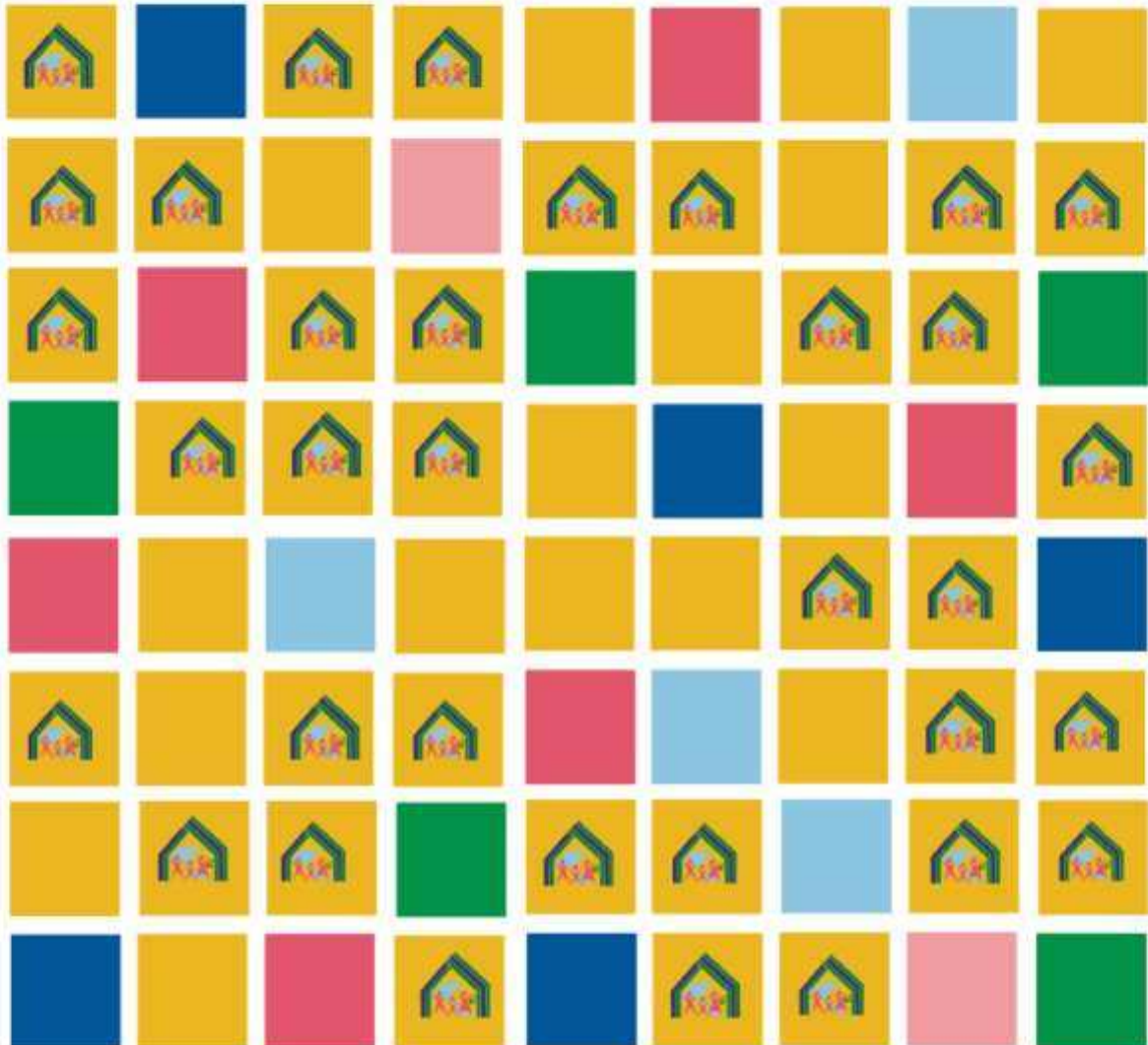




Country Report Indonesia



Working Group 2: Upgrading of Slum and Informal Settlements

Prepared by the Government of Indonesia for
The 4th Asia Pacific Ministerial Conference on Housing and Urban Development
Amman, Hashemite Kingdom of Jordan
10-12 December 2012

Preface

The Asia Pacific Ministerial Conference in Housing and Urban Development (APMCHUD) was established in New Delhi, India in 2006. The conference aims to promote sustainable urban development through a consultative mechanism and establishing APMCHUD as a knowledge hub for sustainable housing and urban development.

This report compiles the efforts to implement the actions recommended by APMCHUD on the Working Group Upgrading of Slums and Informal Settlements. The report follows the outline recommended by the working group coordinator, Islamic Republic of Iran. Indonesia, represented by the Ministry of People's Housing and Ministry of Public Works participated in the First Meeting of the Regional Slum Upgrading Working Group held in Tehran, Iran, July 2-4, 2012. Due to time constraints, the recommendation to pilot test the draft slum indicators could not be conducted.

We hope that this report is useful as reference for country members of APMCHUD. Further information can be obtained by linking to the RC-CEHUD website, Habitat Indonesia National Secretariat website and APMCHUD website.

Amman, December 2012.

Ministry of Public Works
Republic of Indonesia

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1 | About Indonesia

1.1 Facts on Indonesia

Indonesia is the largest archipelago in the world comprising 17,508 large and small tropical islands, many still uninhabited and a number even still unnamed. There are five main islands (Sumatra, Java, Kalimantan, Sulawesi, and Papua), two major archipelagos (Nusa Tenggara and the Maluku Islands), and sixty smaller archipelagos. Two of the islands are shared with other nations; Kalimantan (known in the colonial period as Borneo, the world's third largest island) is shared with Malaysia and Brunei, and Papua shares the island of New Guinea with Papua New Guinea. The total land area is 1,904,569 square kilometers. Included in Indonesia's total territory is another 93,000 square kilometers of inland seas (straits, bays, and other bodies of water). The additional surrounding sea areas bring Indonesia's generally recognized territory (land and sea) to about 5 million square kilometers. Straddling the equator, situated between the continents of Asia and Australia and between the Pacific and the Indian Oceans, it consists of 33 provinces with 98 cities, and 399 regencies.

The main variable of Indonesia's climate is not temperature or air pressure, but rainfall. Split by the equator, Indonesia has an almost entirely tropical climate, with the coastal plains averaging 28°C, the inland and mountain areas averaging 26°C, and the higher mountain regions, 23°C. The area's relative humidity is quite high, and ranges between 70 and 90 percent. However, since Indonesia is located on the Ring of Fire, this archipelago is particularly vulnerable to the impacts of climate change and disasters such as earthquake, tsunami, and volcano eruption.

1.2 Demography

Population

The 2010 National Census shows that Indonesia population growth increased by about 30 millions people per decade. Its population reached up to 237,6 millions people in 2010 while it was only 147,5 millions in 1980. It is important to underline that 60% of the population is living on the island of Java, which accounts for only 6% of Indonesia's total land area. Because of the alarming projected population growth increase by the year 2000, it is imperative that Java's population problems be approached with regard to the environment rather than urban planning alternatives. A rural family of 5 or 6 persons should have at least 3 quarters to 1 hectare of rice-filled land to live decently. Java's current situation precludes the use of any more land for urban purposes as it would reduce the amount of land available for food production. To maintain the delicate balance between human needs and nature, existing forests should be enlarged, extensive critical land areas restored, and rice fields maintained as they are now. It is estimated that a maximum of approximately 60 million people can live humanely in Indonesia's rural areas; if 126 million people will

inhabit Java by 2000, 66 million will have to live in urban areas. This means being prepared for high density cities with all their implications and complications.

Although Indonesia is managing to reduce its overall population growth, the population growth in urban areas is still rapidly increasing. The proportion of urban population in Indonesia increased from 42% in 2000 to 49.79% in 2010 or more than 7% in just one decade. This percentage is expected to continue to increase every year. United Nations Center for Human Settlements predicts that, in 2025, the urban population in Indonesia will reach 61 per cent.

Human Development Index, Life Expectancy, and Literacy Rate

According to Human Development Index (HDI) published by UNDP, in 2011, Indonesia was ranked 124 with the index value of 0.617. This value is compared to median value of world Human Development Index is which is 0.682 and also median value of East Asia and the Pacific which is 0.671 (Figure 1). Human Development Index value is generated from combination of indicators where each of indicator has its own rank and value among countries (attached with this report).

HDI of Indonesia can be escalated paralel with implementation of slum upgrading program. In this case, slum upgrading program will contribute to the improvement of welfare and poverty alleviation due to its multiplier effect on economic growth and expansion, improvements to the regional-originated income, and the creation of employments. Decent housing as a fundamental need has a highly strategic role in determining the character and personality of a nation, thus it needs to be promoted and developed in order to sustain and enhance the living quality of societies.

