Introduction

Providing basic urban services to the poorest – slum dwellers and squatters – persists as a stubborn challenge, with little hope for resolution in sight, for governments of developing countries. For over 40 years now, various urban development strategies all over the developing world have tried to address this issue with limited success. In the course of stumbling along slum upgrading has emerged as a viable urban policy and planning tool for extending essential infrastructure and services to such informal settlements. Indonesia’s nationally implemented Kampung Improvement Program (KIP), which has been instrumental in significantly reducing urban poverty and improving the quality of life of the urban poor, is considered to be among the most effective upgrading programs anywhere (Chavez et al 2000; World Bank 1995). Primarily based on the undeniable success of the KIP, and other similar programs elsewhere, since the 1980s, multi-lateral development institutions and scholars have widely advocated in-situ slum upgrading (SU) as the most desirable form of public intervention to improve the quality of life of squatters and slum dwellers. Also, since around the same time, urban governance and planning have been transforming owing to the neo-liberal development thrust of decentralization. The neo-liberal urban development model guided by decentralization, inherently, also posits strong participation by civil society and the private sector in local urban development (Mayer 2003). Therefore, it is now believed that the efficient and effective implementation of SU hinges upon collaborative ventures among the public, private, and nonprofit sectors, as well as strong grassroots participation by the urban poor for their empowerment.

Following the wave of decentralization in developing countries, SU is increasingly becoming a locally initiated, funded, and managed intervention. It is in this context that a new, local variant of the classic Indonesian KIP – the Comprehensive Kampung Improvement Project (CKIP) – was conceived, which is currently being implemented in the city of Surabaya. The CKIP is a markedly improved attempt, over older KIP projects, to greatly devolve decision-making powers to kampung communities to enable them to prioritize and decide the nature, volume, and implementation of upgrading services. It is also entirely funded by the local government (LG). These innovative features make it a quintessential participatory SU project of the post-decentralization era, which naturally raises the expectation that the project will succeed in being more effective, efficient, and, especially, empowering.

However, by first describing and then critically analyzing the CKIP, I argue in this paper that merely having good intentions of decentralized governance, lessening government intervention, and promoting community participation in development projects such as SU are not enough for realizing its desired outcomes of effectiveness and empowerment. Using the CKIP as a case study, I illustrate some of these shortcomings as, generally, a consequence of three factors – a restrictive regulatory framework, inadequate participation by NGOs and civil society, and limited participation by the poorest kampung dwellers. The analysis and inferences of this paper are based on archival analysis, including secondary literature and content analysis of policy and program documents; site-visits, and in-depth interviews with
LG officials, representatives of non-governmental organizations (NGOs), community-based organizations (CBOs), and private sector participants in the CKIP. Field research in Surabaya was conducted over 14 weeks in Surabaya for my larger dissertation research, of which this paper is a small part. A household survey (N=200) in 4 kampung that participated in the CKIP in different years was also conducted to gather empirical evidence of the links between participation and empowerment, based on demographic and social capital characteristics. Informal conversations with respondents also yielded valuable anecdotal information. The discussion of the results of the survey, however, is beyond the scope of this paper, as it focuses on the characteristics of the program, institutional and regulatory frameworks, and local socio-cultural idiosyncrasies that collectively appear to influence project outcomes.

Theoretical underpinnings: decentralization, civil society participation, and slum upgrading

The discussion and analysis of the CKIP in this paper are framed on the theoretical debates and developments of three substantive areas of urban development: decentralization, participation, and slum upgrading. The theorizing of decentralization and participation has been informed by practical experiences of implementation on the ground, and it has established a dialectical relationship with the policy and practice of slum upgrading.

Decentralization was propounded as a response to surmount the impediments to efficient, appropriate, and equitable development outcomes caused by centralized planning, and today it is a pervasive and ubiquitous characteristic of governance and planning in many developing countries. The rationale behind decentralization is twofold (Kahkonen and Lanyi 2001): a) allocative efficiency – through better matching of public services to local preferences; and b) productive efficiency – through increased accountability of local governments to citizens, less bureaucracy, and better knowledge of local costs. Administrative decentralization, the most common form of decentralization, transfers authority, responsibility, resources, and accountability from central governments to intermediate and local levels of government, or non-governmental, private, or voluntary organizations (Barnett et al 1997; Cohen and Peterson 1996; Litvack et al 1998; Rondinelli and Nellis 1986, 5; Tendler 1997). In less than a decade, Indonesia went from being one of the world’s most centralized countries to one that has implemented decentralization most rapidly and extensively (Hidayat and Antlöv 2004). As in other countries, in Indonesia too one of the objectives of decentralization is to achieve ‘good governance’ by expanding participation by groups (primarily civil society) from without government in matters of governance. At a conceptual level, good governance is viewed as the interface of the state with civil society and the private sector, between rulers and the ruled, the government and the governed (McCarney, Halfani and Rodriguez 1995). In terms of local governance, it directly implies leveraging the extensive [informal] webs of urban civil society in local planning and development activities to overcome the limitations of local government (McCarney 2003, 38).

This growing emphasis on participation has institutionalized the role of civil society organizations (CSOs), particularly NGOs, as well as private sector actors for the effective provision and management of urban services (Carley, Jenkins and Smith 2001; Devas 2001; Eade 2000; McCarney and Stren 2003; Nunan and Satterthwaite 2001; Rakodi 2001). According to Streeters (1997) those virtues of NGOs that make them useful in development for the poor are their motivation, comparatively small-scale operations, greater adaptability to
situations, innovation and flexibility, ability to listen to the poor, greater knowledge of local conditions, role as catalysts and intermediaries between the state and the people, and their ability to empower people and stimulate participation. Likewise, their abilities to reach out to women and stimulate women’s participation, something very difficult for government agencies to achieve alone, has centralized gender-sensitivity in the development discourse (see, for instance, Fernando 1997; Mehra 1997; Moser 1989; O’Reilly 2004). However, the role of NGOs highly depends upon national, and even local, political contexts within which they perform (Fisher 1998). The general small scale of NGO operations makes them vulnerable to criticisms of accountability (Edwards and Hulme 1996) and makes scaling-up (Edwards and Hulme 2002) and mainstreaming (Wils 1996) challenging. While NGO involvement in areas of socio-economic development such as health, education, and advocacy is more common and easier, it is rarer and much more difficult in areas of physical development such as housing and basic infrastructure (Mukhija 2003; Sen 1992). However, NGOs (for instance, Grameen Bank in Bangladesh, Banco Sol in Bolivia, Working Capital in the US, and the SEWA Bank) now often play a strong role in supporting housing and infrastructure development through direct micro-financing and micro-credit operations that help the poor to save and build collateral (Ferguson 1999; Smets 1999; 2000; 2006).

Participation continues to be a contested idea ever since Arnstein (1969) stirred a conceptual debate with her “ladder of citizen participation” model for community development. Theoretically, it is generally dichotomized into means/ends classifications (Cleaver 1999; Moser 1983; Nelson and Wright 1995), which distinguish between arguments of efficiency (where participation is seen as a means for better project outcomes) and those of equity and empowerment (participation as a process leading to reduced dependency and greater capacity for self-determination and social change). The general notion of empowerment refers to an individual’s or a group’s capacity to make choices and transform those choices into desired actions and outcomes (Alsop and Heinsohn 2005, 5). When empowerment through a participatory development framework is in question, then empowerment means the “expansion of assets and capabilities of [beneficiaries] to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives (Narayan 2002, 14).” Development planners are calling for a reevaluation of existing development frameworks (Samuels 2005) by using the perspective of empowerment as overcoming the barriers to development freedoms or unfreedoms faced by the disenfranchised (Dreze and Sen 2002; Sen 1999; Sen 1992).

