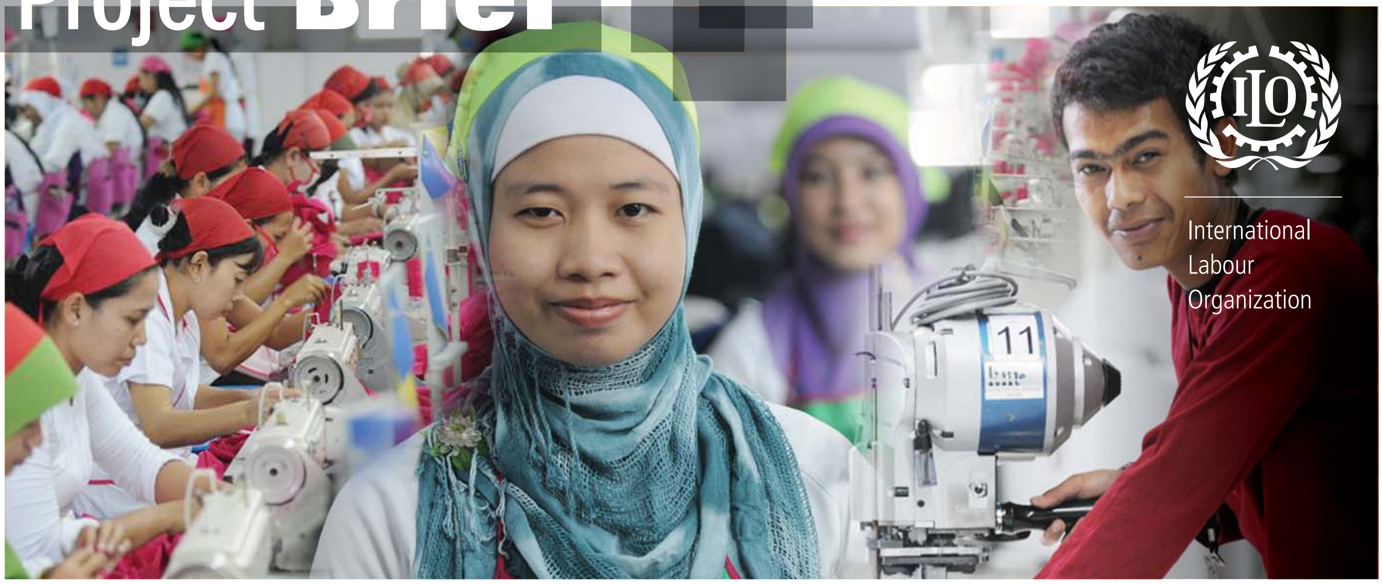
Project **Brief**



Better Work Indonesia

Objective	To improve working conditions and productivity in targeted employment-intensive sectors by improving compliance with international core labour standards and Indonesia labour law. In tandem, the project will promote productivity and competitiveness of enterprises linked to the Indonesian global supply chain.
Key Partners	■ Ministry of Manpower and Transmigration ■ Ministry of Trade ■ Ministry of Industry ■ Ministry of National Development Planning ■ Indonesian Employers' Association (Apindo) ■ Indonesian Textile Association (API) ■ Trade Unions ■ International Buyers
Duration	Phase I (July 2010 – June 2012, 2 years) Phase II (July 2012 – June 2015, 3 years)
Geographical Coverage	The apparel industry in Banten, DKI Jakarta, West Java, Central Java and Yogyakarta
Country Programme Reference	Social Dialogue for Economic Growth & Principles and Rights at Work: ◆ Application of labour laws and practices fully in line with fundamental principles and rights at work, including through strengthened labour administration. ◆ Employers and unions through bipartite cooperation to achieve results on labour market flexibility and job security
Donor	Australian AID; United States Department of Labor (USDOL); Kingdom of the Netherland; Swiss State Secretariat for Economic Affairs (SECO)
Budget	AUD 1,898,400 for Phase I Implementation USD 6,980,000 for Phase II Implementation
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Project Background

Indonesia is one of the world's leading exporters of textiles and apparel products. This industry contributes significantly to the country's economy providing over a million jobs and is a major source of earnings. The Indonesian apparel industry is growing at over 8 percent per annum as garment factories move from China to Indonesia and other countries in the region. This has resulted in major brands sourcing more garments from Indonesia.

At the enterprise level, the benefits of a growing industry have often been shared with workers who are struggling with job insecurity and short-term contracts. Unregulated outsourcing, non-compliance in the payment of minimum wages, and lack of workplace cooperation have led to deteriorating working conditions.

Meanwhile, international buyers/brands are increasingly demanding that their suppliers integrate labour standards compliance into production processes as part of their business ethic. To ensure compliance, the brands have been auditing their suppliers' working conditions. As a result, suppliers are audited under codes of conduct as dictated by each brand, which differs from brand to brand.This approach is not only expensive and inefficient, but also generates potentially confusing or contrary interpretations of international labour standards and national labour laws.

Among actors involved in global supply chains, there is strong consensus that compliance with labour standards is critical to business success. However, auditing alone does not lead to sustainable improvements in the workplace. Management and workers need to work together to address non-compliance with labour standards. There is a necessity to adopt an integrated approach involving national governments, workers' and employers' organisations as well as international buyers.

Better Work Programme

Better Work Indonesia is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The programme aims to improve compliance with labour standards and promote competitiveness in global supply chains. Better Work focuses on scalable and sustainable solutions, through strengthening cooperation between governments, employers' and workers' organisations and international buyers. The protection of workers' rights and entitlements helps distribute the benefits of trade to promote human, social and economic development. Compliance with labour standards can assist enterprises to be more competitive, by improving access to new markets and buyers.





The Better Work programme builds on the experience gained the ILO's Better Factories Cambodia project, which has not only successfully improved working conditions and compliance with labour standards, but has also increased competitiveness through monitoring factory-level remediation and training.

Better Work Indonesia combines independent enterprise assessments with advisory and training services to support practical improvement through workplace cooperation. Using a specially designed online information management system, factories can share assessment and remediation information with their buyers. This in turn allows buyers to reduce their own auditing and redirect resources to fixing problems and focusing on sustainable solutions.

A Range of Beneficiaries

Beneficiaries include governments, workers, enterprises and buyers in global supply chains. Benefits gained through participation in Better Work Indonesia may include:

Enterprises

Increased market access through demonstration of labour standards compliance to international buyers, enhanced reputation through commitment to improvement process, reduced worker turnover, and fewer audits.

Workers

Better protection of workers' rights, more accurate payment of wages and improved working conditions. Eighty percent of workers in the industry are women, hence targeted programmes to address the needs and issues confronted by women within and outside the workplace, for example, workplace harassment. As employers must have at least one percent of their workforce comprising people with disabilities, approaches to employ and accommodate people with disabilities are also addressed by the programme. Workplace Trade Unions are strengthened to address the needs of their members.

Governments

Export growth through increased market access, a stronger reputation for safer investment and improved capacity in labour administration.

Buyers

Reduced audit burden and increased focus on long-term improvement, interaction with national government and workers' and employers' organizations and demonstrable contribution to better working conditions.

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