



International
Labour
Organization

INDONESIA

DECENT WORK COUNTRY PROGRAMME 2012 - 2015



INDONESIA
DECENT WORK
COUNTRY PROGRAMME

2012 - 2015

LIST OF ABBREVIATIONS

APINDO	Indonesian Employer's Association (<i>Asosiasi Pengusaha Indonesia</i>)
ASEAN	Association of Southeast Asian Nations
BAPPENAS	National Development Planning Agency (<i>Badan Perencanaan Pembangunan Nasional</i>)
BPS	National Statistical Bureau (<i>Badan Pusat Statistik</i>)
BWI	Better Work Indonesia
C-BED	Community-Based Enterprise Development
DWCP	Decent Work Country Programme
ETE	Assessing and Addressing the Effects of Trade on Employment
G-20	Group of Twenty Finance Ministers and Central Bank Governors
GDP	Gross Domestic Product
GJP	Global Jobs Pact
IJP	Indonesia Jobs Pact
ILO	International Labour Organization
KSBSI	The Indonesian Prosperity Trade Union Confederation (<i>Konfederasi Serikat Buruh Sejahtera Indonesia</i>)
KSPI	The Indonesian Trade Union Confederation (<i>Konfederasi Serikat Pekerja Indonesia</i>)
KSPSI	All Indonesian Workers Union Confederation (<i>Konfederasi Serikat Pekerja Seluruh Indonesia</i>)
MAMPU	Access to Employment and Decent Work for Women
MAP	Monitoring and Assessing Progress on Decent Work (MAP)
MDGs	Millennium Development Goals
MoMT	Ministry of Manpower and Transmigration of the Republic of Indonesia
MP3EI	Master Plan for the Acceleration and Expansion of Indonesia Infrastructure Development (<i>Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia</i>)

MSME	Micro, Small, and Medium Enterprises
NAP	National Action Plan
OSH	Occupational Safety and Health
PcDPII	People centred Development Programme Phase II
PLHIV	People Living with HIV and AIDS
PROMISE IMPACT	Promoting Micro and Small Enterprises through Improved Entrepreneurs' Access to Finance and Green Business Services
PROMOTE	Decent Works for Domestic Workers to End Child Domestic Work
PROPEL	Promoting Rights and Opportunities for People with Disabilities in Employment through Legislation
RACBP	Nias Islands Rural Access and Capacity Building Project
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RPJMN	National Mid-term Development Plan (<i>Rencana Pembangunan Jangka Menengah Nasional</i>)
SAMASAMA	Social Accounting Matrix Advisory Support And Monitoring Assistance (SAMASAMA)
SCORE	Sustaining Competitive and Responsible Enterprises
SIDA	Swedish International Development Cooperation Agency
SJSN	National Social Security System (<i>Sistem Jaminan Sosial Nasional</i>)
SME	Small and Medium Enterprises
TRIANGLE	Tripartite Action to Protect Migrants in the ASEAN Region from Labour Exploitation
TUK	Competency Based Certification Centres (<i>Tempat Uji Kompetensi</i>)
UN	United Nations
UNCRPD	United Nations Convention on the Rights of People with Disabilities
UNPDF	United Nations Partnership for Development Framework

DECENT WORK COUNTRY PROGRAMME - 2012-2015¹

I. Indonesia in Context

Introduction

During the last fifteen years, the Republic of Indonesia has undergone a major economic and political transformation leading to a more democratic and strengthened rights-based system supported by labour market, labour law and social security reforms that have changed the landscape of Decent Work.² Indonesia adopted several key Acts (*the Act No.13 of 2003 concerning Manpower, Act No. 21 of 2000 concerning Trade Unions, Act No. 2 of 2004 concerning Industrial Disputes Settlements*, as well as *Act No. 40 of 2004 concerning National Social Security System*) to advance the national legal framework. Indonesia also completed the ratification of all eight ILO core conventions during this period.

As a growing G-20 economy at over 6 per cent a year and per capita income of USD 4,000, Indonesia has emerged as a middle income country, with a strengthened role and responsibility to advocate economic and labour issues. Indonesia will have immense opportunities and challenges to further advance the Decent Work Agenda in the coming years including the Indonesia's commitment and preparation towards ASEAN Community 2015 (free flow of goods, services, investment, skilled workers, and capital).

(a) Socio-economic context and labour market situation

Although temporarily hampered by the global economic crisis of 2008, the economy of Indonesia has been resilient showing steady growth due to the low external exposure and strong domestic consumption. The country achieved economic growth of 6.5 per cent in 2011, a significant increase compared to 4.5 per cent in 2009. Between 2007 and 2011, Indonesia's labour force grew by an annual average rate of 2 per cent, or by around

1 The document was prepared based on interviews with MoMT, Bappenas, Apindo, KSBSI, KSPSI and KSPI in 2011, followed by a tripartite workshop in October 2011 and further bilateral consultations with the constituents in 2012.

