It is a great privilege and honor for me to be here today at the third UNESCO World Forum to share my thoughts on a very important topic and agenda which is close to Indonesia’s development agenda and priorities.

I believe we are here to discuss how culture and creativity provide the opportunity for sustainable development. UNESCO has been at the forefront in ensuring that culture lies at the heart of development. And that the strategy for attaining this important goal “will aim, on the one hand, at incorporating culture into all development policies, be they related to education, science, communication, health, environment or cultural tourism and, on the other hand, at supporting the development of the cultural sector through creative industries. By contributing in this way to poverty alleviation, culture offers important benefits in terms of social cohesion.”

Indonesia supports this objective and also very much welcomes that there are efforts to ensure that culture is also incorporated in the sustainable development goals post 2015. Our contribution is to share that the case of Indonesia with respect to the development of the creative economy and its role in sustainable development. The fact that we are one of three government ministries in the world, which has the nomenclature of creative economy shows our political commitment.

I would like to divide my remarks into answering three main questions from the Indonesian experience.
- What is creative economy?
- Why is creative economy important for sustainable development?
- What are the challenges for developing creative economy in a sustainable way?

These are the three questions we posed ourselves when we started to integrate creative economy into our development plans which started in 2006, and continued with the creation of this Ministry in 2011 till now. The creation of the Ministry was intended to have more focus and a comprehensive approach to coordinate and integrate creative economy with national development, and also for the future. I would like to briefly answer the three questions from Indonesia’s experience.

**What is Creative Economy?**

First what is creative economy? There is no consensus but there have been a lot of books and studies around this topic, many of the experts are in this room. What we have done is to adopt the fourth wave of economic development as defined by John Howkins in his book about Creative Economy. That is creative economy is the fourth wave of economic development after agriculture, industrial and information based economic development. Creative economy is how value added can be generated based on ideas and creativity of people based on existing knowledge (including cultural heritage and traditional wisdom) and technology. Creativity goes hand in hand with innovation which is needed to translate the creative idea into a new process or product. Creative industries are industries which produce output from creativity and innovation, and which create value added, jobs and better quality of life.

In 2006 and 2007 when we first started to introduce this concept we met a lot of resistance from the artisans and artists, and culture experts who thought this meant we were “commercializing” culture. Our message was that creative economy will not replace the importance of art for art’s sake and preserving cultural heritage, because our cultural resources are part of the basis for creative economy to grow. Thus at the same time be we need to foster creativity and innovation to develop from our cultural resources, more modern and contemporary applications while maintaining the traditional knowledge and cultural heritage. Our motto was traditional in value but contemporary in spirit, and we believe that this is precisely the way to make our traditions and cultural heritage “living”.

It took a lot of convincing to see the benefits from political decision makers to the creative people and communities. As will be discussed in answering the next question. We also faced the suspicion of the creative people with their perceptions of government wanting to intervene and control, and it took many focused discussion groups and dialogue to convince them that we were there to facilitate and create a conducive environment for creativity and creative economy to grow.

Today is 2nd October, which is celebrated as Batik National Day in Indonesia to celebrate the date UNESCO recognized batik as an intangible cultural heritage in 2008 and as I am wearing today, most people in Indonesia are also wearing batik today. Therefore, I will use Batik as an example of creative industries based on our cultural heritage. About 10 years ago we saw batik as a craft and industry declining, batik was worn mainly at formal
occasions and young people were not interested to wear batik as it is symbolizing older generation and formality. There was no interest from the younger generation to become batik crafts persons. Now 10 years later we are in a different situation.

First there was a movement to go back to wearing batik from the President down including at local government level. Government officials wore batik every Friday, at first as an obligation and later it became standard wear and many institutions wore it twice or more than that in every week. The private sector also followed suit. Fashion designers entered the scene to make it fashionable to wear batik, young people caught on and celebrities started to wear batik. The upsurge in demand and increased appreciation, especially since we received the UNESCO recognition in 2009, has led to a huge revival of Batik. Young people now wear it with pride; there is innovation in the process such as using computer design but still dyeing and using wax to make the batik cloth. A lot of the batik makers are reverting back to using natural dyes as was in the past and the value of batik with natural dye has increased and it is definitely more environmentally friendly. Furthermore, the batik pattern is being used everywhere from interior, cars, guitars and tyres.

The result is that working as a batik craftsperson has once again become lucrative, batik makers are earning more decent wages and even starting their own small enterprises because the demand and market has widened, become larger and growing, and every province has developed its own batik pattern and knowhow, sometimes reviving batik patterns which had disappeared. The batik makers are getting better compensated and becoming entrepreneurs.

