



Report of the Workshop on

Economic and Employment Diagnostic Analysis in East Java

Surabaya, 4-5 April 2011

A. BACKGROUND

Following a request for cooperation in the field of provincial level employment analysis and employment planning¹ from the BAPPENAS (National Planning Board of Indonesia) and a similar request from the Provincial Government in East Java (Bappeda), a workshop on employment and economic diagnostic analysis focusing on East Java was jointly organized by the ILO and Bappeda Provinsi Jawa Timur (the provincial planning bureau), in Surabaya, April 4-5, 2011.

The main objective of the workshop was to reach a shared understanding of the nature of the main constraints and challenges to productive employment generation in East Java as a basis for effective policy development. The two-day workshop was a highly interactive exercise where participants assumed the lead role in the analysis and identification of the main constraints, challenges and opportunities to increase the creation of productive employment in East Java. The joint, structured analysis was based on a methodology developed for this purpose by the ILO.² The conclusions from this joint analysis formed the basis for a discussion on priorities for policy making and other public interventions, with a view to promote productive employment creation in an inclusive and sustainable manner at both provincial and district levels.

The main results of the workshop were:

1. A common understanding of the key constraints on and challenges to achieving inclusive, job-rich growth that will help prioritize the problems impeding employment growth to make the policy response more focused and effective.
2. A broad consensus on the policies and interventions needed to enhance the generation of productive employment in East Java, focusing not least on agriculture and agro-processing to promote the pro-poor and pro-job development focus as set out in the provincial development strategy.
3. Hands-on training in employment diagnostic analysis.

B. EXECUTIVE SUMMARY

The two-day workshop saw active participation from government officials (East Java province and 3 districts: Sampang, Sidoarjo and Probolinggo), trade unions (including Migrant Trade Union), KADIN (Chamber of Commerce), Bank of Indonesia, Bank Jatim, Women's Cooperatives, Farmers' Association, SME Association and representatives from academia. The group discussions were based on the findings of the structured initial diagnostic analysis presented to the participants on the two days.³

¹ East Java has been selected as one of the three pilot provinces. NTT and Maluku are the other two pilot provinces.

² *Conceptual and Methodological Guide to Employment Diagnostic Analysis / Panduan Konseptual dan Metodologi untuk Analisa Diagnostik*, (Geneva & Jakarta: ILO, 2010) Draft.

³ For details see the agenda in Appendix 1.

The workshop was opened by the Head of the Government and Community Department (kepala bidang Pemerintahan dan Masyarakat), Mrs. Yuniarti SH, MSi from Bappeda Provinsi Jawa Timur and the Director of the ILO Office in Jakarta, Mr. Peter van Rooij.

On the first day of the workshop the current economic and labour market situation in East Java was extensively discussed. The head of the government and community department, Mrs. Yuniarti, SH. MSi, presented the vision and main focus of the East Java Development Plan (see **Annex 4**). Senior Employment and Development Specialist, Dr. Per Ronnas (ILO Geneva), then introduced the conceptual basis of the methodology for employment diagnostic analysis. Once the participants were familiarized with the methodology, Dr. Ronnas presented the main findings of the initial situation analysis, and the dynamics of the economy and the labour market in East Java (see **Annex 5 and 6**).

The results of the initial diagnostic analysis pointed *inter alia* at problems with the quality of human resources development and the capacity of people to undertake productive employment on the one hand, and access to land on the other. These issues were specifically addressed in the afternoon session. A brief presentation by Ms. Leyla Shamchiyeva (ILO Geneva) on the productive resources in East Java (see **Annex 7**) was followed by group discussions, where the participants selected the questions they deemed most relevant for group discussion. The participants acknowledged the problems with human resources development and discussed the challenges to improving the relevance and quality of, and equal access to education.

The situation analysis established that there exists a twin problem of education and employment in East Java. On the one hand, there are the working poor with low levels of education and low productivity, while on the other; there is a high incidence of unemployment among those with high education. This second issue especially affects the youth who seem to experience difficulties entering the labour market in the first place.

The last session of the day focused on the economic performance of East Java and the rate and quality of growth in the province. The session linked the economic growth with the expansion of productive employment opportunities (see **Annex 8**). In the ensuing group discussions participants discussed how to improve productivity and income in agriculture and agro-processing/manufacturing sectors – the two sectors that are expected to be the drivers of growth in East Java and could potentially reduce the deficit of productive employment in the province.

As a result of the group discussions in this session, five critical areas for enhancing productive employment in East Java were identified (see **Annex 8b**):

1. Human resources development (mainly education and skills training matching the labour market demand through improved labour market information collection and dissemination) (Aspect 1.2 of the tree.)
2. Poor access to finance (Aspect 2.1.2)
3. Low social return on investment, especially infrastructure (Aspect 2.1.3)
4. Poorly functioning and developed markets (Aspect 2.1.6).
5. Shortcoming in the business environment (Aspect 2.2.2).

The last day focused on the discussion of the causes of inequality in access to productive employment (see **Annex 9**); three dimensions of inequality were found to be of particular importance:

- Gender-based inequality
- Inequality between rural and urban areas
- Inequality between different parts (districts) of the province.

In order to ensure development with equity all policies and interventions need to be designed in a manner that ensures that development benefits everybody and not just some and effectively reduces inequality. To this end, the final group work focused on identifying and addressing the key equality aspects along the three dimensions identified – gender based, rural-urban, and geographic - with regard to the five critical areas for enhancing productive employment that had been identified earlier. The results of this exercise are presented in **Annex 10**.

The last session of the workshop resulted in the following conclusions:

1. The pro-poor, pro-job and pro-growth strategies need to be mainstreamed into operational policies and other interventions aimed at addressing development challenges in the five priority areas identified.
2. The services sector, in particular public and private services, is presently the leading employer in East Java, far ahead of agriculture and manufacturing, which is not sustainable.
3. A larger share of the working population of East Java is low-skilled, while the majority of unemployed are junior and senior high school graduates. Low skills development limits the capacity of a worker to be productive. The reasons behind the poorly developed human resources are a lack of access and poor quality education and skills training, and labour market information, as well as a high cost of secondary education that makes it inaccessible to the poorer quintiles of the population.⁴ It was noted that a significant number of families place their children in Muslim boarding schools (pesantren) as they are a more affordable option for conventional schooling, but these are not reflected in the statistics as they are often not officially recognized. As these schools are not accountable to any public regulatory and supervisory body, the quality of the education provided is uncertain may even be questionable. Often, the education obtained in school (whether official or informal, such as pesantren) is of low quality and does not correspond to the labour market demand. As a result, even high school graduates experience problems entering the labour market. Finally, there are no mechanisms for collection and dissemination of labour market information for human resources development and training in place. Skills training and dissemination of information is also needed at the sectoral level, for instance in agriculture in the form vocational training programmes for farmers including training in operating and managing cooperatives, and agriculture extension services..
4. Underdeveloped micro-financing and rural credit cooperatives and other forms of financing, resulting in a lack of access to capital for small-scale farmers was identified as critical constraint to development in agriculture. The level of savings is low, which limits the amount of capital available for investment in the land. The local financial institutions do not cater to the need for seasonal credits (during the period from planting to harvesting) in the agricultural sector and as a result farmers are often forced to resort to the services of “loan sharks”.
5. The lack of access to market information – especially on prices and buyers and on trends both on external and internal markets – has led to inadequate crop management in most

⁴ Primary education is compulsory since 2008.

areas. Agro-processing facilities are also underdeveloped; the backward and forward linkages between agriculture and manufacturing are poorly developed.