Links between the transformative capacity of participation, leading to empowerment, and local culture, which molds extant social capital, are becoming increasingly clear and central in the development literature (see the edited volume by Rao and Walton 2004) and practice, including slum upgrading (SU). Appadurai (2004) defines the role of culture as creating the “capacity to aspire” for the poor, increasing which is essential to altering the “terms of recognition” imposed by the dominant cultural regimes and norms that suppress it. Even the earliest advocates of SU argued for community participation and less state intervention (Turner 1972; Mangin and Turner 1968), mostly implying working without the state. Yet, SU these days is almost universally predicated upon civil society and communities participating and working with the state, especially because of the push by multilateral donor agencies such as the World Bank, agencies of the United Nations (UN) as well development arms of western governments (Plummer 2000; UN-Habitat 2003). However, such universal
embrace of participation in SU often fails to recognize the nuances of the transformative or regressive potential of extant local culture.

Recent research on SU has also emphasized the state’s enabling role for expanding participation to foster innovative and sustainable solutions through public-private partnerships, flexible forms of security of tenure, and micro-finance (Durand-Lasserve and Clerc 1996; Imparato and Ruster 2003; Miraftab 2004; Payne 2002; UN-Habitat 2003). Also, the issue of tenure security and property rights forms the core element of the empowering dimension of SU (de Soto 1989; Payne 1997). Concepts like participatory budgeting in Brazilian municipalities (Abers 2000) have legitimized participation as a means to leverage, among other things, collective property rights (Fernandes 2002, 125; de Souza 2004) to extend security to squatters and slum dwellers so that they can intensify their own investment in improving their environmental conditions.

The level of possible participation [and, therefore, the level of empowerment] in a particular SU project depends on: existing skills and knowledge in a given community/neighborhood; income status of the poor; literacy levels of the participants; cultural beliefs and practices; gender sensitivity; the social and political marginalization of or within the participating community; and how a community views the state, and the costs of participation (Imparato and Ruster 2003; Plummer 2000). Further, Imparato and Ruster (2003) have found that motivations and capacities of communities to participate in SU vary greatly, and that neither is more participation always better for project outcomes, nor is participation always desirable. Participation in SU projects can happen at the following project stages: a) project identification; b) project planning and design; c) project financing; d) project implementation; e) project monitoring and evaluation; and f) project maintenance (compiled from Plummer 2000, and Imparato and Ruster 2003). In this way, a project can be seen as an externally generated enabling framework for harnessing people’s capacities and resources to participate in, preferably, all or, at least, some of the project stages: a demand driven project needs a strong and specialized supply structure (Imparato and Ruster 2003, 28).

A brief history of the KIP

The KIP is considered one of the earliest and most successful upgrading programs of its kind in the world (Devas 1981; Silas 1984; 1992; Steinberg 1992). The KIP was first initialized in Jakarta in 1969 with World Bank funds, under Indonesia’s First Five Year Development Plan (Repelita I), jointly by the Government of Indonesia (GoI) and the city government of Jakarta (DKI). Around the same time a stripped-down version of the KIP (only pre-cast concrete slabs and gutters), christened as the W.R. Supratman KIP, was first initiated in Surabaya (Swanendri 2002, 177). Having noticed the outcomes and inherent potential of the KIP, the World Bank (IBRD) decided to fund KIP projects in Indonesia from the early 1970s. From 1974 to 1988 the KIP was a primary component of the World Bank’s funding of urban development in Indonesia through the Bank’s Urban I, II, III, and IV projects (World Bank 1995). The KIP was regularly incorporated into Indonesia’s successive national Five Year Development plans since 1974. World Bank assisted KIP projects began in Surabaya in 1976. Thenceforth, other multilateral donor agencies and foreign governments have also contributed to supporting the KIP, and other similar development initiatives. Over time various forms of specialized KIP projects were attempted.
The KIP was aimed at improving the quality of life in urban kampung by providing basic physical infrastructure like paved footpaths and roads, paved drains, garbage bins and collection, and public water taps and toilets (MCKs). The rationale was that improving physical and conditions in the kampung would stimulate the improvement of individual houses, and eventually upgrade the socio-economic characteristics of the community. For the first ten years or so, the KIP only focused on physical improvements in public areas (Das 2001), but since the early 1990s KIP projects began some primary health components, particularly aimed at children (Silas 1990, 79).

The KIP was designed primarily as a local government responsibility, to be implemented by staff drawn from the Departments of Town Planning and Public Works, with the central government serving as technical adviser and providing the initial financial assistance. Yet, under President Suharto’s New Order regime, strong vertical control through Indonesia’s multi-tiered bureaucracy left little room for LGs to maneuver. Thus, as a consequence of reasonably efficient implementation through strong centralized planning, as well as sustained international funding, the KIP was institutionalized as a primary urban poverty alleviation mechanism in Indonesia (Silas 1984). From 1969 to the late 1990s, the KIP was implemented in almost eight hundred cities and towns across the Indonesian archipelago, and it is hailed for its expeditious implementation, low-costs, easy replication, simple technology, and positive impacts on poverty reduction (Banes 2001). These achievements were realized, mainly, through top-down planning and implementation by a potent and able state. Nonetheless, the old KIP projects had several shortcomings, such as their being largely subsidized with no direct cost recovery mechanisms, weak post-completion maintenance, weak integration into overall city infrastructure, inability to mitigate complex and conflicting claims to land rights, and limited involvement of NGOs and the private sector.

Kampung upgraded by the KIP have, generally, tended to avoid gentrification. Other indirect benefits of the KIP are its landmark implications on institutional development, such as strengthening of capacities of urban sector government agencies in Indonesia. In particular, the GoI established the National Urban Development Corporation (PERUMNAS) for managing low-cost housing development and the state savings bank (Bank Tabungan Negara, BTN) began mortgage lending for the first time in the country (World Bank 1995).

The KIP was also supposed to be implemented through community participation using traditional Indonesian societal customs of consultation (musyawarah), mutual help (gotong royong), reciprocal assistance (tolong menolong), and volunteering (kerja bakti) for community activities (see Guinness 1986; Sullivan 1992). However, community participation was limited and varied greatly across cities and kampung (Patton and Subanu 1988; Soeyono 1992; World Bank 1995), and hardly empowering. The involvement of women, especially, was almost non-existent, except in the health components of later KIP projects. Community participation was sought for a) obtaining consensus wherever demolitions or alterations to existing structures were involved, or to resolve other deadlocks; and b) primarily, to organize community labor for sweat equity, which is what made the KIP a low-cost public intervention (Das 2001). The responsibility for garnering community participation rested with the camat (heads of districts – kecamatan) and the lurah (heads of sub-districts – kelurahan) – appointed officials at the lowest rung of the government’s administrative bureaucracy (Patton and Subanu 1988). In fact, the tradition of gotong royong was almost forcibly reconstructed and institutionalized by the New Order regime in development projects of many stripes, and the term was effectively used to
underwrite state intervention into village life (Bowen 1986). Overall, the KIP was much less corruption-ridden than other development projects.

Direct cost-recovery from beneficiaries was never a feature of the original KIP, and was instead expected through revised property taxes post-completion (Steinberg 1992, 364-365). Patton and Subanu (1988) also noted that many cities had financial difficulties and were unable to pay off their KIP loans because of meager revenues. The Indonesian fiscal system prior to decentralization allowed little retention of tax revenues by city governments (Hidayat and Antlöv 2004; Silver2003).

The context of decentralization and civil society in Indonesia

Decentralization aims to improve planning and development by taking decision-making and resource-generation to the local-levels, making governance transparent and participatory by engaging citizens and the civil society. After emerging from over 30 years of autocratic military rule by President Suharto, Indonesia is attempting to establish democracy, create accountable political institutions, and rapidly devolve powers to regional and local governments. The Suharto era abetted uneven economic and political development among regions, and created a highly centralized state, with no absolute monetary and decision-making powers for LGs, which spawned a culture of poor governance (Booth 2003; Hidayat and Antlöv 2004).

