


ILO Response to Indonesian Crisis

Introduction

A massive earthquake occurred off the west coast of northern Sumatra on Sunday 26 December 2004 at 07:58 with a magnitude of 9.0 on the Richter scale (according to US Geological Survey measurements). The epicentre was some 250 kilometres south-southwest off Banda Aceh and 30 kilometres under the seabed. The first quake was followed by aftershocks ranging in magnitude from 6–7.3. The quakes triggered powerful tsunamis up to 10 meters in height, which hit coastal settlements on nearby Nanggroe Aceh Darussalam (Aceh) and North Sumatra provinces in Indonesia (and throughout the Indian Ocean). Destruction and human casualties were catastrophic.

Over the past 200 years Indonesia has been hit by more than 80 tsunamis, of different intensity and impact in terms of death toll and infrastructures destruction. The tsunami caused by the earthquake occurred on 26th December 2004, registered the first magnitude 9.0 in 40 years and, on the basis of the available information, in terms of human victims is the more violent and catastrophic registered so far.

Indonesia is seriously exposed to risk of tsunamis and seismologists foresee a repeat of such a disaster in the Indian Ocean. While on one side it appears to be vitally important to put into action an efficient warning system in order to prevent such disastrous effects on populations, livelihoods and infrastructures of the areas more exposed to the risk, on the other side international community is now called to respond to the actual emergency and to support affected populations in coping with the crisis and in launching the medium and long-term reconstruction and recovery process.

Republik Indonesia	
	
Capital:	Jakarta
Area	Ranked 15th
- Total:	1,919,440 km ²
- % water:	4.85%
Population (2004)	Ranked 4th
- Total:	238,452,952
- Density:	131/km ²
Independence	From Netherlands
- Declared:	August 17, 1945
- Recognised:	December 27, 1949
GDP (PPP) (2003)	Ranked 15th
- Total:	\$758.1 billion
- GDP/head:	\$3,200

The impact

The tsunami affected primarily the Aceh region, sweeping debris and sea water into homes and buildings, crushing them in its path, up to 5 kilometres inland, and damaging roads and bridges, telecommunications, water and electricity supplies, crops, irrigation and fishery infrastructure, food and fuel outlets. An estimated 110,000 people have died; at least 2,000,000 of people have been affected by the cessation of basic services due to damaged infrastructures, and by the destruction of their means of livelihood; about 400,000 are homeless and are located in 24 temporary camps. All people affected require immediate assistance and longer-term rehabilitation assistance to recover from the effects of the quake and tsunami.

Productive facilities and communication networks are severely destroyed by the disaster, hindering key economic activities and making the relief and emergency aid nearly an impossible task, especially in the North-west coast of Sumatra. Broken communication networks impede personal and commercial contacts, and interrupt national and international information hindering the recovery of the economic activities that remain fixed at extremely low levels, resulting in general unemployment or underemployment.

Social safety nets are overwhelmed by the dimension of damages and needs of their support institutions. Formal social security schemes are similarly affected. The disaster e.g. through population displacement can contribute to the disintegration of family and local community links, generating distrust and discouraging basic social and economic interaction. Vulnerable groups with specific challenges to economic and social integration constitute a further challenge and their specific needs must be taken into account. In the conflict-affected areas struck by the disaster, these groups include ex-combatants, refugees and returnees, women, the elderly, youth, ethnic minorities, people belonging to low castes, paying a particular attention to children, who are threatened by an extension of child-labour practices, including their worst form.

The initial employment and social impact assessment.

The ILO Tsunami Task Force established in order to plan and coordinate an immediate response, set up a working group charged to provide an initial employment and social impact assessment. This assessment is conceived as to provide a useful basis to evaluate the social and employment dimension of the crisis and for initial projections of the cost and the time frame of the recovery process.

a) On labour.

It is expected that around 600,000 workers in the most affected regions in Indonesia (Aceh province and the island of Nias) may have lost the sole source of livelihood; this implies an affected population of 1.8 million in the first quarter of 2005. The majority of job losses in Indonesia have occurred in the service sector, followed by agriculture, fishing and industry. As a result of the disaster, the unemployment rate in the affected Indonesian provinces may currently be 30% or higher, up dramatically from the 6.8% rate in the provinces prior to the disaster.

If sufficient international aid and support is rapidly made available for the overall reconstruction and recovery (optimistic assumption), the ILO estimates that between 50 to 60% of the affected individuals in Indonesia could once again be able to earn a living for themselves and their families by the end of 2005 and that nearly 85% of the jobs could be restored within 24 months. According to the pessimistic assumption, nearly half a million workers could still be without work by the end of 2005. Under these pessimistic assumptions it is expected that still in 2009 nearly 100,000 jobs will not have been recovered.



Banda Aceh before and after the tsunami.

b) On poverty.

The latest available data shows that 19% of the population of Sumatra were living in poverty (based on an average poverty line of Rp. 152,000 per month) in 2002. Before the disaster, the province of Aceh stood out as the province with the highest poverty rate on the island of Sumatra: 30% of the population were poor and another 7% were considered as highly vulnerable. Consequently it is assumed that most of those affected by a loss of earnings (around 600'000 people in the provinces of Aceh and Nias) would fall into poverty.