6. Underdeveloped and poorly maintained infrastructure was reported as an obstacle to the creation of dynamic economy that integration of all part of the province into a single market. It also exacerbates the urban-rural divide and inequality. Both private and public investments in East Java appear to be relatively low compared to other provinces.
7. Low levels of technological development slow down economic growth and productivity in the province.
8. The business environment is unequally developed across districts; some districts are lagging behind the others – for instance, Madura. The lack of transparency and availability of information and complex and inconsistent bureaucracy have lead to a fall in investment in agriculture (both foreign and domestic).

C. THE EMPLOYMENT DIAGNOSTIC ANALYSIS: Conclusions and Highlights from the Discussions

The Dynamics of Employment, the Labour Market and the Economy

A review of the dynamics of employment, the labour market and the economy in East Java served as an introduction to the analytical sessions (see **Annex 5**). The review was based on a study undertaken by the ILO as an input into the workshop. It intended to create a common understanding of the main features and challenges of developments in East Java over the past decade from the perspective of creation of productive employment.⁵

Until not so long ago, East Java had a young and rapidly growing population. The population growth has gradually slowed down and was only 0.54% per annum in the years 2005-2010. The population of the province is beginning to get older: the share of the middle-aged population is large and growing, as is the share of the elderly people. The activity rates of the population are presently high, but in about ten year's time, the dependency ratio will begin to deteriorate as the share of the elderly in the population increases. However, the labour force will significantly expand in the coming five to ten years as those presently aged 5-15 enter the working age, whereas the age groups who will be leaving the labour force (55-65 year olds) are relatively small.

East Java has been the largest source of migration in Indonesia, with the majority of migrants being women and the young (in the age group 20-24). Migration could also be the factor behind the drop in birth rate. Exporting labour has temporarily reduced the pressure on the labour force to create more jobs in the past years. As most migrants have on average only a two-year contractual commitment, focusing on migration is not sustainable. Most migrant workers are likely to return after two to five years, and the provincial economy and labour market will need to provide productive employment both for the new entrants into labour force as well as for the returning migrants in the years to come. If, on the other hand, the migrants remain permanently abroad, the pressure on the labour market will be different: It will take the form of a growing share of the elderly population resulting in a deteriorating dependency ratio. At the same time, experience from

⁵ Janti Gunawan and Per Ronnås, *Dinamika Pekerjaan, Pasar Tenaga Kerja serta Perekonomian di Jawa Timur (The Dynamics of Employment, the Labour Market and the Economy in East Java)* (Geneva and Jakarta: ILO, 2011). Draft

elsewhere shows that remittances will start to fall after a while, if those who work abroad decide not to return. All in all, labour migration abroad offers only a short-term solution to the problem of creating productive employment at home.

East Java's actual dependency ratio, calculated as the working population over the non-working population, is high at 1.0 (2010). This means that each working person in East Java needs to support one additional person who does not work. The activity rates among women are much lower than among men. While virtually all men in the 25-59 age group are economically active, a third of the women in this age group do not participate in the labour force at all. Targeted efforts may be needed in order to increase the activity rates of women. Integrating women in the labour market and providing them with jobs will potentially increase the household income, reduce the poverty rate and generate growth. In order to maintain the standard of living, productivity of those who are presently working must be increased, and in order to accommodate the growing labour force, creation of productive employment opportunities must be accelerated.

The deficit of productive employment takes on two main forms: open unemployment and working poverty. Poverty rate in East Java at about 15% (2010) is slightly higher than the national average. Poverty levels vary considerable across districts, with the higher concentration of poverty on Madura Island. These large variation can be attributed to difference in access to education, health and as well as in differences to productive employment opportunities. Poverty is closely linked to the level of education of the head of the household. As a rule, the higher the level of education the lower the risk of poverty. Those who have completed elementary school or less make up the majority of the poor – more than 80 per cent. Despite the fact that the incidence of unemployment is highest among those with high education, it looks like they are not the ones who are poor.

Although poverty incidence has fallen in both rural and urban areas, it remains considerably higher in rural than in urban areas. It is concentrated in the areas with low unemployment rates (such as Sampang and Probolinggo). The fact that poverty is rampant in the areas with low unemployment rates means that those who work often do not earn enough to lift themselves out of poverty. According to the ILO estimates, there are around 3 million working poor in East Java.⁶ The majority of the working poor are employed in agriculture. More than 60 per cent of the poorest households as opposed to less than 10 per cent of the richest households make their living from agriculture. By contrast, more than 75 per cent of the richest households work in the services sectors, along with only 25 per cent of the poorest households.

A lack of skills and formal education has been stated to be the main obstacle for the poor to obtain productive employment to help them break away from the poverty trap. One way to address the issue of the working poor is to improve access to affordable education and human resource development, especially in the rural areas of East Java. This however, must be combined with improving the quality of vocational education and skills training and matching it to the labour market demand.

A seven year primary education is compulsory in East Java; however, continuing education in secondary school becomes a challenge for a number of reasons ranging from high cost of secondary education to scarce availability of secondary schools. On top of that, the secondary school dropout rates among men are quite high as they are often forced to start to work early on. Women on the

⁶ The calculations of the working poverty are based on the methodology laid out in the note on "Deriving productive employment targets from poverty rate targets".

other hand often remain economically inactive, which affects the actual dependency ratio in the province.

Unemployment particularly affects the youth (37 per cent of the unemployed are below the age of 24). About 700,000 young people aged 15-24 are unemployed. It seems that this is due to difficulties that young people experience in entering the labour market, and getting their first job, even though they have high levels of education. In fact, unemployment seems to increase with the higher levels of education, from only 2 per cent among those with only primary education to 10 per cent among those with university degrees. It is noteworthy that more than half of the unemployed have at least a senior secondary school degree and many have university degrees. It may be either due to the fact that those who could afford education at the first place can afford not to work while looking for a job that suits them better, as opposed to those who could not afford education and were forced to take on low-paid low-skilled unproductive jobs. On the other hand, it may be due to the fact that the education system at present is of poor quality and does not correspond to the labour market demand, often leaving the graduates unemployable.

It is evident from the statistics that the university graduates earn at least twice the salary of those who have finished at most senior high school, and four times the salary of those who have only completed primary education

Difference in wages also reflects the gender disparities in the province. Women tend to earn lower wages than men at all educational levels. However, it was noted that the average is very much influenced by the large differences in wages between men and women of older age, whereas wage differences among the younger workers are much lower.

The provincial GDP growth has been in line with the national one, although it has not returned to pre-1997 crisis level. Since 2000, the GDP has been growing steadily at an annual average growth 5.2 per cent. This rate is considerably slower than before the crisis and slower than the growth rate in most other countries in the region.

All sectors have experienced moderate growth since 2000, but there has been little structural change. Before the financial crisis there was both strong growth of agriculture and rapid industrialisation. Rapid development of manufacturing was the main engine of growth together with agriculture and the share of manufacturing in GDP increased sharply and more than doubled between 1975 and 1995.

