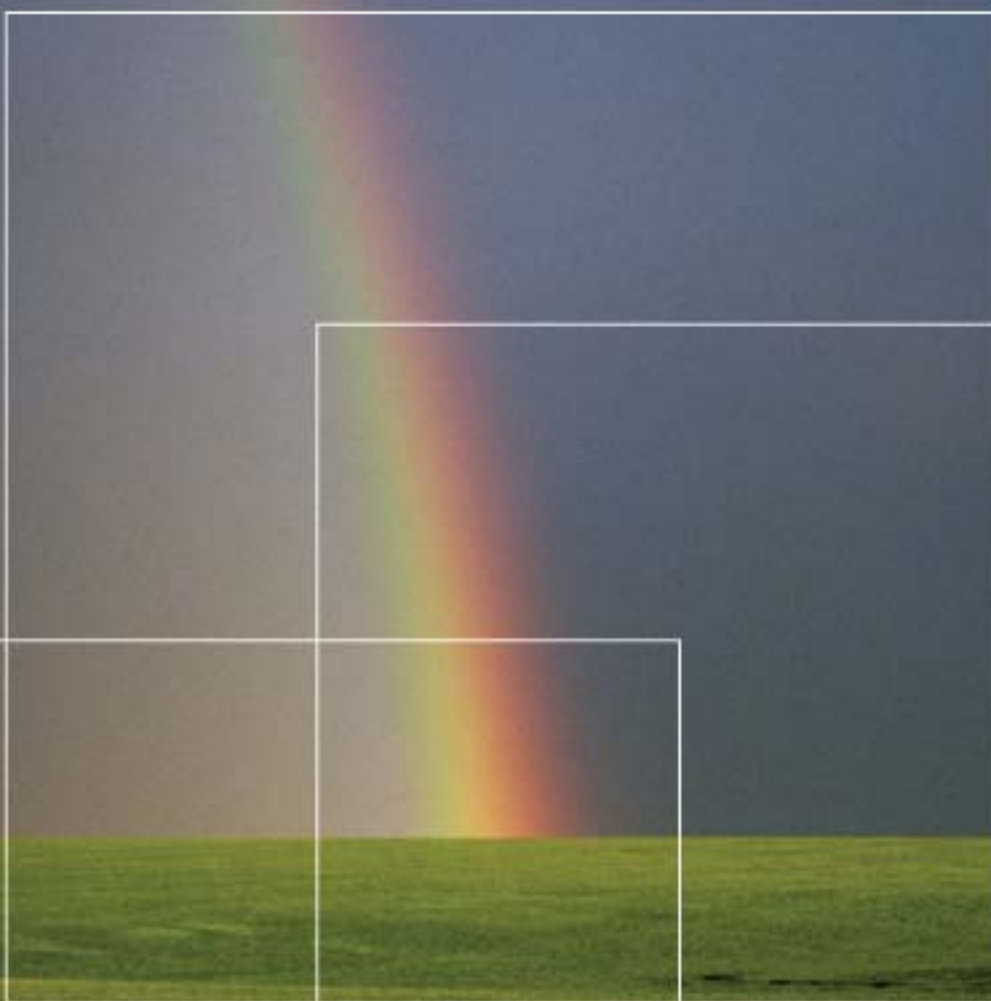




International  
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**International Labour Office**  
**Decent Work Country Programme**  
**Indonesia**



DECENT  
WORK  
COUNTRY  
PROGRAMME



# INDONESIA

## DECENT WORK COUNTRY PROGRAMME 2006 - 2010



## 1. Indonesia in Context

Indonesia has a market-based economy in which the government plays a significant role. The President, who took office in October 2004 after the country's first direct presidential election, has implemented a "pro-growth, pro-poor, pro-employment" economic programme to reduce unemployment and poverty significantly. This is set out in the Indonesian Government's *National Medium Term Development Plan 2004 – 2009* (RPJM), which focuses on four broad objectives: creating a safe and peaceful Indonesia, a just and democratic Indonesia, a prosperous Indonesia, and establishing a stable macroeconomic framework for development.