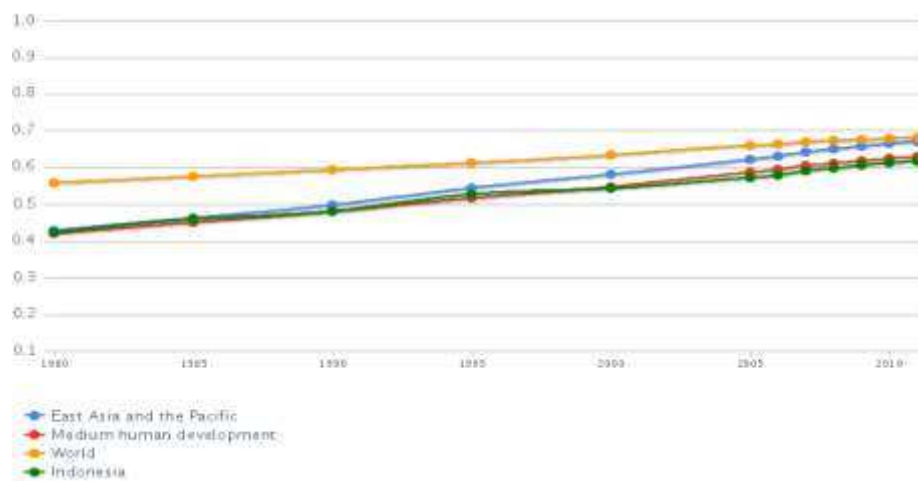


Figure 1 Human Development Index: Trends 1980-2010

The United Development Program's (UNDP) Human Development Report for 2011 also revealed that Indonesia's literacy rate was 92.2 percent that year, meaning that 7.8 percent of the population were illiterate. It is also revealed that the life expectancy

at birth in Indonesia is 69.4 years in 2011 which means that between 1980 and 2011, Indonesia's life expectancy at birth increased by 11.8 years.

1.3 Economic Development

According to Indonesia Central Statistic Agency, Indonesia GDP (constant) in 2011 is approximately US\$256B. It grows approximately 6,4% per year. This value increases from previous years as the graph shown below.

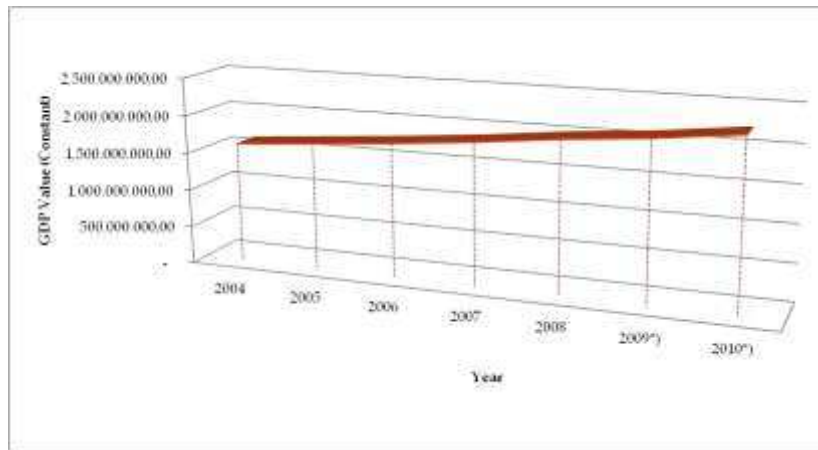


Figure 2 Gross Domestic Product of Indonesia

**) preliminary figures*

In 2006, GDP of Indonesia (nominal) was approximately \$364,239 and ranked 21 among 181 countries in the world based on World Economic Outlook from International Monetary Fund (IMF) in 2007.

The economic development in Indonesia is mostly supported by trade and services. Economic activities, especially in trade and services in the cities are played a big role as pull factors of the population from surrounding the urban areas, as well as the population from rural areas. In the contrary, the limited space for settlement in the cities and limited provision of urban basic services cannot provide decent and affordable shelter, education, and welfare for those people who came to the cities with lack of education and economic condition. This situation could generate complicated social and cultural problems in the cities and needs to be taken into account by the government, especially for providing shelters and affordable public services and other urban basic services.

1.4 Urbanization

Although Indonesia is managing to reduce its overall population growth, the population growth in urban areas is still rapidly increasing. The proportion of urban population in Indonesia increased from 42% in 2000 to 49.79% in 2010 or more than

7% in just one decade. This percentage is expected to continue to increase every year. United Nations Centre for Human Settlements predicts that, in 2025, the urban population in Indonesia will reach 61 per cent.

As the common urban problems, the people who does not have effort to access legal shelter nor public services, will develop slum and squatters in urban areas at spaces whichever could be occupied by them, regardless the owner of those properties. Most of the poor people in urban areas are living in such areas, which have no adequate access to standard decent shelter, sanitation, water supply health services, road access, etc.

Accordingly, all stakeholders of the cities should do coordination, synchronization, as well as integration of urban development planning, implementing and organizing. This should be managed by the local government and fostered by the central government (by giving technical assistant, trainers, and development funds).

The government of Indonesia is addressing the policies, strategies and programs in order to accelerate the achievement of an inclusive and equitable development by expanding the objectives and the scope of activities to improve live and the welfare of the poor in slum/ squatter in urban areas, by improving their settlement quality, urban renewal, or resettlement for whose living in the squatter areas.

1.5 Poverty

Based on Indonesia Central Statistic Agency data, poverty level in Indonesia is decreasing each year. This condition can be seen in the picture below that in 2007-2011, the percentage of poor people is decreasing approximately 4 % from **16.58% to 12,49%**. This trend also happens in poverty gap index which is decreasing from **2.99% to 2.08%** in 5 years at the same period.

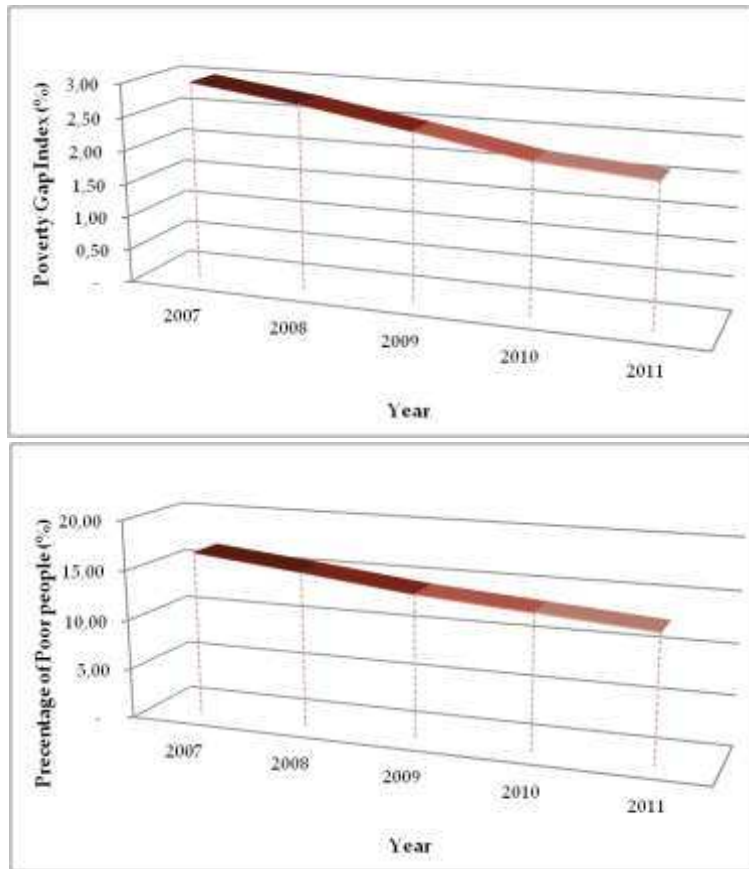


Figure 3 Percentage of Poor People and Poverty Gap Index (%)

According to socioeconomic condition outlined, Indonesia has the conducive situation to conduct programs and policies to alleviate slum areas. The increasing in HDI and GDP, also the decreasing in poverty can be a promising prospect to endorse municipalities in cooperating with private sector and community itself to create a decent living with slum upgrading programs.

2 | Urban Development Strategies

2.1 National Development Strategies

The Long-Term National Development Plan (RPJP), Law No.17/2007, determined that the main targets of the long-term housing development and settlements is “to meet the people’s housing and its infrastructures need and the aim of creating cities without slums, provision of housing as well as the necessary supporting facilities and infrastructure.

