

An Urban Planning Problem With Economic Potential:
Street Vendors in Bandung, Indonesia

By Xing Chiu (96838766)
July 20, 2012

University of Toronto
Indonesia Field Course (GGR499H1S)
Professor Rachel Silvey

Introduction

Street vendors can be found in cities all around the world. They come in various forms and provide a wide range of goods and services. In many developing cities, street vending makes up the largest part of the informal sector of the economy and is essential to the livelihoods of lower income individuals. In Indonesia, street vendors are known as *Pedagang Kaki Lima* or PKL for short. This term was derived during the Dutch colonial period when the maximum width street vendors could occupy on the pavement was five feet (kaki lima) as a provision to ensure safe and convenient space for pedestrian traffic.¹ Although street vendors come in a variety of shapes and sizes nowadays, the term PKL continues to be used to describe all types of street vendors and both terms will be used interchangeably throughout this paper.

As a frequent user of street vendors during my time in Bandung, as well as during previous travels in other areas of the world, learning more about the sector and how it fits within the urban planning framework was very interesting for me. Unfortunately, limited time and access to resources, as well as language barriers have constrained the scope and depth of my research. Nevertheless, through analysis of secondary sources, personal observations, as well as interviews with the West Java Regional Planning Board, expert informants, and PKL customers and owners, I will provide a brief introduction of street vendors as an urban planning issue in Bandung. More specifically, I will discuss the roots of the challenges in managing PKLs, factors exacerbating the issues, and possible directions for the City of Bandung to take in improving the current urban planning situation. Now is an opportune time for officials to address the urban street vendor issue, as an influx of tourism to the city can lead to better business for many street

¹ Harlan Dimas. "Street Vendors: Urban Problem and Economic Potential." Department of Economics Padjadjaran University, June 2008. p. 4

vendors; but without proper management of PKLs, the current problem could easily worsen quickly.

The Challenges

Street vendors are regarded by many Indonesian urban planners and citizens as a growing problem in need of better management by the government. Although they are an integral part of Indonesian culture, PKLs are increasingly considered to be an undesirable eyesore, a disturbance to pedestrian and traffic flow, and a tarnish to the urban landscape.² Vendors conduct their business on sidewalks, in city parks, on pedestrian bridges, and on busy streets. It is difficult for the substantial number of PKLs that dot the streets of Bandung to go unnoticed by residents and visitors to the city, as they often encroach sidewalks and force pedestrians onto the road or obstruct traffic flow. For example, PKLs reduce the two-way traffic on the four lanes of Jalan Oto Iskandar Dinata in front of Pasar Baru to one lane, forcing unidirectional traffic.³

Roots of PKL Problem

One of the main difficulties in managing street vendors is that the practice is a part of the large informal sector, the section of an economy which functions largely without regulation, taxation, or permanence.⁴ The growth of the world's informal sector, particularly that of Indonesia, began two decades ago and shows no sign of stopping.⁵ According to data from the Indonesian Central Bureau of Statistics in February 2008, 69% of Indonesian workers (70.56

² Ibid, 3.

³ Ibid, 4.

⁴ Deden Rukmana. "Street Vendors and Planning in Indonesian Cities." *Planning Theory and Practice*. 12 (1). 138.

⁵ Dimas, 4.

million people) were employed in the informal sector,⁶ over half of which work as street vendors.⁷ Low start up costs, lack of employable skills needed for the formal sector, and desperation are cited as some of the main contributors to people turning to informal sector work, and particularly street vending.⁸

The Government of Indonesia's recently passed Spatial Planning Law 26/2007 stipulates explicitly the broadened authority of provincial, regional, and local governments in spatial planning of cities.⁹ The Spatial Planning Law 26/2007 is the first of its kind in that it contains a new provision stipulating that urban spatial plans must now include a plan for the informal sector.¹⁰ Unfortunately, implementation of the new law is still weak, resulting in the lack of planned urban space for street vendors in many cities including Bandung, where street vendor management falls under municipal jurisdiction.¹¹ According to Karina Putri of the West Java Regional Planning Board, "While it is the City's job to manage the PKLs, there is no real management of them...even though [the City] sees them as a major issue."¹² Occasionally, the government will send officials to sweep streets of vendors, confiscate their goods, and take their owners into custody.¹³ Yet oftentimes, the PKL operators are released after a short "advice" session, as the municipal government is not in a financial position to keep many people in jail.¹⁴ In addition, vendors sometimes avoid eviction or arrest by bribing officials.¹⁵ City records

⁶ Jakarta Biro Pusat Statistik. "Sensus Ekonomi 2006: Analisis Ketenagakerjaan." 2009 in Rukmana, 138.