Despite an annual average GDP growth of 5% between 2002 and 2006, Indonesia's open unemployment rate has risen from 9.1% to 10.4% during the same period and half the population of 220 million continue to live under the US\$2 per day poverty line.<sup>1</sup> In February 2006, the Government announced new policy measures to improve the investment climate in Indonesia for both domestic and foreign investors, so as to generate employment. The package consists of policies designed to strengthen investment services, harmonize central and regional regulations, improve customs, excise, and taxation services, **create jobs**, and **support small and medium enterprises**.<sup>2</sup>

In addition to unemployment, underemployment also remains prevalent, at 30%, and more than two-thirds of the employed are in the informal economy. Many Indonesians seek better opportunities abroad – there are about four million documented migrant workers from Indonesia and it is estimated that the number of undocumented migrants is 2 to 4 times higher. The skills base and productivity of the labour force is insufficient and there is continued exploitation at work. Socio-economic exclusion of the marginalized and vulnerable in society is a continuing concern, with young women and men and those living in conflict and crisis affected areas most at risk. Youth, as one example, are three times more likely to be unemployed than adults.

The focus in Indonesia is not solely on unemployment, but also on the conditions of work of those who are employed and on effective labour administration. Closer collaboration between key Ministries and between the ILO's tripartite constituents – through social dialogue – is integral to this effort, and can play an important role in ensuring that economic growth is more employment-intensive and benefits the poor and marginalised through income-generating activities.

## 2. ILO Decent Work Country Programme

As a United Nations Specialized Agency, the ILO's mandate is ***to promote opportunities for all women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity***. This Decent Work

<sup>1</sup> ILO, *Labour and Social Trends in ASEAN 2007: Integration, Challenges and Opportunities* (Bangkok, 2007) and World Bank, *Making the New Indonesia Work for the Poor* (Jakarta, 2006).

<sup>2</sup> This was announced in a Presidential Instruction (INPRES) No. 3/2006.



Country Programme (DWCP) translates that mandate into the ILO's contribution at country-level in Indonesia towards the achievements of the *Millennium Development Goals* (MDGs), *Poverty Reduction Strategies* (PRSs), the *United Nations Development Assistance Framework* (UNDAF), and national development strategies.

The DWCP is also the framework for resource mobilisation, and for delivering coordinated support to advance *decent work* priorities in Indonesia. Reflecting the ILO's tripartite constituents' priorities, the DWCP provides a framework for the integration of the ILO's contribution to national development initiatives, the identification of opportunities for United Nations joint programme development, and the promotion of *decent work* in the wider development and poverty alleviation context. The conclusion of the 14<sup>th</sup> ILO Asian Regional Meeting in September 2006 saw the beginning of the *Asian Decent Work Decade*, with tripartite constituents of the Asian region committing to achieve specific *decent work* outcomes in accordance with their respective national circumstances and priorities.

The Indonesia Decent Work Country Programme 2006 – 2009 has been developed with the ILO constituents<sup>3</sup>, building on the evaluation of the 2004 – 2005 ILO Jakarta Office Programme, the Indonesia Decent Work Action Plan 2002 – 2005, and previous initiatives undertaken. The DWCP is based upon, and aligned with, key policy frameworks of the Government of Indonesia,<sup>4</sup> the ILO<sup>5</sup> and the UN System.<sup>6</sup> Inter-connected priorities for realising *decent work* and poverty reduction in Indonesia during this *Asian Decent Work Decade* are reflected in the DWCP.

The formulation of the DWCP has involved wide-ranging consultations with the constituents and wider stakeholders. The ILO Jakarta Office has specifically worked with all Directorates of the Ministry of Manpower and Transmigration to reflect the priorities covered by the Ministry's Strategic Plan. The priorities of the Employers Organisation APINDO were taken into account as well as those of the three main Trade Union groupings. Regular 'Tripartite Consultative Meetings provide a forum for the tripartite partners to share their needs and concerns, identify common priorities and review and if needed update the DWCP.

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<sup>3</sup> ILO constituents: Government of Indonesia, the Employers' Organisation APINDO and the workers represented by their Trade Unions.

<sup>4</sup> These include:

- › Gol Medium Term Development Plan 2004 – 2009 (RPJM) and Poverty Reduction Strategy,
- › Ministry of Manpower and Transmigration's Strategic Planning for 2005-2009 (RENSTRA);
- › Regional Autonomy Laws No. 22/1999 and No. 25/1999,
- › National Programme of Action to Mainstream Gender in Development Policies and Programs of Indonesia 2002-2004 (INPRES 9/2000), and the
- › Presidential Decree 59/2002 on National Plan of Action to Eliminate Worst Forms of Child Labour.