The fulfillment of the demand of livable housing along with appropriate infrastructure and support facilities aimed at :

1. Implementation of housing development that is sustainable, adequate, decent, affordable and supported by adequate and quality facilities and infrastructures managed in a professional, credible, independent, and efficient manner;
2. Implementation of housing development along with the setting up of supporting self-sufficient infrastructures and facilities capable of generating financing derived from the public and capital market, create employment, and promote even distribution in development;
3. Development of housing along with supporting facilities and infrastructures that takes into account environmental function and balance.
4. Improving quality of asset management in provision of public services, drinking water and sanitation facilities to meet the people’s needs of decent drinking water and sanitation.

2.2 Urban Development and Poverty Alleviation Policy

Indonesia applies four track strategies in its Urban Development Policy such as: Pro-Growth, Pro-Job, Pro-Poor, and Pro-Environment. Pro-Growth means improving the quality of growth. This includes creating more employment, increasing the productivity, and reducing poverty. Pro-Job creates extensive employment opportunities and strengthening competitiveness. Next, Pro-Poor ensures social protection, community empowerment and empowerment of cooperatives and SMEs. Lastly, the triple track strategies are coupled with Pro-Environment strategy to anticipate the impact of climate change. This includes mitigation and adaptation

The four strategies mentioned before then become the basis of the Poverty Alleviation Policy which is grouped into four clusters, namely:

Cluster (1) Family-Based Social Supports including:

- Scholarship
- Social and Health Security

Cluster (2) Community Empowerment including:

- National Program for Community Empowerment (PNPM)

Cluster (3) Micro and Small Enterprises Empowerment including

- Economic Credit Scheme

Cluster (4) Acceleration and Expansion Program including

- Affordable Housing Program
- Affordable Transportation System Program
- Pro-Poor Clean Water Program
- Affordable Electricity Program
- Fisheries Livelihood Improvement Program
- Urban Poor Livelihood Improvement Program.

National Housing Development Policy

In line with the National Long-Term Development Plan (RPJPN) for 2005-2025 to meet the people's housing needs and with the aim of creating cities without slums, provision of housing as well as the necessary supporting facilities and infrastructures is directed towards

1. Implementation of housing development that is sustainable, adequate, decent, affordable and supported by adequate and quality facilities and infrastructures managed in a professional, credible, independent, and efficient manner;
2. Implementation of housing development along with the setting up of supporting self-sufficient infrastructures and facilities capable of generating financing derived from the public and capital market, create employment, and promote even distribution in development; and
3. Construction of housing along with supporting facilities and infrastructures that takes into account environmental function and balance.

As an elaboration of the Government's National Long-Term Development Plan (RPJPN), the Government's National Medium-Term Development Plan (RPJMN) of 2010-2014 places a mandate upon the Ministry of Housing to carry out programs and projects that are set as priorities under the Facilities and Infrastructure sector, Housing and Settlement subsector. The National Priority in the public housing sector is the construction of 685,000 Low-cost Housing, 180 Owned Low-cost Apartments and 650 twin blocks Rental Low-cost Apartments with the settlement area supported facilities that can accommodate 836,000 poor families in 2012.

The general objectives that will be achieved in housing and settlement development is increased access for families to a decent, safe, and affordable housing and settlement area, supported by basic facilities and infrastructures and adequate utilities, along with the guarantee of legal certainty in a secure tenure in support of the achievement of the Millennium Development Goals (MDGs). Other targets to be achieved include increased quality of the planning and implementation of housing and settlement development in the central and local levels. Meanwhile, a special target for the

housing sector is public access to new housing as well as an improvement of the quality of housing and settlement and legal certainty for 5.6 million households.

To realize the priorities and targets areas for housing and settlement, the direction of housing policy in 2010-2014 of the Ministry of Housing is to improve accessibility for low-income people to decent and affordable housing by way of:

1. Increased provision of decent and affordable housing for low-income people through (a) the construction of 650 twin blocks Rental Low-cost Apartments; (b) construction of 685,000 Subsidized Low-cost Housing units; (c) facilitation of the construction of 180 towers Owned Low-cost Apartments through private-sector participation; (d) provision of infrastructure and utilities for real estate development, among others to support new city development (New Town Development); (e) facilitation of new development/improvement of selfhelp housing quality and the provision of infrastructure and utilities for self help housing; (f) construction of Specific Housing, including rehabilitation and post-disaster housing reconstruction; (g) facilitation of land provision; (h) utilization and development of local resources, technology and research in housing and settlement area;
2. Enhancement of accessibility for middle-low income people to decent and affordable housing through: (a) provision of housing subsidies; (b) liquidity facilitation development; (c) mobilization improvement for long term financing resources; and (d) promotion of national housing saving;
3. Enhancement of the quality of settlement areas through the provision of basic infrastructure and adequate public utilities, integrated with housing development in order to create cities without slums;
4. Enhancement of legal certainty through secure tenure by way of land precertification facilitation and post-certification assistance for low-income people, as well as standardization of licensing in the construction of homes;
5. Enhancement of planning and implementation qualities in housing and settlement development through (a) development of regulations and policies; (b) empowerment and partnership in housing and settlement development; (c) capacity building and coordination improvements for various stakeholders in respect of housing and settlement development; (d) development of management assets (property management); and (e) facilitation for the preparation of the master plan for regional settlement development;
6. Reinforcement of primary markets and secondary mortgage financing supported by source sustainable long-term financing through information and mortgage standardization development, as well as support for legislation development.

3 | Slum Conditions and Shelter Policies

3.1 Characteristics of Slums in Indonesia

The number of urban population has reached more than 50% of the Indonesian total population. Rapid growth of urban population, which generally comes from urbanization, can not always be offsetted by the ability of city infrastructure service that have resulted in the expansion of slums area. This condition can be shown by the fact that slum area in 2004 which had reached an amount of 54,000 hectares, and 59,000 hectares in 2009. Furthermore, if there's no program to overcome this situation, the area will be predictively getting worst and will grow to 71,860 hectares by 2025 (annual growth is about 1.37%).

Increasing number of slum area in Indonesian cities has an impact on the increasing number of locations which suffer of flood and fire catastrophe, increasing number of social conflict, decreasing quality of public health infrastructure services. Therefore, the problem of slum area need to be addressed, in accordance to formulate proper housing and settlements in healthy, safe, and harmonious environment.

Law No.1/2011 on Housing and Settlement defines slum as an inhabitable settlement due to: building irregularity, high level of building density, poor building quality, and low standard of facilities and infrastructures.

In accordance, slums in Indonesia are usually characterized by urban decay, high rates of poverty, and unemployment. They are commonly seen as "breeding grounds" for social problems such as crime and disease as a result of unsanitary conditions, malnutrition, and lack of basic health care. To those one might add the following characteristics: inadequate access to safe water; inadequate access to sanitation and other infrastructure; poor structural quality of housing; overcrowding; and insecure residential status.

In line with the characteristics of slums, the main characteristic associated with slum dwellers is low socioeconomic status people. Most of Indonesian slum dwellers are working in informal sector such as: street vendor, scavengers, domestic helpers, factory labor, and small home-based entrepreneur. They are also commonly temporary migrants from the villages nearby the city.

Based on the physical condition, slums are classified into low, medium, and high distressed neighborhoods. Slums can also be classified according to the land status in the following manner: a) Informal Settlements which has an administrative status (part of urban or regent) and unclear land status (can be quasi-legal, traditional land with no certificates); b) Illegal Settlements which occupying public or private land.

Criteria of Slum Areas

- The location is already designated as residential in accordance with city government law about regional spatial plan
- Population density, for small city > 400 people/hectare, for large-medium city > 500 people/hectare, and for metropolitan city > 750 people/hectare;
- Consist of 60% houses in bad physical condition, with a number of diseases caused by the bad environment quality is quite high (dengue fever, diarrhea, respiratory infection, etc.);
- The intensity of social problems is quite high (urban crime, etc.);
- 80% of the total area are built;
- The average resident income below minimum wage;
- Facilities and infrastructure are below the minimum service standards;
- Prone to disasters.

3.2 The Challenges of Slum Upgrading in Indonesia

The number of urban population in Indonesia has reached more than 50% of the total population. Rapid growth of urban population, which generally comes from urbanization, can not always be off-seted by the ability of city infrastructure service. This caused the rapid growth of slums.

Urban slums in Indonesia increased from 54,000 hectares in 2004 to 57,800 hectares in 2009. If there's no program to overcome this situation, the area will be predictively getting worst and will grow to 71,860 hectares by 2025 (annual growth is about 1.37%).

Increasing number of slum area in the cities of Indonesia has an impact on the accelerating number of locations which suffer of flood and fire catastrophe, social conflict, and decreasing quality of public health infrastructure services. Therefore, the problem of slum area need to be addressed, in accordance to formulate proper housing and settlements in healthy, safe, and harmonious environment.