After the financial crisis the structural change came to an end. The growth of manufacturing slowed down. Some industries, such as leather and footwear, could no longer compete with other countries with lower wages, and were forced to close down. In order for manufacturing in East Java to remain competitive it would have had to shift to producing more sophisticated products, requiring higher technology and knowledge, but such a shift has not yet happened. At the same time, the growth of agriculture reached a ceiling as it became increasingly difficult to increase yields of rice. The absence of structural change and the lack of dynamism in agriculture and manufacturing seem to be the main factors behind the slowdown in growth after the financial crisis.

The shift of labour out of agriculture to the non-agricultural sectors has come to a halt, even though productivity in agriculture is still much lower than in other sectors of the economy. Thus agriculture remains the main source of employment absorbing 42 per cent of the working population but producing only 15 per cent of the GDP in 2010.

The services sectors (wholesale and retail trade, restaurants and hotels) are now the largest economic sector in East Java and contributed 31 per cent to the GDP in 2010, followed by manufacturing (25 per cent) and agriculture (15 per cent).. However, the sector distribution of employment is different . Agriculture is still the main source of employment (42 per cent in 2010), followed by services (39 per cent in 2010) and manufacturing (13 per cent in 2010).

The role of agriculture and manufacturing in employment creation has been very insignificant in the past few years. These two sectors have together accounted for only 10 per cent of the new jobs created, while 90 per cent of the jobs have been generated in the services sector since 2006. Indeed, two sectors – social (mainly public) services and trade – have accounted for 85 per cent of the growth in employment, but were responsible for less than 50 per cent of the growth in GDP. This reflects a sharp drop in productivity in this sector as the growth of employment in these sector by far exceeded growth in value added created. Such development is not sustainable. Manufacturing should play a greater role in the economy as it has the highest potential to create value added and generate productive employment.

Overall growth in the past few years has not created much employment. An employment elasticity of 0.2 means that for every ten percent of GDP growth, employment has only grown by 2%, while the rest of the growth has been achieved due to increase in productivity. The main reason behind the failure of economic growth to result in adequate employment growth is:

- Growth in agriculture has been achieved due to increase in productivity and not through the growth in employment, which is largely positive as it would mean that incomes in agriculture have increased. This is probably a main reason behind the fall in the poverty rates and in the number of the working poor in the past few years.
- While there has been some growth of production in manufacturing, there has not been any employment growth in this sector. This is most likely because the labour intensive sectors of manufacturing, such as food and tobacco, have contracted.

Growth in agriculture has stagnated, not least because the land ownership related issues create obstacles to further increase in productivity in this sector. There is a strong need to develop linkages between sectors, connecting agriculture to manufacturing and services and to increase returns to land and labour through technological development, and a stronger market-orientation of production. The unique geographic location of East Java is conducive to developing export. Importantly, as agriculture is dominant in rural areas and services sector in urban areas, strengthening the role of manufacturing to bridge the gap between sectors and between rural and urban development requires further policy attention. Overall, these measures would facilitate a gradual shift of labour from agriculture to other economic sectors.

In an attempt to quantify the challenge that the poverty and unemployment reduction targets of the provincial development strategy,⁷ calculations were made to estimate the number of new jobs that will be needed to meet these targets; as well as the number of jobs where productivity will need to be boosted. A rough estimation suggests that in order to meet these targets and create jobs for the large number of young people entering the labour force in the coming five years the number of productive jobs will need to increase by over 1.5 million, from 15,126 thousand to 16,659 thousand.

⁷ Reduction of poverty rate to 13.8% and reduction of unemployment to 5.3% by 2014

Of these, 1,161 thousand will need to be new productive jobs, while the number of the working poor will need to be reduced by at least 373 thousand through an increase of the productivity and incomes in their present jobs or by shifting them to other more productive jobs.

Therefore, in order to meet the targets, productivity in agriculture must continue to increase, parallel to high and labour-intensive growth in non-agricultural sectors. Manufacturing must play a significant role in this process.

Enhancing investment in human resources and physical infrastructure must be the cornerstones for any strategy to increase the productive base of the economy. There is also a need to address issues pertaining to inequality, such inequality of access to quality secondary education for the poor and some districts.

Highlights of discussions:

The participants were asked to elaborate on the following two questions:

1. What are the most important characteristics, issue or problem of economic development in East Java?
2. What is the most important characteristic, issue or problem of employment in East Java?

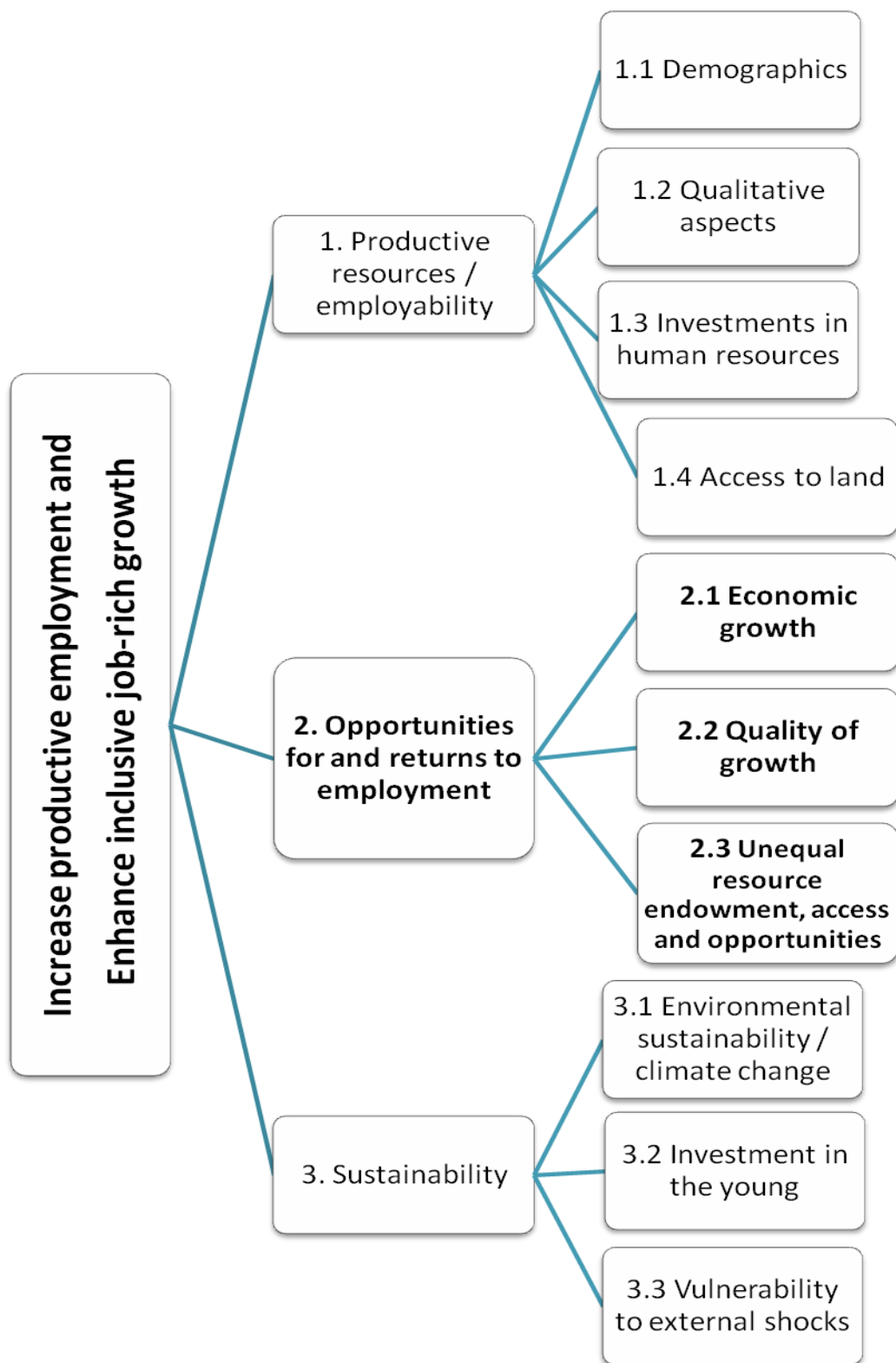
With regard to the first question related to economic development in East Java, the participants identified agriculture, low investment, jobless growth and high inflation, growth in informality that mainly affects women, unequal economic development, underdeveloped marine subsector, small scale of economy as the most important issues.