⁷ R.C. Rice. "The Indonesian urban informal sector: Characteristics and growth from 1980 to 1990." *Journal of Population*. 1997. 3(1), pp. 37–65 in Rukmana. 138.

⁸ Resmi Setia. Interview by Xing Chiu. Bandung, Indonesia. May 16, 2012.

⁹ Rukmana, 141.

¹⁰ *Ibid*, 141.

¹¹ *Ibid*, 143.

¹² Karina Putri. West Java Regional Planning Board. Interview by Xing Chiu. Bandung, Indonesia. May 13, 2012.

¹³ Rukmana, 139.

¹⁴ Dimas, 9.

¹⁵ Rukmana, 140.

indicate that the municipality enjoys at least 3 billion Rupiah per annum in levies collected from roadside vendors.¹⁶ Bandung Mayor Dada Rosada said in 2001 (while he was Municipal Secretary) that, "The municipality has been too tolerant and ignored law enforcement. Illegal roadside vendors are actually subject to Bylaw No. 6/1995 on city cleanliness and order."¹⁷ Aside from the intermittent police raids of vendors, there has not been any structured, official planning for or management of street vendors in Bandung, which is needed if the problems associated with street vendors are to be solved.

Currently in place of formal management of PKLs by the City, there is a well-established, non-formal network that controls street vendors (as well as other informal sector practices). Street vendors often belong to organizations and must pay levies to these informal parties or individuals in order to carry out their business at a certain location. The organizations or "thugs" manage street vendors by limiting the number and type of vendors on a certain street and resolving conflicts amongst them.¹⁸ Moreover, they often help vendors overcome government regulations and red tape, and bribe officials in exchange for tolerance and permission to carry out their business.¹⁹ Authorities are aware of the thugs and the illegal levies they charge vendors, but in most cases, do not hassle the thugs in order to avoid major conflicts.²⁰ The presence of such middle organizations also limits the government's willingness to take over management of street vendors, as it would have to perform the intricate functions of the middle organizations, which it is not willing to do.²¹

¹⁶ Yuli Suwarni. "Bandung Wages War Against Roadside Vendors." *The Jakarta Post*. Dec 22, 2001.

¹⁷ *Ibid.*

¹⁸ Dimas, 9.

¹⁹ *Ibid.*, 9.

²⁰ Rukmana, 140.

²¹ Karina Putri. West Java Regional Planning Board. Interview by Xing Chiu. Bandung, Indonesia. May 13, 2012.

Another factor that has prevented the City from better controlling street vendor activities is the importance that street vending plays in the livelihoods of Bandung's low-income families.²² As mentioned earlier, many turn to street vending as a last resort due to lack of skills necessary to find work in the formal sector. If the government were to more aggressively control PKLs or prevent them from carrying out their business, many individuals would not have any means of making a living at all, which could result in an array of other social issues to be dealt with. In addition, street vending provides goods, including basic necessities like food, and services at affordable prices to those living in poverty. "The urban poor often find it less expensive to buy food from a PKL than to cook at home after ingredients and gas are considered."²³ Thus, despite the urban issues instigated by the increasing number of street vendors, the Bandung municipal government has, for the most part, decided to not disturb the status quo and allow the sector to develop organically.²⁴

A Growing Problem in Need of Response

The reasons listed above for the lack of City involvement in the PKL sector are not justification for lack of planning in regards to street vendor management; and especially since the PKL issue is becoming more pressing with time as the number of vendors increases. All of my interviewees, including planners at the West Java Regional Planning Board, PKL owners, and local users of street vendors, attested to a noticeable surge in the number of vendors on the streets over the past decade. One reason for the increase in street vendors is the rapidly expanding population of the city. It is projected that by 2013 Bandung population will increase to

²² Ibid.