There are some challenges of slum upgrading program in Indonesia:

- The rapid growth of population in urban areas is 4% per year. This also increasing the number of people living in slums/squatters in most urban areas.
- The land use competition between housing supply and housing demand results some marginalized communities.
- The increasing frequency of floods and fires, potential escalation for social conflict and insecurity, as well as the declining of community health of slum dwellers.
- The declining of the quality of infrastructure services.
- Limited access of low income people to banking institutions in order to have housing credit for decent houses.
- Community empowerment programs are still not optimally implemented in slum upgrading programs.

3.3 Problems Areas Pertaining to Slum Upgrading

The following is the three problem areas pertaining to slum upgrading

1. Housing and access to infrastructure for basic services: lack of access to decent and affordable shelter; lack of access to basic services of sanitation, water supply, access road, health, and education; lack of land rights and secure tenure
2. Social: lack of access to basic needs; lack of human quality; lack of community awareness, trust, and its commitment in developing processes; lack of peoples' behaviour, culture, and environment adaptation.
3. Economy: low, insecure and unstable income; lack of access to funding resources; people welfare is below of the life standard.

3.4 Previous Upgrading Initiatives

Slum improvement programs have been planned and executed since pre-independence of Indonesia with Kampung Verbetering Program. Paralel with development of Indonesia, slum upgrading program also developed in line with social and economic condition of Indonesia. Since the Vancouver Declaration established Kampoeng Improvement Program (KIP) was held by World Bank in 1974-1979, Government of Indonesia have been given great efforts to evaluate the program implementation and improve them into relatively more suitable program to alleviate slum. Many slum upgrading programs generated to meet the needs of creating decent housing for the people, such as Integrated Urban Infratructure Development Program (P3KT), Housing and Settlement Improvement (P2LK), Community Based Housing Development (P2BPK), National Movement for One Million House (GNPSR), Decent Housing for People (RSS), Affordable Vertical Housing to be owned or to rent (Rusunawa and Rusunami), Regional Based Slum Upgrading (PLP2K-BK), National Working Group on Housing and Settlement (Pokja PKP Nasional). Moreover, laws and regulation also generated and improved to create decent living, which regulates the concept and implementation slum upgrading program, such as President Instruction No.5/1990 on Guidelines for Urban Renewal, Law No. 4/1992 on Housing and Settlement which had been revised to Law No.1/2011 on Housing and Settlement. The following picture shows the historical development of slum improvement programs in Indonesia.



Figure 4 Historical Development of Slum Upgrading Programs in Indonesia

The history of slum upgrading implementation program in Indonesia notes some points to be concerned for improvising past program to enhance the quality of life in housing and settlements. Lesson learnt from the past shows transformation in slum upgrading program includes the transformation of the goals, objectives, parties involved and the activities undertaken to improve the slums.

Program transformation that occurs is influenced by several key factors:

1. Land
 - a. One of main obstacles faced in slum upgrading implementation program is finding relatively unoccupied land suitable for relocating slum community;
 - b. Insecurity of land tenure;
 - c. Land acquisition;
 - d. Highly price on land;
 - e. Suitable functional administration system for the slum area according to Land use Planning (RTRW).
2. Finance
 - a. Financial condition of the poor who lives in slums;
 - b. Limited access for the poor to finance institution;
 - c. Government budget to alleviate large number of slums.
3. Socioculture
 - a. Greater migration percentage to the cities cause increasing in urban population growth;
 - b. Stakeholder role mapping (government, private sector and community);

- c. Community organization and community participation;
- d. Role of government creating good governance in slum upgrading program implementation;
- e. Organizational management and promoting Public Private Partnership and CSR to implement slum upgrading programs.

3.5 Current Slum Upgrading Programs (national level)

The National Program for Community Empowerment (PNPM) Mandiri

Given the variety of sectoral programs, PNPM provides an umbrella framework for all community-driven development programs in Indonesia

By consolidating these programs under a single framework, the government can:

1. Create a unified design for program delivery,
2. Avoid overlapping and duplication of programs and activities,
3. Formulate a better national targeting for the poorest,
4. Directly transferring funds to villages for better utilization of poverty reduction efforts.

To support PNPM and poverty related activities, the government establishes the PNPM Support Facility (PSF)

Website: www.pnpm-mandiri.org

National Program for Community Empowerment in Urban Areas (P2KP)

Rationale:

- To realize a society living in harmony in safe, orderly, healthy, productive and sustainable environment.
- To achieve sustainable development can be reached from:
 - (1) Orientation on Behavior Change (attitude),
 - (2) Orientation on Management by Communities (self community management), and
 - (3) Orientation on Innovation and Creativity of Community (entrepreneurship)

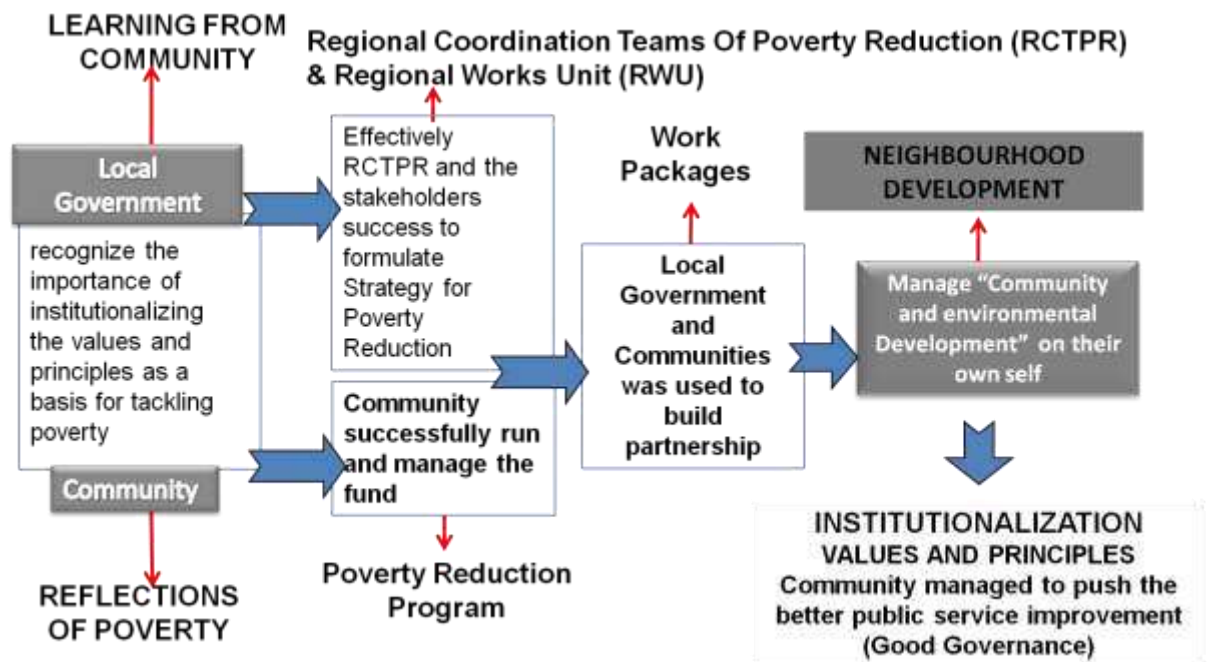


Figure 5 Towards A Learning Scheme of Neighbourhood Development

Results

1. Environmental Arrangement Plan Settlements (EAPS) on Urban Village Planning and Environment Action Plan of Settlement (EAPS) are prepared in a participatory community with the government;
2. Joint Rules of the development / management of housing and community disaster response agreed with the government as a joint commitment;
3. Construction management institutions SEE (social, economic and environmental) that are able to act as a reliable community service center (community services) to meet the needs and welfare of the people in the region;
4. Healthy neighborhoods, orderly, harmonious, productive and sustainable that build by community with government guidance and support from various stakeholders with a variety of resources.