As to employment, the participants brought up issues such as a low level of education and skills development of the labor force, particularly among those involved in agriculture, and manufacturing sector, poor entrepreneurship skills, low wages, the high number of migrant workers, working poor, low enforcement of the labour law, and economic growth that has not resulted in job creation.

The joint employment diagnostic analysis

The joint employment diagnostic analysis undertaken during the workshop followed a structured, stepwise approach based on the employment diagnostic reference 'tree' (See Picture 1-2). The first session focused on the quantitative and qualitative characteristics of the productive resources available, primarily the human resources (levels of education, health etc.) and natural resources (land and sea). This was followed by a session where the focus shifted to the rate and quality of economic growth with a view to explore the constraints and challenges to achieve an economic development capable of generating the large amount of productive employment needed in the coming years. A subsequent session focused on the causes of inequality in access to productive employment opportunities. During the final session the conclusions from the group discussions and key findings of the employment diagnostic analysis were brought together.

Picture 1. Employment Diagnostic Tree: 1-2-level branches



Picture 2. Employment Diagnostic Tree: 2-3-level branches



Human resources and other productive resources

An introductory presentation on human resources noted that East Java is performing better than the national average in several important aspects. The net primary and secondary enrollment rates are above the national performance (**see Annex 7**). However, the share of labour force with university education is much lower than in the country as a whole or in neighbouring countries such as Malaysia. Whereas, primary education attainment is not a problem, access to the secondary education as well as to vocational training is limited.

During the consequent group work four main questions were discussed:

1. What are the 3-4 main problems/issues that need to be addressed to increase the level and quality of education of the present and future workforce in East Java?
2. What is the main reason behind high incidence of unemployment among the senior high school graduates?
3. What is the main problem in the education and training system that leads to:
 - a. Mismatch between education and the labour market demand?
 - b. Unequal access for education?

When discussing the above listed questions, inequality in access to high quality education was identified as a major problem, particularly in rural areas. Senior high schools, especially vocational schools are not available everywhere in the province. Universities are only found in a few cities. School facilities are outdated and many teachers are under-qualified. Poor infrastructure complicates access to schools in rural areas (long distances and high cost of transport). Additional costs of schooling beside the school fee, such as uniform, books, extra materials, are a heavy burden for poorer households. It places the children in rural areas in a disadvantaged position in terms of access to quality education. On the other hand, the high school dropout rates are high among boys, often due to the pressure to join the labour force. Besides, graduation from high school by no means guarantees employment and the private and social returns and the cost effectiveness of education becomes a concern. Vocational education and skills training poorly developed, and what little exist is often not in tune with market demands.

It was suggested that training must be carried out in accordance with a well-structured curriculum that reflects the market demands, and conducted by qualified trainers. Schooling facilities need to be updated. Quality education must be made affordable and accessible for the children from poor households. A system of scholarships should be put in place for the children with high potential from poorer families. Collection and dissemination of information on labour market opportunities and training available must be improved, especially at in rural areas. School-to-job transition also needs to be facilitated. Currently the labour market for skilled labour often has minimum age requirement of 21 years old, which creates a gap of a few years between graduation and the first job. It was also mentioned that strong cultural stigma prevents women from joining the labour force, and sometimes from attending school.

INCREASING PRODUCTIVE EMPLOYMENT OPPORTUNITIES

A focus on the economy

The creation of productive employment opportunities is closely linked to the rate and quality of economic growth. In order to create productive employment opportunities for the large number of young people who enter the labour market each year and reduce the number of working poor and unemployed, the economy needs to grow at a high rate and the nature of growth must be such that it effectively increases productive employment in an inclusive and sustainable manner.

The rapid economic growth before the financial crisis in the late 90s was associated with dynamic structural change and development of manufacturing sector. However, this development has discontinued after the financial crisis, and the growth in agriculture slowed down. This resulted in a slower overall growth over the past decade (see Annex 8).

Slow growth and a low employment content of growth has resulted in a lack of productive employment opportunities outside agriculture. As a consequence, labour has increasingly begun to migrate abroad and to other parts of Indonesia in search for productive jobs.

Agriculture is characterised by the highest absorption of employment, but also the lowest contribution to the province GDP.. The main products are rice and other food crops. The land shortage limits the expansion of this sector, while agriculture intensification has reached a ceiling under the current modes of production and crop mix. The profitability of crop production is low due to high production costs and low market prices; the productivity of the workers is further depressed by low levels of skills and low technology-intensity in this sector.

The manufacturing sector is no longer the driver of growth as growth in this sector has been stagnant since the financial crisis, mainly due to a decline in competitiveness that resulted in a departure of leather and shoe-making industry. Furthermore, employment has suffered as there has been a shift from labour intensive to more capital intensive production. Manufacturing is presently dominated by food processing and the tobacco industry. The manufacturing is concentrated in Surabaya and surrounding cities (Sidoarjo, Gresik, Mojokerto, Pasuruan). This sector needs to move to production of more sophisticated products and to a more technology and knowledge intensive production, and diversify production for export.

There is a mismatch between the sectors with high economic growth and the sectors where most of the jobs are created. Employment growth is concentrated in services sector, mainly public sector services, but also trade. This is largely due to the inability of agriculture to absorb any more labour, and because there has been virtually no job creation in manufacturing. This pattern of employment growth is unsustainable. While development of agriculture should probably focus on increasing productivity and not on boosting employment in order to reduce the large number of the working poor in this sector, other sources of both economic and employment growth must be found. Manufacturing therefore has to play a much greater role in both economic and employment growth.

All parts of East Java must be well integrated in the provincial economy and the economic development must be inclusive of all the parts of the province. At the moment economic activity is concentrated in five districts of the province out of 38 – Kota Surabaya, Kab. Sidoarjo, Kota Kediri, Kab. Gresik and Kab. Malang – together responsible for 52 per cent of the overall provincial GDP. There is a large disparity in GDP per capita among districts.

Despite the access to a national market of 250 million people and a much larger ASEAN market, the level of integration of East Java's economy with external markets is low, and so is the ability to generate new competitive products for export. Presently, East Java is increasingly exporting labour instead of goods.

Putting the economy on a path of sustainable and rapid growth needed to ensure a productive employment for all and elimination of poverty will require:

- Increasing market-orientation of agriculture, and focusing on higher value added products
- Developing activities outside of agriculture, like small- and medium-scale agro-processing in rural areas.
- Diversification of the economy, with priority given to developing linkages to and from agriculture, strong domestic value added-chains, targeting export niche market and adopting higher technology in the manufacturing sector.
- Achieving growth with equality. Economic development must be inclusive and pro-poor.
- Improving the quality of infrastructure within the province and between provinces to support the mobility of products and services.

