

REPORT
ON
HOUSING STUDY MISSION
TO THE REPUBLIC OF INDONESIA

OCTOBER 1976

JAPAN INTERNATIONAL COOPERATION AGENCY
TOKYO JAPAN

108
62.7
EXE

JICA LIBRARY



1055122[4]

国際協力事業団

受入 月日	'84. 3. 26	108
登録No.	01973	62.7
		EXE

FORWORD

With the view to studying the future course of housing development scheme of Japan's technical cooperation to Indonesia, which has been extended over the last three years mainly through assignment of housing experts, the Japan International Cooperation Agency dispatched Senior Advisory Mission for Review of Housing Development in Indonesia for a period of two weeks from October 12, 1976.

Under its Second Five Year Plan, the Indonesian government attaches great importance to housing development, listing it among its top priority policies, and has requested Japan's expanded assistance in this field of development. The review mission was organized for the specific reason that it would be quite useful to assess the past achievements and chart the future course of Japan's housing development cooperation at this opportune time through the exchange of views and opinions between the parties concerned of both countries.

This report contains the outcome of a series of discussions held between the mission and the competent Indonesian authorities, and it is my sincere hope that the contents of the report will be found of some use by the quarters concerned.

I avail myself of this opportunity to express my deep gratitude to the pertinent ministries and agencies and the Japanese Embassy in Jakarta, and particularly to the Indonesian Ministry of Public Works and Electric Power for the valuable assistance offered to the mission.

Michio Takeda
Director,
Experts Assignment Department
Japan International Cooperation Agency

1977
(month)

ITINERARY OF THE REVIEW MISSION

<u>Date</u>	<u>Day</u>	<u>Description</u>
Oct 12	Tue	Departure from Tokyo and arrival at Jakarta by JL 711.
13	Wed	Courtesy call on Ambassador Sunobe at the Japanese Embassy: General explanation on housing problem in Indonesia given at the residence of Director of JICA Office by Japanese housing experts, Messrs. Nozawa, Totami, Katsura and Ishiguro.
14	Thu	Moring : Courtesy call on Cipta Karya (Directorate General of Housing, Building, Planning and Urban Development) and Perumahan (Directorate of Housing); Opinions exchanged with Mr. Sardjono, Director of Housing, and Mr. Hendropranoto, Chief, Department of Planning Afternoon : Courtesy call on Perumnas (National Urban Development Corporation); Discussion with Mr. Radinal, Director of Perumnas, on the assessment of past cooperation achievements and future plans.
15	Fri	Courtesy call on Cipta Karya; Discussion with Mr. Rachmat, Director-General of Cipta Karya, on the evaluation of KTA-7, 8 and future course of housing development.
16	Sat	(Jakarta ---> Depok ---> Bandung) Observation at Pasar Jum'at dan Depot Project; Explanation given by Depok Project Construction Office.
17	Sun	Morning : Observation of Bandung Trial Housing Complex of Direktrat Penyelidikan Masalah Bangunan (Directorate of Building Research).

<u>Date</u>	<u>Day</u>	<u>Description</u>
		Afternoon : Dinner banquetted by Mr. Kartahardja, Director of Direktorat Penyelidikan Masalah Bangunan.
Oct 18	Mon	Morning : Courtesy call on Direktorat Penyelidikan Masalah Bangunan; Explanation given on the Direktorat's new proposal for Japan. Afternoon : Observation of Perumnas' particle board factory at Cibadak; Explanation given on the problems facing the particle board production. (Bnadung ----- Jakarta)
19	Tue	Observation of Kampong Improvement Project financed by IBRD and housing projects in Jakarta.
20	Wed	Discussion with Mr. Lego Nirhono, Chief. Bureau for Planning & Foreign Relations, on general matters relating to technical cooperation.
21	Thu	Final arrangements with the Director of Cipta Karya, Dinner banquetted by the mission.
22	Sat	Final arrangements with Director of Housing for revision of KTA-7, 8; Lunchon banquetted by Director of Cipta Karya.
23	Sat	(Jakarta ----- Jogjakarta) Farm house observation trip.
24	Sun	(Jogjakarta ----- Jakarta) Final arrangements with JICA Jakarta Office, Japanese Embassy and Japanese housing experts.
25	Mon	Departure from Jakarta and arrival at Tokyo by JL 712.

