorcycle taxies (*ojeg*) and three-wheeled motor taxies (*Bajaj* which is similar to tuk-tuk in Thailand). The bigger public transportation means however only reaches the main arteries of the area, and do not reach the inner areas. (See Figure 4-20 for the hierarchy of the accessibility)

Due to its narrow alleys (see Figure 4-21), the inner areas are rather difficult to be reached by motor vehicles. This situation was a legacy of the former situation when the area was still a native kampong with its muddy narrow alleys. Many of the alleys that were frequented only by pedestrians in the old days now are often barely enough to accommodate a single passing motor-vehicle. The situation of course poses

**Figure 4-21 (left):** The narrow alleys in Kebon Kacang; barely enough to accommodate motor cycles or bicycle. A reminiscent of the former situation where motor vehicles were non existent in the area. Source: D. Tunas 2005, W. Sebastian 2004.

**Figure 4-22:** The common form of informal public transportation, motor taxi (below left) and **Figure 4-23:** Bajaj (below right) Source: W. Sebastian, D. Tunas, Minh Anh 2004.



significant accessibility problems in the area.

Traffic jam is chronic regardless of time of the day. One of the most convenient modes of transportation in the area is the *Ojeg* (Figure 4-22) and *Bajaj* (Figure 4-23) which are very popular among the inhabitants, which is being small and agile they could easily manoeuvre and avoid the traffic blockages in the narrow alleys. Some of the alleys such as shown in Figure 4, could even barely accommodate pedestrians.

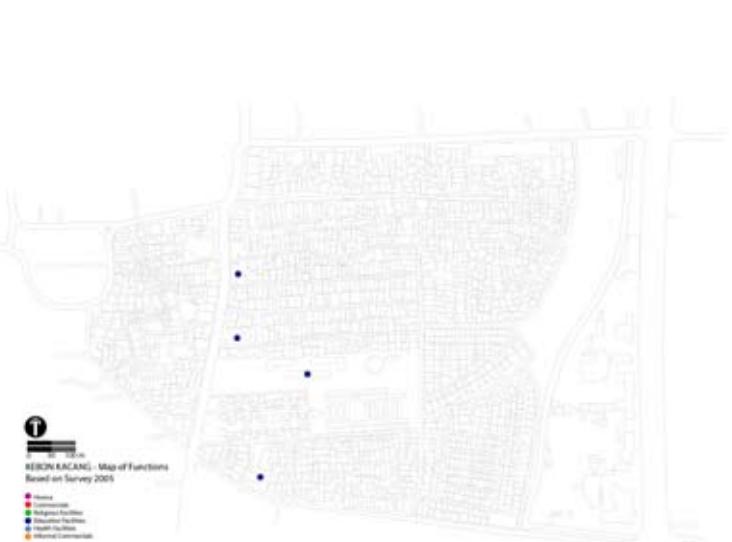
Informal transportation services such as *ojeg* also provide employment for the kampong inhabitants, who often rent their motor-cycles for such business, many also drives and take the passengers themselves. The *ojegs* mostly gathered around commercial areas while waiting for passengers.

### Access to education

There are a number of public schools in the area; five kindergartens (TK or Taman Kanak-Kanak), five elementary schools (SD or Sekolah Dasar), five junior high schools (SLTP or Sekolah Lanjutan Tingkat Pertama), two senior high schools (SLTA or Sekolah Lanjutan Tingkat Atas) and one technical school (SLK or Sekolah Lanjutan Kejuruan) (DEPDIKNAS, 2007). (See Figure 4-24, for the locations of the education facilities).

By law every child should have at least nine years of basic education, starting from the age of six. According to the statistic there are 3859 individuals between 7-18 years old currently attend schools. Judging from the number of basic schools and high schools in the area, with the ratio of average 300 pupils per school, the area relatively has sufficient lower education facilities. This is quite promising in the long run, meaning that there is an undergoing education betterment. However in term of higher education (college and University level), it remains problematic. Report from BPS2007 shows that the biggest percentages (87%) of the openly unemployed group nationwide are those who only attended the elementary and secondary schools (both Junior and Senior High School). From the total number of individual nation-wide who is older than 18 years old; only 15% of them attend the higher education and even less who actually finished their study.

From the actual profile of the education level of the adult population in the area half of the population is low-educated (high school graduates or lower). If this number stays like that it means that they would remain having limited access to



**Figure 4-24: The Location of Education Facilities in Kebon Kacang Area. Source: Own Elaboration**

the formal employment market.

Registry from the Ministry of Education indicates that more than half of the elementary school in the area is religion-based school (Moslem schools, the *Madrasah*). This could also indicate the important role of religion in the area (which is also confirmed by the high number of mosques existing in the area), which significantly influencing the nature of the social cohesion among the local community.

### 4.3.3. Socio-Economic Integration

The socio-economic integration of the area could be measured by its level of access to the formal employment market. This is not only indicated by the level of education of the population but also by the actual participation in the formal employment arena.

However due to the diversity of the area, it is rather difficult to make generalization. In the better-off part of the area, employment in the formal sector might be significantly higher than the poorer area. Nevertheless, it is worthwhile taking into account the fact that informal sector holds an important role in the city in general. In Jakarta, the role of the informal sector is very significant for the livelihood of the city in general disregarding the socio-economic background or where this particular individual lives.

One indicator that could be relatively objectively used is the level of education of the population. The level of education which also signifies the level of skill could indicate the ability of the inhabitant to integrate them selves in the formal employment market.

Based on the previous observation, it was already mentioned that due to the education improvement it seems that in the long run, there could be a significant improvement of the level of skill of the population. As for the actual population, whom half of them never attended higher school, it is rather difficult to gain access to the formal job market. Of course it is also possible for people with lower education to join the formal sector, providing it is in the manufacturing sector or low-level services, which do not require specific skills. However it is still important to mention, that there is a certain limit of labour absorption in these sectors.

The fact that there is a large number of white-collar workers who stays in the worker lodging in the area, who comprised the biggest percentage of high skill individuals in the area; brings another false indication since these commuting inhabitants are not the actual inhabitants of the area. So in reality the number of the high skilled population who live in the area could be considerably lower than it is shown in the figure.

From the actual cases in Brazil that was already discussed in the previous chapter, the fact shows that the official address of a person is very significant determinant in finding a proper employment, as many employees are rather reluctant to hire somebody who comes from the favela due to its common association with violence and criminality. In the case of Jakarta, such case of stigmatization is not apparent; in general employees are not discouraged to hire somebody who comes from the kampong.

#### 4.3.4. Conclusions

[1] The characteristics and context of the kampong is very diverse, in term of its origin, demographic profile, legal status and its level of integration with the city, therefore kampongs should not be generalized at given any level. Furthermore, even one single kampong is often inhomogeneous; with different arrays of population, physical conditions and socio-economic conditions.

The following conclusions are based on the case of the kampong Kebon Kacang, it might also express similar

situation in certain other kampongs in Jakarta. What could be deducted from the following conclusions is the importance of the proper indicators to analyse its potentialities, problems and sustainability.

[2] Financial capital is not exactly the strong point of the kampong. With very low participation in the formal job market, regular income is a luxury. And without the security of tenure, the kampong inhabitants could not make use of their property as any collateral; therefore it remains to be the dead capital.

[3] Due to the relatively large number of the low-skilled labour in the kampong, human capital is not particularly strong either. Though it seems that there is an undergoing education improvement in the area, which is going to show its impact in the coming decades, the actual education level situation is rather low. With more than half of the inhabitants attended only secondary schools, it remains difficult for them to have better employment which could significantly improve their quality of life in the short run.

[4] Social capital is one of the best assets that the kampong inhabitants have. With relatively strong social relations at the local level, there are a lot that could be achieved through these networks. Most relations are made between individuals or group who come mostly from similar social and economic background. Social bonding between family members is probably the most noteworthy. Many small local business owners are actually hiring their own family members. Social bridging between community member, women group and religious group is also particularly strong. However, there is a considerable lack of social linking, due to the lack of association with those who has stronger bargaining position and more significant role in the decision making process, which is probably the most beneficial of all.

[5] The most important physical capital of the kampong inhabitants is their dwelling unit, which they use not only as living space but also their production spaces. With limited means to support their livelihood, the role of this space is very vital. However unfortunately, this very capital is rather vulnerable due to the lack of the legal tenure.

Another important capital for them is the public space, as many of the local small business owners are actually using the public space as their production space. The usage and the occupation of these spaces are highly depending on the social

capita; their relation with the neighbours through which the process of negotiation and agreement was made possible.

[6] By being recognized as part of the official urban territory, the kampong is to some extents are politically integrated to the city. However, given the fact that many of kampong inhabitants are actually illegally living in the area, the inhabitants are not fully integrated to city, since they could not claim their right as a citizen and obtaining a stronger bargaining position.

The ultimate sign of the political integration could only be indicated by the presence of the security of tenure, which is still lacking in the kampong. Without this, the other form of integration could not guarantee sustainability.

[7] The level of the physical integration of the kampong area with the city is very diverse. It has to be analysed in relation with the general profile of the city. The relative level of the integration with the city's infrastructure network is particularly better in area that is politically integrated with the city. However it does not mean that the networks are well distributed in the area. Another problem is that many households are not integrating themselves to the network due to some financial constraints.

[8] The socio-economic integration could not be generalized due to diversity of the local situation. The indicator of the socio-economic grouping is rather problematic since many kampongs are not homogenous in its demographic profile; it could range from lower to middle upper income group. Some households are better off than the rests, and better integrated socially with the city.

[9] The indicator of the participation in the formal employment market is also problematic to be employed in this sense since the role of the informal economy in the city level in general is very significant. However, the future prospect of the increase of such participation could be employed, providing the assumption that there is a growing trend of formalization in the city. In this case, the indicator that could be rightly employed is the level of the education of the inhabitants, which though at moment does not seem to be too promising; it could reach at better level in the future.

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CHAPTER 5 | LIVING AND SURVIVING IN KEBON KACANG



## CHAPTER 5 | LIVING AND SURVIVING IN KEBON KACANG

This chapter deals with Socio-Spatial Dynamic of Survivability in the urban kampung. To illustrate the discussion, it uses the case of the Alley No. 2 which is one part of the Kebon Kacang area that represents a typical condition and situation of the local dynamic of the urban kampung. The data presented in this chapter was acquired from a series of field work in year 2006 and 2007; it involves a number of in-depth interview, questionnaire distribution and mapping.

The first part presents the general introduction of the Alley No. 2, the location, the profile of inhabitants and the specific spatial characteristics.

The second part analyses the spatial dynamics of the economic activities, in term of the functional occupation, the functional interaction and the spatial occupation in Alley No.2

The third part analyses the life chances in the area based on the previous analysis, using the indicators of “options” and the “ligatures”, and analyses the extent this life chances is constraining or supporting the continuity of this area.

The fourth part analyses the situation in relation with the theory of the “Bases of the Social Power”, to see to what extent the community is really empowered.

### 5.1. The Profile of the Study Case Area

#### 5.1.1. The Location

The alley No.2 is located in the North part of *Kebon Kacang* area (See the Location in Figure 5-1). The area has great proximity to the Tanah Abang market, one of the city's most important primary market and the nationally important textile retailer. A stone throw away from it, there is a local market Gandaria, which are one of the city's many tertiary distribution markets, which mostly sells regular foodstuff, like vegetables and meats.

The existence of the alley has been recorded since the turn of the century, as it is noticeable in a number of historical maps of *Kebon Kacang* area (see previous chapter). Though most of the old building structures have been destroyed and replaced with newer structures, the area still retains its old morphological structure.

#### 5.1.2. The Profile of the Households and the Inhabitants

There are 30 households in Alley No.2. These households mostly belong to lower income group with low level of

The Location of the Detailed Study Case with the Main Streets and the Important Sites



Figure 5-1. The Location of Alley No. 2, Source: Google Earth and Own Elaboration



Source: Own Elaborations based on Google Earth Images

education; no higher than high-school graduates.

The demographic profile of the inhabitants are rather diverse, they are coming from many different ethnic group, Betawi (Local Jakarta people), Chinese Indonesian descent, Arabic descent, Javanese as well as Sumatrans.

Adding up to the diversity of the inhabitants, there are also the formal labours who live in the two worker lodgings; people who works in the nearby CBD as the pink and white collar workers. They are coming from other part of Jakarta also from other regions such as Java, Sumatra and other islands. The white collar workers normally have higher education and income level from the rest.

The result of the interviews and field observation show that the social relations between the inhabitants are relatively strong, in the sense that most of the inhabitants know each other by their first names, socialize and interact at daily basis. They are also willing to provide help or favour to each other such as guarding kids or waiting each other's business establishment.

This strong social relation could be explained by the fact that many of the households have been living there for more than twenty years and in addition, there are a number of households related by familial line in the neighbourhood.

Most of the inhabitants are engaged in the informal economic sector, both locally in the neighbourhood or in the kampong it self and in

other part of the city. To give an overview of the inhabitants in Alley No. 2, following is the description of the profile of the inhabitants, based on the results of a series of interview done in February 2007. (Note: the number of the Informal Business Enterprises or IBE behind their names to refer to business that they own).

The description shows the different profiles of the inhabitant living in the area, from the different age group, gender, ethnic background and skill. It indicates that the participation in the informal economy is not constrained by the aforementioned characteristics. (see Figure 5-2 for the profile of the selected inhabitants)

### 5.1.3. The Spatial Characteristics

Alley No.2 is an example of the typical older kampong alley in Kebon Kacang. The width of the main alley is relatively narrow around 1.5 to 2 meters wide only. There are several smaller sub alleys connected to the main alley which measure no more than 1 meter.

The area is a mélange of old and new structures. Some buildings are remnants of the older periods, while others have been recently renovated or completely rebuilt. The general scene portrays a collage of building extensions from different periods, which abides to no clear building regulation. Most of the building construction is built based on their own initiatives and financial means. (See pictures of the spatial conditions, Figure 5-3)

Due to the limited available living space, there is no clear distinction between the private and public living space, since they are also using the public space as their living space, see Figure 5-4. People are doing their economic activities on the street space, while children are playing around and housewives do their laundries on the sidewalks. As a result, neighbours often meet each other and interact in the street and this situation helps to strengthen the neighbourhood social relationship.