<sup>5</sup> These include:

- › the ILO Strategic Policy Framework and Programme and Budget for 2006-2007;
- › the ILO Multilateral Framework on Labour Migration (MFLM); and
- › the Conclusions of the Fourteenth ILO Asian Regional Meeting (ARM), September 2006.

<sup>6</sup> These include:

- › the United Nations Development Assistance Framework (UNDAF 2006-2010);
- › the Millennium Development Goals (MDGs);
- › the Ministerial Declaration by the High-Level Segment of the UN ECOSOC 2006.



### **3. UN Reform and ILO's DWCP in Indonesia**

The DWCP has been formulated on the basis of the *United Nations Common Country Assessment* which provides an analysis of the development challenges of Indonesia. After the 2004 elections, the new Government set out the Medium Term Development Plan (2004-09) which drives Government spending at national and local levels. The UN's Common Country Assessment was conducted in parallel, and the UNDAF indicates how the UN system will support the Medium Term Development Plan. The DWCP was developed by combining the specific priorities of the ILO constituents with the key areas of ILO's mandate contained in the UNDAF. The DWCP provides the framework for ILO's contribution to the UNDAF and the basis for reporting on UNDAF results.

The DWCP priorities reflect the areas where ILO is considered to be the lead agency for UNDAF outcomes and provide the basis for ILO engagement in UN joint programme development. It is expected that the ongoing UN Reform process at country level in Indonesia will offer further opportunities for ILO that will be reflected in the DWCP increasingly reflecting ILO's contribution to a One UN Programme for Indonesia.

With gender, tripartism, social dialogue and normative action as a mainstreamed issue, three Priorities (with their corresponding Outcomes, Strategies, and Indicators of Achievement) have been identified for the ILO in Indonesia, reflecting the circumstances and priorities of the Government of Indonesia, the ILO mandate, and the focus of the ILO constituents. The ILO's leadership and comparative advantage on the identified priority areas is evidenced by its status as the lead agency in coordinating various UNDAF sub-outcomes and track record on technical cooperation.



## 4. DWCP Priorities and Outcomes

### **A Stopping Exploitation at Work**

1. Effective progress on the implementation of the Indonesia National Plan of Action on the Worst Forms of Child Labour.
2. Improved labour migration management for better protection of Indonesian migrant workers, especially migrant domestic workers.

### **B Employment Creation for Poverty Reduction & Livelihoods Recovery, especially for Youth**

1. Employment targets in the Indonesian Government's Medium-Term Development Plan (RPJM) are underpinned by a set of policies and programmes that emphasise pro-poor employment growth.
2. Effective implementation of employment-intensive and other livelihood programmes for crisis-affected areas, especially Aceh, North Sumatra, and Eastern Indonesia.
3. Education and training systems and policies better equip young people for employment and entrepreneurship.

### **C Social Dialogue for Economic Growth & Principles and Rights at Work**

1. Application of labour laws and practices fully in line with fundamental principles and rights at work, including through strengthened labour administration.
2. Employers and unions through bipartite cooperation achieve results on labour market flexibility and job security.

Achieving the identified Outcomes directs the allocation of human, and financial, resources of the ILO, and defines the priorities for resource mobilisation and programme development.

### **Other Areas of Work**

Beyond these priorities, there are issues that are instrumental to the overall successful implementation of the DWCP. These include the effective dissemination of information on the prevention of HIV and AIDS in formal and informal workplaces, effective implementation and monitoring of occupational health and safety, and the improvement of social protection for Indonesian workers.



## Stopping Exploitation at Work

Exploitation in all spheres of work is a violation of fundamental human rights. This priority programme area focuses primarily on the more effective application of policies and laws to sharply reduce the worst forms of labour exploitation, in particular of girls and boys, young women and men, domestic and migrant workers, in all spheres of work.

The Indonesian Government's Medium Term Development Plan 2004 – 2009, as well as the Ministry of Manpower and Transmigration's RENSTRA 2005 – 2009 identified children, and women migrant workers, as particularly vulnerable groups. There is a specific UNDAF sub-outcome, with ILO as the lead agency (with UNICEF, UNIFEM and others).

