

Introduction to ILO-Japan ***Resilient, Inclusive & Sustainable Supply Chains (RISSC)***

Thailand – Indonesia – Philippines

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Introduction

Funded by Government of Japan, the RISSC project will support an inclusive recovery from recent global disruptions, which have exposed both the importance and fragility of global supply chains.

Overarching aim: *To **Build Forward Better***

Decent Work



Decent Work is important to GSCs

GSCs as an entry point for
advancing decent work



Global Supply Chains



Main Objective: To foster more resilient, inclusive and sustainable (sectoral) supply chains by addressing human & labour rights risks and expanding decent work

Sectors

- ▶ **Thailand:** Automotives
- ▶ **Indonesia:** Electronics
- ▶ **The Philippines:** Aquaculture

Stakeholders

- ▶ **Tripartite Constituents**
- ▶ **Other key supply chain actors**

Duration: 3 years (Sep 2022 - Aug 2025)

Donor: Japan (MoHLW)





What is “Decent Work”?

Productive work for all in conditions of **freedom, equity, security** and human **dignity**

Decent Work Agenda includes:

1. Promoting **jobs** and **enterprise**
2. Guaranteeing **rights** at work
3. Extending **social protection**
4. Promoting **social dialogue**



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Decent Work is also a driver of **Sustainable Development** (SDG 8)

What is “Responsible Business”?

- ▶ All business, regardless of their location, size, sector, ownership and structure, **should act responsibly, and identify and manage risks** of impacts linked to their operations
- ▶ **International instruments** help guide the implementation:
 1. UN Guiding Principles on Business Human Rights
 2. OECD Guidelines for Multinational Enterprises
 3. ILO MNE Declaration
- ▶ **And in Japan...**

Newly released Guidelines on **Respecting Human Rights in Responsible Supply Chains (Due Diligence)** – *applying to all Japanese companies*





► Our approach (4 main pillars)

- **1. Conduct Research & Analysis** to better understand (decent work) deficits and inform actions in the sector
- **2. Develop and/or improve industry tools and advice** to support decent work and responsible business practices
- **3. Support constituents and industry stakeholders** to implement related policies and actions/ capacity building
- **4. Support Japanese constituents and industry partners** to implement national commitments to business human rights and due diligence.





▶ The Global Electronics Industry

- ▶ Outsourcing and offshoring has made it one of the most **complex** and **fragmented** global production systems
- ▶ Parts / components often cross **multiple borders** before reaching their final market.
- ▶ Products becoming more commodified and generic (e.g. semi-conductor based)
- ▶ Production becoming more **flexible** and **competitive**