Actually, in order to achieve political stability for realizing Suharto’s New Order’s commitment to economic development, a set of regulations claiming ‘decentralization’ and ‘regional autonomy’, codified as Law 5 was passed as far back as in 1974. However, what Law 5 created was not true decentralization but just deconcentration – delegating certain administrative tasks and functions from the central government LGs, or from higher to lower levels of the bureaucratic hierarchy of public agencies (Hidayat and Antlöv 2004). The primary but disguised for doing so in Indonesia was increased central control over LGs, which was successfully realized. Following the dismantling of the New Order in 1998, however, Indonesia executed rapid and strong decentralization with the passage of Laws 22 and 25 of 1999, which only allowed the central government to retain control over finances, the legal system, defense, foreign affairs, and religion. Law 22 authorized LGs to independently manage many services and duties, and Law 25 outlined revised fiscal relationships between the center and LGs by defining new formulas of revenue distribution. But, recent research indicates that the organizational, fiscal, and financial restructuring owing to decentralization have, in many cases, made LGs more dependent on the center because of a new resource asymmetry whereby resource-rich but less-populated regions get disproportionately larger shares than resource-poor but highly populated regions, like the big urban centers of Java (Booth 2003; Silver 2003).

Scholars are mainly wary about decentralization in Indonesia for two main reasons – its rapid pace (Booth 2003; Smoke 2002; Raysid 2002); and the constitutional framework’s continued support for centralized state functions (Booth 2003). Some believe that since there were no open, public consultations or deliberations during the drafting process of Laws 22 and 25, many of the emerging problems are but expected (Hidayat and Antlöv 2004).

Decentralization is also believed to unleash and rein in the capacities of NGOs and civil society groups for supporting development and enabling political freedom. While the NGO sector has definitely swelled after decentralization, Indonesian NGOs, collectively, are
still much less radical and vocal than in many other countries (Eldridge 1995). This is because by being subjected to the general ‘culture of silence’ that pervaded and depoliticized Indonesian society since the upheavals of 1965-66 (Eldridge 1995, 2), the freedom and capacity of civil society, especially NGOs, had been severely dented. Lim (2002) asserts that very little “space” was allocated to civil society within, what she terms, ‘Suharto’s Panopticon’. The role of NGOs in development was almost non-existent during the Suharto era. The term non-governmental was perceived as anti-government and oppositional to development (Molyneux 2000; Lim 2002; Winayanti and Lang 2004). In fact, the acronym, LSM, used for NGOs in Indonesia, expands to Lembaga Swadaya Masyarakat, which literally translates as self-reliant community institution. Indonesian NGOs have been criticized for their hierarchical and undemocratic internal structures, and opacity (Eldridge 1995, 217), which has created a not too uncommon perception of suspicion of NGOs among common people and, especially, the government. However, this general tendency of less accountable and less democratic styles of NGO operation can also be considered as a reasonable and natural response of being subjected to constrictive legal environment in which they had to function.

The beginnings of kampung improvement in Surabaya

Surabaya: background

Located in the northeastern corner on the island of Java, Surabaya, with a population of 2,806,485 is the provincial capital of East Java (Jawa Timur) and also the second largest city in Indonesia. The city of Surabaya covers an area of 326 km² (BPS 2004), and is bound by the Madura Strait to its north and east and by the sub-provinces or kabupaten of Gresik and Sidoarjo to the west and south, respectively. The municipality of Surabaya was established by the Dutch in 1906 (Dick 2002), and today the city comprises of 31 districts or kecamatan and 163 sub-districts or kelurahan. The 31 kecamatan are grouped into five municipal administrative zones: East, West, North, South, and Central. The city’s inhabitants are predominantly of Javanese origin, with a sizeable portion of Chinese, and some of Arab descent. There are also smaller numbers of other ethnicities, predominantly from the neighboring islands to the north and the east, such as Madura, Bali, Ambon, and Flores. Being a port city, Surabaya has historically been a busy urban center with trade always as a significant source of employment (Dick 2002), but during the New Order regime it rapidly grew as a major industrial center. Since 1980 the service industry, both informal (including petty trade) and formal types, and the manufacturing industry, employing almost a quarter of the total workforce, have replaced agriculture and other primary sector employment as the main sectors of employment (BPS 2004; Dick 2002).
The evolution of KIP projects

The first official efforts to improve the physical conditions of the poor kampung in Surabaya date back to 1924, when the Dutch colonial government undertook a program called the Kampong Verbetering (Kampung Improvement) to provide better drainage and sanitation facilities in some kampung (Dick 2002; Swanendri 2002). These initial improvement efforts usually included making underground sewers, covering drains to converting them into pathways, and public bathing and toilet facilities. These efforts by the colonial rulers were less driven by any altruistic desire to improve the living conditions of the poor city dwellers, and, instead, were the outcome of the fear that unsanitary conditions that prevailed in the poor areas of the city bred dreaded diseases, such as malaria, cholera, and veneral diseases, which could spread to the affluent areas of the city and infect their ‘white’ residents (Dick 2002). Nevertheless, these initial loose and sporadic efforts, which continued up to the inception of the Second World War, helped create a sense of responsibility towards the quality of life in the urban kampung among those who governed the city (about 20 percent of the city’s kampungs had been fully or largely improved by 1939). In fact, in 1929, the colonial government agreed to subsidize municipalities for half the cost of improvement in all kampung, irrespective of their legal status (Dick 2002, 185). During the Second World War these kampung improvement efforts, naturally, ground to a halt. Though the awareness about and concern for improving the physical conditions in the kampung continued to linger from the colonial era, it took quite some time before a similar program could be reinstated and institutionalized, following Indonesia’s independence in 1945.

A feature that is almost unique to the KIP in Surabaya is that since its inception in the late 1960s, the city of Surabaya has worked very closely with the Department of Architecture, and the Laboratorium Perumahan dan Pemukiman (LPP or Laboratory for Housing and
Human Settlements), which was created later, at the Sepuluh Nopember Institute of Technology, Surabaya (ITS). This proximity between the city and the ITS began from 1965 when the then Mayor, Lt. Col Sukotjo, appointed the ITS Faculty of Architecture, whose prominent figures were Moehtadi and Johan Silas, to draw up a master plan to guide Surabaya’s development. Constant collaboration between the city government and the ITS has steered the conceptualization, planning and design, implementation, and evaluation of Surabaya’s KIP for over two decades. During the phase from 1976 - 1990, which was primarily assisted by the World Bank, the Surabaya KIP witnessed a spending of US$ 40 million, of which about US$ 13.5 million was raised through voluntary contributions by kampung residents themselves (BSHF 2004). This represents a figure of US$ 26.5 per capita of public funding. The close synergistic bond that has existed between the Surabaya city government and the ITS has enabled the city to leverage ITS’ superior human resources, capacity, and expertise, which have yielded significantly better upshots and sustainability of the KIP in Surabaya.

According to Professor Johan Silas, the Head of LPP at ITS, both the productive relationship with the Surabaya city government as well as the success of the KIP in the city have also materialized because of the, generally, empathetic and visionary leaders at the helm of city affairs for over three decades. In his opinion, another uniquely supportive factor behind the KIP’s sustainability in the city is because of the traditionally egalitarian outlook of its citizenry, much more so than in most other Indonesian cities. The KIP in Indonesia has been the cynosure of much international adulation (Badshah 1996), and the Surabaya KIP has received, among others, the World Habitat Award for 1991 from the UN-Habitat (then the United Nations Conference on Human Settlements, UNCHS), and most recently a mention in the widely participated 2006 Changemakers competition on “How to Provide Affordable Housing,” organized by ASHOKA and Habitat for Humanity (see http://www.changemakers.net/journal/300606/displayhousing1.cfm).

