

# INDONESIA'S SLUM UPGRADING PROGRAM

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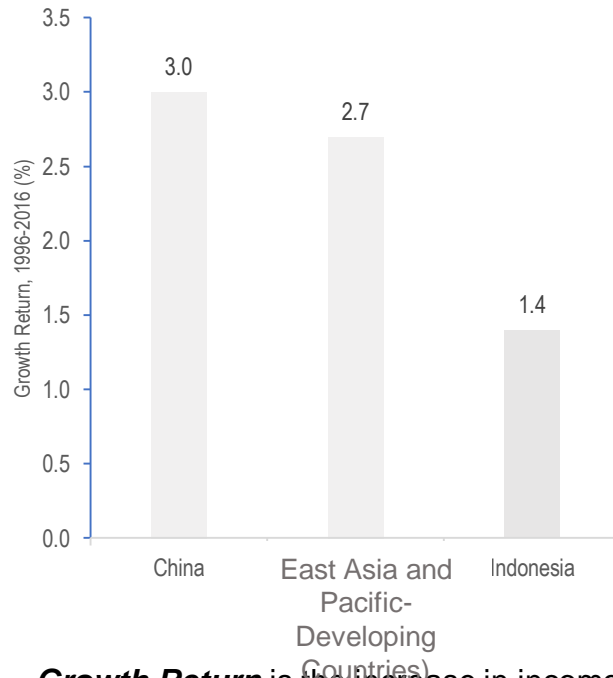
*Reimagining Inclusive Cities in the COVID-19 Era*  
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# Urban Condition in Indonesia

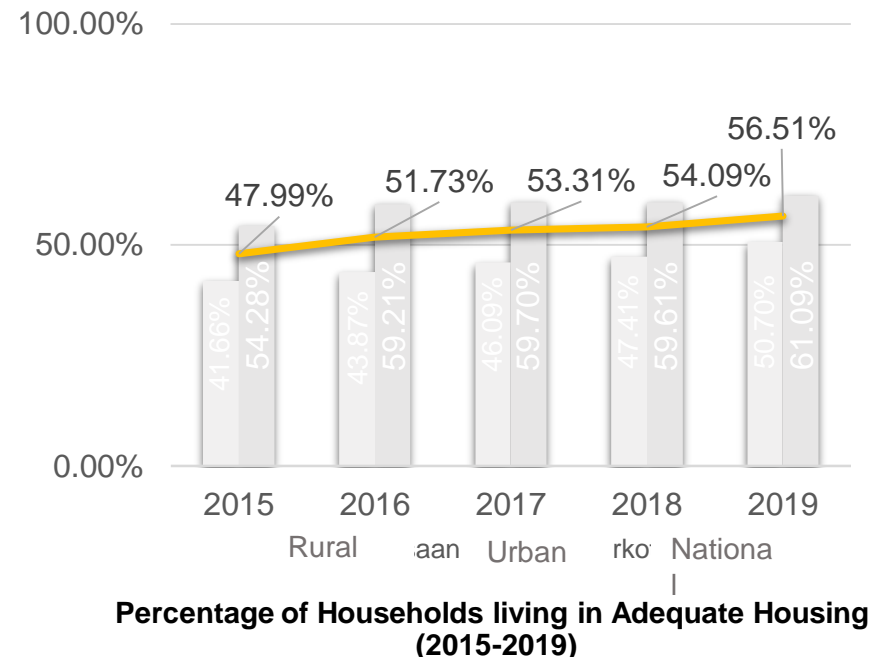
**Indonesia is the 4th country in the world with the highest urban population.** 56% of Indonesia's population live in urban area (growth rate: 2.7% per year). It will continue to increase and have implication for the need for housing provision.

- During 1996-2016, every 1% increase in urban population's share was only able to increase 1.4% of growth return. It is relatively lower than other developing countries in the East Asia and Pacific Region.