### The ILO's Programme to Stop Exploitation at Work

To address the particular issues of these vulnerable groups - children, and women migrant workers – the ILO has two main areas of intervention, both of which rely on the involvement of and partnership with the ILO constituents:

#### ▸ **Tackling the Worst Forms of Child Labour: Implementation of the National Action Plan on the Elimination of the Worst Forms of Child Labour**

The Indonesia National Action Committee (NAC) on the Elimination of the Worst Forms of Child Labour prepared a National Action Plan (NAP), in which the key objectives during the first 5 years are to: (i) increase public awareness; (ii) map the current situation; and (iii) develop and implement a programme on the elimination of the worst forms of child labour, with priority on five sectors: trafficking of children for prostitution, the involvement of children in the production and trafficking of drugs and other addictive substances, and the involvement of children in off-shore fishing and diving, work in mines, and in the footwear industry.

Under this DWCP priority, targeted action of the ILO is implemented based on the five worst forms of child labour selected for initial action in Indonesia. In addition, to ensure that former child labourers do not return to work, access to education for former child labourers is encouraged through collaboration with Government and relevant NGOs, under Indonesia's "Education for All" MDG target and the recently developed Strategic Plan for Education 2005 – 2009.

#### **PROGRAMME STRATEGY:**

- a) Support to the implementation of the National Plan of Action, with specific programmes relating to trafficking, child prostitution, children used in the drug trade, and child labour in dangerous and hazardous occupations such as mining, fishing and agriculture.
- b) Advisory and other technical support on the implementation of the two child labour Conventions.

<i><b>Performance Indicators</b></i>	<i><b>Targets</b></i>
(i) Incidence of child labour is reduced	(a) Child Labour Survey in 2008 reports reduction of worst forms of child labour incidences by 25% (over 2005)
(ii) ILO constituents and stakeholders apply tools and methodologies developed under the Time-Bound Programme in the	(b) ILO constituents and stakeholders in over 20



implementation of the NPA on the Worst Forms of Child Labour	'new' districts design and implement new initiatives to withdraw and prevent girls and boys from the worst forms of child labour
<b>Technical Cooperation Projects:</b>	
<b>Ongoing:</b> Time Bound Child Labour Programme - <i>support to first phase of the Indonesian National Action Plan on Worst Forms of Child Labour, funded by the United States Government.</i>	
<b>Pipeline (resource gap):</b> Phase 2 of the Time Bound Programme ( <i>support to National Plan of Action phase 2</i> )	

## ▸ Improving Labour Migration Management for Better Protection of Indonesian Migrant Workers

Indonesia is the world's second largest exporter of labour after the Philippines, supplying mainly unskilled labour. Annual foreign exchange earnings derived from Indonesian migrant workers are estimated at between US\$1.1 – 2.2 billion. Approximately 72% of Indonesian migrant workers are women, with almost 90% of them employed as domestic workers in the Middle East and South-East Asian countries.

Although Indonesian migrant workers contribute substantially to the Indonesian economy, their lack of legal protection heightens their vulnerability to types of employment where decent work conditions are not enforced. Irregular migrants are especially vulnerable because the threat of deportation and difficulty to organise exposes them to dangerous and unfair working conditions. Frequent incidences of abuse and inhumane employment conditions are reported. The absence of regulations and monitoring reinforces the employment of irregular migrant workers in substandard conditions.

As the lead agency under the UNDAF sub-outcome on *“the vulnerability of domestic and international female migrant workers,”* ILO is working with other UN agencies to identify strategic interventions that will reduce the vulnerability of Indonesian domestic, and women migrant, workers.

In light of the increasing liberalization of trade, services, and labour markets, the increase in international labour mobility, and the acceleration in levels of exploitation and deregulation, the ILO programme on migrant workers addresses the need for a rights-based, and gender-sensitive, approach to labour migration management, and the protection of Indonesian migrant workers, including prospective workers in Indonesia, Indonesians working abroad (particularly those who are vulnerable to exploitation), and returning migrant workers.<sup>7</sup>

Work will focus on relevant law and policy development at both national and local levels, as well as targeted awareness-raising in sending, transit and receiving communities. This complements the Indonesian Government's initiatives on law and policy development, including the newly created National Agency for Migrant

<sup>7</sup> The programme builds upon a previous initiative on Forced Labour and Trafficking of Domestic Workers (funded by the UK Government (DFID)) and draws upon regional initiatives including the Asian Programme on the Governance of Labour Migration and the programme on Managing Cross-Border Movement of Labour in Southeast Asia.