## 5.2. The Spatial Dynamics of the Economic Activities in the Alley No. 2

### 5.2.1. The Functional Occupation

The mixture of functions in Alley No. 2 is a good representation of almost all the type of functions commonly found in the kampong. In this lively area, more than fifty percent (50%)

of the households are hosting informal economic activities. There are a number of small and medium Informal Business Enterprises (IBEs) in the alley, such as cooked food stalls, convenient shops, laundry services, telecommunication shops, worker lodgings, furniture workshops and so forth. (see the following Figure 5-5).

The type of the functions in the area shows common characteristic of the economic activities normally found in many urban kampong. Based on direct site observation, it could be said that most of them are mostly low-skilled, low-capital, low-tech and non-intensive labour (see corresponding table: Characteristics of the IBEs) (see Table 5-1). This evaluation is based on the *relative* comparison of the local economic activities. It is *relative* since it is based on personal observation since it is rather difficult to gain exact information regarding these issues.

Low skill; refers to the relatively low level of education/training, skill and knowledge that is needed to operate this business.

Low financial capital; refers to the relatively low economic investment put into the business, for example for buying tools, raw materials and other operational cost.

Low labour capital; refers to the relatively low number of labours employed in the business.

### 5.2.2. The Functional Interaction with the City and its Surrounding

The economic interaction between the kampong, and its informal economic activities with the city's formal sector could be noticed at two different levels; first, based on the scope of the target market of the IBEs, and second, based on the linked-line of production.

In the first level; *the direct interaction*, the kampong is directly relying on the formal sector as the captured-market. The continuity of these businesses therefore indirectly depends on the situation of formal sector.

In the second level; *the relative interaction*, the kampong is relying on the formal sector as the source of goods and raw material, needed for the process of production in the local level.

Many goods that are traded in the local neighbourhood shops normally are coming from and produced in the formal sector.

Figure 5-2, The profile of the Selected Inhabitants, page 154-157.



1. Mak Ani, age 84 (IBE4)

Mak Ani probably a living example of a diminishing native Betawi people. She was born, grew up and old in Kebon Kacang. She has no other "kampong" to call it home. Her parents and grandparents have been born and passed away in the area as well. Through the years her extended family have moved around in the area, living in different houses, but simply persisted to stay within the boundary. Mak Ani never enjoyed proper education though she could read and write. Her husband also a betawi people has passed away years ago, leaving her to the care of her children. She has four children, all of whom got no higher education than high school graduates. Nowadays she lived with three of her children and one grandson. Her sons work outside the boundary of Kebon Kacang, one in the neighboring kampong Kebon Melati and the other farther away in Kebon Jeruk, but both still lives in Kebon Kacang. Her grandson works closer by in the Tanah Abang market as a porter. To contribute to the household economy, in her old age, Mak Ani still makes an earning by cooking and selling food, helping her daughter in law. Everyday they cook in their own kitchen and sell the food in front of their house. They set a table to display their sale. Apart from that they also drop the food by their neighbor to be sold. In general they do not cook in large quantity, normally shortly after mid day, all the foods already sold out. According to her, despite the minimal level of income the house hold generates, it is rather enough to cover their expenses. They are really content living in Kebon Kacang, being centrally located in the city. And the long family history

2.

The Jamila daughters (IBE 586)

Jamila is 55 years old lady and her husband, were born and grown up in Kebon Kacang. She has been living in the area all her life.

She has three adult daughters, two of whom still live in the alley. They had sent their daughters to school, but like many Kebon Kacang children, they did not go further than elementary school level. She and her husband are now financially supported by their daughters. They are living in the family house that is now split into two houses. They are living together with the eldest Lela (32 years), who is single. Lela sells cooked food in front of the house. Her clients are mostly the CBD workers who live in the lodgings across the street. They usually come by for a quick breakfast. Shortly before lunchtime, everything is sold out, then she goes to the market to buy the ingredients for the next day sale.

The youngest one Meli (27 years), who lives in the other part of the house with her husband and young daughter, sells prepaid phone card in front of the house. Her clients are mostly the CBD workers as well. Her husband who is also originated from Kebon Kacang, works in the Tanah Abang market.



3. Muliadi Family (IBE7)

Muliadi and her wife were born, grown up and live in Kebon Kacang. They have 5 children.

The eldest son is married and has moved out to surrounding town, the second one is still studying in a college, the third one runs a neighbourhood kiosk in the same alley, the fourth one is already married and moved out to other municipality and the youngest one is still studying in the elementary school.

Muliadi works as a driver for a family who lives nearby the area. Most of the time, he is never at home. The wife stays home and does not work. The fourth daughter, Mega 25 years, still comes to Kebon Kacang everyday and she runs a laundry business from the parents' home for the last three years. She delivers the dirty laundries to another bigger laundry service nearby, so actually she is only a representative of the other company. For her service she gets 25% commission. Most of her clients are the CBD workers who do not have time and facility to do their own laundries. Apart from that, she also helps the third daughter running her kiosk. This type of kiosk actually could be found all over the area, in every corner of the street, selling soap, cooking oil, cigarette, snacks and drinks. Interesting enough, competition is not fierce, as every kiosk has its own clientele; the people who lives the nearest. Only if they could not find the thing that they need, then they go to other kiosks. In many occasion, the clients could order something that is not sold in the kiosk. The relation between the clients and the kiosk owners are mostly informal and neighborly, they could even pay in terms. Many kiosks that target CBD workers only open in the evening when these workers are back to their lodgings.





4. Ibu Nurlela, age 50 years old (IBE10)  
Nurlela 50 years, was born and grown up in Kebon Kacang. Her husband has passed away few years earlier. She has five children. The oldest one who works as a security guard in Tanah Abang market is married, he, his wife and young son now lives in the house with Nurlela. The second one is unemployed. The third one is living and working in other part of the city. The fourth is still in high school. The fifth one, the youngest is still in elementary school. Nurlela sells cooked food in front of her house for the CBD workers. She serves a typical rice dish for breakfast. Before noon all her food is already sold out.



5. Ko Hendra, age 40 years old (IBE11)  
He runs a noodle kiosk in front of his house whose clients are mostly the people who works in the nearby commercial areas and the CBD workers. He is still living in the same house with his family; his parents and sister. The newly renovated house was inherited from his grandparents. His family is the descendant of one of many Chinese traders from Tanah Abang market who moved in to the area in the past. Like many other Chinese descent family in the area, normally they belong to the middle class group.

6. Mbak Mut, age 35 years old (IBE9)  
She runs a convenient kiosk in a little sub alley in the al-ley 2 since five years ago. She put all her goods in a small movable trolley. Her clients were mostly the local people or the CBD workers who live nearby. Generally they could pay in terms.

Her grand parents were born in Jakarta, they were orang Betawi. She is living in the house that the grandparents had lived earlier. The house does not belong to the family, they rent the house already for decades. Mut is single, she lives together with her 4 siblings in the same house.



7. Kodir, age 25 years (IBE15)  
Kodir runs this small convenient shop since 3 years ago. His shop is the biggest one in the al-ley 2. While other only used temporary installation to display their merchandise, Kodir has a permanent shop. His merchandises are also much more varied than the others. After he finished elementary school, he started earning money by doing many kinds of jobs in the neighbourhood before fi-nally he opened this establishment. Most of his clients are the local people and CBD workers.



8. The Fauzy brothers (IBE16817)

The Fauzy brothers have been running this carpentry business for more than one decade. The family has been living in Kebon Kacang for more than 30 years. Their parents came from Padang (Sumatera). There are quite a number of immigrants from that area in Kebon Kacang, who mostly came in relation with the textile trading. The brothers collect old furniture then remodel or recycle them to make new ones. They hired 4 craftsmen from the neighboring areas, who are normally working based on projects. They do not sell the furniture themselves; instead they distribute them to a number of shops in the other parts of Jakarta.



Figure 5-5: The Mapping of the Different Type of IBE (Informal Business Enterprises) in Alley 2.  
Source: Own Elaboration.

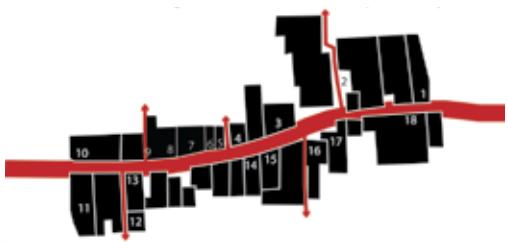




Figure 5-3 (this page and next page) The Spatial Characteristics of Alley 2;  
The Main Alley and its Sub Alleys. Source: D. Tunas 2006





Figure 5-4 The use of public space for living space for doing house chores, neighbour socialization and children play ground.  
Source: D. Tunas (February 2007)

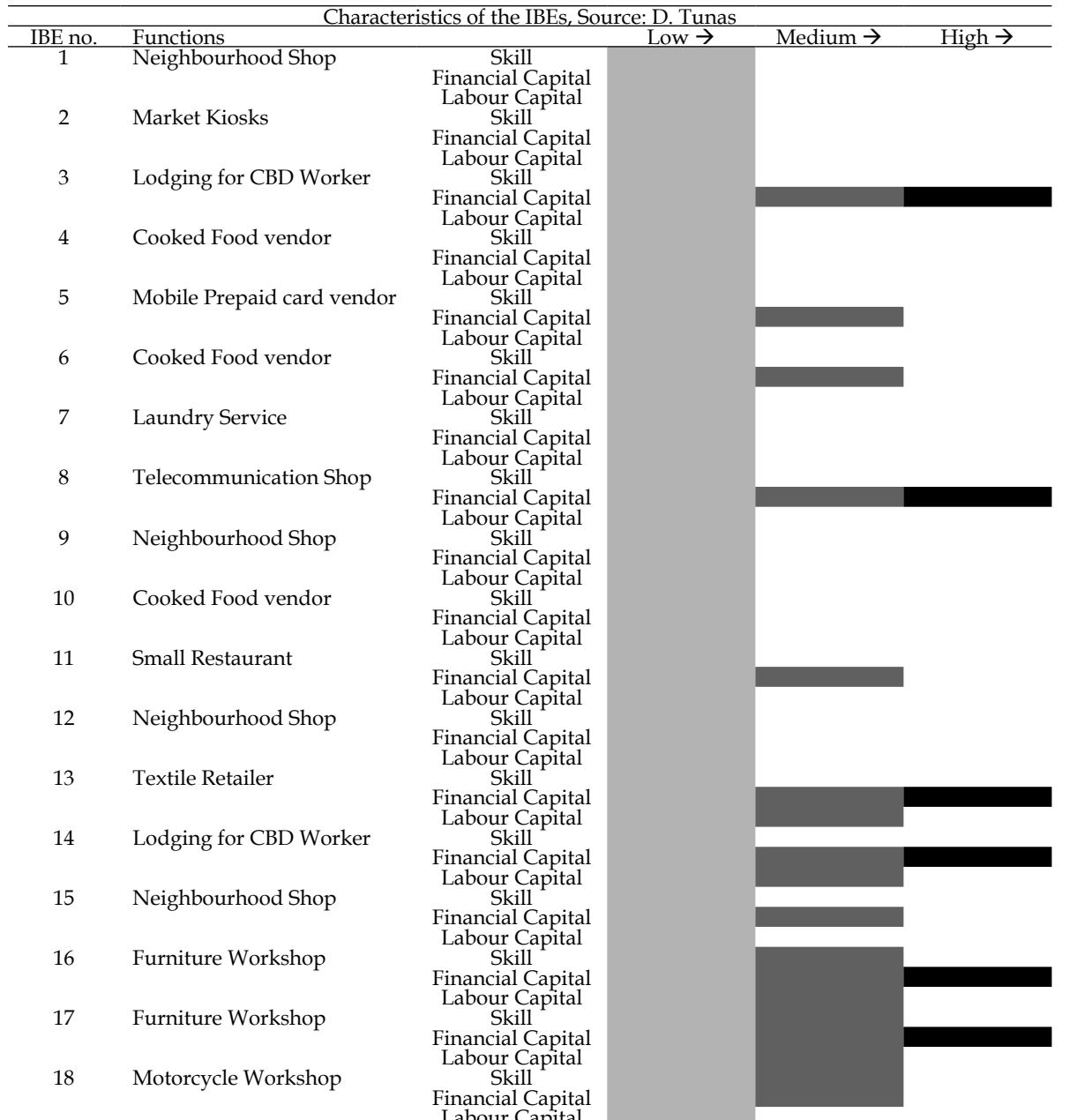


Table 5-1: The Characteristics of the IBEs in Kebon Kacang. Source: Own Elaboration.

Many local productions rely on the supply of raw material from the formal sector. The cost of the informal production therefore is highly dependent on the fluctuation of prices in the formal market.

Result from the site observation shows that the IBEs in the kampong are targeting different scope of market; the local, the surrounding CBD and the city level (see related Figure 5-6).