The Comprehensive Kampung Improvement Project, 1998 -

The CKIP that is currently being implemented in Surabaya is the product of an introspective evaluation of the successive KIPs since 1976 conducted jointly by the LPP and the City of Surabaya (Swanendri 2002). With World Bank financing scheduled to terminate in the late 1990s, it was decided to continue pro-poor development efforts through a new program – the CKIP – that was more effective, equitable, and empowering than the predecessors. In the process that led to the conceptualization of the CKIP, besides ITS and the various departments of the City of Surabaya the World Bank and the private consultant, Cipta Surya Wahana (CSW), among others, were also involved. Several shortcomings about the overall KIP agenda in Indonesia mentioned earlier were also felt to the same or lesser degrees in Surabaya. In particular, according to Prof. Johan Silas of the LPP, the following observations led to the design of the new CKIP:

i) While most of the kampung in Surabaya had been upgraded to a certain minimum level over the course of the earlier KIP projects, because the rest of the city had developed farther, better, and faster in the last fifteen years or so the differential between the quality of life in many of the kampung and the affluent sections of the city seemed to have remained unchanged, and even worsened;
ii) Almost all the previous KIPs squarely, or mostly, focused on improving the physical quality of the kampung environment and ignored socio-economic development;

iii) The former KIPs were all implemented and managed using the multi-tiered hierarchical administrative structure of the Indonesian government, which extends all the way down to the sub-neighborhood level. It was felt that even though much of the efficiency of KIP, overall, stemmed from the ‘reach’ of such an extensive network, the autonomy and empowerment derived by the kampung residents is restricted by the procedural steadfastness associated with the official, hierarchical bureaucratic structure.

iv) Ways had to be designed to enable kampung residents to sustain and improve upon the benefits of new upgrading interventions on their own long after the official completion of such projects.

Begun in 1998, the CKIP was funded in that year by a loan from the World Bank (IBRD). In the next two years that followed, the CKIP was stalled because the city faced a financial crisis. The program was revived in 2001 and has continued uninterrupted ever since, and it has also been supported entirely by local funds made available from the city’s budget. By the end of 2005 the CKIP had been implemented in 54 of the city’s 163 kelurahan.

Concept and rationale: The CKIP model is predicated on the Tri Daya or “Three Energies” concept, which simultaneously focuses on the enablement of the economic, human, and environmental resources of a community (CSW 2004). In the advent of decentralization, the era of regional autonomy was initiated in Indonesia in the year 2000. Consequently, there was a rearrangement of the Surabaya City Council’s administrative structure also. The effects of the rearrangement were streamlining and reduction of the existing bureaucratic organization for implementing planning and development in the city, as well as to enhance accountability by opening up city development processes to bottom-up participation. The city’s administration realizes that the prospect of increased participation offers new potentials but also throws up new challenges. Yet, the aim of such changes is to maximally leverage the region’s resources, including natural and human. Therefore, today efforts are underway to make active and extensive community participation a feature of all development programs in Surabaya, and also in the region, in general (CSW 2004).

The LPP actually distinguishes CKIP into CKIP-I and CKIP-II. CKIP-I is the World Bank assisted (loan from IBRD) project that was undertaken in 1998. After World Bank assistance ended that year, LPP and the City of Surabaya reconsidered and modified some of the project details, and the slightly different version that was implemented from 2001, for which the funding was solely provided from the city budget, is considered to be the CKIP-II model. However, for the purpose of this paper CKIP will imply both CKIP-I and CKIP-II, unless specified otherwise.

The primary characteristic that distinguishes CKIP from its predecessors, which were mostly targeted at physical upgrading, is having community [economic] development as the primary objective of the program, and using extensive community participation in the planning, implementation, and management phases of the project (Dhakal 2002; Swanendri 2002). The emphasis lies on ‘extensive’ community participation because, as mentioned above, all KIP projects, especially in Surabaya, have had the element of community participation, albeit for specific activities only. The main idea of the CKIP, therefore, can be considered to be ‘community participation’ for ‘community empowerment’ through ‘comprehensive
community development.’ The implementation strategy was envisioned as a simple partnership arrangement involving three main stakeholders: i) the community, which is responsible for identifying needs, drawing plans, and managing project works, as well as making voluntary financial contributions to increase the funds made available by the local government; ii) the ‘non-governmental’ facilitator, who is responsible for spreading project awareness, community mobilization, community capacity building, as well as coordinating the overall implementation of the project; and iii) the City of Surabaya (primarily through its city planning department – the Dinas Tata Kota Daerah or DTKD, the main Project Implementation Unit of the Government, and its other departments), which provides all the finances, as well as other technical and training resources for supporting the program.

Objectives: The main objective of the program is clearly community empowerment for various purposes. These are quite explicitly listed in the literature about the program, and are listed below. However, from the objectives for CKIP-II, which are more commonly found in the new LPP literature (LPP 2004; Septanti 2004a, 2004b) are the first three from the following list, and there seems to be just a slight shift in their relative emphases from the objectives of CKIP-I in 1998 (DTKD and CSW 1998)); which are listed as the last three objectives:

- Improve the quality of housing and the physical environment of settlements by comprehensively treating the services and infrastructure of the kampung, and also their socio-economic conditions;
- Empower kampung communities for strengthening community initiative, creativity and independence in implementing development programs;
- Develop small businesses for expanding employment opportunities for the kampung communities, raising their incomes, and improving the local economy;
- Make kampung communities empowered to identify their needs and overcome their obstacles independently, and develop their living environments continuously.
- Encourage the kampung communities to evaluate the conditions of their living environment, plan and implement development projects for improving their living environment, and keep doing so continuously.
- Improve community capacities to identify, mobilize, and develop local resources.

Target group: Even though the CKIP aims at overall empowerment and comprehensive improvement of the quality of life for kampung communities, its socio-economic development components are more specifically targeted towards enabling the poorer kampung residents (DTKD and CSW 1998; LPP 2004). The target beneficiaries are supposed to be chosen by the communities themselves, unlike other programs where the government would identify project beneficiaries. For CKIP the beneficiaries may be chosen by combining a variety of ways. The primary method to identify potential beneficiaries of the program is by using ‘community mapping,’ which happens to be the first step (to be explained later) in the list of suggested steps for implementing CKIP. Other than that the community members use their own personal observations to select beneficiaries whose houses might be most in need of repairs, or those who are most in need of micro-credit for improving the economic conditions of their households. Additionally, detailed data on poverty and income levels for each kelurahan can be obtained from the city’s Dinas Sosial dan Pemberdayaan Perempuan (Department of Social Affairs and Women’s Empowerment), to help the community in deciding how to select beneficiaries.
Program components: Based on the objectives mentioned earlier, the first CKIP in 1998 had four main components, with specific activities within each component (DTKD and CSW 1998). These were:

1. Improvement of the physical environment [This included improving footpaths; small drains for better overall drainage; solid waste management by providing garbage bins and push carts for collection; and building new public toilet facilities (Mandi Cuci Kakus umum or MCK)];
2. Community development [This component consisted of awareness generation by disseminating project information through information boards, brochures and other media, as well as direct contact with people; training for managing CBOs, environmental health, small-scale businesses, and for developing self-initiative; and developing capital for extending credit for small scale business];
3. Land management [This component focused on first preparing a kampung site plan in each kampung to serve as a base for all development activities; obtaining building permits (Ijin Mendirikan Bangunan or IMB); as well as land certificates (Sertifikat tanah) for those houses that do not possess the same;
4. Housing improvement [This component had four specific targets for individual dwelling improvements – general physical repairs of floors, walls, and roofs; improving the kitchens and toilets for better health and sanitation; and providing potable water connections in efficiently and inexpensively].