ACKNOWLEDGEMENTS

The Senior Advisory Mission for Review of Housing Development in Indonesia, dispatched to Indonesia for two weeks from October 12, 1977 to assess the past cooperation achievements and determine the future course of housing development cooperation, was enabled to complete its duties successfully through the useful discussions with the competent Indonesian authorities, of which the outcome is introduced in this report.

During its stay in Indonesia, the mission received most courteous and unlimited assistance from the officials of Indonesian government including those of the Ministry of Public Works and Electric Power. Without the helpful cooperation offered by them, it would not have been possible for the mission to discharge its duties smoothly as scheduled.

In particular, the mission wishes to express its deep gratitude to Mr. Rachmat, Director-General of Cipta Karya (Directorate General of Housing, Building, Planning and Urban Development) and several other officials of Cipta Karya; Mr. Sardjono, Director Perumahan (Directorate of Housing), Mr. Lego Nirhono, Chief, Bureau for Planning & Foreign Relations, Mr. Hendropranoto, and Mr. Kartahardja, Director of Building Research, for many valuable opinions and assistances. The mission is also indebted to Mr. Radinal, Managing Director of Perumnas (National Urban Development Corporation) and other directors of Perumnas for the useful discussions.

Acknowledgement is also due to Ambassadoe Sunobe and other staffs of the Japanese Embassy in Jakarta for most helpful advice and cooperation, to Japanese enterprises concerned for providing the opportunity to observe the activities of private housing construction companies, and to the Japanese housing experts in Indonesia for extending most wholehearted cooperation to the mission throughout the survey period.

It is my pleasure to add here, with reiterated thanks to all parties concerned, that all mission members were deeply impressed by the enchanting natural beauty of Indonesia and by the warm hospitality of its people whom they met in the course of survey.

Mitsufusa Sawada

Leader

Japanese Senior Advisory Mission for
Review of Housing Development in Indonesia

FORMATION OF THE REVIEW MISSION

The review mission was organized by the following four members at the request of Japan International Cooperation Agency.

	<u>Name</u>	<u>Affiliation</u>
Leader	Mitsufusa SAWADA	Director, Japan Housing Corporation
Member	Soichiro MATSUTANI	Director, Housing Production Division, Housing Bureau, Ministry of Construction
"	Hiroharu HABU	Overseas Cooperation Officer, Construction Promotion Division, Planning Bureau, Ministry of Construction
"	Morimasa KANAMARU	1st Experts Assignment Division, Experts Assignment Department, Japan International Cooperation Agency

CONCLUSIONS AND RECOMMENDATIONS

The review mission was sent to Indonesia to assess the results of Japan's technical cooperation for housing development in Indonesia which was initiated in June 1974 and to clarify the problems entailed therein which need to be solved at present and for future, and produce a proposal on the future course of Japan's housing development cooperation with Indonesia for perusal by the quarters concerned.

For this purpose, the mission held a series of discussions with the officials of competent Indonesian authorities whose name appear below.

Mr. Rachmat	Director General of Cipta Karya (Directorate General of Housing, Building, Planning and Urban Development), Ministry of Public Works and Electric Power
Mr. Sardjono	Director of Perumahan (Directorate of Housing), Cipta Karya
Mr. Lego Nirhono	Chief, Bureau for Planning & Foreign Relations
Mr. Hendropranoto	Chief of Department of Planning, Cipta Karya
Mr. Kartahardja	Director of Building Research in BANDUNG, Cipta Karya
Mr. Radinal	Managing Director of Perumnas (National Urban Development Corporation)

Relevant staff members of the organizations listed above.

