



**THE ELEPHANT IN THE ROOM:
POLITICS AND THE DEVELOPMENT PROBLEM**

**13 - 14 DECEMBER, 2010
MURDOCH UNIVERSITY, PERTH**

POLICY MONOGRAPH

An important basis for the workshop is the research conducted as part of the project, 'Sustainable Demand for Governance – Political Dimensions of Change', funded by AusAID through its Australian Development Research Awards (ADRA) programme and undertaken by researchers from Murdoch University, International Institute of Social Studies, Erasmus University, The Netherlands, and Universitas Gajah Mada, Indonesia.

8 'The streets belong to who?': 'Governance' and the Urban Informal Sector in Jakarta, Indonesia

Ian Douglas Wilson

Asia Research Centre, Murdoch University, Western Australia

The aim of this case study is to assess the nature and impact of policy relating to governance of the Urban Informal Sector (UIS) in Jakarta, Indonesia, focusing in particular upon the degree of representation of various stakeholders and sets of interests in existing policy. After outlining the background context of the issue, focusing upon Jakarta, it will ask; what has been the nature and extent of this representation in current policy, what political and economic interests have dominated policy debate, what efforts have been made to represent the sector and what can potentially be done to ensure that representation translates into effective and equitable governance strategies that balance the needs of UIS workers with those of other relevant stakeholders.

Defining the Urban Informal Sector

By way of a general introduction, the informal sector covers a wide range of economic and income generating activities, including casual jobs, small-scale entrepreneurial activity, home industry and part-time work; work operating outside of formal government regulation and taxation (including the black-market or illegal), making it a complex and problematic area of governance. The term 'informal sector' is meant to capture the characteristics of that sector of the labour force which is not part of the regulated employed sector. This study will focus upon one of the more conspicuous and contentious sectors of the UIS in Jakarta; petty street traders and vendors known more as *pedagang kaki lima* or PKL. Due to the often transient and fluxing nature of street trading it is difficult to find accurate estimates of the numbers of PKL in Jakarta with figures ranging from 140,000 to over 350,000. In particular, during times of economic crisis or downturn the numbers of PKL can quickly expand. For example during the Asian Economic Crisis of 1997 the number of vendors and itinerant traders jumped from 95,000 to 270,000 in the space of a few months (Firman 1999) ¹.

The Global Development Research Centre has identified a number of criteria distinctive of the UIS: a) It operates in open spaces, (b) it is housed in a temporary or semi-permanent structure, (c) it does not operate from spaces assigned by the government, municipality or private organizers of officially recognized market-places, (d) it operates from residences or backyards, and (e) it is not registeredⁱⁱ. Employment instability based on casual ad hoc employment means that UIS workers often engage in petty trade, and as such do not receive salary or benefits from a stable employer. While UIS workers in Indonesia are not by definition poor, the urban poor make up an overwhelming majority of the UISⁱⁱⁱ. The 2006 World Bank Report *Making the New Indonesia Work for the Poor* gives figures that 60% of all Indonesians work in the informal sector, the number rising to 75% amongst those they define as the poor (World Bank 2006)ⁱⁱⁱ. In 2001 Blunch et al cite a figure of 77.9% for the proportion of the Indonesian urban work force located in the informal sector (Blunch, Canagarajah and Raju 2001). This compares with 66.9% in the Philippines and 51.4% in Thailand (Blunch, Canagarajah and Raju 2001). In 2008 it was estimated that as many as 60 million out of Indonesia's workforce of 97 million worked in the informal sector (Khalik 2008).

With the high dependence of formal sector employment upon global markets, the informal sector has continued to expand particularly during times of global economic downturn such as the Asia Financial Crisis of 1997. As such it has provided a safety net against abject poverty in the absence of extensive functioning social welfare services in Indonesia. Portes and Hoffman have documented globally the dramatic growth in what they describe as an 'informal proletariat'; "the sum of own-account workers minus professionals and technicians, domestic workers, and paid and unpaid workers in microenterprises" (Portes and Hoffman 2003: 55). The implementation of neo-liberal policies and the privatisation of markets, particularly in developing countries, has seen an overall shrinkage of public sector jobs and 'forced entrepreneurialism' and invented self-employment for many (Centeno and Portes 2006). This trend of informalisation has also accelerated processes of urbanisation (Davis 2004). The continued lack of economic opportunities in rural areas makes migration to urban centres a pragmatic survival strategy for many, swelling the size of cities and overwhelming the already limited absorptive potential of the formal sector. The urban informal sector is a global socio-economic reality that will continue to grow in the future. As Centeno and Portes state, its expansion is also "a poignant reflection of the distortions and failures of the

development process”, and “simultaneously a key actor for implementing any solution to them” (Centeno and Portes 2006: 24).

With these figures and economic and population trends in mind, the characteristics and dynamics of the urban informal sector in Indonesia should be a matter of high priority for government and policy makers. Some of the key characteristics of the urban informal sector in comparison to formal sector workers are:

- They have minimal income security and as a result are constantly in search of work. Insecurity is a constant feature of their existence, and they are highly susceptible to income loss.
- Their relations with their employers/clients are generally more direct and personal than those of formal sector workers, and they often have multiple relationships. Despite a common perception of informal sector workers as self-employed potential or actual micro-entrepreneurs (pushed by donor agencies such as the World Bank), most in fact work for someone else i.e. via consignment, rental of a pushcart or space or as off the books workers or suppliers for formal sector firms.
- Their socio-economic and political life is primarily territorial based (neighbourhood, street) and not workplace based. Subsequently they have a higher consciousness and sensitivity to issues of space, but a diminished sense of sectoral consciousnesses. Issues of economic livelihood are frequently intertwined with those of housing/residency.
- Due to the fluidity in their situation, there is a far greater degree of social heterogeneity in their immediate living environment. People frequently move in and out of neighbourhoods as fortunes, consumption patterns and demand fluctuate. This can lead to unique forms of social organisation (such as community based cooperatives) but can also inhibit the development of effective forms of community based advocacy. This heterogeneity, generally within crowded environments with poor infrastructure and a lack of basic amenities, can also contribute to the emergence of forms of social conflict and predatory and reactionary forms of organisation (street gangs, protection rackets, vigilantes).
- There is greater flexibility as regards to time/working hours.
- The UIS often operates in highly competitive yet unregulated markets. Markets frequently become oversaturated, resulting in overall reduction of profits.