Based on the following table, there are three classifications of IBEs in the alley based on the scope of its relation with the city:

**Tabel 5-2 The Target Market of the IBEs, Source: D. Tunas**

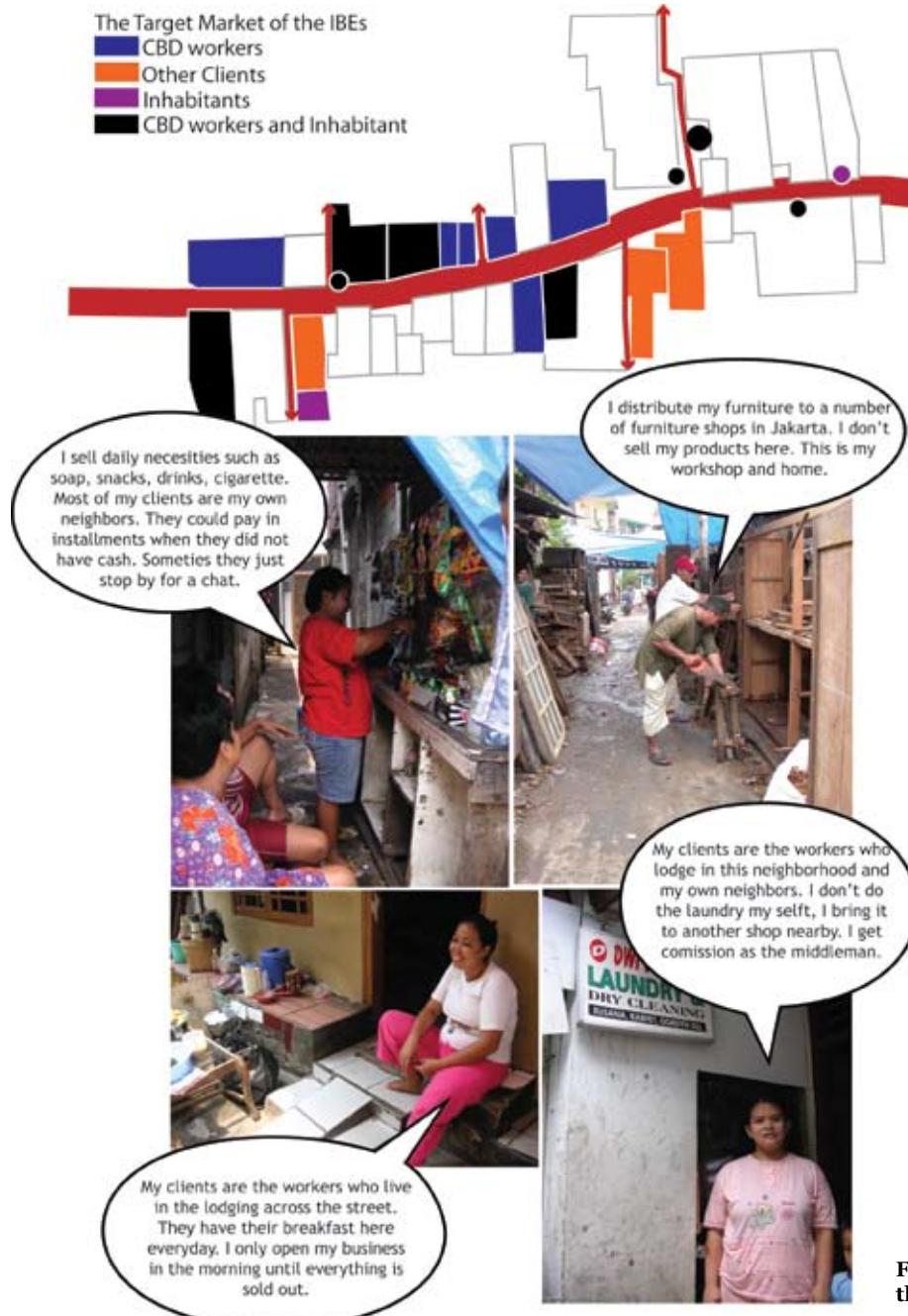
IBE no.	Functions	Local Inhabitants	CBD workers	Others
1	Neighbourhood Shop	✓		
2	Market Kiosks	✓		✓
3	Lodging for CBD Worker		✓	
4	Cooked Food vendor		✓	
5	Mobile Prepaid card vendor		✓	
6	Cooked Food vendor		✓	
7	Laundry Service	✓	✓	
8	Telecommunication Shop	✓	✓	
9	Neighbourhood Shop	✓	✓	
10	Cooked Food vendor		✓	
11	Small Restaurant		✓	✓
12	Neighbourhood Shop	✓		
13	Textile Retailer			
14	Lodging for CBD Worker		✓	
15	Neighbourhood Shop	✓	✓	
16	Furniture Workshop			✓
17	Furniture Workshop			✓
18	Motorcycle Workshop	✓	✓	

### **iii. Relation with the Local or Neighbourhood Level**

Other IBEs as shown in table have a more local level. They are directing their target market in the neighbourhood level, most of their clients are their own neighbours or other kampong inhabitants such as the CBD workers who live in the area. As opposed to the second type of businesses, they have a much smaller and narrow scope of operation.

This observation shows that the nature of the economic activities in the kampong is not necessarily local bound and smaller scale, as it is reaching other market. Though some of them are indeed local scale, there are existing wider scopes of network in the kampong area.

It also shows that the local livelihood is very much dependent



on the situation of the city in general, just like in any other part of the city.

### 5.2.3. The Spatial Occupation of the Economic Activities

Most of the IBEs operate their businesses in the informal spaces, such as the public space and the private living space, since they do not have any access to the formal space mostly due to the lack of financial means. They are using any kind of space that they could occupy such as the street spaces as well as their living spaces (see Figure 5-7 for the specific description of spatial usages). These spaces are in fact their main physical capital for running their businesses.

Based on the field observation (see the Figure 5-8), there are three different types of spaces used for the economic activities.

They are the *public space*; such as street space, spaces on top of the gutters,

*the private space*; the living space inside a dwelling, or

*the semi private space*; the veranda in front of the house.

In general the pattern of the spatial occupation reflects the following combination: (also see corresponding Figure 5-7)

1. The occupation of the public space
2. The occupation of the public space and the semi private space
3. The occupation of the public space and the private space
4. The occupation of the semi private space
5. The occupation of the private living space

The typology of the spatial occupation indicates the process of improvisation (see Figure 5-9). The IBE owners do not seem to be restrained by the limited available space in the kampong, instead they try to occupy any kind of space that are available in the

The Different Type of Spatial Occupations of the Informal Business Enterprises



The Public space used for Informal Economic Activity

Spaces of Economy

● Public spaces used for Informal Economic Activity



I set my shop on the sidewalk of the main alley on top of the gutter. My house is nearby, but this location is better since it is more visible from the main street.

I set my kiosk in the mouth of this alley, on top of a gutter. People passes by this narrow alley all the time. It is a great location.

I sell cooked food in front of my house. I set a table there and display my food. It is easy, I don't have to go too far to do my business.

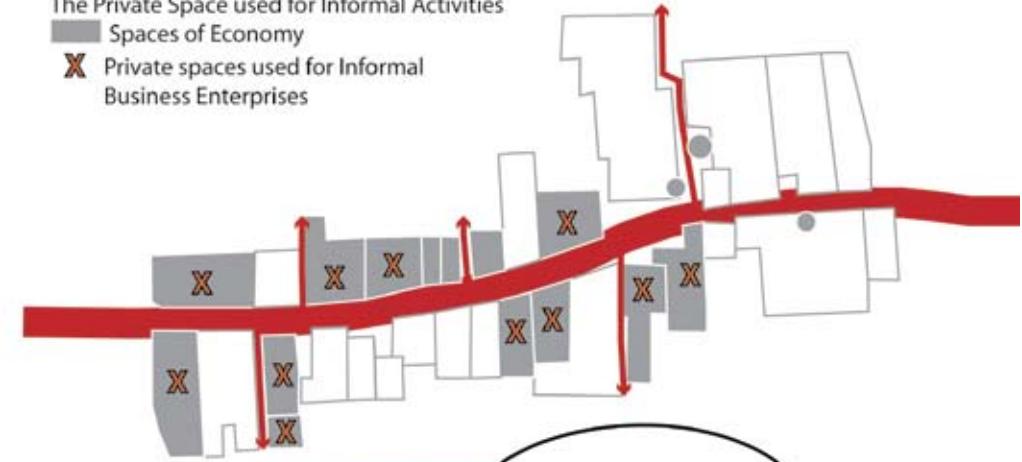


Figure 5-8 (this page and next page): The Use of the Private and the Public Space for IBEs, Source: D. Tunas

The Private Space used for Informal Activities

Spaces of Economy

✖ Private spaces used for Informal Business Enterprises



I open a shop in the front part of my house. I do not have to pay a rent. It is practical to live and work in the same place.

I set my noodle stall in the front part of my house. I put several tables where my clients could enjoy their meal. I could use my own kitchen to do the cooking and the washing.

I do my laundry business at home. In the same time I could take care of my children, younger brothers and do the house chores.



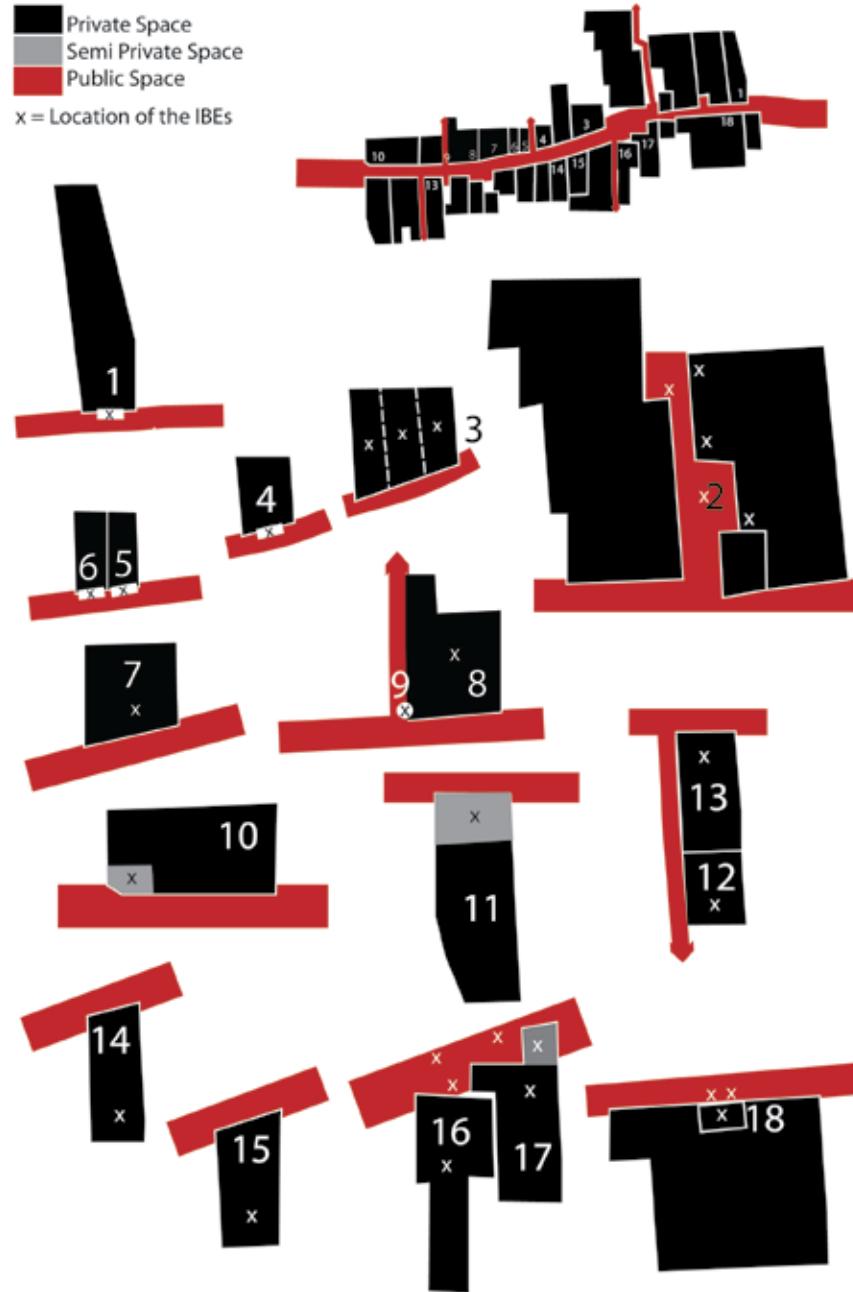
DWI CAHYA LAUNDRY & DRY CLEANING  
RUMAH KERJA GADING 12



The Mapping of Informal Business Enterprises (IBEs) location

- Private Space
- Semi Private Space
- Public Space

x = Location of the IBEs



**Figure 5-9: The Typology of the Spatial Use for IBEs, Source: D. Tunas**

**Tabel 5-3 The Differentiation of Space for Production and Exchange, Source: D. Tunas**

IBE no.	Functions	Space of Production	Space of Exchange
1	Neighbourhood Shop	-	Public
2	Market Kiosks	-	Public
3	Lodging for CBD Worker	-	Private
4	Cooked Food vendor	Private	Public
5	Mobile Prepaid card vendor	-	Public
6	Cooked Food vendor	Private	Public
7	Laundry Service	-	Private
8	Telecommunication Shop	-	Private
9	Neighbourhood Shop	-	Public
10	Cooked Food vendor	Private	Semi Private
11	Small Restaurant	Private	Semi Private
12	Neighbourhood Shop	-	Private
13	Textile Retailer	-	Private
14	Lodging for CBD Worker	-	Private
15	Neighbourhood Shop	-	Private
16	Furniture Workshop	Public	-
17	Furniture Workshop	Semi Private-Public	-
18	Motorcycle Workshop	Semi Private-Public	Semi Private-Public

area both the public and the private space. This to some extent also shows some degree of tolerance and acceptance between the inhabitants, as they do not seem to mind that the neighbours occupy spaces that are not actually theirs.

#### ***The Usage of the Spaces Based on the Production Process***

The differentiation of the occupation of the informal space could be further classified based on the space of production and exchange. Most of the IBEs do not have produce their own merchandize (like the neighbourhood kiosks) as they only trade the products that they obtained from the formal market. Some of them do the production in their private space while other in the public space. The process of exchange takes place in the private, semiprivate and public space. In general there are no strict distinction between living space and working space. Following is the Table 5-3 that describes the location of the production and the exchange.

#### ***The Usage of the Spaces Based on the Time Differentiation***

Many of the IBEs are using the space sparingly based on particular time differentiation. The operational time mainly based on their particular targeted market. Some only operates

in the morning and others in the evening, during the time when the target markets are at around, for example like the IBEs that are targeting the CBD workers normally operate before and after the official working hours. Some of them basically operate unofficially all day long, meaning that the clients just need to knock on the doors, and they would attend them right away. See following Table 5-4 to see the pattern of the operational time

#### ***Remarks on the pattern of the spatial occupation***

The result of site observation indicates that the spatial occupation of the IBEs is

very flexible. It is flexible in term of the type of the occupied space as the economic activities could literally take place anywhere, both on the public and the private spaces. There is no differentiation of space in the production process, as the spaces of production and the exchange could take place literally in the same space. Apart from that, the spaces are used around the clock for different purpose, both for the economic activities and the living spaces.

The dynamic of the local livelihood is very much depending on the flexible and informal use of the space and time. This notion of flexibility as much as it could be regarded as one of the main mode of survival in the kampong, it is also could be considered as one of the constraints as it makes the continuity of the livelihood very fragile. The more the livelihood depends on the notion of informality, the less resilient it would be to formalization and regulations that often come along with certain improvement programmes. This aspect of flexibility and informality should be given emphasis to in the efforts to empower the urban kampong.