**Growth Return** is the increase in income per capita per urban population's share growth every year.

- There are only 61,09% urban households live in adequate housing.
- This means that **38.9% (15.5 million households) of urban areas still live in inadequate houses**, some of which may be in slum areas.



**3.9 million urban households live in overcrowded houses.**

Majority of those households live in West Java, DKI Jakarta, East Java, Banten and Central Java where the largest metropolitan areas in Indonesia are located.

**1 in 5 urban residents in Indonesia live in slums area.**

Ratio of housing prices to income in Jakarta and other big cities is even higher than New York, Singapore and Tokyo.

# Why do we need to ensure that no one live in slum?

Slum settlements support urban economy by providing labor and informal economy activity, but on the other hand it risks the quality of life of its dwellers.

## Health Risks for Slum Dwellers:

### The Risk of TBC

25% of the spread of TB in Indonesia is due to household interactions, therefore overcrowded houses are more vulnerable.

### Covid-19

The spread of covid-19 in overcrowded houses will be faster due to interactions among family members.

### Mortality of Preterm Infant

Lack of access to adequate sanitation facilities have caused 500 thousand preterm infant deaths in Indonesia. Some may be in slums.

### Diarrhea

120 million cases of diarrhea occur in homes with poor access to adequate sanitation facilities. Some of them are in slum areas.

## Financial Burden for its Dwellers

### Expenses to Basic Services

Poor access to drinking water causes slum dwellers have to pay more to access adequate drinking water.



### Financial Loss Due to Disaster

A flood or fire spreads rapidly due to its high density, causing high financial losses for its dwellers.



It is important to alleviate slum area by ensuring its dweller's security of tenure and welfare

# Policy and Strategy In National Mid-Term Development Plan (2020-2024)

## Main Policy

To increase Household's access gradually to decent, safe and affordable housing and settlements in order to create inclusive and livable cities.

## Main Strategy



### Demand Strategy

Housing finance expansion, specifically for household with informal income, and those who build self-help housing.



### Supply Strategy

Increasing the provision of affordable housing according to the spatial land and integrated with basic housing infrastructure including the public transportation system



### Enabling Environment

Strengthening the implementation of building reliability standards, ease of licensing and land administration

