SUSTAINABILITY OF JABOTABEK-INDONESIA: LESSONS LEARNED FROM THE ASIAN CRISIS

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ABSTRACT

The Asian crisis shows how Jabotabek's previous rapid development is not sustainable. Development based on Jabotabek's comparative advantages should be reevaluated. For instance, industrial development relied on high import contents and cheap labor is very vulnerable to the global forces; insensitivity to integrated local community development contributes to social unrest; lack of supporting infrastructure degrades the environment. All of this makes Jabotabek less sustainable economically, socially, and environmentally.

I. INTRODUCTION

The role of major cities as the main sites of economic activities are crucial. As major cities have linked into the global economy, they are becoming more specialized in their function and complementary in their economic relationships. In addition, the globalization trends have affected dramatically not only cities' economic transformations, but also social and physical ones. Major cities have experienced rapid economic growth, high urbanization as well as environmental degradation.

The Extended Jakarta Metropolitan Region, known also as the Jabotabek region, with a population of more than 21 million has experienced the same phenomenon. This article describes the major role of the Jabotabek region within Indonesian economy and how the first global forces as well as the next round of globalization (the Asian economic crisis) have transformed the region economically, socially, and environmentally. The Asian financial crisis, which hit most severely Indonesian cities, has contributed to the need to reevaluate the role of major cities in the notion of sustainable development, i.e. sustainable economically, socially-culturally-politically, and environmentally. Finally, this article presents how private sector had contributed to the development of Jabotabek before the crisis and what to be done for an efficient urban management toward sustainable Jabotabek in the 21st century.

II. THE ROLE OF JABOTABEK IN INDONESIAN ECONOMY

Jabotabek with a population of 21.7 million (10.61% of Indonesian population), had annual population growth rate of 2.7% compared with an average 1.7% for Indonesia during the 1990-1995 period. Jabotabek is the largest metropolitan area and the most dynamic region in Indonesia. Since the 1980s, Jabotabek has experienced rapid growth in both population as well as economy. Despite its small relative size (638,273 ha or 0.33% of the total area of Indonesia), Jabotabek in terms of a number of indicators has become the engine of national economic development **(Table 1)**.

In 1995, Jabotabek's contribution to the GDP of the country was 21.8% (doubling its national share of population). The region's tertiary and secondary sectors contributed the greatest to the GDP at 28.4% and 22.4%, respectively. The labor force in Jabotabek amounted to 10.4 million, or 12.1% of the total labor force in Indonesia.

Table 1
The Role of Jabotabek in the Indonesian Economy

No.		Year	Number	Jabotabek to Indonesia
1	Area (ha)	1998	638,273	0.33%
2	Population (Million)	1998	21.68	10.61%
3	GRDP (Billion Rp)	1995	83,847	21.83%
4	GRDP (Billion Rp)			
	a. Tertiary Sector	1995	45,749	28.40%
	b. Secondary Sector	1995	36,281	22.40%
5	Labor Force (Million)	1995	10.40	12.10%
	a. Financial Institution, Real Estate & Business services	1995	0.66	84.50%
	b. Manufacturing	1995	1.53	15.10%
	c. Trade, Hotel & Restaurant	1995	1.80	12.90%
6	FDI (Number of projects) in Jakarta	1996	294	36.30%
7	Export Import through Tanjung Priok Seaport			
	a. Non oil Export (Billion US$)	1997	16.70	39.90%
	b. Non oil Import (Billion US$)	1997	22.30	59.00%
8	***International aircraft movement/year*** from/to Soekarno-Hatta, Jakarta International Airport			
	a. Arrivals	1997	22,734	47.41%
	b. Departures	1997	22,833	46.32%
9	Circulation of money			80.00%
10	Expansion of Credit			75.00%
11	Number of Banks (Head Office in Jakarta)			
	State Bank	1997	7	100.0%
	Private National Bank	1997	122	84.72%
	Foreign and Joint Bank	1997	34	77.27%

Source: Central Bureau of Statistics, 1996, 1999; Jakarta Statistical Office, 1999; West Java Statistical Office, 1999.