Key Industry Segments

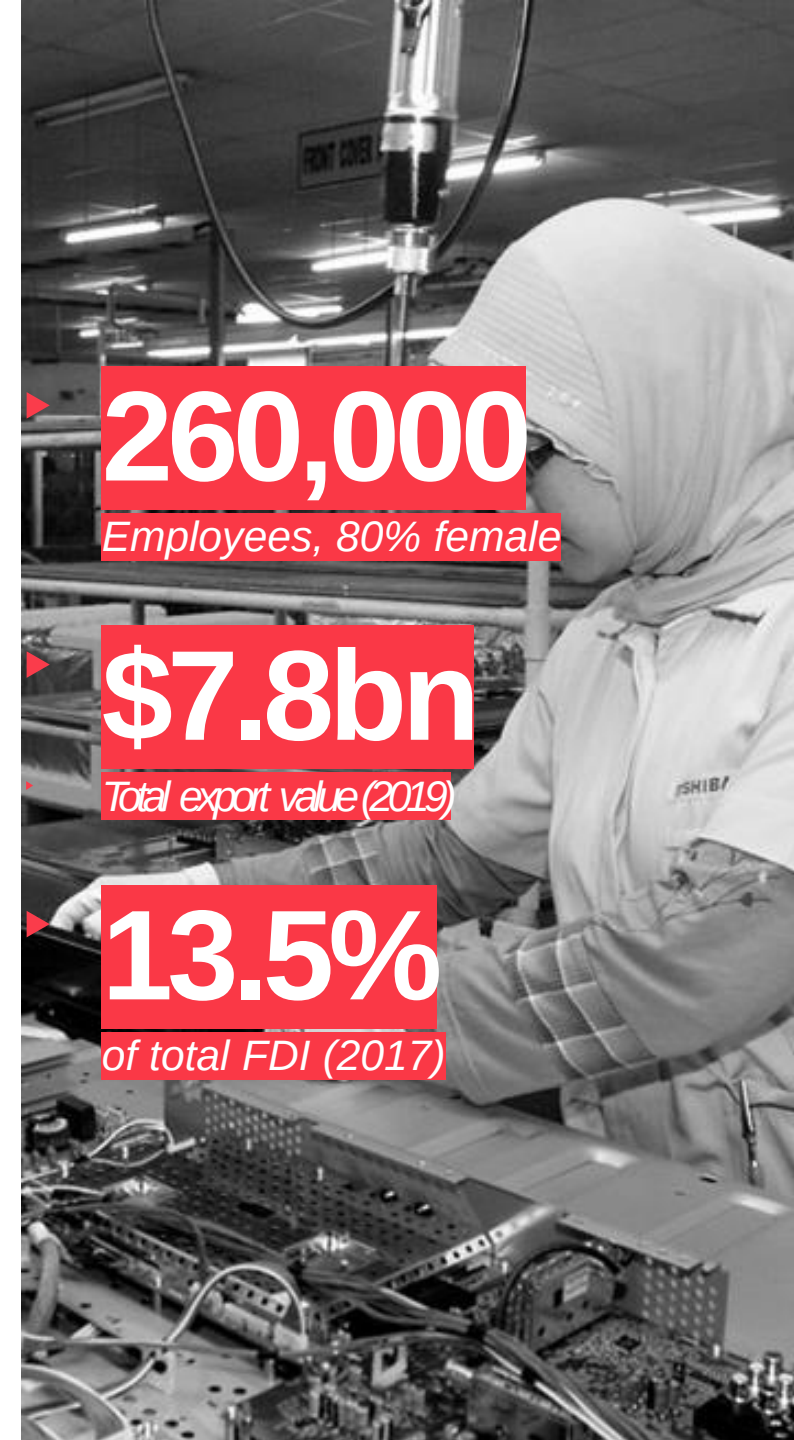
- ✓ Semi-conductors
- ✓ Industrial Equipment
- ✓ Consumer electronics & home appliances
- ✓ Networking & Communications Equipment
- ✓ Computer and office products
- ✓ Medical Devices
- ✓ Electric Vehicles





▶ Indonesian Electronics Manufacturing

- ▶ **Status:** Relatively small but **nationally prioritized** industry
- ▶ **Structure & Orientation:** Heavy domestic market focus, but with aspirations for global supply chain / export integration
- ▶ **Key products:** home appliances (local), digital electronics (joint ventures), computers
- ▶ **Key foreign investors:** Japan, Korea, Singapore, China



▶ **260,000**

Employees, 80% female

▶ **\$7.8bn**

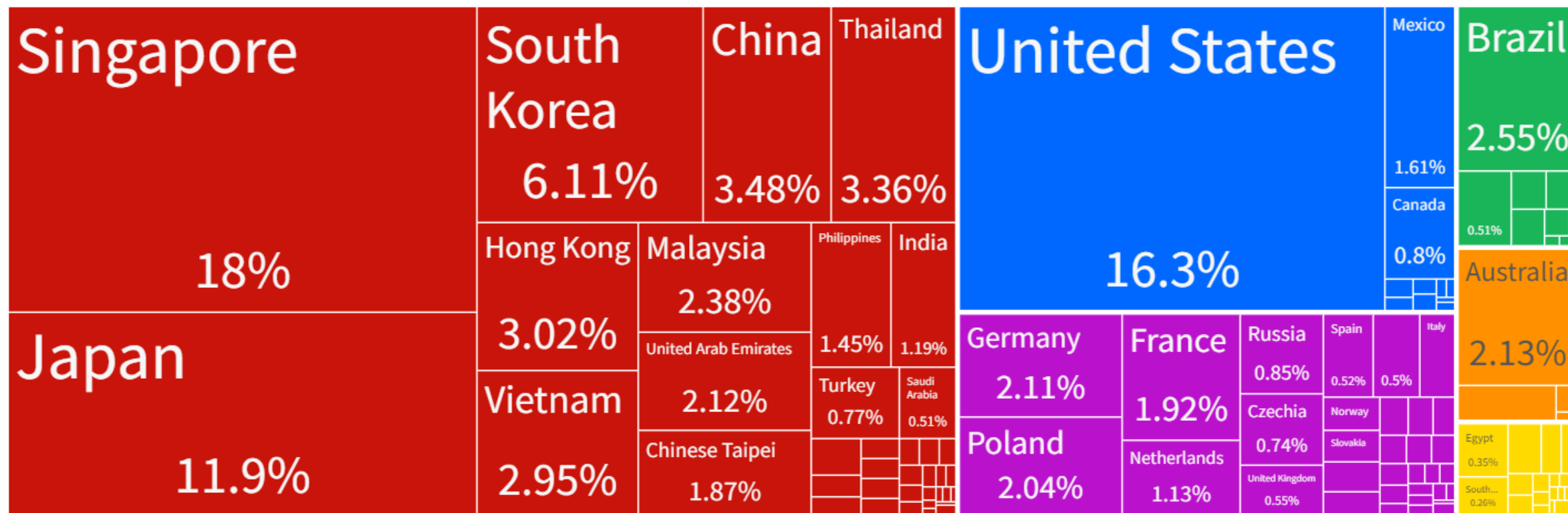
Total export value (2019)

