



WORLD BANK GROUP

Urban, Disaster Risk Management, Resilience & Land

KOTAKU: DELIVERING HEALTHY, SAFE AND VIBRANT NEIGHBORHOODS IN INDONESIA

INDONESIA NATIONAL SLUM UPGRADING PROJECT

PARTNERS: MINISTRY OF PUBLIC WORKS AND HOUSING

DURATION: 2016-2022

FINANCE: US\$216.5 MILLION [1]

AT A GLANCE

Country: Indonesia

Total population: 267.7 million (2018)

Urban population (% of total population): 55

Urban population growth (annual %): 2.3

Population living in informal settlements: Approximately 20% of the urban population

1. CONTEXT

Indonesia, with a population of over 267 million, is one of the 10 fastest urbanizing countries in the world.[2] In 2017, its urban population accounted for 55% of the total population.[2] By 2025, this is expected to reach 70%.[3] The urban population increased at an average rate of 4.4% per year between 1975 and 2015,[4] equivalent to 3.4 million people moving into cities every year.

While urbanization can increase prosperity, rising inequality and exclusion can derail any progress. The Gini coefficient, an index widely used to measure economic inequality, rose from 0.33 in 2001 to 0.41 in 2017 in the inner cities of Indonesia.[5] The provision of basic services is also inadequate: 35% of the urban population lack access to clean water and 20% don't have access to sanitation.[6] Inappropriate land use management and city planning have contributed to the emergence of slums on public and private land. Approximately one-fifth of Indonesia's urban population lives in slums.[7] The government has identified an estimated 38,431 hectares of slums that are home to 50% of the poor people in cities.[8] Slum growth is highest in urban peripheries (33%) and non-metropolitan urban areas (43%).[9]

In response, the Indonesian government has taken steps to achieve inclusive urban development by setting a national target of 100-0-100: 100% coverage of water supply, 0 hectares of slums, and 100% sanitation coverage by 2020. The government launched the collaborative platform National Slum Upgrading Program (NSUP), popularly known in Indonesia as KOTAKU. It leverages resources available at all levels to make cities slum-free. The NSUP is a part of a multi-pronged World Bank program to support the government along with the National Urban Water Supply Program (NUWSP), the Community-based Rural Water Supply and Sanitation Program (PAMSIMAS), and the National Affordable Housing Project (NAHP), in addition to a portfolio of advisory and analytics services.

[1] The total project cost is US\$433 million, which is co-financed by the Asian Infrastructure Investment Bank (AIIB) with US\$216.5 million. The World Bank and AIIB (co-financing) are covering 25% of the overall program cost of US\$1.743 billion. The government, community, and other sources are financing the other 75%.

[2] United Nations Population Division. World Urbanization Prospects: 2018 Revision.

[3] *ibid*

[4] World Bank, 2014.

[5] World Bank estimates based on the UN Population Division's World Urbanization Prospects: 2018 Revision.

[6] World Bank

[7] 2016 data.

[8] 2015.

[9] 2014 data.

[10] Non-metropolitan urban areas are referred to in the World Bank report "Realizing Indonesia's Urban Potential: Time to ACT," published in 2019. "Non-metro" means small cities or urban areas with a smaller size than metropolitan areas. The classification was defined based on the share of population (see the report for further information).

2. THE NATIONAL SLUM UPGRADING PROJECT

The project's^[11] main objective is to improve access to urban infrastructure and services in selected slums in Indonesia.^[12]

The National Slum Upgrading Program builds upon 20 years of lessons from the Urban Poverty Program (UPP) started in 1999, and later became the national flagship of community empowerment program in urban areas (PNPM Urban) operated in about 11,000 urban wards across the country. The Government of Indonesia envisaged PNPM Urban, as a vehicle to alleviate poverty in urban areas including addressing universal access to clean water and sanitation. The success of PNPM Urban was marked by 47% participation of the poorest and vulnerable groups as well as 41% of women in the community decision making. The predecessor programs have built a good foundation for community-based slum improvement approach in the NSUP.

The NSUP operates in 153 cities and one province (DKI Jakarta) in central and eastern Indonesia, covering a total of 7,800 hectares. The project targets a diversity of typologies for slums, from those built on stilts above water to those on the sides of rivers and in coastal areas, and those in lowlands and highlands. The project also targets various locations, from city centers to suburban and semi-rural areas. The project benefits 9.5 million people through an inclusive package that includes tertiary infrastructure as well as, for a subset of targeted areas, primary and secondary infrastructure. The project also provides social and economic development.

The NSUP supports institutional and policy development through institutional strengthening and the capacity building of the central government agencies responsible for the management of KOTAKU. These agencies include the National Development Planning Agency, the Ministry of Public Works and Housing, the Ministry of Land and Spatial Planning, and the Ministry of Home Affairs (internal affairs). It also offers integrated planning support and capacity building for local governments and communities through training, workshops, and knowledge exchange events between cities and urban districts. Another facet is the development of slum improvement action plans at the city level and community settlement plans at the community level.