- Largely by default they engage in more illegal activities, ranging from squatting and trespassing to unlicensed businesses, making them frequently subject to harassment and arrest by the authorities. Davis has estimated that up to 85% of urban residents in the developing world “occupy property illegally” (Davis 2004:15).
- They serve an important economic role by providing affordable goods and services for the urban poor as well as low wage formal sector workers.

Considering the significance of the UIS, in terms of the sheer numbers of people involved, its inherent precariousness and its crucial safety net role in relation to an often equally precarious formal sector, what have been the governance strategies of the Indonesian government towards it; how has it been represented in policy and what types of initiatives and support programs have been implemented to accommodate this now global product of hyper-urbanisation?

Policy and approaches

Throughout Indonesia UIS governance has been characterized by an informal approach. In practice the presence of informal sector activity in public space is frequently tolerated to varying degrees (often due to a lack of resources to do otherwise) however with few exceptions it lacks any formal legal foundation or safeguards. On a day-to-day basis in cities such as Jakarta, Surabaya and Medan such informal governance is often the preserve of the community itself, or frequently criminal and protection rackets gangs often working in cooperation with the police, civil ordinance officials and local authorities (Robison, Wilson, Meliala 2008). UIS workers are frequently subject to a range of both formal and informal fees paid to gangs, the police and civil ordinance officials. A study conducted by the Institute for Economic and Social Rights in 2007 showed that street vendors in Jakarta paid Rp. 279.8 billion (US\$27.9 million) in retributions, the majority of which were illegal (Nasir 2008)^{iv}. A common situation found in the streets and neighbourhoods of Jakarta is vendors paying retributions to gangs and protection groups in the hope that this will prevent the extraction of fees from other gangs and also provide protection from harassment and eviction by the authorities. Often vendors are forced to pay fees to both gangs and officials, with neither providing any binding guarantee of security.

The implementation from 2001 of political decentralisation in Indonesia, and the subsequent demand from provincial and district level governments for an increase in locally generated revenue has, despite opportunities for increased public participation in development and planning, had a negative overall effect on informal sector workers, with many small enterprises being pushed into the formal economy with insufficient planning and street vendors evicted or ‘criminalised’ in the context of increasing competition and clashes of interest over the use of public space. In Jakarta part of the rationale for an intensification of this repressive and prohibitive approach since has been that large numbers of UIS workers are economic migrants to the nation’s capital and that the capacity of the city to sustainably absorb a greater population has already been surpassed^v. This rationale is not entirely unfounded as Jakarta’s population has grown at a startling rate. Totalling only 1.5 million in 1950, according to the 2010 census it is now around 9.58 million with the greater Jakarta region reaching 26.6 million, making it one of the largest metropolitan cities in Southeast Asia (BPS 2010). Rapid urbanisation has been accelerated by continued under-development in rural areas resulting in a near constant stream of migration into the capital^{vi}. In 2005 it was estimated that Jakarta had 2.4 million long term and 430,000 short term migrants from rural areas (Resosudarmo, Yamauchi and Effendi 2009). Street vending in particular is for many new migrants often one of the only viable and accessible means by which to generate income, hence recent and long term migrants are heavily represented.

This argument however obscures the reality of limited formal employment opportunities even for long term Jakarta residents, and also the ways in which existing resources, space and infrastructure have been utilised and prioritised, and the sets of interests that have benefitted. As Rukmana states, “many of the problems associated with the informal sector are not attributes inherent to the informal sector but manifestations of unresponsive urban planning itself” (Rukmana 2007). Clearance of slums for example is entirely counter-productive when alternate places of residence and livelihood are not provided or do not exist, and in Jakarta such operations have been used as a means for freeing land for high-level investment developments (Human Rights Watch 2006). As has been well documented, capital intensive retail developments such as shopping malls and luxury housing estates are also placing unsustainable burdens on Jakarta’s physical infrastructure and environment and have been linked to the exacerbation of long term problems such as flooding (due to reducing natural catchment areas) and the attendant issue of land subsidence^{vii}.

At a national level there is limited in principal recognition of the UIS in the National Spatial Planning Law 26/2007 which identifies the importance of the informal sector in urban areas; the need to incorporate it into urban planning as well as minimum standards of services and provisions for greater accountability in spatial planning processes (Hudalah and Woltjer 2007). The ambiguous in principal and non-binding nature of the law however has meant that it is easily overlooked, or is often countered by regional and district level regulations (known as *Peraturan Daerah*, or Perda). A further Presidential decree in 2007 also stipulated that chain convenience stores in particular be required to assess their impact upon any traditional markets in close proximity^{viii}. Similarly, national level ministers have, usually during periods of economic downturn, requested that street traders be left undisturbed in the interests of not further burdening financial pressures on the poor. These however have not been considered binding, or backed by concrete legislation^{ix}.

