



Bottom-Up Community-Based Neighborhood Improvements:

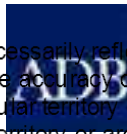
Cases from Indonesia and the Philippines



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Development Paradox

Asia represents a depressing paradox:

It is among the fastest growing regions in the world; but it is also home to the largest concentration of people living in debilitating poverty, conflict and human misery.



Indonesia:

Neighborhood Upgrading and Shelter Sector Project

- ADB loan Project.
- Government-subsidized community-driven development project
- Blockgrants: On-granting mechanism of central government funds (ADB loan), combined with contributions by local governments and communities

Indonesia: Neighborhood Upgrading and Shelter Sector Project

Project Overview

Loan Effectiveness	: 31 March 2005
Closing Date	: 31 December 2010
Loan Number	: ADB Loan 2072 INO (OCR) USD 68,600,000 ADB Loan 2073 (SF) INO (ADF) SDR 13,890,000 = USD 21,066,626
Executing Agency	: Directorate General of Human Settlements Ministry of Public Works
Scope of Area	: 32 municipalities, 17 provinces in Indonesia

GOAL

To improve living conditions of the urban poor, who will participate in, and benefit from, improved shelter development, management and financing processes that will increase their assets and improve their well being.

PURPOSES

To upgrade slums, improve housing, and provide new housing for the poor project participants.

The project will improve local shelter planning and provision systems to respond efficiently and in a sustainable manner to the needs of the urban poor.

Recent ADB Experience in Housing and Settlement upgrading – Indonesia

Neighborhood Upgrading and Shelter Sector Project



Water supply



Community toilets



Solid waste collection



Water supply



Foot paths



High-density neighborhood (Kampung)



Footpaths

PROJECT COMPONENTS

A. Planning and Management Component:

- Improvement of site planning and management systems to upgrade sites and establish new ones for the urban poor;

B. Shelter Finance Component:

- Access to shelter finance by the poor through a Central Financial Institution and Local Financial Institutions and their branches;

C. Upgrading and Development Component

- Upgrading of poor neighborhoods and new site development including neighborhood roads, street lighting, public toilets, communal sanitation facilities, water mains, drainage, solid waste management programs;

D. Capacity Building and Institutional Strengthening Component

- Strengthening of sector institutions to deliver the program. Provision of training for government officers, civil society representatives and financial institutions.

Project Achievements

Component	Achievement
Component A: Planning & Management Component <ul style="list-style-type: none"> Formulation of Pro-poor Shelter Strategy and Spatial Plan 	32 cities
Component B: Shelter Finance Component <ul style="list-style-type: none"> Number of households receive micro-credit Relending funds to Community Financial Institutions (US\$) 	1,441 1,500,000
Component C: Upgrading and Development Component C.1 Upgrading <ul style="list-style-type: none"> Completion of Neighborhood Upgrading Plans (NUP) Upgrading civil works contracts Upgraded slum area (ha) Beneficiaries (persons) Community participation (US\$) C.2 New Site Development <ul style="list-style-type: none"> New Site Development for the urban poor (ha) Housing Unit Constructed (NSD & Upgrading Plus) 	803 3,109 6,830 3,900,000 1,731,000 13,6 685 (in 7 cities)

Kelurahan Siantan Hulu, Pontianak

- Wider concrete pathway → easier access for motor vehicles → increase economic productivity by 60-80%
- New houses built in the neighborhood
- Increase land price by 250%
- Awareness for infrastructure maintenance (collecting toll and form operation and maintenance group)



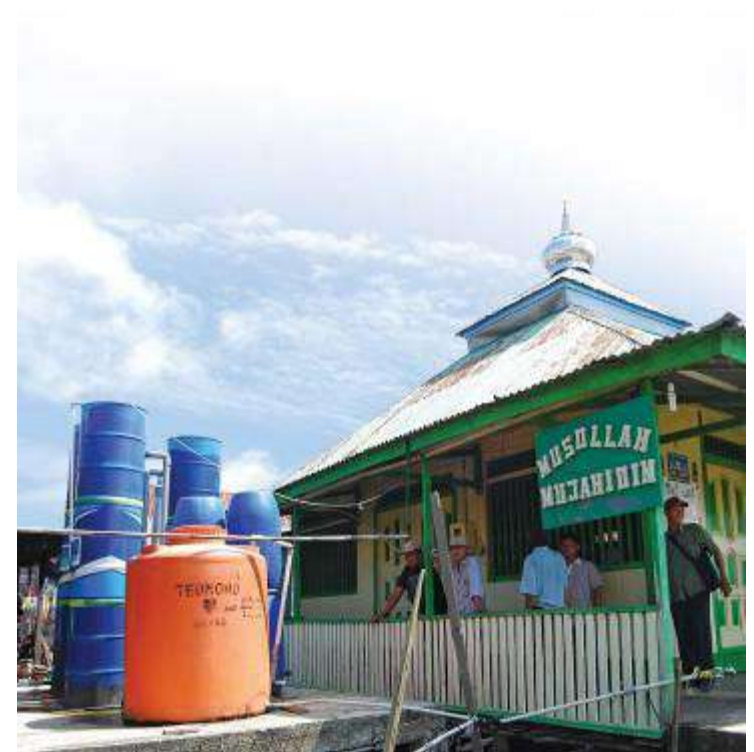
Kelurahan Morokrembangan, Surabaya

- Public toilet which was unused, repaired and install lighting, water supply, and build room for caretaker
- Collect toll for the maintenance



