

Recommendation

High Level Tripartite Dialogue on Employment, Industrial Relations and Social Protection

26 August 2016

1. The Conference on Indonesia's Agenda for Sustainable Development Goals (SDGs) toward Decent Work for All (17-18 February 2016) concluded with acknowledging the critical importance of achieving inclusive growth and decent work through tripartite social dialogue in Indonesia. More specifically, it called for developing tripartite consensus on policy packages for "inclusive growth through decent work", and as an immediate step, agreed to organize a series of tripartite technical conferences to explore solutions to this package of issues.
2. Subsequently, the High-Level Tripartite Dialogue on Employment, Industrial Relations and Social Protection (25-26 August 2016) was held to discuss a set of priority issues as agreed by the tripartite constituents: (a) skills development; (b) social security and non-standard forms of work; (c) wages and collective bargaining.
3. During the constructive and engaged discussion at the Tripartite Dialogue, the tripartite delegations presented their recommendations as specified in Annex and agreed that the following actions would be undertaken through tripartite dialogue and coordination.

Skills Development

4. *Strengthening public-private partnership/increasing tripartite involvement in improving skills development:* (a) Review existing skills policies to assess their appropriateness, relevance and coherence in meeting the current and future needs of Indonesian economy and workforce; (b) Explore the possibility and feasibility of setting up sector-based skills bodies and training centres (on a pilot basis), with improved labour market information system on skills; (c) Optimize use of existing public and commercial training centres, with better management, especially at the local level, and enhanced coordination between ministries and between employers, workers, training institutions and local governments needs to be facilitated; (d) Improve inter-ministerial coordination on skills development; (e) Implement the LKPK "Agency for coordination for skills training"
5. *Promoting quality apprenticeship programme:* (a) Establish a common and clear understanding of the current definition and regulation on apprenticeship; (b) Strengthen monitoring of the existing apprenticeship programmes; (c) Review and update apprenticeship regulation, if needed; (d) Improve financial incentives to encourage employers to offer quality apprenticeship, while providing adequate protection for apprentices
6. *Diversifying skills for enhancing employment opportunities:* (a) Examine the feasibility of setting up sector-based skills bodies for those that have traditionally not been covered by vocational training (e.g. agriculture and information technology); Identify local economic

and employment opportunities as part of a local economic development plan in order to inform workers and employers who are interested in diversifying their skills or businesses.

7. *Strengthening skill development for informal economy and ensuring access to training by women and vulnerable groups (including people with disabilities):* (a) Develop the special training programme targeted at the informal economy; (b) Develop action plans on inclusion of women and other vulnerable groups in training programmes
8. These proposed actions will be undertaken through various tripartite or bilateral mechanisms.

Social Security and Non-Standard Forms of Work

9. *Strengthening social security institutions:* (a) Reinforce the social security tripartite governance structure, namely the National Social Security Council; (b) Improve the quality of service delivery through the review of social security institutions' business model; (c) Increase coordination between schemes and institutions; (d) Develop new enforcement mechanisms and increase inspectorate capacity
10. *Achieving social protection coverage for all, including developing solutions to extend protection to workers in informal employment:* (a) Increase awareness of workers on social security provisions and regulations; (b) Design customized solutions to deal with specific groups or sectors; (c) Develop partnerships with third parties (trade unions; sectorial organizations; private sector) to increase the outreach of social security institutions; (d) Review legislation and implementation mechanisms to extend coverage to non-standard forms of work
11. *Assessing the conditions to launch unemployment insurance:* (a) Promote tripartite information sessions on unemployment insurance design options and international experience; (b) Review national unemployment patterns and labour regulation for designing an unemployment insurance mechanism; (c) Review options for coordinating unemployment insurance and employment protection measures
12. *Reviewing pension policy and regulation:* (a) Examine quantitative evidence and organize policy dialogue on mid-term and long-term parameters review with a view to guaranteeing adequacy of benefits and the long-term financial sustainability of the system; (b) Review pension system parameters, including through legislative review; (c) Assess options to create additional incentives for workers and employers participation on the pension system
13. These proposed actions will be undertaken through various tripartite or bilateral mechanisms, including the National Social Security Council

Wages and Collective Bargaining

14. Strengthening social dialogue mechanism and institutions through national and tripartite councils: (a) Ensure social dialogue as called for in laws and regulations; (b) Continue to organise social dialogue on a regular basis to develop common understanding, trust and policy views, with ILO's support
15. Developing salary scale and structure through social dialogue: (a) Develop guidance through social dialogue on the implementation of the relevant regulation; (b) Develop a further

regulation or guidance concerning wage setting mechanism which reflect competence and educational attainments

16. *Improving collective bargaining*: (a) Promote collective bargaining at the enterprise, provincial and industry level including through capacity building; (b) Assess and improve effectiveness of collective bargaining, including by strengthening the bottom-up process; (c) Provide incentives which have good practices in collective bargaining; (d) Respect workers' rights to organize according to the national law; (e) Promote joint efforts to enhance linkage between higher productivity and higher wages and better working conditions at the company level (f) improve trust in dispute resolution mechanisms.
17. Strengthening national and regional wage councils: (a) Conduct a comprehensive assessment/review of relevant regulations on wages through tripartite consultation; (b) Empowering the wage councils, including by providing better analytical and financial support; (c) Explore sectoral minimum wages in consultation with industry associations and sectoral unions; (d) Consider the options of creating an "Indonesian Wage Council" which includes representatives from regions, and examine a broad range of wage policies; (e) Examine the possibility of ratifying ILO Convention No. 131 on minimum wage fixing machinery
18. These proposed actions will be undertaken through various tripartite or bilateral mechanisms, including the National Wage Council.

Follow-up

19. ILO is requested to continue to provide technical support to the tripartite partners in implementing the recommendations and to join the tripartite effort in mobilizing financial resources for timely, effective and full implementation. This work will also need to be integrated into the Decent Work Country Programme and fully endorsed by our tripartite constituents.