2 Decent Work Country Profile, Indonesia, Geneva, ILO, 2011

2.2 million. The poverty rate has also declined steadily, from 16.6 per cent in 2007 to 12.5 per cent in 2011, although this share still represents some 30 million people living under the national poverty line.³

The progress made in employment opportunities in the past decade is mixed, notably in the areas of gender, youth and informality.⁴ Young workers continue to encounter serious challenges in the labour market especially young women. As formal employment creation stagnated during the global financial crisis, the number of workers employed in the informal economy increased by about 2 million from 2008 to 2009. In a situation where social safety nets are lacking, workers who lose formal wage employment have little alternative than to turn to lower productivity and informal economic activities.⁵ Despite the Government's efforts to advance social protection in Indonesia, which includes both contributory and non-contributory schemes for workers and their families in the formal and informal sectors, a significant proportion of the population still does not have access to basic social protection provisions. Socio-economic exclusion of the marginalized and vulnerable in society is still a continuing concern and remains a critical challenge for policy makers.

In terms of regional development, the disparity of economic growth rate among the provinces is significant. Java and Sumatra combined accounts for more than 82 per cent of total national GDP while Eastern provinces lag far behind.⁶ Combined efforts are required by the national government agencies, provincial government and development partners to redress the situation.

(b) National development framework

President Yudhoyono, in his second term (2009-2014), continues his economic programme with the focus of “pro-growth, pro-poor, pro-employment and pro-environment” through his **National Mid-Term Development Plan 2009-2014 (RPJMN)**, which was translated into eleven national priorities for development.⁷ In its RPJMN, the Government

3 BPS (National Statistical Bureau) report 2011.

4 Decent Work Country Profile, Indonesia, ILO Geneva, 2012

5 Global Jobs Pact Country Scan, Indonesia, ILO, 2010

6 Labour and Social trends in Indonesia 2011, promoting job-rich growth in provinces, ILO Jakarta

7 RPJMN 2009-2014 emphasizes 11 national priorities: Bureaucracy and Governance Reform, Education, Health, Poverty Reduction, Food Security, Infrastructure, Investment Climate & Business Climate, Energy, Environment and Disasters Handling Mechanism, Underdeveloped-After Crisis Regions, Culture-Creativity and Technology Innovation.

identifies social dialogue as a key priority and aims to build a stronger industrial relations system, to promote entrepreneurship and decent employment opportunities.⁸ The RPJMN also stresses the synergy between central and local Government's development programmes which is crucial in the context of decentralization in Indonesia.

To sustain its performance, in mid-2011, the Government established a **Master Plan for the Acceleration and Expansion of Indonesia Infrastructure Development (MP3EI)** that places significant emphasis on infrastructure investment and on the improvement of the investment climate. A large scale investment is planned until 2025 with a total amount of Rp. 4,000 trillion, with the initial investment of Rp. 190 trillion in 2012. The program focuses on developing six economic corridors.

(c) UN Partnership for Development Framework (UNPDF) in Indonesia

In previous years, the UN has provided significant contributions to Indonesia including recovery and reconstruction efforts after the 2004 tsunami, consolidation of peace and democracy, advancement of human rights, and the promotion of MDGs. Indonesia now joining the middle-income country, the UN contribution shifted its modalities from assistance shown in the previous UNDAF towards more on the development of partnership. The UNPDF 2011-2015 was prepared to sets its overall framework for the UN development cooperation with Indonesia backed up by the Jakarta Commitment in 2009 with its five thematic priorities: Social Services; Sustainable livelihood; Governance; Disaster Resilience; and Climate Change and Environment.

Improvement of policy frameworks, geographic attention to disadvantaged regions for effective decentralization, and equity, including gender equality, focusing on poor, vulnerable and disadvantaged are the strategic areas identified as comparative advantage of the UN in development cooperation in Indonesia.⁹

8 Global Jobs Pact Country Scan
9 UNPDF 2011-2015, Indonesia

II. The ILO Decent Work Country Programme

ILO's mandate is to promote opportunities for all women and men to obtain decent and productive work in condition of freedom, equity, security and human dignity. The Decent Work Country Programme (DWCP) translates the mandate into the ILO contribution in Indonesia towards the national achievement of national development strategies such as RPJMN and MP3EI and the Millennium Development Goals (MDGs).

During the DWCP formulation process, the identification of priorities was firmly based on the Indonesia Job Pacts (IJP). Following the adaptation of the Global Jobs Pact (GJP), at the International Labour Conference in June 2009 as an effective policy tool to mitigate external shocks, the IJP was formulated as the first adaptation and GJP implementation at the country level based on the global jobs country scan exercise. This Pact, which is a joint agreement and commitment among the Government, employers and workers to place employment and social protection as key policy priorities, was signed by the tripartite constituents in 2011 at the Presidential Palace with the President Yudhoyono as its witness.

The DWCP has been drafted through a series of consultations to refine and update the IJP priorities involving high ranking Government officials at Ministry of Manpower and Transmigration and the National Development Planning Agency (Bappenas), members of the Employers Association (Apindo), and leaders from the trade union confederations¹⁰, building on the experiences, achievements and evaluation of the DWCP 2006-2010 and previous initiatives undertaken. The DWCP also incorporates inputs from ILO staff in Jakarta and across the region who provided contributions based on analytical revisions of national policies, plans, legislation and statistics and complemented them with experiences from other DWCP formulations undertaken within the Asia-Pacific region.

