

## **Housing Infrastructure Finance that Works for the Poor: Consideration for Poverty Alleviation in Bandung and Subang**

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### **Abstract**

*Financing and management issues received major attention in the discussions of human settlement development policy. This article is to present an overview of the existing knowledge and policy experience in housing and infrastructure finance, for “poverty alleviation, self-help housing, and policy transformation” research in Bandung and Subang conducted by Housing and Settlement Research Group, SAPPK, ITB (2009). Despite the positive developments such as micro-finance and private-public partnerships, the financing challenge of today is not less than before. It includes how to tap the wealth generated through continued urbanisation to improve the conditions in housing and basic services of all income groups and how to translate the willingness to pay of citizens into efficient, accountable and responsive service delivery.*

*The fact that low-income families pay much more for basic services provided informally than do those served by existing infrastructure suggests that urban infrastructure can be a high-return sector. How to extend financial services for the poor and vulnerable groups currently not served by the formal finance sector, while providing proper subsidies for those who deserve assistance. The further questions are: how to make municipal institutions work better; and to encourage willingness to pay and to translate it into better service delivery; to make cities and municipalities more credit-worthy to potential lenders and investors. Comprehensive solutions should be found in the broad context of good governance and accountability, as well as in financial innovation.*

**Keywords:** poor housing, urban settlement, infrastructure finance, policy experience.

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