Development Strategy of Settlement and Urban Infrastructure (DSSUI) and Development Plan of Strategic Settlement Area (DPSSA)

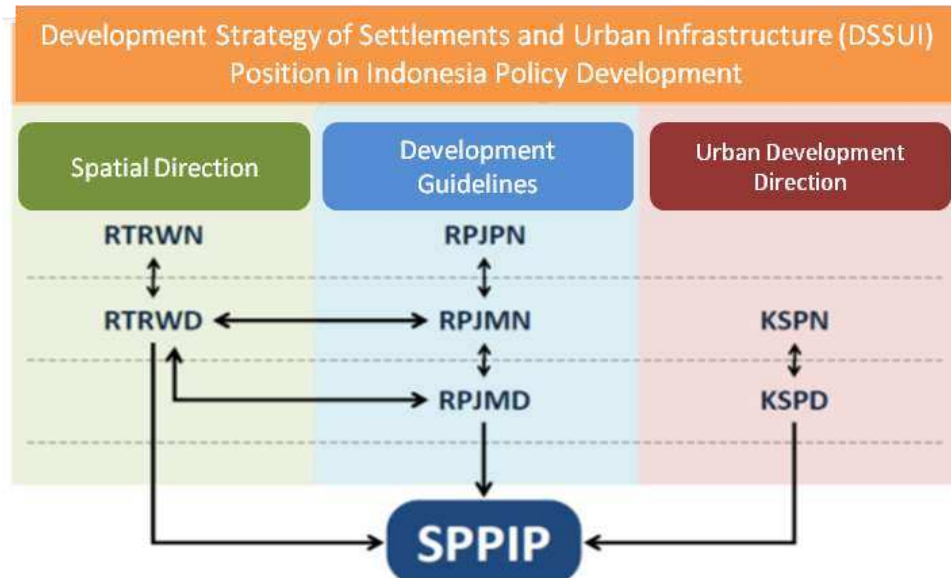


Figure 6 Development Strategy of Settlements and Urban Infrastructure Position in Policy Development

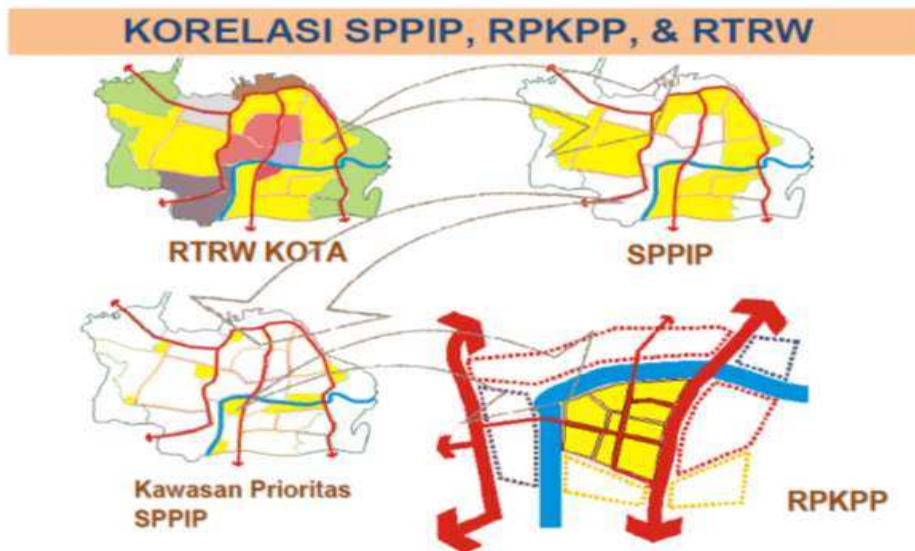


Figure 7 Corelation between Different Levels of Planning Documents

- DSSUI and DPSSA are planning products for the development of urban settlements and infrastructure created and derivation of Spatial Planning District/City, describing the needs of the city on infrastructure for human settlements;

- One example of DSSUI product is management of **slum areas**, through multi-sectors and stakeholders involvement;
- The development plan is the **product of local government** - local government plays key role to integrate all relevant strategic sector.

Urban Infrastructure Program: Slum Upgrading Program



Figure 8 Slum Upgrading

- Development of neighbourhood roads
- Development of neighbourhood drainage system
- Development of neighbourhood waste treatment system
- Development of neighbourhood drinking water system



Figure 9 Karangturi area before upgrading program



Bambe after program



Karangturi after program



Muka Kuning after program



Gulomantung after program

Figure 10 Walk-up flats (Vertical Housing Development Program)

Several slum upgrading programs:

- **Vertical Housing Development Program** is a program to reduce slums / squatters settlements, integrated with others sector development program;
- Implemented in the cities / districts that have **Development Strategy of Settlements and Urban Infrastructure (DSSUI) and Development Plan of Strategic Settlement Area (DPSSA)**
- Concept : cluster system
 - *Taylor made design* type 21 (m2)
 - **prototype design** type 24 (m2)
 - Improvement in precast system
- Local government prepared the land and supporting facilities

The Area-Based Slum Upgrading Project (PLP2K-BK)

The Ministry of People's Housing started a project named "Area-Based Slum Upgrading Project" in 2010 (in Indonesian Language is *Penanganan Lingkungan*

Perumahan dan Permukiman Kumuh Berbasis Kawasan). The projects aims to upgrade slums through integrated multi-sector approach and enabling community to prepare a community action plan (CAP).

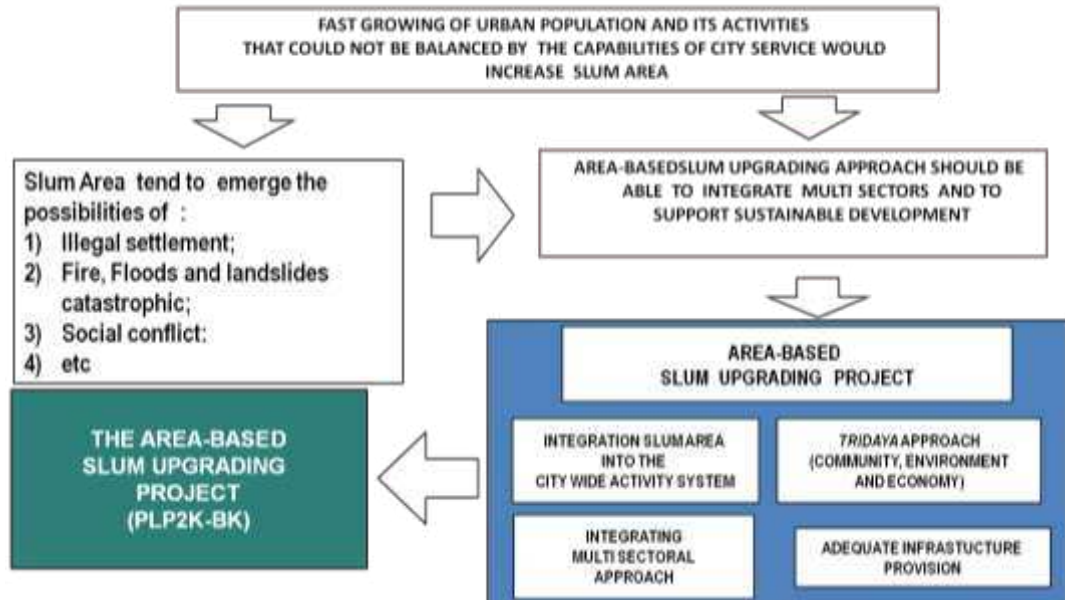


Figure 11 Area-Based Slum Upgrading Approach

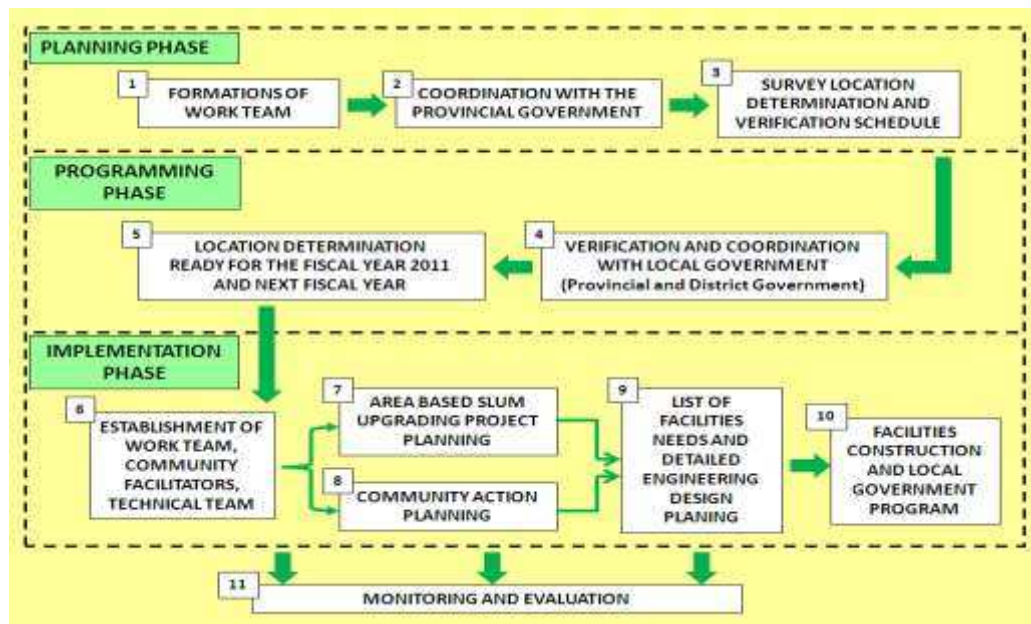


Figure 12 Implementation Stage Framework

Table 1 Funding Arrangements

No	Activity	Funding			
		Central Govt	Province Govt	City Govt	Non Govt Institutional
1	Cooperation team of Infrastructure for Slum Area Upgrading (PLP2K-BK) forming	V		V	
2	Technical team of Infrastructure for Slum Area Upgrading (PLP2K-BK) forming	V		V	
3	Community Facilitator (TPM) facilitation			V	
4	Preparation of Area-Based Slum Upgrading Project Planning	V		V	
5	CAP Preparation		V	V	
6	DED Preparation	V	V	V	
7	Physical stimuli implementation	V	V	V	
8	Non physical stimuli implementation	V	V	V	V
9	Community empowerment	V	V	V	V