The results of the estimate show that in the first quarter of 2005, some 38% of the population will be poorer. Within an optimistic scenario, job recovery would quickly melt down the affected population to a mere 4.5% of the population in 2006, while in the pessimistic scenario this proportion would slowly decrease to 15% in 2006 and 12% in 2007.

c) Social transfer expenditure.

Total additional social transfers needs are substantial in absolute terms. The amount will reduce sharply when employment picks up again, depending on the scenario. In the optimistic scenario, additional social assistance and benefit payments are estimated at US\$380 million in 2005 alone, providing social assistance to orphans and disabled persons in the order of US\$25 million per year. In the pessimistic scenario, assuming that a considerable portion of jobs were lastingly lost, US\$447 million would be needed in 2005 alone and some US\$100 million would still be needed by 2009.

The ILO response strategy

With a focus on its core-mandate and based on previous experience in natural disaster situations, ILO has participated in joint needs assessments with Government and other partners. On that basis and through still ongoing consultations with affected communities, ILO has identified **5 key programme components** that build on proven methodologies and tools, constituting an integrated approach. These are inter-related “entry projects” with a duration varying from 6 to 18 months, seeking to bridge the continuum from immediate livelihood recovery to longer term poverty reduction and socio-economic development and essentially addressing to vulnerable groups’ needs. For each of the components, work is ongoing to



determine the exact alliances and partnerships that must be made with the Government and other local actors in the reconstruction and rehabilitation work, always reflecting the tripartite composition of ILO. A clear geographic focus cannot be given at this stage and will depend on the outcome of the coordination efforts being undertaken.

To enable quick action, existing ILO tools will be used. Existing survey questionnaires; guidelines for establishing emergency public employment services, community based training modules, modules for integrated rural accessibility planning leading into labour based infrastructure construction and maintenance, start and improve your business training packages, manual for setting up cooperatives, manual for involving municipalities in the informal economy, non formal education package, will be used. For most of these tools Indonesian institutions, consultants and Government staff capacity is in place; it is essential that the response strategy will be based on a people-centred participative approach that focuses on the sustainable rebuilding of the livelihoods of local people.

Component	Description of the strategy
1. Emergency Public Employment Services Network (EPES)	The overall project strategy is to improve capacity building and to create a local emergency employment assistance network that provide access to improved job brokering, placement and information services for employers and targeted groups of job-seekers. Initially, a single Emergency Employment Services (EES) centre will be established in Banda Aceh at Manpower Office's training centre which was not damaged by the Tsunami. As this centre becomes operational, smaller satellite services will be provide in other locations and organisations across the Province. Budget: US\$1,100,000
2. Immediate employment friendly rehabilitation of essential community and public infrastructure (EMPLOY)	Start the immediate rehabilitation of essential community and public infrastructure, favouring labour-intensive technology providing short-term employment for large numbers of temporary, unskilled workers. The programme combines technical support, training, financial support and community based training in the planning operation and maintenance of essential utilities, using employment-friendly work methods and optimising the use of local resources. Budget: US\$6,000,000
3. Immediate support to development of livelihood activities and the restoration of local economies (LED)	The local economic development approach focuses on local entrepreneurship and the promotion of SMEs, enhancing their capacity to respond to market opportunities, enhancing local market absorption, and encouraging initiatives that reproduce those of successful entrepreneurs. The project will draw on a variety of entrepreneurship training modules, such as the ILO's Generate your Business Ideas (GYB) already adopted in Indonesia. Another critical task will be to develop the skills and create employment opportunities for the most socially and economically disadvantaged groups (rural women, disadvantaged young adults and people with disabilities), resorting to the Training for Rural Economic Empowerment (TREE) methodology. Budget: US\$1,800,000

Component	Description of the strategy
<p>4. Protection of the most vulnerable groups of children, including prevention of trafficking (CHILD PROTECT)</p>	<p>Building on existing child labour programmes and established relationships with government and partners in North Sumatra, ILO proposes to expand the child labour programme to Aceh. The main interventions would be: 1) <i>Non formal education, Nutrition, Health and Counselling services</i>, to encourage school attendance and ensure nutrition and health needs; 2) <i>Continuing support for vulnerable children</i>, for a medium term support; 3) <i>Youth Employment</i> to improve vocational skills of young children aged 15-17 and facilitate their insertion in labour market. Budget: US\$1,500,000</p>
<p>5. Special youth programme: 'Youth for youth' support programme to address specific needs of young people. (YOUTH)</p>	<ul style="list-style-type: none"> • Youth 4 Youth peer support systems can temporarily replace the strong family and community networks. The Indonesia Youth Employment Network provides a framework to help youth organisations mobilise young people to identify and address immediate livelihoods regeneration needs. Workers' and employers' organisations and chambers of commerce can also provide support. • Programmes and materials/tools, developed by the ILO to help potential young entrepreneurs to generate incomes through businesses can be used by peer support systems, e.g. young entrepreneurs can use the materials to enhance mentoring services • Training provision - short cycle training programmes can be used to promote the employment of young people in the rehabilitation and reconstruction programmes. Competency-based skills training, using existing vocational and technical facilities, e.g. SMKs, can be provided. • Basic services such as safe trading locations governed by rules that protect traders, occupational safety and health guidelines, conditions of work information, etc. needed to support livelihoods regeneration provided through emergency employment services. Others will have to be identified and where they don't exist will have to be developed. Budget: US\$1,200,000

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