[11] Project Task Team Leaders: Evi Hermirasari, Andre Bald, Kumala Sari

[12] <http://documents.worldbank.org/curated/en/226091468417040569/pdf/PAD1477-PAD-P154782-OUO-9-R2016-0115-1Box396265B.pdf>

With a project of such scale as this, collaboration is the biggest challenge. The government has committed to learning how to enhance the capacity for collaboration, and four instruments have been defined as areas of learning to do this:

- Developing a collaborative institutional arrangement at all levels, namely task forces at the central government, provincial, local, and municipal ward levels.
- Preparing a slum improvement action plan at the city level and a community settlement plan at the urban ward level. These plans are considered the single reference to any intervention in the slum areas, irrespective of the source of financing.
- Setting up an online monitoring system to track progress in real-time, ensuring that all stakeholders and project operators have access to the same information for effective decision making.
- Creating a support system of national, provincial, and city-level consultants and about 6,000 facilitators, planners, and engineers who can enable and ensure collaboration at all levels of the project.

A. SPATIAL INCLUSION: CONNECTING SLUMS TO PUBLIC INFRASTRUCTURE

Support for tertiary infrastructure upgrading: Tertiary infrastructure support targets all 153 participating cities and includes drainage, sanitation, footpaths, fire safety, improvements to public spaces and sidewalks, and the construction of facilities to support livelihood activities, for example, a village market or kiosk, and water supply facilities to reduce household expenses to buy water.

Primary and secondary infrastructure and sites: This includes improvements to and the construction of primary and secondary infrastructure in the vicinity of slums, and connecting infrastructure in 50 selected cities. Interventions consist of improvements in area-level roads, sanitation, water and drainage systems, together with strengthening the connectivity of tertiary and household-level systems with primary and secondary infrastructure through the construction of connecting infrastructure.

Home improvement: The project supports improvements to the housing conditions of the poorest people in the slums, such as improving floors, roofs, walls, and, in some cases, water and sanitation facilities within existing homes, where it is deemed necessary within the context of the slum upgrading project.

B. SOCIAL INCLUSION: GETTING RESIDENTS INVOLVED IN PROJECT

The program strengthens community participation through:

- Participatory planning and consultation processes, involving the community in planning, implementation, and monitoring including satisfaction survey and impact evaluation;
- Capacity building activities targeting institutions, groups, or individuals in various aspects including gender, disaster risk management, livelihoods; and
- Communication campaigns through printed media, events, workshops, and over the internet.

Participatory monitoring through the project's grievance redress mechanism (GRM) provides several channels for people affected by the project to report on activities:

- Project-affected people can register complaints in person to community institutions, known as BKMs, where a complaint box or logbook is provided in the BKM's village office.
- They can make direct phone calls or send letters to district or provincial project offices.
- People can also send a text message directly to the national GRM system through a dedicated cellphone number published on the program's website, as well as by sending an email over the same website, www.kotaku.pu.go.id. A tracking number is provided after submitting a complaint, and the person can monitor the status of their complaint through the program's website.

An analysis of complaint data and information is provided every month on the program's website, based on three categories as stipulated in the guidelines: seeking information, suggestions for program improvement, and problems of noncompliance. By end of March 2020, the Complaint Handling Unit of the NSUP received 64,440 complaints of which 30% complaints came from women. 99% was categorized as information seeking and suggestion for program improvement (on planning, implementation, supervision, etc), whereas a very few cases was related to non-compliance with administrative or procedures. About 99.8% of complaints received were resolved. Complaints were received through various media: 96% through the program implementers (local governments and local leaders, consultants and facilitators); 3% through SMS, phone call and the project website; and other was obtained through printed and social media.

NSUP has taken active steps to ensure women participation through:

- Equal opportunity for men and women to participate in all phases of the project cycle (separate meetings for women and men, training and support of women's participation in the formulation of community settlement plans, women as head of self-help groups in infrastructure construction activities).
- Disaggregating data and data reporting by gender. All project implementers would be able to monitor the participation rate of women, including women-headed households – at least in quantitative manner. Also, the database will provide more detailed information if such interventions (e.g., infrastructure types) have reached those target groups.
- A quota has been set for female facilitators, whose primary tasks are to enable meetings, consultations, planning, and the implementation of subprojects at the community level.
- Incentives for participation, have been created, such as providing maternity leave for consultants and facilitators.

The project also ensures accessibility for people with disabilities through:

- Awareness training on disability inclusive design;
- Mainstreaming this design into construction planning and implementation;
- Disaggregated data (population, participants, and beneficiaries).