In the course of these discussions, both the mission and the Indonesian officials concerned exerted their utmost to reach an accord concerning the future direction of Japan's technical cooperation with Indonesia in due consideration of the existing state in Indonesia and the long-range prospects for her development.

The discussions centering on the status quo in Indonesia brought to the fore several important points which are listed below.

1. There exist traditional practice and methodology prevailing in each sphere of Indonesian society. They reject any rapid introduction of a wholesale reform, and their validity should be evaluated from a broad angle of vision.
2. Housing development in Indonesia, when compared with other fields of national development, is still new and has a short history because it was listed among the government's top priority policies only after the establishment of the Second five Year Plan.
3. In the area of housing administration, National Housing Policy Agency (BKPN) and Perumnas were established towards the end of 1974 and the services of National Saving Bank (BTN) were expanded in the same year. However, Perumnas is still in the state of "probing" in respect of technical aspects such as planning, construction and management, and National Housing Policy Agency (BKPN) is not yet fully functioning at present, although it is expected to play an important role in the country's future housing development. (Nevertheless, National Saving Bank (BTN) has expanded and repleted its services including the credit services for those purchasing houses on installments)
4. Cipta Karya has neither unified criteria nor standards for providing each provincial government with the essential administrative instructions or guidance in the field of city planning or housing programme.
5. It follows, therefore, that as fundamental approach to housing and city planning administration, the government should make endeavours to incorporate in its policies the experiences, techniques and standards gained or formulated through actual implementation of projects which are implemented by the government itself.

On studying the past trend and existing condition of Japan's technical cooperation with Indonesia, it was felt that solution must be brought for the following problems.

EXISTING STATE OF TECHNICAL COOPERATION:

1. The system for accepting Japan's technical cooperation is not well consolidated. Specifically, the availability of counterparts and the status of experts in the organizations with which they are to be affiliated are not made fully clear, nor is the system for transfer or absorption of technology firmly established.
2. While Japanese experts currently stationed in Indonesia were assigned under Colombo Plan to cooperate in KTA-7, 8, the contents of KTA-7, 8 do not conform to those of A-1 Form.
3. The Indonesian makes it a rule to receive all foreign aids through a single channel and consequently includes all financial aids and technical aids in BAPPENAS List (IGGI List), regarding them all as cooperation projects.
4. From the standpoint of the Japanese government, however, cooperation projects are only those aids which have been approved and offered under JICA's Development Survey Programme or Overseas Technical Cooperation Centre Programme, but not all aids included in IGGI List. The Japanese government further considers that the assignment of experts can be executed not as a cooperation project but as assistance offered under Colombo Plan.
5. Cooperation projects are implemented on the strength of documents corresponding to a bilateral agreement which are exchanged between the governments of Indonesia and donor country. Since the assignment of experts under Colombo Plan is conducted without such exchange of documents, the Indonesian government finds it difficult to meet the local currency requirement of assigned experts by budgetary appropriation.
6. It was noted that most experts started their overseas services without receiving sufficient pre-departure linguistic training. Adequate measures should therefore be taken to solve this problem.

In due consideration of the existing state and problems enumerated above, the following recommendations are made for planning Japan's future technical cooperation in the housing development scheme of Indonesia.

FUNDAMENTAL UNDERSTANDING:

1. Despite the adversities of all kinds confronting them, the experts currently stationed in Indonesia have attained noteworthy achievements.
2. Because of the unique characteristics of housing field that is directly linked with human life, the housing development scheme covers extreme extensive and diversified areas. It not only covers practical construction technology but is also deeply and equally involved in a number of factors contributing to the efficient utilization of such technology in society. These factors are the social factors such as the people's pattern of housing life, customs and habits, the economic factors such as the people's income level, their burden capacity for housing cost, housing market analysis and the related national/local finance, housing loan system and taxation system, and the institutional factors which support all of them. In the housing development, therefore, the areas calling for technical cooperation are very wide and versatile and their expanse cannot be held within the desirable minimum bounds even if such bounds are established in advance.
3. In urban housing development which is far behind other fields of development, practical construction technology which constitutes the basis of housing administration is still immature. It is therefore very important to accelerate the transfer of such technology through augmented on-the-job training. Further, the organizational setup for effecting consolidated housing administration is still in the early stage of operation, so that the establishment of various relevant standards or the formulation of a housing programme is yet a task to be undertaken in future. These facts point to the need of the services of experienced experts who are capable of providing adequate advice from a broad and comprehensive point of view.