#### ***5.3. The Life Chances in the Kampong***

In analysing the continuity of the local economy and the mechanism of the survivability in this urban kampong, it

**Tabel 5-4 The Differentiation of Time of the Spatial Usage, Source: D. Tunas**

IBE no.	Functions	Hours													
		08	09	10	11	12	13	14	15	16	17	18	19	20	21
		Official Working Hours													
1	Neighbourhood Shop														
2	Market Kiosks														
3	Lodging for CBD Worker														
4	Cooked Food vendor														
5	Mobile Prepaid card vendor														
6	Cooked Food vendor														
7	Laundry Service														
8	Telecommunication Shop														
9	Neighbourhood Shop														
10	Cooked Food vendor														
11	Small Restaurant														
12	Neighbourhood Shop														
13	Textile Retailer														
14	Lodging for CBD Worker														
15	Neighbourhood Shop														
16	Furniture Workshop														
17	Furniture Workshop														
18	Motorcycle Workshop														

is essential to analyse the life chances of the inhabitants. The life-chances theory that was proposed by Darendorf suggested that the life chances are determined by the options that are available for the inhabitants and the existing ligatures or social linkages. The following text discusses the options and the ligatures that exist in the area and the ones that could be potentially developed.

### 5.3.1. The Options

The 'options' that are available and accessible in the kampong, in this sense related to the basic infrastructure such as street, water, electricity, telecommunication and sewage, determined significantly not only the quality of living of the inhabitants but also the types of the existing local economic activities. It determines the type of possible IBEs to be performed within those means. The lack of 'option' in some occasions also provides certain economic opportunities for example for businesses like laundry services or telecommunication kiosk, which thrives out of the lack of those facilities.

However it is also important to note, that by looking at the variety of the businesses, the type of the IBEs to many extent

are also very much determined by the non physical options such as the level of education and the access to financial capital rather than solely the available "physical options" such as the basic infrastructures.

Though the basic infrastructure networks are mostly available in the area, not every household has access to this network. There are two reasons behind this, first, the infrastructures is not very well distributed on the local level due to the incoherence or the difficulty of the implementation, and second, many poorer households simply could not afford it. While some of the households have the convenient of tap water at home, the others particularly the poorer households still rely on the communal source of clean water, or even need to buy clean water in jerry cans. While some have private sanitation facility, others still have to share the use of the public toilet. Though electricity is widely available, observation on the street shows that some households still obtain power illegally, through hacking the electricity poles.

In relation with the operationability of the economic activities, there are several infrastructures network such as; water, electricity and telecommunication that are rather

**Tabel 5-5 The Access to Basic Provisions, Source: D. Tunas**

IBE no.	Functions	Access to Electricity	Access to Water	Access to Communication
1	Neighbourhood Shop	X	√	X
2	Market Kiosks	√	X	X
3	Lodging for CBD Worker	√	√	√
4	Cooked Food vendor	√	√	X
5	Mobile Prepaid card vendor	√	X	X
6	Cooked Food vendor	√	X	X
7	Laundry Service	√	√	√
8	Telecommunication Shop	√	√	√
9	Neighbourhood Shop	X	X	X
10	Cooked Food vendor	√	√	√
11	Small Restaurant	√	√	√
12	Neighbourhood Shop	√	X	X
13	Textile Retailer	√	√	√
14	Lodging for CBD Worker	√	√	√
15	Neighbourhood Shop	√	√	√
16	Furniture Workshop	√	√	√
17	Furniture Workshop	√	√	√
18	Motorcycle Workshop	√	√	X

indispensable. Based on the site observation, the accessibility of the IBEs to infrastructures could be sum up as it is described in Table 5-5.

Most of the IBEs have access to electricity (whether legally or illegally), and have limited connection to the water and the telecommunication line. Electricity seems to be the most vital for these businesses. Access to water is not an issue for businesses like street vendors, which mostly take place outside the living space and do not necessarily need running water to run the business. Though communication line is not very well distributed, with the readily available mobile phones, the lack of fix communication network is not an issue for most of the IBEs.

The previous chart indicates that the dependency of the local IBEs on the existing "options"; the basic infrastructure, is mostly apparent in term of access to electricity, but less apparent in term of water and telecommunication. With less dependency on these infrastructures, these businesses are rather versatile, as they are flexible enough to be performed with limited physical means.

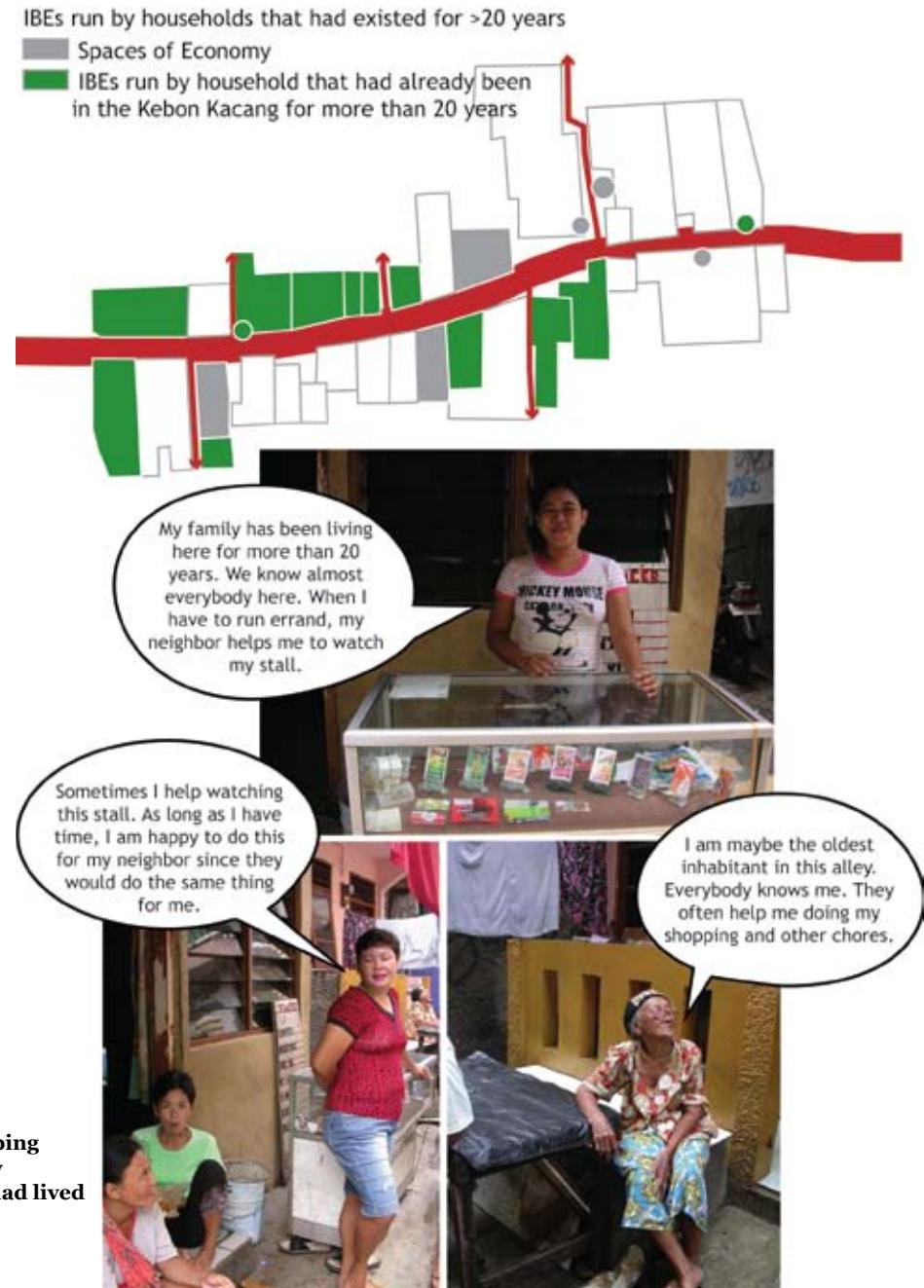
However on the other hand, the continuity of those businesses relies a lot on the non physical means; the social relation on

the local level. This could be best explained by the type of "ligatures" that they have.

### 5.3.2. The Ligatures

Based on the life chances theory, the survivability of the inhabitants is related to the ligatures or the linkages that they have. Darendorf had argued that the linkages is greatly based on the feelings of belonging, either by family, locality or religion.

It is argued that through this linkage, the inhabitant could access certain "options" that are available to them, such as for example the provision to infrastructures and public facilities, production tools, information and financial loan. Therefore in this sense, the sustainability of the local livelihood is very much determined by their social network and their position in the social structure. They rely on the help or collaboration of the member of their family, their household or the local community. Based on the result of the survey, there are three different types of relevant linkages could be find in the study case area that could be associated with the continuity of the livelihood; linkages between neighbours, family and women.



**Figure 5-10: Mapping of the IBEs run by households that had lived for >20 years, Source: D. Tunas**

### i. Linkages between Neighbours

The existence of the local community group like RT and RW helps to intensify the social relation in the area. The extensive amount of activities that area locally organized, like the regular security watch, community meeting and women meeting, help to develop the sense of belonging and solidarity. Another way to see the intensity of the relationship between the IBEs owner is by looking at the duration these people (and their family) have known one another. This is based on the assumption that the more time they know each other, the more intense is their sense of belonging hence stronger social relation.

The following Figure 5-10 shows the number of IBEs run by households that already exist for more than 20 years (or 1 generation). The map indicates that more than half of the IBEs are owned by the old timers.

Based on the aforementioned assumption, it could be argued that IBEs operated in this alley have strong social linkages to one another since the owners have known each other for some time. These strong linkages are considered crucial for the continuity of these IBEs. The IBEs owners are willing to help one another for example like helping to watch each other stall or informing the arrival of a client while the neighbours are not around.

### ii. Linkages between Families

The linkages could also be based on the familial link, both inside the nuclear family and the extended families. In fact this type of linkage could be considered as one of the most important linkage in the kampong. Assuming that the family relation is in good term with one another, the family linkages support greatly the continuity of these IBEs since they could help one another in running the businesses. The nuclear families have the tendency to support one another without financial compensation. Distant relatives from the rural area often come to the city to help out with very little financial compensation; sometimes they get free accommodation in place of a salary. The more family members would mean the more (cheap) labours could be employed in the business.

In the alley 2, there is a number of IBEs that are run by three big families. The following Figure 5-11 shows the locations of these three interrelated businesses, the ones from the Fauzy brothers, the ones from the Muliadi's sisters and the ones

from the Jamila sisters.

The furniture workshops of the Fauzy brothers who originally came from the island of Sumatra are supporting one another by sharing their craftsmen and rented showrooms.

The Jamila sisters, who are running a cooked food stall and a pre-paid phone cards are supporting one another by taking turn watching their businesses and the sister's children.

The Muliadi sisters, who are running a convenient shop and a laundry services, also supporting one another by taking turn watching their businesses, doing the domestic chores and taking care of their father.

The three cases indicate the importance of family support in order to survive.

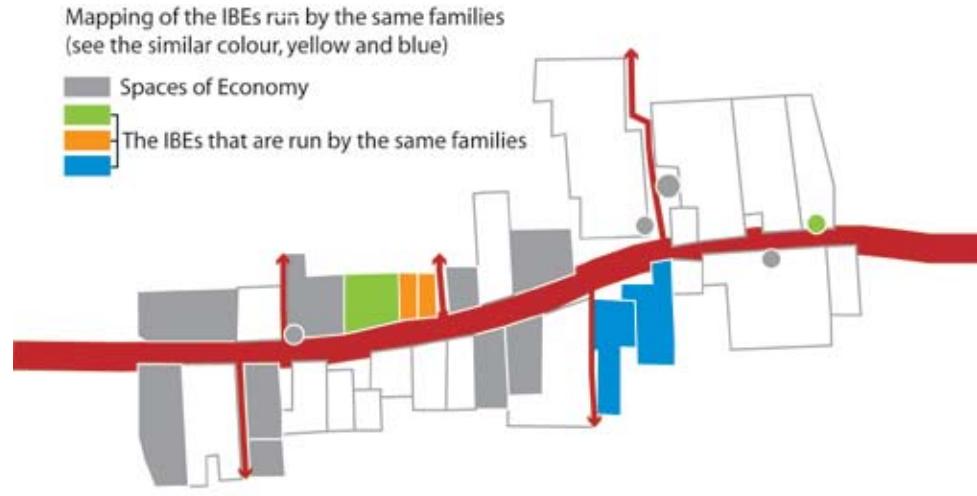
### iii. Linkages between Women

Other important linkages are based on the gender solidarity.

As it was discussed earlier, the role of women is very important in the urban economy in the developing country; in this case the situation is no different. Most of the IBEs in this alley are run by women (see Figure 5-12), whom are mostly housewives or unmarried daughters like the Jamila sisters, Muliadi sisters, Mbak Mut and so forth.

Most of their spouses are working in the market place both formally and non-formally. This situation indicates a clear separation of labour market in term of gender. Women are mostly domestically bounded, due to their child rearing and domestic chores responsibility. Since the income of their spouses is mostly far from sufficient, to make end meet these women have take some extra works. Due to their domestic responsibility, home is the perfect place to do that. They could either sell cooked food or some households' necessities around their home and together with the other housewives. Considering the extended amount of time these women spend together during the day time while their spouses working in the market place, they have sufficient times and means to bond with one another. The nature of their relationship is more personal therefore stronger than between the male neighbours.

During the time when the survey took place, it was very common to see the local women socializing and conversing with one another in the alley, discussing household affairs and gossips. Due to their strong relationships, these women



**Figure 5-11: Mapping of the IBEs run by the same family, Source: D. Tunas**



**Figure 5-12 Mapping of the IBEs run by women, Source: D. Tunas**

are more than willing to support one another by helping watching each other children, watching each other stall when their neighbours are absent for running errands and also sharing business related information.

#### **5.4. The Degree of the Local Empowerment in the Kampong**

The degree of the empowerment in the area is measured based on certain elements that comprises the bases of social power (Friedman, see previous chapters for definition); there are the social network, the social organization, the knowledge and skill, the financial resource, defensible life space and the instrument of work and production.

The *social network* is among the strongest point of the inhabitants from which they could share certain work related information and build a mutual affiliation in which each party supports and help one another. There are among others the women network, the family network and the community network. However the nature of this relationship is mostly horizontal, meaning it involves only people who have similar social and economic background. This type of relationship; or previously referred as bonding and bridging social capital, though is very important for the continuity of the local livelihood, is not very beneficial for their improvement of living quality and economic betterment.

The existence of *Social organization*, like those of local community group (RT and RW) to many extents sustains the continuity of the local livelihood in the informal way. Through the many activities organized within this organization, the sense of solidarity and belonging are nurtured. The members support one another, exchange useful information and lend one another a helping hand.