However in some urban centres in Indonesia street vendors have been formally accommodated within planning and space allocation and involved directly in a consultative planning process. For example in the city of Solo, Central Java, a participatory approach towards the accommodation of the UIS has been adopted by the mayor Joko Widodo. Plans to relocate over a thousand vendors involved an extended process of negotiation and consultation with vendors after which they voluntarily moved to a new location, in contrast to the tactics of his predecessors (The Jakarta Post 2010)^x. Vendors were accommodated within fifteen recently renovated traditional markets or provided with new street carts and main bus routes redirected so that there would be a constant stream of customers (Tempo, 2009). Local regulations have also been introduced, and more importantly enforced, limiting the number of large malls and 24hour minimarkets (Indarini 2010). A Street Vendors Administration Office (*Kantor Pengelolaan PKL*) has been established to pursue initiatives for assisting and consulting directly with the UIS^{xi}. Most significant in the Solo case, is the recognition of the UIS as a legitimate sector to be incorporated within development and planning agendas and allocated adequate resources, the most important of which is space^{xii}. The Solo example, while encouraging, has however been an exception to the rule. Nationally, the prevailing orientation of regional regulations towards the UIS is prohibitive; indicating that while informally it is recognised, the prevailing tendency is to view it as illegal activity due to its operation outside of state regulation and its reliance upon public space.

Between order and disorder in ‘the city of vendors’

In part due to the sheer size of its population the management and politics of the UIS in Jakarta is far more complex than in other urban centres throughout Indonesia. The response from government however has been far less nuanced or accommodating than in Solo. The primary policy instrument used for dealing with the UIS has been the 1988 Public Order law, which was later revised in Regional Law No.8 2007 (FAKTA 2008) ^x

ⁱⁱⁱ. The Public Order law criminalises non-state sanctioned UIS activity, stipulating that it is illegal to sell goods or conduct business in streets, parks or other public places except in areas designated by the governor. The recognition of the informal sector in the 2007 National Spatial Planning Law was in a sense countered by a tightening of the previous Public Order law, which included greater penalties for illegal vending along with begging, busking and squatter settlements. A parting gift of outgoing governor Sutiyoso, he argued that the law was necessary to "to put order into things of common interest"(BBC 2007).

The regular experience of violent confrontation between UIS workers and state agencies was in many ways shaped during the governorship of Sutiyoso (1997-2007) who waged a systematic campaign against the informal sector at a time when it was expanding dramatically in the wake of the 1997 economic crisis ^{xiv}. During the period 2001-2005 approximately 60,000 slum dwellers were evicted whereas in 2003 alone 17,700 street vendors were moved on, many having their stalls demolished (FAKTA, 2004). Identity card checks were increased, especially at the end of the fasting month of Ramadan when traditionally there is an influx of new migrants. Public parks such as the National Monument (Monas) were fenced off and pedestrian paths narrowed to prevent vendors establishing stalls ^{xv}. Indigenous Betawi gangs and ethnic militias were mobilised, resulting in increased clashes with migrant ethnic groups predominant in street trade such as the Madurese (Wilson 2006). A former Jakarta military commander, Sutiyoso employed urban management techniques associated with the former New Order regime. His vision and concept of Jakarta, inspired by Singapore and Hong Kong, had no place for the UIS, which was considered an eyesore, source of social problems and unbecoming a modern city (Kusno 2004).

This negative impact of this law and order approach upon the UIS has been compounded by a failure to implement and enforce existing legislation accommodative of informal economic activity, such as Jakarta regional law No.2/2002, which requires developers of large scale

retail developments (2,000-4000m² of floor space) to allocate up to 20% of total space for UIS activity, and not to be within 2.5km of traditional markets^{xvi}. Since the passing of the law in 2002, there has yet to be a single development that has allocated space as stipulated in the regulation and a number of recent retail developments are well within the 2.5km exclusion zone^{xvii}. The common practice is for powerful developers to simply buy themselves out of regulatory adherence, either via illegal payments to officials or other forms of retribution^{xviii}. From the perspective of developers providing space for vendors is seen simply as a waste of money, with little to be gained in terms of social or political capital^{xix}. The outcome has been an overabundance of high end retail developments, housing estates and commercial buildings. By way of example, Jakarta currently has around 40 traditional markets each of which can accommodate around 500 traders (20,000 in total), well short of the estimated 140,000-350,000 street vendors (Interview with Azas Tigor, Director of the Jakarta Residents Forum (FAKTA), Jakarta, 6 August 2010). This can be contrasted with the 60+ medium to large sized shopping malls in Jakarta that are estimated to serve the needs of and be affordable for only around 500,000 residents, or 3.5% of Jakarta's total population (Rukmana 2009a). At the municipal level, each of Jakarta's mayors has informally designated areas for street vendor activity, though with the high demand and price of land the trend has been towards reducing rather than increasing these. For example in December 2009 in Central Jakarta there were 62 designated areas for street traders, down from 66 in February of the same year (Sabarini 2009). The rationale for the reduction of space despite an increase in demand was that it is necessary in order to 'tidy up the city' (Sabrini 2009).