Concentrated employment is experienced within the service, manufacturing and tourist sectors. Banks and other financial institutions, insurance agencies, real estate, and business services in Jabotabek attracted 85% of all workers in those sectors in Indonesia, while the manufacturing sector absorbed 15%, and trade, hotels and restaurants absorbed 13% of the national workers within their respective sectors.

Another indicator of the importance of Jabotabek's role in the national economy was the concentration of various infrastructure developments that facilitate Indonesia's international linkages. For example, Tanjung Priok, Indonesia's major seaport, is located in Jabotabek. In 1997, the seaport received around 59% (US$ 22.3 billion) of the total import value and 40% (US$ 16.7 billion) of the total export value in Indonesia. Soekarno-Hatta Airport, Indonesia's major international airport that transports people and goods to almost any place in the world, is also located in Jabotabek. The airport served approximately 50% of the total international airlines entering and exiting Indonesia every year.

Jabotabek has also become the center for a variety of services, financial and international institutions. Almost all head offices of state banks, private national banks, as well as foreign and joint banks are located in the

region and more particularly in Jakarta. All the head offices of the state banks, 85% of private national banks and 77% of foreign/ joint banks have locations in Jakarta. Similarly, the offices of international telecommunication and information services providers are located in the core urban area along with embassies, consulate generals, foreign aid offices and other foreign institutions. The Jakarta Stock Exchange (JSE), which has become the center of stock exchange activities in the country, is also located in Jakarta.

The concentration of these activities in the city has impacted the circulation of money and credit. The concentration of financial activities in Jakarta has encouraged the concentration of money circulation within the city. Almost 80% of the total circulation of Indonesian money flows within Jakarta borders. The expansion of credit in Jakarta was almost 75% of that in Indonesia.

Because of these comparative advantages, a large amount of Foreign Direct Investment (FDI) flows into the Jabotabek region. Jabotabek attracted 36% of all FDI projects in Indonesia, the value of which fluctuated between 15 and 45% of the country's annual investment approvals during that period **(Table 2).** Indonesia has been one of the targets for the Asian and world foreign investment community. According to the United Nations Conference on Trade and Development, in 1995, Indonesia was the fourth largest recipient of FDI among development countries, after China, Malaysia and Singapore (UNCTAD, 1996).

Although more than half of the total number and value of FDI projects within the region was located in the center (Jakarta), the largest increases in foreign investment were found in the outer areas (Botabek). From 1983 to 1994, the average annual growth rate of FDI in Botabek, was 51.4%, almost seven times higher than that of Jakarta. While Jakarta has maintained itself as an attractive location for FDI, the appeal of Botabek for investment has increased. The private developers had proposed and started to develop several new towns and industrial estates in Jabotabek covering an area of more than 43,000 ha (Kusbiantoro, 1996). More than 13,000 ha of agricultural land in Botabek had been converted into real estate/new town and industrial estate development. It should be noted, however, that government regulation to impose a mixed community development has been neglected by the private developers. In turn, many of these developments have created new enclaves segregating the rich with the poor.

These rapid economic growth and high urbanization have not been supported by adequate urban infrastructure (Kusbiantoro, 1996). In turn, the environment of Jabotabek region has suffered significantly in terms of air pollution, river pollution, and land subsidence (Soegijoko and Kusbiantoro, 1998). For example, the ratio of road to

Table 2
FDI in Jabotabek and Indonesia, 1988-1997

Year	Jakarta		Jabotabek		Indonesia	
	Number of Project	US$ 10^9	Number Of Project	US$ 10^9	Number of Project	US$ 10^9
1988	34	0.24	71	0.60	129	4.43
1990	108	1.62	266	2.56	432	8.75
1994	115	1.83	213	3.03	449	23.72
1997	246	6.14	n.a	n.a	790	33.83

