

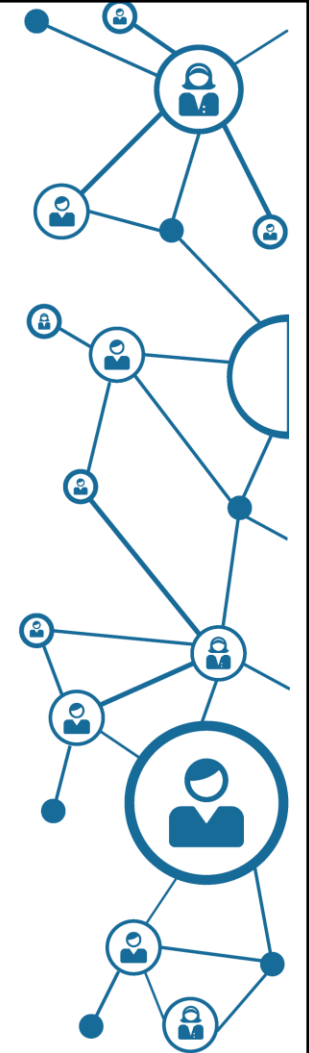
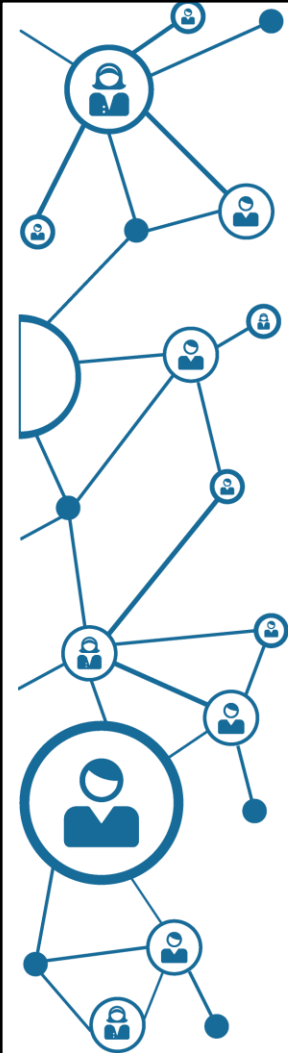


Coordinating Ministry of Economic Affairs
of Indonesia Republic

The Future Of Indonesia In The Digital Era

Jakarta, April 17 2017

Deputy for Creative Economy, Entrepreneurship and
Competitiveness of Cooperatives and SME





Indonesian Economic Transformation



Policies Toward Higher Value Added in Increasing Labour Skills



Recent Government on TVET Policies



The Role of Digital Economy on TVET



How Indonesia Seed its Position in ASEAN in the Digital Era

THE GOVERNMENT POLICY TOWARD HIGHER VALUE ADDED ACTIVITY ON INCREASING LABOUR SKILL

Improving The Quality of Human Resource

- Based on BPS data, around 60% of labor supply are not matched with the industry need.
- improve the vocation school matched with the industry needs.
- giving incentive to the firms in order to provide opportunities to their workers.
- the industry and vocational school should created together the curricula of training and apprenticeship.