The content of program components in CKIP-II have remained much the same, but now they are organized into five program components, with some rearrangement, to better distinguish the purpose, activities, and source of funds for each component. The following is the list of current (CKIP-II) program components (DTKD and LPP 2004; LPP 2004):

1. Improvement of the physical environment [It includes improvement of walkways and footpaths; drains; better domestic solid waste management; and any other similar improvement identified during the community-mapping process];
2. Improvement of environmental quality and ‘greening’ [In addition to managing solid and organic waste, this component also focuses on encouraging productive gardens; and planting trees and smaller plants in the community]
3. Community development [It focuses on imparting skills for the organizational management of the CBOs that are formed as part of the process; as well as providing employment and business skills];
4. Improvement of small and medium enterprises/businesses [It provides specific training for running various kampung-based businesses effectively; and also makes available micro-credit by establishing a community managed revolving fund for circulating loans primarily for local businesses];
5. Housing improvement [It aims at enabling kitchen and toilet improvements; providing water supply connections; and organizing building permits and land certificates].

Prof. Silas points out another small yet important difference in the implementation of the program components between CKIP-I and CKIP-II. The World Bank, which funded CKIP-I, seemed to treat all of the program components as being mandatory, while CKIP-II presents the program components as a list of possible activities. The communities have the right to ‘choose’, based on the specific conditions and needs of each kelurahan, whether they want to implement all or some of the components, and how they want to allocate the money for the
sub-components. Communities can also add activities that are not on the list as long as they fit the scope of the specific program component.

**Funding structure:** All funds for CKIP (both I and II) have been provided by the Surabaya City Government (Pemerintah Kota Surabaya or *Pemkot*). There is no obligation for communities to contribute financially, yet it is expected that voluntary contributions from the community members will augment the funds from the government. And, this has indeed happened in most kelurahan, albeit to greatly varying degrees. Similarly, the nongovernmental facilitator (LPP or CSW) also does not make any financial contributions to the project; in fact, they are also paid a nominal ‘professional fee’ by the city government to cover their operating expenses.

For CKIP-I the funding received by each kelurahan was different; with the minimum amount being Rp 89,600,000 (Rp 89.6 million) for kelurahan Bangkingan and a maximum amount of Rp 275,906,000 (almost Rp 276 million) for kelurahan Karah. Since 2001, for CKIP-II, the funding for all kelurahan in a given calendar year has been equal. The funds for CKIP were gradually increased each year from 2001-2004, but 2005 saw a decline in funding of almost 60 percent from the previous year (see Table 1 below for details).

**Table 1: Annual funding for CKIP**

<table>
<thead>
<tr>
<th>Year</th>
<th>Kelurahan</th>
<th>Amount per kelurahan (in Indonesian Rupiah)</th>
<th>Amount per kelurahan (in US $)</th>
<th>Total budget (in Indonesian Rupiah)</th>
<th>Total budget (in US $)</th>
<th>Distribution among kelurahan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>15</td>
<td>198,616,666.67 (avg)</td>
<td>19,861.67</td>
<td>2,979,250,000.00</td>
<td>297,925.00</td>
<td>Varied</td>
</tr>
<tr>
<td>2001</td>
<td>4</td>
<td>200,000,000.00</td>
<td>20,000.00</td>
<td>800,000,000.00</td>
<td>80,000.00</td>
<td>Equal</td>
</tr>
<tr>
<td>2002</td>
<td>6</td>
<td>250,000,000.00</td>
<td>25,000.00</td>
<td>1,500,000,000.00</td>
<td>150,000.00</td>
<td>Equal</td>
</tr>
<tr>
<td>2003</td>
<td>8</td>
<td>250,000,000.00</td>
<td>25,000.00</td>
<td>2,000,000,000.00</td>
<td>200,000.00</td>
<td>Equal</td>
</tr>
<tr>
<td>2004</td>
<td>12</td>
<td>275,000,000.00</td>
<td>27,500.00</td>
<td>3,300,000,000.00</td>
<td>330,000.00</td>
<td>Equal</td>
</tr>
<tr>
<td>2005</td>
<td>9</td>
<td>111,000,000.00</td>
<td>11,100.00</td>
<td>999,000,000.00</td>
<td>99,900.00</td>
<td>Equal</td>
</tr>
</tbody>
</table>

Note: Approximately 10,000 Indonesian Rupiah = 1 US $
Source: Author

The funding package comprises two different kinds of monies. A maximum of 30 percent of the total funds is provided as a one-time grant to be exhausted during the year of implementation of the project. This is mostly used for the community level physical improvements such as walkways and drains. The remainder, a minimum of 70 percent, must be used for micro-credit in the form of a revolving fund, mostly for development of small business enterprises as well for housing improvement (individual dwellings) through small, soft loans. Table 3 shows, generally, how the funding is structured and for what components. The lending conditions differ slightly from one kelurahan to another because even those are established by the communities on their own; but typically interest rates are usually set at around 1 percent per month, and the repayment period is between 10 months to a year. Also, loans are not made out to individuals, especially loans for small businesses, but to self-help groups (a condition woven into the design of the program) comprised of a certain minimum number of people, with proper identification and documentation. The objective of extending loans to groups instead of individuals is to induce responsible financial behavior through peer pressure, and thereby ensure better repayment. It is expected that the interest accumulated from the micro-credit system will help the revolving fund to grow yearly and become a self-sustaining feature of these communities. It is envisaged as such not just for the community to
be able to manage small, local development issues independently and continuously, but also
as an exercise in community responsibility and good management leading to the
empowerment of the poor in these communities.

<table>
<thead>
<tr>
<th>Program Component</th>
<th>Types of Activities</th>
<th>Fund Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improvement of physical environment</strong></td>
<td>Community level improvement of physical infrastructure</td>
<td>20% Grant</td>
</tr>
<tr>
<td><strong>Community development</strong></td>
<td>Creating and sustaining CBOs formed for implementing CKIP; community capacity building</td>
<td>10% Grant</td>
</tr>
<tr>
<td></td>
<td>Training for organizational management of CBOs</td>
<td>10% Revolving Fund</td>
</tr>
<tr>
<td><strong>Improvement of small and medium scale businesses</strong></td>
<td>Soft loans for developing/improving businesses; skills and business development training</td>
<td>30% Revolving Fund</td>
</tr>
<tr>
<td><strong>Housing improvement</strong></td>
<td>Individual housing improvements; support for applying for building permit and land certificate</td>
<td>30% Revolving Fund</td>
</tr>
</tbody>
</table>

Source: Author’s adaptation from CSW 2004

The CKIP funds are not released all at once, but in three phases. The first installment of funds is made available after the mandatory CBOs are formed in a community, and also after a Memorandum of Understanding (MoU) is signed between the DTKD and the YK. In the first phase, 40 percent of the total funds is provided, with 30 percent each in the second and final phases. The second and final installments are released only after satisfactory attainment of, approximately, 90 percent of the targets of the respective preceding phase.

Institutional framework for implementation: In order to achieve the kind of integrated and sustainable community development sought by the objectives of CKIP, a new kind of collaborative institutional framework has been established for its implementation. This framework consists of three distinct kinds of institutions (DTKD and CSW 1998):

1. Local state institutions: The full responsibility regarding both administrative and technical aspects in the execution of CKIP lies with the Dinas Tata Kota Daerah, Surabaya (DTKD, or the Department of City Planning, Surabaya). Since the nature of works involved in CKIP is of a wide range, several related local government agencies comprise a secondary work group for the project. These agencies include:
   - Dinas Pekerjaan Umum Daerah (Department of Public Works);
   - Dinas Bangunan Daerah (Department of Building/Construction);
   - Kantor Pertanahan (Office of Land Affairs);
   - Perusahaan Daerah Air Minum (Public Water Company);
   - Dinas Kesehatan Daerah (Department of Health);
   - Kantor Departemen Koperasi (Department for Cooperatives);
   - Bagian Hubungan Masyarakat (Division of Public Relations);
   - Bagian Pemerintahan Kelurahan (Division of Sub-District Administration);
   - Bagian Keuangan (Division of Finance).