The DWCP 2012-2015 serves as the mid-term ILO programming framework for the work of ILO in Indonesia with full engagements of ILO Constituents. It includes institutional capacity building, policy advice and programme implementation at the national and provincial level in the decentralization context. Among the 33 provinces, DWCP will concentrate its special efforts in support of Maluku, Nusa Tenggara Timur (NTT) and East Java for the purpose of strategic use of available resources, but not excluding assistance to other provinces when additional resources are made available during the

10 The labour unions were represented by KSBSI, KSPSI and KSPI.

implementation. This is in line with RPJMN and UNPDF focusing on making decentralization work by narrowing the development gaps in the regions through policies and programme interventions.

The DWCP fully considered the strategic direction of UNPDF. Under the UNPDF Outcome 1: Social Services, for example, the DWCP focuses on better access to social protection and reduced discrimination in order to improve the situation of vulnerable groups. For the UNPDF Outcome 2: Sustainable Livelihoods, the DWCP supports advancement of socio-economic status of vulnerable groups and their access to decent work and productive livelihood opportunities.

In terms of gender equality, the DWCP directly contributes to UNPDF sub-outcome 2.1: Institutional capacities strengthened to increase productive employment and decent work for the vulnerable and marginalized communities, and specific outputs under Outcome 3 Governance, e.g. legal empowerment of poor, vulnerable and marginalized people, particularly women and people living with HIV and AIDS (PLHIV), at the community level in selected provinces, to claim, defend and advocate for their rights.

III. DWCP PRIORITIES AND OUTCOMES

The DWCP 2012-2015 reaffirms the following three priority areas: employment creation, industrial relations and social protection, with their corresponding outcomes, strategies, indicators and targets. It reflects the current socio-economic context, national priorities of Indonesia,¹¹ and the ILO mandate and the priorities of the ILO Constituents.

A. Employment creation for inclusive and sustainable growth

1. Mainstreaming of employment in macroeconomic, labour and social policies through sound labour market analysis and tools.
2. Improved policies and programmes to better equip young women and men entering the world of work.
3. Optimized employment outcomes of public and community investments.

¹¹ RPJMN 2009-2014 set the target for growth by 7 per cent, un-employment 5-6 per cent, and poverty 8-10 per cent at the end of 2014. It also referred to *Renstra* (Strategic Planning) of MoMT 2009-2014.

4. Improved policies and programmes on entrepreneurship, business and cooperative development for job creation including financial inclusion.
5. Workers' skills are upgraded through demand-based and competency-based training to better meet the labour market needs.

B. Sound industrial relations in the context of effective employment governance

1. Labour administration provides effective services to improve working conditions and environment.
2. Tripartite constituents effectively engage in social dialogue to apply labour regulations and international labour standards.
3. Strengthened institutional capacity of employers and workers' organizations to contribute to sound industrial relations according to their respective mandates and responsibilities.

C. Social protection for all

1. Government and social partners have greater capacity in designing and implementing social protection policies and programmes.
2. Barriers to employment and decent work are addressed, particularly gender gaps and for persons with disabilities.
3. Effective implementation of the National Action Plan for the Elimination of the Worst Forms of Child Labour.
4. Enhanced policy, institutional framework and programme implementation for empowerment and protection for Indonesian migrant and domestic workers.
5. Integrated HIV policies and programmes for women and men workers.

Cross-cutting themes

Gender equality, tripartism and social dialogue, International labour standards are mainstreamed throughout the DWCP priorities. Participation of the tripartite constituents through social dialogue will be encouraged at all stages

of implementation of the programmes and projects embedded in the DWCP. Gender concerns are mainstreamed in all three priorities with a special attention to priority 3 in addressing issues related to non-discrimination and protection. Promotion of green jobs is another cross-cutting theme. The ILO supports a low-carbon, climate resilient, environmentally friendly development in Indonesia which will trigger shifts in the labour markets and create demand for new skills and re-skilling programs. The changes in production and consumption patterns that are called for in the drive towards a climate friendly economy require incorporating the social, gender and employment dimensions into decision making.

A. Employment creation for inclusive and sustainable growth

The ILO supports the achievements of full and productive employment and decent work for all men and women. While Indonesia’s economic growth in the past years has been remarkable, economic growth alone does not automatically produce quality employment. Inclusive and sustainable job-rich growth as DWCP priority is derived from a guiding policy principle of the current Government “pro-employment and pro-poor” growth which requires policy and programme coordination for employment creation at the national, provincial and district level.

DWCP Outcomes	Indicators	Targets	TC projects
Employment is mainstreamed in macroeconomic, labour and social policies through sound labour analysis and tools	Number of ILO methodologies or tools applied to place employment at the centre of economic, social and labour policies are utilised for policy formulation	2 by 2015	ETE, MAP, PcDP11
Improved policies and programmes to better equip young women and men entering the world of work	Number of knowledge sharing initiatives to replicate best practices, tools and training modules, organized by various ministries, partners and youth networks	2 by 2015	ILO/SIDA on youth employment
	Number of reviews by the constituents with ILO’s support to improve policies, programmes on youth employment to be integrated as part of job creation strategy	1 by 2015	ILO/SIDA on youth employment

