



Sustainable Urbanization Indonesia IDSUN

Enable climate-friendly and inclusive economic growth in Indonesian cities

Indonesia is undergoing a rapid transformation, from a predominantly rural into an urban economy. However, Indonesia is comparatively benefitting less from the potential positive returns to urbanization in terms of economic growth and poverty reduction. The Indonesia Sustainable Urbanization Trust Fund (IDSUN) supports the Government of Indonesia and its secondary cities to meet the challenges of urbanization and enable climate-friendly and inclusive economic growth in Indonesian cities.

Rational

Indonesia, the world's fourth most populous country, is becoming increasingly urban. By 2045, nearly three-quarters of the population will live in cities. However, while urbanization has helped to deliver prosperity to Indonesia, it has not done so to the same extent as in many of its neighbouring countries. Indonesia is comparatively benefitting less from the potential positive returns to urbanization in terms of growth of Gross Domestic Product and poverty reduction. Furthermore, Indonesia's decentralization process since 2001 has not been accompanied by the expected improvement in service quality. Local governments have lacked the capacity to plan, prepare and finance strategic infrastructure investments and keep pace with the high demand for urban services. As a consequence, Indonesia's cities are struggling with traffic congestion, pollution, a lack of affordable housing, and continued shortages in access to many basic services.

Objective and scope

The Sustainable Urbanization Trust Fund (IDSUN) managed by The World Bank supports the Government of Indonesia and selected Indonesian cities to address the challenges of sustainable urbanization. It entails technical assistance and capacity-building to meet pressing needs in urban planning and management, urban infrastructure financing and strategic project preparation. More specifically, the IDSUN project does include the following objectives:

- Improved awareness and capacity for spatially informed urban management. Enhanced technical capacity of city governments to engage in long term integrated strategic planning, and ensure that the use of Geographic Information Systems informs planning and analytics for policies and investments.
- Enhanced access for local governments to national debt financing for large and economically viable multi-year infrastructure investments. In addition, improve financial management in participating cities and credit-worthiness to establish options for accessing alternative sources of local funding.

Country/region
Indonesia

Executing agency
World Bank

Duration
2016-2022

Total budget
USD 23'400'000

SECO contribution
USD 15'000'000

- Improved conditions for investment in urban transport systems. Through a national framework for urban transport, selection criteria for urban transport investments are defined and foster concepts of non-motorized transport, transit oriented development, multimodal transport and accessibility.
- Increased awareness and capacity at national and city-level to develop planning, investment, and recovery tools to reduce flood and disaster risk and increase urban resilience.

Governance Structure

IDSUN is managed and implemented by the World Bank – Indonesia country office. The trust fund is guided by a Steering Committee, which consists of the World Bank, the Government of Indonesia and SECO. The committee's responsibilities are to provide strategic orientation, foster stakeholder coordination, review the annual report, and approve the annual work program and financial plan. The committee meets annually and is co-chaired by the Deputy Minister for Regional Development of BAPPENAS, and the Country Director of the World Bank.

Results to Date

As of January 2021, the program achieved a number of important results, including:

- The new Project Development Facility developed by IDSUN has supported 14 municipal governments to prepare and appraise 28 investment projects. Six of those municipal governments have secured loan financing from the Regional Infrastructure Development Fund (RIDF) with value of USD 72 million.
- Semarang, Denpasar and Balikpapan improved their urban planning capacities. Through the adoption of Urban Planning Labs, institutional structures for urban planning were reformed, data quality improved and capacities of responsible staff strengthened. The cities already use various urban planning tools for evidence-based investment planning and decision making.
- IDSUN in collaboration with the Indonesian Government developed the National Urban Transport Support Program (NUTSP). It is a national platform to channel financing and capacity building for major urban transport projects to cities. The Indonesian Government incorporated NUTSP into the current National Medium Term Development Plan (RPJMN) 2020-2024. It allows the central government to support integrated urban mobility in a transparent and efficient manner.
- The National Urban Water Support Program successfully supported Sub-National Governments in accessing finance for the urban water sector. Up to now, 14 water utilities have leveraged approximately USD 180 million worth of non-public financing.
- The Indonesia Urbanisation Flagship Report 'Time to ACT: Realising Indonesia's Urban Potential' was successfully launched in October 2019. Through its analysis, it has greatly stimulated the strategic discussion about Indonesia's urbanization policy. The report has more than 500,000 downloads, making it the World Bank Group's third most downloaded report of all times.



Indonesia's Urban Story Exhibition, Jakarta, Indonesia. (Photo: World Bank)

Further information and contact details

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