²³ Resmi Setia. Interview by Xing Chiu. Bandung, Indonesia. May 16, 2012.

²⁴ Karina Putri. West Java Regional Planning Board. Interview by Xing Chiu. Bandung, Indonesia. May 13, 2012.

2.95 million from the 2.4 million during the 2010 census.²⁵ With the formal sector unable to accommodate such large numbers of workers, the informal sector becomes the primary source of employment by default.

The growth of the urban informal sector is fed predominantly by the influx of migrants in search of work from rural regions surrounding urban agglomerations.²⁶ A major cause for rural-urban migration in recent years is surplus labour in the rural agriculture sector. Land does not expand, while population keeps on growing; and over time there is insufficient agricultural land to accommodate all of the rural labour. Also, with technological advances, less human capital is needed, and agricultural labourers turn to cities for employment opportunities.²⁷ Unfortunately, most of the rural emigrants lack the skills demanded by modern occupations and are hence not employable in the formal sector. To make a living, they have no recourse except creating employment using their only asset: themselves.²⁸ With the rapidly growing population and, consequently, rising number of street vendors, better planning for and management of PKLs by the government is an imperative. The current intermittent police raids are not sufficient.

Best Practices from Other Cities

Bandung's experience and urban management challenges with street vendors are shared by cities across Indonesia and around the world as the informal nature of the sector makes it difficult for planners and governments to control. Many cities are also experiencing similar

²⁵ Soraya Mirza. "Towards a Strategic Approach of Sustainable Urban Form Future: The Case of Bandung City, Indonesia." *Strategic Urban Planning and Design Tools for Inner City Regeneration, 46th ISOCARP Congress 2010*. p. 6.

²⁶ Dimas, 7.

²⁷ Ibid, 6.

²⁸ Ibid, 6.

population growth and rural-urban migration patterns, which heighten the PKL management challenge. However, there have been many success stories of programs which have been able to transform street vending from an urban problem into economic opportunities. One example is the city of Solo, Indonesia.

Case Study: Best Practices from Solo City

Until recent years, Surakarta City, more commonly known as Solo City, faced challenges with street vendors cluttering all areas of the city and causing “public space inconvenience and sanitation problems, traffic disturbance, diversion of land function, and discomfort.”²⁹ In 2006, Solo’s Mayor Joko Widodo decided that bringing order to the approximately 6000 street vendors was an imperative. The City embarked on a four-year program to relocate and rearrange PKLs through the five overarching solutions of *Relocation, Shelter, Tents, Carts* and *Order*.³⁰ Vendors would either be transferred to different locations designated for vendors or remain in the same place but be provided carts, shelters, or tents to heighten the aesthetics of the place.³¹ The Solo administration employed a technical team to find alternative locations for street vendors in areas they wished to clear, create blueprints for the construction of designated vending areas, and plan for traffic. Another team was created to minimize potential horizontal and vertical conflicts associated with the new structure.

Within four years of implementation of this plan, the city of Solo has overcome several of the challenges it once faced with street vendors. Areas formerly occupied by PKLs were

²⁹ The Partnership for Democratic Local Governance in Southeast-Asia (DELGOSEA). “Best Practice Solo: Human Relocation and Empowerment of Street Vendors.” 2012.

³⁰ Ibid.