Kelurahan 3-4 Ulu, Palembang

- Mini water supply helps community to save cost on potable water, from Rp 334 / litre to Rp 10 / litre.
- The technology is developed by local university, operation and maintenance run by local CBO. On average monthly toll fee is Rp 70.000



New Settlement Development Program in Polewali Mandar, West Sulawesi

- Local government of Polewali Mandar has provided 2.5 ha of suitable land for development of 130 new houses for the poor under NSD program
- The utility and infrastructure development under NSD become responsibility of the Government not a home buyer.





Philippines:

Strategic Private Sector Partnerships for Urban Poverty Reduction in Metro Manila (STEP-UP)

- ADB Grant Project funded through the Japan Fund for Poverty Reduction (JFPR)
- Grant money used for infrastructure financing (subsidies), and lending to community members (home improvements; livelihood activities).
- Big counterpart contribution by Private Sector companies (corporate social responsibility [CSR])

STEP-UP



**STRATEGIC
PRIVATE
SECTOR
PARTNERSHIPS
FOR URBAN
POVERTY
REDUCTION**



STEP-UP : Relevance

- **STEP UP is third in a series of JFPRs in Manila:**
 - **Payatas – housing for garbage pickers;**
 - **Muntinlupa – housing for people affected by relocation under big government project**
- **JFPR projects intended to lay the ground for ADB's lending approach in the field of slum rehabilitation / improvement.**
- **STEP UP was an important milestone for ongoing work on the Metro Manila Urban Services for the Poor (MMUSP) project which is under preparation.**

STEP UP

**PROGRAM
COMPONENTS**

**housing
improvement**

**micro-enterprise
& livelihood
assistance**

**STRATEGIC
PARTNERSHIP
BUILDING**

**basic services
and community
infrastructure**

**risk reduction
and management**

Philippines Strategic Private Sector Partnerships for Urban Poverty Reduction in Metro Manila

ADB Support: \$3.6 million (grant)