## Programs



Housing Finance Subsidy



Provision of new Housing, including development of Public Housing

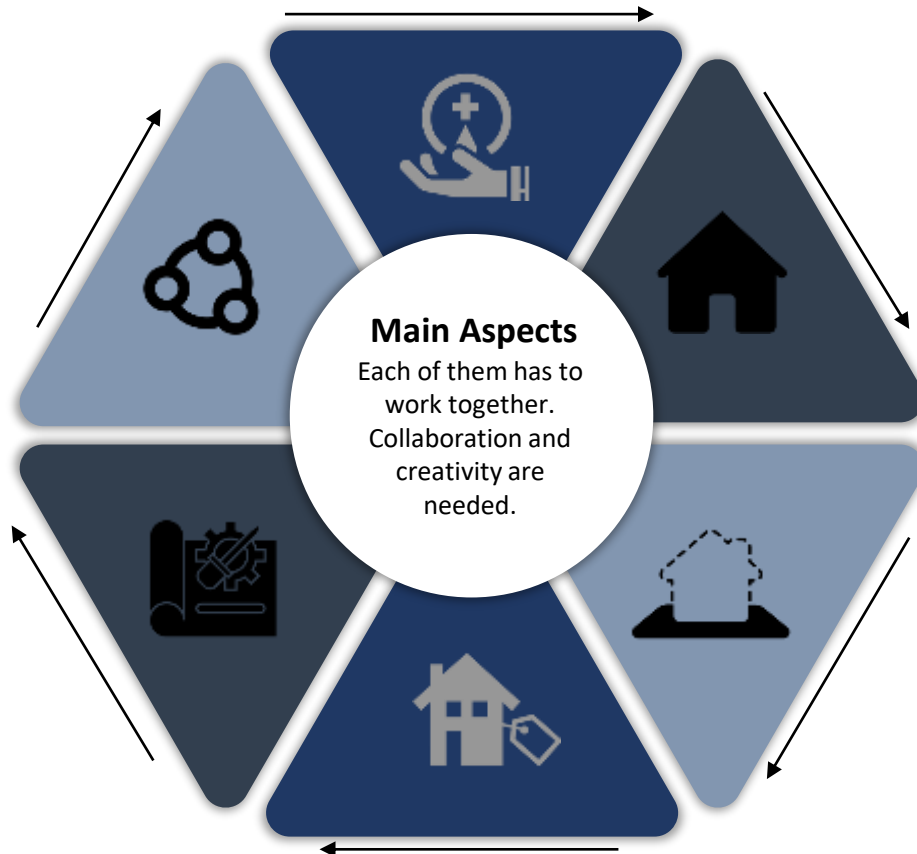


Housing Improvement Program



Integrated Slum Upgrading

# Main Aspects in Achieving Cities Without Slum



## Basic Infrastructure

Providing adequate basic services to the community, such as durable buildings, pathways, drainage, drinking water, sanitation, solid waste, fire protection,



## Housing Provision

Expanding options for low-income households to access housing



## Land

Guaranteeing security of tenure for the community



## Housing Finance

Improving access of low-income households to housing micro finance program to increase housing affordability