DWCP Outcomes	Indicators	Targets	TC projects
Optimized employment outcomes of public and community investments	Number of provincial/district governments adopt employment intensive methodologies and local resource-based approaches through application of ILO technical tools, technical assistance and demonstration projects	5 by 2015	Nias RACBP, Aceh Roads project, SAMASAMA project
	Number of provinces applied the ILO local resource-based approach in the context of climate change to enhance the employment outcomes of environmental rehabilitation work	1- provincial level by 2015	Green jobs (pipeline) REDD+project
Improved policies and programmes on entrepreneurship, business and cooperative development for job creation for women and men including financial inclusion	Number of provincial/district governments and relevant stakeholders introduce innovative financial services for improved access to men and women entrepreneurs	2 - governments, 1 - Microfinance Institution by 2015	PROMISE IMPACT (prep. phase)
	Number of relevant ministries, social partners, cooperatives and local institutions at the national/provincial level using ILO tools to improve livelihood of rural communities and groups	1- national level, 3 - provincial level by 2015	PcDP II, Pelagandong, SCORE Green jobs Asia Mentawai, ASEAN SMEs project
Workers skills are upgraded through demand –based and competency-based certification and training to better meet the labour market needs	Number of constituents and social partners introduce competency certifications, using ILO technical advice and products	2 by 2015	
	Number of constituents and relevant institutions adopt strategies, mapping, or action plans for skills improvement at the national or provincial level using ILO technical advice and products	1 by 2015	Green jobs Asia

A1. Employment is mainstreamed in macroeconomic, labour and social policies through sound labour analysis and tools

Apart from supporting the ILO's constituents in their efforts to promote inclusive and sustainable economic growth through the delivery of decent work for all, an important focus of the work is the mainstreaming of employment concerns in socio-economic planning and policy development. Therefore embedding employment as a central concern in macro-economic, financial, trade and investment policies is important. It is also important to lend analytical support for the application of evidence-based approaches to policy making; therefore further development of methodologies, diagnostic tools, knowledge products and monitoring systems are integral part of the DWCP.

Under the previous DWCP a methodology known as “employment diagnostics” was developed to support constituents in analysing decent work deficits and identifying strategies on how to promote employment more effectively at the provincial level. Capacity building efforts have also been provided to constituents for undertaking employment analysis with a social accounting matrix. In addition, an annual publication on labour and social trends exists to ensure that constituents have access to the latest information on employment trends.

This DWCP will continue to support policy makers and social partners to mainstream decent work in the formulation, monitoring and evaluation systems of macroeconomic, social and labour policies through the development of analytical tools, monitoring systems, labour market analysis, capacity building and technical assistance in order to promote a more inclusive and productive economy. A central theme in this work will involve responding to the demand for strengthening the capacity of constituents to reform the national and provincial regulatory frameworks for employment and labour relations. Technical assistance will focus more on initiatives to support sectoral growth and strategies for developing value chains.

A2. Improved policies and programmes to better equip young women and men entering the world of work

Youth employment remains critical as young workers (age 15-24) are five times more likely to be unemployed than older workers. The previous DWCP placed considerable emphasis on youth employment, with notable achievements including:

- ◆ Development of curriculum on life skills education training that was adopted, replicated and up-scaled by the Ministry of Education and Culture.
- ◆ Preparation of guidelines for school counsellors to support the job and education decisions of young people for promoting successful school-to-work transition.
- ◆ Development of a strategy for improving the quality of training provided by non-formal trainers that was adopted by the Ministry of Education and Culture.
- ◆ Creation of over 100 regulations on the elimination of the worst forms child labour and supported vulnerable children to stay in school.
- ◆ Introduction of “Know about business” into vocational high schools, resulting in students increasingly considering entrepreneurship as a possibility in their career.
- ◆ Establishment of six ‘Standard Competency Based Certification Centres’ (TUK) in selected provinces.
- ◆ Formation of a Youth Employment Network for Indonesia.
- ◆ Development of curriculum of education on gender equality and rights at the workplace for youth.

Research findings demonstrated that coupling entrepreneurship training with vocational skills training doubles the likelihood of finding employment or starting business after training for youth. These are important lessons and achievements that the current DWCP will draw on in working together with constituents to support inclusive employment outcomes for youth. The strategy will focus on knowledge sharing and replication of best practices as well as responding to formal requests from policy makers and reinforcing the capacity of social partners to mainstreaming youth employment in policy design and targeted intervention through provision of technical assistance.

A3. Optimized employment outcomes of public and community investments

The 2004 Indian Ocean tsunami was an unprecedented event of global proportions that led to many loss of life. It also swept away infrastructure and the livelihoods of many communities. The previous DWCP was highly influenced by recovery and reconstruction efforts, with a focus on

deepening synergies between infrastructure investment and job creation through promoting local resource-based approaches and employment intensive methodologies. Investments made through two flagship projects, namely the “Capacity Building for Local Resource-based Road Works in Aceh and Nias Projects” and the “Nias Islands Rural Access and Capacity Building Project” (Nias-RACBP) have seen travel time and transport costs reduced, while at the same time local development has been invigorated with more areas now under agricultural cultivation than before and businesses increasing their turnover. Strategic interventions on skills development have improved the capacities of local government staff, local contractors and communities, thus ensuring the long term viability and productivity gains in the construction sector in targeted areas.

However, there is need for continued focus on the employment outcomes of public infrastructure and community assets in order to (a) optimize job outcomes for poor individuals and their families, (b) use public investments as a mechanism for providing countercyclical interventions, and (c) support application of the local resource-based approach in the context of climate change through promoting the concept of “green works”. Therefore, this DWCP will focus on producing technical tools and be involved in demonstration projects that promote the application of employment intensive methodologies and local resource-based approaches in order to optimize the employment outcomes of investments.