Improvement of Investment Climate

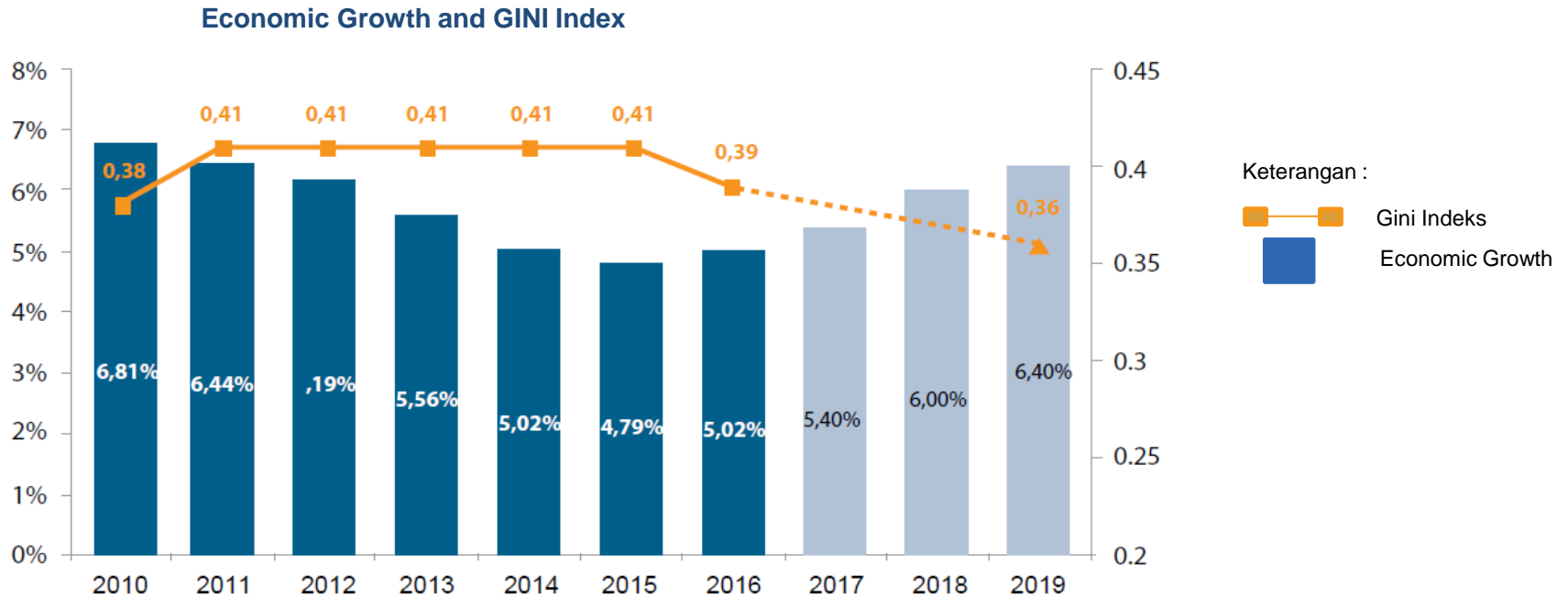
- simplifying the processing of investment licenses.
- reducing the number of licenses, such as streamlining local business licenses.
- focusing on transport & logistics infrastructure investment.

Remove the Inflexibility of Labor Market

- revised the constitution law related with the labor which were made on 2003.
- focusing regulation affecting hiring and firing of workers, severance pay, and wage adjustments.

Economic Growth and GINI Index

After 2012, economic growth in Indonesia decreased, but better than Malaysia growth 4,9%, Thailand growth 3,97 and Vietnam 5,8%.





CONFIGURATION ON ECONOMIC WITH EQUITY POLICY, URGENTLY NEEDED IN VARIOUS SECTORS

Various research and issuance of new policy based on equality is required to achieve optimal efficiency in sectors that have great impact to community needs



CONFIGURATION ON ECONOMIC WITH EQUITY POLICY



There are five mainly policies :



Vocational programme based on large amount of workforce (60% of Indonesian's workforce)

1. Farmers
2. Shopkeeper/retail
3. Cleaners, helpers, babysitters, caregivers
4. Workforce on miners, construction and manufacture
5. General clerks

1



Government strategic programme

1. 35,000 MW electricity programme
2. Preparing Suveyors
3. Agricultural extension programme
4. Health sectors

2



Region-based Programme

1. Vocational programme to support *KEK* or *KI*
2. Vocational programme to pesantren region-based

3



Vocational programme for strong industry association, and ongoing vocational system