With the limitations and precariousness of legal space in which to operate, UIS workers takeover the streets, filling up sidewalks and alleyways and are subsequently subject to eviction, relocation or dislocation via regular '*razia*' or raids conducted by Satpol PP public order officials. This enforcement is sporadic and usually conducted without prior negotiation, adding to the uncertainty of UIS workers and increasing the risk of conflict. There is significant evidence suggesting corrupt and collusive practices, in which Satpol PP clear vendors and poor communities on behalf of developers and so called 'land mafia'; networks using intimidation, falsified land title documents and bribes to officials to acquire land (Human Rights Watch 2006). A 2009 report by the Indonesian human rights group Imparsial recommended that the Satpol PP be disbanded due to its systemic human rights violations in the enforcement of public order laws against vendors and disproportionate allocation of fiscal resources it receives (Imparsial 2009). In the 2007 Jakarta regional budget the Satpol PP was

allocated 303.2 billion (US\$29.7 million) (Imparsial 2009) ^{xx}. This compares to 188 billion allocated for primary level education, 200 billion for government run health clinics and 64 billion for the Cooperatives and Small and Medium Enterprises Agency, a body seen as crucial to the development of the UIS (Imparsial 2009). This huge investment in the Satpol PP, whose core function is the enforcement of the public order laws, indicates the prevailing attitude towards the UIS at the top levels of the Jakarta administration is that of illegal activity which obstructs more profitable forms of development. It also reflects the prevailing matrix of interests that dominate policy formation processes and their selective enforcement, with the administration generously funding a force with the core function of clearing the streets of UIS workers and the urban poor.

The social and economic outcomes of this criminalisation approach has been almost entirely negative, both for government and UIS workers, and linked to a range of social problems such as increased levels of urban poverty, street criminality, social conflict as well as a delegitimisation of government agencies ^{xxi}. Often left with nowhere else to go, evicted vendors simply move to another area, or return to their original site once things have ‘cooled down’, resulting in an ongoing pattern of ‘semi-nomadism’ within the city. In part this nomadism is inherent in the nature of street vending itself, which tends to congregate around pre-existing centres of activity (schools, transport terminals, business districts etc), rather than becoming the locus for an economic or retail hub in its own right ^{xxii}. According to Azas Tigor, Director of the Jakarta Residents Forum (FAKTA), the Jakarta administration has not recognised this central characteristic of street traders, hence the repeated failure of attempts to force them into the formal sector. For example the Jakarta City Market Authority (PD Pasar Jaya) has instigated a number of ‘vendor relocation programs’ aimed at removing vendors from the streets and situating them within market buildings (Wisnu 2009). Situated away from organic hubs of activity, or in direct competition with convenience chain stores, and often in high states of disrepair these markets have been unpopular both with consumers and vendors themselves. The high fees imposed for kiosks (anywhere between Rp.7-10 million per meter) has also been prohibitive (Wisnu 2009, Interview with PD Pasar Jaya official, Jakarta 12 August 2009). Informality remains more profitable.

The election of Fauzi Bowo as governor in 2008 brought some optimism amongst NGOs, residents forums and vendor associations that a more humane approach would be adopted

towards street vendors, however to date he has continued the confrontational and approach of his predecessor^{xxiii}. An example is the implementation of his plan to increase 'green space' in Jakarta from 9.6% to 13.9% by the end of 2010 (Rukmana 2009b)^{xxiv}. As anyone who has spent time in Jakarta knows, public parkland is rare and much needed^{xxv}. However as the NGO Indonesian Forum for the Environment (WALHI) and others have identified, the targets for reclaiming land for green zones have been overwhelmingly 'soft', such as squatter communities and existing vendor and street market sites, in short the urban poor and UIS workers (Khalid 2009). Examples include the eviction of long-established street traders in Jalan Barito, settlements surrounding the BMW Park in Tangerang and communities in Rawasari Cempaka Putih, Central Jakarta (Khalid 2009). On the other hand, a number of malls and shopping centres that have already been built on designated green zones (largely illegally and due to corruption) have neither been demolished (which according to the governor would be 'impractical') nor required to pay any compensatory fee or tax^{xxvi}. Proposals for further mall developments on allocated green zones have also been allowed to reach formal assessment stages (Setiawati 2010).

One major conceptual failing of the Green Zones concept, and spatial planning more generally, is that it does not incorporate residential areas or allow for either informal or regulated economic activity. Rather than 'greening' existing neighbourhoods, the strategy has been to clear designated green zones of human inhabitants putting further pressure upon surrounding areas. Organisations such as WALHI, Urban Poor Consortium and the Jakarta Residents Forum (FAKTA) have all developed detailed alternative planning models which have been submitted to the Jakarta administration for consideration however representatives of each stated that they had yet to receive a serious response (Interview with Wadah Hafidz (UPC) and Slamet Daroyni (WALHI), Jakarta, 10 August 2009). Alternative plans from within the administrative bureaucracy have also been rejected after opposition from big business, such as the Jakarta City Parks agency's proposal to develop green spaces at the site of 29 gas stations (Rukmana 2009 b).

As Hudalah and Woltjer state, spatial planning processes are 'coordinative in nature', meaning that in practical terms it involves negotiations and deal making between public and private stakeholders (Hudalah and Woltjer 2007). Hudalah and Woltjer add that "there is no specific obligation of the government to invest or to finance the proposed development or land supply" (Hudalah and Woltjer 2007: 298), with the role of government primarily one of

making programmes to facilitate and guide investment and financing from the private sector. This reliance upon capital from the private sector fundamentally discriminates against the UIS, and makes planning processes and the allocation of permits and zoning highly susceptible to the distribution of favours, kickbacks and corruption. The outcomes, such as those identified previously, indicate the entrenchment of the prevailing matrix of interests and the ease with which market capital can determine the direction of planning priorities. When programmes are funded by the government, such as the vendor relocation programme, the imperative to recoup costs undermines the ostensive intent to provide vendors with affordable space.

Organisation and (non)representation of the sector

As we have seen, the lack of effective representation of UIS interests is due to a combination of the conceptual denial of the UIS by the administration together with the ease with which the interests of developers have been able to hijack and direct policy, and planning priorities, and outcomes. Difficulties in developing the kinds of organisation that could lead to effective lobbying and representation in policy making processes is further exacerbated by the diverse and expansive nature of the informal sector itself which poses its own limitations. This is not helped by existing labor policy which is implicitly based upon the idea of formalising the informal workforce. There has been some limited recognition within social welfare policy, such as in the extension of health insurance coverage to informal sector workers under the state run Jamsostek scheme. However the paradigm of formal sector conditions prevails with UIS workers paying more due to the absence of an employee contribution (International Labour Organisation, 2008).