³¹ Ibid.

transformed in to open green spaces for the public. Two new markets (Notoharjo and Panggung Rejo) were created as relocation sites for vendors. Many PKLs have received tents, shelters, and carts for their businesses, an investment which has created a more orderly looking city and has resulted in improved income for many owners: Some incomes have increased from 100,000 Rupiah before the relocation, to between 500,000 to 1 million Rupiah afterwards.³² Finally, many illegal vendors gained status as legitimate merchants and kiosk owners at the newly created markets. This has increased the local government's assets from expansion of the local economy.³³

There is a lot of potential for Bandung to turn the PKL management problem into an economic opportunity as the City of Solo has done. In order to do so, the City Government of Bandung will have to make PKL management a top priority, and in particular its leadership will have to be invested in the cause. Many believe that Mayor Joko Widodo's personal commitment to the Solo project was a decisive factor for its success. If Bandung is to follow suit, its administration must embody a similar type of commitment to the initiative. Some scholars, such as Tommy Firman, have claimed that since Reformasi, local authorities have tended to behave like "little kings" who believe that can do anything they like in order to maximize their locality's income.³⁴ Improving the PKL issue in Bandung is no small feat, and government commitment to the program will be crucial. Spatial Planning Law 26/2007 has decentralized power to local governments, but "ultimately, it is not the political system that matters, but rather the leaders."³⁵

³² Ibid.

³³ Ibid.

³⁴ Tommy Firman. "In search of a governance institution model for Jakarta Metropolitan Area under Indonesia's new decentralization policy: Old problem, new challenges." *Public Administration and Development*. September 2008, 28 (4), 280-290.

³⁵ Resmi Setia. Interview by Xing Chiu. Bandung, Indonesia. May 16, 2012.

From Urban Problem to Economic Opportunity

The tremendous amount of street vendors are regarded as an urban problem because of the traffic congestion and overcrowding they cause, and their negative impact on the aesthetics of the urban landscape, amongst other reasons. The case study of Solo City has nonetheless illustrated that better management of street vendors can turn them into an economic opportunity for the city while significantly benefitting the vendors. The present is an opportune time for Bandung to follow in Solo's footsteps in prioritizing PKL as an urban management issue and to find creative ways to tackle the problems because of the influx of domestic and foreign tourists coming to Bandung for consumption purposes. Tourism to the city increased by 162.81% between 2002 and 2008, an average annual growth rate of 18.87%, and continues to grow.³⁶ A study by Institut Teknologi Bandung (ITB) student P. Soewondo in 2006 found by observing the traffic flow on the Pasteur Gate (the main gate into Bandung for tourists coming from Jakarta), that after the establishment of the Cipularang toll road in 2005 connecting Jakarta and Bandung, the traffic flow increased from approximately 600,000 vehicles per month in July 2004 to more than 750,000 vehicles per month in July 2005.³⁷ Inexpensive direct flights since 2004 from Singapore and Kuala Lumpur catering to shoppers in search of deals at Bandung's many factory outlet stores has also resulted in more customers and better business for many PKLs.³⁸ Interviews with two street vendors reveal the extent that the recent surge in tourism to the city has positively affected business.

³⁶ P. Soewondo. "Dampak beroperasinya tol Cipularang terhadap pola kunjungan wisatawan ke Kota Bandung." (The Implications of the Cipularang Toll Road to the Tourism in Bandung), Undergraduate Thesis, Bandung Institute of Technology, Bandung. 2006.

³⁷ Ibid.

³⁸ Yuli Suwarni. "Bandung AirAsia's Third-Largest Hub in RI." The Jakarta Posts. February 14, 2012. <http://www.thejakartapost.com/news/2012/02/14/bandung-airasia-s-third-largest-hub-ri.html>

Damar, a PKL owner located on a quiet street off of Riau, a popular shopping strip for tourists, claimed that his Siomay (a popular Indonesian street food) business has improved significantly over the past three years as a result of weekend tourism from Jakarta, Singapore, and Malaysia. Damar said that while he sells approximately 50 plates of Siomay on an average weekday, he sells over 100 plates on Saturday and Sunday – predominantly to visitors who have ventured to Bandung for consumption purposes.³⁹ Last year, he used his increased profits to convert his originally small, mobile PKL stand into a more permanent stall with a bench and blue tarp, an investment which has drawn more customers in search of a vendor with seating. Another PKL owner selling Batagor as well as Es Cendol on another residential street off Jalan Riau also admitted to increased profits over the past six years he has been in business as a result of weekend tourism. He explained that since the building of the toll road between Jakarta and Bandung, his weekend business has more than tripled. “People from Jakarta come to Kota Bandung to buy, buy, buy, then eat, eat, eat.” He has invested his profits in tables, plastic stools, nice plates and eating utensils, and better cleaning products. These investments, according to the owner, have resulted in more customers in general who place high priority on cleanliness and comfort when choosing a PKL to buy food from.