1. Automotive sectors
2. Tourism sectors
3. Transportation sectors

4



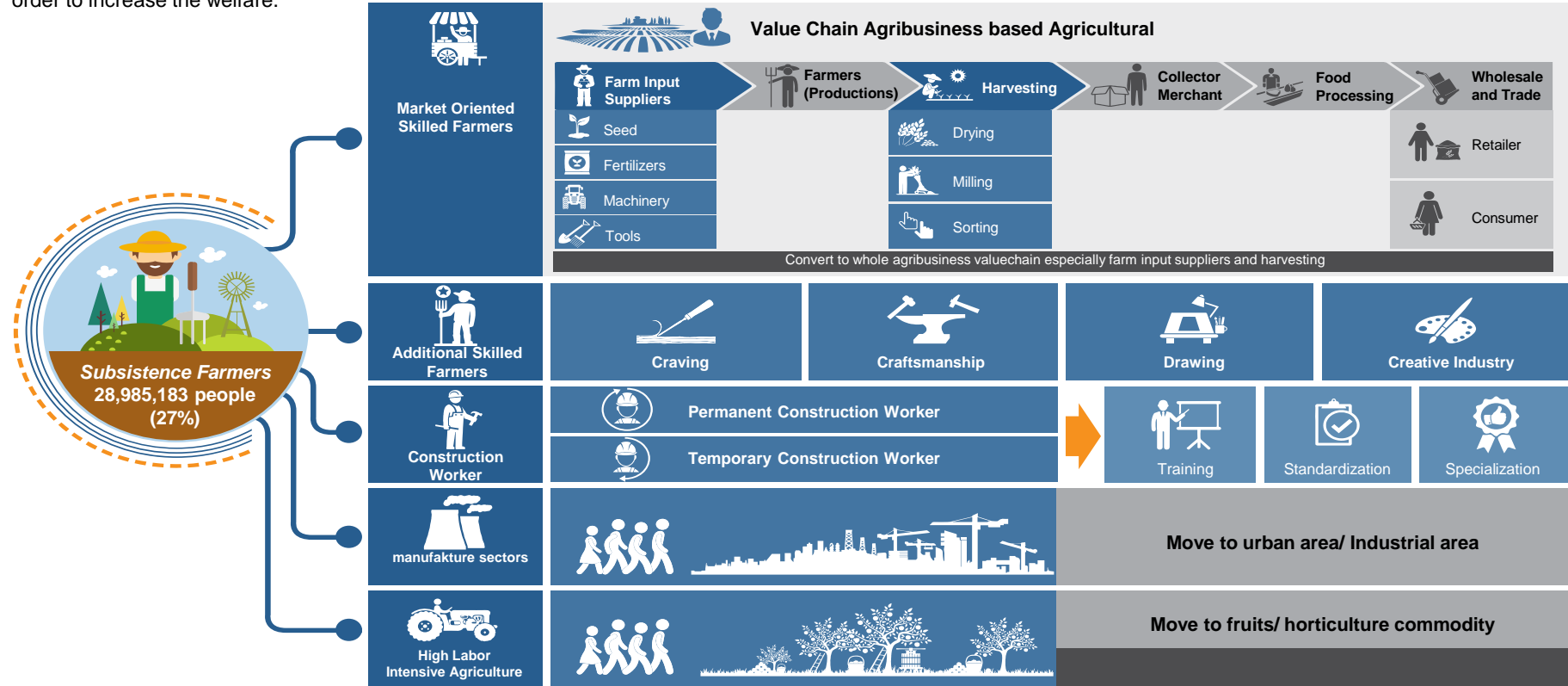
TVET Roadmap

1. Job field reclassification from *KBLI* to *GICS*
2. Position reclassification from *KBJI* to *ISCO*
3. Priority of job field and position reclassification

