### Slum-Upgrading Project Helps Reduce Poverty and Improve Livelihoods Across Indonesia

670,000 households in Indonesia are benefitting from improved access to water and sanitation.

BIMA CITY, INDONESIA — It has been two and a half years but Kiki Mariam, 36, still remembers the horror and chaos caused by the 2-meter-high flash flood that engulfed the 3,000 residents living in the slums along the riverbank in Bima City.

“I was so scared. The flash flood came instantly. All our belongings were washed away by the water,” said Kiki, who recalls quickly grabbing her son, Amin, then 20 months old, and running out of their makeshift home just before it was ravaged.

In June 2019, Kiki and Amin moved into a newly built government housing unit with her husband, Robitan. At 28 square meters, the single-floor house is small but has a living room and two bedrooms, with one already turned into a playroom for Amin. He and his friends slid across the shiny white ceramic tile floor jostling for toys, giggling all the way while rushing outside.

“I like this house because it is quiet, and it is nice. I don’t have to worry about floods,” said Kiki, standing on the newly paved street outside her bright blue and green house. “Amin likes it here. He has many friends and it is easy for him to play around. There will soon be a preschool.”

**Government-led community participation project**

Kiki’s family is among 670,000 households across Indonesia benefitting from an urban development project financed by the Asian Development Bank (ADB). Since 2014, the Neighborhood Upgrading and Shelter Project, or NUSP, has worked with governments in 20 cities across the country to improve infrastructure and public service delivery in poor communities with a total area spanning 4,000 hectares.

Using a community engagement approach, the project focuses on supporting the government’s goal of achieving inclusive growth by upgrading infrastructure for poor communities and improving their access to clean water and sanitation. ADB is also providing
technical assistance to help improve government agencies’ abilities to plan and manage pro-poor urban development projects designed to meet local needs. Public-private partnerships have been set up to promote new settlements for poor families.

“Using a community engagement approach, the project focuses on supporting the government’s goal of achieving inclusive growth.”

“The project works because it provides much-needed investment in affordable housing for low-income groups,” says Vijay Padmanabhan, ADB’s Urban Development and Water Division Director for Southeast Asia. “It also helps improve government planning capacities and strengthen building standards in the new housing sites. Quality infrastructure, including safe housing and clean water, has allowed poor communities across the archipelago to have better health, living conditions, job opportunities, and higher incomes.”

Infrastructure lags rapid urbanization

Indonesia has seen impressive economic growth since the late 1990s, with more than 3 million Indonesians lifted out of poverty since 2009. Now the largest economy in Southeast Asia, Indonesia has increased public spending on education, health, and other social assistance programs.

But infrastructure improvements have not been able to keep up with rapid urbanization. Indonesia is one of the fastest urbanizing countries in Asia, with 68% of the population expected to live in urban areas by 2040, up from the current 51%. Only about 40% of its urban population has access to safe water and 72% to improved sanitation facilities. About 35% of urban areas, meanwhile, lack proper drainage systems.

In addition, a lack of sound land use and management regulations are contributing to increased congestion and haphazard development. As a result, affordable housing for low-income groups is increasingly hard to come by. In 2018, about 8% of the urban population was forced to live in slum areas.

Urban transformation in Makassar

Batua district in Makassar City, for example, had about 8 hectares of slum area, with a total population of 1,450 people, with one-fifth of them living under the national poverty line in 2017. Residents suffered from a poor drainage system and limited solid waste management facilities, which caused frequent flooding. Poor road conditions made it difficult for them to travel and move around.

To address these issues, the project financed the construction of more than 4 kilometers (km) of drains to reduce flooding, 3.5 kms of neighborhood roads, and solid waste management facilities. The government provided training and financial support to residents on how to grow and sell crops such as chilies and decorative plants.

“This project has provided ADB with a great opportunity to support the government’s efforts to achieve more inclusive growth by engaging directly with communities in underdeveloped areas in Indonesia,” says Winfried Wicklein, ADB Country Director for Indonesia.

Bima’s Progress

In Bima, ADB has worked with both the central and local governments on a plan to relocate 3,000 households out of the riverbank area over three years. The plan includes clearing a 5-meter-wide area next to the river, which the Japan International Cooperation Agency will develop into an open space.

Families will move to a site chosen by local governments, where the Ministry of Public Works and Housing is constructing housing with locally-sourced materials, a process expected to last three years. The government coordinated with five riverbank neighborhoods to identify volunteers interested in resettling in the new development area. Eligible families must have income lower than the national poverty line, must not own houses, and cannot work for the government. Women-headed households and other vulnerable groups are given priority. The rent for the new homes is about $6 per month, lower than the market rate.

Bima Mayor Muhammad Lutfi said he was worried he wouldn’t get enough volunteers to relocate to the new site, but the response was so overwhelming that the project had to set up a waiting list.

It took Kiki’s family a year to go through the application process, but she said it was all worth the wait. Robitan, whose family has lived on the riverbanks for generations, said that without government help, he wouldn’t have been able to afford to move. Their old house was flooded 4 to 10 times a year, with the situation worsening in recent years because of deforestation upstream and changes in land use.

Kiki sees herself living in the house for many years to come.
“This house is very comfortable and quiet,” she says. “The old house was on low land. That was why it was easily flooded when it rained. And the old neighborhood was too dense.”

**Related**

- Neighborhood Upgrading and Shelter Project (Phase 2)
- Indonesia and ADB

Sourced from https://www.adb.org/results/slum-upgrading-project-reduce-poverty-improve-livelihoods-indonesia