2. Non-state institutions: These could be private consultants like CSW, academic institutions like the LPP from ITS; or NGOs. The non-state institutions play a crucial supporting role as the key consultant for technical assistance as well as community
development. Each year one non-state institution usually plays the role of the main program facilitator (CSW in 1998, 2004, and 2005; and LPP from 2001-03) and becomes the main interface between the community and the government. Since 2004 the facilitator for CKIP is selected through an elaborate, competitive tendering process undertaken by the city government. Other representatives from various for-profit organizations (banks ad financial institutions) and nonprofit organizations (NGOs like Setia Bakti Wanita, among others) are brought in for short periods by the facilitator to provide specific inputs as needed in the individual projects. Usually, such persons conduct the training sessions (along with the local government officials from the various agencies mentioned earlier) pertaining to organizational management, skills and business development, and operations and management of the micro-credit system.

3. Kampung level institutions: These are considered to be the most critical vehicles for community empowerment in the CKIP model. The CKIP approach mandates the creation of three types of community institutions (CBOs) for executing the program, and these are (DTKD and LPP 2004):

- Yayasan Kampung (YK or Kampung Foundation): The YK is formed at the kelurahan level and it is responsible for approving, planning, and executing all CKIP activities in the kelurahan. A typical YK consists of a head, a treasurer, a secretary and four or five officials who are respectively responsible for each of the individual program components. The YK is a registered and legalized (notarized) entity, with its own bank account, formed according to a National Act that regulates CBOs. Members of the YK are appointed or selected democratically by members of the community, sometimes supported by nominations from the YK head (who is appointed first), using traditional community decision-making processes like the musyawarah. The YK has the highest authority among the three kinds of CKIP CBOs.

- Koperasi Serba Usaha (KSU or Business Cooperative): An autonomous KSU, which is expected to keep functioning long after CKIP implementation, is required to be formed at the kelurahan level. The main purpose of the KSU is to manage the revolving fund – from granting loans and maintaining accounts to providing financial education. If there is a preexisting cooperative with similar functions, then such a cooperative might be able to perform the function of the KSU, or it could be integrated into the new KSU. This is rare though and new KSU have been formed in most kelurahan. The selection of KSU members follows a process similar to the one for choosing YK members.

- Kelompok Swadaya Warga (KSW or Community Self-help Groups): The KSW is the most elementary unit in the CKIP model. These are groups of 6-20 people. Attempts are made to form KSW as early as possible during the course of the project so that the proposed activities by the various KSW also offer a good understanding of the needs of the community. A KSW makes a proposal for a loan and then approaches the YK for approval. If approved, the loan is administered by the KSU. For a KSW to be eligible for a loan, all the group members must have some form of official documentation (KTP, KK, Kitas, etc.) proving their residence in the particular kelurahan. In exceptional cases, a
KSW might be able to obtain credit with guarantees from the heads of the YK and RW even if all the members cannot provide official documentation. Depending on its credit behavior, a KSW is subsequently eligible for loans of greater value. While granting loans to KSW, their credit worthiness and the potential impacts on the overall community is borne in mind.

Implementation stages: The facilitator, the primary NGO partner, plays the most important role in implementing CKIP. Implementation is done within a single calendar year, which follows a fixed sequence, more or less, comprising of the following stages (DTKD and CSW 1998; DTKD and LPP 2004):

- Socialization: This is the first stage where ‘socialization’ or familiarization between the communities and the facilitator takes place. Through several rounds of interaction with the communities, the facilitator and the DTKD try to appreciate the characteristics of social life in the specific communities, and grasp their potential, needs, and aspirations. On the other hand, the communities learn about the goals and details of the program from the facilitator;
- Participatory community mapping: A ‘mapping’ of problems, needs, resources, and potential in the community is undertaken by community members themselves, under the guidance of the RW office. Data on physical and socio-economic conditions of the community are collected, and the data collection is mostly carried out by community youth and women. CKIP proponents claim this as one of its most empowering dimensions;
- Establishment of the CBOs – the YK and KSU – that will implement the project, as well as the KSW, which will benefit from the project;
- Training for managing and developing the CBOs;
- Establishing the identities of all KSW members;
- Formulation of the development plan: Based on community mapping, a specific development plan for each kelurahan is drafted by its YK in consultation with the facilitator;
- Approval of the development plan: Once the draft of the development plan is ready, it is presented to the community, and changes are made if necessary. The community must give its consent to approving the plan, before the formal MoU can be signed between the YK and the local government;
- Release of funds: The first installment of funds is released after the MoU is signed;
- Implementation of the development activities;
- Monitoring progress: Implementation progress in each kelurahan is monitored by the YK and the KSU with the help of a cadre of volunteers from the community.
- Implementation reports: Progress reports at various stages, as well as a final project report, have to be submitted by all YK to the facilitator, and subsequently to the DTKD. Once the facilitator receives the final reports from the YK in all the kelurahan, it is the facilitator’s responsibility to prepare an overall Final Project Report called *Laporan Akhir or Monev* (Monetary Evaluation) to be submitted to the DTKD. The KSUs, however, are encouraged to continue submitting stage and annual reports on the performances of their revolving funds to the DTKD every year, even after the official completion of development activities in the first year.
Currently, for a particular calendar year, the selection of kelurahan for CKIP is usually made toward the end of February. The DTKD solicits tenders soon thereafter from parties interested in acting as the facilitator, and the appointment of the facilitator takes about four weeks after tenders are submitted. Once the facilitator has been appointed, the socialization process can begin to allow for the establishment of the CBOs and community mapping. Generally, the duration for actual project implementation is barely six months. Projects are scheduled to be completed by the end of December, and facilitators have to submit the Final Project Report within the month of January of the following year.

**Analysis: participation and empowerment**

In this section, I will briefly discuss how the CKIP has performed, especially in terms of its stated primary objectives of participation and empowerment. The discussion will highlight some aspects of the program, the governing institutional arrangements, and kampung society and culture that facilitate or make difficult the meeting of CKIP objectives, and achieving sustainability and scaling-up.

Decentralization may or may not affect projects directly: CKIP’s core concept, which resembles post-decentralization ideas, was not directly affected by decentralization. But, indirectly, autonomy stemming from decentralization has led to a total local financing of the project since 2001. As mentioned by the head of the CKIP unit at DTKD, there have also been rearrangements and restructuring of the LG agencies (including DTKD) due to decentralization, which are expected to improve performance efficiency and accountability. Prof. Silas feels that new regulations, and the ongoing process to amend regulations, after decentralization have increased confusion and made some processes (especially those pertaining to procurement of resources and works) more complicated for agencies actually implementing development projects. Decentralization does not necessarily lead to lesser regulations (deregulation) but to new regulations (re-regulation) (Hidayat ad Antlöv 2004; Mukhija 2001). Furthermore, it is widely felt by the CBOs and the facilitators of CKIP that after Reformasi people are now more willing to voice and exercise their choice, which has led to improvements in participation levels, in general.

Overall, the quality of physical improvement in CKIP has been quite good. This is because a) as a consequence of the many years of implementation of KIP projects, the physical conditions in most kampung are reasonably good, compared to slums and squatter settlements in other countries; and b) the a kampung community gets to choose what physical improvement it desires, and how it wants to have it implemented – either through sweat-equity, by hiring private contractors and labor (often from within the kampung), or a combination of both. Generally, most physical improvement activities pertain to improving footpaths and roads, and drainage to reduce flash-flooding – a feature quite common in many kampung during the rainy season. Because of the familiarity with previous KIP projects, it is quite easy for most communities to accept and understand what is entailed in physical improvement and in its implementation.

What significantly limits the effectiveness of the physical improvement component of the CKIP is the small sum allocated to the projects (Septanti 2004a), especially to physical works (just 30 percent of total). The total sum of money in a CKIP project for a single kelurahan has hovered between US $ 20,000-27,500 per annum (in 2005, it dropped to $
11,000), which, by any yardstick, is too meager a sum for physical works even in a single sum. What is of significance here is that the said amounts are allocated to one kelurahan, which typically has between 6-15 RW. So when the money that reaches each RW is even lesser than the already insufficient amount.