The subsequent analysis focussed on an identification of the main constraints and challenges to achieving these objectives. The rate and quality of economic growth is influenced by a wide range of factors. The employment diagnostic reference tree was used to guide and structure the analysis. This structure provided a basis for a sequential ordered investigation of a broad range of factors that are known from economic theory and empirical studies elsewhere to exert an influence on the rate and the structure, and quality of economic growth.

The following factors were concluded to affect economic and productive employment growth in the province:

- Factors related to the rate of growth, which include factors beyond the control of the provincial authorities in East Java, such as macro-economic policy, integration in the global economy, and social returns to investment.
- Factors related to the quality of growth, which explore crucial challenges for achieving high rates of growth and rapid increase of productive employment in East Java. These factors include the sector composition of GDP, the quality of the business environment, rent extraction, and market institutions.
- Supporting factors to create productive economic development and employment creation in East Java at present, such as social security.

In order to identify the factors within the branches above, workshop participants discussed two main challenges to productive employment growth in East Java:

- (i) What are the main problems and challenges to improving income from agriculture and fishery sectors? What solutions can you propose?
- (ii) What are the main problems and challenges to improving employment and income from manufacturing and tourism sectors? What solutions can you propose?

The analysis concluded that the main constraints rested with the following ‘branches’ of the diagnostic tree:

1. Aspect 1.2. Human resources development (mainly education & training including information related to human resource development)
2. Aspect 2.1.2. Access to finance
3. Aspect 2.1.3. Social returns to investment (especially infrastructure)
4. Aspect 2.1.6 Market development (specifically poorly functioning markets)
5. Aspect 2.2.2 Business environment

The human resource aspect has been addressed in the previous subsection, where the participants agreed that a low quality and relevance of education result in the low employability of the population, a lack of technical skills that result in low productivity at work, and poorly developed entrepreneurship skills.

Problems with access to finance and credits for farmers and small and medium sized enterprises were the focus of the subsequent discussion. It was stated that it is hard for the farmers and small businesses to obtain loans, despite the fact that the government promotes provision of loans to farmers. In agriculture, where large seasonal fluctuations in both incomes and expenditures create particular need for credit, farmers find it difficult to access credit on reasonable terms. The banking system lacks tailored policies for credits in agriculture that take into consideration the seasonal character of production and income in this sector. As a result, farmers often fall victim of the local private money lenders who charge extortionate interest rates. Although the amount of bank loans has expanded rapidly, most of the loans are spent on consumption and the share of long term lending for productive investment is rather small.

Another aspect of poor access to finance and credits is the very low savings rate. Low levels of savings result in scarce availability of capital for investments and a low lending capacity of the local banks. Addressing the problem of the low level of investments and of poor access to finance will need to go hand in hand with strong efforts to promote savings in banks and in credit cooperatives. It was noted that financial illiteracy was evident among the population, and particularly among the migrant workers.

Poor quality of infrastructure and high cost of transport were listed as constraints to labour mobility, as well as to economic integration within the province in East Java.

The problem of poorly functioning markets takes on many forms. Disintegrated markets, underdeveloped market information systems, poor access to markets, and inadequate business environment – all prevent the full utilization of the province’s potential. Despite the efforts of the provincial government to improve the business environment through facilitating access to market for farmers through agro-markets and agricultural auctions on the one hand, and promotion of cooperatives on the other, problems persist. Better functioning and more predictable markets would create incentives to farmers to intensify production, which could in turn be channelled to processing and manufacturing. Increase in production in agriculture would benefit the working poor, and development of manufacturing would generate much needed jobs.

Complicated regulations, procedures and high fees make it hard to set up and run businesses. The state initiatives and policies that actively promote businesses in the province are not many, and the ones that exist, such establishing trade offices in capital, are not adequately communicated to the

population. As a result, few benefit from these initiatives. There is a need to improve the dialogue between the government and the private sector.

The participants came up with a large number of proposals for actions needed to address the identified problems, some of which are listed below. The need for forceful policies to actively promote equal economic development, to foster the development of well-functioning and integrated markets and for active involvement of both public and private sector to become a driving force of economic development was emphasised:

- Entrepreneurship promotion, training on setting up and running businesses for communities, starting from high schools, with a special focus on the unemployed.
- Reducing dependency on chemical fertilizers and moving to organic fertilizer and organic farming.
- Building the capacity of rural cooperatives.
- Promoting micro-financing institutions, and agro-banks; Easing the regulations on access to finance to small farmers.
- Developing value added chains, strengthening market linkages to boost employment creation outside agriculture.
- Intensification of production in agriculture through increased investment and technological advancement.
- Improving the information collection and dissemination in all parts of the province.
- Investments in infrastructure related to irrigation and the mobility of agriculture products.
- Integration of different parts of the province into a single market and integration of provincial economy in the country/global markets.

Achieving economic development with equity

Throughout the workshop, inequality in various forms was raised in the discussions as an important aspect of the development challenge. Indeed, all the factors identified as critical challenges for development of human and other productive resources and for creating productive employment opportunities for growth were found to have important dimensions of inequality.

A brief presentation served as an introduction to the session on achieving growth with equity (**see Annex 9**). In this presentation two main sources of inequality were identified.

- Unequal employment opportunities between men and women.
- Unequal access to productive employment opportunities across districts due to poorly developed infrastructure.

The difference in labour market performance between men and women was once again the focus of discussion. Labour force participation among women is lower than among men. Yet even when women do join the labour force, they are more likely than men to be unemployed. Finally, when women do start to work, they tend to earn lower wages than men. Less women than men manage to obtain a wage employment and often end up informally employed.

Inequality also exists between cities and districts and between urban and rural areas. This inequality manifests itself in unequal access to secondary education, and poor quality of education outside the cities. Secondary schools and vocational education and training institutions are concentrated in urban areas. Information is also more accessible in the cities. The economic opportunities are not evenly distributed across districts within the province, but concentrated to a few locations. This can be seen in the concentration of wage employment in urban areas, and in the rural nature of poverty.

As pro-poor development is one of the government priorities, the workshop tried to explore the potential for development of pro-poor initiatives in a coherent manner. Two questions were discussed:

- a. Considering inequality, what are three main obstacles of the poor to escape from the poverty trap? What are the solutions?
- b. Please, list two major issues concerning the inequality of access to productive employment in East Java? Between men and women? Rural - urban? Inter-district?

The workshop participants emphasised that low skills development and poorly developed labour market information systems result in dysfunctional labour markets, low productivity of labour, poverty and inequality in its different manifestations. The proposed solutions were access to free education for the poor (at least to complete secondary school), access for free training and labour market information at the village level. The need to break the stereotype that poverty is inherent and impossible to break away from was underlined; community and religious leaders as motivators were to take on the role of motivators in this respect. The discussions identified important dimensions of

inequality in access to productive employment and it was also found that most of the key issues and challenges in the fields of human resources development and the rate and quality of economic development had important equality dimension. In order to address the objective of achieving the development with equity, it was decided that the final session should be devoted to an effort to mainstream the three main facets of inequality into the proposals for addressing three out of five identified priority areas: Human resources development, improved access to finance, well-functioning markets, social returns to investment, and improving the business environment. The results of discussion are presented below in a matrix.