C. ECONOMIC INCLUSION: SUPPORTING BUSINESS STARTUPS

To ensure sustainability and increase community participation, the project includes pilot subprojects for vocational and business training as well as livelihood-enabling facilities. The adopted model focuses on forming partnerships with local governments, nongovernmental organizations, and the private sector:

- Support livelihood-enabling facilities, such as community market places, kiosks, storage and treatment facilities; and business-supporting infrastructure like access roads and drainage for industrial waste.
- Facilitate vocational and business training to promote access to existing government livelihood programs, especially by supporting access to the training provided by local governments or other stakeholders.

3. DECISION-MAKING SUPPORT TOOLS

The program is monitored through a web-based management information system, easily accessed by the public on the program's website, www.kotaku.pu.go.id.

The project's website provides all the necessary information for public stakeholders. Most of the content is publicly accessible. The website publishes profiles on the slums, the implementation progress in each city and community, and the achievement of the key performance indicators. The data is updated monthly, bi-annually, or annually, based on the project cycle.

4. RESULTS: MORE VIBRANT AND SAFER COMMUNITIES

The project is ongoing until 2022. As of 31 December 2019, the project had achieved the following:

- Reached 4.6 million beneficiaries through infrastructure improvements and community engagement in about 6,100 urban wards, resulting in healthier, safer, vibrant, and attractive settlements.
- Approximately 3.1 million people now have better access to local roads and drainage, 440,000 people have improved access to clean water, 360,000 people have improved access to sanitation, 1.8 million people have improved access to solid waste management systems. Ninety-seven percent of the infrastructure built in the slum areas is in good quality.
- Established a national task force as well as 90% of the planned local government task forces.
- Established and updated a slum inventory database in all participating communities.
- Completed an independent audit of the community board of trustees in 99% of the participating communities.



Riverbank Upgrading Kelurahan Karangwaru - Yogyakarta

5. CHALLENGES AND LESSON LEARNED: THE NEED FOR PROACTIVE COMMUNICATION AND COLLABORATION

- Targeting a significant number of slums spread over a large geographic area and with unique characteristics that require customized solutions for each of them is a considerable challenge. The NSUP is designed as a boutique operation that provides tailored solutions for each slum and each city. To achieve this, the project focuses on building capacity by creating various interfaces, such as face-to-face learning, coaching clinics for specific topics such as planning and procurement, an e-learning platform, as well as regular coordination meetings involving central and local government officials as well as consultant and facilitator teams. The project also provides training to participating communities.
- Indonesia has a relatively weak governance system,[13] and a broad spectrum of local government capacity. Therefore, capitalizing on community engagement to guide infrastructure investment is essential to support government institutions and ensure satisfactory results. The project design requires intensive consultation and coordination between local governments and communities in planning, implementation, and the monitoring of results.
- Engaging informal settlement areas requires special attention and strategies to encourage participation. The project focused on the meaningful participation of communities shifting away from passive socialization activities toward more active engagement including workshops or collaborative planning and designing to promote community trust. When infrastructure investment is led by active community engagement, the results are better.
- Fragmented institutions, planning, and sources of financing are a big challenge for the large-scale project. To mitigate this, the NSUP requires participating cities and communities to develop planning documents and a financing plan. The planning process requires the active involvement of the respective local government agencies and community organizations to gather relevant information and agree on a plan.

[13] According to Transparency International's Corruption Perceptions Index 2017, Indonesia is ranked 96 out of 180 countries.

This process has resulted in more effective targeting and financing from central and local governments and allowed communities to leverage funding from other sources.

- The integration of the spatial, social, and economic dimensions of inclusion resulted in significant improvements in the quality of life for residents in poor communities. The project planning process requires a comprehensive analysis of the infrastructure, social, and economic conditions and needs of the communities. It allows local governments and communities to develop activities and financing plans to accommodate problems identified comprehensively.
- Leadership at the local level is critical for program success. To achieve this, the project was designed to enable the local government, through the Housing and Settlement Working Group and under the coordination of city mayor, to lead the overall project planning, implementation, and monitoring. The central government provides program guidance, whereas the target, database, investment, and financing plans are developed by local governments. Involvement of sectoral agencies in each city may vary based on the specific problems to be addressed in slum areas, such as riverside slums, disaster-prone areas, high-growth urban areas.

BEFORE



AFTER



Neighborhood Upgrading in Kelurahan Sukun, Malang, East Java

The case note is prepared by Urban Poverty and Housing GSG and Urban Poverty and Slum Upgrading KSB. The team comprised of: Phoram Shah, Waad Tamaa, Reyna Alorro, Rodica Tomescu-Olariu, Mansha Chen, Judy Baker and Dean Cira. Project Task Team Leaders, Evi Hermirasari, Andre Bald, Kumala Sari provided substantive inputs. Charles Newbery provided editing support.

Please visit GSG website for additional information (<https://worldbankgroup.sharepoint.com/sites/gsg/uphsgg/Pages/index.aspx>).

For questions on the project, please follow up with Evi Hermirasari (ehermirasari@worldbank.org), Andre Bald (abald@worldbank.org) and/or Kumala Sari (ksari@worldbank.org).