## Spatial Planning

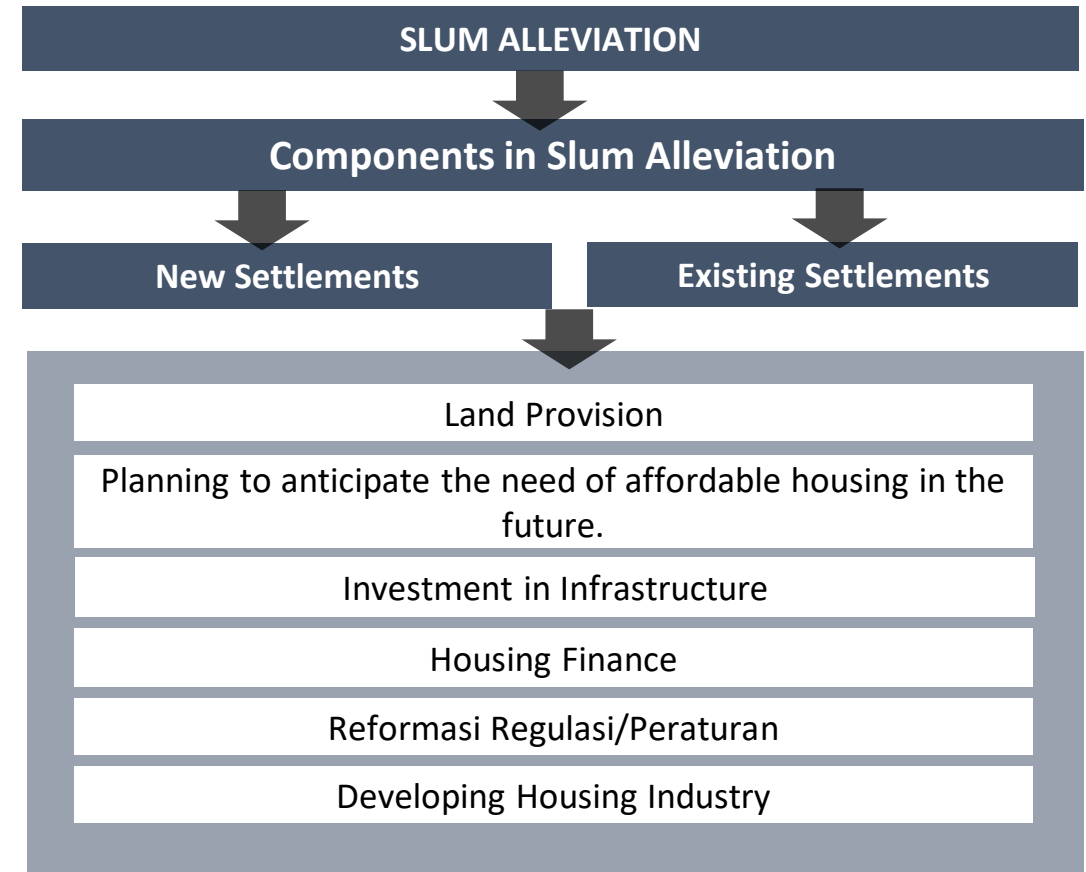
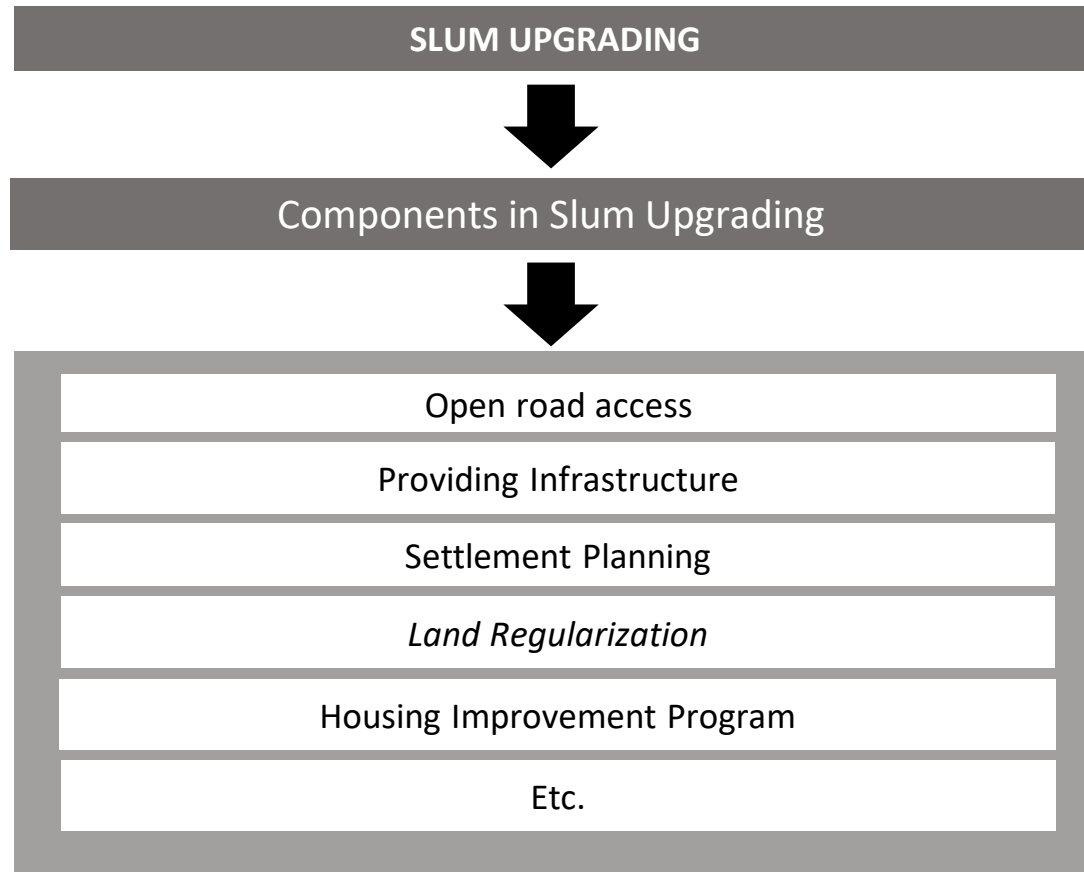
Enforcement and ensuring land for low-income housing in urban area is allocated in urban spatial plan.