MATRIX WITH RESULTS OF THE DISCUSSIONS ON EQUALITY

What are the main problems to equal access to productive employment between:

Aspect	Gender (men vs women)		Urban-rural		Regional development (city-district)	
	Problem	Solution	Problem	Solution	Problem	Solution
Human resource	Poor availability of women to work. Perceived biological limitations of women to be equally productive as men	Changing the paradigm through awareness-raising in the communities and among the employers; Evidence-based proof that women have equal abilities as men.	Lack of education & skills training centers in rural areas	Allocate more budget for rural trainings centers Promoting equal distribution between urban and rural schools	Limited knowledge of the government and private players about local potentials.	Government and other institution (e.g. Bank Indonesia, NGO) should make the results of a study on local potential public, easily accessible to everyone
	Strictly assigned gender roles: men are bread-winners, women are homemakers.	Involving community /religious leader to change the perception of woman's role			Limited capacity of producers / manufacturers to process and market local products. The adaptation of technology is low	Promoting applied technology that is suitable for East Java's products
Market development	Limited employment opportunities for women	Capacity building for women Affirmative action targeting women				

Aspect	Gender (men vs women)		Urban-rural		Regional development (city-district)	
	Problem	Solution	Problem	Solution	Problem	Solution
		Providing incentives to employers to promote gender equality at work. Promoting women entrepreneurs through skills training for women to set up and run businesses				
Social investment on infrastructure			High cost of transportation	Infrastructure and transportation system needs to be developed, especially to transport small agro-processing products to the market		
Business environment					Poor level of integration across province, high levels of decentralization.	Promoting rule no. 19/2010 that provide authority for the governor as the coordinator Establishing development indicator for cross-department / cross district achievement

Aspect	Gender (men vs women)		Urban-rural		Regional development (city-district)	
	Problem	Solution	Problem	Solution	Problem	Solution
						Promoting a concept of “united East Java”

Synthesis of conclusions and mainstreaming of key dimensions of inequality

During the final session of the workshop the main findings and conclusions from the analysis were brought together, synthesised and structured based on the 'employment diagnostic tree'.

The three areas that the discussions focused on in this session were human resource development, access to finance and market development. The other two factors: access to finance and social returns to investment (infrastructure development) were not chosen for discussion because the participants believed the government is currently dealing with these aspects. See **Annex 10**.

The groups were asked to address the following questions:

1. Does East Java already have policies addressing the problems with human resource development, access to finance and functioning the market?
2. What should be improved in the existing policies and what additional actions taken?
3. How do we ensure that the policies are pro-poor?

With respect to human resource development, East Java already has policies to improve the quality of human resources in East Java. Most government offices have training centres -- Disnaker (The manpower offices) have vocational training centres; Agriculture Department has a training centre for farmers' extension officers (Balai Latihan Penyuluh Pertanian) as well as the information centre to promote their activities (Balai Informasi Penyuluh Pertanian), Youth Office has a training centre for youth. However, these training centres are not well-coordinated, neither across departments nor across districts: Each has its own program and some of the programs are overlapping. The programmes are designed according to the availability of resources rather than the markets demand. Therefore, a training programme should be accompanied by a needs assessment of the market and the target groups. The program should also be coordinated with relevant departments to avoid overlapping and supported by a monitoring process by involving government or NGOs. Those living in poverty need to be specifically targeted, especially when it comes to skills training that could potentially help increase their productivity at work.

There are regulations in place to promote better access to finance (regulation No. 03/2010 on fair development), as well as a policy to promote women's cooperatives in every village. The policies can be improved by complementing them with a capacity building training, particularly in financial management, processing and marketing. The provision of credit to the poor should be accompanied by a technical assistance and coaching.

The participants concluded that markets were not functioning adequately. The existing policies and initiatives are not always properly promoted and implemented and need to be disseminated to their target groups. The need to strengthen the role of producer cooperatives to support farmers and develop agriculture was emphasised. Cooperatives can also be instrumental in the execution of the policies. For example, local cooperative may act as a collector, transporter, distributor and marketer of farmers' products. To make the policies pro-poor, the policies must explicitly cater to the needs

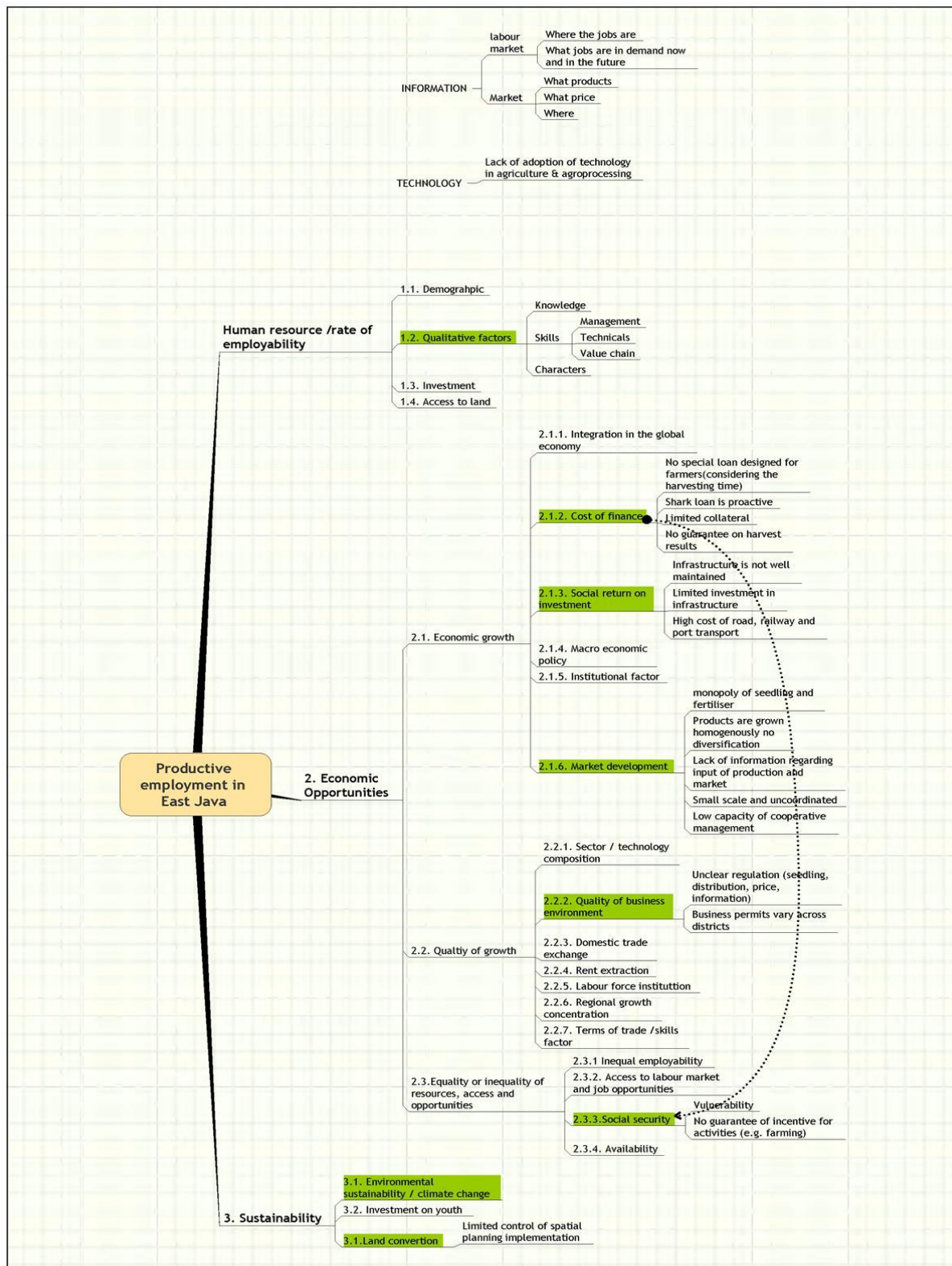
of the poor. The poor farmers must be equipped and trained to become more productive. Value chains need to be further developed.