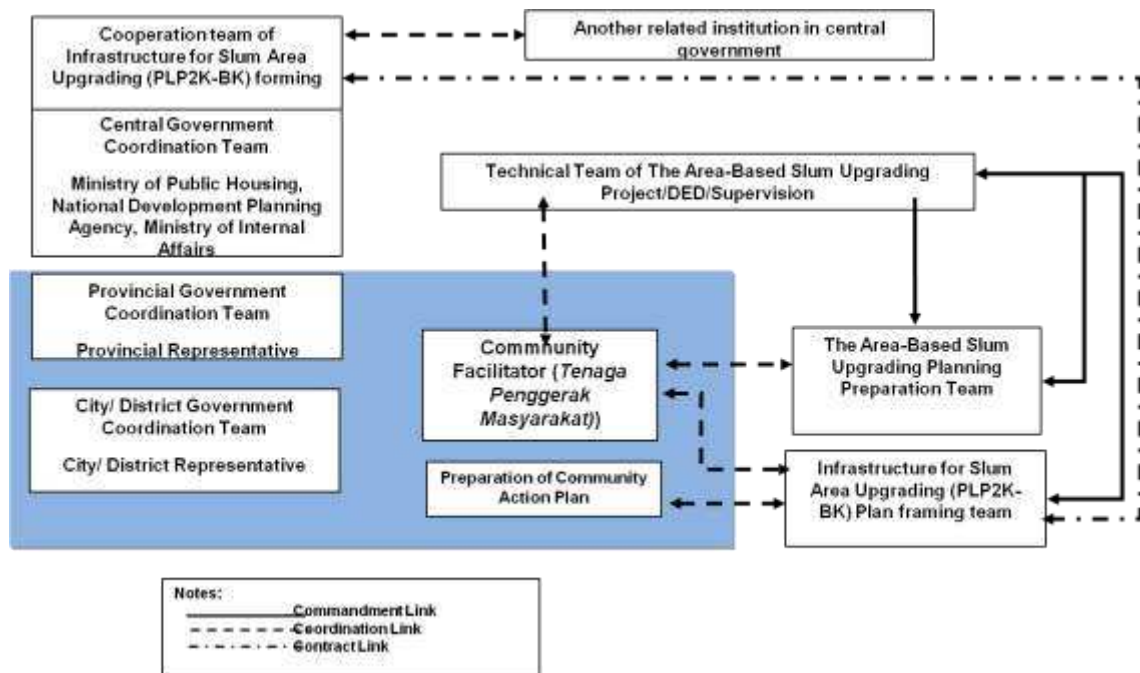


Figure 13 Project Team Structure

4 | Slum Upgrading Projects at the Local Level

In order to improve the welfare of the people in accordance with the Government Work Plan 2012 (Presidential Decree No. 29 of 2011) and also the challenge of the Millennium Development Goals (MDGs), Indonesian Government formulates acceleration and expansion of poverty reduction policy through Cluster IV. This policy accommodates six government programs through certain approach which provides "necessity of life" at the very cheap price and partly supported/subsidized by the government as stipulated in Presidential Decree No. 10 Year 2011 concerning the establishment of the Coordination Team for Enhancement and Expansion of Pro-People Program.

Ministry of Public Work, in an attempt to support the achievement of the acceleration and expansion of poverty reduction as well as to improve the quality of housing and infrastructure, has implemented a variety of programs which is in direct contact with the public.

One of the programs of the Ministry of Public Works is located in Cluster IV that is the part of the Pro- People Policy, the Community Life Improvement Program for the Urban Poor (Program # 6) which the Ministry of Public Works is coordinating the implementation of this program, accompanied by several ministries and agencies from the central level such as: the Ministry of Home Affairs, Ministry of Cooperatives and Small-Medium Enterprises, Ministry of Education and Culture, the Ministry of Health, Ministry of Social Affairs, the Central Bureau of Statistics, National Land Agency, and the National Development Planning Agency and also supports from the local governments.

Community Life Improvement Program for the Urban Poor is a form of slum upgrading program adopted by wise and humane system by combining top-down approach of the applied regulations, with the bottom-up approach tailored to local conditions and needs, therefore, it is also mentioned as the National Program for Urban Community Empowerment Plus (PNPM Urban Plus).

Community Life Improvement Program for the Urban Poor Plus (PNPM Urban Plus) which was launched in 2012 targeted slums in five cities such as: the Ciliwung River Plate Area in Jakarta; Boezem Morokrembangan Area in Surabaya; Belawan Area in Medan; Tallo Area in Makassar; and Tamansari Area in Bandung. The following part will discuss two practices of slum upgrading program in Indonesia: Boezem Morokrembangan – Surabaya and Tamansari-Bandung

4.1 Boezem Morokembangan, Surabaya

At Habitat Day 2012, Morokembangan Boezem Area was a memorial service and handling as well as a pilot area for the other cities in Indonesia. The process of structuring Boezem Morokembangan areas was done by preparing Settlement Development Strategy and Urban Infrastructure (SPPIP) as well as Surabaya City Development Plan Priority Settlement Region (RPKPP) for Morokembangan area. It was then issued in the Investment Plan and the Medium Term Program (RPIJM) field of Human Settlements and synergized in Surabaya urban infrastructure systems, which illustrates the need for society to settlement infrastructure. This area arrangement model can improve the conservation function of Boezem as the retention ponds, which can improve the quality of the housing, and at the same time can add value to the economic and social benefits for the community to be used as a tourist attraction or fisheries.

Morokembangan Boezem area, which is a high population density settlements on water resources conservation zones / reservoirs, is organized jointly by the Ministry of Public Works with the Government of East Java and Surabaya City Government, so that it can be used to restore the function of the reservoir and to improve local neighborhoods, without incurring social unrest.

The cooperation arrangement is in the form of Boezem long bridge; provision of water pumps; construction of the bridge, increasing the neighborhood streets and drainage; improved sanitation through communal latrines; providing water connections, and the revitalization of traditional markets and business building residents, as well as the development of space green open public.

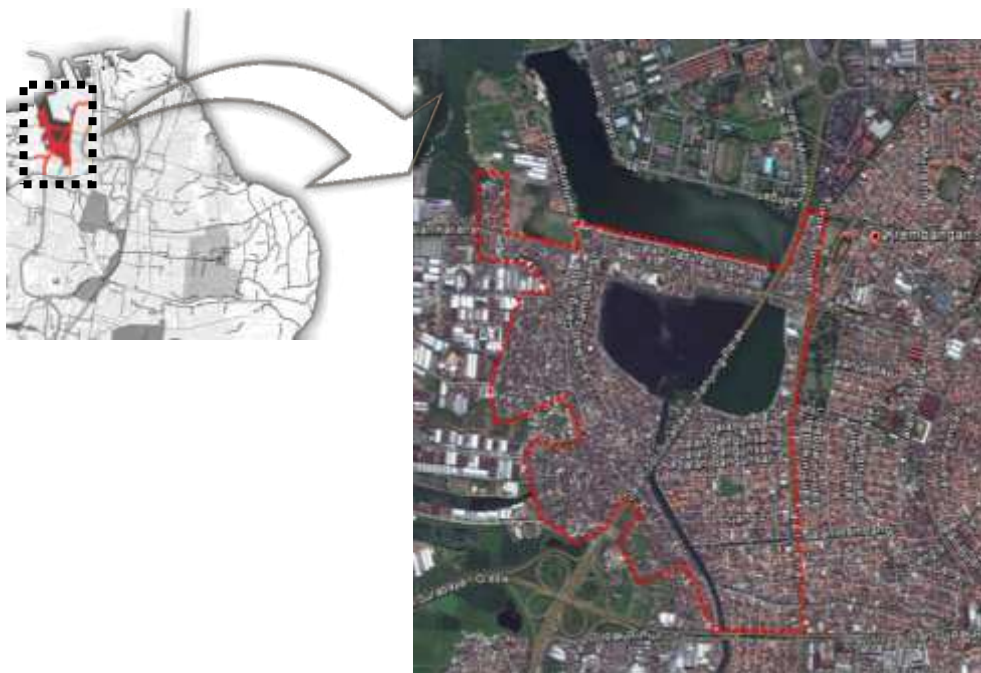


Figure 14 Location of Boezem Morokembangan



Project Area :