Evidently, not all PKL businesses and experiences will automatically improve because of the augmented tourism: there are many factors that affect street vendors’ business. Nevertheless, the municipal government can certainly help more PKLs take advantage of the influx of visitors to the city through changing them from something of a nuisance to well-organized stalls and

³⁹ Damar. Interview by Xing Chiu. Bandung, Indonesia. May 15, 2012.

potential cultural attractions. Following Solo City's example of designating specific areas for vendors and better enforcing spatial regulations to alleviate traffic problems, as well as providing uniform carts and stalls for aesthetic improvement would be a good starting point for Bandung.

Conclusion

Street vending is an integral part of Bandung's economy, culture, and society. While they have been regarded as a growing urban planning problem – particularly with the influx of rural migrants lacking skills needed for formal sector employment and hence increase in number of PKLs – there is potential to improve the current situation for both the city and the vendors. To date, the Bandung municipal government has not made planning for street vendors a top priority, nor has it shown the willingness to better manage PKLs in the city. This, however, must change as the urban problems associated with vendors multiply with time. Solo City's success with managing vendors shows the importance of effective and committed leadership, which is an imperative for Bandung if it wishes to find solutions to the current urban planning problem. A surge in consumption tourists from Jakarta, Singapore, and Malaysia presents potential for many PKLs to reap higher profits and better their standards of living. There is thus no better time than the present for the City of Bandung to take the reins on the street vendor issue and transform the urban problem into an economic opportunity for vendors and the city alike.

Bibliography

- Damar. Interview by Xing Chiu. Bandung, Indonesia. May 15, 2012.
- Dimas, Harlan. "Street Vendors: Urban Problem and Economic Potential." Department of Economics Padjadjaran University, Conference Paper, June 2008. p. 1-20.
- Firman, Tommy. "In search of a governance institution model for Jakarta Metropolitan Area under Indonesia's new decentralization policy: Old problem, new challenges." *Public Administration and Development*. September 2008, 28 (4), 280-290.
- Mirza, Soraya. "Towards a Strategic Approach of Sustainable Urban Form Future: The Case of Bandung City, Indonesia." *Strategic Urban Planning and Design Tools for Inner City Regeneration, 46th ISOCARP Congress 2010*.
- Putri, Karina, West Java Regional Planning Board. Interview by Xing Chiu. Bandung, Indonesia. May 13, 2012.
- Rukmana, Deden. "Street Vendors and Planning in Indonesian Cities." *Planning Theory and Practice*. 12 (1) 138-144.
- Setia, Resmi. Interview by Xing Chiu. Bandung, Indonesia. May 16, 2012.
- Suwarni, Yuli. "Bandung AirAsia's Third-Largest Hub in RI." The Jakarta Posts. February 14, 2012. <http://www.thejakartapost.com/news/2012/02/14/bandung-airasia-s-third-largest-hub-ri.html>
- Suwarni, Yuli. "Bandung Wages War Against Roadside Vendors." The Jakarta Post. Dec 22, 2001. <http://www.thejakartapost.com/news/2001/12/22/bandung-wages-war-against-roadside-vendors.html>
- Soewondo, P. "Dampak beroperasinya tol Cipularang terhadap pola kunjungan wisatawan ke Kota Bandung." (The Implications of the Cipularang Toll Road to the Tourism in Bandung), Undergraduate Thesis, Bandung Institute of Technology, Bandung. 2006. Accessed on July 10, 2012 from <http://sappk.lib.itb.ac.id/index.php?menu=library&action=detail&libraryID=12428>
- The Partnership for Democratic Local Governance in Southeast-Asia (DELGOSEA). "Best Practice Solo: Human Relocation and Empowerment of Street Vendors." 2012.