Another key issue is that of citizenship. Many UIS workers in Jakarta are legally 'non-citizens' as they do not possess a Jakarta identity card. Failure to obtain one may be due to a number of factors, ranging from non-eligibility, prohibitive fees, absence of required documentation such as birth certificates or a general reluctance found within informal communities to interact with government officials. This has contributed to the disinterest of political parties, who do not see UIS workers as a significant potential voting constituency and have subsequently not made serious efforts to develop alternative policy strategies or use it as a campaign issue. Political 'engagement' has been largely restricted to the mobilization of UIS workers and the urban poor more generally during campaign periods. This non-

existence also has significant implications to allocations of the regional budget, as it is only to be used for registered residents of Jakarta.

There are a variety of sectoral organisations such as the Indonesian Street Traders Association who have attempted to engage in lobbying and advocacy on behalf of the UIS as a whole. National labour unions such as the Indonesian Prosperity Trade Union (*Serikat Buruh Sejahtera Indonesia*, or SBSI) have also made some efforts to extend to the UIS however these still remain partial and made problematic by its diverse and disparate nature (Social Alert 2005). Subsequently street vendors have not been adequately represented at this sectoral level. There are also numerous local and national level NGO's and community groups doing grass roots organisation and advocacy that have achieved successes in terms of localised accommodation of the UIS. For example, the Jakarta Residents Forum (FAKTA) has lobbied at the local level for accommodation of vendors, and developed regular lines of communication with Jakarta's current governor, Fauzi Bowo. It has also encouraged UIS workers to contest power directly at the local level, such as running for the lowest elected positions of formal authority in the administrative hierarchy like a Neighbourhood Unit head (*Rukun Tetangga* or RT) giving them potentially greater input over allocation of budget funds and space at the local level^{xxvii}. FAKTA activists state that many lower level officials are highly sensitive and aware of issues facing the UIS, but are often hamstrung by the priorities and interests of those higher up in the administrative system^{xxviii}. Another campaigner for the UIS is the Urban Poor Consortium (UPC). Established in 1997, the UPC has developing a network of community based collectives throughout Jakarta and focused upon public demonstrations and education campaigns aimed at drawing public and media attention to the issue, together with efforts at lobbying the administration for a rights based approach to the UIS and the urban poor. The UPC links the situation of the UIS and urban poor to a broader critique of stalled political change in Indonesia and the entrenchment of oligarchic interests, a position which has not endeared it to many legislators or politicians^{xxix}.

The strength of the UIS lies in its rootedness in local communities, which does not translate well into the traditional top-down institutional model that still prevails in Indonesia nor to sectoral forms of representation via unions or NGOs. A variety of battles are being fought on local fronts throughout Jakarta, but this has not resulted in effective lobbying at higher levels of government. A significant amount of NGO and community activity amongst the UIS is focused upon developing various forms of self-sufficiency, such as local cooperatives. There

is a deep scepticism and hostility amongst vendors towards government, with the common view being that it only serves its own interests and those of the rich and powerful. The regular experience of violence and eviction at the hands of the Satpol PP and extortion by local officials have broken trust, lines of communication and dialogue. For many UIS workers, vendors in particular, the avoidance of contact with state agents is a key concern, with their ultimate aim not transition to formal sector employment or even equitable state imposed regulation, but the ability to operate their enterprise free from government intervention and harassment. In confidential interviews with the author in 2009 street vendors frequently stated that “the state was of no use” and that “they are untrustworthy and don’t represent us”.

In principle, limited opportunities for local input into planning and development priorities can arise in the context of engagement with government facilitated ‘participatory processes’ such as Development Planning Consultative Process (*Musrenbang*). Conducted annually through various levels of government *Musrenbang* are multi-stakeholder forums which are meant to encourage non-government stakeholders to participate in proposing, identifying and prioritizing development policies, and act as a mechanism through which to mediate differences between government and nongovernmental stakeholders (Djani, Wilson, Masduki 2009). This local government development planning and budgeting mechanism replaces the top-down and non-participatory one of the Soeharto era. Proposals undergo further levels of screening at higher levels of the administrative hierarchy, and must be in accordance with pre-established government programs and core areas to be eligible for funding. Studies have shown however that the *Musrenbang* process has had limited success in incorporating grass roots and community based initiatives and inputs into planning priorities and directions with the actual levels of participation and its outcomes highly dependent upon the power relations between the actors and groups involved (Djani, Wilson, Masduki 2009). In Jakarta NGOs and community groups involved in *Musrenbang* complained that their participation was “window dressing” used to legitimate pre-determined agendas, echoing the findings of Djani, Wilson and Masduki’s study of the impact of patron-clientism of *Musrenbang* in other parts of the country (Group interview with *Musrenbang* participants, Jakarta, 11 August 2009).