However the formal role of the local community groups as part of the governance structure is yet not optimal. The role of this self-organizing group could be very potential in the process of improvement; it serves as a kind of social infrastructure that could enable a community-based planning process. It could promote a more proactive process of decision making. Apart from that, the presence of formal social organization like the micro bank and non governmental support groups that could really empower the community is also still limited.

The human capital; *knowledge and skills* are not particularly strong in the area. Though the younger generation is getting better education, thus they are increasingly empowered; the

actual working-age group is relatively low-educated. There is no capacity building programme that could empower the skill in the local level. Without proper education and training, it is difficult for them to obtain better employment with regular income. Most of them have to seek employment in the informal sector where they have more rooms to improvise with their limited skill. As a consequence of this situation, the *financial resource* is also limited.

*Defensible life space* in this area is rather problematic, since the land title in this area just like in any other part of the kampong, are mostly comprised of girik right. Therefore, the inhabitants could not really claim the legality of their property, and it makes their position particularly vulnerable. More importantly without proper title, they could not capitalize their property and use it as collateral, for example to obtain credit arrangement or financial loans.

Temporariness of life space is one of the main constraints for the informal settlement to move towards stability, as it is discouraging the inhabitants to invest more on the improvement of their living environment. The security of tenure would ease this temporariness and provide the feeling of permanence that could stimulate improvement.

As the local livelihood is also very much dependent on the availability of the informal space, including the public and private living space, as one of the most significant *instruments of work and production*, without legal claim the continuity of the local livelihood is also at stakes.

#### **5.5. Conclusions**

[1] The pattern of IBE found in the alley displays the common characteristics of the informal economic activities; they are mostly low skilled, low financial capital and low labour capital.

[2] The spatial occupation of the economic activities in the kampong is characterized by a high degree of improvisation. Due to the limited access in acquiring the formal working spaces, most of the IBE are relying on the use of the informal spaces like the public and the private living spaces. They have unclear differentiation of spaces for living, production or exchange. On top of that, the operational time is also very flexible.

[3] The type of the economic activities however is not determined by the type of the available

space since it is very flexible in its manner of spatial occupation. However it depends on the possibility of the use of the informal space.

[4] With all their limited means of production, space becomes of the most important tool of works and production; therefore it is crucial for them to be able to legally claim their property.

[5] The type of informal economic activities in the kampong is determined by the level of education of the inhabitants, the financial capital and the “options” that are available.

[6] The pattern of the economic activities in the kampong shows a high degree of interdependency between the formal and the informal sector. Many of the IBEs in the kampong are relying on the formal sector as their target market. They are offering low cost goods and services for the workers who work in the formal sector in the surrounding CBDs.

The kampong has a particular flexibility and versatility in responding and capturing the economic opportunity which enables it to play an active economic role that is highly dependent with its direct surrounding and the city in general.

[7] The survivability of these IBEs is determined by the linkages that they have, in term of their social relationships with their neighbours, other inhabitants and families. They do not entirely rely on the availability of the basic provisions such as infrastructures (electricity, telephone lines, water), instead they improvise to overcome this limitation, which make them more versatile and flexible in running their businesses.

[8] The survivability of the IBEs also depends highly on its particular location which is centrally located with great access to the formal sector. This guarantees their access to their captive market. This is probably the most important element that supports the continuity of these activities.

[9] Therefore in tackling the issue of the local livelihood, it is crucial to consider the elements that are essential to its continuity; [a] its great access to the formal sector as the source of economic opportunity and the captive market, [b] its reliance on the informal use of space, [c] its reliance on the strong local social linkages, [d] the low cost of production.

CHAPTER 6 | THE CONCLUSIONS



Photo: Y. Effendi (2006)

## CHAPTER 6 | THE CONCLUSIONS

The informal settlement will continue to be the most prominent feature of cities in the developing countries; it is a problem whose complexity will continue to grow to the level of an unprecedented manner. Therefore, more researches are needed to produce more efficient solutions to tackle the problems, hopefully before it grows too big. This research is part of that quest; it has started with a pursuit to understand the problem of kampung as one form of an informal settlement. It attempts to understand the problem at its root, the conditions that make it possible to take form, its relationship with the city and the dynamic of its survivability.

This research had approached the problems from two different levels; from the city level by relating it to the Dual City theory and from the local level within the kampung it self; by looking into the trend of the spatial occupation for economic activities. By investigating further on the local level, it has intended to shed a light on the human factor; the society that is involved in its creation and transformation; its dynamics and the mechanism of surviving through the particular spatial occupation in the kampung.

Understanding the dynamics and the mechanism of surviving is vital in the quest to solve the problem of the informal

settlement, as this problem could not be solved exclusively through spatial intervention. Studies had shown that spatial improvements without social improvement programmes do not work. The result of the research is expected to give a better understanding how the process of survival works in the informal settlement; in term of how the inhabitants appropriates the available spaces as their main mode of production. It intends to show that solving the problem of informal settlement is not only a matter of providing better living environment, but also a challenge to maintain its flexibility of production. **It is a challenge for urban planner and architects to create a better living space that is flexible enough to enable them to produce amidst the limited financial and human capital.**

This chapter presents the finding of the investigation which has used the case of Jakarta and Kampong Kebon Kacang as its study case.

Though every kampong has its own particular problems and context to some great extents, the study case shares several common traits that are frequently found in many other cases such as; the lack of the security of tenure, the deficiency of infrastructures network, poor spatial and living environment, high density and high concentration of informal economic activities, and so forth. Therefore, it was deemed appropriate to use this case to illustrate the case of the informal settlement in Jakarta.

This chapter is divided into three main parts, first: the position of kampong in the metropolitan context, second, the dynamic of interaction between the kampong and the city and third, the spatial dynamic of its survivability. The conclusion of the detailed analysis of the study case is discussed on the third part.

### **6.1. The Position of the Kampong in the Metropolitan Context**

In analysing the position of the kampong in the metropolitan context, the research has used the dual city theory by Castells to analyse the overall situation. It attempts to investigate whether the existing of kampong in the city is a sign of urban social-spatial polarization caused by the dual city phenomenon as it is displayed in the case of cities in the developed and industrialized country.

Following the Castells's Dual City theory in defining a dualism, the research has analyzed a number of indicators

which are the polarization of the structure of employment profile, the socio-economic grouping, and the urban socio-spatial organization. Followings are the result.

#### **6.1.2. The Structure of the Employment Profile in the City**

The structure of the employment profile in Jakarta is particular to the country's situation. Indonesia as a country with colonial past, which just recently got their independent in the 50s, was rather late in embracing industrialization in its true term. The country had seen industrialization earlier, but it was mostly carried out under the framework of the colonial production.

Therefore when other cities in the developed countries are seeing de industrialization, Jakarta's experience is rather different. The manufacturing industry is not at all decreasing; it is instead allocated to the greater Jakarta region or other province that still could offer cheaper cost of production. There is a significant labour demand related to this activity. The reason why there are many unemployment among the low skilled labour, is mostly caused by the inability of the manufacturing sector to absorb and catch up with the ever increasing labour supply from continuous the rural-urban migrations; and not by the decreasing of the sector it self.

The city statistic report showed that the process of tertiarization and the industrialization keeps growing simultaneously. This indicates that the activities in the service sector are actually related to the manufacturing industries. Therefore the nature of the service sector is not very much characterised by the knowledge-based economy as it is happening in the developed country with its emerging ICT sector which requires higher level of skilled.

The Official Statistic report of Jakarta shows that there is a serious lack of highly skilled labour in the city. It also shows that the biggest part of the unemployment group is those who had lower education (high school graduates or lower) (BPS, 2005). In a city that is in the brink of embracing tertiarization, this fact indicated that there is a serious mismatch of labour supply. This shortage of skilled labour in the employment market to a certain extent is similar to the process that takes place in the developed countries, however in Jakarta the mismatch is far more severe due to the fact that the general education level is considerably lower.

The emerging service sector in Jakarta it self, has indeed created many employment opportunities which is not well distributed as it only favours those who have the proper skill and education. Those who have the proper profile are likely to earn higher income and enjoy comfortable life. Those who have less skill are more likely to be excluded from the main arena and forced to join the informal sector. The informal sector comprises more than one-third of the employment in the city. The significant of the informal sector in the city is indisputable.

Similar to the case in the developed countries as it was stated by Sassen (Sassen, 1998), the rise of the service sector in Jakarta also creates more demands for the low-end services. These services included the pink collar jobs such as cleaners, office boys and drivers in the formal sector; and also services like photocopy and printing, food preparations and laundry in the informal sector particularly around the kampong area.

At the same time, these pink collar workers from the formal sector also create the new demands for cheaper goods and services which they could not afford in the formal sector. Many of these workers live in the kampong area where cheaper accommodation is available, like in the case of Kebon Kacang. The complex interdependency between the kampong and the city has created multi-tier relationships between the formal and the informal sector, as it could be observed as well in the study case.

The relationship is however not balanced, as the productivity level and the added value in the lower end is very little. However though the income in the lower end would not be enough to create surplus for living improvement, nevertheless it gives employment for the unfortunate urban poor whom otherwise could not fulfil the basic needs.

#### **6.1.3. The Socio-Economic Grouping**

In term of the socio-economic transformation, based on the condition of the simultaneous process of industrialization and tertiarization, there is a different processes takes place in Jakarta than in cities in the developed countries. The statistic report indicated that there is on-going formation of three major income grouping; *first*; the better paid labours who work in the tertiary sector who are mostly university graduates, *second*; those who are minimally paid in the industrial sector, they mostly have lower education and those who barely earn regular income in the informal sector, who

are mostly migrant from the rural area. The *third* group comprises the biggest proportion of the city population as the economic progress of the city continues to attract fresh migrant from the rural area. These migrants who mostly have lower education could not compete to enter the formal job market. These groups continue to form the large proportion of the urban poor and contribute to the ever growing urban informal economy.

It does not indicate a dualism at all. In reality, outside those three major groups there are many more sub groups, such as those who are working in the low-end services in the tertiary sector, who do not earn enough and those who earn very well in the informal sector, etc. It is however undeniable that there is not a strong middle class in the city of Jakarta.

#### **6.1.4. Socio-Spatial Organization in the City**

Spatially speaking, there is a tendency of socio-spatial polarization in the city as the outcome of the on-going social-economic processes. The spatial pattern indeed suggests an emerging polarization on the metropolitan and the city scale; through the formation of the gated community (both in the city centre and the suburbs) and the urban poverty pockets.

This polarization is both influencing and influenced by the pattern of the housing market. The city had seen the booming of the property industry in the late 80s, where numerous amounts of private-led new town development took place in the city periphery. This trend has relocated a large group of the middle-upper income group to the suburb. In the same time there is also a growing trend of the gated community formation in the city centre, both in the form of exclusive apartments and new-town-in-town developments where the city's top upper class lives.

In the mean time, the urban poor who could not access the formal housing market, remains to live in the city ever growing informal settlements if not being relocated to the low-cost housing projects in the urban periphery. Kampong continues to be the safe haven for the urban poor who could not otherwise afford other type of accommodation. Furthermore with its perfect location, the kampong is not only located close to the source of employment; but it is also a perfect breeding ground for the informal businesses that cater the demands of the formal sector for cheaper services and goods. Kampong therefore does not only provide accommodation but also economic opportunity for the urban poor.

However these trends of the urban socio-spatial polarization could not be uniquely correlated with the process of the growing tertiarization. The existence of poverty pocket in the city is often related to its colonial origin, when native kampongs are scattered all over the city in between built structures. The problem complicates through times due to the incapability and failure of the government to provide proper housing for the poor, especially during the early phase of independent where the flow of rural-urban migration dramatically increased.

On the other hand, the trend of socio-spatial polarization on metropolitan scale; which was indicated by the emergence of the new-town in the 80s, was also a product of different conditions. It was closely related to the process of the economic deregulation that greatly benefited the private sector; by giving it more space to move, hence the mass development of the new town development in the urban periphery.

However it is indisputable that the growing tertiarization has indeed intensified the whole processes; first by sharpening the mismatch of the employment market therefore highlighting the existing socio-economic grouping to a whole new level, and second by the intensification of the development of the central business district in the city; hence the intensification of the difference between the linked and the delinked spaces.

#### **Remarks on the Dual City phenomenon**

Looking at the overall analysis, though the indication of dualism does exist in Jakarta, it is problematic to relate this phenomenon uniquely to the process of tertiarization since it is also a product of different conditions and processes. The particularity of Jakarta is a product of two factors; one is the fact that the city is hosting industrialization and tertiarization in the same time and two, the ever increasing flow of rural-urban migration which is contributing to the continuous flow of unemployed low-skill labours to the city. And as additional factors, there are many dominant macro-economic policies (such as the deregulation policies) which significantly influenced the trend of urban development.

However it is undisputable that the whole polarization process is augmented by the later trend of socio economic transformation.

The Dual City theory in many extents provides a good methodology and point of departure to analyze the current

urban trend of urban socio-spatial transformation. Though theory was conceived based on the cases of post industrialized cities in the developed countries, therefore does not apply to the case of cities in the developing countries, it nevertheless the provided indicators offer a sharp lens to analyse the particularity of the current urban socio-spatial polarization phenomenon.

#### **6.2. The Dynamic of Interaction between the Kampong and the City**

The research looked into the level of the integration of kampong with the city to investigate the dynamic of the interaction between the two. The research regards the integration of kampong to the city as an important point of departure to resolve the problem of urban informal settlement. The integration the informal settlement to the city involves three different levels of integrations: the political, the physical and the socio-economic.

##### **6.2.1. The Political Integration**

The *political* integration is considered as the most important level of integration as it involves the notion of legal acceptance and acknowledgement from the part of the government. When an informal settlement is politically integrated it would mean that its inhabitants have stronger bargaining power as it has a stronger ground to fight further for its rights. Most importantly it enters the notions of certainty and permanence, and leaving behind the notion of temporality. As the major problem in informal settlement, its temporality has deterred the improvement and the betterments to great extents.

The research used three indicators in determining the level of the political integration, first, the acknowledgement of kampong as part of the formal urban territory, second, the political acceptance of the kampong inhabitant as the rightful citizen, and third, the access to tenure.

The level of the political integration of the kampong to the city is very varied, depending on their particular situation and context.