Source: Central Bureau of Statistics, 1991, 1992, 1996, 1998; Jakarta Statistical Office, 1999

urban area in Jakarta is less than 8% compare to around 15% in Tokyo as well as in Paris. In addition the latter cities have very good mass rapid transit systems and none for Jakarta (Kusbiantoro, 1998). Public transportation facilities in Jabotabek are far less than sufficient. In 1996, only 40,000 units of public transportation were available for a population of 9.3 million people in Jakarta. Congestion is very common in city center especially during rush hours. In 1997, the loss of capital in Jakarta due to congestion (including gasoline, time consumed, and traffic accident) was estimated as around Rp 3.5 trillion per day. As mentioned, the problem is also expressed by the imbalance growth rates between number of vehicle and road system that is increasingly becoming problematic. Between 1991 and 1996, road length in DKI Jakarta grew by 1.7% per year whereas the growth rate of private motor vehicles (including cars and motor cycles) was 19.71% per year. Public transport at that period did not make up for the difference considering its low growth rate at 2.3% per year.

Inadequate public transportation has made middle and upper income citizens to purchase private vehicles, which leads to the increasing of air pollution. Clogged streets exact a major toll on economic productivity and exacerbate noise and air pollution. As known, transportation is one of major contributors to air pollution **(Table 3)**. Jakarta is said as the third city with the worst air pollution after Mexico City and Bangkok. Ambient levels of particulate matter in the city exceed health standard at least 173 days per year. Study shows that vehicle emissions constitute the most important source of harmful pollutants. Air pollution has also worsened since not much open green spaces such as park and city's forest were available in Jabotabek. In 1997, only about 6% of the city constitutes of open green spaces compared to its ideally figure of 15% (Kompas, June 1997).

Jakarta's air pollution is also associated with high levels of respiratory disease. Respiratory tract infections, for example, account for 12.6% of mortality in Jakarta, which is more than twice the national average. Furthermore, ambient lead levels, which regularly exceed health standard by a factor of 3 or 4, are associated with increased incidence of hypertension, coronary heart disease, and IQ losses in children. Not only human health, degradation of air pollution is also believed to affect building conditions, corrodes infrastructure, as well as polluting vegetation and increasing levels of green house gasses.

Table 3
Sources of Air Pollution Emissions in Jakarta (%)

Sources	SOx	NOx	SPM
Factories	76	26	57
Cars	**15**	**69**	**40**
Households	8	3	3
Ships	1	1	0
Aircraft	0	1	0
Total	**100**	**100**	**100**

Source: JICA, 1998

Water supply is another problem. Piped water connections reached less than 20% of the total household in Jakarta, in some Botabek areas even less than 5% of the household had water connections. Most isolated and poor neighborhoods are not served by piped water connections. People within these communities must therefore buy water from vendors. Since the vendors usually charge higher prices for water than the prices paid by middle and upper income groups, the poor are not only suffering from poor service, but must also pay a higher price for this vital good.

This limited service of water supply has led to another issue of over exploitation of ground water. Statistical data of Indonesia indicates that most of Indonesian people (61.60%) use ground water as their drinking water resources. This includes office buildings, hotels and industrial areas, which are more likely in using ground water compared to water provided by the Indonesian Water Company. As a result, land subsidence has been recorded in several places in

Jakarta. The Coordinating Agency of Jabotabek (BKSP) reported that parts of Jakarta have sunk up to 30 metres in the last 45 years due to over taking of groundwater (Kompas, September 1995).

The solid waste sanitation system in Jabotabek consists of a fairly substantial program in Jakarta, with less extensive programs in Botabek. Furthermore, a significant amount of waste continually goes uncollected. In Jakarta, the system serves 84.6% of total garbage volume produced every day, whereas in Botabek only 20-30%. The rest is disposed of into rivers and canals causing flood problem.