Turning beneficiaries into financial stakeholders, through their financial contribution, is widely believed to be an incentive for cost recovery and inducing better participation and greater empowerment. Voluntary beneficiary contributions are, of course, recommended in CKIP projects too to increase the pot of money for physical upgrading, but not mandated. However, the reality is that given the weak economic condition of poor kampung households, and the small scale of improvements, which spatially restrict the interventions to certain pockets of an RW, most people are loath to contributing from their own pockets. Also, the amount of self-contribution varies greatly across kelurahan, though mostly it is much less than the amount given by the program.

Another problem is that in Surabaya, as in many Indonesian cities, the CKIP is being implemented concurrently with other similar, competing projects. Many of these are funded by international donors, their focus is strongly on either physical or community development, and their coffers are much fuller than CKIP’s. One such widely implemented project in Surabaya is the nationwide program called Proyek Penanggulangan Kemiskinan Perkotaan (P2KP), funded by the World Bank, was started in 1999 and is meant to be an economic recovery problem following the Indonesian crisis. Compared to programs like the P2KP, CKIP is so financially feeble that people show little motivation to contribute to or participate in it.

As is evident from the program’s structure and objectives, the main aim of CKIP is economic development through its revolving fund (micro-credit) by facilitating broad-based community participation. Ironically, I argue that this is where the CKIP has been least successful. There are several reasons for this. First, each CKIP project has to be completed in one year – effectively, just six months. This is too short a time to achieve quality participation, which is a long drawn out process as is evident from the experiences of NGOs in many countries. Field workers of the CKIP facilitator since 2004, CSW, feel that the short time-bound commitment makes it difficult to catalyze wide and strong participation, especially in more heterogeneous or socio-economically diverse communities. Facilitator representatives from the LPP do not feel the same about the quality of participation (probably because of LPP’s long-standing, good relationships with many communities), but they do agree that it is very stressful for them during the implementation period. Second, managing a micro-credit program successfully requires considerable skills and experience. In Indonesia, there are not many NGOs or CSOs proficient at micro-finance. Yet, traditionally community women’s groups called arisan have been involved with savings and revolving credit activities, and in Surabaya there is a federation of women’s CBOs called the Setia Bakti Wanita (SBW), which is fairly experienced with micro-finance. Yet, neither the SBW nor local arisan groups have been incorporated into the CKIP program. Training for managing the micro-credit initiatives of the CKIP have been provided by LG officials from the Dinas Koperasi (Department of Cooperatives – an agency that promotes and regulates local cooperatives for community economic development), and sometimes, in a session or two, by financial experts or financial institutions. Such formulaic training rarely exceeds a week to ten days in duration, and that too is broken up into two or three sessions. Thereafter, the KSU, whose members usually have
no prior experience with micro-credit management, is on its own in managing the revolving fund. Third, what is missing from the CKIP, which is a standard feature in successful micro-credit programs run by established groups like the SEWA in India and Grameen Bank in Bangladesh, is the concurrent emphasis on daily savings by poor households. However, inculcating a discipline of daily savings requires strong and frequent contact between the steering NGO and community members. Therefore, given that the CKIP’s structure and functioning lack many of these essential components for successful micro-credit, it is little wonder that the revolving funds in most kelurahan, with few exceptions, are unable to grow because of their failure to ensure regular payments, and they seem to fizzle out in about two years – though, after the first year, the community is expected to manage and expand the revolving fund of the CKIP on its own, with a high degree of autonomy.

The other, ostensibly, very empowering dimensions of the CKIP are the democratic process leading up to the formation of the CBOs – the YK ad the KSU, and the community-mapping process for gathering data about what the community needs. Despite these guiding objectives, the influence of local elites (prominent, more educated figures, who are also better-off than most residents) is visible in kelurahan that are more mixed in terms of income and social status. In such kelurahan, it is common to find the CBOs to be constituted, mostly, of such elites. This is probably because of a cultural idiosyncrasy that makes Indonesian people highly deferent to people of a higher educational, employment, or economic status. Therefore, it is common for poor people in community meetings to nominate community elites to run the CBOs, and to trust them to make decisions and take actions for the overall welfare of the community. Even with the best intentions of such elite members, because of the intrinsic differences in their statuses, aspirations, and perceptions, such proxy-decision-making by the privileged community members often obscures genuine desires and wants of the less-privileged. Based on my observations I argue that CBO members have to undertake specialized tasks (preparing detailed formal reports; keeping accounts professionally, etc., to resemble those prepared by the facilitators – LPP and CSW), required by the program, that are difficult for people without a certain minimum level of education and training to perform; and because these positions entail voluntary service, but demand substantial time and effort during the implementation, poor people find it overwhelming to accept the responsibilities of a CBO member. Nevertheless, while having elites in the CBOs could have either supportive or restrictive implications, it definitely reduces the scope for empowerment of the poorer sections through their active participation.

Also, the community mapping element has hardly been implemented in spirit, primarily because of logistical limitations of adequate time and volunteers. The whole point of community-mapping was to gather original micro-level data, different from what already exists with the government agencies, by engaging women and youth from the community to enable closely-directed interventions. But save for a few community volunteers, if at all, in some kelurahan, the facilitator (especially CSW) has mostly relied on existing data in the RW or RT offices (part of the official administrative bureaucracy) to create the ‘community map.’ In a way, if one does not believe in reinventing the wheel, then this is justifiable, but if one’s intentions are to fix the wheel then this falls short of that. In some cases the influence of elites can steer plans away from real needs; for instance, in a particular kelurahan, Ngagel Rejo, while good community participation led to the development of an effective development plan, eventually, the funds were redirected for constructing a gapura (entrance gate) instead. This
was because a local political leader desired it, as he had promised it to his constituency and people, out of deference, did not object to the decision even though several people were not pleased with it.

Though most kampung in Surabaya are mixed in terms of income and education status, CBO members generally believe that on an average about 10 percent of the residents in their kelurahan lack official documentation (because they are migrants or uneducated), and they also are usually the poorest residents. In CKIP-II residents without official documentation, especially land certificates and resident permits, are not allowed to access loans from the revolving fund, which seems to dilute the main objective of CKIP – empowering those who need it most. According to Prof. Silas, this limitation was recognized by the LPP and, therefore, it helped develop the Rehabilitasi Sosial Daerah Kumuh (RSDK, or Social Rehabilitation of Slum Areas) program for the poorest people, which has an implementation strategy quite similar to CKIP’s, and which has been implemented by the DTKD in over 30 kelurahan since 2003. The problem that persist are that RSDK funds are even lesser than CKIP’s; two similar but distinct programs demand greater organizational capacity and duplicate institutional arrangements; and also that all the kelurahan that have been implemented under the CKIP have not yet received the RSDK. So efforts are currently underway at the LPP to integrate the RSDK as a component within CKIP, and there are plans to implement the new approach in six cities in East Java. Also, loans from the revolving fund are given to the KSW – the community self-help groups, competitively, by the KSU upon the approval the YK. Most KSU and YK members said that they in granting loans they evaluate the ability for timely repayment by the borrowing KSU. Because of this criterion, most KSW comprised of the poorest informal workers, petty traders, and housewives – people trying to start fresh initiatives – are unable to get loans. Instead, loans mostly go to established entrepreneurs and businesses for expansion of their concerns. This is another shortcoming of the CKIP program because of blurry and ambiguous targeting guidelines.

