Urbanised Indonesia: In-situ Urbanisation, Rural Transformation, and Regional Development

INTRODUCTION

More than half of the world's population currently lives in urban areas. World Bank (2023) reported that the share of the urban population has increased markedly from only about a third in 1960 to 57% in 2022. The rapid growth of the urban population indicates the occurrence of urbanisation – the process by which a growing proportion of a country's population lives in urban areas (Firman, 2018; Jones & Mulyana, 2015). Urbanisation can result from natural population increase, migration from rural to urban areas, and reclassification of rural to urban areas (Dyson, 2011).

Urbanisation is crucial in accelerating economic development (Zhang, 2016). Higher urbanisation rates can lead to higher national incomes and productivity rates. This situation is reflected in the higher urbanisation rates in high-income countries (81%) compared to middle- and low-income countries, respectively, at 53% and 34% (World Bank, 2023). However, the urbanisation rates of countries with a high share of urban populations are generally slower since they have reached saturation in urban growth (UN-DESA, 2018). On the other side, less developed countries, including Indonesia, have more significant potential to experience accelerated urbanisation in the future along with their continuing economic development.

Urbanisation has been a significant feature in population dynamics in Indonesia during the past decades. In 1960, Indonesians living in urban areas were only about 15% of the population. Sixty years later, the proportion of the urban population has reached about 56% (World Bank, 2023). This proportion is expected to keep increasing in the upcoming years (Statistics Indonesia, 2023). This study aims to examine Indonesia's primary driver and spatial patterns of urbanisation at the sub-provincial level over time

DATA AND METHOD

This study uses data from Indonesia's population censuses in 2020, 2010, and 2020. Our analysis compares urban population shares at the sub-provincial or district level over time to examine the trends and spatial patterns of urban population distribution in the past 20 years. This paper focuses on the share of the urban population at the district level over time. Also, this study highlights the emergence of new urban areas during the observed time by looking at the growth of the districts' urban proportions. The discussion in this paper will be based on descriptive statistics and map illustration of the urban population distribution in Indonesia in three different time observations.

PRELIMINARY FINDINGS

Table 1 shows trends in Indonesia's urbanisation indicators between 2000 and 2020. Until 2010, the urban population had not passed 50%. However, a recent census reported that more than half of Indonesians live in urban areas. Despite a slowdown over the years, the growth rates of the urban population in the country have exceeded the total population growth rates.

Indicators	2000	2010	2020
Total population (in millions)	201.1	237.6	275.7
Urban population (in millions)	85.4	118.3	155.5
Urban population (%)	42.4	49.8	56.4
Annual rate, total population growth (%)	1.2	1.7	1.5
Annual rate, urban population growth (%)	4.4	3.3	2.8

Source: Authors' calculations based on data from Statistics Indonesia (2001, 2012, 2023)

Moreover, Figures 1 and 2 illustrate the spatial distribution of districts in Indonesia by their share of the urban population in 2000 and 2020, respectively. The lighter colour signifies districts with low urban population shares, while the darker ones represent districts with a higher proportion of the urban population. The illustration clearly shows that a substantial number of small and medium-sized cities have emerged in recent years.

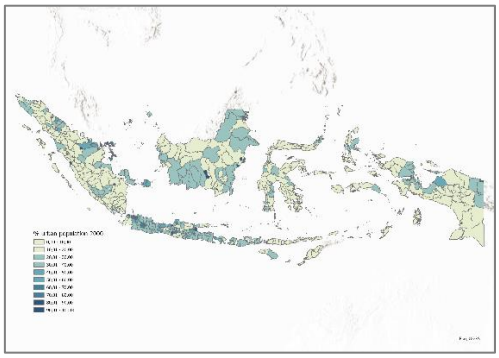


Figure 1. Spatial distribution of districts in Indonesia by their shares of urban population, 2000
Source: Author calculations based on data from Statistics Indonesia (2001)