Sustainable and resilient development is a key theme in the priorities of Indonesia’s development strategy, with the acknowledgement that job rich growth and climate justice are strategic objectives that constituents must work towards. Promoting “sustainable growth with equity” is a constant learning experience that requires strong commitment and participation from constituents for addressing climate challenges while strengthen the resilience of growth in Indonesia. The previous DWCP was active in building constituent understanding of the concept of “green jobs” and in emphasizing the importance of developing strategies that ensure that green growth is also job rich growth. The current DWCP builds on knowledge and capacities developed under the previous phase, and focuses on providing technical support for formulation of policies and strategies on job rich green growth while also strengthening access to reliable sources of data and information on green jobs. Developing strategic partnerships for Reducing Emissions from Deforestation and Forest Degradation (REDD) for employment promotion will be a continuing priority.

A4. Improved policies and programmes on entrepreneurship, business and cooperative development for job creation for women and men including financial inclusion

Seeking to maximize employment opportunities, the Government and social partners are committed to continue and further develop entrepreneurship programmes as well as facilitate and encourage communities to initiate and develop businesses in their localities. Given this, the ILO will support initiatives from related Government agencies and social partners to develop micro, small and medium-sized enterprises (MSMEs) and entrepreneurship particularly focusing on disadvantaged communities and empowerment of women entrepreneurship. With over 10 years experiences in developing entrepreneurship programmes in the country, the ILO is in a good position to support entrepreneurship development initiatives of the constituents in Indonesia.

Cooperatives, which number over 190,000 in Indonesia offer another means of boosting economic development and creating decent work opportunities. Around 13 per cent of the population are members in such cooperatives either through direct and active membership or through indirect channels. Given this large participation in this type of economic activities the ILO will also support initiatives from trade unions and Government to develop cooperatives and improve the services for their members.

Some strategies for the subject include:

- ◆ Support APINDO, business development service providers, and relevant Government agencies to provide technical assistance and training to MSMEs and young entrepreneurs.
- ◆ Support related stakeholders and constituents in promoting more inclusive financial policies and programmes.
- ◆ Support initiatives to establish/develop community-based and workers' co-operatives in order to provide better services to their members and improve their ability to access the market and financial services.

A5. Workers skills are upgraded through demand-based and competency -based training to better meet the labour market needs

Economic and industrial development generates a need for new types of skills. Therefore, it is important to ensure there is a qualified labour

supply with competencies that match the skills and knowledge needed by employers. Considering the importance of human capital as a necessary source for growth and competitiveness in the global market, ILO promotes training and education that equips students with skills needed by employers. The support should also be given to upgrade the capacity of public and private training and education providers both in enhancing knowledge and skills of the work force, as well as improving its governance management aspects.

Some strategies for the subject include:

- ◆ Improve the access of workers and employers to certification processes by supporting the related provincial stakeholders in developing standards of competencies and implementing effective and efficient certification according to national standards.
- ◆ Support the development of skills and employability policies, strategies and programmes through the promotion of relevant ILO tools and methodologies with key Government Ministries and in cooperation with ILO constituents.
- ◆ Improve quality and effectiveness of formal or non-formal training and education providers to provide the skills needed by employers and demanded by the labour market through i) implementation of ILO tools and methodologies, and ii) involving business communities in preparing and participating management of the programme for training providers.

B. Sound industrial relations in the context of effective employment governance

The improvement of industrial relations has since long been one of ILO's focus areas in Indonesia. Despite the progress made since the reform era in 1998, the task is far from complete as far as making such progress more wide spread in as many regions as possible and in ensuring that the progress is substantive and sustainable. The promotion of workers' and employers' organizations, collective bargaining, tripartism and social dialogue needs to be continued.

DWCP Outcomes	Indicators	Targets	TC projects
Labour administration provides effective services to improve working conditions and environment	Number of consultations, forums organized by constituents with ILO for sharing best practices to improve quality of labour inspections at the national or provincial level	2 by 2015	BWI, SCORE, ILO/Norway on Gender Mainstreaming
	Number of knowledge products produced by the Government with ILO technical support e.g. National OSH profile, for the better implementation of OSH at workplace	1 by 2015	ILO/Korea on OSH, SCORE ILO/Norway on Improving labour administration, Pelagandong Project SCORE
Tripartite constituents effectively engage in social dialogue to apply labour regulations and international labour standards	Number of action plans prepared by the Government, workers and employers' organizations on the fundamental principles and rights at work	1 per each tripartite constituent by 2015	ILO/SIDA global (Declaration)
	Number of tripartite agreements for guidance of the implementation of employment contracts produced by the tripartite constituents in line with the ILO recommendation 198 on employment relations	1 by 2015	
	Number of plans that reach consensus on respective roles of minimum wage fixing machinery and collective bargaining, in the context of a comprehensive wage policy reform with ILO technical assistance	1-provincial level by 2015	
Strengthened institutional capacity of employers and workers' organizations to contribute to sound industrial relations according to their respective mandates and responsibilities	Number of new or upgraded technical services that employers' and workers' organizations conduct to their members using ILO knowledge products or ILO training contents	1 each for the Employers' and workers' organizations per biennium, 4 in total by 2015	
	Number of new or improved Bipartite Cooperation Institutions (LSK Bipartite) at the enterprise level	30 function effectively by 2015	BWI
	Number of Collective Labour Agreements at enterprise level with facilitation training by ILO with workers and employers	50 facilitated agreements by 2015	BWI
	Number of new or improved enterprise-level bipartite grievance mechanisms to prevent and settle disputes effectively	30 by 2015	BWI