1. MORO KREMBANGAN 1 RW 08,
KEL. MORO KREMBANGAN
2. MORO KREMBANGAN 2 RW 06-07,
KEL. MORO KREMBANGAN

Figure 15 Project Area



Figure 16 Problems in Boezem Morokrembangan



Figure 17 Implementation in Area 1 RW 08 Morokrembangan

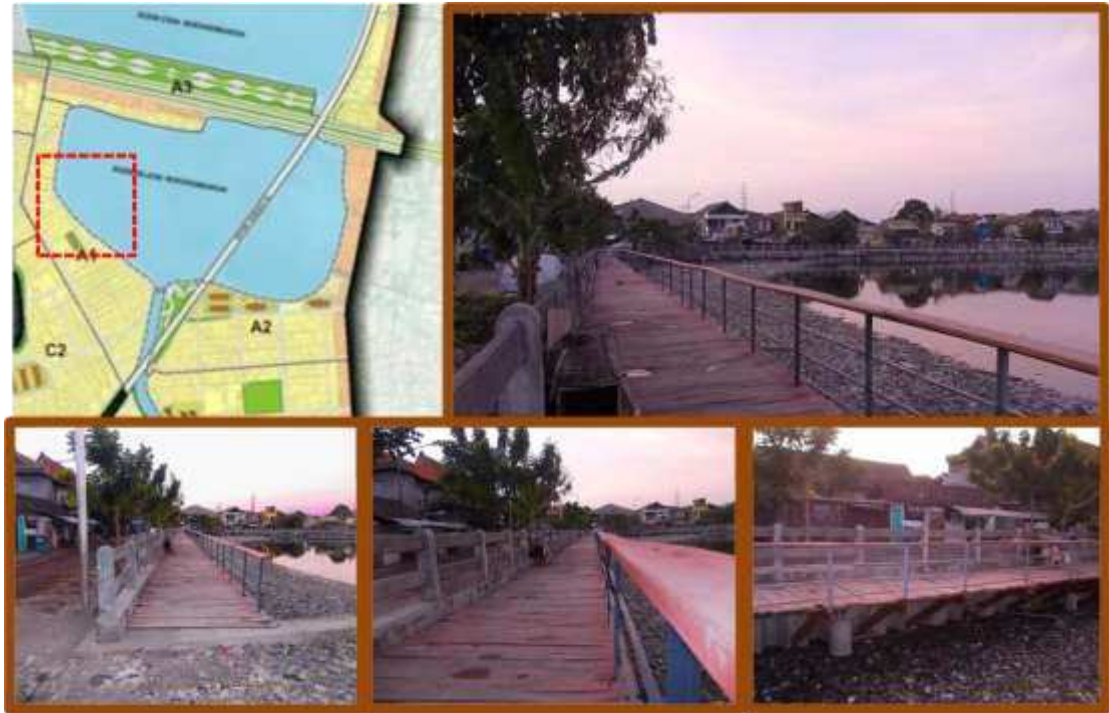


Figure 18 Pedestrian Path in Boezem Morokrengan

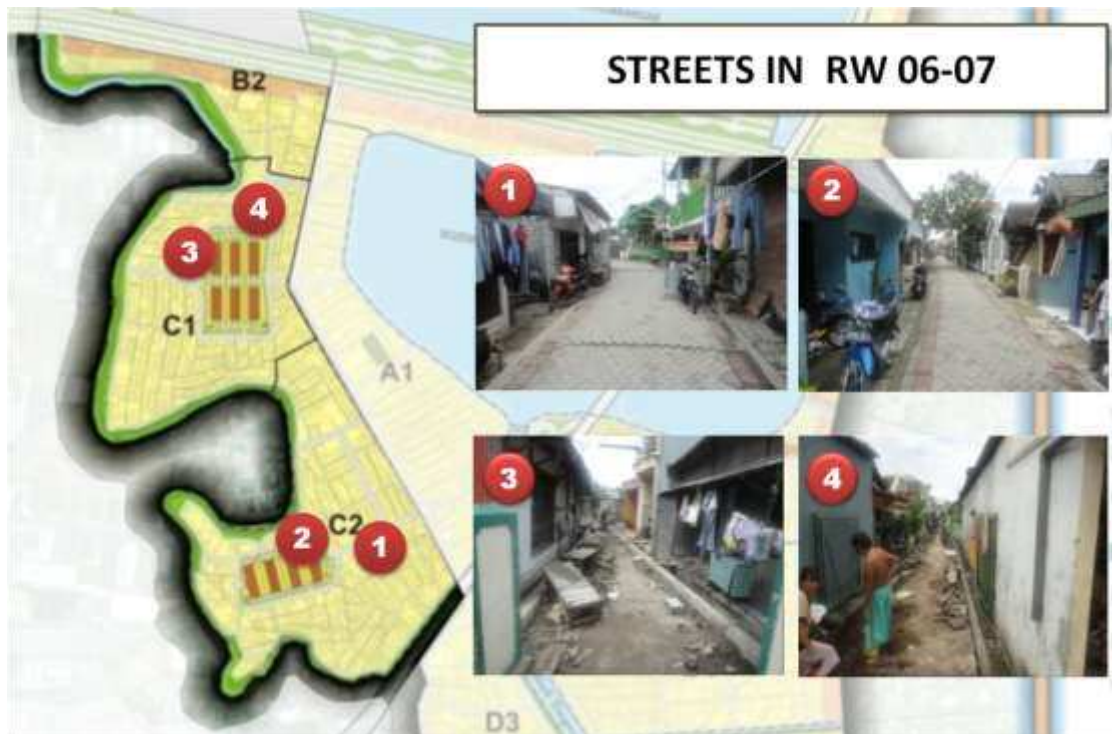


Figure 19 Implementation in Area 2 RW 06-07 Morokrengan

4.2 Tamansari, Bandung

Tamansari area grew as a slum due to the rapid physical development of Bandung, West Java Province that has resulted in an urban fabric of shanties in the surround environment. It is located near commercial areas (Jalan Dago and Jalan Cihampelas streets) and 14 universities in the immediate areas that attract many new residents.

The upgrading intervention area covers around 300-400 hectares along the river, with a maximum population density of 100/hectare. In the intervention area, 80% of the 250,000 inhabitants are poor and are living with very limited urban sanitation facilities and without sewage systems. Thus, waste water is disposed in the river, causing very low river water quality.

The upgrading programmes, Cikapundung Clean River through Community Empowerment Program (2000-2005) and Fly Over Development and Resident Relocation through Community Approach (2001-2003) aimed to improve waste disposal behaviour and the environmental quality of the slum area located along the Cikapundung River by implementing an inclusive approach. The policy objectives addressed by these interventions were: (1) the improvement of Tamansari's environment quality and (2) the improvement of the welfare and life standards of Tamansari's poor communities.

The Bandung Municipality initiated the process in 2000 Partners in the implementation of the policy are: the Province of West Java, the Ministry of Housing, the Municipality of Bandung, an environmental NGO, the Bandung Institute of Technology, Padjajaran University, and Bandung Islam University.

There are two relevant elements regarding the participation process included in the implementation of the programmes: (1) the constitution of the Tamansari Development Board as a people's representative body that participates in the resettlement program; and (2) the Tamansari community action plans that included the development of local economic institutions such as *Koperasi* (cooperatives). The allocated budget was 80 million rupiahs funded by the West Java Housing Infrastructure Improvement project.

Key results include improvement in the environmental quality of several areas in Tamansari, in particular through housing upgrading and inspection paths along the Cikapundung River and new main pipes and drainage, resulting in improvements in river water quality. As well, community relocation for the fly over, and market and social housing development also occurred.