In summary, during the analysis five areas that need improvement were – human resources development (focusing on access and quality of secondary education and skills training), access to finance (especially for small farmers and rural manufacturers), social returns to investments (improving infrastructure and transportation, and making it accessible for the poorer groups of the population), well-functioning markets and enabling business environment.

In addition, three main dimensions of inequality were outlined: gender, urban-rural and city-district. The results of this analysis and discussion strongly conveyed the message that inequality must be tackled along with the five primary issues. There are numerous policies in place that have not been fully benefited from by the target groups. A better coordination is required to maximise the impact of these policies, and issues of inequality in its identified manifestations must be mainstreamed in all these policies.

Technological advancement and development of market information systems are two aspects that must be promoted in order to enhance the development of the key sectors, particularly agriculture and agro-processing.

Picture 3. East Java-specific Employment Diagnostic tree



List of Annexes

1. Agenda
2. List of Participants
3. Evaluation of workshops with comments
4. Presentation of the Development Strategy of East Java by Yuniarti, SH, MSi, Head of Government and Community Department, Bappeda East Java (in Bahasa Indonesia).
5. Presentation of the employment diagnostic analysis methodology by Per Ronnas, ILO Geneva.
6. Presentation of the Dynamics of Employment, the Labour Market and the Economy in East Java by Per Ronnas, ILO Geneva.
7. Presentation on Human Resources Development by Leyla Shamchiyeva, ILO Geneva
8. Presentation on the Rate and Quality of Growth: Improving productive employment by focusing on the economic aspect by Per Ronnas, ILO Geneva
9. Presentation on Achieving Growth with Equity by Janti Gunawan
10. Interactive exercise results

Annex 1. Agenda

WAKTU	SESI
Hari 1, 4 April 2011	
08:30 - 09:00	Pendaftaran
09:00 - 09:40	PEMBUKAAN
	Laporan Panitia <i>BAPPEPROP</i>
	Sambutan Pembukaan <i>Bapak Peter Van Rooij, Country Director, ILO Jakarta</i>
	Sambutan dan Pembukaan Resmi <i>Ibu Yuniarti SH, MSi, Head of Government and Community Department</i>
09.40 - 10.15	PERKENALAN
	Perkenalan tentang lokakarya: tujuan dan hasil yang ingin dicapai. Menyetujui jadwal, metodologi dan aturan permainan lokakarya. Perkenalan antar peserta lokakarya. <i>Bapak Per Ronnas & Fasilitator</i>
10.15 - 10.45	Sesi 1. Pembangunan di Provinsi JAWA TIMUR, Permasalahan dan Tantangannya
	Presentasi dan tanya jawab mengenai pembangunan di Provinsi JAWA TIMUR, termasuk permasalahan dan tantangannya. <i>Ibu Yuniarti SH, MSi</i>
10:15 - 10:30	Rehat Kopi
10:30 - 11:00	Sesi 2. Konsep Dan Metode Analisa Diagnostik Ketenagakerjaan
	Presentasi dan tanya jawab tentang konsep dan metode Analisa Diagnostik Ketenagakerjaan <i>Bapak Per Ronnas</i>
11:10 - 12:00	Sesi 3. Dinamika Ketenagakerjaan, Ekonomi dan Bursa Tenaga Kerja di JAWA TIMUR
	Presentasi dan tanya jawab mengenai kondisi, dinamika dan karakteristik yang unik dari ketenagakerjaan, ekonomi dan bursa tenaga kerja di JAWA TIMUR. <i>Ibu Janti Gunawan & Bapak Per Ronnas</i>
12:00 - 13:00	Rehat Makan Siang
13:00 - 15:00	Sesi 4. Pengembangan Sumber Daya Manusia JAWA TIMUR
	Presentasi dan diskusi kelompok mengenai konsep pengembangan SDM, pendidikan & ketrampilan dan kemampuan mendapat kerja spesifik untuk JAWA TIMUR, baik dari aspek permasalahan, tantangan dan kesempatannya. <i>Ibu Leyla Shamchiyeva/Bapak Per Ronnas & Fasilitator</i>
15:00 - 15:15	Rehat Kopi
15:15 - 17:35	Sesi 5. Meningkatkan Kesempatan Kerja - Fokus pada Aspek Ekonomi
	Presentasi dan diskusi kelompok mengenai konsep pertumbuhan ekonomi yang kondusif spesifik untuk JAWA TIMUR, baik dari aspek permasalahan, tantangan

	dan kesempatannya <i>Bapak Per Ronnas dan Fasilitator</i>
15:35 - 17:45	Penutupan Hari 1 <i>Bapak Per Ronnas dan Fasilitator</i>
Hari 2, 5 April 2011	
09:00 - 09:10	Tinjauan ulang Hari 1 <i>Fasilitator</i>
09:10 - 09:35	Presentasi Kelompok: Sesi 5
09:35 - 10:55	Sesi 6. Mencapai Tujuan Pembangunan dengan Kesenjangan Presentasi dan diskusi kelompok mengenai konsep kesetaraan pada pembangunan sosial-ekonomi spesifik untuk JAWA TIMUR, baik dari aspek permasalahan, tantangan dan kesempatannya. <i>Ibu Janti Gunawan & Fasilitator</i>
10:55 - 11:10	Rehat kopi
11:10 - 12:15	Sesi 6. Mencapai Tujuan Pembangunan dengan Kesenjangan (Lanjutan)
12:15 - 13:15	Rehat Makan Siang
13:15 - 15:00	Sesi 7: Analisa Hasil Diskusi Diskusi kelompok untuk menganalisa hasil diskusi (permasalahan, tantangan, kesempatan), mengidentifikasi rekomendasi kebijakan dan studi lebih lanjut yang diperlukan untuk mendukung implementasi Analisis Diagnostik Ketenagakerjaan di JAWA TIMUR. <i>Fasilitator</i>
15:00 - 15:15	Rehat kopi
15:15 - 16:15	Sesi 7: Analisa Hasil Diskusi (Lanjutan)
16:15 - 16:30	Evaluasi Lokakarya
16:30 - 16:40	PENUTUPAN
	Kata Penutup <i>Bapak Per Ronnas</i>