B1. Labour administration provides effective services to improve working conditions and environment

One of the key elements to increase the effectiveness of labour administration is to strengthen the labour inspectorate. ILO has actively been involved in building the capacity of labour inspectors through various trainings aimed to modernizing the labour inspection system, and through technical assistance to the Government on the implementation of its new 2010 Presidential Decree on improving the promotion and coordination of labour inspection services in the country. A high level tripartite meeting was held in October 2011 and adopted a tripartite consensus on Labour Inspection which will advance workers' and employers' organizations to be in a better position to engage in labour policy, to promote compliance with labour legislations.

In the area of occupational safety and health (OSH), the National Programme on OSH 2009-2014 which envisages a strengthened safety and health culture by 2015 is currently under implementation and together with relevant OSH legislation it provides the current national OSH framework. This notion was reinforced through the National Commitment to the Implementation of OSH measures which was signed in October 2011 by tripartite constituents and other key national partners.

Strengthening labour inspectorates in dealing with safety and health issues and the enforcement of legislation are an integral part of the national OSH framework and contribute towards the creation of a modern and effective labour inspection regime. A significant challenge is to provide relevant and timely OSH services to small-scale businesses, not only as part of Government's responsibilities but also as a collaborative framework involving social partners at both national and provincial levels. Efforts will be also directed to strengthen promotional and outreach OSH capabilities e.g. through enterprise level initiatives and through the inclusion of OSH curricula into vocational education systems.

B2. Tripartite constituents effectively engage in social dialogue to apply labour regulations and international labour standards

Indonesia embraced the fundamental principles and rights at work with the ratification in June 1998 of ILO Convention No. 87 concerning freedom of association and the right to organize followed closely by the ratification of other core Conventions to make Indonesia the first country

in the Asian region to ratify all of the eight ILO fundamental Conventions. In terms of improved implementation and enforcement, it is necessary to ensure that respect to the fundamental principles and rights at work are fully understood by the tripartite partners in Indonesia in an increasingly complex and global open market system.

The ILO has supported the labour law reform programme which involved a review, revision, formulation or reformulation of practically all existing labour legislation with a view to modernizing and making them more relevant to the changing times and the requirements of a free market economy and a more democratic environment. The programme brought about the enactment of three major labour legislation – the Trade Union Act No. 21 of 2000 which conferred to workers the right to establish a trade union that is free, open, democratic and responsible, the Manpower Act No. 13 of 2003 governing a wide range of employment and industrial relations matters, and the Industrial Relations Dispute Settlement Act No. 2 of 2004 covering the settlement of labour disputes through a bipartite approach, mediation, conciliation, arbitration and the newly created tripartite labour courts.

The tripartite cooperation institutions at the national, provincial, sectoral, and district levels need to be functioning effectively to be able to apply labour regulations, support the establishment of good industrial relations and labour market governance mechanisms. The local manpower administration has an important role to play in this process, creating an enabling environment providing high-quality labour administration and inspection services that support productivity improvements, while safeguarding and promoting labour protection measures.

In terms of employment relations concerning the forms of employment contract, there is considerable divergence between the views of employers and workers as to the desirability of particular forms of flexibility of employment contracts, as well as the ways in which they are to be introduced. Tripartite social dialogue will be crucial to arriving at an arrangement that provides protection to workers with regards to employment security – including protection against abusive employment practices – while providing employers with the flexibility that they require in sustaining their enterprises. Especially, at the national level, the efforts to achieve consensus on the issues of employment contract needs to be pursued, in order to provide better guidance for both workers and employers.

Another priority issues to be discussed through tripartite social dialogue is the wages fixing system, especially minimum wages. Minimum wages fixing has remained a national labour issue in Indonesia with each province having its own particular experience and dilemma in dealing with and in reconciling what is often seen as competing considerations of basic needs of the workers and the requirements of enterprises and the economy to grow and to be productive and competitive. The appropriate role of minimum wage fixing continues to be discussed by workers and trade unions, employers, and the Government.

In the Indonesian Jobs Pact (IJP), a tripartite consensus to place employment and social protection as key policy priorities in response to the global financial crisis, reaffirms the need to promote the application of a wages system, not only based on the minimum wages fixing, which is aimed at a decent life for workers and their families through the achievement of increased productivity.

B3. Strengthened institutional capacity of employers and workers' organizations to contribute to sound industrial relations according to their respective mandates and responsibilities.

Following the recommendation of the DWCP 2006-2010 review, ILO will further place its emphasis on institutional capacity building of employers' and workers' organizations, particularly supporting activities and services linked to their respective core mandates of industrial relations but also provide technical assistance for long-term strategic institutional capacity building activities.