5

I.1 VOCATIONAL PROGRAMME BASED ON LARGE AMOUNT OF WORKFORCE: FARMERS

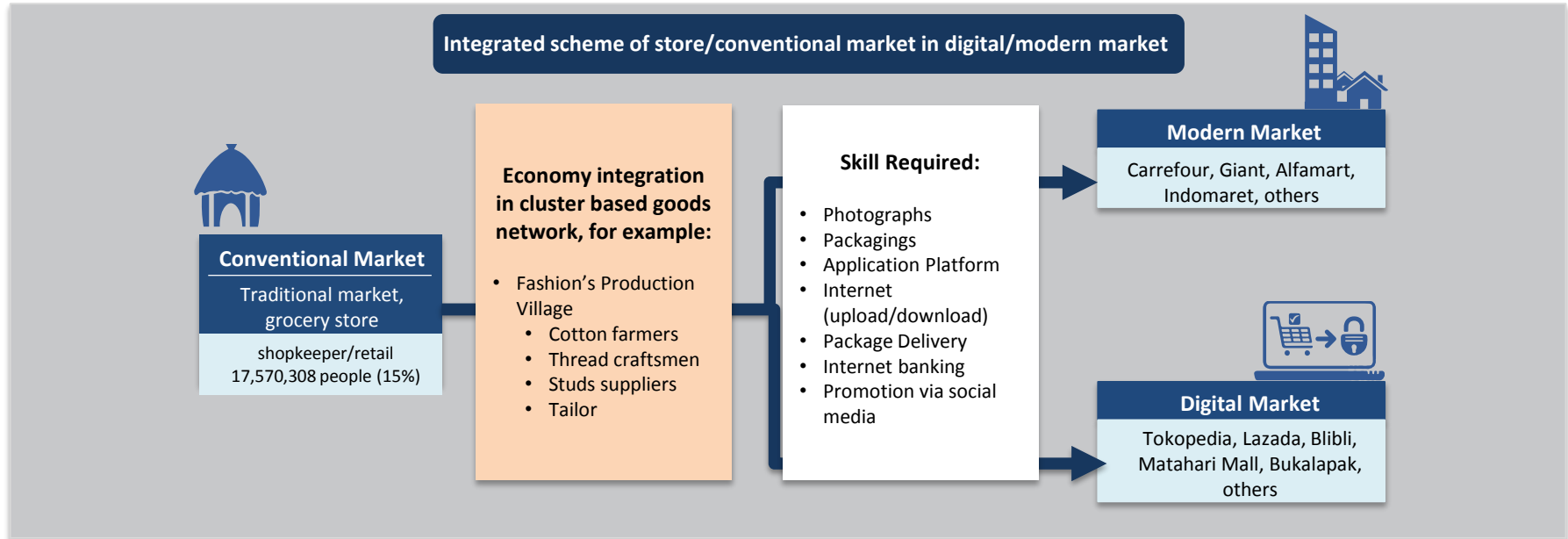
Position as having most number of workforce in Indonesia which is relatively low prosperity level, subsistence farmer transformation need to be done in order to increase the welfare.



Large farm between 2.000-20.000 hectare was planned and well considered through output and input (fertilizer, seeds, water availability and post harvesting technology). So it will make production more efficient. Efficient farm size for every commodity must be considered