In Jakarta, most kampongs are sprouting in between the formal urban structure, and are located in the formal urban territory but this does not mean that it is a formally recognized as part of the urban territory. Many kampongs are illegally occupying the spaces that are not designated for dwelling purposes such as along the railway, along the river banks and

in the brown fields. These lands could be owned by private parties or government. However history showed that though not often, the political recognition could be earned through times, in this case the role of the local Non Governmental Organization (NGO) is very vital.

The research considers an area is politically integrated as a formal urban territory if it was recognized in the city governance structure. The city recognizes five municipalities which were further divided into a number of sub municipalities and districts. Every district is divided into a number of community and neighbourhood unit groups (Rukun Warga-RW and Rukun Tetangga-RW). This is a very clear hierarchical governance structure. By being recognized in this governance structure, it means that the area is considered as formal part of the city governance.

The study case Kebon Kacang area, is formally and legally acknowledged as part of the city district. It is part of Central Jakarta Municipality and Tanah Abang Sub Municipality; and it has a number of recognized community and neighbourhood unit groups. Therefore, in this sense, Kebon Kacang is politically integrated to the city. The area is therefore considered as a rather stable kampong with little or almost no risk of forced eviction. However its existence is threatened by another major factor; the growing economic pressure in the surrounding area.

The political acceptance of the kampong inhabitants is indicated by the possession of the valid identification. It is obligatory for the new inhabitants to report and register themselves through the local community leaders, and apply for a valid guest resident permit. The result of the survey shows that almost a quarter of the Kebon Kacang population does not have residence permit. There are a number of reasons behind this. First, is because they have not changed their status of citizenship from their place of origin to Jakarta mostly because they considered the registration process costly and bureaucratic. Second, is because they are actually seasonal migrants, as they still go back to their place of origin from to time. In either case, the presence of these non-illegal residents is rather problematic for the stability of the area as it is deterring the formation of a strong local community which is crucial to the process of its survivability.

From the three indicators, the security of tenure signifies best the political integration of kampong with the city as it

is the ultimate form of formal acceptance and recognition. Without it, their positions are becoming more vulnerable especially because they do not have the main key to security: the tenure.

In general, most kampong dweller posses the *girik* right which a kind of land certification that is acknowledged by the National Land Agency but does not entitle them the rightful ownership of the property. Though the status of *girik* rights is often unclear there are markets for this especially for those who are not well informed about the obscurity of the status of these rights, many were passed over to different hands across the years. This practice takes place in the informal land market. This has lead to the chaos of land market, and on top of all it often leads to complicated land disputes since there are many cases of *girik* falsification in the city. The bottom line is the *girik* right does not guarantee the security of tenure at all. Therefore in this case, the political integration of the kampong to the city is not yet complete.

De soto argues that the security of tenure for the urban poor is the key to stimulate economic growth. With tenureship people could capitalize their dead capital to active one, which not only give them stronger position economically but also stimulate a healthy land market in general. However this concept is still rather complicated for the situation in Indonesia due to a number of reasons. First, the legal procedure to formalize the land title in Indonesia is highly complicated. It is highly bureaucratic, therefore it consumes a lot of time and money. Furthermore the land title system in the country is very chaotic and unclear. The shift from the colonial land regulation to the present one that was initiated by the decree of the Agrarian Law was not easy process. It results in a series of legal confusion and disputes. Therefore it is not only discouraging for the inhabitant to legalize their land, but also make it difficult for the city authority to implement the legalizing procedure. Not only it is expensive for them to clear out the land, but also complicated to finally formalize the land title.

Second, there is the absence of strong financial support to acquire the land as most of the lands in question are under the possessions of the private investors who would be very reluctant to loose their money on their investment. The government also on the other hand does not have enough supply of public lands to be used for negotiating or bargaining.

Third, the widespread land speculation in the city, does not really help to inhabitants to eventually capitalizes their land. With the legal title on one hand and lack of cash on the other hand, the poor inhabitants would be easily lured to sell out their "just" legalized property for quick cash to private developers, and eventually they would fall back into poverty. Not only the main aims for the legal titling is not reached, but also it makes it easier for the private developers to obtain more lands.

## 6.2.2. The Physical Integration

On the *physical* level, a kampong is considered well integrated to the city if it was formally connected with the city network of physical infrastructures, such as water, electricity, water, sewage, communication, streets and public transportation.

However though theoretically speaking it is easy to define these indicators, in reality it is very difficult to examine this situation due to some reasons. In many occasions, take the case of Jakarta, the distribution of the infrastructures network is far from perfect, many areas in the city, not necessarily the informal settlement area, also do not have their fair share of this basic provision due to many reasons, the difficulty to implement the construction or simply the mismanagement reasons.

Nevertheless, despite of this elusiveness of infrastructure connection in the city, the connectivity to the network is still a very important indicator of integration, as it is one of the indications of the government compliance to include the informal settlement in the formal urban fabric.

Though the case study Kebon Kacang is recognized as a formal urban territory, the area is not entirely equipped with sufficient infrastructures and facilities, which is supposed to be the right of every citizen. The level of physical integration of the case study Kebon Kacang, is very much varied. In term of electricity, water, sewage, communication network, some part of the area is well connected while others are significantly less. The provision of infrastructure of the area therefore still should be improved.

In term of connectivity, thanks to the large extent of the existence of different mode of informal public transportation and its relatively central location, the kampong Kebon Kacang is very easy to reach and rather well connected to and from the surrounding areas. This becomes of the most

vital feature of kampong that is highly attractive for the urban poor, in comparison to the social housing alternatives in the urban periphery. However the mobility inside the area it self is rather problematic due to its narrow streets that could not accommodate larger motorized vehicle.

## 6.2.3. The Socio-Economic Integration

On the *socio-economic* level, the integration is mostly indicated by two elements, first; the level of participation in the formal employment market and second, the type of relationships it has with the formal economic sector.

The participation in the formal employment market is highly determined by the access that the inhabitants posses to penetrate that market. This access is highly depended on the skill and the level of education that they have. The more skilled the individuals are, the more chance they have to get proper employment.

The case of Kebon Kacang shows that there is an equal percentage of participation to the formal and informal economic sector. Though the inhabitants are living close to the source of formal employment, they have limited access to these jobs since they do not have the right qualification. The participation in the formal employment market therefore is limited. The other half who are participating in the formal market, are actually the white collar workers who are renting rooms in the area, who originally comes from other part of the city.

With the limited resources and means, the inhabitants of the informal settlement have to improvise and rely on the informal sector. The result of the investigation shows that the majority of informal economic activities in the kampong are low-skilled, low-technology, and low-financial capital type. A large number of the activities are spatially bounded to kampong, as they are strongly related to that particular location in the sense that they are targeting the direct and the close surrounding area as their captured market.

The result of the investigation shows that there is strong relationship between the kampong's informal sector and the city's formal sector. It shows that a large number of the informal economic activities in the area are actually targeting the market from the formal sector. The most common type of informal economic activities is food stall, laundry service, convenient shops, photo copy service, telecommunication

shops and low-cost lodgings for workers.

Kampong is therefore not only providing low-cost settlement for the urban poor but thanks to its central location and certain spatial conditions, it is also providing the urban poor with lots of economic opportunities. The formal sector, namely the commercial and service functions in the surrounding area create great demands for low-cost goods and services. It is depending largely on the existence of these cheaper alternatives. The kampong is capturing exactly these demands. There is therefore a strong dependency between the two.

The spatial-bound nature of the kampong economy makes the survivability and sustainability of the local livelihood is very vulnerable. Any displacement would mean that they have to start from scratch.

## 6.3. The Socio-Spatial Dynamic of the Livelihood in the kampong

Though the informal economic activities looks vulnerable, the 1998 Monetary crises which hit hard a great number of Asian countries had shown otherwise; it is not as vulnerable as it might suggest. As many formal labours lost their jobs during the midst of the crisis, the kampong inhabitants managed rather well, thanks to its versatility and flexibility to manoeuvre against the financial hardship. This flexibility is in fact the key to their survival.

The dynamic of the survivability in the kampong are characterized most prominently by its notion of flexibility that stretches to many extents. In the quest to examine the **spatial dimensions** of this flexibility, the research had looked into a number of indicators; the level of dependency of the economic activities to the existing infrastructure, the pattern of the functional spatial occupation and the time organization of the spatial occupation in the study case area.

The result of the observation of the study case indicates that the local economic activities do not depend so much on the availability of the physical infrastructures. The observation in the study case shows that only small portion of the business enterprises in the area actually depends on the full support of the existing infrastructures like the water, electricity, sewage and communication network. The others are completely independent from them. It is therefore very flexible in term of its operational conditions. In fact to many extents it captures economic opportunity from the lack of it, for example like the

laundry services and the telecommunication shops that take benefit from the lack of water and communication network.

With the limited capital and resources, space and time in the informal settlement are considered as the main tools of production. They do not only accommodate the process of production but also enable the inhabitant to produce. Space and time, are the one of the only things in the kampong that they could acquire for free.

The result of the investigation in Kebon Kacang shows that the spatial occupation for economic activities of the kampong reflects a number of particular characteristics that reflects high degree of improvisations amidst the limited capital and resources. The spatial occupation is very flexible in term of the functional and the time organization.

The result of the investigation shows that half of the households are hosting small informal business enterprises (IBEs) around their living spaces. They are occupying the existing spaces that are not designated for economic activities, both in the public and the private sphere, to run their businesses. The fact that most of the IBEs are run by women, contributes to the fact that most of these activities take place around the house; as it enables them to do their domestic and child rearing responsibility at the same time.

They occupy the public spaces such as street space and open space, and also the private spaces such as the living rooms, the garage and the kitchen, for both the production and the exchange spaces. There is no clear differentiation between the living space and the economic space; and between the private and public space.

The absence of a spatial regulation in the kampong against the usage of public space for economic activities, enables the inhabitants to conduct such activities in order to survive.

Time occupation is also very flexible; the same space might have different functions between day and night; during the day it could be used for economic activities and during the night for living space. Furthermore there is no clear differentiation between the working and non-working time. Most of the local business enterprises have a flexible operational schedule. The operational hours of their businesses normally depends on the demands of the target market.

The flexible occupation of space however comes with certain disadvantages. The occupation of public spaces for economic

activities might create some risks for the inhabitant as it could interrupt the accessibility of the area. It is in particularly crucial in term of security and fire prevention.

The flexibility of the local economic activities is depending to a great extent on the existing social network. The occupation of space in the kampong is a social process, where a process of social negotiation between neighbours and other member of the local community is needed. How else they could negotiate the use of public spaces for the economic use, or how could they negotiate to use of their private living spaces between family members.

The role of the social network therefore influences greatly the continuity of the local livelihoods. With all the limited resources, the local livelihood is depending greatly on the intensity of their social relations that enables them to support one another. The social network is the key of their survival, however, like a two-side blade, it also serves as biggest threat in the same time, as they have to continuously invest their time and effort to nurture this relations.

The research has employed the Life Chances theory (Dahrendorf) and Social Capital (Putnam) to analyse the extent of the survivability of the local livelihood. Basing on those theories, to ensure the continuity of a particular informal enterprise, the role of the linkage is very significant. The linkage is developed around the people who come from similar gender, familial, cultural, religious and geographical background. It is developed out of the sense of solidarity, belonging and tolerance. These linkages are the main base of the local social capital. It enables them obtain goods, services, information and other form of support, that could help them to survive.

The research identified a number of existing local linkages; such as the women linkage, the family linkage and the community linkage that exist in the kampong, and investigated the manners they are supporting the local livelihood. It looked into how the local business enterprises are organized around these social linkages

The result from the investigation had shown that most of the IBEs in the kampong are actually run by women. The women linkage is considered as one of the most important in the kampong, as it is more intense and personal. This strong women solidarity is a result of the sharp gender differentiation in the labour market, in which many women are eventually

enforced to be domestically bounded due to their domestic and child rearing responsibility.

In this linkage, the women are supporting and helping one another, for example they take turn tending their businesses while the others are not available, be they were in errand or taking care of their children etc. Apart from that they are also exchanging information that is necessary to the continuity of their livelihood. The same kind of support mechanism is also noticed in the family and local community linkages, though not as intense as in the women linkage.

The existing the local linkages between women, family and community show a rather intense social bonding and bridging capital, however it is lacking the most important type of social capital which is the linking relation. The social linking capital is a linkage between society members of different social class; It is vertical ties between poor people and the ones that have influencing position in the formal organizations such as bank, police, local NGO or others who has more powers to help them out. Through this linkage, the less disadvantaged group will be able to gain better opportunities in life. This is the main shortcoming of the existing local social network, though it displays an intense relation between members of the local community, without this type of connection they will remain to have limited resources and opportunity. The general high dependency to the local social network is also a threat to its survival, as it is spatially bound; any disruption from the spatial context would threaten its continuity.

#### **Final Remarks**

The investigation has shown that the existing of informal settlement in the city will remain to be the most prominent characteristics of cities in the developing country. The problem could not be solved locally; as the treatment has to start from the root of the problems which necessitates a long term solutions based on long term visions.

The integration of the informal settlement to the city is the most essential steps in tackling the problem, as it offers the notion of permanence, without which the improvement of the local living condition can not be achieved. The integration has to be promoted on three levels, politically, physically and socio-economically.

Tackling the problem of informal settlement is not only about providing better living environment. But it is challenge

to provide the living spaces that enable the inhabitants to produce within their limited resources.

Most of the economic activities in the kampong are spatially bounded. It depends largely on its actual location and its particular target market. Most of the economic activities in the kampong are strongly related with the city; the formal economy. It is therefore not an independent entity. The displacement of the kampong from its original site and its economic context would instantly disrupt the local livelihood.

The notion of flexibility in term of spatial and time occupation is the key to the survival of the informal settlement.

The local social network holds a significant role in the continuity of the local livelihood. It is in the same time the main capital but also a threat to its survival; the related actors have to invest time and effort to nurture this network.

It is a challenge for urban planner and designer to overcome the limitation of the kampong, without destroying the flexibility and the existing social network; through a particular spatial planning and organization.

CHAPTER 7 | THE RECOMMENDATIONS



Photo: Y. Effendi (2006)

## CHAPTER 7 | THE RECOMMENDATIONS

The problem of informal settlement calls for not only an effective but also a long term solution. Various measures, policies and projects have been carried out with both success and failures. The general attitude towards the problem and the ways to solve it is still very likely to change across time. From Turner to de Soto approach and the latest Habitat Pro-Poor policy program, important lessons are continued being learned, giving a valuable input to the effort to find yet the best solutions for the problem. It is important to understand the different context of the problem, its historical, political, social and economical background. Different case calls for different manners of handling.