In the area of labour disputes, the negotiation skills of workers and employers in collective bargaining and various bipartite negotiations need to be reinforced. The Act No. 2 of 2004 emphasizes the need for the settlement of disputes through deliberations and consensus between the parties without any outside interference. Where this cannot be achieved, Government mediators from local manpower offices are available to facilitate the settlement of the dispute. Provision is also made for dispute settlement through private conciliation and arbitration, as agreed by the disputing parties. Although a new labour dispute settlement system (mediation, conciliation, arbitration, and labour judges) has been put in place 2006 pursuant to Act No. 2 of 2004, it remains to be seen whether it will be able to gain the trust and confidence of the public in dispensing fair, quick and in expensive labour justice. The main challenge is in making

the system work in the most efficient and effective way possible, and to create incentives for parties to use the system to settle disputes prior to adjudication. Special emphasis on termination cases at the mediation and arbitration stage will also be introduced, as these make up over 80 per cent of disputes.

At the workplace level, there have been encouraging lessons with ‘labour management cooperation’ where enterprise management and the workforce work together to address issues of productivity, wage negotiation, occupational safety and health. Fostering this cooperative approach can provide important benefits for both sides. DWCP will further support and promote functioning of Bipartite Cooperation Institutions at the enterprise level.

C. Social protection for all

The ILO will support the realization of equal employment opportunities and social protection for all, particularly marginalized groups including women, children, people living with HIV and AIDS, indigenous peoples and people with disabilities in Indonesia.

DWCP Outcomes	Indicators	Targets	TC projects
Government and social partners have greater capacity in designing and implementing social protection policies and programmes	Number of endorsement by the relevant ministries and social partners of key ILO policy documents and technical inputs to extend social security	2 by 2013	ILO-Korea
	Number of local academic institutions that train policy makers, social partners and social security experts with ILO’s technical support	1 by 2013	ILO-Korea
	Number of provinces adopted plans specifically addressing the coverage of excluded groups developed based on the single service window approach with ILO’s input	2 by 2015	ILO-Korea
	Number of workers covered by covered by the employment social security scheme	2 per cent increase by 2015	
Barriers to employment and decent work	Number of national and local employment policy measures or programmes are developed and implemented by the constituents	1 by 2015	ILO/Irish PROPEL, MAMPU

DWCP Outcomes	Indicators	Targets	TC projects
are addressed, particularly gender gaps and for person with disabilities	and social partners to promote substantive equality between men and women, and for persons with disabilities		
	Establishment of tripartite and inter-ministerial equal employment opportunity task force is established and operational	1 by 2015	
Effective implementation of the National Action Plan for the Elimination of the Worst Forms of Child Labour	Roadmap for the elimination of child labour is prepared with ILO's input	1 by 2013	
	Incidence of child labour is reduced	5 per cent decrease by the end of 2015	PROMOTE
	Number of constituents and relevant national partners apply education tools and methodologies developed by the ILO at national/provincial/district level	5 by 2015	Combating child labour through education
Enhanced policy, institutional framework, and programme implementation for empowerment and protection for Indonesian migrant and domestic workers	Number of monitoring activities are organized by the concerned constituents, with ILO's support, on migrant workers placement and protection	2 at the national or provincial level by 2015	ASEAN TRIANGLE project
	Number of strategies developed by the concerned constituents to promote and integrate standards from the ILO convention 189 on decent work for domestic workers and recommendation on social protection floor	1 by 2015	
Integrated workplace HIV policies and programmes for women and men workers	Number of enterprises integrate programmes to reduce stigma and discrimination and to increase access of PLHIV to prevention, care and treatment in line with ILO recommendation 200	5 enterprises by 2015	BWI
	Number of constituents and social partners at the national or provincial level adopt social protection guidelines that are inclusive of people with HIV and their families and dependents with ILO's inputs	1 by 2015	(Pipeline) C-BED project

C1. Government and social partners have greater capacity in designing and implementing social protection policies and programmes

The social protection floor is the basic level of social protection covering access for health, income security for children, education and care, minimum income security for active age group and people in old age and with disabilities that should be guaranteed to all residents in all countries worldwide. Although most Asian countries including Indonesia have already fairly developed social protection mechanisms in place, in many cases the basic entitlement to the social protection floor is not yet met.

Indonesia strives towards the extension of social protection coverage to its population by working both on the provision of social services and infrastructures and the development of social security. The Indonesian social security strategy as described in Act No. 40 of 2004 follows a staircase approach with non-contributory schemes for the poorest, contributory schemes for self-employed and statutory social security schemes for formal sector workers. The tripartite Indonesian Jobs Pact which was signed by Government, workers and employers' representatives, prioritizes job creation and social protection in response to the crisis and in supporting socio-economic development.

ILO will support the implementation of the Indonesian Jobs Pact on social protection, which recommended the implementation of the Act No. 40 of 2004 on the National Social Security System (SJSN) and the ratification of ILO Convention No. 102 on Social Security (Minimum Standards) by fostering a national dialogue between tripartite parties and providing technical assistance.

Technical assistance will be provided through technical inputs for policy and programme formulation, capacity building and research and other relevant work. The further development of social protection programmes for vulnerable communities and workers in the formal and informal sectors as well as a basic health insurance scheme for all will be guided in line with ILO Conventions and Recommendations, lessons learnt and experiences from middle-income countries under south-south cooperation.