4. Accordingly, the most desirable course of future transfer of technology is to promote the transfer of practical construction technology in a package deal through actual implementation of each housing project, and to furnish advice on the overall housing policy while encouraging the Indonesian side to digest the experience gained through project implementation and to incorporate what it finds suitable in its housing policy.
5. Technical aid can be offered in many different ways, and it is necessary in certain cases for the donor country to make a detailed proposal on the method of its enforcement. However, what is most important is to provide the assistance most keenly needed by the recipient country and determine its contents after careful consultation with the recipient country.

(Method of Technical Cooperation)

- 1) Advisers are sent to provide advice as a third party on a project or projects planned and executed by the recipient country itself.
- 2) Experts are sent to hold a post in the government offices of the recipient country, and they take part in the implementation of a project and promote the transfer of technology through it.
- 3) Japanese side is entrusted with the supervising power in respect to planning and execution of a project. In this case, the project is implemented under the overall control of Japanese side.
- 4) Japanese side undertakes to implement a project under contract with the government of recipient country.
- 5) Japanese side contract training courses in basic and general technology for the participants from the recipient country, selecting the curriculums from its own experience and in consideration of the needs of recipient country.

DETAILED RECOMMENDATIONS:

1. To promote technical cooperation in the field of administrative and institutional improvement and socio-economic development, it is recommended that the following advisers be sent under the Experts Assignment Programme.
 - (1) Dispatch of advisers to National Housing Policy Agency (BKPN) which is expected to play an important role in the housing development scheme.
 - (a) 1 advisor to Secretary-General.
 - (b) 1 - 2 advisors to the chief of each Directorate.
 - (2) Dispatch of advisers to Perumahan of the Ministry of Public Works and Electric Power.
 - (a) 1 advisor to the Director of Perumahan, who is to provide advice on the housing industry development policy.
 - (b) 1 advisor to the same director, who is to provide advice on the wooden housing development policy.
2. In respect of formalities, it is recommended that the following improvements be made.
 - (1) Revision of the present contents of KTA-7, 8 in conformity to the present and future needs.
 - (2) Inclusion of the revised KTA-7, 8 (to be called KTA-X) in BAPPENAS List.
 - (3) Preparation of A-1 Form based thereon, for explicit indication of the period of assignment, contents of cooperation services, and other details.
3. To promote cooperation in the improvement of practical construction technology, it is very important to enhance the transfer of technology in a package deal. It is therefore recommended that consideration be given to the measures listed below.

It is to be noted that the enforcement of these measures will have to be preceded by a long period of preparation and reviewal because Indonesia is still devoid of a satisfactory system for accepting the transfer of technology in a systematic package deal.

- (1) Implementation of a development survey of Depok Project Areas No. 2 and No. 3 of Perumnas (KTA-20).

For covering of the following 7 survey items, it is recommended that experts specialized in each field be dispatched on a short-term basis (some to be sent on a long-term basis). It is also proposed that a number of experts be sent to Perumnas' Steering Committee to be organized within Perumahan so that they may be able to provide adequate advice on the implementation of the survey.

- (a) Present-state survey (surveying and geological exploration).
- (b) Land use plan (land use-zoning plan and related public facilities plan).
- (c) Layout plan (ground levelling plan).
- (d) Housing construction plan (dwelling unit density, plan, structural design, cost, etc.).
- (e) Management plan (dwelling income group selection, and management and maintenance plan).
- (f) Fund plan (planning relating to tender, estimation and cost, and housing loans and subsidies).
- (g) Other related items (housing market survey, stratified income survey, etc.).