While the solution should take into account to a great extent the interest of the inhabitants of the disadvantaged informal settlement, it should not disregard the interests of the city in general; both the government and the investors, which are often contradicting with those of the people. The interest of the government does not only lay on the wellbeing of the urban poor, but also on the question how to increase their city revenue, which could be achieved by using their land effectively. Kampong lands that are located in the city centre would bring more profits had they are used for formal commercial function or other more profitable investment.

However in many occasions they are posed in a dilemma that is often highly politicized.

The research wants to emphasize the hard fact that there is no such thing as a perfect sustainable solution for everybody; however it is important to consider the interest of the city as a whole, while reducing the possible unwanted effects and negative consequences to certain parties. The key is to create the balance between different interests.

The research attempts to bring forward the discussions towards the possible solutions that could be undertaken to reach the sustainability of the informal settlements. It emphasizes on the importance of the repositioning and the empowerment of the informal settlement. Repositioning in this sense, does not refer to geographical repositioning, but more to the effort to position the informal settlement strategically in formation of the city's productive processes. The empowerment, on the other hand relates to the effort to empower the kampong economically, socially, politically and physically, through the process of integration.

The position of kampong in the city is characterized by its vulnerability and its versatility against urban changes. It is vulnerable for its informality yet it is also versatile for being informal.

The challenge for urban planners and decision makers is how to solve the problem of informal settlement without destroying its versatility; how to overcome its limitations without destroying the spatial flexibility and the existing social networks?

It is always important to state beforehand, that the situations and the problems of kampong are not generic. Every kampong has its own characteristics and conditions. Therefore, it is not possible to prescribe a generic solution for all. It has to be remembered as well, that the whole process is eventually not only aimed to help the inhabitants to improve their living quality in the informal settlement, but also to help them to get out of there and move into a formal housing system.

This chapter is divided into several parts. The first part discusses the repositioning of kampong in the metropolitan context; this is related to the issue of the city socio-spatial polarization in general. The second part discusses the reintegration (political, social, economy) of kampong with the city and the third part discusses the local empowerment

of the kampong.

### **7.1. The Repositioning of the Kampong in the Metropolitan context**

The existence of kampong in the city indicates the existence of socio-spatial polarization in the city. It is not a physical problem, but it is an expression or a symptom of a social problem. The problem of kampong can not be exclusively solved spatially. Solving the problem of the informal settlement is not only about providing short term solution; such as site and service program or relocation, which directly target the existing problem, but also providing long term solution.

Poverty could not be solved by uniquely by spatial planning. The problem of kampong is multifaceted; it is not merely spatial but it is rooted in the social, economic, cultural and political matters. The intricacy made it not only very complicated to tackle but also highly sensitive to handle. Therefore to solve the problem of kampong, the efforts have to be multidisciplinary.

It involves a much deeper layer of research. To be able to create a long term solution, it is indispensable to conduct more research on the roots of the problem, be it the trend of demographic growth, the growing social segregation, the imbalance in regional development as the cause of the ceaseless rural-urban migration and the incapability of the local government to provide mass low-cost housing. By doing so, it is expected that the problem could be tackled before it materializes or complicates.

To be able to produce the solution alternatives, the research argues that it is really important to understand the problem of kampong thoroughly, first of all, understanding the roots of its problem, then understanding its economic role in the city, its interaction with the city and eventually the dynamic of its livelihood. The research has presented throughout the book, the theory and the methods for performing such analysis. These basic understandings will help to define the main considerations of the quest of the urban planners.

#### *Starting from the roots of the problem*

One of the roots of the kampong problem is the imbalanced regional development that encourages continuous rural-urban migration. Therefore, efforts to solve the problem have to start from the tackling the conditions that encourage this

people to migrate in the first place. This should be done from a policy levels.

The first condition, there is a steady decrease of job opportunity in the rural area along with the demise of the agricultural sector and the mechanization of its production. Therefore the people are coming to city to look for more economic opportunities in the city; they are attracted by the bright light from the city. The key to decrease the urge to migrate or distribute the migration flows is by stimulating the economic development of the other regions to create a balanced regional system. Jakarta as the political and the economical capital of the country will remain to dominate the economic arena. Therefore to create a balance, the other regions have to be pushed forward. The government should not only invest more to develop the other region, in term of infrastructures and facility development, but also create a supportive development strategies and policies. The quest to formulate these strategies and policies that ensure a balanced regional development could be a good subject for another research in the future.

The starting of the decentralization process in 2001, is actually the good opportunity to balance the regional development. With their own fiscal management authority and more freedoms in decision making, the provincial government will be able to formulate their own development agenda without too much depending on the central decision. This process is a good start to stimulate a healthy competition between regions towards the economic development.

In order to lead the competition these regions have to gear themselves in term of investing more on its attractiveness and competitiveness; state of the art infrastructures and facilities, which will stimulate more investments in the city. The success in doing these will increase the employment creation in these regions, and decrease the rural-urban migration to the city, in this case the metropolitan Jakarta.

The second condition behind the ever growing informal settlement, which is actually an indirect cause, is the insufficient job opportunities in the city that could absorb the burgeoning rural migrants and that matches their skill. The city employment market simply can not absorb the numerous amount of the unskilled labour from the rural area. In the long run, these problems can be solved by stimulating the growth of the other region, as it was already mentioned

previously, to create a more balance regional development and in the short run, by making policy that discourage the rural-urban migration flow and encourage the migrants to go back to their hometowns.

The city of Jakarta, has actually been declared as a closed city since the year 1979. Nobody with a proper and legal documentation is allowed to live in the city. However the implementation and the control are proven to be difficult. The fact shows that most of the inhabitant of the informal settlement is nonregistered citizen. This indicates that the close-door policy actually does not work and is not effective. As long as the other regions are lagging in development, the flow of migration to the certain urban areas can not be avoided.

The third condition behind the burgeoning urban informal settlement is the insufficiency of the low-cost mass public housing. Though the law has guaranteed proper housing for all citizens, the fact is for many different reasons; it is not accessible for those who are less fortunate. One of the main reasons behind the lack of public housing provision is the fact that the government does not have enough land supply to accommodate such projects. The key to the problems is land consolidation. In order to do this, the government needs to have strong financial support which unfortunately remains the most used excuse in the many occasions. There are many strategies could be employed, such as cross subsidies and public-private financing scheme. The exploration of strategies to finance these projects could be a further topic for research in the field of economic.

The existing low cost public housing was proven ineffective in the sense that it did not really reach the target market for being too expensive. The location factor is also considered a problem. Furthermore it is often criticized for not being able to accommodate the lifestyle of the inhabitants. A more innovative scheme of low-cost public housing therefore has to be explored, the one that is affordable, accessible and ensure the stimulation of the social capital.

### **7.2. The Reintegration of the Kampong to the City**

The key to the empowerment of the informal settlement is its integration with the city, in term of political, spatial and socio-economic integration.

### 7.2.1. The Political Reintegration

The political integration is indicated by the recognition as a formal urban territory, the security of tenure and the legal status of the inhabitants.

The main problem of kampong lingers in its insecurity of tenure. Without the security of tenure; having a legal and proper land title, it is difficult to proceed to the next step. Temporariness of life space is one of the main constraints for the informal settlement to move towards stability, as it is discouraging the inhabitants to invest more on the improvement of their living environment. The security of tenure would ease this temporariness and provide the feeling of permanence, sense of belonging and responsibility that could stimulate an improvement. The political integration therefore is the first step that has to be done.

Granting the land title in the informal settlement is a complicated and long process. Moreover, there are many considerations to be taken into account. To be eligible to obtain the land tenure, it means that it has to be recognized as a formal urban territory that is occupied and used according to its land use planning.

Therefore, **firstly**, it is important to know whether the land is designated for dwelling purpose and an appropriate living area. Many informal settlements are located along the river bank, along the railway track and other areas that are prone to natural hazard such as landslide and flooding. In this case, the land title is not to be granted at all. The settlement would have to be simply removed to another location that could offer a more sustainable solution.

**Second**, if the area was fitted for a living area, then it is important to investigate who the lands belong to. In the case that the government needs to acquire the land, the government needs not only a long legal process, but also strong financial support. An innovative way of financing such project is also important to be introduced, for example through certain attractive financial-settlement package with the land owners or through public-private collaboration. However the chaotic land registry often led to many legal feuds that are expensive and time consuming to tackle. Extended land acquisition process has often led to another complication, as in the mean time the land value continues to rise, or political power would change hand. There is no guarantee that the governance would adhere to previous programme carried out by its predecessor.

In this case it is important to formulate a solid policy with a guaranteed long-term implementation. It is important to set a specific **independent commission** who would deal with the land titling project in the long term, who are independent from the national government. In order to be able to reach out to different cases and situation, it is necessary to assign different ad-hoc commissions with some local representatives in specified areas.

**Third**, the land titling project needs to be supported by the existing local regulations and policy. Therefore it is important to review and the revise the existing local regulation to accommodate the process.

The last form of political integration is the recognition of the inhabitants as a rightful citizen. When somebody is recognized as a citizen, it means that she/he has the rights to have proper living space with the basic infrastructures and facilities. As it was already mentioned in the previous chapter, many of the inhabitants of the informal settlements are illegal due to various reasons. One of the most common reasons is because they escape the census. Therefore, the first step to be done is to make a **thorough registration** of all the inhabitants of the informal settlement.

### 7.2.2. The Physical Reintegration: The Improvement of the Living Condition

The physical integration is indicated by a good connection to the city network of infrastructures and good accessibility. With the political integration, it means the particular area has rights to have basic infrastructure provisions and public facilities.

#### *Analysing and inventorying the existing physical infrastructures*

One important step to start the whole process of physical improvement is to have a good **mapping** of the related area. The informal settlement often escapes the city mapping registration. The mapping is useful for analysing and inventorying the existing physical problems in the area, in term of the spatial occupation and the coverage of infrastructures network. The mapping could be done thoroughly and effectively with GIS mapping system.

A better living environment is key factor to social improvement.

It is very essential for the informal settlement to have the basic infrastructures such as access to clean water, sewage, sanitation, electricity, garbage collection and communication. It is also essential to guarantee the good accessibility; the street and road network. More than that, the government would need to provide public facilities, such as the health, education and other social facilities, which are going to be the key to the social empowerment of the inhabitant.

#### *Providing and improving the existing physical infrastructures*

These infrastructures could be **individual or collective** depending on the nature of the site. The planning of the basic infrastructure provisions needs to be preceded by serious planning and calculation; certain model of innovative financing, needs to be introduced. The implementation of the infrastructure project in many cases need more land acquisition and this is another consideration to be taken care of. Another thing that should be taken into account is the maintenance of the infrastructure and the facilities afterward.

#### *Maintaining the infrastructures*

Maintenance of the facilities should be carried out in two levels; by the local authority with the collaboration of the local inhabitants. It is important to develop a sense of ownership and responsibility towards these facilities, which generally could be generated through community participation projects.

#### *Standardizing building construction and regulations*

Apart from the infrastructures and the facilities, the efforts to improve the physical quality of the dwelling are also indispensable. Many kampong houses are built on own initiatives with non sustainable materials and in many cases also structurally hazardous. A standard of construction needs to be introduced, which specifies in details the type of sustainable construction, materials and construction method that could be used. A financial scheme to subsidize those particular materials would also be helpful. In order to implement this properly, the government needs to set up the local committee which could control the implementation closely.

### *Introducing supportive financial models*

To finance the improvement project, a certain model of financial loans with attractive interest rate should be introduced. With the political integration, therefore the access to tenure, it means that inhabitant can use their property as collateral to obtain loan from the bank.

Efforts to improve this physical quality also can be developed as strategies to improve the local economy, for example by introducing the local construction initiatives which employ the local labours to do the work, or by developing small local enterprises that can produce the cheap construction materials locally. These initiatives naturally need to be tailored to suit the local contexts, resources and the local culture. This could be an interesting topic for further research.

### 7.2.3. The Socio-Economic Reintegration

The socio-economic integration of the kampong to the city is indicated by the proportion of participation to the formal employment market.

The biggest problem that is restricting the inhabitants of the informal settlement to get the formal employments is because they do not have the skill to do that. Most of the inhabitants are relying on the informal sector, as it offers them higher flexibility to survive with all the limited resources that they possess; limited skills, financial capital and spaces of production. Moreover they do not have to pay tax; more financial burden.

Therefore to promote a stronger economic integration the effort is very much related with the improvement of the overall education system. It can not be solved by simply providing schools in the area, instead it involves another level of policy making in the education sector. It is therefore a very long-term process. In the mean time, as it was already shown in the research, there is a vibrant economic interaction between the kampong and the city. This should be nurtured, for example by developing local micro enterprises that intermediate the demands for low skilled services from the formal sector, in this case from the CBD districts, with the kampong inhabitants who serve as the service lender, such as for example in the catering business, photo copy/printing and laundry services. The role of this micro enterprise is to distribute the work between the kampong inhabitants who needs employment.

Apart from that there are also ways to improve the practical skills of the existing labours. This initiative should come both from the government and also the people themselves. This topic will be discussed in the next part; The Empowerment in the Local Level.

### **7.3. The Empowerment of the Kampong in the Local Level**

Though the problem of informal settlement could not be solved uniquely through spatial intervention; the informal settlement could be empowered by certain spatial arrangement. The followings are certain conditions that could promote and stimulate the development of the local economy:

#### **7.3.1. The Improvement of the Condition of the Spaces of Living and Production**

Due to its limited resources, the local livelihood in the informal settlement is very much dependent on the availability of the flexible spaces as the instrument of work and production. These flexible spaces are the spaces that are not intended for commercial uses, including the public and private living space.

This character indicates not only its high level of flexibility but also its vulnerability, as the informal usage of such space could not be guaranteed. Therefore, a more sustainable way of spatial occupation is needed to guarantee the continuity of the local livelihood. This is actually the key issue that should be included in the empowerment programme of an informal settlement.

There are a number of spatial conditions that needs to be taken into account:

#### *The distance between the living space and the production space*

The distance between the living space and the production space is very crucial. With limited financial support to travel between home and work, it is very crucial to keep the distance as little as possible. The previous experiences have already shown that many programmes that attempted to relocate the informal settlement to the urban peripheries have failed, as the livelihood of the inhabitants is mostly locally bound.