Figure 20 Location of Tamansari, Bandung

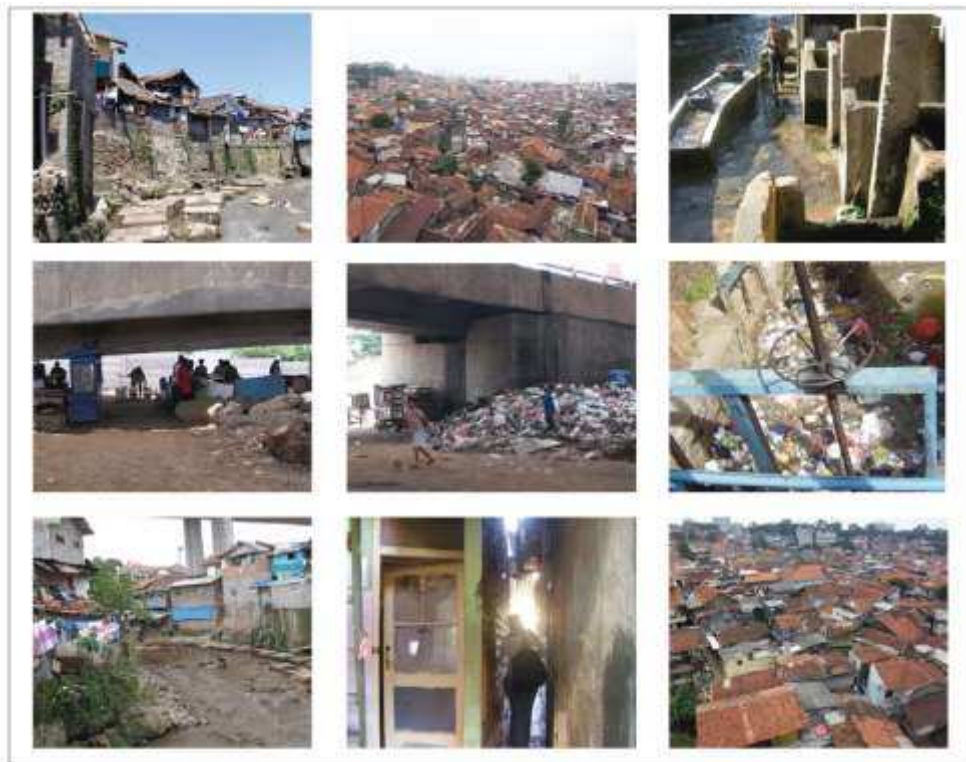


Figure 21 Problems in Tamansari, Bandung



Figure 22 Opportunity in Tamansari, Bandung (garden, keramba, handicraft)

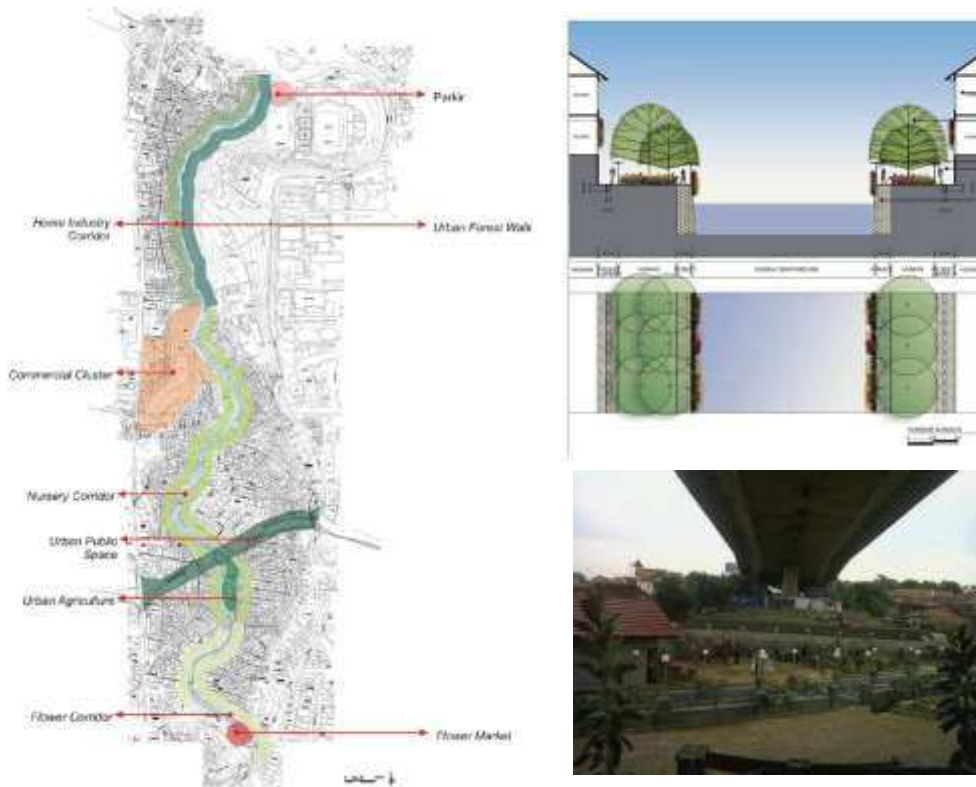


Figure 23 Tamansari Development Plan and Neighbourhood Park as one of the implementation

5 | Other Program Achievements

The Law Number 1 of 2011 on Housing and Settlement Area is an endorsement to the policy which states that every person is entitled to live in prosperity and spiritual, living, and earn a good living environment and healthy. It has been declared a basic human need. Further stated that the state is responsible to protect all the Indonesian people through the organization of housing and settlement area so that people can live and occupy decent homes and affordable housing in a healthy, safe, harmonious, and sustainable in all parts of Indonesia.

In line with the policy, the implementation of decentralization as policy by Law Number 32 of 2004 on Regional Government, requires the government affairs division between the Government and Local Government. In addition to administrative affairs under the authority of the Government, there are parts of the government handling of administrative affairs in a particular section or area can be managed jointly between the level and composition of government.

The Government of Indonesia through the Ministry of Public Works have conducted series of programs for improving settlements quality, alleviating the life of slum dwellers, and reducing slums/squatters in urban areas as well as eradicating poverty. Those are an effort to reach the target of national development plan as well as to reach the target of MDGs.

Table 2 Annual Target of Slum Upgrading, Urban Renewal and NUSSP (2008-2012)

Unit	Years					Total
	2008	2009	2010	2011	2012	
Slum Upgrading						
<i>Area (Areas)</i>	20	8	122	122	101	373
Urban Renewal through Development of social public house (vertical houses)						
<i>Twin Block (Unit)</i>	27	54	40	65	48	253
NUSSP						
<i>Cov. Areas (Ha)</i>	6,440*	637	211			7,288
<i>People (thousand)</i>	1,058*	61,5	15,1			1,135,43

In addition to Slum Upgrading, urban Renewal through Development of Social Public House (vertical houses) and NUSSP, the Indonesian government also implements the drinking water development and sanitation development programs. These programs have some approaches which are similar to housing development programs such as social/humanity development as well as community empowerment. Achievements for drinking water and sanitation programs at the end of 2009 are about 69,51% (urban) and 33,96% (rural), while the MDGs target in 2015 are 76,82% (urban) and 55,55% (rural).

6 | Future Directions

6.1 Policy Directions and Strategies

Policies and strategies to accelerate the achievement of the government targets toward cities without slums 2025 are running through community driven programs.

Policies of Pro-poor, Pro-Job, Pro-Growth, and Pro-Environment stated in the presidential decree 2009, 2010, and 2011.

Presidential Directions, especially to accelerate the implementation of programs on reducing slums and squatters in metropolitan cities, fostered by the central government, but they are still driven and organized by local government and also involve an active roles of all stakeholders (privates, academicians, and communities).

All national strategic programs are fostered and financed mostly by the Central Government in order to accelerate the achievement of the government targets toward cities without slums 2025 as well as to improve the low income community's welfare.

Indonesian Policy Direction is provided below:

1. Family-Based Social Support → to reduce the burden of poor households in basic needs.
 - Rice for the poor (Raskin)
 - Family Program (PKH)
 - Public health insurance (Jamkesmas)
 - School Operational Assistance (BOS)
 - Scholarship for the poor (BSM)
2. Community empowerment → to strengthen the capacity of poor communities to get involved in development
 - National Program of Community Empowerment (PNPM Perkotaan/Pedesaan)
 - Drinking Water and Sanitation Development Program (Pamsimas/Sanimas)
3. Micro and Small Enterprises Empowerment → to provide access to capital (economic and social) for micro and small enterprises
 - Business Credit (KUR/KUBE)
4. Acceleration and expansion of basic services
 - Clean water
 - Save Electricity program
 - Fishermen Life Improvement Program
 - Urban Poor Community Improvement Program

6.2 Strategies

These are the goal strategies dealing with settlement for the poor as well as slums and squatters, which have to be accelerated towards 2020's goals: Cities Without Slums:

- Improving the quality of planning and implementation on housing and human settlements
- Improving the quality of settlement environment through the provision of basic urban infrastructure
- Increasing access for low income communities to decent and affordable housing
- Increasing the provision of decent and affordable housing for low income communities

The implementation strategy of slum upgrading programs must involve four key elements: governance, legal, environment, and economy, as seen in the following diagram.



Figure 24 Implementation Strategy for Slum Upgrading



HABITAT INDONESIA NATIONAL SECRETARIAT

Jl. Wijaya I / 68 South Jakarta 12170 - Indonesia
Phone/fax: +62 21 722 6530
Email: seknashabitat@gmail.com & info@habitat.or.id
www.habitat.or.id