The inadequacy of policy instruments inhibits UIS workers from organising themselves effectively and they are dealt with by government agencies on an individual or localised

territorial basis. The top down model of policy instruments and the entrenched interests that benefit from this deprives them of a platform to voice their needs, while the inadequacy of institutional frameworks also hinders the potential of NGOs, advocacy groups and residents forums to act as effective intermediaries. Campaigning for improved conditions, insofar as it focuses on addressing specific grievances as distinct from holistic long term solutions, also narrows the potential constituency for any networks and relationships (alliances) as the basis for shifting power in such a way to enable the identified grievances to be addressed. The informal urban sectors conditions of existence and its grievances, as has been noted, are characterized by a localized and variegated reality, unlike the industrial/formal sector which can more easily mobilise around nation-wide demands, such as a generalized increase in wages. Subsequently, fragmentation of campaigning according to localized or otherwise relatively narrow issues remains a general characteristic of the various attempts to pressure governments for effective action. In the case of the UIS and vendors in particular the natural location of organization (i.e. the workplace) intersects with public and private space, creating a complex web of tensions and conflicting interests.

Conclusion

There are a number of key issues underlying the problems surrounding the Jakarta administrations strategies towards the UIS. Firstly is the issue of recognition: the failure of local and national government to officially and fully recognise the informal sector as the predominant valid form of productive economic activity that not only provides a safety net against poverty (in the context of a country in which state welfare services are minimal), but also serves the needs of the cities poor and middle-classes. The importance of the informal sector has been regularly acknowledged at a national level, such as President Yudhoyono's statement that in the wake of the 2009 economic crisis forced evictions of street traders should be ceased (Gatra 2009, Sabarini 2009). This pattern of calls by national and regional leaders to show lenience towards the UIS during periods of economic crisis and downturn displays an awareness of the sectors significance, if only as a safety net, however it has yet to be turned into either concrete legislation or policy^{xxx}. It also fails to articulate the UIS's important role in subsidizing "the consumption and profits of actors in the formal economy" (Centeno and Portes 2006 :15). Paradoxically, the generally low wages of the formal sector jobs created by developments such as malls means that these workers ultimately rely on the existence of the informal sector for goods and services^{xxxii}.

Local instances of accommodation and allocation of space for street traders by individual mayors or sub-district heads for example, is also largely via informal negotiations and dependent upon the individual agency and will of those local leaders. As such it remains precarious and subject to termination when more powerful interests intervene. The existence of both prohibitive and accommodative policies towards the UIS, such as the Public Order laws and Jakarta regional law No.2/2002 indicates the existence of tensions within government as to how best approach and manage the UIS. The failure to enforce the latter while the former is allocated significant resources suggests that powerful political and economic interests linked to the allocation and use of public space continue to sideline people orientated development despite the over-abundance of high end retail and housing servicing Jakarta's economic and political elites. Ostensibly participatory forums such as Musrenbang are yet to achieve significant outcomes, in part due to problems of design but also due to high jacking by entrenched interests. This situation is compounded by the lack of a coherent or organised political lobby from the sector, either via sectoral and mass organisations, unions or representation via political parties. Local gains have been made and productive grass roots/local level advocacy is taking place, however this has yet to filter through and have an impact at higher levels of the policy making process.

Notes

- i. In 2002 the Jakarta Centre for Statistics estimated there to be 141,073 street vendors in Jakarta. *Tempo* (2002), 'Kaki lima sebagai katup pengaman', 24 February. The Institute for Economic, Social and Cultural Rights estimated in 2007 that there were 200,000, while the Urban Poor Consortium suggests upwards of 350,000. Interview with Wadah Hafidz, Director of Urban Poor Consortium, Jakarta, 10 August 2010. One of the difficulties in establishing reliable figures is that official statistics are usually limited to those with Jakarta identity cards, whereas a large number of UIS workers do not possess one, and numbers are in a constant state of flux in particularly during periods of economic downturn or recession.
- ii. The Global Development Research Centre, 'The Informal Sector: Definitions at a Glance', <http://www.gdrc.org/informal/1-ataglance.html>.
- iii. The report estimates that 49% of all Indonesians earn less than US\$2 a day. Of these as many as 22% in urban areas do not have access to safe water, and 59% no access to adequate sanitation (World Bank 2006).
- iv. This figure is based upon currency conversion rate of rp. 10,000 to US\$1.

8 'The streets belong to who?': 'Governance' and the Urban Informal Sector in Jakarta, Indonesia

- v. Suharto notes that while some informal enterprises can be relatively profitable, the proportion of poor households in the informal sector has remained constantly higher than in the formal sector. Edi Suharto (2002).
- vi. The World Bank estimates that nationally the population of Indonesia's cities have trebled in the past 25 years (World Bank 2006: xxii)
- vii. This argument was most consistently put forward by Jakarta's previous governor Sutiyoso.
- viii. According to research conducted by the Limnology Research Centre, of the 218 lakes found in Jakarta and its outskirts in 1990, only four currently remain. See Kalinga Seneviratne, 'Jakarta floods linked to illegal construction', <http://ipsnews.net/news.asp?idnews=36725>, 26 February 2007.
- ix. There is little evidence in Jakarta to suggest that either have been implemented or enforced.
- x. See for example *Gatra*, 'Mendag: jangan gusur PKL', (Minister for Trade: Don't evict street vendors), 12 February 2009.
- xi. The mayor had 54 separate meetings with vendors, represented by nine vendor associations, over the space of seven months. As he explained "Clear-cut communication detailing the benefits of relocation overcame the vendors".
- xii. Widodo also initiated a credit scheme by which small home based enterprises can borrow Rp. 4 million rupiah with 0.5% interest and gave vendors a 6 month exemption from tax.
- xiii. The positive embrace of the UIS was inspired by Widodo's own background and experience as an antique and furniture trader rather than the result of effective lobbying or advocacy, drawing attention to the importance of individual agency. Other examples includes Gede Winasa, a former dentist and the regent of Jembrana who has implemented a comprehensive health insurance scheme for the poor.
- xiv. In 1978 long before either of the public order laws were passed, Regional Regulation No.5 1978 carried specific reference to management and operation of PKL in Jakarta, designating authority to the governor to determine where PKL could legally operate. The regulation was never revoked, meaning that legally the governor still has the legal power to allocate spaces for street vendors. The regulation also lays responsibility for orderliness and cleanliness with vendors themselves, in stark contrast to the prohibitive tone of the 1988 and 2007 public order laws, but which also lay ultimate authority with the governor.
- xv. The history of hostility towards the UIS and street vendors in particular extends back to the governorship of Ali Sadikin (1966-1977) who considered street based enterprise a potential threat to public order and as signs of a "backward society". Sadikin, A. (1977), Gita Jaya: *Catatan H. Ali Sadikin, Gubernur Kepala Daerah Khusus Ibu Kota Jakarta 1966-1977*, Pemd Ibu Kota Jakarta, Jakarta. Even earlier President Sukarno