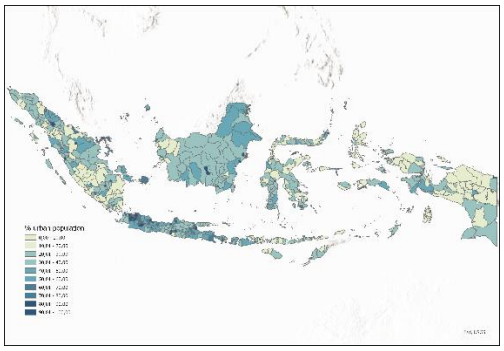
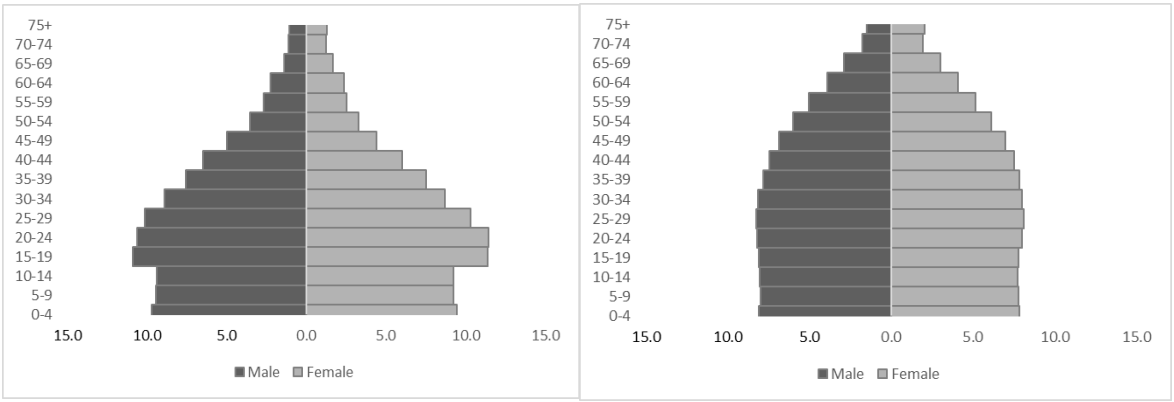


Figure 2. Spatial distribution of districts in Indonesia by their shares of urban population, 2020
Source: Author calculations based on data from Statistics Indonesia (2023)

The population dynamics in Indonesia's urban areas can also be examined through its age composition. Figures 3 illustrate the changing structure of the age composition of urban Indonesians in 2000 and 2020. There are considerable changes in age structures in urban Indonesia over time. In 2000, the proportion of young adults in urban areas was noticeably higher than other age groups. Twenty years later, there is a shift in age group distribution with relatively similar shares of different age groups.



a. 2000 b. 2020

Figure 3. Population pyramids of urban Indonesia, 2000 and 2020
Source: Author calculations based on data from Statistics Indonesia (2001; 2023)

Three major factors influence urban population growth: natural population increase, rural-urban migration, and rural area reclassification. In terms of natural population increase, decreasing fertility and infant mortality rates in urban areas, along with health development efforts in this country, have successfully slowed population growth in Indonesia (BKKBN, 2019). Moreover, the rate of recent internal migration in Indonesia has slowed from about 3% in 1990 to 1.8% in 2020 (Statistics Indonesia 2016, 2023a). Meanwhile, Malamassam and Katherina (2024) reported that among 29,640 urban localities in Indonesia, about 45% result from rural area reclassification.

PRELIMINARY DISCUSSION

Indonesia has become an urbanised country, with more than half the population living in urban areas. While natural population increase and rural-urban migration were important drivers of urbanisation in earlier decades (Firman, 2004; UN-ESCAP, 1993). this study finds that reclassification has played a significant role in recent urbanisation in the country. This finding signifies the importance of in-situ urbanisation in the rapid growth of the urban population in Indonesia. Fortugno (2023) argued that in-situ urbanisation can promote rural development and contribute to a more geographically balanced population settlement. In-situ urbanisation has also affected the emergence of new urban areas, which are not only found within districts with autonomous city status but also among regencies – an administrative unit generally considered an area with rural landscapes.

In-situ urbanisation can impact economic transformations and regional development throughout the country. The newly emerged small and medium-sized cities can act as transitional spaces where non-

farm activities have become more intensive in districts with rural landscapes (Brown, 2021; Fortugno, 2023). This situation can also reduce rural-urban migration pressures and advance social and economic development in small and medium cities.

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