Jakarta lies in the flood plain zone of a number of rivers and streams. The drainage and flood problems experienced within the city and its outer regions are the result of overflow from inadequate and disintegrating drainage systems and inefficient flooding control systems on rivers. Uncontrolled development around the lower riverbanks has reduced the river capacity by impeding the water flow, while asphalt and concrete surface in many urban areas in Jabotabek has reduced water absorption therefore increasing the amount of surface run-off. Another reason is the trashed-filled rivers that blocked the waterways. Moreover, new developments such as real estate and toll roads, have failed to provide adequate drainage and to integrate albeit inadequate, but existing drainage system. Floods in Jabotabek are also caused by inadequate water bodies protection. Originally, there were 193 lakes in Jabotabek with a total surface area of 2,282 ha. In 1997, there was only 35% of these areas. The rest have been drained and reclaimed to become residential sites, toll roads, industrial areas, etc.

A study in 1992 shows that 97 percent of surface water in Jakarta did not meet the required national health standard due to contamination of coliform (faecal) bacteria (Republika, 1997). One hundred percent of shallow wells in housing areas of Jabotabek were polluted by the faecal bacteria, as well as by organic chemical substances such as ammonia, nitrite, and heavy metals (BPPT, 1998). Moreover, coastal pollution occurred due to industrial activities, domestic waste disposal, water vessel traffic, oil waste, and pollution from mining and seaport activities. At the end of 1997, the level of pollution in Jakarta Bay was said as reaching 10 km from the seashore. It was reported that the bay received untreated waste from more than 30,000 small and large-scale industries, and that the mercury contents of fish and shrimps samples taken from the area were already exceeding the WHO standard (World Bank, 1994; Kompas, 1997).

Regarding the solid waste system, about 15% of the total garbage in Jabotabek continuously goes uncollected every day, while a much higher figure of uncollected garbage was recorded for part of Botabek areas (up to 80%). Many people would simply dump their garbage in rivers and streams, blocking the waterways and causing floods. Another issue is regarding the garbage disposal location. One example is the "TPA Bantar Gebang" (a 108 ha garbage disposal, located in Botabek). It receives not less than 22,000 cubic metres of garbage per day from all over Jakarta, while the proper sanitary landfill method is not conducted. Bantar Gebang is now over-filled with garbage up to 15 metres high. Around 1,500 households (± 6,000 people) living on its surroundings suffered from heavy smokes (reaching a 10 km radius) brought by the fire of methane gas, bad smell and groundwater pollution caused by the leachate (especially during rainy season). Hundreds of people were reported having lung and respiratory problems, thousands examined with skin disease, while many more experienced respiratory tract infections.

Within the industrial sector, inadequate waste recycle plant systems in some industries in Jabotabek have created river pollution. Many times waste is disposed of in the river without fulfilling the required threshold of water according to Indonesian State Ministry of Environment Act. The increasing intensity of manufacturing and other activities in Jabotabek has accompanied coastal pollution in Jakarta Bay. At the end of 1997, the level of pollution in Jakar-

ta Bay has reached 10 kilometers from the seashore. The zones nearest to the seashore had higher than average values for Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), ammonium, metal and sediment contents. The quality of water in all probability will get worse in the future, before it gets better. It will get worse if those increasing intensity of activities are not controlled. The causes of pollution, among other are domestic waste disposal, water vessel traffic, oil waste, and pollution from mining and seaport activities.

As mentioned before, the use of groundwater in newly urbanized areas has exceeded the limit of natural aquifer recharge. The lowering level of groundwater causes land subsidence. In areas of high groundwater obstruction (the over-extraction of groundwater), particularly from deep aquifers, the water is squeezed out from between clay layers. This results in substantial compression of the overlying solid mass which causes it to sink. On the surface the result is noticeable land subsidence. Previous studies have reported land subsidence in DKI Jakarta (Department of Public Works, 1993; JICA, 1998). Since 1989, DKI Jakarta's government and other interested agencies have provided monitoring wells, while leveling surveys on the elevation of existing benchmark in Jakarta have been carried out periodically. Research has revealed that the burden of rapid urbanization and land subsidence has led to seawater penetration to the groundwater (JICA, 1998).

In short, Jabotabek is Indonesia's gateway to the world and therefore is highly affected by changes in regional and global conditions. The first globalization processes have impacted the region's development positively and negatively. The following section will discuss the negative impact of the next round of globalization (the Asian crisis) on the sustainability of the Jabotabek region.