## Spatial Planning

Connecting housing provision and upgrading with the community economic capacity building

# Slum Alleviation Approach: Combining Upgrading and Alleviation



Finding a method that can combine both approaches is a key to do a comprehensive slum alleviation.



# National Slum Upgrading Project (NSUP)/KOTAKU (2016-present):

## Current Biggest Slum Upgrading Program in Indonesia

- NSUP/KOTAKU is a national slum upgrading project that aims to increase access to basic infrastructure of slum dwellers through community and local government empowerment.
- This program is designed to become a national slum management platform
- Implemented in 269 Districts / Cities, 11,066 urban villages, 24,650 hectares of slum areas throughout Indonesia.

### Source of Funding



- World Bank, IsDB, AIIB, : \$762,7 Million
- APBN: \$652 Million
- APBD dan Masyarakat: \$628 Million



### Progress

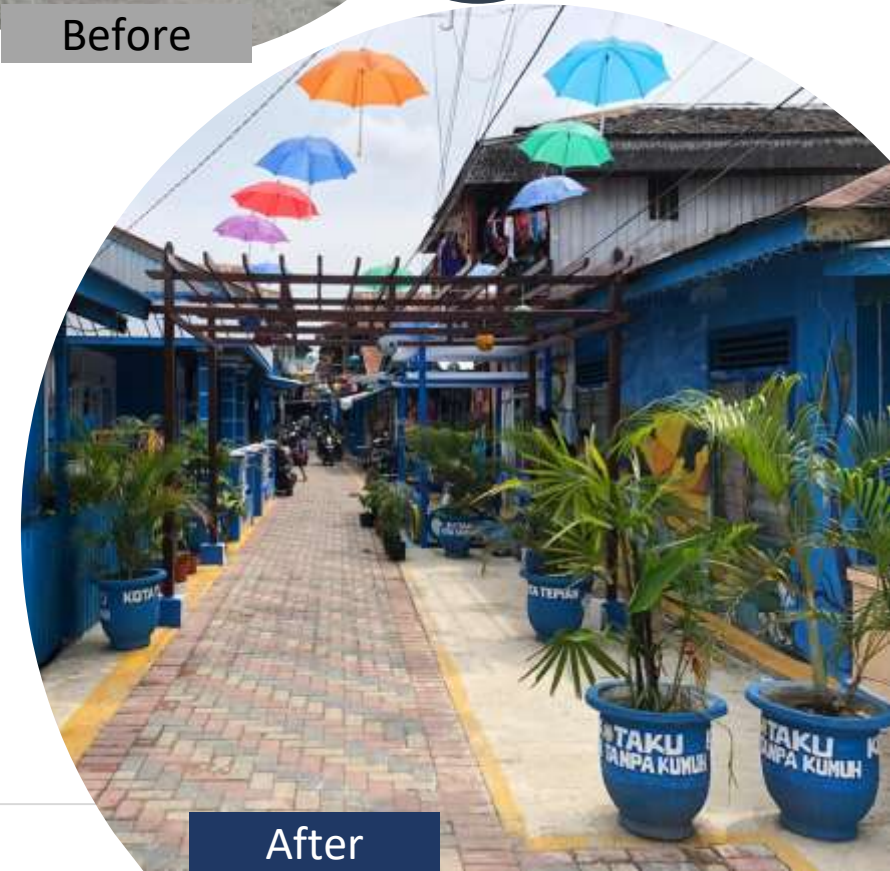
By 2019, 12.840 Ha out of 23.656,77 Ha targeted area have been handled

### Key Challenges:

1. The scheme is still limited to the provision of basic infrastructure – collaboration with other sectors still need to be encouraged.
2. Upgrading in heavy slum area and squatter is still a challenge.
3. Still focus on the existing condition, while prevention should also be considered.