Workers Protection. It further draws on the Bali Process Ministerial meetings I and II on trafficking and migrant workers' issues.

<b>PROGRAMME STRATEGY:</b>	
(a) Advisory and other support on law and policy development relating to labour migration at national and regional level. (b) Support for tripartite initiatives on the effective protection of Indonesian migrant workers, and the promotion of migrant workers rights.	
<b>Performance Indicators</b>	<b>Targets</b>
(i) Laws and/or policies developed on the human rights and labour protection of migrant workers at the national and local level	(a) Local governments and relevant stakeholders in 20 provinces implement new migrant worker protection programmes, sensitive to the needs and conditions of women migrant workers (b) New National Agency for Placement and Protection of Migrant Workers is fully operational according to Presidential Instruction 6/2006
(ii) The ILO constituents and relevant stakeholders are utilizing the <b>ILO Multilateral Framework on Labour Migration</b> in relation to measures on migration management and the protection of Indonesian migrant workers, both in Indonesia and abroad.	(c) A minimum of 2 cross-border trade union networks to address the labour rights of Indonesian migrant workers established between the trade unions in Indonesia and the destination countries (d) Para-legal, pre-departure and helpdesk services are available through trade unions and other organizations (e) Over 400 consular officials and labour attaches trained to provide appropriate services on protecting migrant workers and internal as well as independent monitoring of performance of officials indicate improvement
<b>Technical Cooperation Projects:</b>	
<b>Ongoing:</b> Combating Forced Labour and Trafficking of Indonesian Migrant Workers - <i>enhancing migrant workers protection in Indonesia and abroad</i> , funded by the Government of Norway <b>Pipeline (resource gap):</b> Improved Labour Migration Management in Indonesia and major destination countries - <i>support to the workplan of the National Migrant Workers Agency</i>	



## Employment Creation for Poverty Reduction and Livelihoods Recovery

Indonesia has an estimated 40 million people who live below the national poverty line.<sup>8</sup> The number of people living below the US\$2 a day poverty line is estimated to be 110 million<sup>9</sup>. The major causes of poverty and hunger in Indonesia are insufficient budgetary allocations to key human development sectors, **unemployment**, poor nutrition, **unfulfilled basic rights**, **a lack of adequate livelihood opportunities**, **gender and culture disparities**, and the over exploitation of natural resources. The extent of these underlying causes varies across Indonesia giving rise to significant variations in poverty levels between different provinces and districts.

Productive and durable employment creation is the only sustainable way out of poverty, and is critical to the achievement of the MDGs and Indonesia PRS targets. While the 1997 financial crisis did not wipe out all the gains of the pre-crisis period, and while some degree of recovery has been in progress over the last 9 years, the Indonesian labour market is still characterised by a number of weaknesses:

- Open unemployment is higher now than in the pre-crisis period, as is the youth unemployment rate. The unemployment rate for young women (35% in 2006) in particular has increased sharply in recent years.
- The growth of the wage employment sector has languished, while the size of the low-productivity informal sector is still significant.
- Gender disparities still persist in the Indonesian labour market.

### The ILO's Programme to Support Employment and Poverty Reduction

Within the framework of the Global Employment Agenda, and building on the ILO's World Employment Report 2004 – 2005, the conclusions of the ILO 14<sup>th</sup> Asian Regional Meeting, and the Ministry of Manpower and Transmigration's RENSTRA 2006 – 2009, the focus under this DWCP priority is on pro-poor growth, investment, and employment. The strategies for the achievement of the outcomes under this DWCP priority will focus on the following.

#### ▸ **Making Employment Concerns Central to Indonesia's Socio-Economic Planning**

Apart from supporting the ILO's constituents in their efforts to promote quality jobs and economic growth with improved distributional effects, an important focus of the work is the mainstreaming/integration of employment concerns in socio-economic planning and policy development, i.e. helping to create an employment-friendly macro-policy environment and strengthening the capacity of the constituents to engage in socioeconomic policy development and implementation. At the national level, this entails building alliances, and developing policy

<sup>8</sup> Indonesia's national poverty line definition, based on an individual's need to fulfil minimum requirements for food (2100 kcal per day), is equal to PPP US\$1.55 a day.<sup>8</sup>

<sup>9</sup> World Bank (2006, op. cit.).



coherence, with other UN agencies, and the World Bank in Indonesia, embedding Decent Work as a central concern in macro-economic, financial, and trade and investment policies.