I.2 VOCATIONAL PROGRAMME BASED ON LARGE AMOUNT OF WORKFORCE: SHOPKEEPERS/RETAIL

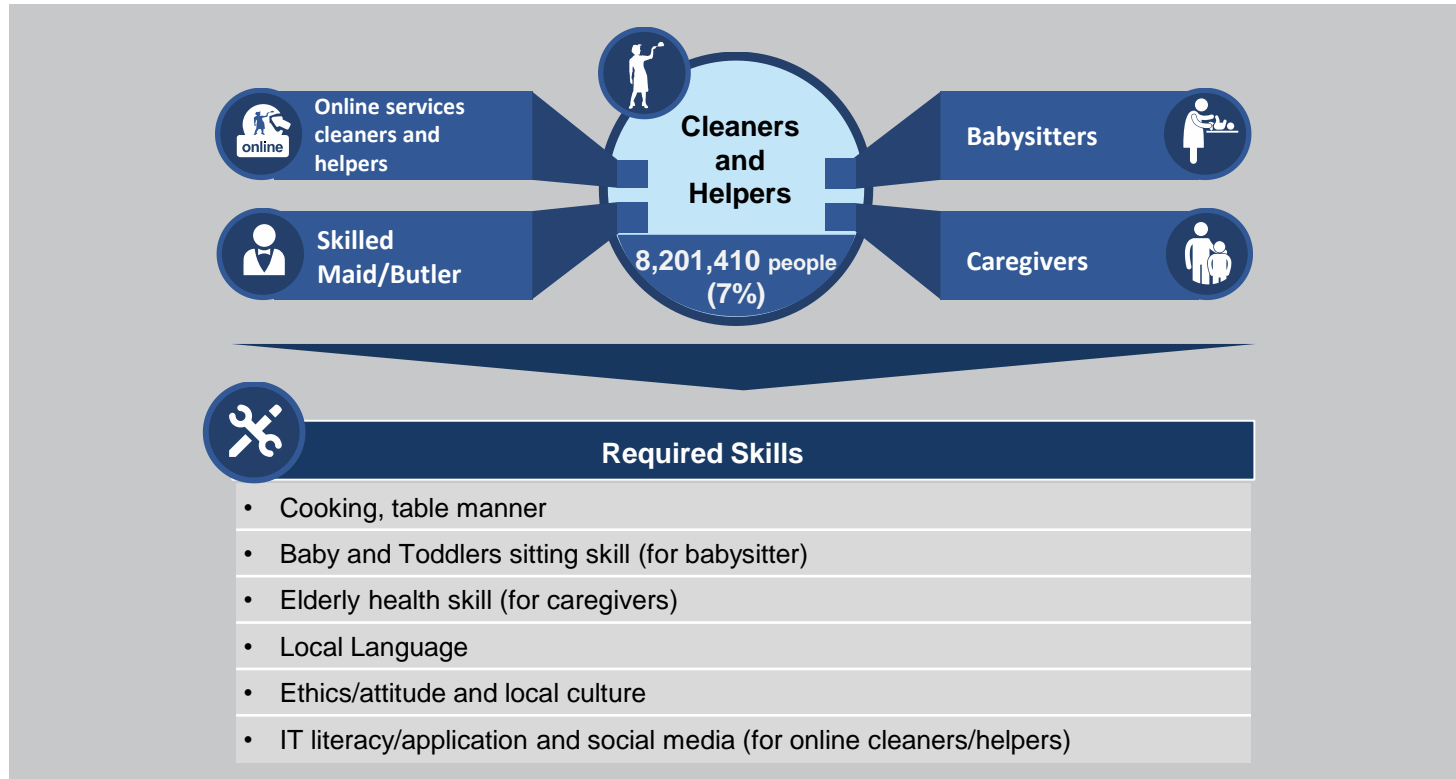
Shopkeepers must improve their competences to be transformed still needed by modern marketing and digital market through cluster based good network



- ❖ Conventional market should grab the opportunity of modern and digital market development by adapting the marketing concept and digital economy based skill.
- ❖ The approach should be done was clustered goods network based economy development. So that the economy of some region can growth, the shopkeeper and retail should improve their skill as markets required.