- xvi. New migrants who failed within 14 days to register and obtain a visitors identity card, which requires proof of formal employment and residence, were liable to imprisonment and heavy fines.
- xvii. According to activists from the Urban Poor Consortium and FAKTA, retail developers frequently sidestep the law by hosting one week street vendor festivals, but not establishing any permanent space.
- xxviii. Interview with Nurkholis Hidayat, Director of the Jakarta Legal Aid Foundation, 7 August 2009. Examples of violations of the law include Senayan City Mall and the second Plaza Indonesia Mall. The exclusion zone for chain convenience stores such as Alfamart or Circle K is less than 1km.
- xix. Interview with Nukholis Hidayat, Director of the Jakarta Legal Aid Foundation, 7 August 2009
- xx. This figure is based upon currency conversion rate of rp. 10,000 to US\$1
- xxi. Confidential interview with retail developer, Jakarta, 10 August 2009.
- xxii. Yearly ‘anti-thug’ campaigns, ostensibly aimed at tackling gangs and petty crime, regularly target street traders together with street children, beggars and buskers.
- xxiii. Interview with Azas Tigor, director of the Jakarta Residents Forum (FAKTA), 6 August 2009.
- xxiv. This initial optimism came from a number of pro-poor and residents advocacy groups who had developed productive lines of communication with Bowo when he was vice-governor. His status as an ethnic Betawi, the so called indigenous population of Jakarta, also led these groups to think he may show amore compassion towards street vending particularly in Betawi communities.
- xxv. ‘Green space’ is defined in legislations simply as “areas where plants can grow” (Rukmana 2009a).
- xxvi. Green space in Jakarta was roughly 35% in 1965. The target of 13.4% is still significantly below the stipulated minimum of 30% established in the 2007 Spatial Planning Law. In 2008 the allocated budget for green conversion of Rp. 2.6 billion was also significantly reduced, all but eliminating the possibility that the 2010 target would be met and increasing the imperative to focus upon ‘soft target’ evictions of poor communities. Deden Rukmana (2008), ‘Decreasing green areas in Jakarta’, *The Jakarta Post*, 17 March.
- xxvii. Examples include the Senayan City Mall and Sudirman Palace as well as malls in Kelapa Gading, Pantai Kapuk, Sunter, Senayan, and Tomang.
- xxviii. Interview with Azas Tigor (FAKTA), Jakarta 6 August 2009.
- xxix. Ibid.

8 'The streets belong to who?': 'Governance' and the Urban Informal Sector in Jakarta, Indonesia

- xxx. During Sutiyoso's period as governor the UPC in particular were subject to physical intimidation and attack at the hand of ethnic militias working on behalf of the administration. See Wilson 2006.
- xxxi. Some urban poor activists have suggested that these statements, referred to as 'himbauan' or appeals are purely populist and aimed at appeasing and diverting public anger during periods of economic uncertainty.
- xxxii. Average shop attendant wage in Jakarta is around the minimum wage of Rp.1.2 million per month. See Doja Fasila, (2010), 'Rise in minimum wage to fall far below union's demands', *The Jakarta Globe*, 13 October, <http://www.thejakartaglobe.com/home/rise-in-jakarta-minimum-wage-to-fall-far-below-unions-demands/401254> (accessed 14 November 2010).

References

- Badan Pusat Statistik* (2010), 'Hasil Sensus Penduduk 2010: data agregat per Provinsi', Jakarta: Badan Pusat Statistik, Online. Available HTTP: < http://dds.bps.go.id/eng/download_file/SP2010_agregat_data_perProvinsi.pdf (accessed 14 November 2010).
- BBC News* (2007), 'Jakarta bans beggars and buskers' 11 September, Online. Available HTTP: < <http://news.bbc.co.uk/2/hi/asia-pacific/6989211.stm>
- Blunch, N-H., Sudharshan C, Dhushyanth R (2001), 'The Informal Sector Revisited: A Synthesis Across Space and Time', *The World Bank*, Social Protection Discussion Paper Series No. 0119, Washington: The World Bank.
- Centeno, M A and Portes A (2006), 'The informal economy in the shadow of the state', in Fernandez-Kelly and Shefner (eds.), *Out of the Shadows: Political action and the informal economy in Latin America*, University Park: Pennsylvania State University Press.
- Davis, M (2004), 'Planet of Slums: Urban Involution and the Urban Proletariat', *New Left Review* 26 March-April: 5-34.
- Djani, L, Wilson I D and Masduki T (2009), 'Governing Favors: An investigation of accountability mechanisms in local government budget allocation in Indonesia', AIGRP Policy Brief No.8, Australian National University, Canberra, Online. Available HTTP: < http://www.aigrp.anu.edu.au/docs/projects/1035/Wilson_Masduki_brief.pdf (accessed 5 November 2010)

FAKTA, (2008), *Kertas Oposisi versi Warga tentang Peraturan Daerah Provinsi DKI Jakarta No.8 Tahun 2007 Tentang Ketertiban Umum*, Jakarta: Forum Warga Kota Jakarta.