▶ **13.5%**

of total FDI (2017)

Where does Indonesia **export** electronics to?

Total: \$13.9B





► Issues of potential interest

- Insecure and non-standard forms of employment (esp. contract workers)
- Recruitment Practices
- Skills gaps & shortages
- Wages
- Social Dialogue
- Rights at Work
- Occupational Safety & Health





End Goal – what do we hope to achieve?

1. Constituents and industry stakeholders in Indonesia:

- Have a better understanding of decent work challenges and opportunities (and their links to long term industry growth and sustainability)
- Have better tools/capacity to address those issues
- Are addressing and making progress on those issues through policies and action in the sector

2. Due diligence and responsible business practices are more widely understood and applied in the supply chain (especially those linked to Japan).





► Recent ILO work in the electronics sector (*2018-present*)

Vietnam: Electronics Global Supply Chains Project (2021-2023)

Regional: Responsible Supply Chains Asia (2018-2022)

Regional (incl. Indonesia): Resilient, inclusive and sustainable supply chains (2022-2025)

Main Areas of Work

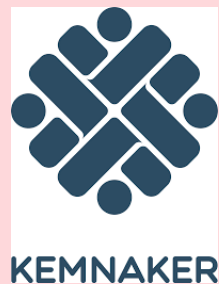
- Research
- Outreach
- Policy advocacy
- Training

Global Meeting: The future of work in the electronics sector (2023)

- Tripartite technical meeting to discuss future of work needs in the sector, including the impact and implications of emerging megatrends / drivers of change
- Part of ILO's follow-up to the Centenary Declaration for the Future of Work (2019)



Government



KEK BATAM

Employer



GABEL

GB ELEKTRONIKA

Worker



Japan &
others



FIRSST
BATAMINDO
BEFA





► What's planned in Indonesia in 2023 (Year 1)?

- Consult and engage constituents & stakeholders
- Undertake research and build evidence base (for tools and action)
- Start developing industry tools & advice

Support **Regional Workshop Responsible Business, Human Rights and Decent Work in Asia**: Harnessing synergies between human rights and inclusive growth (18 September 2023) – List of participants

Joint ILO/UNDP Programme Responsible Business for Decent Work (September/ October 2023)

Upcoming Research & Publication: 'Decent work and responsible business practices in Indonesia's electronics sector' (Aug-Nov 2023) – Access to manufacturing companies

Key objectives:

- To analyse the current situation in the sector
- To identify and assess forces & trends affecting the sector
- To identify existing (and foreseen) gaps and barriers to decent work / responsible business practices
- To develop and propose stakeholder-specific recommendations



► Inception Phase: Stakeholders consulted to date

- Series of stakeholders consultations with relevant stakeholders (Jakarta and Batam) in March and May 2023
- Literature review existing literature and data on supply chain in Indonesia (march 2023)
- On-going Research and analysis: decent work and responsible business practices in Indonesia's electronics manufacturing sector (August – November 2023)
- Contributed to providing inputs for National Care Economy Road Map (August 2023)
- Establishing Joint Project Advisory Committee Support for Japan funded projects
- Support planned Regional Workshop Responsible Business, Human Rights and Decent Work in Asia: Harnessing synergies between human rights and inclusive growth in Jakarta (18 September 2023)
- ILO/UNDP B+HR Training For Enterprises on Responsible Business and Decent Work on 20-22 September 2023
- Developing and producing multimedia content on Responsible Business and Decent Work

► **Thank you!**

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