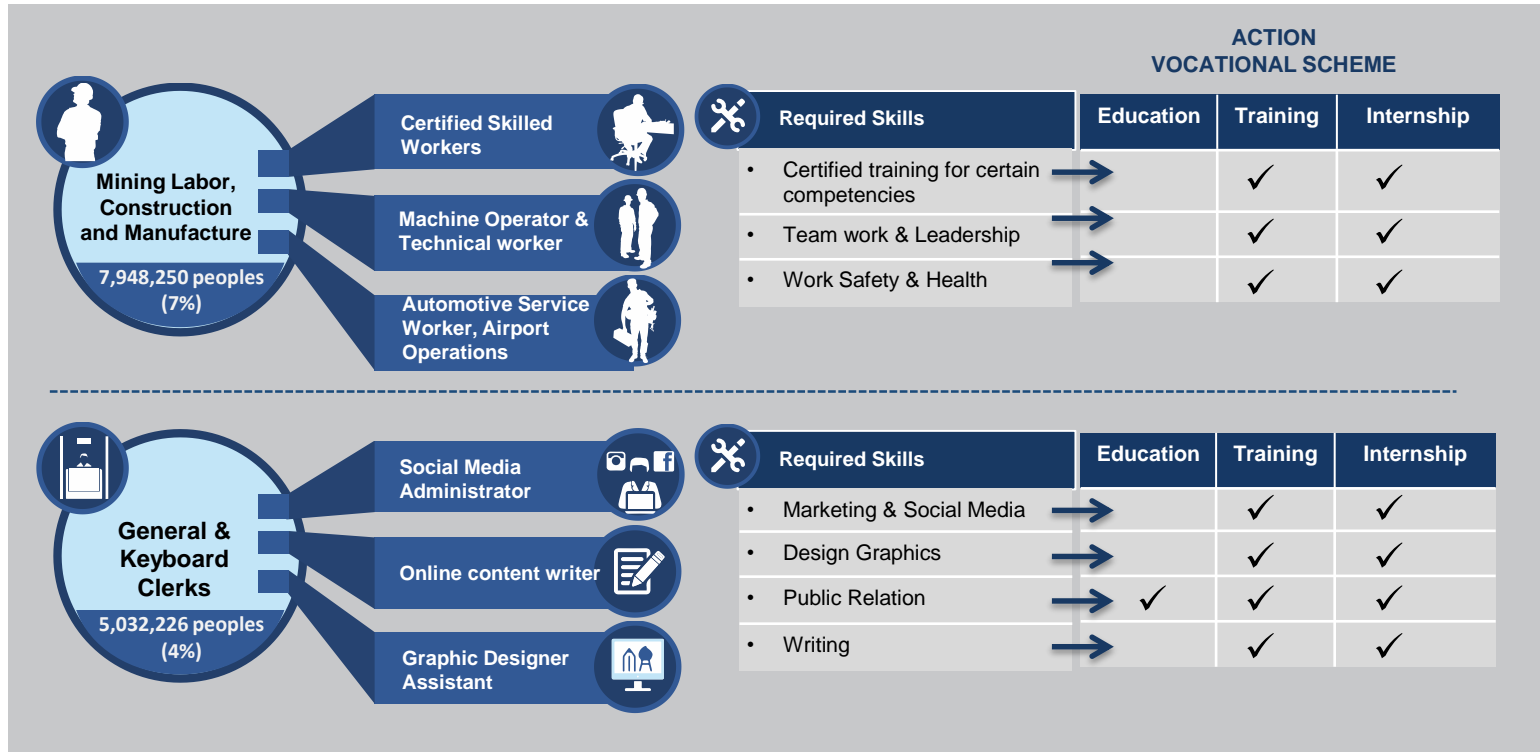
I.3 VOCATIONAL PROGRAMME BASED ON LARGE AMOUNT OF WORKFORCE: CLEANERS AND HELPERS

Cleaners and Helpers could be directed to four positions which are needed by domestic and abroad orientation, through standardized and certified specific training



I.4 VOCATIONAL PROGRAMME BASED ON LARGE AMOUNT OF WORKFORCE: LABOUR AND GENERAL KEYBOARD CLERKS

Profession like mining labour, construction and manufacture, general & keyboard clerks have a tendency to be replaced with the use of technology. There for scheme preparation of workforce absorption need to be done



II. GOVERNMENT STRATEGIC PROGRAMME

To support ongoing government priority program, vocational scheme are needed to provide the labour on these programme



35,000 MW Electricity Programme

- The workforce needed by electricity programme such as operator and other technician are supplied by society in this location
- Pilot project will be carried out close to the construction site of electricity programme