<b>PROGRAMME STRATEGY:</b>	
<ul style="list-style-type: none"> <li>a) Mainstream employment concerns in socio-economic planning and policy development through international, national and/or local planning collaboration, and the influence of the tripartite constituents.</li> <li>b) Support the development and implementation of an integrated employment policy framework, including strengthened institutional capacity for formulating and implementing labour market policies and programmes at national, provincial and local levels.</li> <li>c) Support the establishment, maintenance and use of Labour Market Information Systems (LMIS) for employment policy and planning purposes at national, provincial, district and sub-district levels.</li> </ul>	
<b>Performance Indicators</b>	<b>Targets</b>
(i) National employment policy in place that reflects the principles of the Global Employment Agenda	(a) At least 3 sectoral or regional policies make explicit reference to employment promotion and decent work
(ii)	(b) Decent Work Indicators are consistently used in policy formulation and monitoring
<b>Technical Cooperation Projects:</b>	
<b>Ongoing:</b> Employment-intensive Growth for Indonesia: Job Opportunities for Youth – <i>formulation and implementation of national and local (youth) employment policy and strategy, funded by the Government of the Netherlands</i>	

#### ► **Employment-Intensive, and Livelihood, Programmes for Crisis-Affected Areas**

To increase pro-poor growth, investment and employment at the local level, area-based/local economic development programmes that promote enterprise development, employment-intensive programmes, skills development for employment, and access of the working poor to finance, are encouraged, particularly in crisis-affected areas in Indonesia. Labour and employment rights, social protection, and social dialogue are integrated into these area-based/local economic development programmes.

Collaboration between relevant government ministries and departments, as well as with workers' and employers' organizations, at both national and local levels, is instrumental to the sustainability of employment-intensive and livelihood programmes.

<b>PROGRAMME STRATEGY:</b>	
<ul style="list-style-type: none"> <li>(a) Initiate pilot action programmes in selected districts of crisis-affected areas.</li> <li>(b) Support the application of cost effective labour-based technology in public investment programmes, including capacity building of local government and institutions.</li> <li>(c) Strengthen provincial and district level capacities in SME development strategies, and improvement of support services with emphasis on the informal economy.</li> <li>(d) Promote the integration of job quality and productivity concerns into mainstream SME development policies and programmes.</li> </ul>	
<b>Performance Indicators</b>	<b>Targets</b>
(i) The National Community Development Programme (PNPM) and selected local governments integrate employment and	(a) PNPM publicly recognizes ILO's contribution to its policy development and training materials



local resource concerns into public investment policies in the infrastructure sector, applying <b>Labour-Based Infrastructure Development tools and approaches/methodologies</b>	(b) 10 district governments integrate the ILO tools and methodologies in the rural (infrastructure) development programmes
(ii) ILO's constituents and/or key partners apply <b>employment-focused, integrated, local economic development (LED) strategies</b> that create sources of livelihood and income, reduce poverty, and fight social exclusion, among women and men, in crisis-affected areas.	(c) Pilot LED initiatives developed, implemented and replicated in North Sumatra, East Java and Papua in collaboration with at least two UN agencies
<b>Technical Cooperation Projects that contribute to the achievement of this outcome</b>	
<b>Ongoing:</b> ILO's Tsunami response programme in Aceh - <i>a multi-disciplinary programme including employment services, vocational training, enterprise development, employment intensive reconstruction, LED, child labour, and support to the social partners. It is funded by a variety of donors: UNDP, UNOCHA, Australia, Finland, Netherlands, New Zealand, Ireland, Canada, the Multi Donor Trust Fund etc..</i> Promoting Human Security and Reducing Poverty among Indigenous Peoples in Papua - <i>support to Indigenous Peoples empowerment and economic development in Papua, funded by the UN Human Security Trust Fund/Japan</i>	

► **Promoting Youth Employment and Entrepreneurship through Education and Training Systems and Policies**

Poverty reduction among girls and boys and young women and men, through increasing education participation and standards, productive employment, and income generation, is a critical issue if Indonesia is to maintain a peaceful and secure environment in which domestic and foreign investment can increase. For young people, access to productive jobs is a difficult challenge<sup>10</sup>. Under-utilisation (unemployment and under-employment) is particularly acute for the 19 – 24 age group, among whom frustration and a sense of exclusion from a productive career can easily translate into a range of social problems.