One of the most contentious issues, but most essential policy interventions, in the upgrading business is to extend tenure security too poor urban residents who do not have it. Security of tenure is also believed to be a highly empowering dimension, which can stimulate considerable personal investments into improving one’s home and immediate environment. In this regard, one of the most useful objectives of the CKIP was to provide land certificates (something that was missing in older KIP projects in Indonesia) and building permits, which was done up until when the LPP acted as a facilitator in 2003. However, since 2004 this component of CKIP has been scrapped altogether, and the reason cited by CSW (the facilitator in 2004 and 2005) is that the process to obtain these documents is a protracted one, involving clearances from multiple government agencies, which often exceeds the time available for implementing the CKIP projects (about six months). Even in the two initial years when providing land certificates and building permits, and extending tenure was an objective of the CKIP, it applied only to those who could prove that they were residents of the kampung for a long time. As with loans from the revolving fund, most migrants, who are renters or illegal settlers in kampung, were not eligible for any certificates or permits. More importantly, the CKIP program only intervenes in ‘regular’ kampung, which have legal status and are recognize. Many kampung, which are composed of squatters along railway tracks and the rivers, are not eligible for CKIP, nor does the LG have any concrete plans to upgrade those.
There are smaller NGOs, like Jerit, which work closely with these neglected communities, whose services could be invaluable for the CKIP if it was to be extended to these settlements.

Till 2005 only 54 kelurahan, out of 163, had been upgraded by the CKIP, and, aside from the first year of implementation, an average of 7 kampung are upgraded yearly. This is slow, but what is worse is that there is little scope to speed up the process. This is because of program-specific as well as macro-level regulatory limitations on who can be a facilitator for KIP. The promotional literature and concept states that the role of the facilitators is to be played by an NGO. In reality, no true NGO has been a facilitator in CKIP projects. It is true that the general success of KIP projects, as well as of the CKIP, owes much to the close, healthy, and supportive relationship between the LPP and the LG. Yet, this is also a cause for concern since they do not see the need to involve other NGOs, which has serious potential implications for scaling-up. In the initial years LPP served as the facilitator of CKIP projects, but the LPP is not an NGO. It is an academic research unit in a government-funded university, and, at best, it can be considered a quasi-NGO. While its contribution to the CKIP cannot and should not be underestimated, it is not possible for the LPP to handle more than a handful of projects because of limited resources. Also, its involvement was curbed by the passage of the presidential decree no. 80, called Keppres 80 (Keputusan Presiden), which barred universities and research centers from acting as facilitators or consultants, wherever procurement of works is concerned, because their members would have to be paid in addition to their regular remuneration.

Keppres 80 is a sweeping directive, which was promulgated by the Government of Indonesia, and pushed for by the Asian Development Bank, attempts to increase transparency and accountability in all kinds of international, national, and local procurement of materials and works. Due to Keppres 80, now the selection of the CKIP facilitator requires a competitive tendering process. To be eligible, all interested parties must be registered as PT (private companies). This I feel has made it more difficult for NGOs and academic institutions, which have tremendous potential to contribute, to participate actively and intensively in CKIP because they do not have the resources or the technical sophistication to edge out private concerns in a competitive bidding process. But why are PTs being allowed to participate in the CKIP if the project facilitator has to be an NGO? That is because the definition of an NGO is loose and malleable in Indonesia – any entity that is not part of the government is non-governmental, and hence an NGO. Moreover, the CKIP implementation was formulated to allow for only one facilitator in a given year, irrespective of the number of kelurahan being upgraded, for purposes of enhancing consistency, reliability, and accountability. Similarly, the decision to have only one facilitator also leaves little room for, and probably does not appeal to other CSOs from even applying for becoming CKIP facilitators. This lack of foresight is a strong inhibitor to scaling-up, and needs to be revised.

After the passage of this decree CSW has been the only facilitator in CKIP projects. CSW is a private development consultant with expertise in construction and physical development, but no experience with social or community development activities, and community participation. Not surprisingly yet ironically, therefore, CSW employs people with strong NGO experience on temporary, yearly contracts to manage its engagement with the CKIP. In the last two years, more than ten kelurahan on an average have been selected for CKIP, which in itself is a tall order to manage – this is felt by members of both LPP and CSW. If, in the future, scaling-up of CKIP is attempted or more kelurahan are chosen for upgrading
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each year, it is not too unreasonable to doubt the ability of just one facilitator to manage all projects effectively.

Conclusions

This detailed look into the policy and program elements of the CKIP offers some very useful insights into the potentials and challenges of embracing participation in slum upgrading projects in an era of increasing decentralization. What is clear enough is that mere physical upgrading, while being critical, is neither sufficient nor reliable for catalyzing economic development automatically, as the experience with many decades of KIP projects in Indonesia illustrates. Therefore, it is but natural that, especially given the widespread application of neo-liberal development ideas, both national and local governments find the notion of participatory development extremely attractive. It is quite true that community participation in physical upgrading delivers better outcomes than without it, and that it is preferable to integrate community development (socio-economic) with physical upgrading is irrefutable. The caveat, however, is to think that participation can be catalyzed with ease, and that merely creating space for participation in policies and development programs leads to empowerment. The CKIP example illustrates that this appears to be true even when discounting for genuinely altruistic and sincere concerns. It also shows that without LG involvement in properly targeting poverty-alleviation projects like the CKIP, true participation by the desired group can be illusory and evasive.

While the CKIP is designed according to laudable rhetoric, which seeks complete bottom-up participation, it imposes a highly structured, even complicated, model of community participation for citywide upgrading from the top down. It allows people to decide what they want in terms of services through their participation, but it does not allow people to decide how to participate. The issue is also susceptible to elite domination, not by coercion or appropriation, but, intriguingly, out of submission and non-participation by the poor. Similarly, institutional arrangements and regulations affecting the CKIP, such as barring the LPP to participate and the Keppres 80 decree, as well as CKIP’s own program design which by not allowing more than one facilitator a year hugely restricts its potential to scale up. By not soliciting the services of NGOs and other CSOs like SBW, especially for its micro-credit initiatives and community education and mobilization, CKIP’s assumption that its revolving credit program will yield meaningful empowerment is misplaced. The CKIP can only be implemented in kampung with legal status. The reality in Surabaya is that most of these regular kampung already have a decent level of physical infrastructure and economic standing, yet it has a growing problem of proliferation of slums – illegal kampung inhabited by squatters along railway tracks and rivers. In addition, there are other ongoing programs which have very similar objectives and implementation strategies. Also, the prudence in launching a new program, the RSDK, rather than revise objectives and implementation of the CKIP, as a response to the realization that CKIP was failing to reach the poorest is questionable. Though tricky and contentious, the LG should focus its attention on these neglected but expanding settlements. Also, by encouraging greater NGO participation, the LG can contribute effectively to strengthening Indonesia’s historically suppressed third sector.

Despite its many limitations discussed in this paper, the CKIP is a bold step towards empowering poor communities in a country which had had little room, or familiarity, with concepts such as participation and empowerment. These fledgling steps, in combination with
Surabaya’s successful and enviable record of physical upgrading through KIP implementation, offer valuable lessons for other countries, especially in Southeast Asia, which are coming to terms with democratization while trying to seek solutions for improving the lives of their own slum populations.

Notes
i  I will use the word Kampung both in the singular and plural. Kampung are densely populated, primarily low-income neighborhoods. In some instances kampung predate the modern city and urbanization has taken place around them, thus creating pockets of low-income and poor urban infrastructure within the serviced city. Prior to the KIP, most kampung in Indonesia lacked basic urban infrastructure and services (World Bank 1995).

It will be unfair to imagine of all kampung as slums or squatter settlements, as pockets of extreme squalor and poverty as is common to most cities of the developing world because a) many kampung are now mixed-income in constitution as well as middle-income; b) a large proportion of present day urban kampung in Indonesian cities like Surabaya are not comprised of squatters; and c) the continuous implementation of the various KIP projects for over thirty years now has resulted in most kampung having some basic infrastructure and amenities.

ii Surabaya’s population at the beginning of the 20th century was over 400,000 (Dick 2002).

iii According to conversations with Prof. Johan Silas.

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