III. IMPACTS OF THE ASIAN CRISIS

Essentially, it was not until August 1997 that the economic crisis started in Indonesia, i.e. when the exchange rate was first floated. Despite other countries such as Thailand, Malaysia, and Korea that were also hit by the crisis, evidence shows that negative aspects of the crisis were most evident in Indonesia. For example, the estimated unemployment rate in Indonesia was 21.0% compared to only 3.5 % in Malaysia, 6.7% in Korea, and 6.0% in Thailand **(Table 4).** Similarly, in Indonesia the economic growth rate dropped from 7.8% (1996) to negative 13.7%(1998) and inflation rate from 6.5% (1996) to 77.6% (1998); compared to the economic growth rate from 8.8% (1996) to 2.0% (1998) for Malaysia and from 6.7% (1996) to 6.6%.

Table 4
Estimated Unemployment Rate during the Asian Crisis

	Country	Estimated Unemployment rate (%)
1	China	3.10
2	Japan	4.10
3	Taiwan	2.42
4	Malaysia	3.50
5	Philippine	8.40
6	South Korea	6.70
7	Hong Kong	3.90
8	**Indonesia**	**21.00**
9	Thailand	6.00
10	Singapore	2.20

Source: Kompas, June 17, 1998

(1998) for Thailand. The inflation rate was from 3.5% (1996) to 7.5% (1998) for Malaysia and from 5.9% (1996) to 11.6% (1998) for Thailand **(Table 5).**

Regarding the economic impact, the Asian financial economic crisis has severely hit the Indonesian economy **(Table 6).** The national economic growth rate (including oil and gas products) fell from 8.22% in 1995, to 4.91% in 1997 and to negative 13.68% in 1998. Excluding oil and gas products, the national economic growth rate fell from 9.24% in 1995 to 5.45% in 1997 and to negative 14.78% in 1998. Economic growth in DKI Jakarta has also reached negative figures (-19.39%), recorded as the region with the worst economic growth among the other provinces (Indonesia Economy Report 1998 and Statistical Year Book of Indonesia 1998 by Central Bureau of Statistics, 1999).

The depreciation of rupiah fluctuated by over 3-5 times (Rp.12,000-15,000 per US$) since July 1997 coupled with high interest rates has made it difficult for the private sector to continue their business, regarding the scarcity of imported materials, increasing operational cost, and increasing loan interest. Inflation rate has also increased from 6.47% in 1996 to 11.05% in 1997. Despite the strengthening of the rupiah's value against the US dollar in the last few months, the rupiah has not yet stabilized, fluctuating between 6,500 to 8,000 rupiah per US $ 1. However, inflation rate is still high, reaching 77.63% in 1998. Inflation rate in Jakarta prior to the crisis (1996) was only 7.25%, and then reached 11.70% in 1997, and to 74.42% in 1998 (Economy Report 1998 by Central Bureau of Statistics Indonesia, 1999). During the same time, per capita income levels dropped from US$ 1055.4 in 1997 to US$ 436.3 in 1998 (Pilar Bulletin, 1998). The political instability following the economic crisis has also discouraged the return of FDI in Indonesia and Jabotabek. The total FDI approved in Indonesia by June 1998 was recorded to be US$ 8.3 billion, a drop of over 75% from the previous year of 1997 where it reached US$ 33.8 billion (Indonesia Economy Report 1998 by Central Bureau of Statistic, 1999).

Throughout the economic crisis, the land to be developed as new towns and industrial estates, proposed by the private developers during the economic boom, was overestimated. Lack of information and a long term integrated development plan contributed to this problem. For example, in Jakarta alone it was estimated that only 41 ha of the proposed 821 ha of land had been developed by the private sector (BPN DKI Jakarta, 1998).