C2. Barriers to employment and decent work are addressed, particularly gender gaps and for person with disabilities

The ILO shall provide technical assistance to constituents to strengthen the implementation and application of international labour standards, especially ILO Conventions No. 111 (Employment and Occupation) and No. 100 (Equal Remuneration) in Indonesia through capacity building to support the design and implementation of specific programs to promote equality for marginalized groups; technical support for the establishment of an Equal Employment Opportunities Task force; support for the collection and management of disaggregated data; and support for monitoring the application of non-discrimination policies and programmes, also paying specific attention to gender equality. Technical assistance will also be provided to national social partners and relevant line Ministries to develop national responses to challenges identified by international treaty bodies in the application of principles of non-discrimination in the world of work, with an objective to strengthen substantive equality in the world of work for all women and men.

Technical support will also be provided to constituents to address barriers to equal employment opportunities for persons with disabilities, mainly through strengthening capacity of the Government, awareness-raising of the UN Convention on the Rights of People with Disabilities (UNCRPD) and supporting the review of the current national legal framework concerning persons with disabilities, in especially employment and training.

C3. Effective implementation of the National Action Plan for the Elimination of the Worst Forms of Child Labour

Indonesia has made significant progress in its national response to eliminate the worst forms of child labour during the last decade. However, a high number of boys and girls are still in, or vulnerable to exploitation in the worst forms of child labour. Indonesia's National Action Plan (NAP) on the Elimination of the Worst Forms of Child Labour is currently in its second phase running from 2008 to 2013.

Under this DWCP, the ILO will continue supporting the constituents, through technical assistance in especially the provincial, district and city action committees, in implementing the NAP, policies and programme. Special attention to mainstreaming child labour into education will be

given. An enabling education environment, especially for girls, to reduce and prevent children from the worst forms of child labour is necessary and will be supported. The ILO will also support the NAP objectives on strengthening law enforcement on eliminating the worst forms of child labour through capacity building of law enforcers. In addition to capacity building and technical support, especially in the priority provinces of this DWCP, knowledge sharing on best practices on the elimination of the worst forms of child labour will be encouraged and supported.

C4. Enhanced policy, institutional framework, and programme implementation for empowerment and protection for Indonesian migrant and domestic workers

Indonesian migrant workers and domestic workers – the majority of whom are female – working in Indonesia and abroad continue to face hazardous labour migration entailing exploitative recruitment and placement, indecent work conditions and lack of economic opportunities in their areas of origin. In spite of previous and on-going efforts by the Government of Indonesia, existing policy frameworks, implementation mechanisms and institutional capacities are still inadequate to address these problems. The President of Indonesia in his speech at the 100th ILO International Labour Conference in June 2011 urged the ILO to continue supporting Indonesia's efforts to strengthen the protection of Indonesian migrant workers.

The ILO will continue to provide technical advice and other support to strengthen labour migration governance in national and local policies, legislation and programmes for recruitment, placement, protection and economic empowerment of migrant and domestic workers, including through access to relevant international conventions, and implementation of already ratified conventions. Technical and other support for strengthening capacities of national and local governmental and stakeholders is also a priority strategy.

C5. Integrated workplace HIV policies and programmes for women and men workers

Since the launch of the ILO Code of Practice on HIV and AIDS and the World of Work, a range of policy and programmes have been introduced, including the launch of a ministerial decree in 2004, broad implementation

of enterprise programmes nationwide and numerous pilot initiatives to improve entrepreneurship skills for PLHIV.

In June 2010, the ILO adopted its ILO Recommendation 200 on HIV and AIDS and the World of Work. The Recommendation is the first and only international labour standard on HIV and human rights and is a well-targeted normative instrument to guide the implementation of HIV workplace initiatives. Key priorities linked to this work in Indonesia will be to ensure that the emerging social protection floor initiative under the framework of the new social security law is inclusive of people living with HIV. It is critical that workplace initiatives are scaled up in sectors which have proven more vulnerable to high HIV prevalence amongst workers, including natural resources, long distance land and sea transport and entertainment sectors.

IV. Management and Implementation Framework

The Government of Indonesia and its respective ministries and agencies at national, provincial and district level are important counterparts for the implementation of DWCP in Indonesia. Employers' and workers' organizations also play a crucial role as counterparts in the effective implementation of the DWCP. The ILO Jakarta Office will coordinate the implementation, monitoring and evaluation process with full engagement of constituents, and with support from the technical specialists of Decent Work Team in Bangkok, Regional Office and technical units in the headquarters. The ILO Jakarta Office will meet with the constituents on a regular basis, at least every six months, to discuss the progress of the DWCP. Improvement of programme strategies and actions required for better delivery should be discussed with the constituents in these review meetings. Any major revisions will be recorded as addendum to this document. The evaluation of the DWCP will take place according to the set guidelines and procedures of the ILO.

V. RISKS AND ASSUMPTIONS

Successful implementation of the DWCP relies on the continuous political commitment from the ILO constituents. While ILO will provide financial and technical support towards the achievements of DWCP outcomes, the success of DWCP is only possible with an active engagement and ownership by the ILO constituents. Resource mobilization is the second key factor that determines the likelihood and the level of impact of each outcome implementation. The ILO Jakarta Office will update the availability of resources for outcome implementation on regular basis and work closely with the constituents on mobilizing additional resources if and when required.