



Country policy responses Indonesia

COVID-19 and the world of work

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During the initial phase of the COVID-19 outbreak, a number of countries and their social partners have implemented decisive measures to combat the spread of the disease, while ameliorating its pernicious effect on the economy and labour market.

Stimulating the economy and employment

Fiscal policy

The government of Indonesia announced a national response package to the pandemic with additional state budget allocation of IDR 405.1 trillion or USD 24.6 billion (exchange rate at 1 USD = IDR 16,500). The additional budget is allocated to fund the following initiatives:

- Public health (IDR 75 trillion)
 - o The purchase of medical equipment and supplies such as test kits and ventilators
 - o Protection of and incentives for medical workers including doctors and nurses
 - Expanding social protection (IDR 110 trillion)
 - o Expansion of conditional cash transfer programme and staple food programme. Cash allowance for the programmes is increased.
 - o Budget allocation for Pre-employment card (Kartu Pra Kerja) is doubled to IDR 20 trillion. The cardholders are entitled to receive training and allowances. The scheme intends to help 5.6 million laid-off workers and informal workers among others.

- o Electricity bill discount for 3 months
- Tax incentives and micro loans (IDR 70.1 trillion)
- Workers in the manufacturing sector with annual income below Rp 200 million will be exempt from income taxes for six months
- Import tax payments will be deferred for six months in 19 manufacturing sectors
- The corporate income tax will be reduced from 25 percent to 22 percent
- Debt payments will be delayed by six months for micro loan credit (Kredit Usaha Rakyat - KUR) for businesses affected by COVID-19
- Economic recovery programmes (IDR 150 trillion)
 - o Debt/Credit restructuring
 - o Financing for small-sized and medium enterprises

Indonesia maintained fiscal discipline (i.e. state budget deficit below 3 per cent of GDP) since the 1998 Asian financial crisis. An estimated state budget deficit will be 5.07 per cent of GDP.

Monetary policy

The Bank of Indonesia (BI) lowered the nation's policy rate, the BI seven-day reverse repo rate, by 25

basis points to 4.50 per cent last March. The rate was also cut by 25 basis points in February 2020.

Supporting enterprises, jobs and incomes

Social protection

Social protection programmes are expanded with an additional state budget of IDR 110 trillion in order to mitigate the impact of the outbreak. Please see the section above for details.

Social assistance

Social assistance will be provided to those who are laid off due to the outbreak. The Implementing Agency for Social Security for Workers will provide a cash compensation in the amount IDR 1 million per month up to three months.

Expansion of cash-for-work schemes

The government through the Ministry of Village, Development of Disadvantaged Regions and Transmigration issued a circular to reallocate the village funds to respond to the pandemic. It requested all village authorities to revise their village budget to prioritise village-based Employment Intensive Cash for Work schemes (PTKD). The program targets marginalised groups in the village such as deprived family, the unemployed, day labourers.

Protecting workers in the workplace

The Ministry of Manpower (MOM) issued a Circulation Letter on the protection of workers and sustainability of businesses in response to COVID-19. The letter guides provincial governors to advise companies to: prevent the spread of COVID-19 in their companies by implementing hygiene and safety measures and OSH; and develop a plan to reduce the risk of infection at work and to sustain the business. The circular also emphasises the protection of workers and wages during the covid-19 outbreak.

MOM opened an information web site concerning the outbreak, targeting employers and workers. The website informs steps to generate a business sustainability plan, preventive measures that can be taken at work places, rights of workers who contracted Covid-19. The web site also functions as an online forum for consulting and submitting any complaints relating to OSH and Covid-19.

Regarding Religious Festive Allowance (THR), the government reminded employers that they still have to pay THR in full to their workers despite disruptions in their business. The method of payment could be agreed between workers and employers (e.g. instalment).

Relying on social dialogue for solutions

Given the decentralized governance of Indonesia, some local tripartite councils (LKS Tripartit Kabupaten/Kota) met and discussed various workplace issues concerning work arrangements during the outbreak and adopted recommendations. The national tripartite council has not issued any statements regarding the outbreak as of 06 April 2020.

Summary of actions by the ILO in this country

A rapid assessment of the impact on enterprises is being planned with the national employers' association. A joint UNCT Covid-19 response project is proposed. The ILO proposed to conduct employment impact assessment.

Indonesia-based DC projects also respond to the pandemic. The Safe and Fair Migration project, IOM and other relevant UN agencies plan a rapid survey on the impact of the outbreak on migrant workers and their families.

SCORE project provides training to MSMEs on business continuity management and coping strategies.

Better Work Indonesia (BWI) advises the government and social partners on wages and labour regulations in the light of the pandemic-induced economic difficulties. It helps partner factories in preventing virus infection. The project also constructive social dialogue on topics including avoidance of layoffs and wages.

Activities of employers' organizations

- The EMPLOYERS' ASSOCIATION OF INDONESIA (APINDO) is taking action together with the Government and stakeholders in order to anticipate and respond to COVID-19 outbreak, particularly on occupational safety and health (OSH).
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- APINDO keeps members updated by sharing COVID-19-related laws and policies, particularly during the emergency period through email, monthly report, and other media tools. The information includes:
 - o Implementation of Safety and Health Management System;
 - o Working from Home;
 - o Suspension of Business;
 - o Leaves of Absence;
 - o Redundancy.
- APINDO made the following policy proposals:
 - o proposals to the Finance Minister on income tax relaxation;
 - o proposals to the Chairman of The Financial Services Authority to relax rules on Bank debt schedule/restructuring.
- To alleviate the impact, APINDO is working with the Government and other stakeholders as follows at several levels:
 - o Developing policies related to particular state of disaster emergency status due to the COVID-19 Pandemic in Indonesia declared by the National Disaster Mitigation Agency (BNPB);
 - o APINDO Provincial Boards developing policies to anticipate and respond to the COVID-19 outbreak with reference to the regulations of the local governments, particularly on occupational safety and health (OSH) implementation;
 - o Collaborating with the Indonesian Chamber of Commerce and Industry (Kadin Indonesia) to raising funds for the Indonesian Red Cross (PMI) Donation Campaign;
 - o Mapping plan to implement Manpower Ministry's policy on labour protection and business continuity in response to COVID-19 crisis.
- APINDO is shifting to online members' and government relations meetings.

Source: <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#ID>

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