Surveyors Programme

- Partners:
 - National Land Agency
 - National Land High School (STPN) Yogyakarta
- The pilot project will be carried out to meet the needs of surveyors in 2017



Agricultural Extension Programme

- Partners:
 - Bogor Agricultural Institute (IPB)
 - Ministry of Agriculture
- Output:
 - Produce 27.000 civil servant instructor and 43.000 non civil servant instructor
- Source of financing for example, are from Ministry of Agriculture, Village funds, Funds Education and Local Government Funds

III. GOVERNMENT STRATEGIC PROGRAMME BASED ON ECONOMY / INDUSTRY REGION

Vocational programme to support of economy growth on region or industry

Vocational Programme for Economy/Industry Region



- Pilot Project
 - Karawang International Industrial City (KIIC)
 - Bantaeng Industry Region
 - Morowali Industry Region (Community College of Ministry of Industry)
- Others:
 - Jababeka (President University, Morotai and Tanjung Lesung)
 - Batam
 - Patimbang
 - Panajam
 - DKI-Banten border area



Vocational Programme Based on Pesantren in Economy/ Industry Region



- Pilot Project:
 - Java Integrated Industrial and Port Estate (JIPE) Gresik
- Proposed programme :
 - Final grade student will be given certified skill as those region required



IV. VOCATIONAL PROGRAMME FOR THE SECTORS HAVING STRONG ASSOCIATION AND GOOD ONGOING VOCATIONAL SCHEME

Vocational training and internship should be done to increase student competencies in the real work situation. It is starting from sectors having strong association and good ongoing vocational scheme.



Identification for Sectors having good education and internship mechanism

- Requirement:
 - 1) Having reliable industrial association or sustainable profession association
 - 2) Having standardized competencies and Profession Certification Institute in internship/ apprenticeship
 - 3) Having good infrastructure and instructors



Incentive for industrial sectors

- Incentive would be given to industrial sector which develop education, vocational training, and certified internship refers to Law Number 36 year 2008 (article 6)
- Incentive pattern can be varied as needed, for example on the scheme public private partnership
- Incentive already exist, but have not been going well



Pilot Project for Education and Internship

- Pilot project can be done for qualified sectors, such as:
 - Automotive sectors
 - Tourism sectors
 - Transportation sectors
- Education, training, and internship can be adapted to these sector requirement



Certification for Internship participant

- National and International certified could be a value added for participant to quickly absorbed in industry

VISION



INDONESIA AS THE BIGGEST DIGITAL ECONOMY
In Southeast Asia in 2020

STRENGTH



126%

MOBILE

penetration in
Indonesia
(Jan 2016)²



51,8%

INTERNET users
in Indonesia
(Nov 2016)³



YOUNG POPULATION

INDONESIA (10-29 yo)⁴

26,4% In 2010

24,9% in 2016
(projection)



MSMEs
2015⁵

59,2 million
unit

61,41% Contribution
to **GDP**

ASEAN TREND¹

- ASEAN internet economy is expected to grow to more than **USD 200 billion** by 2025
- ASEAN e-Commerce* will increase **15x** (2015-2025) with value of **USD 88 billion**
**apparel, electronics, household goods, food/grocery*

STRATEGY



DEVELOPMENT

all sectors of economy,
not only digital



DIGITAL AS PLATFORM

that creating added value,
must be understood and
developed as an ecosystem,
including infrastructure



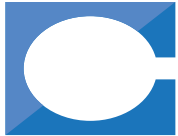
POLICIES/REGULATIONS ADJUSTMENT

are needed to utilize digital
to the fullest



INCLUSIVE MOVEMENT

involving all
stakeholders and
people



It is a “must” for Indonesia to increase the labor skills in the era of economic transformation/industrialization;



The Indonesian government has prepared five area policies facing the transformation;



The Indonesia workforce have to adapt the digitalization era.



**KEMENTERIAN KOORDINATOR
BIDANG PEREKONOMIAN
REPUBLIK INDONESIA**

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