As we speak today in UNESCO office in Jakarta there is also a celebration for batik day and there are a group of women from Klaten, Central Java giving their testimony. The group of 169 women has formed a community of batik crafts persons. They were previously employed at one of the large batik makers earning Rp. 10,000 (around US$1) per piece and only worked on one stage of the batik making process. Now they have formed a community where they are given the cloth and materials to make the batik to produce their own work and they are each now earning Rp. 3,5 million per month (almost three times the minimum wage). The total turnover of this community is Rp. 3,5 billion.

In defining What is Creative Economy, we also adopted a sectoral approach from the beginning, like the UK and initially we identified 14 sectors (arts and culture based such as performing arts, fine arts, handicrafts; arts and design based such as fashion design, architecture; media and arts based such as film, video, photography, TV and Radio, advertising, printing and publication; and knowledge and technology based such as information technology and digital content based creative industries including games, and R&D). In 2011 we added one more creative sector that is culinary because of the synergy with tourism.

Thus expanding the horizon that creative economy is not just culture based but also knowledge, innovation and IT based creative industries and that there are links and collaboration between the two. The list is endless starting from batik designed using cad cam but still being processed in traditional way, or on line games with Indonesian ghosts based on Indonesian folklore, or superheroes coming from our Ramayana and Wayang comics and turned to animation, and so on.
We also found that there was a great need to quantify creative economy and explain, convince political decision makers, especially the planning and financial ministries, and stakeholders the importance of creative economy. And that is why we have to put forth a convincing case of why creative economy is important.

**Why Creative Economy?**

Even though the top leadership was committed to convince the others we had to quantify, provide many examples on the ground and get a swell of support from within government i.e. other Ministries,

We developed five reasons which are very much in line with the thinking that has been developed in UNESCO and other circles – that the value and benefit of CE is not just economic but beyond economic benefits:

1. Economic contribution (2010-2013) as measured by the share of GDP valued in Rp 640 trillion or around US$60 billion, accounts for 7% of GDP and growing at the same rate as national economic growth in last two years. The largest sectors are culinary, handicrafts and fashion which grew at around the same rate of national economic growth. Exports make up 6% of total exports and growing at 7% or double that of exports of goods, contributed to foreign exchange. The exports are dominated by fashion and handicrafts compared with design for world wide exports. Jobs to the tune of 11.8 million in 2013 were created or 10.7% of labor force with higher productivity. The number of companies created was 5.4 million or 9.7% of companies. Creative industries in Indonesia can grow because of its large domestic market as 17% of domestic consumption is creative industries and growing at 10.5%.

2. Sustainable development in environmental friendly and sustainable practices. For instance taking a piece of wood and turning it to firewood, one would take one or two hours and sell it for $2. Instead if the wood is used to make green creative products such wooden staplers with design the same log can produce 100 pieces each worth $2. Surely we would ensure we take care of our raw materials such as wood. Another example is with the revival of batik, we are going back to the traditional use of natural dyes. The main input of creative industries is creative people and as long as we can provide the conducive environment, we should never run out of resources! Unlike commodities such as oil and gas and minerals.

3. Social impact and social cohesion: through creative economy examples there is evidence of increased social tolerance and understanding as cultural diversity means getting to know and understand each other's cultures become important through batik, culinary, traditional dances and so on. There is an example of a local regent from Bojonegoro who used a traditional dance, Tari Tayub, to get people to dance and be together after there were social tensions between different ethnic/cultural groups.

4. Increased innovation and creativity across the board – ideas, initiatives and increased value added across sectors have taken place, and most recently there was an enhancement of apps, creativity and use of social media in the legislative and presidential elections.
5. Nation branding and identity, soft power. Branding and raising the perception of the nation outside of Indonesia can be pushed through various creative industries such as culinary, performing arts, music, fine arts and film. The power of film in promoting a country is also part of a country’s branding and image abroad. There is increased pride of the people regarding the nation’s creative products and it goes hand in hand with being proud of their country. A recent survey by our leading media showed that those who indicated they love batik are also more proud of their country.

What are the Challenges to Developing Creative Economy?

Based on lessons learned in developing creative economy in the last 8 years, inputs from widespread representation of creative communities, local government and related ministries in government, we have identified 7 strategic issues and a long term action and short term action plan to address these issues:

1. Education of creative people and talent, both formal and non formal (importance of local and community based learning, apprenticeships of craftsmen, internships)

2. Growing Creativepreneurs and Industry: how to increase knowledge and professionalism for creative people and workers to start and grow businesses, and industry, how to create ways and means for collaboration and cooperation locally, nationally and internationally, creating business models because creative industries are different from traditional business (e.g. Fight free download with iTunes), linkage with other industries, and ensuring quality and variety of creative works (design and packaging, content, use of organic and environmentally friendly materials, functionality and aesthetic)

3. Access to financing with the problem being somewhat different from SMEs in general because the main value of the creative product lies in the IP (Intellectual Property) which becomes collateral and also there has to be a way to evaluate the value added that it will generate. There needs to be increased quality and quantity of sources of finance and institutions, development of alternative sources of funds (seed capital from angel investor, grants from government, crowd funding; venture capital and other ways government can underwrite risks); how IP can be evaluated as asset and collateral (the new IPR law recently passed accommodates for this), and matchmaking.