Regarding the social condition, a survey on the impact of the economic crisis shows that people living under the poverty line in Indonesia has increased from 22.5 million (11.3% of the total population) in February 1996, to 49.5 million (24.2%) in December 1998[1]. This means an increase of poverty of more than 100% in less than three years period caused by the increasing price of basic staple goods, increasing unemployment, and decreasing of buying capacity of the people (Statistic Report, July 1999). The study also shows that the increasing rate of poverty in urban areas is faster compared to its rate in rural areas, indicating that people in urban areas have a higher burden in facing the crisis compared to those in rural areas. Based on a survey reported in Pilar Bulletin (1998), in June 1998 poor people living in Jakarta was estimated to be around 9% of the total population, in comparison to 2.5% recorded in 1996 (Statistical Year Book of Indonesia, 1998). Compared to the nation as a whole the unemployment rate in Jabotabek was more dramatic. It climbed as high as 16.61%, affecting 1.5 million people in the region. The most severely hit area was Jakarta which experienced an unemployment rate of 21.51% in the first quarter of 1998 (URDI, 1998). The heavy burden of the crisis felt by the poor combined with the emerging new enclave residential areas as well as the widening gap.

[1] Poverty line is estimated based on income of 96,959 rupiah per capita per month in urban region and 72,780 rupiah per capita per month in the rural.

Table 5
Economic Growth Rate and Inflation Rate of ASEAN Countries
1996-1998 (%)

Groups of Country	Economic Growth Rate			Inflation Rate		
	1996	1997[1]	1998[4]	1996	1997[1]	1998[4]
ASEAN[2] Countries						
1. Malaysia	8.8	7.8	2.0	3.5	2.7	7.5
2. Philippine	5.5	5.6	3.0	8.4	5.0	3.0
3. Singapore	7.0	7.8	4.0	1.4	2.0	2.8
4. Thailand	6.7	6.1	6.6	5.9	5.6	11.6
5. Brunei	3.0	4.0	n.a	2.0	3.0	n.a
6. Indonesia	**7.82**	**4.91**	**-13.68** [3]	**6.47**	**11.05**	**77.63**
7. Vietnam	9.5	9.0	7.5	6.0	3.6	8.5

Note: (1) Estimation; (2) Exclude Laos and Myanmar; (3) Tentative Rate; (4) Estimation
Source: Nota Keuangan 1998/1999, and Pacific Economic Outlook 1998/1999 in Indonesia Economy Report, 1998, Central Bureau of Statistics, Jakarta, Indonesia.

Table 6
General Economic Indicators: before and after the economic crisis

Indicators	Before			After	
Indonesia	1994	1995	1996	1997	1998
Economic growth (%)	7.54	8.22	7.82	4.91	-13.68
Gross Domestic Product (Rp 10^9) at constant 1993 market prices include oil and gas	354640.8	383792.3	414418.9	434095.5	374718.7
Inflation rate (%)	9.24	8.64	6.47	11.05	77.63
Foreign Trade (US$ 10^9)					
a) exports	40.05	45.42	49.81	53.44	50.06
b) imports	31.98	40.63	42.93	41.68	26.95
FDI (US$ 10^9)	23.72	39.91	29.93	33.83	8.34
Interest rate (%)	12.42	16.72	16.92	23.01	60.38
Exchange rate (Rp/US$)	n.a	n.a	2,500	13,500	10,688
Income per capita (US$)	n.a	n.a	1,155	1,055	436.3
The poor (%)	13.67	12.50	11.34	17.77	24.2
Open unemployment (%)	n.a	7.24	4.86	4.68	5.46
Jabotabek/ Jakarta					
Economic growth (%) (Jabotabek)	n.a	8.47	8.32	n.a	-7
Gross Domestic Product (Rp 10^9) at constant 1993 market prices include oil and gas (DKI Jakarta)	55505.3	60638.2	66201.8	69479.4	n.a
Inflation rate (%) (Jakarta)	10.56	9.54	7.25	11.70	74.42
The poor (%)	5.65	4.06	2.48		
Open unemployment (%) (Jabotabek)	n.a	16.61	n.a	n.a	37.89

Source: Central Bureau of Statistics, 1996, 1997, 1999; Jakarta Statistical Office, 1997

between income groups in turn contributed to social unrest and riots in mid May 1998.