Before



After

# New Housing Area Development Led by Local Government

## Case Study: Kabupaten Pohuwato, Gorontalo.



Pohuwato Regency has developed a “**Rumah Sehat Komunal**” program. Through that program, **699 houses in 18 sub-districts (2019)** were built. This program has an impact on reducing poverty also increasing access to safe drinking water and sanitation .

### Scheme

Local Government selected several low income households living in inadequate houses from every village in Pohuwato.

Every selected HH was given an adequate house for free in a new area bought by Local Government

Every House is equipped with basic infrastructure, such as electricity, drinking water and sanitation facilities



#### Program and Activities Timeline

March 2016 – March 2017 : Policy and planning formulation  
2017 : Approaching community and land acquisition  
2018–2021 : Construction



#### Collaborative Funding

Local Govt. Budget : Basic Infrastructure (Rp 8,5 Bio/USD 630,000)  
Village Funds : New Housing Units (Rp 28 Bio/USD 2 Million)  
State Budget : House Connection (Rp 1,8 Bio/USD 133,000)



#### Institutional Arrangement and Land Acquisition

Institutional Arrangement : Pokja PKP containing related local service offices, including National Land Agency  
Land Acquisition : Buying community land and use of underutilized cultivated land (HGU)



# New Housing Area Development Led by Local Government

## Case Study: South Sumatera

### Affordable Housing for The Street Sweeper and Scavenger-South Sumatera



#### Program Menu

1. 72 m2 land parcel and a core housing unit (27 m2) worth for Rp86 juta (USD 6,370)
2. Subsidy by the central government: Rp40 juta (USD 2,962). The rest will be paid by the HH in installment of Rp450-500 ribu (USD 37) per month.

### Affordable Housing Area for Low and Non-Fixed



#### Program Menu

1. 72 m2 land parcel and a 36 m2 core housing unit worth for Rp96 juta (USD 7,100)
2. Subsidy by the central government: Rp40 juta (USD 2,962). The rest will be paid by the HH in installment of Rp450-500 ribu (USD 55) per month.

# New Housing Area Development Led by Local Government

## Case Study: Kampung Aquarium, DKI Jakarta



**Before**

1. 214 slum HHs has been living in coastal area for more than 20 years illegally.
2. Most population make a living as fishermen.

### Program Scheme

1. Vertical land consolidation will be applied for 214 slum HHs, so they can live in current area without being relocated.
2. More than 5 towers of low vertical housing is being constructed.
3. Project is funded from the Excess Floor Area Ratio (FAR) compensation fund, drawn by the local government from business entity in Jakarta.
4. Community is playing an active role in planning and monitoring the progress, assist by the local NGOs.

### Design



### 1st Phase Construction Progress





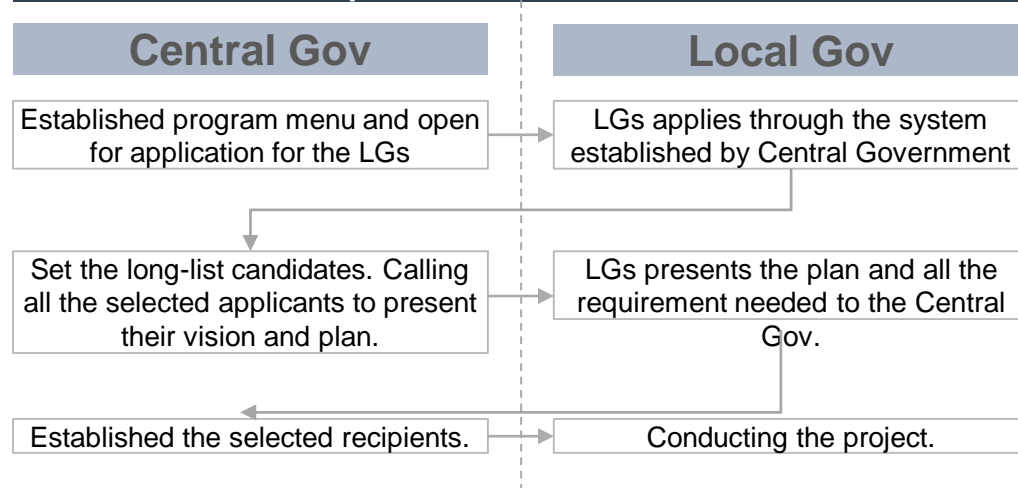
# Integrated Special Allocated Fund (DAK Terintegrasi)