- (2) Implementation of training courses misilar to waterworks training under Colombo Plan.

It is recommended that training courses, besides those in seven items mentioned above, in "software" technology required in "housing administration and housing policy" and "hardware" technology covering earthquake-proof design and standards for mansoty construction and wooden houses be conducted for high ranking officials of the Ministry

of Public Works and Electric Power, Cipta Karya and Perumnas, with priority order determined according to the need.

4. In the field of practical construction technology, it is recommended that an overseas cooperation centre project be implemented within the period of the Third Five Year Plan (PERITA III) on the strength of the outcome of the above cooperation services. As one of the cooperation services to be offered under this project, it is proposed that on-the-job training be conducted in Depok Project Area No. 3 for completion of transfer of practical construction technology.
5. For the purpose of smooth transfer of technology, the Indonesian government is urged to effect the following improvements.
 - (1) Clarification of the duties, status and affiliation of counterparts in each field for improvement of the efficiency of the experts services.
 - (2) Clarification of the experts' affiliation with Indonesian authorities. (Affiliation of the experts with any Indonesian government offices should not cause any difficulties for them to participate in activities covering extensive areas)

OTHER PROBLEMS DISCLOSED BY THE MISSION:

After completion of a series of discussions with the Indonesian authorities, the mission felt that the following points should be given careful consideration for enhancement of Japan's international technical cooperation activities.

1. The visit of the mission to Indonesia was quite meaningful in that it provided an area for the exchange of views and opinions with the experts stationed there. Although the experts are allowed to return home to spend a vacation in Japan under the regulation of JICA system, this system is not satisfactory for those experts who are assigned on a long-term basis. It is therefore necessary to plan the dispatch of send a follow-up review mission every year.

2. Under the existing system of Japan's international cooperation, the development survey projects are intended primarily for preparation of survey report but not for the transfer of technology, although they can be implemented with the necessary expenses cover by the budget appropriated to field surveys. On the other hand, the assignment of experts under Colombo Plan is intended primarily for transfer of technology, but the expenses required for this purpose including survey cost are not included in the budget.
To bring remedy to these drawbacks, it is necessary to amplify the existing cooperation system or to institute a new system under which survey expenses and other necessary expenditures will be appropriated for the experts to enable them to promote the transfer of technology within the framework of the projects undertaken by the recipient country.
3. The lack of conformity between the contents of KTA-7, 8 and those of A-1 Form (see Reference Data) has invited unnecessary confusion. While the Indonesian side regards the assignment of experts as a cooperation project, it was noted that other recipient countries exchange with the donar countries documents corresponding a bilateral agreement for accepting experts' services under Colombo Plan. For efficient technical cooperation with the recipient countries adopting such a policy, consideration should be given to the possibility of instituting a system for assigning only experts as a cooperation project, and it is also necessary to establish a method in which the agreement reached with the recipient country can be confirmed by A-1 Form or by the exchange of official documents in some way or other. (Agreements to be confirmed this way will have to be limited to those not requiring budgetary support)
4. Apart from the detailed recommendations described above, there are a number of problems in Indonesia which await further development efforts.

- (a) Establishment of housing organizations such as a housing supply corporation and a housing corporation.
 - (b) Rigid enforcement of the land policy.
 - (c) Reduction and stabilization of the rate of interest on housing loans.
 - (d) Accelerated production of inexpensive construction materials which can be manufactured from the natural resources available in Indonesia.
 - (e) Rearing of skilled construction workers.
 - (f) Development and establishment of standards for earthquake-proof design.
5. The discussions held between the mission and the Indonesian authorities reached the agreement that in view of the importance of mutual cooperation between Japan and Indonesia, both parties will exert their utmost to promote the interchange of personnel between the two countries.