The UN System supports the Government of Indonesia in its lead role in the global Youth Employment Network (YEN), and in the implementation of the Indonesian Youth Employment Action Plan 2004-2007 (IYEAP), an MDG target.<sup>11</sup> The IYEAP was launched in 2004 and provides a framework for concrete action. The UNDAF has identified the need to continue supporting the implementation of the IYEAP, including the strengthening of the knowledge base of the economic costs of **child labour**, and the **under-utilisation of youth**.

The ILO is the lead agency in coordinating the UN System's initiatives under this UNDAF sub-outcome, which focuses on employment creation, employability, entrepreneurship, and equal opportunities.

<sup>10</sup> According to a 2004 ILO Jakarta Office Study on School-to-Work Transition, the share of under-utilised (unemployed and under-employed) youth in the labour force is 52.7%, and the share of untapped (neither in education, nor in the labour force) youth in the total youth population is 19.5%.

<sup>11</sup> MDG No. 8, Target No. 16 - "...develop decent and productive work for youth".

**PROGRAMME STRATEGY:**

- (a) Improve quality and effectiveness of training policies, institutions and programmes, through the formulation of vocational training policy frameworks and guidelines for selected local governments to improve employability of young people
- (b) Support the development of skills and employability policies and programmes for young women and men through the promotion of relevant ILO tools and methodologies with key Government ministries and in cooperation with ILO constituents

<b>Performance Indicators</b>	<b>Targets</b>
(i) Entrepreneurship training is provided to young people about to leave school, giving them clear information on opportunities in the labour market	<ul style="list-style-type: none"> <li>(a) Ministry of National Education and Ministry of Manpower adopt the 'Careers Guideline' to provide career counselling to young people, developed with ILO assistance over 2005-06, and implemented by 2 local governments</li> <li>(b) Entrepreneurship development products are adopted and implemented in government educational institutions</li> </ul>
(ii) Vocational training centres (BLKs) are revitalized and sensitive to labour market needs	<ul style="list-style-type: none"> <li>(a) At least 10 BLKs are implementing CBT as a result of ILO assistance</li> <li>(b) CBT-based instructor training started with ILO involvement</li> </ul>

**Technical Cooperation Projects:****Ongoing:**

The Education and Skills Training for Youth Programme (EAST) - *will cover 4 provinces in Eastern Indonesia as well as Aceh. In process for central government clearance, funding from the Netherlands Government*



## Social Dialogue for Economic Growth and Principles and Rights at Work

Economic growth is essential, but not sufficient on its own to ensure equity, social progress, and poverty alleviation. In recent years, globalisation has not provided its promised benefits for a significant number of people in Indonesia. Higher job insecurity and greater income disparities are pushing an increasing number of people to seek survival in a sprawling informal sector, engendering social, and at times, political instability.

The ILO's *Declaration on Fundamental Principles and Right at Work* stimulates efforts by Member States to ensure social progress goes hand-in-hand with economic progress and development through:

- Freedom of association and the recognition of the right to collective bargaining;
- The elimination of all forms of forced or compulsory labour;
- The effective abolition of child labour; and
- The elimination of discrimination in respect of employment and occupation.

Indonesia has ratified all fundamental ILO Conventions covered by the Declaration, allowing the comments from the ILO's supervisory bodies to be used as a basis for addressing legislative or implementation challenges regarding these Conventions.

Relevant legislation and regulations have been put in place in Indonesia over the last eight years to provide a legal framework within which labour rights can be promoted, and enjoyed. The DWCP, thus, focuses on strengthening the institutional capacity of the ILO constituents to effectively implement this legal framework as follows:

- **Application of labour standards & practices, in line with fundamental principles & rights at work, including through strengthened labour administration**

This includes the monitoring, and evaluation, of the implementation and application of labour laws and policies, as well as the effective representation of the interests of employers and workers in relation to workplace concerns, and those who are unorganised. It also includes consideration and relevant follow-up regarding issues raised through ILO supervisory bodies on the application of labour standards.

### PROGRAMME STRATEGY:

- a) Support sound and harmonious industrial relations system, including effective machinery for collective bargaining and dispute settlement.
- b) Improve knowledge and understanding of relevant laws, regulations and practices
- c) Capacity building in labour administration at national and local levels, particularly in employment services and labour inspection.