A major impact of the economic crisis on urban infrastructure development was the decreased capacity of the government in financing urban infrastructure and public services facilities. The impact was felt in the construction, rehabilitation and the maintenance areas. Given that the infrastructure is inadequate, the government's limitation in turn will worsen Jabotabek's environmental problems.

In short, the Asian crisis shows how Jabotabek's previous rapid development is not sustainable. Development based on Jabotabek's comparative advantages should be re-evaluated. For instance, industrial development relied on high import contents and cheap labor is very vulnerable to the global forces; insensitivity to integrated local community development contributes to social unrest; lack of supporting infrastructure degrades the environment. All of this makes Jabotabek less sustainable economically, socially, and environmentally.

IV. TOWARDS A SUSTAINABLE JABOTABEK

Before the crisis, private developers had participated in pioneering the development of new towns, industrial estates, and even infrastructures. Some new towns provided economic and social infrastructures for their residents, such as space for hawkers, waste water treatment plant, water supply, and garbage collection. However, most of these were short-term oriented and partial in nature. Realizing this problem, in 1997 URDI initiated a series of meetings involving private and public sectors in Jabotabek. An initial agreement had been reached between the parties to have an integrated development for Jabotabek focusing on the transportation sector. Unfortunately, the crisis came before this initiative could be realized.

As mentioned before, the private developers had overestimated the demand during the economic boom period. As a result, there is an ample amount of "idle land". However, there have been some positive practices from the private sector to utilize the vacant land. For example, the development of a commercial area called "Kampung Tenda Semanggi" situated in Jakarta's CBD. The site was a plot of open land that was planned for office buildings. Due to the economic crisis, construction ceased and the land was abandoned until private developers decided to utilize the land. Their idea was to turn the 2.8 hectares land into a complex consisting of small cafés and restaurants as well as a place for selling arts and handicrafts. The land was divided into many plots for rent, while developers made the necessary preparation of the location, including provision of infrastructure such as water supply. Around 1000 laid-off workers were involved in its preparation. The landscape is designed under a "kampung" (traditional) atmosphere with rice, sugar cane and bamboo plants, together with various attractive "kampung" character structures. Kampung Tenda Semanggi began to operate at the end of 1998, and is now running very well with its 119 "warung" (traditional food stalls) and a 580 car capacity parking lot. Many young people and families visit the area, which is often highlighted by live entertainment and music attractions.

Another example of the involvement of the private sector is urban renewal. A presidential decree in 1990, concerning renewal on government owned land, prescribed renewal without eviction by way of providing multistory housing (low-cost apartment) on the renewal site. In Jakarta, this has been applied in several slum improvement schemes and in slum areas after a fire. An interesting example is shown in the case of the "Benhil" low-cost apartment, located strategically in the center of Jakarta. The apartment, consisting of 614 units, is a simple apartment built on a previous slum area destroyed by a fire in 1996. It was built with an attractive park. As many as 374 families who previously lived in the slum area were assigned to get the apartments. However, some of the occupants sold the apartments while several others did not even use them.

The apartments originally built for the low-income people are now rented, owned and occupied by a mixture of society. Some of the occupants consist of the original community, while many others come from the middle and even high-income class. Despite the deviation from its original purpose and the fact that it is now facing high operational costs for its maintenance, it provides a diversity of community that seems to work well since interactions take place between people living there, either economically, culturally or socially. Moreover, the environmental condition in the area has been significantly improving compared to its previous condition. This example also demonstrates that when urban renewal is properly managed, it may provide great benefits for the community and reasonable profit for private investors.

All of the above examples are positive practices of "embryonic" public-private decision making and partnership for the financing and management of urban development. One of the issues is how to provide the needed information concerning the overall plan to integrate the development. Another issue is how to disseminate the positive practices. In the future, given the government's limited resources, the role of the private sector will be more crucial. The role of the government is to enable the private sector to finance and manage sustainable urban development economically, socially, and environmentally.

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