Water supply



Drains and sewers



Footpaths



Before upgrading



Electricity



Livelihood training



Community center



Home improvement



Project Locations



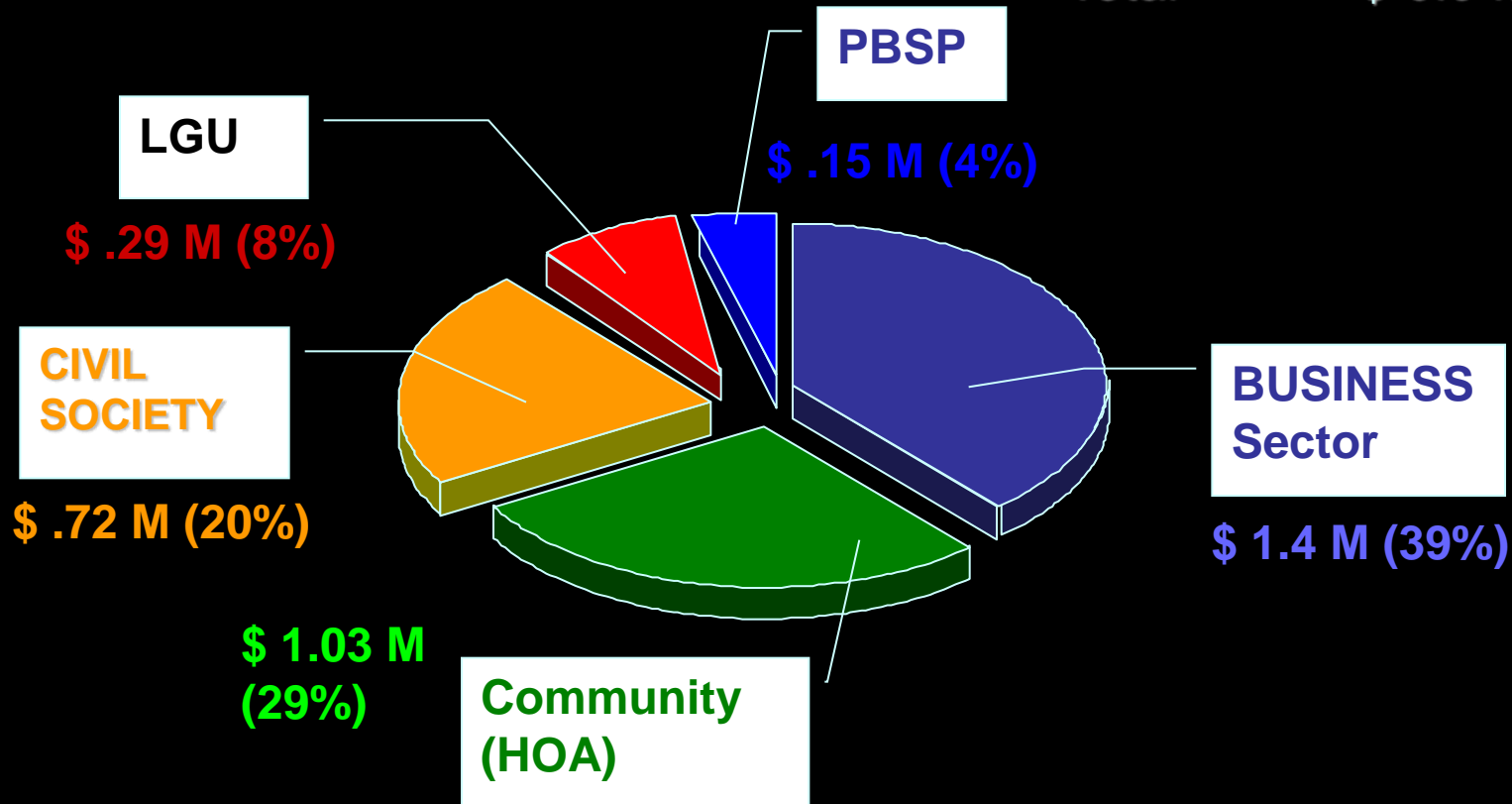
STEP-UP : Project Achievements

- **STEP UP low cost approach to slum rehabilitation**
- **Starting point were communities which had acquired land under the Community Mortgage Program (CMP)**
- **Impressive results:**
 - **Construction/repair of 1,200 houses**
 - **Utility connections to over 850 households**
 - **1,142 livelihood loans**
 - **22 multipurpose centers**
 - **34 home owners associations empowered through loan administration – excellent performance on loan recovery for housing and livelihood loans**
 - **Formulation of risk reduction and disaster management plans**
 - **Prominent role of female members in HOAs: loan administration and estate management**
 - **Impressive results of matching funds and donations by private corporate responsibility: leverage of about 100% through in-kind assistance through construction materials and labor.**

STEP UP

COUNTERPART CONTRIBUTION

	Target	Actual
ADB-JFPR:	\$ 3.6 M	\$ 3.6 M
Counterpart:	\$ 3.3 M	\$ 3.6 M
<u>Total</u>	<u>\$ 6.9 M</u>	<u>\$ 7.2 M</u>



- Business Sector

- Project Funds, Cash/In-Kind Donations, Product Discounts, Technical Assistance, CEO & Employee Time

- Community

- Officers' & Community Members' Time, Cash Contributions, Land/Labor/Sweat Equity, Community Facilities & Projects

- Local Government Units

- Technical Assistance, Supportive Policies & Programs, Project Counterparts (heavy equipment, landfill, etc.)

- Civil Society

- Contributions to Community Projects, Technical Assistance

- PBSP

- Project & Financial Management, Resource Mobilization



STEP UP

Transforming urban poor settlements into livable communities...

From
this

Limited
income
opportunities

informal
settlers

w/o access to
basic services



STEP UP

Transforming urban poor settlements into livable communities...

To
this

Owner of
homes
made of
concrete
materials

With access
to water,
electricity, &
other
services

Organized communities
managing their own housing
and micro-credit programs



20 9 2006

STEP-UP : Assessment

- **STEP-UP is a demonstration that a community-driven development (CDD)-approach can work.**
- **Lessons from STEP-UP need to be incorporated in urban sector programs which will facilitate tenure, infrastructure and affordable housing finance accessible to urban poor who live and work in poor neighborhoods.**
- **Questions for discussion: Can CDD-approach be replicated? Can it be done without subsidies from government or private sponsors?**

1. Start where the people are.
2. Trust the community.
3. Promote community participation.
4. Promote the concept of community as an estate.
5. Provide economic opportunities.
6. Develop a framework for strategic and targeted focus of assistance.
7. Develop and strengthen partnerships.
8. Provide avenues to promote synergy.
9. Identify, develop and support project champions.
10. Maximize volunteerism.



11. Align corporations' Corporate Social Responsibility contributions with their main line of business
12. Find ways to help donors and financiers tailor their programs to the situation of the community.
13. Leverage to increase funds and upscale the project.
14. Formulate cost-recovery schemes.
15. Institutionalize good practices.



Lessons from 2 experiences – for China:

Indonesia – NUSSP

- Public sector can lead poverty reduction through blockgrants to community groups
- Community-driven development is a positive approach with good results
- Communities will have ownership and control
- Sustainability and replicability of project

Philippines – STEP-UP

- NGOs and private sector can work together
- Private sector contribution can be very substantial, if private sector is motivated and channeled in right direction
- Communities will have ownership and control
- Sustainability and replicability of project

2013-2015: China will add 250 million additional urban residents

Massive requirement for urban densification and expansion



Developing countries could triple their entire built-up area
Between 2000 and 2030: 200,000 km² → 600,000 km²

This will require:

- Densification**
- Urban expansion through suburban development**
- Satellite cities and/or new towns**

Poverty reduction measures

Thank you!