Annex 2. List of participants

Name	Institution
1. Yuniarti, SH, Msi	Bappeda Provinsi Jawa Timur
2. Widati	Bappeda Provinsi Jawa Timur
3. Bambang Harsojo	Bappeda Provinsi Jawa Timur
4. Fitri Artuti	Bappeda Provinsi Jawa Timur
5. Fty P	Bappeda Provinsi Jawa Timur
6. Agus Yuda W	Bappeda Provinsi Jawa Timur
7. Darmanto	Biro Adm Kesra Jawa Timur
8. Sukaryantho	Dinas Pendidikan Jawa Timur
9. Dhonna Widya P	Dinas Koperasi dan UMKM Jawa Timur
10. Anton Widodo Heru Mulyo	Dinas Koperasi dan UMKM Jawa Timur
11. Kukuh Tri Sandi	Bappemas Jawa Timur
12. Denny Kurniawan	Dinas Pertanian Jawa Timur
13. Rudi Sarwoto	Dinas Peternakan Jawa Timur
14. Bambang Hendratto	Badan Penanaman Modal Jawa Timur
15. Atin Herawati	Dinas Tenaga Kerja Transmigrasi dan Kependudukan
16. Lela Koestjandawati	Bappeda Kabupaten Sidoarjo
17. Lexi Yunarto	Dinas Tenaga Kerja Kabupaten Sidoarjo
18. Didi Achmadi	Bappeda Kabupaten Sampang
19. Muhadi	Dinas Tenaga Kerja Kabupaten Sampang
20. Suyanti	Bappeda Kabupaten Probolinggo
21. Farid Heryadi	Dinas Tenaga Kerja Kabupaten Probolinggo
22. Hari Subagio	Bank Indonesia
23. Agus Ismintono	Bank Jatim
24. Bambang Purwoko, Drs. H.M.	KADIN Jatim
25. Mustarom	HKTI Jatim
26. Salim Soredjo	HKTI Jatim
27. Indri Soerjani	Koperasi Wanita Jawa Timur, Setiabakti Wanita
28. JP Sunyoto	DPD SPSI Jawa Timur
29. Mutida Ulta	Serikat Ruruh Migrant Jawa Timur
30. Miming Merina S.Sos MM	Forda UKM Jawa Timur
31. Totok Nur Handajanto	Dinas Tenga Kerja Provinsi Jawa Timur

There were 20 male and 11 female participants in total.

List of resource persons

- | | |
|----------------------|-------------|
| 1. Per Ronnas | ILO-Geneva |
| 2. Leyla Shamchiyeva | ILO-Geneva |
| 3. Kazutochi Chatani | ILO-Jakarta |
| 4. Rakhmadini | ILO-Jakarta |
| 5. Janti Gunawan | Facilitator |
| 6. Rini W Hariyani | Facilitator |
| 7. Endro Catur N | Facilitator |
| 8. Ruth Alicia | Interpreter |
| 9. Milvie | Interpreter |

Annex 3. Evaluation of workshop & Comments from participants

An evaluation form was distributed to participants to measure the outcome of the workshop. Participants were asked to indicate their opinion for each question by circling between 1 and 5: 1 if they were the least favourable, and 5 if they were the most favourable.

The workshop was received well by participants. 23 respondents rated the workshop an average of 4.4. on a scale of 1 - 5. The average note from all participants can be found below:

The methodology

The methodology is useful for making policy decisions.	4.6
The methodology is helpful to structure an employment analysis.	4.4
I can use this methodology by myself.	3.9
I will utilize this methodology again	4.2

The instruction

The methodology was conveyed well.	4.4
The presenters were knowledgeable.	4.4
The presentations were interesting and practical.	4.3
Group discussion and interaction were useful.	4.6

The material

The material provided was useful.	4.8
The material provided was comprehensive.	4.6

Time frame

The duration of the workshop was adequate.	4.3
The work load was not too hectic	4.3
Enough time was allotted for discussions.	3.9

Organisation

The workshop was announced well in time.	4.5
Travel and living arrangements were satisfactory.	4.5
Organisation during the workshop was satisfactory.	4.5

Translation (for those who speak Indonesian and English)

No information was lost in simultaneous interpretation.	4.5
No information was lost in text translation.	4.6

Overall

How do you rate the workshop overall?	4.4
The workshop will help me in my work.	4.1
The training in employment analysis was useful.	4.4
After the workshop, I have a better understanding of employment challenges in East Java.	4.5
After the workshop, there was a joint understanding of the problems and policy measures needed for productive employment in East Java.	4.7

Annex 4. Presentation of the Provincial Mid-Term Development Strategy

Annex 5. Presentation on the Employment Diagnostic Analysis Methodology

Annex 6. Presentation on Economy and Labour Market Dynamics in East Java

Annex 7. Presentation on the Productive Resources in East Java

Annex 8. Presentation on the Rate and Quality of Growth in East Java

Annex 9. Presentation on Achieving Growth with Equity in East Java

Annex 10. Interactive exercise results

	Does East Java have policies that address:	How the policy can be improved	How to ensure that these policies benefit the poor?
1.2. Human resources development	The existing HR development policy is department based: a. The manpower department has BLK (Balai Latihan Kerja - Vocatioanl training center) b. The agriculture department has: BLPP (Balai Latihan Penyuluh Pertanian – Training center for farmers extension officers) and BIPP (Balai Informasi Penyuluh Pertanian – Information center for farmers extension officers) c. Bappemas (Community Empowerment Department) has a program called Gardu Taskin (Gerakan Terpadu Pengentasan Kemiskinan – Integrated program to reduce poverty, which involve various department with Bapemas as a leading department) d. Youth and Sport office has a Training program for youth	The implementation of the policy needs to be improved. The policy requires coordination across departments and sectors. At the moment, the programs are mostly run independently, especially at the district level, and some of the activities may overlap. The programmes are often short term and there is little concern about their sustainability. The policy has also developed with limited inputs from the target community, which results in ineffective intervention.	Improving coordination among sectors and districts / cities in the program development, implementation, monitoring and evaluation. Improving budget allocation for the skills training in poorer communities. Involving more actors, not only government, but also private and NGOs in the promotion and technical assistance.

2.1.2. Access to finance	The existing policies are : - Presidential Decree No. 3 / 2010, on equal development - Program in East Java governor on the establishment of women cooperatives, launched in 2010 - Revitalization of the existing cooperatives	1. Currently, cooperative is working under cooperative ministry and banking is under financial ministry. While cooperative deals mostly with community, who has low capacity in financial management, upgrading the capacity of cooperative and improving the role of cooperative as a mediator and financial channeling for the poor is necessary. Cooperative may work in the capital, technology, supervision and marketing assistance 2. The empowerment program for the poor, should not only focusing on short term assistance, such as training but it requires coaching so that the program can ensure the poor's exit from poverty	Identifying who the poor are, where they live, etc., to ensure that the pro-poor programmes reach out to the ones in need.
2.1.6. Poorly functioning markets	- Government regulation no.05/1975 on Fish auction - Agro-products auction managed by the trade office	Improve the quality of access to market facilitation. For example, it is not adequate that government provide place for exhibition. It should include the capacity building of participants, and the management of exhibition. Also, the integration of promotion program between national/provincial and district government and different department.	The policy for example should include a clause that stipulates recruitment of the local labour, specifically from the poor households. Facilitate easy access to finance to small and medium sized enterprises and small farmers. Encourage CSR (Corporate social responsibility program)

		A cross-sectoral auction rather than focus on certain commodity may be needed. This should be conducted regularly in addition to the current specific commodity auction. Improving cooperative in market access for farmers' members. The current strong cooperative is in dairy cooperative. We need fish and agriculture strong cooperative at the districts. Improving the quality of infrastructure to support farming – e.g. irrigation, road to transport the harvest.	to support poor farmers with fertilizers and equipment (e.g. CSR may donate the poor organic fertilizer equipment or farming tools). Introduce a quota system and affirmative action that target certain vulnerable groups of population (the young unemployed, the poor, and women)
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