## An Alternative Funding to Encourage Integrated slum Alleviation.



- DAK Integrasi is special fund for selected local government **to support slum renewal**.
- This fund will be channeled to the best-prepared Local Governments, in terms of slum alleviation plan and already moving toward implementation.
- Central Government also provides capacity building and technical support to the selected

### Recipient Selection Process



### Program Menu of DAK Terintegrasi



Drinking water supply system



Roads and drainages



Stimulant fund for self-help housing construction



domestic wastewater management system

### Two Slum Alleviation Approach that can be funded by DAK Terintegrasi

#### 1. Relocation

Alleviate slums by **moving people from slum to new locations** which are filled with adequate housing and basic infrastructure

#### 2. Land Consolidation

**On site upgrading** where every land parcel at the location will be rearranged and equipped with adequate housing and basic infrastructure. This mechanism **requires temporary shelter**

# Selected location of DAK Terintegrasi: Kota Surakarta (construction started since 2021)

## Condition before DAK Terintegrasi



- 584 HHs have been living in 5,6 Ha local government's land for 20 years without legality.
- They live in inadequate housing conditions (low structural quality, poor access to drinking water and sanitation facilities).

## Expected Condition after DAK Terintegrasi



- Local governments granted the land to the 584 slum households, so they can live in current area without being relocated.
- New houses and infrastructure are being built by special allocated fund (DAK) by the government.

## Project Progress



- The area had been emptied and all the dwellers is being relocated to the temporary shelter.
- The house foundation has been built and the construction of new houses is now ready to start.
- Land certificate for every land parcel have been issued and ready to be given to the dwellers.



# Selected location of DAK Terintegrasi: Kota Langsa (construction started since 2021)

## Condition before DAK Terintegrasi



- 353 HHs have been living in riverbank area (flood disaster prone area) for more than 20 years without legality.
- They live in inadequate housing conditions (low structural quality, poor access to drinking water and sanitation facilities).

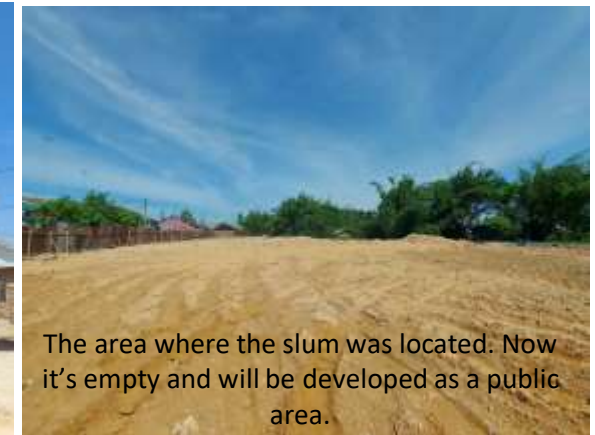
## Project Progress



The 1<sup>st</sup> phase of New Housing Area development in Gampong Tengah



The house in the new housing area developed by Local Government.



The area where the slum was located. Now it's empty and will be developed as a public area.



The New Housing Area in Gampong Tengah that will be built in the 2<sup>nd</sup> phase

- Local governments relocated the 353 slum HHs in riverbank area to the 14 Ha new housing area owned by local government.
- Local government granted the land to all the dwellers.
- New houses and infrastructure are being built by special allocated fund (DAK) by the government.
- In the 1<sup>st</sup> phase, 103 new houses have been constructed for 103 slum HHs. The remaining houses will be constructed in the program 2<sup>nd</sup> phase.



# Thank You