FAKTA, (2004), *Bunga Trotoar: Sebuah tinjauan terhadap keberadaan pedagang kaki lima dalam roda pembangunan Jakarta*, Jakarta: Forum Warga Kota Jakarta.

Firman, T (1999), 'From "Global City" to "City of Crisis": Jakarta metropolitan Region under Economic Turmoil', *Habitat International*, Vol 23 (4): 447-466.

Human Rights Watch (2006), 'Condemned Communities: Forced Evictions in Jakarta', Vol.18 No.10 (C). New York: Human Rights Watch

Hudalah, D and Johan Woltjer (2007), 'Spatial planning system in transitional Indonesia', *International Planning Studies*, Vol. 12(3): 291-303

Imparsial (2009), 'Quo Vadis Satpol PP di Era Reformasi', Jakarta: Imparsial

Indarini, N (2010), 'Walikota Solo Jokowi giat menghidupkan pasar tradisional', *Detiknews.com*, 29 October, Available HTTP: < <http://us.detiknews.com/read/2010/10/29/102807/1478458/10/walikota-solo-jokowi-giat-menghidupkan-pasar-tradisional?n991103605> (accessed 2 November 2010)

International Labour Organisation (ILO) (2008), 'Indonesia: Extension of Social Insurance Coverage to the Informal Economy', Social Security Extension Initiatives in Southeast Asia paper Series No.23, Available HTTP: < <http://www.ilo.org/public/english/region/asro/bangkok/events/sis/download/paper23.pdf> (accessed 20 October 2010)

Jakarta Post, The (2010), 'Mayors shared ideas on good governance', 29 October, Available HTTP: < <http://www.thejakartapost.com/news/2010/10/29/mayors-share-ideas-good-governance.html> (accessed 10 November 2010)

Khalid, K (2009), 'The Green Space Area's Policy and Eviction Urban Poor in Jakarta', WALHI report, Jakarta: WALHI, Available HTTP: < <http://www.walhi.or.id/en/campaign/urban/98-miskin-kota/165-kebijakan-ruang-terbuka-hijau-dan-penggusuran-miskin-kota-di-jakarta> (accessed 5 August 2010)

- Khalik, A (2008), 'Informal Sector helping Indonesia cope in Global Downturn', *The Jakarta Post*, 12 February.
- Kusno, A (2004), 'Whither nationalist urbanism? Public life in Governor Sutiyoso's Jakarta', *Urban Studies*, 41 (12) 2377-2394.
- Nasir, Sudirman (2008), 'Managing urbanization and creating an inclusive city', *The Jakarta Post*, 16 October, Available HTTP: < <http://www.thejakartapost.com/news/2008/10/16/managing-urbanization-and-creating-inclusive-city.html> (accessed 15 August 2010)
- Portes. A and Hoffman K (2003), 'Latin American Class Structures: Their composition and change during the Neoliberal era', *Latin American Research Review*, Vol.38 Iss.1; 41-84.
- Resosudarmo, B, Yamauchi C and Effendi T (2009), 'Rural-urban migration in Indonesia: Survey design and implementation', CEPR discussion paper No. DP630, Centre for Economic Policy Research, Research School of Economics: Australian National University. Available HTTP: < <http://econrsss.anu.edu.au/pdf/DP630.pdf> (accessed 3 November 2010)
- Robison, R, Wilson I and Meliala I (2008), '*Governing the Ungovernable: Dealing with the Rise of Informal Security in Indonesia*', Asia Research Centre Policy Brief No.1, Murdoch: Asia Research Centre, Available HTTP: < <http://www.warc.murdoch.edu.au/wp/pb1.pdf> (accessed 2 July 2010)
- Rukmana, D (2009a), 'A City without Social Justice', *Inside Indonesia*, 98, Oct-Dec, Available HTTP: < <http://www.insideindonesia.org/edition-98/a-city-without-social-justice> (accessed 30 October 2010)
- Rukmana, D (2009b), 'Restoring green areas in Jakarta', *The Jakarta Post*, 12 December. Available HTTP:< <http://www.thejakartapost.com/news/2009/12/12/restoring-green-areas-jakarta.html> (accessed 10 November 2010)
- Rukmana, D (2007), 'Urban Planning and the Informal Sector in Developing Countries', *Planetizen*, 7 May. Available HTTP: < <http://www.planetizen.com/node/24329> (accessed 30 October 2010)
- Sabarini, P, (2009), 'In search of more space for street vendors', *The Jakarta Post*, 2 December.
- Setiawati, I, (2010), 'Mall construction plan reaps harsh criticism', *The Jakarta Post*, 24 July.

Social Alert (2005), 'Organising informal economy workers in Indonesia', research report. Brussels: Social Alert, Available HTTP: <
<http://www.socialalert.org/pdf/IndonesieBROCH%5B1%5D.pdf> (accessed 30 October 2010).

Tempo (2009), 'Kota Solo: rumah pedagang kaki lima', 23 August.

Wilson, I D (2006), 'Continuity and Change: the changing contours of organized violence in post-New Order Indonesia', *Critical Asian Studies*, Vol. 38 (2) : 265-297.

Wisnu, A, (2009), 'Relocation remains a painful topic for vendors', *The Jakarta Post*, 10 March.

The World Bank (2006), 'Making the New Indonesia Work for the Poor', Washington: The World Bank, Available <http://siteresources.worldbank.org/INTINDONESIA/Resources/226271-1168333550999/PovertyAssessment.pdf> (accessed 14 November 2010)