However relocations are often unavoidable, if it was the case then it is important to make a comprehensive resettlement scheme that includes a sound spatial programming and social

programme that could ensure the generation of employment in the new area, supported by a profound cost and risk analysis. The choice of the location is also crucial in this matter.

#### *Developing combined living-working housing models*

One way to solve the distance problem is by incorporating the working space to the living space. Not only it will give more freedom and flexibility to manage their economic activities or business from the convenient of their own home, they also could manage the operational time according to their convenience. This is particularly important for mothers who works from home and in the same time has to take care of their young children. It also helps them to suppress the cost of production.

Different model of dwelling that **combines the living and working spaces** could be designed according to the local context, resources and cultural setting. Different models of usage of private-semi private spaces for economic activities in each individual housing unit could be a subject of further experiment and research.

#### *The use of locally produced materials*

The building materials could be produced locally, as a form of local businesses enterprises that could generate more income and employment for the locals. Such as for example locally produced bricks, or recycled building materials. This type of project could be accompanied by innovative financial scheme. This would be another interesting research topic.

#### *Developing a more sustainable housing unit*

It is important not only to consider the use of the **durable and sustainable building material** in accordance to the local resource and climate, but also to consider the possibility of creating a construction scheme that allow the dwelling unit to **grow** or to be extended in accordance to the owner's size of household and financial situation. This should be supported by a specific financial scheme that enables the house owner to lend money with low interest rate.

#### **7.3.2. The Improvement of the Social Capital through Spatial Intervention**

The role of social capital in the continuity of local livelihood is very significant, therefore it deserves a greater emphasize. With their limited financial, human and physical capital, it is the best modality that the people could have in the informal

settlement. It is substantial to improve their life chances. The challenge for urban planner in solving this problem is not only to maintain this social capital but also stimulates it through specific spatial organization. This spatial organization could be implemented in the form of:

#### *Providing a good public space*

Good public spaces could encourage social interaction between neighbours. Its role is important in nurturing the social relation between the local inhabitants. This public space has to be equipped with facilities, such as children play grounds, sport facilities or benches, which could increase and optimise its use. It should be located in a strategic place that is accessible from every part of the area. Apart from that, it is also necessary to create certain regular events in the public space that could further encourage public gatherings, such as local fair/market or other cultural events.

#### *Providing a local community centre*

The existing of a solid local community group is really important for building a strong social network. Therefore, it is vital that every area has a community centre where they have a place to discuss communal matters and with a democratically elected representative that can represent their voices in the process of negotiation. On top of that, it is important for them to have also a representation on the higher level, which serves as their linking social capital.

#### *Providing facilities for capacity building programs*

The research has shown that most of the economic activities in the kampong areas are mostly consisted of cooked-food businesses, motor cycle workshop and laundry. It is important to build the local economy beyond those activities. Capacity building programmes are essential to improve the local skill in practical knowledge that is useful for generating economy such as building construction techniques, small enterprises management, garbage recycling for making natural fertilizer, local gardening or urban agriculture and so forth. A number of public facilities can be built to support this programme as well. It is expected that with all these facilities, it is expected that the local community bit by bit could eventually be self sustained economically.

#### *Providing semi public/private spaces that could nurture social relation*

The research has observed the extensive usage of porch in the kampong. Due to the limited space inside individual houses in the kampong, most of the people spend their time outside their house; for example on their porch and in the streets. The porch in fact is a very important social space, where most of the neighbourly interaction takes place. It is also often used for accommodating economic activities. Therefore it deserves a special attention.

ANNEXES

## QUESTIONNAIRE 1

Respondent: Inhabitant of the kampung

### 1. Key Code:

#### General Information

### 2. Address:

### 3. Age:

### 4. Place of Birth:

Jakarta

BOTABEK

cities in West Java

Java

Other location

### 5. Origin:

Jakarta

BOTABEK

cities in West Java

Java

Other location

### 6. Education:

Never went to school

Elementary School

Junior High School

Senior High School

Practical Education

University Degree

Postgraduate degree or more

### 7. Religion:

Christians

Moslem

Buddhist

Hindu

Confucian

Jothers

#### Household profiles

### 8. Number of Household Member:

### 9. What is your relation with them?

### 10. Do you pay their living expenses?

### 11. Do they contribute financially to the households?

#### Property status and ownership

### 11. Since when do you live in this house?

### 12. Where do you live before?

### 13. Do you have another property? Where?

### 14. Who owns your property?

My self

Family

Government

Office

Other

### 15. If you own it, How do you obtain this house/land?

Inheritance

Purchased

### 16. Do you pay house rent per month?

Yes

No

How Much (Rp)?

### 17. Do you pay house mortgage?

Yes

No

### 18. To whom do you pay the mortgage?

Bank

Family

Private Institution

### 17. Who pays the property and land tax?

### 19. Do you have property legal documents?

#### Employment

### 20. Number of Working Household Members (HHM):

### 21. Household member employments:

Sector	Occupation HHM 1	Occupation HHM 2	Occupation HHM 3
Trading			
Industry			
Agriculture			
Service			
Tax			
Formal			
Informal			
Income Netto (Rp.)			
<712 thousands (UMP)			
>712 thousands - 1 mill.			
>1 - 3 mill.			
>3 - 5 mill.			
>5 - 10 mill.			
>10 - 15 mill.			
>15 mill.			
Place of work			
House			
Neighborhood			
Same Municipality			
Same District			
Other Location			
Working day	days	days	days

### 22. For what do you spend most of your income?

	cek
House Rent	
House mortgage	
Food	
Saving	
Education	
Leisure	
Household cost	

#### Informal Economy

### 23. Do you establish business in your home?

### 24. Do you have domestic helper?

### 25. Do you normally buy something (good or service) from the informal sector? (Raw-food vendors, cooked-food vendors, informal transport service, etc.)

#### Social Interaction

### 26. How well do you know your neighbors in general?

0 | 1 | 2 | 3

0 = I do not know them at all [never talked to them]

1 = I know them a little

2 = I know them well

3 = I know them very well

27. How often do you normally visit your neighbor in general?

- Everyday  once of week  2-3 times per week
- once a month  2-3 times per month
- once a year  2-3 times per year  never

28. Where do you usually meet your neighbor? (Answer could be more than one)

- House  Street  Community meeting  Local Shops
- Local School  Religious facility  Local Sport facility
- Public Space  Nowhere

29. Do you have relative who live in the neighborhood?

- Yes  No

30. How many generation of your family/relatives have lived here?  1  2  3  4

---

#### Access to public provision and facilities

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31 Infrastructure

	Yes	No
Legal Electricity		
Private Water Access		
Private Toilet		
Telephone line		
State Sewage		
State Garbage collection		

32 Media and Communication

	Yes	Amount per Households
Television		
Computer		
Internet Connection		
Mobile Phone		

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#### Public Facilities

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33 How often do you visit the local park/play ground/other public space?

- Everyday  once of week  2-3 times per week
- once a month  2-3 times per month
- once a year  2-3 times per year  never

34 Where do you normally shop for your daily needs?

- Street  local shops  local Supermarket
- local mall  other location

35 Where your children go to school?

- Neighbourhood school  Other school in same municipality
- School in other municipality

36 Where is the location of health care facility that you normally go?

- Neighbourhood  Same municipality  Other municipality  Other location

37 Where is the location of religious facility that you normally go?

Neighbourhood  Same municipality  Other municipality  Other location

38 Are you satisfied with the security condition in your neighborhood?

1 | 2 | 3 | 4 | 5

39 Would you take any opportunity to move to another neighborhood?

- Yes  No

Why? \_\_\_\_\_

## QUESTIONNAIRE 2

Respondent: Informal Enterprise Business [IBE] Owner

### 1. Key Code:

#### General Information

##### 2. Address:

##### 3. Age:

##### 4. Place of Birth:

Jakarta

BOTABEK

cities in West Java

Java

Other location

##### 5. Origin:

Jakarta

BOTABEK

cities in West Java

Java

Other location

##### 6. Education:

Never went to school

Elementary School

Junior High School

Senior High School

Practical Education

University Degree

Postgraduate degree or more

##### 7. Religion:

Christian

Moslem

Budha

Hindu

Confusius

others

#### Employment

##### 8. Type of Business:

Tax paying

Non Tax Paying

##### 9. Business sector:

Trading

Industry

Agriculture

Education

Health

Construction

Service

Art

Creative Industry

Food and Beverage

Transportation

##### 10. How long have you been running your business here?

##### 11. Where did you have your business before?

##### 12. Number of People working for you?

##### 13. Are they related to you?

#### Location

##### 14. Reason to choose this location?

Close to target market

Close to source of material

Close to my house

Low rent

No option

Other reason:...

##### 15. How long do you need to come here from your house?

#### Property ownership

##### 16. Status of property ownership:

Private ownership

Family ownership

Government ownership

Corporate ownership

other..

##### 17. Do you pay rent?

#### Income

##### 18. Income brutto per day in Indonesian Rupiah

Income Netto (Rp.)	
<712 thousands (UMP)	
>712 thousands - 1 mill.	
>1 - 3 mill.	
>3 - 5 mill.	
>5 - 10 mill.	
>10 - 15 mill.	
>15 mill.	

##### 19. How much do you spend for the rent?

##### 20. How much do you spend for paying labour?

#### Clients

##### 21. Who are your clients?

People who lives in the neighborhood

People who works in the neighborhood

People from other neighborhood

##### 22. How many clients do you have every day?

### QUESTIONNAIRE 3

Respondent: Clients of the Informal Business Enterprise

#### 1. Key Code:

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#### General Information

---

#### 2. Address:

#### 3. Age:

#### 4. Place of Birth:

Jakarta       BOTABEK       cities in West Java       Java       Other location

#### 5. Origin:

Jakarta       BOTABEK       cities in West Java       Java       Other location

#### 6. Education:

Never went to school       Elementary School  
 Junior High School       Senior High School       Practical Education  
 University Degree       Postgraduate degree or more

#### 7. Religion:

Christian       Moslem       Buddhist       Hindu       Confucian       others

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#### Employment

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#### 8. Type of Employment:

Trading       Industry       Agriculture       Education       Health       Construction  
 Service       Art       Creative Industry       Food and Beverage       Transportation

#### 9. Place of Work:

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#### Consumption

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#### 10. Why do you shop\buy things\lunch here?

Close to work       Close to Home  
 Good Price       Specificity of product       other reason:....

#### 11. How many times do you come here?

Everyday       once of week       2-3 times per week       once a month  
 2-3 times per month       once a year       2-3 times per year       Never

#### 12. How much time do you need to travel here from office/home?

#### 13. Do you also visit other similar business in the area?

Yes       No

#### 14. Do you also visit other business in the area?

Yes       No



Photo: Y. Effendi (2006)

#### Post Script

In the process of writing this two-hundred-and-eight page book, I learned not so little about many aspects of life; but most importantly I found my self. And eventually the book is not that bad after all...

#### Thanks to

My parents: Billy and Ansitha  
My twin sister: Santhi and her three boys; Eko, Judi and Tirta  
My husband: Andrea

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## Samenvatting

Over de hele wereld hebben steden te maken met een snelle groei. In veel steden van ontwikkelingslanden vormen wijken die illegaal zijn gebouwd een belangrijk deel van de stedelijke structuur. In deze gebieden wonen miljoenen mensen in armoede die geen toegang hebben tot de publieke woningsector. Deze bijzondere positie in de stad betekent echter dat aan de bewoners van deze gebieden naast huisvesting de mogelijkheid bestaat om economisch gezien te overleven. Het informele karakter van deze stadsdelen vertoont een zeer specifiek en bijzonder mechanisme van overleven dat in belangrijke mate wordt gekenmerkt door flexibiliteit in productie en ruimtelijk gebruik.

Dit boek heeft als doel om inzicht te geven in de ruimtelijke economie op lokaal niveau en de ruimtelijke dynamiek met betrekking tot het overleven in deze informeel gebouwde stadsdelen. Het richt zich op het begrip ruimte en locaties waar het proces van overleven plaatsvindt door analyses van de wijze waarop ruimte is georganiseerd en uitonderhandeld als een van de belangrijkste middelen en plaats van productie. De analyses geven de dynamiek aan in relatie tot de begrippen sociaal kapitaal en kansen op (over)leven in deze informele nederzetting.

Bovendien worden, naast de beschouwing van het actuele en plaatselijke problematiek, voor een diepgaander inzicht de wortels van het probleem beschreven. Daarom wordt teruggegaan naar het verleden van de koloniale stad. De

belangrijkste economische krachten die hebben bijgedragen aan deze situatie worden in verband gebracht met de stadstheorie die uitgaat van het bestaan van tweedeling (Dual City) om daarmee nadruk te leggen op het wezenlijke onderdeel van de problematiek als onderdeel van de metropool.

In het boek staat de kampong als casus centraal en wordt als voorbeeld gezien van informele nederzettingen van de stad Jakarta in Indonesië. De conclusie is dat de dynamiek van het overleven in informele nederzettingen wordt gekenmerkt door meerder combinaties tussen de formele en informele economie. De continuïteit van haar productie staat in verband de gehele economische sector. Het is namelijk de formele sector die de vraag naar deze diensten genereert met haar economische mogelijkheden. Dit is sterk verbonden met de huidige locatie. Hier verplaatsen ervan zou daarom het lokale bestaan vernietigen.

De lokale economische activiteiten worden eveneens bepaald door de flexibiliteit van de daar aanwezige ruimtelijke organisatie en productie. Deze bijzondere kenmerken stellen bewoners in staat te overleven door te manoeuvreren tussen de beperkte middelen en kapitaal. Het productie proces is zeer afhankelijk van de intensiteit van de maatschappelijke relaties waardoor onderhandeling over ruimte en flexibele productie plaats kan vinden. Daarom zijn de plaatselijke mogelijkheden tot overleven tegelijkertijd zeer flexibel en kwetsbaar.

## Biography of Author

Devisari Tunas is formerly trained as an architect and urban planner (Tarumanagara University 1992, Jakarta, Indonesia). She holds the degree of Master of Social and Cultural Anthropology and also Master of Science in the Conservation of Historic Building and Town, both degrees were obtained from Katholieke Universiteit Leuven, Belgium, in year 2000 and 2001.

Apart from working with the issue of informal settlement and urban sociology, she has previously worked in a number of conservation/restoration projects in Belgium and France, and also in an archaeological project in Northern Syria for a number of years. She is also actively writing about the issue of food culture and the sustainability of food consumption and production.

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