4. Penetration and diversification of market: access to market information domestic and international, export and import services, increasing branding and B-B networking, widening distribution (role of retail and exhibitions and thus importance of links to international networks, international events.

5. Access to inputs: need to protect, develop and utilize inputs of. raw materials, natural resources and cultural resources (importance of identification, documentation, restoration and revitalization, mapping and database, archiving); research to identify alternative and sustainable sources of raw materials, and research and understanding how cultural assets and heritage, traditional knowledge can be used to inspire and innovate more contemporary. New IPR law accommodates for building of database
for Traditional Cultural Expression (Folklore) and protection against claims by others and misuse (data collection at local level but management at central government level).

6. Access to Infrastructure and Supporting technology: Internet and telecommunications infrastructure (access, speed, cost), supporting technology (software, appropriate technology, and competitive) and energy (supply, appropriateness).

7. Institutional set up and conducive business climate – regulation related to education and appreciation (nurturing environment), creative chain, infrastructure, IPR protection. Active participation of stakeholders – synergy, coordination and collaboration between intellectual, business, government and communities (creative communities), quantity and quality of organizations (government and non government, arts councils), appreciation and participation in international fora, and creation of public space for expression, critical thinking and creativity. Most importantly a recommendation to switch from just a sectorial approach to mainstreaming of creativity that will increase the appreciation of the people at large, businesses, government and intellectuals of importance of creativity and how it can be applied to all sectors.

In conclusion

We understand what and why and the challenges but one of the most important lesson is political commitment and a whole of government approach, and local governments as champions. In the case of Indonesia the President himself was the one to catalyze the development of creative industries in 2006 by propelling the idea of creative industries based on cultural heritage and this led to a process of development that begun with answering the what, why and how, and led to the creation of the Ministry in charge of creative economy in 2011. There was an attempt to have a whole of government approach and there was a Presidential Instruction that made it clear which ministry does what, and role of local government and stakeholders. This is a good base, but the process is still ongoing and there is still a lot of convincing to do all around, including to get the financial resources and infrastructure support, to come up with different business models and so on.

Another interesting observation is that in the recent presidential elections in July, creative economy featured in the debate and was considered one of the important issues that turned the debate. Creative communities became assertive in their political views and the campaigning by both sides involved creative ways and applications using digital technology, social media means of campaigning, music and film and so on. It would appear that the next government will have an equally high priority on culture and creative industries to be central in Indonesia’s development in future.

Champion cities including Solo, Bandung, Yogyakarta, Pekalongan and Denpasar (to mention a few, there are many others coming up). The local government often in collaboration with the local creative communities, or sometimes the other way around where the communities catalyzed the local government, picked up on the concept and applied it locally. There were creative communities of the cities created and West Java where Bandung is the capital city, created their own blue print and coordination mechanism. Many
created festivals, creative events and creative public space as well as in cooperation with the central government undertook facilitation schemes for the creative hubs.

These are cities which already have creative hubs around cultural and other assets, but they took it the next step by leveraging on their cultural assets and creative people to generate value added, and branding of their cities for trade, investment and tourism attractiveness. The mayor of Solo is an example where under his 7 year tenure many international festivals and carnivals were promoted, creation of creative public space, branding and providing the conducive climate for creativepreneurs. The Mayor later became the Governor of Jakarta and he begun to do similar things with already an impact and now he is the President elect of Indonesia, Joko Widodo. Bandung, another example where it was the local creative community who was catalyzing the process and the champion of the local creative community, Ridwan Kamil is now the Mayor of Bandung. The five cities mentioned are all candidates for the UNESCO Creative Cities Network.

There are now many more cities and regions that have done or are planning similar activation of the creative economy at the local level and there are certainly many creative hubs coming up in different parts of Indonesia, and not just confined to Java.

Finally Indonesia will continue its process of developing the creative economy and we believe it is at the heart of culture and development, and we also believe that this is the best way to make one’s culture and traditions a living one, and one that generates value added, wellbeing, happiness and quality of life. We would like to thank UNESCO for all its efforts in this area and hope that this conference can come up with recommendations on the way forward and how there can be a place for culture and development in the sustainable development goals post 2015.