<b>Performance Indicators</b>	<b>Targets</b>
(i) Progress towards labour law reform	(a) All implementing regulations drafted and adopted
	(b)



(ii) Measures to improve labour administration system at national level developed and implemented	(a) Effective mediation and bipartite cooperation result in a 30% drop in the number of registered IR disputes that reach the Labour Court system (b) Dispute settlement institutions are operationalized by trained personnel and make decisions justly with specific reference to ILO core conventions (c) Integrated employment services and modern labour inspection systems developed in line with ILO recommendation.
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**Technical Cooperation Projects:**

**Pipeline:**

Support to Sound Industrial Relations - *new initiative for which funding is required, seeking to promote social dialogue to resolve industrial disputes, strengthen labour courts and realize flexible labour market that is conducive to investment while providing security to workers (flexicurity)*

› **Employers and unions, through bipartite cooperation, achieve results on labour market flexibility and job security**

Fair terms of employment, decent working conditions, and socio-economic development for the benefit of all can only be achieved with a broad-based effort, and consent, of workers, employers, and government.

Strengthening tripartism, and bipartite workplace relations, are strategies that can strengthen the ILO's tripartite constituents, especially their capacity to engage in, and promote, the use of social dialogue to address workplace, as well as local and national socio-economic, concerns.

**PROGRAMME STRATEGY:**

- (a) Strengthen the institutional capacity of employers' and workers' organisations in relation to socio-economic changes affecting the world of work (i.e. employment and labour market policies in Indonesia).
- (b) Improve tripartite consultative mechanisms for dialogue on labour and social policy issues through technical assistance on labour market flexibility and job security issues.

<b>Performance Indicators</b>	<b>Targets</b>
(i) Employers' and workers' organisations provide improved and new services to their members, and extend the representation of their organisation	(a) Provincial and district level structures see increase in membership and develop resources and workplans for service expansion.
(ii) Employers' and workers' organisations participate in labour and employment policy development, at national and/or local levels, through bipartite and tripartite dialogue	(a) Consensus on labour market flexibility and job security implemented through regulations and tripartite agreement

**Technical Cooperation Projects:**

**Ongoing:**

Support and Capacity building for Trade Unions and for APINDO - *two interlinked projects funded by the Government of Norway to support the constituents and stimulate social dialogue*

**Pipeline:**

Labour Management Cooperation and Productivity - *new initiative for which funding is required, seeking to promote strong bipartite workplace cooperation for productivity improvement*



## 5. Management and Implementation Framework

As a framework to support and assist the Government of Indonesia in its development objectives, the achievement of the Outcomes of the DWCP requires, at the very minimum:

- A coordinated approach to institutional capacity building, including through cooperation with the International Training Centre in Turin, to enhance the capacities of the Ministry of Manpower and Transmigration, and the National Planning Office, as well as employers' and workers' organisations, and other stakeholders relevant to the achievement of Indonesia's national development goals in relation to labour and employment issues and poverty alleviation;
- Specifically the programme will support institutional development and capacity building of the ILO's constituents, capturing both their specific needs at national and decentralised levels, and the support and further development of the tripartite institutions and mechanisms of social dialogue.
- In addition to being beneficiaries of programmes, ILO constituents will be implementing partners in all priority areas, including through participation in governance mechanisms such as Project/Programme Advisory Committees.
- Mainstreaming of gender across all interventions and programmes, in line with the equality priorities of the Government of Indonesia, the UN system, and the ILO, including the design and implementation of gender-specific interventions based on gender-sensitive analysis.<sup>12</sup>
- Mainstreaming of tripartism, social dialogue and normative action across all interventions and programmes.

The monitoring and evaluation of the DWCP provides a means of assessing the extent of the ILO's contribution towards supporting national development initiatives and the UNDAF. Monitoring and evaluation also serves to draw attention to where potential for improvements exist, and further actions need to be taken.

Insights and lessons learned are expected to be fed back into the process of organisational learning, and the planning and programming of future activities. The Indonesia Decent Work Country Programme is monitored and evaluated on the basis of semi-annual tripartite consultations, short annual progress reports, and more comprehensive biennial country programme reviews.

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<sup>12</sup> This component will build upon the ILO Jakarta Gender Mainstreaming Strategy and the support to the Ministry of Manpower and Transmigration Equal Opportunity Task Force.